



Administrative Planning and Budget Team
Budget Presentation June 15, 2018

Agenda

FY18/19 State Budget Update

FHDA 5-year Forecast

Third Quarter Updates

District-wide

De Anza B Budget

Highlights of Proposed Budget

- \$120M (\$100M one-time/\$20M ongoing) to create new online college
 - Administered by Board of Governors (BOG)
 - Short-term credentials/certificates (not intended to compete w/existing programs)
 - New CEO will be part of collective bargaining
 - Pre-accreditation by 2022; full accreditation by 2025
 - Cannot charge higher fees than traditional colleges
- \$35M one-time funds to OEI to develop online programs/courses/content

State Budget

Highlights of Proposed Budget cont.

- \$50M in ongoing funding to increase full-time faculty
- \$50M in one-time funding to increase part-time faculty office hours
- \$23M in one-time funding for deferred maintenance & instructional equipment

New Funding Formula

- 3-Year phase-in of new formula (if not in stability)
 - FY18/19: 70% FTES, 20% low income enrollment*, 10% performance**
 - FY19/20: 65% FTES, 20% low income enrollment, 15% performance
 - FY20/21: 60% FTES, 20% low income enrollment, 20% performance
- Hold-harmless guarantees COLA increase for 3-years
- Stability provision allows districts to receive greater of new formula or past year funding
 - FHDA is anticipating receiving FY17/18 level funding for FY18/19
- Creation of oversight entity to continually monitor implementation of the funding formula and make recommendations

Definitions

* Low income definition

students eligible for Pell Grant or California Promise Grant
(formerly BOG Waiver)

** Performance definition

- Associate Degrees
- Associated Degrees for Transfer (ADT's)
- Certificates of 18 semester or more units
- Completion of 9 semester or more CTE units
- Transfer to four-year institution
- Completion of transfer level math or English
- Attainment of living wage
- Additional points for successes in these areas for low-income students

Tentative Budget Assuming New Funding Formula; 1Yr Hold Harmless & Temporary 3Yr COLA

Note: Projected amounts are estimates only and subject to change as new information becomes available.

DRAFT	2017-18	2017-18	2018-19	2019-20	2020-21
Description	Adopted Budget	Projection	Tentative Budget	Projection	Projection
Resident FTES (F/T Equiv Student)	25,967	24,482	24,482	24,482	24,482
FTES Decline/Restoration	0.00%	-5.72%	0.00%	0.00%	0.00%
Productivity	509	509	506	506	506
COLA	1.56%	1.56%	0.00%	0.00%	0.00%
<u>Revenues</u>					
State Apportionment	147,945,800	140,233,700	140,233,700	140,233,700	140,233,700
Non-Resident Tuition	27,750,000	26,750,000	27,258,300	27,939,800	28,638,300
STRS On-Behalf Payments	4,500,000	4,500,000	4,150,758	4,350,758	4,550,758
Other Revenues	8,790,293	9,127,533	8,324,200	8,324,200	8,324,200
Total Ongoing Revenues	\$188,986,093	\$180,611,233	\$179,966,958	\$180,848,458	\$181,746,958
<u>Expenses</u>					
Certificated Salaries	86,191,895	87,202,928	81,997,932	82,297,932	82,597,932
Classified Salaries	37,392,242	36,823,208	37,273,434	37,473,434	37,673,434
Employee Benefits	41,875,732	41,319,768	42,824,697	45,663,100	48,093,100
STRS On-Behalf Payments	4,500,000	4,500,000	4,150,758	4,350,758	4,550,758
Materials & Supplies	3,874,610	4,023,968	3,554,528	3,554,528	3,554,528
Operating Expenses	18,295,852	17,445,590	16,927,561	16,927,561	16,927,561
Capital Outlay	672,538	1,020,717	422,893	422,893	422,893
Ongoing Reductions to Exp: 2019-20	0	0	0	(5,000,000)	(5,000,000)
Ongoing Additional Reductions - 1,486 Decline	0	0	0	(7,600,000)	(7,600,000)
Total Ongoing Expenses	192,802,869	192,336,179	187,151,803	178,090,206	181,220,206
<i>Net Transfers Out</i>	6,555,241	6,562,608	6,721,569	6,721,569	6,721,569
<i>Total Expenses & Net Transfers Out</i>	\$199,358,110	\$198,898,787	\$193,873,372	\$184,811,775	\$187,941,775
<i>Structural Surplus/ (Deficit)</i>	(10,372,017)	(18,287,554)	(13,906,414)	(3,963,317)	(6,194,817)

Tentative Budget Assuming New Funding Formula; 1Yr Hold Harmless & Temporary 3Yr COLA

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Productivity	509	509	506	506	506
COLA	1.56%	1.56%	0.00%	0.00%	0.00%
<u>One-Time Adjustments to Revenue</u>					
New Funding Formula - Temporary 3Yr COLA (out years assuming lower base and 2% COLA)	0	0	4,007,600	2,804,700	2,804,700
New Funding Formula - Hold Harmless	0	0	7,650,000		0
PY Apportionment Adjustment	0	301,826	0	0	0
Mandated Cost Payment	0	725,411	0	0	0
State Stabilization SB 361	0	7,650,000	0	0	0
Total One-Time Adjustments	\$0	\$8,677,237	11,657,600	\$2,804,700	\$2,804,700
<u>One-Time Expenditures & Transfers</u>					
One-Time Districtwide Savings	0	0	0	1,000,000	1,000,000
Total One-Time Expenditures	\$0	\$0	\$0	\$1,000,000	\$1,000,000
Net Change in Fund Balance	(\$10,372,017)	(\$9,610,317)	(\$2,248,814)	(\$158,617)	(\$2,390,117)
Beginning Fund Balance	\$48,851,803	\$48,851,803	\$39,241,485	\$36,992,671	\$36,834,054
Net Change in Fund Balance	(10,372,017)	(9,610,317)	(2,248,814)	(158,617)	(2,390,117)
Ending Fund Balance	\$38,479,786	\$39,241,485	\$36,992,671	\$36,834,054	\$34,443,937
Less:					
College/CS/DW Encumbrances and Carryforwards	15,117,381	12,922,655	12,922,655	12,922,655	12,922,655
5% Reserves	9,967,905	9,944,939	9,693,669	9,190,589	9,347,089
Less One-Time 2017-18 Cuts	(2,000,000)		0	0	0
FHDA Stability Fund	\$15,394,500	\$16,373,891	\$14,376,348	\$14,720,811	\$12,174,194

Third Quarter Report

District Quarterly Report *(Read the summary section!)*

[https://www.boarddocs.com/ca/fhda/Board.nsf/files/AZH2M67F04EC/\\$file/3rdQtr17-18Report.pdf](https://www.boarddocs.com/ca/fhda/Board.nsf/files/AZH2M67F04EC/$file/3rdQtr17-18Report.pdf)

Highlights

- \$725,411 mandated cost funding (one-time)
- \$301,826 increase to prior year apportionment
- Decrease of 1,485 FTES projected for FY17/18
- Equivalent to \$7.65 million decrease under “old” funding system
- 273 FTES decline in non-resident – offset by fee increase

Third Quarter Report (cont.)

- \$423,000 one-time increase to full-time faculty cost
- \$681,000 one-time savings due to classified vacancies
- \$671,000 one-time savings in benefits
- Ending structural deficit projected at \$9.61 million
- Ending fund balance projected at \$39.24 million
 - \$12.92 million Central Services and College carryovers
 - \$9.94 million 5% mandatory reserve
 - \$16.37 million stability fund

De Anza Third Quarter Report

FY17/18 De Anza B Budget at 3/31/18

	Approved Budget*	Current Budget	YTD Actual	Enc's	Less: Reimb's	Budget Avail	% Complete	Notes
Finance & College Ops	\$ 658,360	\$ 688,392	\$ 362,901	\$ 180,826		\$ 144,664	79%	
Student Services	\$ 623,290	\$ 1,096,445	\$ 593,952	\$ 302,820	\$ 90,000	\$ 109,673	90%	Future transfer -EcoPass Marketing costs
Instruction	\$ 1,486,669	\$ 1,616,268	\$ 1,248,476	\$ 138,092	-\$ 169,839	\$ 399,539	75%	DASB Tutorial Reimbursement in process
College Wide**	\$ 21,880	\$ 48,054	\$ 59,965	\$ 9,989		-\$ 21,901	146%	
Communications	\$ 314,262	\$ 320,332	\$ 238,413	\$ 112,053	-\$ 90,000	\$ 59,865	81%	Future transfer -EcoPass Marketing costs
President	\$ 92,751	\$ 100,557	\$ 82,163	\$ 2,558		\$ 15,837	84%	
	\$ 3,197,212	\$ 3,870,048	\$ 2,585,870	\$ 746,339	-\$ 169,839	\$ 707,678	82%	
Budget Adjustments (B<->A)								
Reassigned Time	\$ 400,000	\$ 508,469	\$ 30,181			\$ -	100%	Remainder transferred to A Budget
SLO/SAO Project	\$ 60,000	\$ -				\$ -		
Reclass/Backfill	\$ 46,000					\$ -		
	\$ 506,000	\$ 508,469	\$ 30,181	\$ -	\$ -	\$ -	100%	
Total Budget	\$ 3,703,212	\$ 4,378,517	\$ 2,616,051	\$ 746,339	-\$ 169,839	\$ 707,678	84%	

* Includes additional allocations approved by College Council; Original B budget from district is \$1,795,037

** Does not include carryforward balance

Questions ?