

Board of Trustees Presentation



Foothill College



De Anza College

2011-2012 TENTATIVE BUDGET

June 20, 2011

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Review of projected 6/30/11 ending balance as of third quarter

The projected 6/30/11 ending balance is \$34,741,551 and consists of the following components:

Restricted:

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

Designated:

- \$9,550,000 for college and Central Services carryover
- \$1,430,000 for district-wide carryover (negotiated contract items, trustee election costs for 2012/13, EIS backfill, etc.)
- \$13,871,551 Net Stability Fund



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Where are we now for 11/12?

Current Income vs. Current Expenses

■ Income =	\$161,869,112
■ Expenses =	<u>184,665,461</u>
■ Deficit before reductions =	(22,796,350)
■ Reductions to be implemented July 1, 2011 = <i>(Total workload reduction 13.7%)</i>	<u>6,518,049</u>
■ Deficit after workload reduction	(\$16,278,301)
■ One-time funds available to offset 11/12 deficit <i>(Stability Fund and a share of colleges and CS carryover)</i>	<u>\$16,278,301</u>
■ Net	\$0

Colleges and Central Services share of \$22.8 million deficit

■ Foothill	(\$ 6,737,763) <i>before workload reduction</i>
■ De Anza	(11,109,193) <i>before workload reduction</i>
■ Central Services	(4,449,139)
■ District-Wide	<u>(500,000)</u>
■ Total	(\$22,796,350)



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One-time solutions to closing FY 11/12 deficit

Tentative budget FY 11/12		Notes
Total Revenue	161,869,112	
Total Expenses:	178,147,413	<i>(after workload reduction implemented)</i>
Net Change in Fund Balance	(16,278,301) (a)	
Ending Fund Balance (all estimates based on 3rd Qtr Report. 3/30/11)	34,741,551	
Less:		
Restricted Fund Balance:		
5% Reserves	(9,460,000)	
2012/13 Stability Fund	(3,000,000)	
Additional Banner Backfill	(573,062)	
District Wide Restricted Carryover	(1,430,000)	
Total Restricted Carryover	(14,463,062)	
Net Unrestricted Fund Balance:	20,278,489	
Less:		
Designated Fund Balance:		
FH B Budget carryover	(4,150,000)	
DA B Budget carryover	(3,700,000)	
CS B Budget carryover	(1,700,000)	
Total Designated Carryover	(9,550,000)	<i>see Note 1</i>
Net Stability Fund	10,728,489 (b)	<i>Available to close operating deficit for 11/12 on <u>one-time</u> basis only</i>
Net Deficit After use of Available Stability Fund	(5,549,812) (a-b)	<i>Note 1 Colleges and Central Services are committed to postponing cuts to contract non-teaching positions and discretionary budget in FY 11/12 with the use of their one-time B budget carryover (current estim. \$9.5M)</i>
Other resources that will be made available as needed to close operating deficit in FY 11/12	5,549,812	
Operating (Deficit)/Gain FY 2011/12 after use of one-time funds	0	



Impact of cuts on Foothill-De Anza Community College District

■ Impact on students:

- Absent restoration, loss of 5% FTES in 10/11 equates to 1,629 FTES and loss of funding for these FTES in fiscal year 11/12
- In addition, an 8.7% state-imposed workload reduction means we will be funded for 2,847 FTES less in fiscal year 11/12
- Approximately 1,100 fewer sections would be offered than what was budgeted for in fiscal year 2010/11

■ Total projected loss of funded FTES = 4,476

(this reduction is in addition to the 3.39% reduction imposed by the state in fiscal year 09/10, or 1,217 FTES)

■ This represents a three-year reduction in funding of approximately 17%

Potential impact of proportionate downsizing (minus restoration in FY11/12) to be implemented in FY 12/13

If the district were to implement 13.7% proportionate reductions, the approximate impact in staffing and operating expenses would be:

- Approximately 114 part-time teaching positions (200-300 actual part-time teaching staff reduced)
- Approximately 64 full-time faculty positions
- Approximately 76 non-teaching faculty, classified and administrator positions reduced
- Approximately \$900,000 reduced from \$6.8 million of “B” budgets

Even if all these reductions could be implemented, we would only close approximately 2/3 of the \$22.8 million deficit

Critical steps to balance the budget

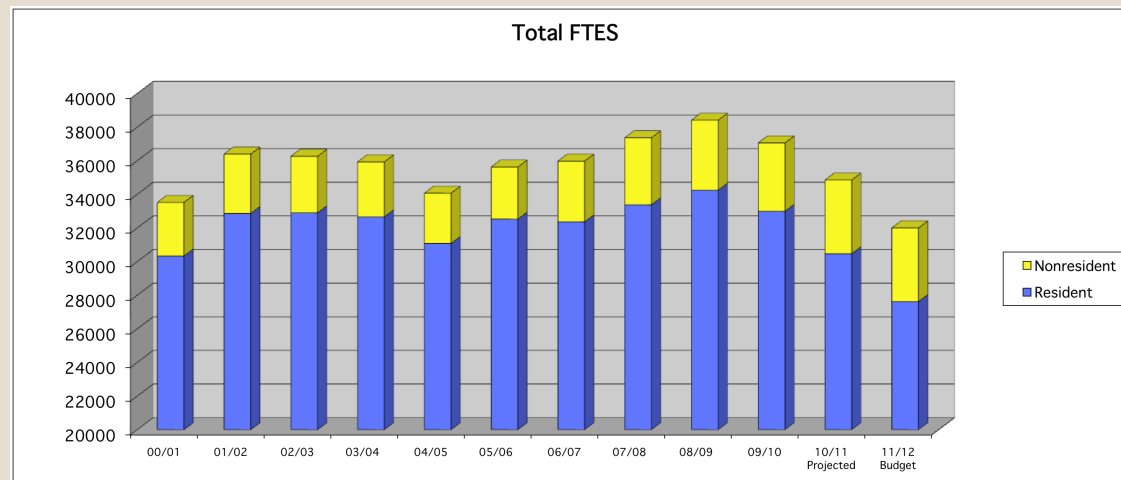
- Implementation of section reductions can be implemented in fiscal year 11/12
- Reductions in staffing are intended to be effective 6/30/12 with the use of one-time funds to provide for transition year
 - The processes for reductions in staffing will need to begin as soon as governor signs budget into law

Major revenue assumptions

■ State Revenues

- Zero COLA
- No growth budgeted for credit and non-credit resident FTES (FTES estimates based on P-2 projections from 10/11)
- Workload Reduction estimated at 8.7%
- No growth budgeted for non-resident FTES
- Deficit factor applied to state apportionment funds (1%)
- Mandated Cost Reimbursement = \$0

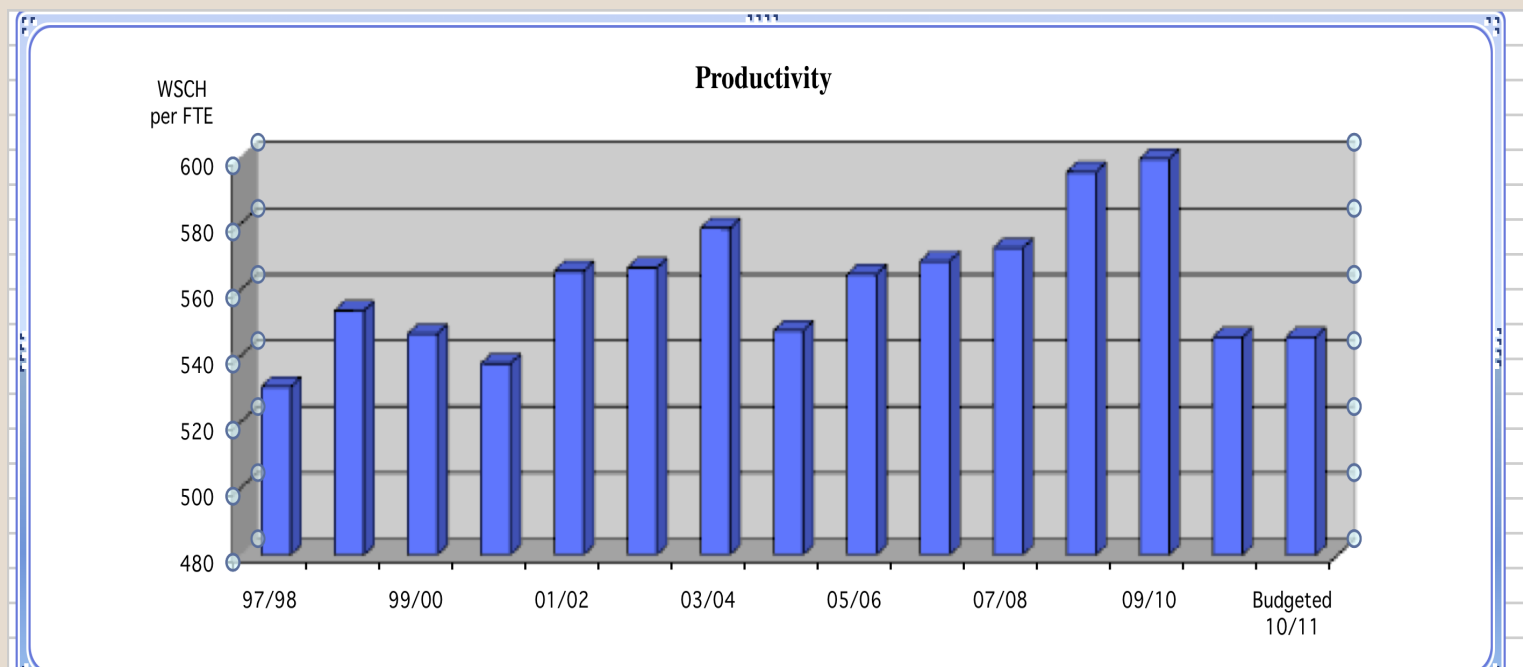
Chart on Foothill-De Anza Enrollment





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Chart on FHDA Productivity





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Analysis of FTES

Analysis Of FTES

09-10 P-A	Resident Credit	Non Credit	Total Apportionment	Non resident	Total
De Anza	18,529	79	18,608	2,538	21,147
Foothill	14,162	218	14,380	1,530	15,910
Total	32,692	297	32,988	4,068	37,056

10-11 Adopt Budget-revised 7/27/10	Resident Credit	Non Credit	Total Apportionment	Non resident	Total
De Anza	18,529	79	18,608	2,538	21,147
Foothill	13,254	238	13,492	1,530	15,022
Total	31,783	317	32,100	4,068	36,168

Revised Base from recertified 09/10	31,798	297	32,094	4,068	36,162
<i>draft 1/10/11</i>	09/10 over base		894		

10-11 P-2	Resident Credit	Non Credit	Total Apportionment	Non resident	Total
De Anza	17,301	-	17,301	2,626	19,927
Foothill	12,978	187	13,165	1,759	14,924
Total	30,278	187	30,466	4,385	34,851
	FTES below base		1,629		1,312
	% below base		5%		4%

11-12 Projected-Scenario May Revise-- 8.7 % Workload Reduction (based on \$12.9M reduction)	Resident Credit	Non Credit	Total Apportionment	Non resident	Total
De Anza	15,684	0	15,684	2,626	18,310
Foothill	11,765	170	11,935	1,759	13,694
Total	27,449	170	27,619	4,385	32,004

Major variables for expense and revenue projections

- Final state reduction in 2011/12
- Productivity may increase because of student demand or decrease if there is a significant tuition increase
- Self-funded benefits costs will vary from projections
- Final 10/11 ending balance
- Final 10/11 FTES

District Health Benefits

- For the second year in a row, our budget for district health benefits is set below our projected expenses due to the negotiated (in 09/10) composite Per Employee Per Month (PEPM) rate of \$976 for medical, prescription, dental and vision for both active employees and retirees
 - This was our strategic decision to use the accumulated fund balance in our Self-Insured Fund
- The cost of medical benefits is estimated to be approximately \$31 million and ongoing contributions are set at \$26 million
 - This variance will be covered from the one-time Rate Stabilization fund
 - There will not be sufficient funds to carry this variance through fiscal year 12/13

Next Steps

August 29, 2011 – Budget Hearing

September 12, 2011 – The Board is scheduled to adopt the final budget. By this date,

- ✓ We expect/hope that the state budget will have been signed
- ✓ We will have analyzed the summer school enrollment and the initial indicators of fall 2011 enrollment
- ✓ We will have our 6/30/11 ending balance finalized with our analysis of the restricted and unrestricted portions of that ending balance
- ✓ We will revise our 11/12 budget as soon as there are any indications of changes that would have a material impact on our projections