

2012-2013 BUDGET UPDATE

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Development of 2012/13 Budget (Fall 2011)

The development of the 2012/13 budget was initiated in Fall 2011 with the following broad objectives:

- To preserve student access and support services as much as possible
- Balance the budget for FY 2012/13
- To preserve one-time funds for the unknowns in FY 2013/14

Review of June 30, 2012

Ending Balance

The June 30, 2012 ending balance was \$38,214,956 and consisted of the following components:

Restricted:

- \$9,890,000 District's budgeted 5% reserves

Designated:

- \$13,623,650 for college and Central Services carryover
- \$ 1,021,327 for encumbrances and reservations carryover
- \$ 2,006,325 for district-wide carryover (negotiated contract items, election costs for 2012, EIS backfill, etc.)
- \$ 3,000,000 for 2013/14 Stability Funds
- \$2,000,000 for enrollment stimulus/restoration
- \$6,673,654 net 2012/13 Stability

Adopted Budget Fiscal Year 2012/13

	Best Case Scenario- Tax Package Passes	Worst Case Scenario- Tax Package Fails
Revenue	171,420,096	161,426,254
Expenses	(177,168,740)	(173,356,853)
Deficit	(5,748,645)	(11,930,599)

Strategy for Fiscal Year 2012/13 (worst case scenario)

• Net Deficit 6/30/12	\$ (11,930,599)
• Use of 12-13 Stability Fund	6,673,654
• Mid-Year Reductions and use of college and Central Services carryover	<u>5,256,945</u>

Net Deficit After Use of One-Time
Funds and Mid-Year Cuts \$ 0

50% Law

For All District Expenditures

- Cost of classroom teaching salaries **MUST** be equal to or greater than all non-instructional expenses.

Impact of Cuts on Foothill-De Anza Community College District

- If the worst case scenario were to materialize:
 - Workload reduction of 7.3% in 12/13 will equate to loss of funding for 2,155 FTES
- Reductions in funding totaling approximately 21%, or \$38 million overall

Critical Steps to Balance the Budget

- Section reductions can be implemented in fiscal year 12/13 starting in winter and spring quarters pending results of the November election
- Reductions in staffing to be effective no later than the end of the winter quarter
- 12-13 Stability Fund will be used to provide for transition during the first half of the 2012/13 fiscal year

Major Variables

- Final state reduction in 2012/13
- “Deficit factor” due to property tax shortfall, state general fund revenue shortfall, and RDA shortfall
- Student demand has decreased likely in part due to the tuition increase.
- **Enrollment restoration** (possible increase to revenue of approximately \$450,000 for every 100 FTES restored)

General Outlook for Fiscal Year 2013/14

2013/14 is expected to be challenging for the following reasons:

- State budget is still not/may not be balanced
- Enrollment uncertainty

In Spite Of These Challenges ...

- We will serve over 31,000 full-time equivalent students or over 33,000 full-time equivalent students if the tax package passes
- Continue to provide the best possible support services for students
- Have a Stability Fund to partially close the 12/13 operating deficit
- Aggressively search for new revenue sources in support of critical programs and services