

2018/19
District Budget Advisory Committee (DBAC)

Meeting Agenda - September 18, 2018

Location: FH 5971 Conference Room

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

Note Taker: Carla Maitland

Time	Agenda Topic	Discussion Leader
1:30-2:15	Review 2018-2019 Adopted Budget	McElroy
2:15-2:30	Review 3-Year Budget Model Projection	McElroy
2:30-2:45	Other	All
Handouts:	2018-2019 Adopted Budget Slides	

2018-19 Adopted Budget

August 27, 2018

Kevin McElroy, Vice Chancellor, Business Services
Raquel Puentes-Griffith, Executive Director, Fiscal Services
Sirisha Pingali, Director, Budget Operations



FOOTHILL-DE ANZA
Community College District

Overview

- 2017-18 Year-End Financials and Ending Fund Balance
- 2018-19 Major Factors Impact, Revenue Assumptions, New Student Centered Funding Formula, Adopted Budget Revenues/Expenses, and Projected Ending Fund Balance
- Full-time Equivalent Student (FTES) and Productivity Trend Analysis
- Planning Within New Fiscal Environment
- Looking Ahead

2017-18 Year-End Financial Results

Actual Ongoing Revenue	\$ 181.9M
Less: Actual Ongoing Expenditures & Transfers	<u>(200.7M)</u>
2017-18 Structural Deficit	\$ (18.8M)
One-time Revenues (SB 361 Stabilization & State Mandated)	8.4M
Less: One-time Transfer (FH Transfer to CP Fund)	<u>(1.4M)</u>
2017-18 Actual Deficit and Net Change in Fund Balance	\$ (11.8M)*

**Covered by one-time allocation from Stability Fund*

2017-18 Beginning Fund Balance	\$48.9M
<i>Net Change in Fund Balance</i>	<i><u>(11.8M)</u></i>
2017-18 Ending Fund Balance	\$37.1M

2017-18

Ending Fund Balance – Allocation

- ❑ **\$37.1M 2017-18 Fund Balance Allocation:**
 - ❑ \$11.1M – Colleges & Central Services “B” budget carryover
 - FH – \$5.1M
 - DA – \$3.7M
 - CS – \$2.3M
 - ❑ \$1.7M – Districtwide carryover (negotiated contract items, EIS/ETS backfill and encumbrance carryforwards)
 - ❑ \$10.1M – Maintain district’s budgeted 5% reserve
 - ❑ **\$14.2M – Stability Fund**

Major Factors Impacting 2018-19 Budget

☐ New Funding Formula Uncertainty

☐ Continuing FTES decline?

- ☐ Resident and nonresident – ongoing revenue reduction

☐ Productivity

- ☐ New goals within managing targeted budgeted dollars to maximize FTES

☐ Budget Reduction Planning

- ☐ Tier II Reductions – \$12.6 million on target for 2019-20
Adopted Budget

2018-19 Major Revenue Assumptions

- ❑ Implementation of New Student Centered Funding Formula
- ❑ Temporary hold-harmless provision increases base allocation to \$151.9 million
- ❑ FHDA New Funding Formula allocation w/o hold harmless \$144.4M
- ❑ Temporary hold harmless provision equals \$7.5M
 - ❑ \$4M COLA
 - ❑ \$3.5M Hold Harmless
- ❑ Based on 2016-17 data and metrics and three-year FTES Average...these will change in Fall 2018/Spring 2019!

Student Centered Funding Formula

<u>Base Allocation</u>		
<u>Metric</u>		<u>Current Value</u>
Basic Allocation		\$ 10,441,932.04
Base FTES	Credit	\$ 89,084,175.14
	Noncredit	\$ 767,177.76
	CDCP	\$ 1,581,726.09
Special Admit FTES	Credit	\$ 3,804,311.00
Inmates FTES	Credit	\$ -
	Noncredit	\$ -
Totals		\$ 105,679,322.03

Student Centered Funding Formula

Supplemental Allocation

<u>Metric</u>	<u>Current Value</u>
Pell Grant	\$ 5,369,717.00
AB540	\$ 1,713,016.00
Promise Grant	\$ 14,257,366.00

Totals	\$ 21,340,099.00
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Student Centered Funding Formula

<u>Student Success Allocation</u>		
<u>Metric</u>		<u>Current Value</u>
Associate Degrees	All Students	\$ 2,752,200.00
	Pell Grant Students	\$ 413,586.00
	Promise Grant Students	\$ 434,565.00
Associate Degrees for Transfer	All Students	\$ 1,883,200.00
	Pell Grant Students	\$ 261,072.00
	Promise Grant Students	\$ 262,848.00
Credit Certificates	All Students	\$ 600,160.00
	Pell Grant Students	\$ 36,963.00
	Promise Grant Students	\$ 54,168.00
Nine or More CTE Units	All Students	\$ 2,599,520.00
	Pell Grant Students	\$ 200,466.00
	Promise Grant Students	\$ 253,191.00
Transfer	All Students	\$ 3,655,740.00
	Pell Grant Students	\$ 341,658.00
	Promise Grant Students	\$ 404,761.50
Transfer Level Math and English	All Students	\$ 912,560.00
	Pell Grant Students	\$ 59,274.00
	Promise Grant Students	\$ 66,822.00
Regional Living Wage	All Students	\$ 2,022,680.00
	Pell Grant Students	\$ 55,111.50
	Promise Grant Students	\$ 114,885.00
Totals		\$ 17,385,431.00

Student Centered Funding Formula

New Formula Grand Total \$ 144,404,852

Hold Harmless \$ 7,515,919

Old Formula Grand Total \$ 151,920,771

<u>Value</u>	\$ 147,912,346	2.71%	\$ 151,920,771
<u>Metric</u>	<u>Total Computational Revenue</u>	<u>COLA</u>	<u>TCR + COLA</u>

2018-19 Adopted Budget General Fund Revenue

2018-19 Tentative Budget Revenue

(Apportionment, Lottery, Nonresident, etc.) **\$ 183.7M**

STRS On-Behalf .9M

Other State/Local Revenue Adjmts .4M

Lottery .4M

Apportionment Adjmt .3M

Decrease in Nonresident (.3M)

2018-19 Ongoing Budgeted Revenue \$185.4M

New Funding Formula Hold Harmless Temporary Revenues 7.5M

**Total Adopted Budget
Ongoing and Temporary Revenue \$ 192.9M**

2018-19 Adopted Budget

General Fund Expenses

2018-19 Tentative Budget Expenses and Net Transfers	\$ 193.9M
STRS On-Behalf	.9M
Net Position Adjustments/Changes	(.3M)
DSPS Transfer and Other	<u>.3M</u>
Adopted Budget Expenditures and Net Transfers	\$ 194.8M

2018-19 Projected Structural Deficit

2018-19 Adopted Budget Ongoing Revenue	\$ 185.4M
Less: Expenditures and Net Transfers	<u>194.8M</u>
2018-19 Projected On-going Structural Deficit	\$ (9.4M)
Add: New Funding Formula Temporary Hold Harmless Revenues	<u>7.5M</u>
2018-19 Projected Deficit w/Temporary Revenues	\$ (1.9M)*

**Covered by one-time allocation from Stability Fund*

2018-19 Projected Ending Fund Balance

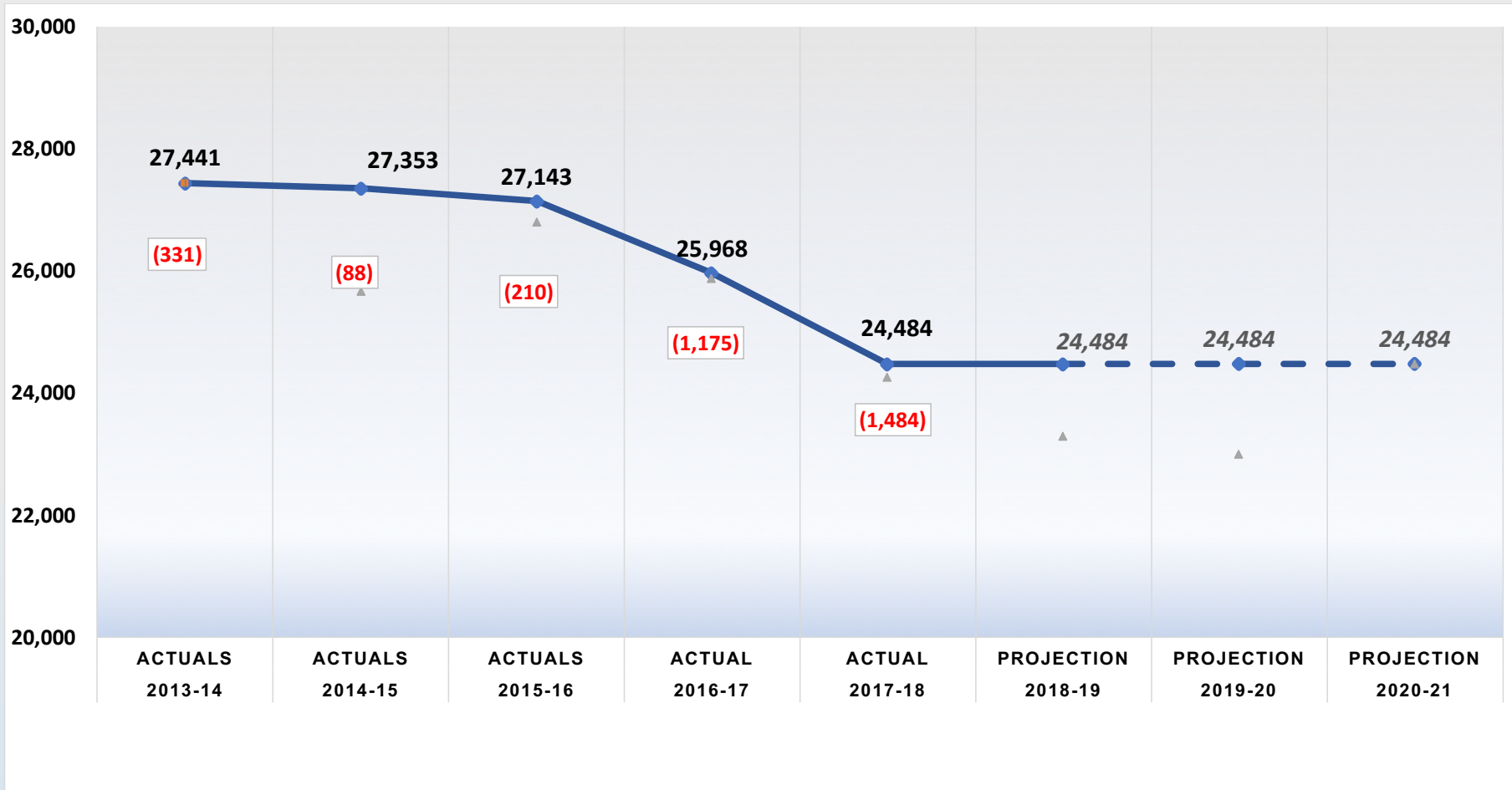
Beginning Fund Balance, July 1, 2018	\$ 37.1M
Less: Ongoing Structural Deficit	(9.4M)
Add: Temporary Hold Harmless State Revenues	7.5M
Less: Temporary Salary Adjmt	<u>(8.0M)</u>
Projected Ending Fund Balance at June 30, 2019	\$ 27.2M

Fund Balance Allocation:

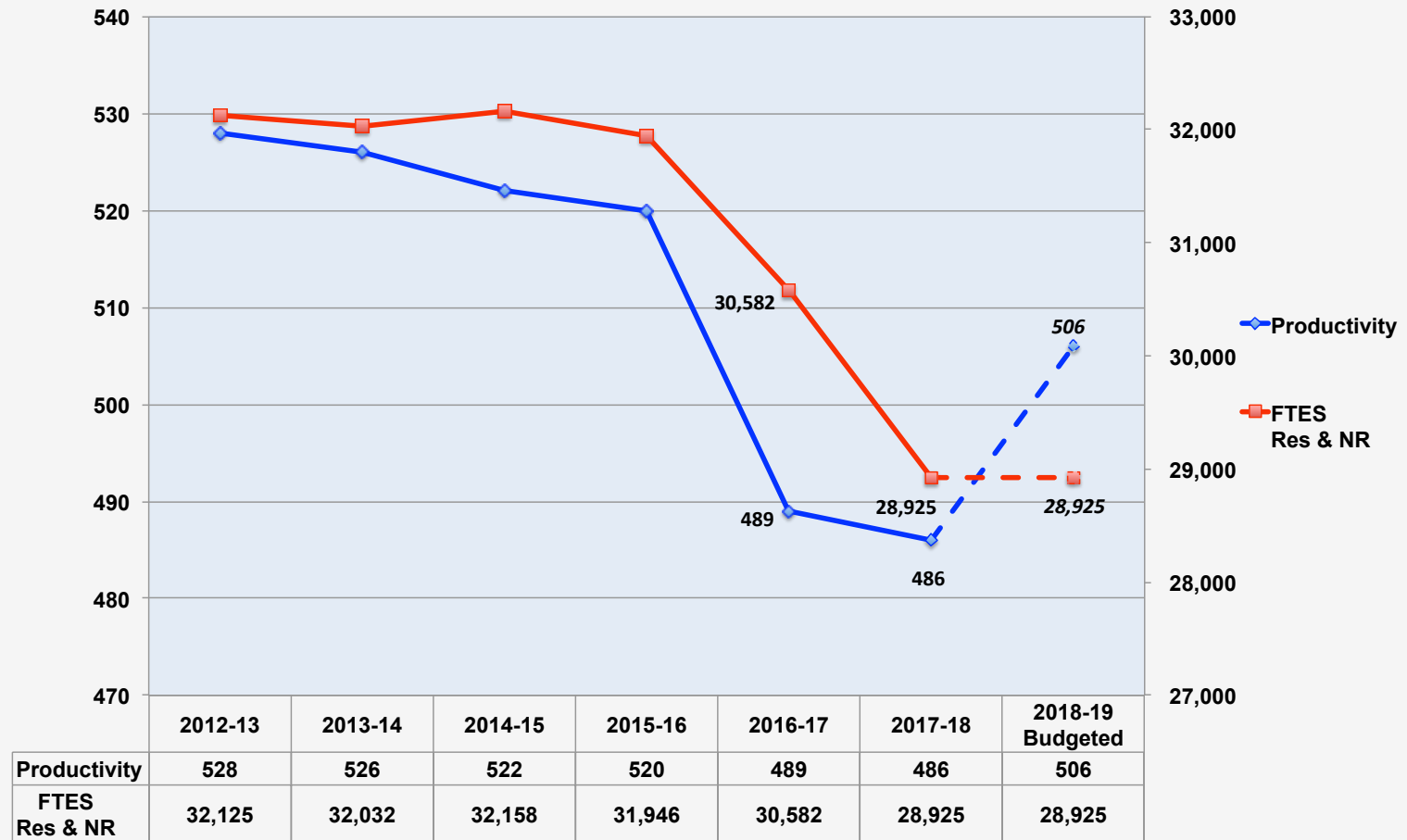
College & Central Services Carryforwards	\$ 11.1M
Districtwide Restricted Carryforwards	1.8M
Required 5% Budgeted Reserve	<u>10.1M</u>
Projected Stability Fund at June 30, 2019	\$ 4.2M*

***NOTE:** 2017-18 Stability Fund Balance was \$14.2M.

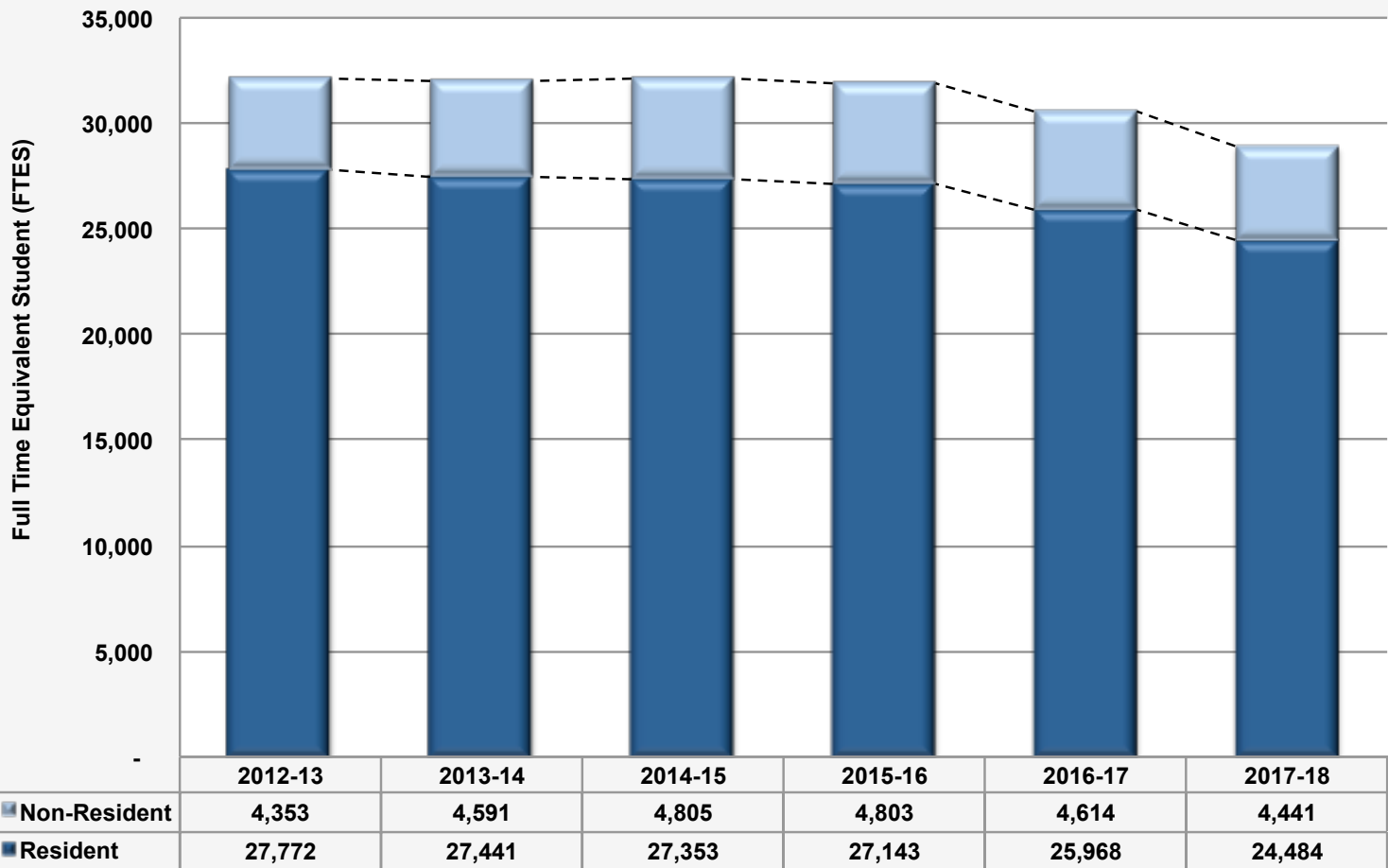
Resident FTES Historical Trend Analysis



Historical and Projected Total FTES/Productivity



Historical and Projected Resident and Nonresident FTES



Planning Within New Fiscal Environment

- ❑ Implementation of a new funding formula will impact strategic organizational planning decisions
- ❑ The impact of \$17.6M of necessary budget reductions through 2019-20 will require assessment for how students and operations are affected
- ❑ Plan for additional risk factors which will need to be considered in fiscal planning for the near future
 - Modifications to the New Funding Formula
 - Loss of the Hold Harmless Temporary Revenue
 - Further FTES decline
 - Continuing increases to STRS/PERS

Looking Ahead

- ✓ September 10, 2018 – Final Budget Adoption
- ✓ Summer enrollment and early evaluation of Fall enrollment
- ✓ Finalization of the \$12.6M in budget reduction plans to be acted on by the Board March 2019 and implemented by July 1, 2019
- ✓ Closely monitor the recommendations and local impact by New Funding Formula “Oversight Committee” yet to be established by the new Governor.
- ✓ Cognizant of the State’s ability to maintain hold harmless provision for next three years

Adopted Budget - New Funding Formula Temporary Hold Harmless Funding and COLA

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

	2017-18	2018-19
Description	Actual	Adopted Budget
Resident FTES (F/T Equiv Student)	24,484	24,484
3Yr Avg for New Funding Formula		23,788
FTES Decline/Restoration	-5.71%	0.00%
Productivity	486	506
COLA	1.56%	0.00%
Revenues		
State Apportionment	\$140,447,440	\$144,404,900
Non-Resident Tuition	26,812,845	27,000,000
STRS On-Behalf Payments	4,758,023	5,000,000
Other Revenues	9,928,702	8,969,075
Total Ongoing Revenues	\$181,947,010	\$185,373,975
Expenses		
Certificated Salaries	87,664,841	81,597,003
Classified Salaries	37,003,563	37,367,186
Employee Benefits	42,619,479	42,763,962
STRS On-Behalf Payments	4,758,023	5,000,000
Materials & Supplies	2,746,812	3,567,028
Operating Expenses	18,749,601	17,161,103
Capital Outlay	476,025	422,893
Ongoing Tier II Reductions	0	0
Total Ongoing Expenses	\$194,018,344	\$187,879,175
<i>Net Transfers Out</i>	\$6,752,455	\$6,894,727
Total Expenses & Net Transfers Out	\$200,770,799	\$194,773,902
Structural Surplus/(Deficit)	(\$18,823,789)	(\$9,399,927)

Adopted Budget - New Funding Formula Temporary Hold Harmless Funding and COLA

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

	2017-18	2018-19
Description	Actual	Adopted Budget
One-Time Adjmts to Revenue		
PY Apportionment Adjustment	178,382	-
Mandated Cost Payment	725,411	-
State Stabilization SB 361	7,464,906	-
New Funding Formula Temporary Revenue		
Hold Harmless @ 17-18 Base	-	3,507,500
2018-19 COLA @ 2.71%	-	4,008,425
2019-20 COLA @ ~2%	-	-
2020-21 COLA @ ~2%	-	-
Total One-Time and Temporary Revenue	8,368,699	7,515,925
One-Time Adjmts to Expenditures & Transfers		
Transfer: FH to CP Fund	(894,169)	-
Transfer: DW to CP Fund (Flint Garage & Veterans Plaza)	(383,952)	-
Off Schedule Salary Adjustment	-	(8,000,000)
Districtwide Savings	-	-
Total One-Time Expenditures and Transfers	(\$1,278,121)	(\$8,000,000)
Net Change in Fund Balance	(\$11,733,211)	(\$9,884,002)
Beginning Fund Balance	\$48,851,803	\$37,118,592
+/- Fund Balance	(11,733,211)	(9,884,002)
Ending Fund Balance	\$37,118,592	\$27,234,590
Less: College/CS/DW Encumbrances and Carryforwards	12,864,445	12,864,445
Less: 5% Reserves	10,102,446	10,138,695
FHDA Stability Fund	\$14,151,701	\$4,231,450

Adopted Budget - New Funding Formula Temporary Hold Harmless Funding and COLA

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

	2019-20	2020-21	2021-22
Description	Projection	Projection	Projection
Resident FTES (F/T Equiv Student)	24,484	24,484	24,484
3Yr Avg for New Funding Formula	23,788	23,788	23,788
FTES Decline/Restoration	0.00%	0.00%	0.00%
Productivity	506	506	506
COLA	0.00%	0.00%	0.00%
Revenues			
State Apportionment	\$144,404,900	\$144,404,900	\$144,404,900
Non-Resident Tuition	27,675,000	28,366,900	29,076,100
STRS On-Behalf Payments	5,200,000	5,400,000	5,600,000
Other Revenues	8,969,075	8,969,075	8,969,075
Total Ongoing Revenues	\$186,248,975	\$187,140,875	\$188,050,075
Expenses			
Certificated Salaries	81,897,003	82,197,003	82,497,003
Classified Salaries	37,567,186	37,767,186	37,967,186
Employee Benefits	45,703,800	48,005,500	48,275,700
STRS On-Behalf Payments	5,200,000	5,400,000	5,600,000
Materials & Supplies	3,567,028	3,567,028	3,567,028
Operating Expenses	17,161,103	17,161,103	17,161,103
Capital Outlay	422,893	422,893	422,893
Ongoing Tier II Reductions	(12,600,000)	(12,600,000)	(12,600,000)
Total Ongoing Expenses	\$178,919,013	\$181,920,713	\$182,890,913
Net Transfers Out	\$6,894,727	\$6,894,727	\$6,894,727
Total Expenses & Net Transfers Out	\$185,813,740	\$188,815,440	\$189,785,640
Structural Surplus/ (Deficit)	\$435,235	(\$1,674,565)	(\$1,735,565)

Adopted Budget - New Funding Formula Temporary Hold Harmless Funding and COLA

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

	2019-20	2020-21	2021-22
Description	Projection	Projection	Projection
New Funding Formula Temporary Revenue			
Hold Harmless @ 17-18 Base	3,507,500	3,507,500	-
2018-19 COLA @ 2.71%	4,008,425	4,008,425	-
2019-20 COLA @ ~2%	3,037,400	3,037,400	-
2020-21 COLA @ ~2%		3,099,200	-
Total One-Time and Temporary Revenue	10,553,325	13,652,525	-
One-Time Adjmts to Expenditures & Transfers			
Districtwide Savings	1,000,000	1,000,000	1,000,000
Total One-Time Expenditures and Transfers	\$1,000,000	\$1,000,000	\$1,000,000
Net Change in Fund Balance	\$11,988,560	\$12,977,960	(\$735,565)
Beginning Fund Balance	\$27,234,590	\$39,223,150	\$52,201,110
+/- Fund Balance	11,988,560	12,977,960	(735,565)
Ending Fund Balance	\$39,223,150	\$52,201,110	\$51,465,545
Less: College/CS/DW Encumbrances and Carryforwards	12,864,445	12,864,445	12,864,445
Less: 5% Reserves	9,240,687	9,390,772	9,439,282
FHDA Stability Fund	\$17,118,018	\$29,945,893	\$29,161,818

Questions?/Comments



FOOTHILL-DE ANZA
Community College District