

Planning for Foothill-De Anza's Fiscal Future

*Lee D. Lambert, Chancellor
Foothill-De Anza Community College District*



FOOTHILL-DE ANZA
Community College District

What is the District's current financial situation?



Balanced 2023-24
Adopted Budget



Base revenue increased
to \$190 million under
Hold Harmless funding



One-time federal and
state COVID-19 funding
helped mitigate effects
of pandemic



Nonresident revenue
recovering from \$10 million
decline but remains volatile

Why is there a concern for the future?

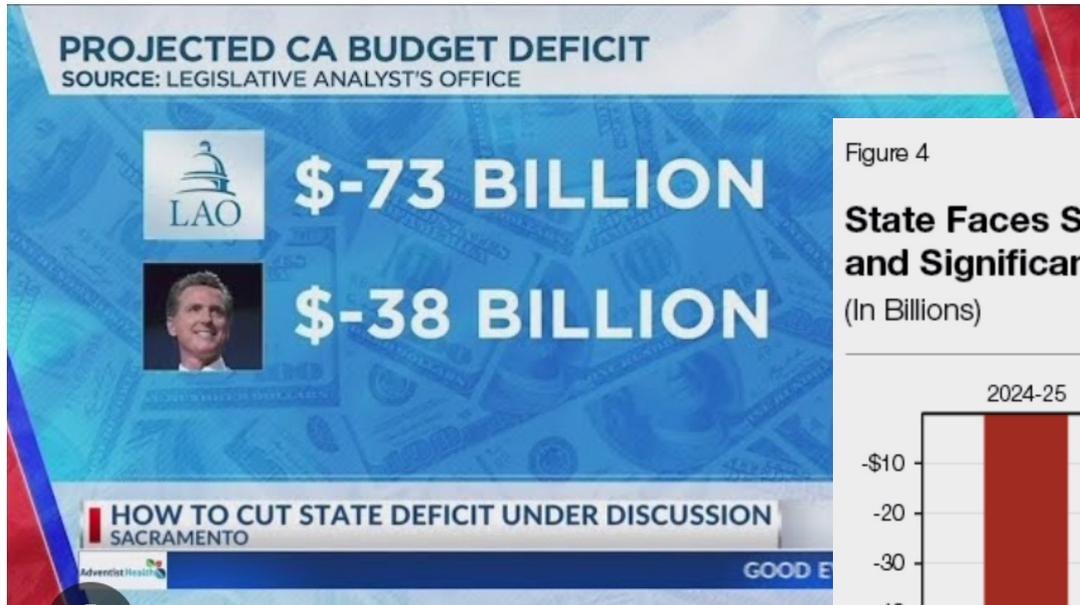
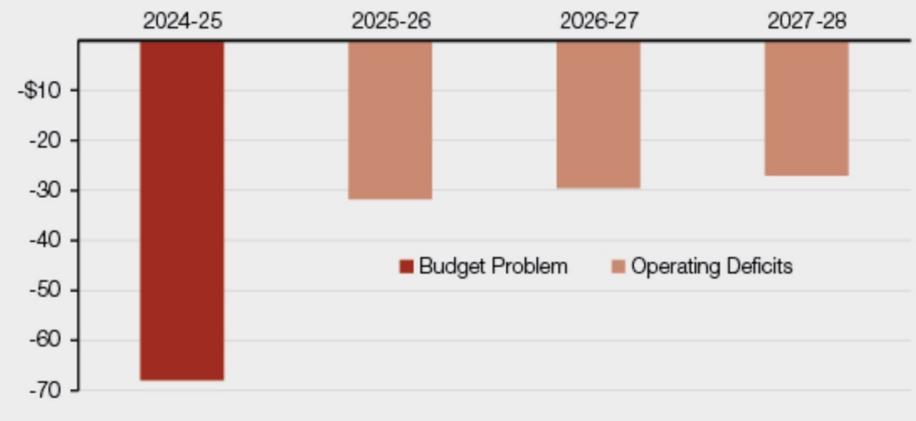


Figure 4

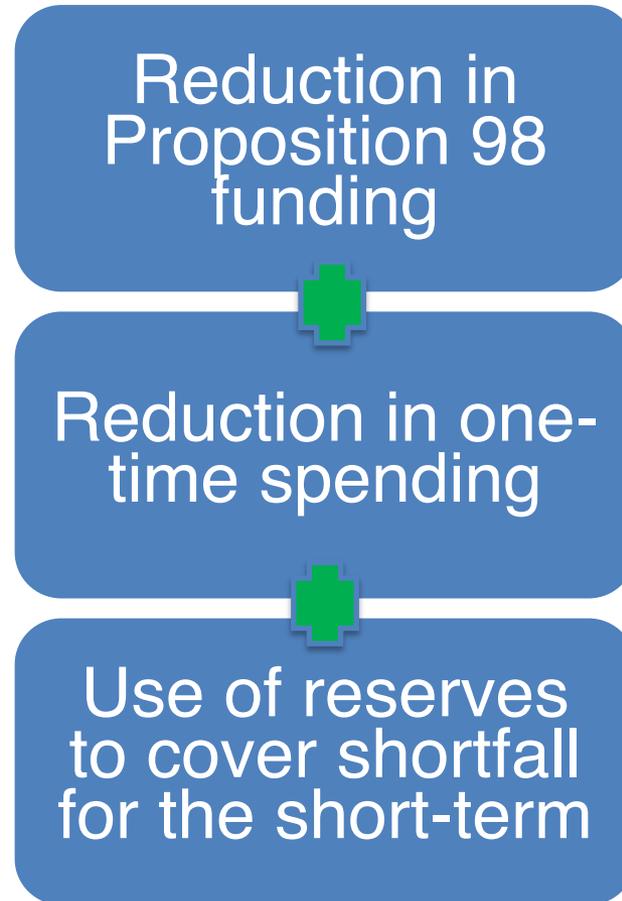
State Faces Serious Budget Problem in 2024-25, and Significant Operating Deficits in Future Years
(In Billions)



- Projected \$73 billion* state budget deficit for 2024-25
- \$26 billion* state budget shortfall for 2022-23

*From December 2023 Legislative Analyst's Office Fiscal Outlook

What solutions could the state use to address its deficit?



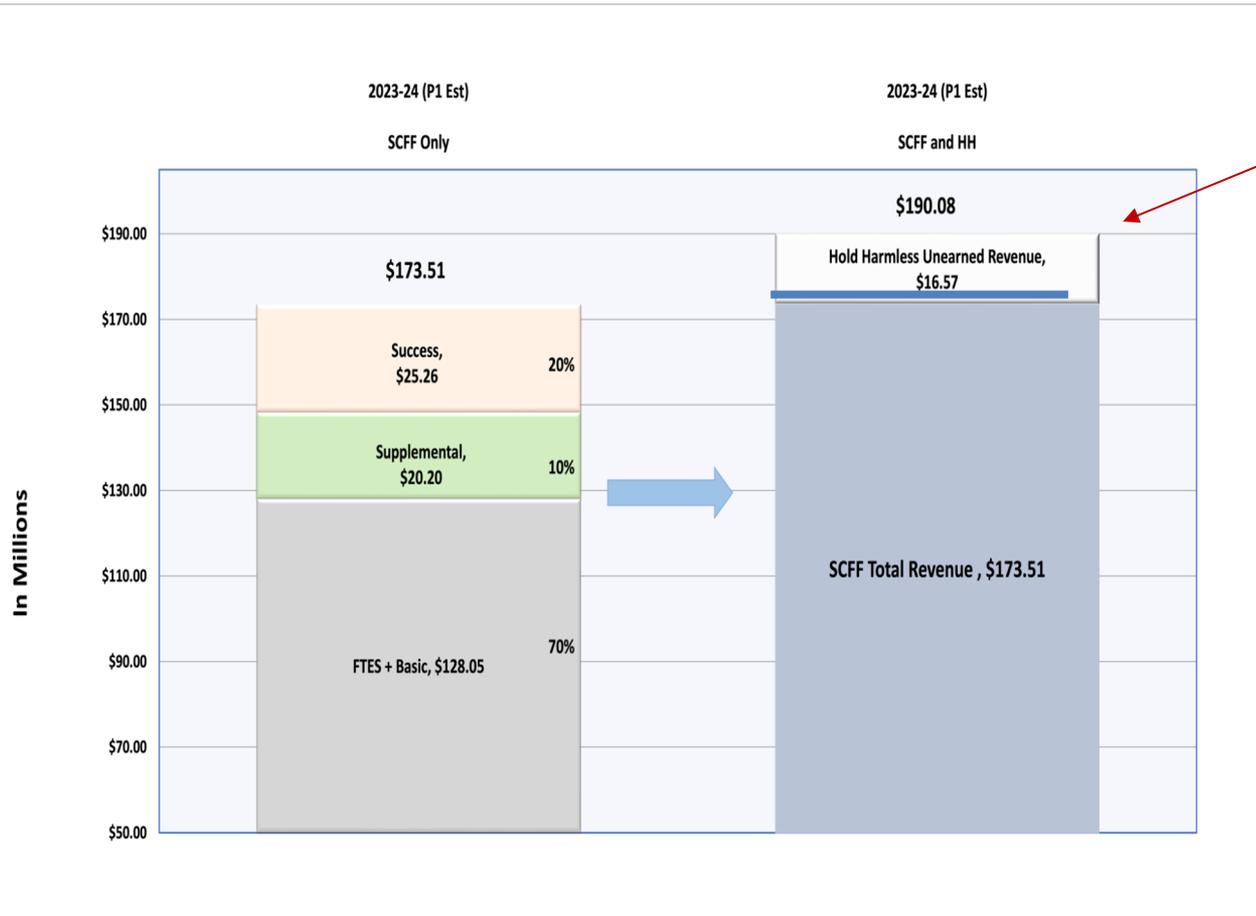
How does this affect the District?

California's shaky economic outlook



District will experience plateau revenue
under the Student Centered Funding
Formula (SCFF) in 2025-26

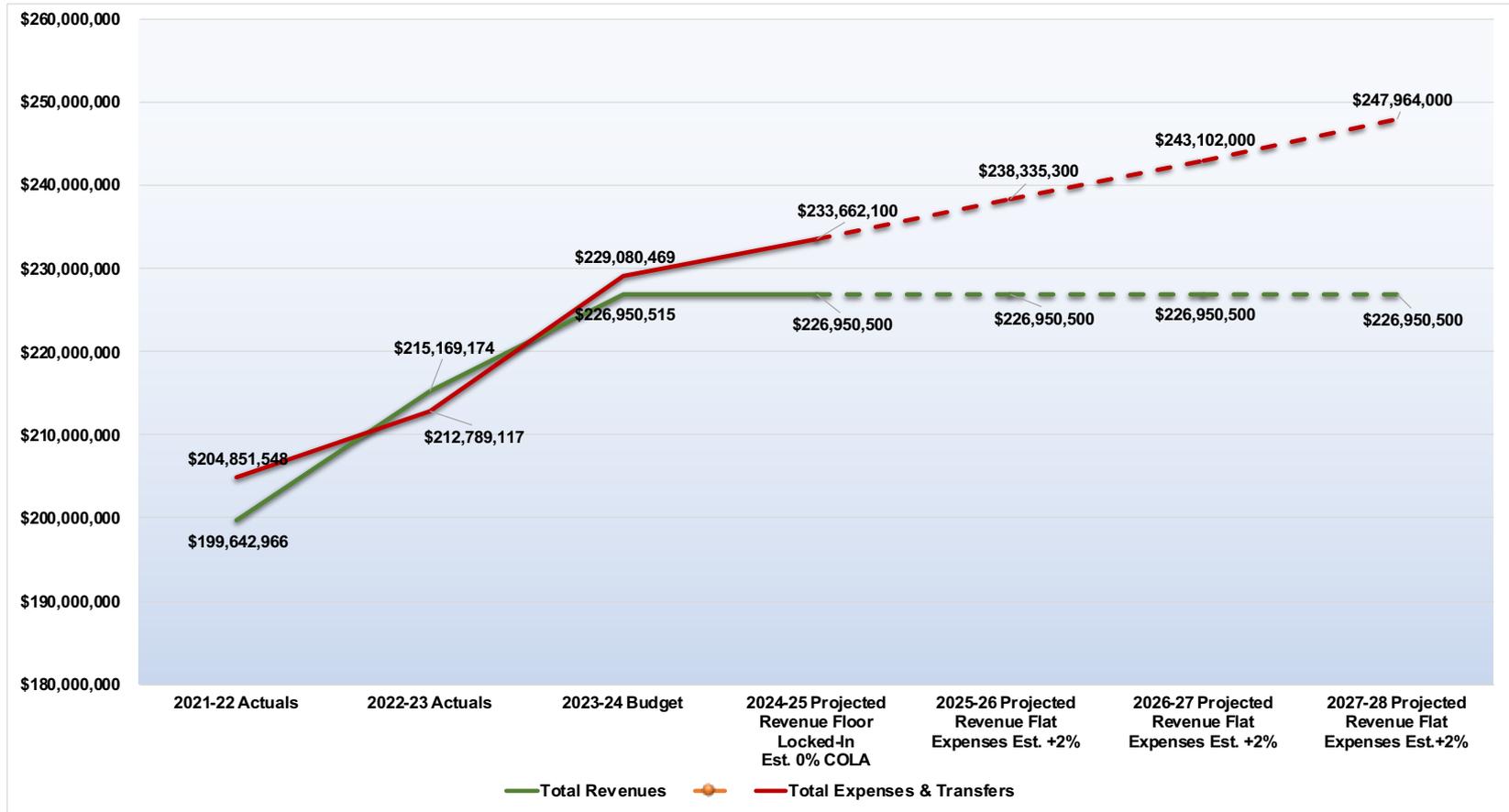
Student Centered Funding Formula (SCFF) Hold Harmless Estimate



Good news: Funding will not fall below this floor, but...

Bad News: Funding will not exceed this floor until this Hold Harmless amount is earned through our SCFF metrics.

Potential future with rising expenses but no planned increase in revenue.

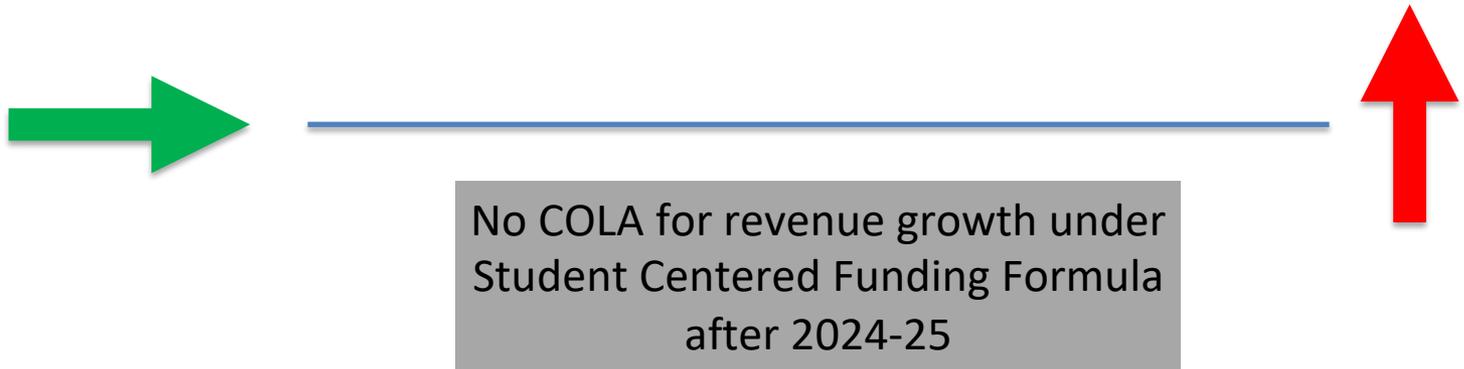


For Illustration - Budget Projection Only and Actuals will vary.

2% budget expense increase based on recent Federal Consumer Price Index (CPI) Inflation Forecast.

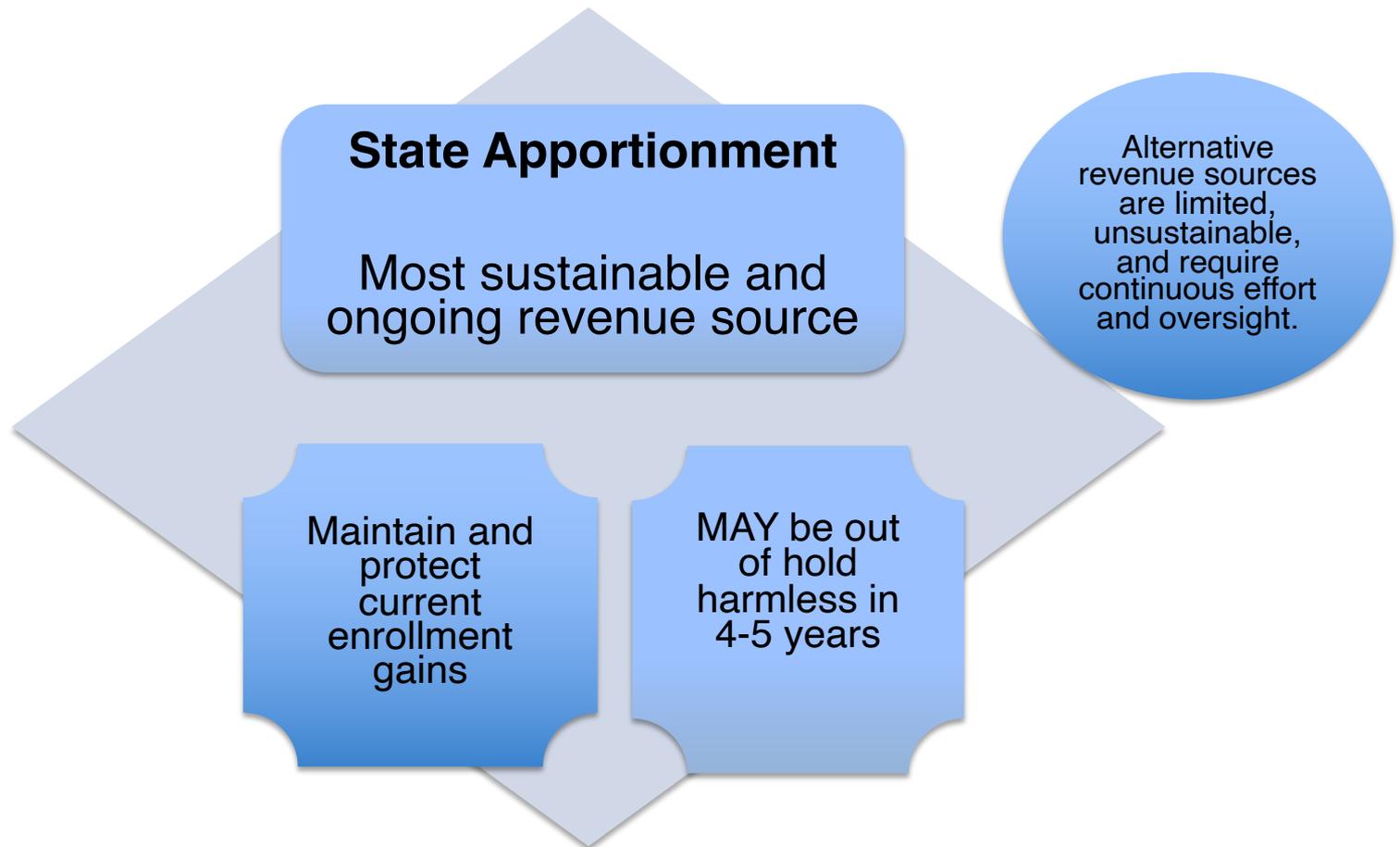
What does this mean for Foothill-De Anza?

- 2024-25 apportionment revenue estimated at \$190 million (same as 2023-24)
- Flat revenue for several years
 - \$16.5 million gap between metrics earned under SCFF and current \$190 million under Hold Harmless
 - Must sustain and protect current est. 1,200 FTES enrollment gains into next year...do not decline
 - Basic aid/community supported funding unlikely



Revenue Considerations

2024-25 and After



Challenge

To develop and implement an ongoing process for a balanced budget while prioritizing and allocating resources aligned with districtwide priorities developed in coordination with campus, Chancellor, and Board priorities.

A vision for Foothill-De Anza Community College District



To remain equity-minded and learner-focused to effectively equip students with the skills necessary to pursue their goals



To work collaboratively toward unified goals – Todos Somos, Somos Uno (We are All, We are One)



To become a nationally recognized Employer of Choice



To be an innovative leader that is responsive to needs of the community



Foothill-De Anza Community College District
Chancellor's Priorities and Goals Town Hall



How do we maneuver through this challenge?

Guiding Principles and Commitments:

- ✓ Use a transparent, collaborative, evidence-based process to make decisions
- ✓ Communicate widely and openly about the process
- ✓ As appropriate, develop metrics in coordination with stakeholders at all levels of the district to support current or recommended funding, staffing and resource allocations

What types of strategies could help us be successful and student focused?



Ensuring the allocation of resources in alignment with mission, goals and strategic plans of the district and campuses.



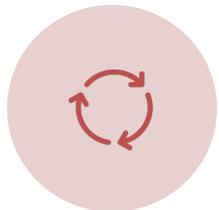
Continuing to meet all regulatory and compliance requirements.



Evaluating programs and services based on cost versus benefits/value to our students and/or external community.



Continuously exploring/implementing opportunities for efficiency, effectiveness and revenue-generation to ensure ongoing improvements and adaptability



Reviewing vacancies and new position requests in light of changing needs and priorities.



Optimizing services and instructional programs throughout the District.

Capacity is required to take advantage of missed opportunities and address our structural challenges



Image by pch.vector on Freepik

We build capacity by

- restructuring/realigning
- improving coordination and collaboration
- addressing skills gaps and workload
- creating a clear process for decision-making



Takeaways

- Storm clouds are on the horizon, but fortunately we are not in an immediate crisis.
- The State budget outlook appears uncertain for the next several years.
- Restoring enrollment growth to exceed our revenue floor is unlikely in available window.
- Basic Aid/Community Supported status is outside our control.
- Revenues will likely be flat for some time while costs continue to increase.



By starting now... we can thoughtfully plan on how best to serve the needs of our students and the community while adjusting to our new financial reality.



Next Steps through Fall 2024...

- ❑ **Spring 2024** - Future strategy and budget principles discussions with...
 - Senior administrators
 - District Enrollment Management Committee
 - Administrators and supervisors
 - Chancellor's Advisory Council
 - District Budget Advisory Committee
 - Academic and Professional Matters Committee
 - Campus shared governance groups
- ❑ **June 2024** - Leadership Summit
- ❑ **Summer 2024** - Board's adoption of principles
- ❑ **Fall 2024** - Launch task force to evaluate strategies for moving into the future



Questions?