

2017/18
District Budget Advisory Committee (DBAC)

Meeting Agenda - October 17, 2017
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	2017-18 Adopted Budget / Budget Update Presentation	McElroy
2:00-2:10	Review Budget Reduction Target Memo	McElroy
2:10-2:30	Review FTES Analysis document	McElroy
2:30-3:00	Other	All

Handouts: Budget Reduction Target memo, and FTES Analysis document

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September 7, 2017

Greetings Judy and Chancellor's Cabinet,

As I mentioned to you earlier, I am sending this email to memorialize the understanding you/Chancellor's Cabinet and the Board of Trustees have regarding the plan to address the estimated \$10.3 million structural budget deficit outlined in my Budget Update presentation at the Board Study Session.

(A copy of the power point presentation is attached)

The Board unanimously supported our recommended three year plan to reduce ongoing district budget expenditures by \$10 million. And they re-affirmed their agreement at the regular Board meeting that evening after my presentation of the initial reading of the 2017-18 Adopted Budget.

The plan establishes a separate, districtwide budget reduction target for each of the next three fiscal years;
\$2 million in FY2017-18
\$3 million in FY2018-19 and
\$5 million in FY2019-20.

Each year's budget reduction target is divided between De Anza (50%), Foothill (35%), and Central Services (CS) (15%) according to their long standing equivalent share of district wide revenue allocation. By way of example, the 2017-18 budget reduction target of \$2 million will be divided as follows;

De Anza- \$1 million
Foothill- \$700,000
CS - \$300,000

Since the budget reduction targets have just now been established for FY 2017-18, it has been agreed that each college and CS may choose to meet their individual target from their available carry-over fund balances. But choosing this option will require the institution to identify budget reductions of **on-going** expenditures for both the 2017-18 and 2018-19 targets by July 1 of 2018.

As an example, if De Anza chose to fully meet this year's \$1 million 2017-18 target with carry-over fund balance, they will need to identify **\$2.5 million in on-going** budget reductions as of **July 1st** to start the 2018-19 fiscal year.

We have agreed **not** to allow either college or CS to use one-time carry-over funds to meet their 2018-19 budget reduction targets. This would cause too much of a "cliff" for the institution to manage by the third year of the required budget reductions.

My office will be working with the college's finance VP's and each vice chancellor to

identify and formally document which source each entity will select to meet their budget reduction target for 2017-18 and the two subsequent years.

As a reminder, we reported to the trustees that the budget reduction targets are subject to change contingent upon updated revenue and expense projections. If revenue projections for this fiscal year fall below projections, we can expect our target reductions to be increased. This will be necessary to maintain our district fund and designated Stability Fund balances consistent with what was reported at the Board Study Session using the "Flat FTES" scenario.

Please share this recap of the budget reduction strategy with your senior leadership and anyone else you deem appropriate.

Thanks, Kevin

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ENROLLMENT COMPARISON AT CENSUS

Campus	Summer Qtr at Census			Fall Qtr at Census			Total
	2016/17	2017/18	Variance	2016/17	2017/18	Variance	Variance
Foothill	1,315	1,628	313	3,364	3,378	14	327
DeAnza	1,823	1,694	(128)	5,834	5,512	(323)	(451)
Total	3,138	3,322	185	9,198	8,890	(309)	(124)

Data includes only credit sections with registered students.
 Apprenticeship, PC, PA, JRYM, and FH LINC are not included.

10/17/17