

2019-2020
District Budget Advisory Committee (DBAC)

Meeting Agenda - September 17, 2019

Location: FH 5971 Conference Room

Time: 1:30-3:00 p.m.

Note Taker: Carla Maitland

Time	Agenda Topic	Discussion Leader
1:30-2:00	Review 2019-2020 Adopted Budget	Cheu
2:00-2:30	Guided Pathways Update	Cheu
2:30-3:00	1320 Overview	Cheu
Handouts:	2019-2020 Adopted Budget Slides 1320 Overview	

2019-20 Adopted Budget

September 9, 2019

Susan Cheu, Interim Vice Chancellor, Business Services
Raquel Puentes-Griffith, Executive Director, Fiscal Services
Sirisha Pingali, Director, Budget Operations



FOOTHILL-DE ANZA
Community College District

Overview

- Actual 2018-19 Year-End Financial Results
- Student Centered Funding Formula (SCFF) – Planning Considerations
- 2019-20 Assumptions, Projected Revenues/Expenses and Fund Balance
- Future Fiscal Planning under SCFF and Hold-Harmless Phase-Out
- Looking Ahead

2018-19 Year-End Financial Results

Actual Ongoing Revenue	\$ 189.7M
Less: Actual Ongoing Expenditures & Transfers	<u>195.0M</u>
2018-19 Structural Deficit	\$ (5.3M)
Temporary Revenues (SCFF Hold-Harmless)	10.1M
One-time Compensation	(6.8M)
One-time Transfer (FH Transfer to CP Fund)	<u>(1.7M)</u>
2018-19 Actual Deficit and Net Change in Fund Balance	\$ (3.7M)*

**Covered by temporary hold-harmless revenue and one-time allocation from Stability Fund*

2018-19 Beginning Fund Balance	\$37.1M
<i>Net Change in Fund Balance</i>	<u><i>(3.7M)</i></u>
2018-19 Ending Fund Balance	\$33.4M

Actual 2018-19

Ending Fund Balance – Allocation

\$33.4M 2018-19 Actual Fund Balance Allocation:

- \$10.8M – Colleges & Central Services “B” Budget Carryover
- \$2.1M – Districtwide Restricted Carryover and Encumbrances
- \$0.8M – Supplemental Retirement Plan Carryover
- \$10.2M – Maintain district’s budgeted 5% reserve
- **\$9.5M – Ending Stability Fund**

SCFF Planning Considerations

- ❑ While the additional hold-harmless year helps in the short term, the district will still need to plan for the likely revenue reduction that will occur with full conversion to the SCFF in FY 2022-23
- ❑ FTES remains a major factor – based upon a 3-year average
 - Third consecutive year with a significant decline
 - 70% of base allocation revenue is still FTES based
- ❑ Proposed change to exclude non-resident counts from Student Success allocation
- ❑ While 3-year average helps when numbers are being reduced, it also delays the effect of any increases
- ❑ Managing temporary revenue versus ongoing expenses
 - Unless another revenue source is secured, any ongoing increases will add to the structural deficit
- ❑ Anticipated “normal” increases to annual ongoing costs
- ❑ Positioning the district to maximize potential revenue from the SCFF in light of the continuing changes to the formula

2019-20 General Fund Major Revenue Assumptions

- ❑ SCFF Hold-Harmless Temporary Revenue continues in current form until 2021-22

- ❑ Latest version SCFF Calculator Input Factors
 - 2.5% COLA
 - Decline of 1,000 Credit FTES 2019-20 with corresponding metrics decline
 - Anticipated decrease in the number of Transfers
 - Other corrections and adjustments in next version to be released in mid-September

- ❑ Non Resident Revenue - 2.5% Increase due to the change in enrollment fees; however, Non Resident FTES is trending down

2019-20 General Fund Revenue

2019-20 Tentative Budget Ongoing Revenue	\$ 184.7M
(Apportionment, Non Resident, STRS On-Behalf, Other Revenues)	
STRS On-Behalf (corresponding expense)	0.4M
Non Resident Tuition	0.5M
Interest Income	0.5M
SCFF Loss Adjustments (<i>offset increase to HH</i>)	(2.2M)
Other State/Local Revenue Adjustments	<u>(0.1M)</u>
2019-20 Ongoing Revenue	\$183.8M
<i>Temporary Revenue (Hold-Harmless)</i>	<u>16.3M</u>
2019-20 Total Adopted Budget Revenue	\$200.1M

2019-20 General Fund Expenditures

2019-20 Tentative Budget Ongoing Expenses and Net Transfers	\$ 187.9M
STRS On-Behalf (corresponding revenue)	0.5M
STRS/PERS Rate Buydown	(0.7M)
Transfers (DSPS, FWS, Parking)	(0.5M)
Other Adjustments	<u>(0.4M)</u>
2019-20 Adopted Budget Expenditures	\$ 186.8M*

**Does not include Anticipated Compensation Adjustments*

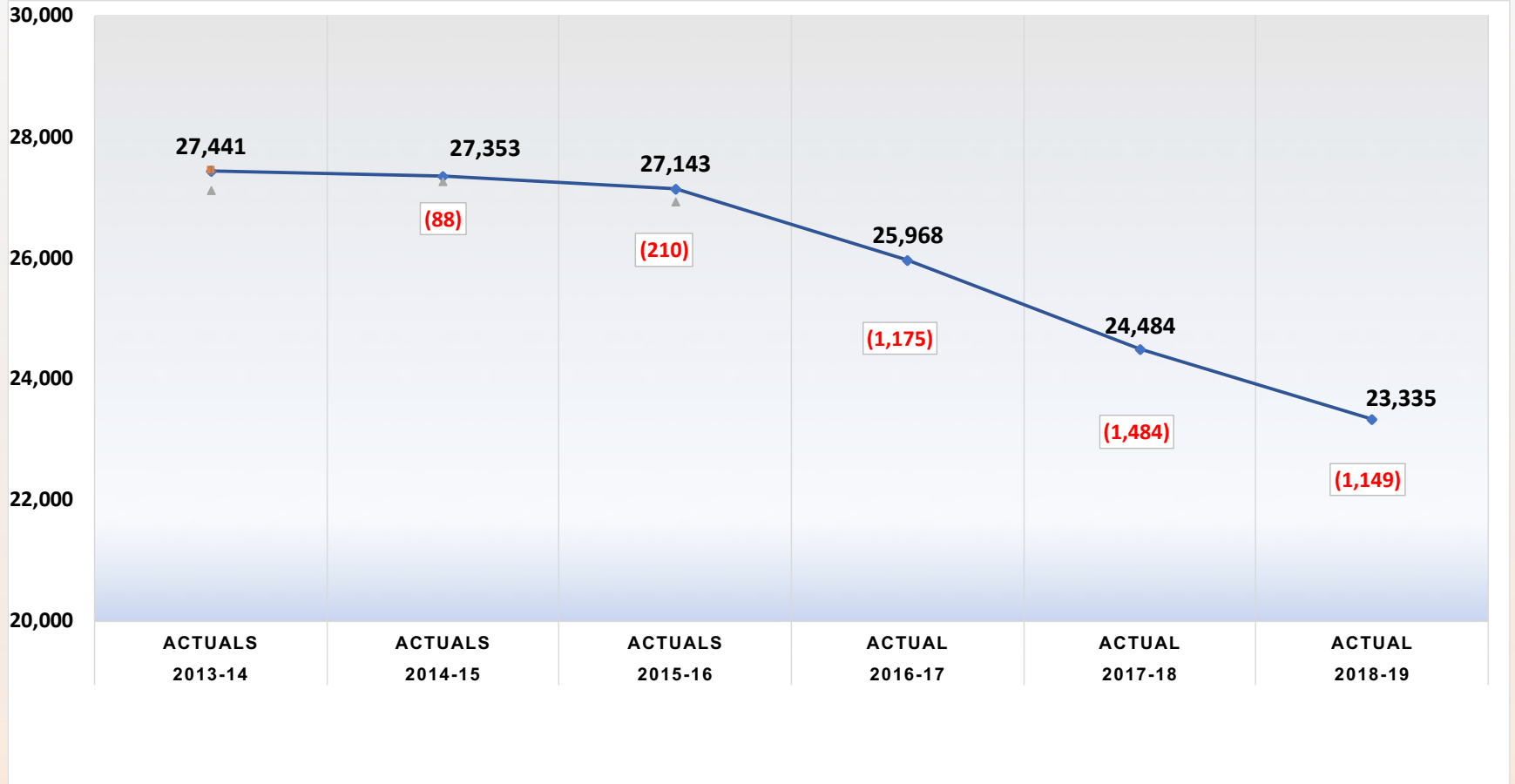
2019-20 Projected Ending Fund Balance

Actual Beginning Fund Balance, July 1, 2019	\$ 33.4M
Ongoing Structural Deficit	(3.1M)
Temporary Hold-Harmless Revenue	16.3M
<i>Anticipated Compensation Adjustment</i>	<u>(11.6M)</u>
Projected Ending Fund Balance, June 30, 2020	\$ 35.0M

Fund Balance Allocation:

College & Central Services "B" Budget Carryovers	\$ 10.8M
Districtwide Restricted Carryovers & Encumbrances	2.1M
Supplemental Retirement Plan Carryover	0.8M
Required 5% Budgeted Reserve	<u>9.9M</u>
Projected Stability Fund, June 30, 2020	\$ 11.4M

Historical Resident FTES



Foothill-De Anza Community College District
Multi-Year Projections For General Purpose Fund (Fund 114)

Adopted Budget Current SCFF Temporary HH Funding - FTES Decline

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

Description	2018-19 Adopted Budget	2018-19 Actuals	2019-20 Adopted Budget	2020-21 Projection	2021-22 Projection	2022-23 Projection
Resident FTES (F/T Equiv Student)	24,484	23,335	22,335	22,335	22,335	22,335
FTES Restoration	0.00%	-4.69%	-4.29%	0.00%	0.00%	0.00%
COLA	2.71%	2.71%	3.26%	2.50%	2.50%	2.50%
Ongoing Revenues	\$185,373,975	\$189,669,281	\$183,768,129	\$184,770,429	\$187,168,829	\$188,177,529
Ongoing Expenses & Net Transfers Out	194,773,902	194,956,293	186,838,886	189,032,612	192,217,912	193,777,612
Structural Surplus/(Deficit)	(\$9,399,927)	(\$5,287,012)	(\$3,070,757)	(\$4,262,183)	(\$5,049,083)	(\$5,600,083)
One-Time and Temporary Revenue	7,515,925	10,133,543	16,350,600	20,244,600	22,857,600	0
One-Time Expenditures, Transfers and Anticipated Compensation Adjustments	(8,000,000)	(8,559,914)	(11,625,000)	(10,500,000)	(4,875,000)	(4,875,000)
Net Change in Fund Balance	(\$9,884,002)	(\$3,713,383)	\$1,654,843	\$5,482,417	\$12,933,517	(\$10,475,083)
<i>Beginning Fund Balance</i>	37,118,590	37,118,590	33,405,207	35,060,050	40,542,467	53,475,984
<i>Net Change in Fund Balance</i>	(9,884,002)	(3,713,383)	1,654,843	5,482,417	12,933,517	(10,475,083)
Ending Fund Balance	\$27,234,588	\$33,405,207	\$35,060,050	\$40,542,467	\$53,475,984	\$43,000,900
Less: Carryovers/Restricted						
Colleges/CS/DW Carryovers, 5% Reserves	23,003,140	23,864,920	23,612,304	23,665,741	23,543,756	23,621,742
FHDA Stability Fund	\$4,231,448	\$9,540,287	\$11,447,746	\$16,876,726	\$29,932,228	\$19,379,159

Variance: +/- \$1-2 million subject to revenue fluctuations

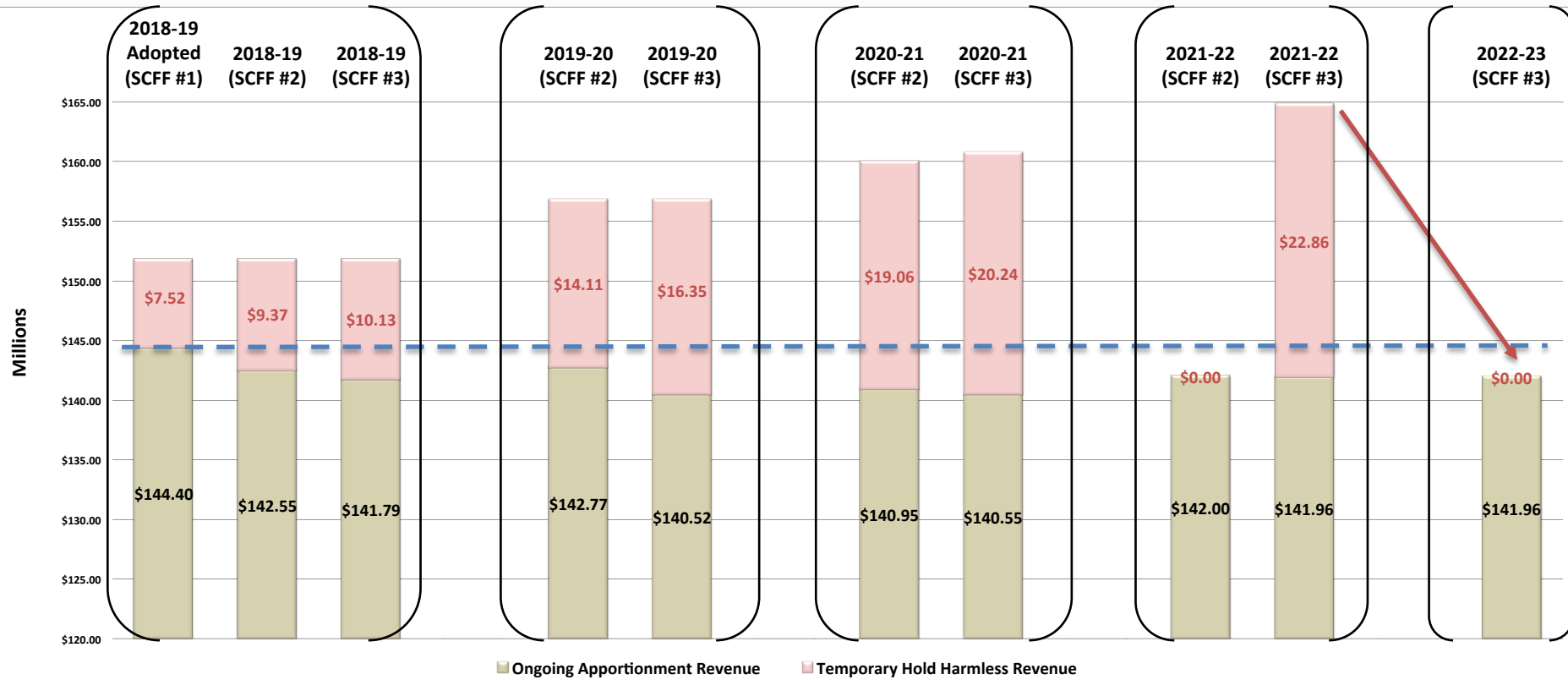
Planning Within New Fiscal Environment

- ❑ Adjusting to the “new normal” after the implementation of \$17.6M in budget reductions will require continuing assessment of how students and operations are affected
- ❑ There are many new initiatives that may affect the district in the next year
 - Full AB705 Implementation
 - Guided Pathways
 - CCCCO’s *Vision for Success*
 - Other unfunded mandates
- ❑ Adjustments to SCFF
- ❑ Balance of influx of temporary funding from hold-harmless funding versus addressing ongoing expense needs

Major Changes and Versions to SCFF

Version	Types of Changes to Allocations and Metrics
SCFF #1 2018-19 Adopted Original	<ul style="list-style-type: none"> • Allocation for 2018-19 began at 70/20/10, 2019-20 to 65/20/15 and 2020-21 to 60/20/20. • Three years Hold-Harmless Provision (HH)
SCFF #2 2019-20 May Revise	<ul style="list-style-type: none"> • Hold 2019-20 Allocation to 70/20/10 split • Cap annual Success Allocation growth to 10% • Deficit-Constrained Total Computational Revenue (TCR) no greater than 3x COLA
SCFF #3 2018-19 P2	<ul style="list-style-type: none"> • Temporary Transfer definition – UC/CSU Data • Basic Allocation correction; other rate adjustments
SCFF #4 2019-20 Final State Budget	<ul style="list-style-type: none"> • Recalculated Rates; Maintain 70/20/10 split • 2020-21 rates will be 2019-20 adjusted by COLA • Highest award for Success counts; 3Yr. Average for Success allocation • Transfer Definition – 12 units completion in year prior to transfer • Additional 4th HH Year • Continuation - Constrained TCR from 2018-19
SCFF #5 2019-20 Midyear	<ul style="list-style-type: none"> • Exclusion of Non Resident Students from Success and Supplemental counts • Adjust special admit and correctional facilities students into base allocation • Potential Recommendations from SCFF Oversight Committee

Variations in SCFF Hold-Harmless Ongoing vs. Temporary Revenue



SCFF Versions

#1 – Original for 2018-19 Adopted, #2 May Revise for 2019-20 Tentative, #3 2018-19 P2 Updates, #4 Final 2019-20 State Budget...mid-September release.

Looking Ahead

- ✓ September 9, 2019 – Final Budget Adoption
- ✓ Summer enrollment and early evaluation of Fall Enrollment
- ✓ Continued implementation of \$17.6 million in budget reductions
- ✓ Economic uncertainty
- ✓ Fiscal monitoring of districts at the state level through the CCCCCO
- ✓ Monitoring the continued evolution of the SCFF
 - ✓ Hold-Harmless has been extended but changes may still occur due to the underfunding of SCFF at the state level
 - ✓ Continuing changes to calculation process, especially for Student Success Metrics
 - ✓ Moving forward after the Hold-Harmless Provision expires

Questions/Comments



FOOTHILL-DE ANZA
Community College District

1320 Overview

District Budget Advisory Committee

September 17, 2019

Susan Cheu, Interim Vice Chancellor of Business Services




FOOTHILL-DE ANZA
Community College District

Traditional Formula



	Formula		Formula (WSCH/PROD)	FT (Filled & Vacant)	Formula (FTEF-FT)	Rate	Formula (PT*PT Avg. Rate)		TOTAL 1320 Minus Fund 22
FTES	WSCH	Productivity	FTEF	FT	PT	AVG PT cost	Total 1320 Budget (All Funds)	F22 – DSPS Budget	F14 Budget
Target Determined based by FTES	=FTES/11.67 *525/3	Target determined by District	WSCH/PROD	Based on Budget	FTEF-FTF	Banner	PT*Avg. Cost	Campus	Total-DSPS

FY17/18 Adopted Budget Calculation



	FTES (per 16/17 P Annual)	WSCH	Productivity	FTEF	FT	PT	AVG PT cost*	Total 1320 Budget (All Funds)	F22 – DSPS Budget	F14 Budget
FOOTHILL										
On Campus	11,728.59	175,879	499	352.46	157	194.9784	64,546.50004	\$12,585,171	\$410,991	\$12,174,180
5210 (ISA's)	655	9,828	520	19		18.9		1,220,185		1,220,185
Second Spring										300,000
Total FH	12,384	185,706	500	371	157	214	64,547	13,805,355		
									Total 1320 FH	\$13,694,364
	FTES	WSCH	Productivity	FTEF	FT	PT	AVG PT cost*	Total 1320 Budget (All Funds)	F22 – DSPS Budget	F14 Budget
DE ANZA										
On Campus	18,204	272,985	515	530.07	226	303.9	66,942	\$20,346,060	\$279,413	\$20,066,647
									Total 1320 DA	\$20,066,647
TOTAL FTES	30,588	458,692	509	901						
									Total 1320 F14 & F22	\$33,231,231

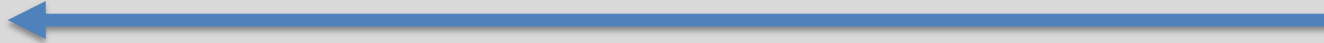
FY18/19 Adopted Budget



	FTES (per 17/18 P2)	WSCH	Productivity	FTEF	FT	PT	AVG PT cost*	Total 1320 Budget (All Funds)	F22 – DSPS Budget	F14 Budget
Foothill	11,876	178,089	506	351.95	157	194.5	64,547	\$12,552,425	\$410,991	\$12,141,434
De Anza	16,946	254,117	506	502.21	226	276.1	66,942	18,481,055	279,413	18,201,642
TOTAL FTES	28,822	432,206	506	854.16			Total 1320 (FH & DA)	\$31,033,480	\$690,404	\$30,343,076

- 1320 budget amount was calculated prior to implementation of the FY18/19 faculty position eliminations
- As a result, productivity was “frozen” at 506 for each campus and not adjusted for the new FT totals
- The 5210 and Second Spring for Foothill were not separated from the main 1320 Budget

FY19/20 Adopted Budget



	FTES	WSCH	Productivity	FTEF	FT	PT	AVG PT cost*	Total 1320 Budget (All Funds)	F22 – DSPS Budget	Total F14 Budget
	= WSCH*3/525* 11.67	=Prod*FTEF	<i>Agreed to by District</i>	=FT + PT	<i>Plug In</i>	=Budget/Avg. cost)		Same as FY18/19		= (Total 1320 – F22)
Foothill	11,496	172,385.82	512	336.69	142	194.5	64,547	\$12,552,425	\$410,991	\$12,141,434
De Anza	16,262	243,852.85	512	476.28	200	276.1	66,942	\$18,481,055	\$279,413	\$18,201,642
TOTAL FTES	27,757	416,238.67	512	812.97			Total 1320 (FH & DA)	\$31,033,480	\$690,404	\$30,343,076

- Objective: Keep funding stable as the District adjusts to the \$17.6 million in cuts
 - Due to the large scale of budget reductions implemented at 7/1/19, the decision was made to “freeze” the 1320 budget at the FY18/19 amounts to reduce impact of reductions
 - As a result, the FTES targets were not based upon the Adopted Budget estimate but calculated
 - PT faculty amount was calculated based upon budget and average cost instead of the FTEF based upon WSCH



Questions?