



**FOOTHILL**  
COLLEGE



# Budget Update

Bret Watson

VP Finance & Admin. Services

**April 18, 2018**

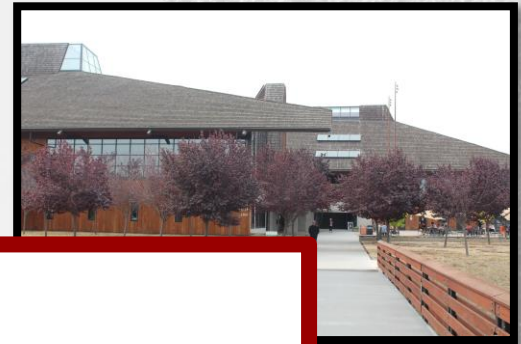
Foothill College, 12345 El Monte Road, Los Altos Hills, CA 94022 | [foothill.edu](http://foothill.edu)



## Highlights:

- Timelines & Important Dates
- P-2 Enrollment estimates
- Budget Reductions Update
- Fund Balance & Productivity
- Guiding Principles for Reductions
- Fiscal Outlook





## ■ Our Mission

- Believing a well-educated population is essential to sustaining and enhancing a democratic society, Foothill College offers programs and services that empower students to achieve their goals as members of the workforce, as future students, and as global citizens. We work to obtain equity in achievement of student outcomes for all California student populations, and are guided by our core values of honesty, integrity, trust, openness, transparency, forgiveness, and sustainability. Foothill College offers associate degrees and certificates in multiple disciplines, and a baccalaureate degree in dental hygiene.
- *Approved by Planning & Resource Council (PaRC) in April 2017; Approved by Board of Trustees in May 2017*





## Timelines:

- July 1, 2018 - Budget Reductions for Years 1 & 2 (total of \$1,750,000) must be identified.
- July 1, 2019 - Year 1 & 2 cuts must be fully implemented.
- December 31, 2018 – Year 3 cuts of \$1,750,000 shall be identified.
- **July 1, 2019** – Year 3 cuts must be fully implemented.
- **Develop strategy and timeline for additional cuts due to 2017-18 decline of FTES.**





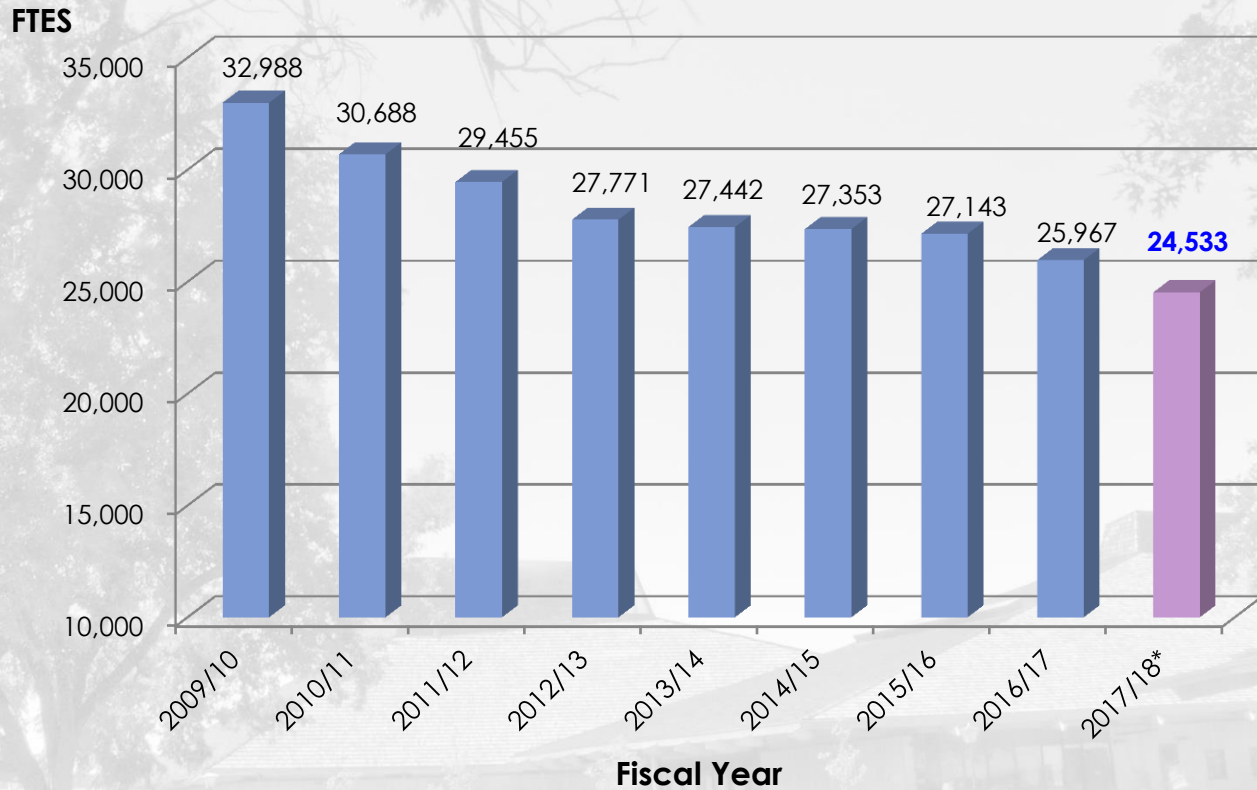
# Consultation: Participatory governance and town hall

- **Round 1: Budget Reduction & Proposed Percentage Cuts in Each Division**
  - September 14, 2017: Governance Summit → present information about budget reductions percentages
  - November 8, 2017: Town hall at main campus (Hearthside)
  - November 30, 2017 (Sunnyvale) / December 5, 2017 (Hearthside): District town halls
  - November 1 & 15, 2017: PaRC regarding Proposed % Cuts in each Division
  
- **Round 2: Guiding Principles & Discussion by Divisions on Possible Budget Cuts**
  - January 22, 2018: Cabinet retreat
  - January 25, 2018: Admin Council retreat
  - January 31, 2018: PaRC
  
- **Round 3: Finalize list of reductions for Year 1 & 2**
  - March 22: Cabinet retreat
  - April 19: Town Hall
  - April 18 & 25: PaRC
  - April/May: Finalize list to District



# Resident Enrollment: (2009/10 – 2017/18 Projected)

## FHDA District - Resident FTES







# P-2 Resident and Non-Resident Enrollment Projections 2017-18

Resident Enrollment	Projected		Total
	2016/17	2017/18	
De Anza	15,340.54	14,259.77	-1,080.77
Foothill	10,626.98	10,273.02	-353.96*
<b>Total</b>	<b>25,967.52</b>	<b>24,532.79</b>	<b>-1,434.73</b>

Non-Resident Enrollment	Projected		Total
	2016/17	2017/18	
De Anza	2,856.76	2,686.34	-170.42
Foothill	1,756.99	1,691.43	-65.56
<b>Total</b>	<b>4,613.75</b>	<b>4,377.77</b>	<b>-235.98</b>
<b>Grand Total</b>	<b>30,581.27</b>	<b>28,910.56</b>	<b>-1,670.71</b>

- P-2 enrollment figures are estimates and are not final.
- \*Decline in enrollment is because of ISA's.
- Resident Enrollment (Non-ISA) is up approx. 400 FTES or 4% compared to 2016-17.



# Budget Reduction Background:

- Structural budget deficit of **-\$10.3M** for 2017/18. <http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>
- District Budget reductions strategy includes:
  - **-\$2M** for 17/18, **-\$3M** for 18/19, & **-\$5M** for 19/20. Total of **-\$10** Million.
  - Distribution of reductions is (**35%** Foothill, 50% De Anza, & 15% District).
  - Foothill's share of the reduction is **\$3.5M**.





# Additional Budget Reductions:

- January 2018 - P-1 Enrollment estimates for 2017/18 were estimated to be down **-859 FTES**.
- April 2018 – P-2 Enrollment is estimated to be down approx. **-1,400 FTES** for 2017/18.
- Due to projected decline in FTES, District recommends an additional reduction of **-\$5.3 M** for year 3 (**total of -\$15.3 M**) for the 3 years.
- New District Budget reductions strategy reflects:
  - **-\$2M** for 17/18, **-\$3M** for 18/19, & **-\$10.3M** for 19/20. Total of **-\$15.3 Million**.
  - Distribution of reductions is (**35%** Foothill, 50% De Anza, & 15% District).
  - Foothill's share of the reduction is now **\$5.355 M** (original reduction was **\$3.5M**).



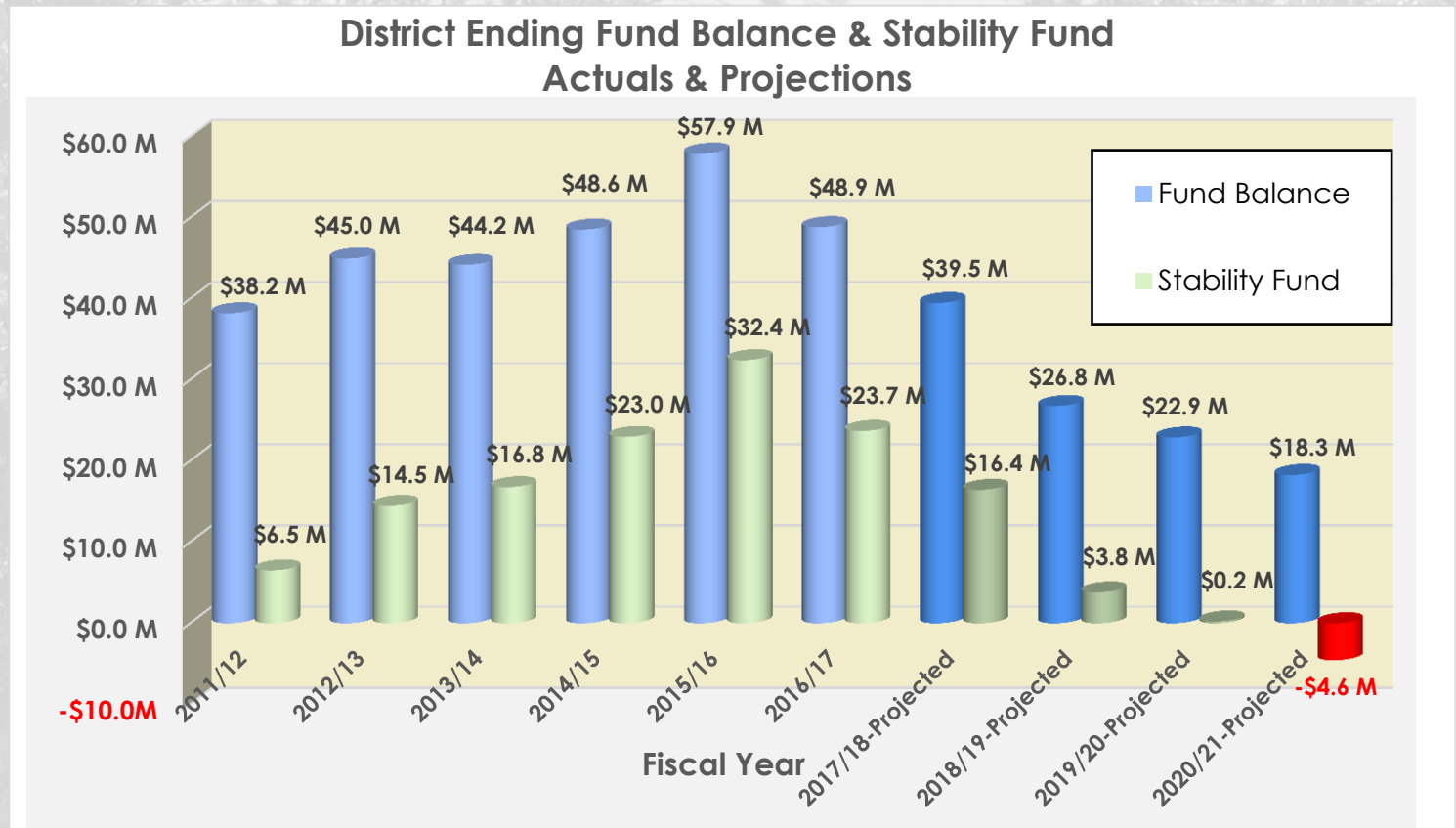
# Breakdown of Reduction Target Amounts by Division(s):

Division(s)	2017-18 & 2018-19	2019-20	(Subtotal)	Percent %	Additional	Total
Finance, Marketing, & President's	\$350,000	\$350,000	<b>\$750,000</b>	20%	???	
Instruction & Workforce Development	\$700,000	\$700,000	<b>\$1,400,000</b>	40%	???	
Student Services	\$700,000	\$700,000	<b>\$1,400,000</b>	40%	???	
<b>Total</b>	<b>\$1,750,000</b>	<b>\$1,750,000</b>	<b>\$3,500,000</b>	<b>100%</b>	<b>\$1,855,000</b>	<b>\$5,355,000</b>





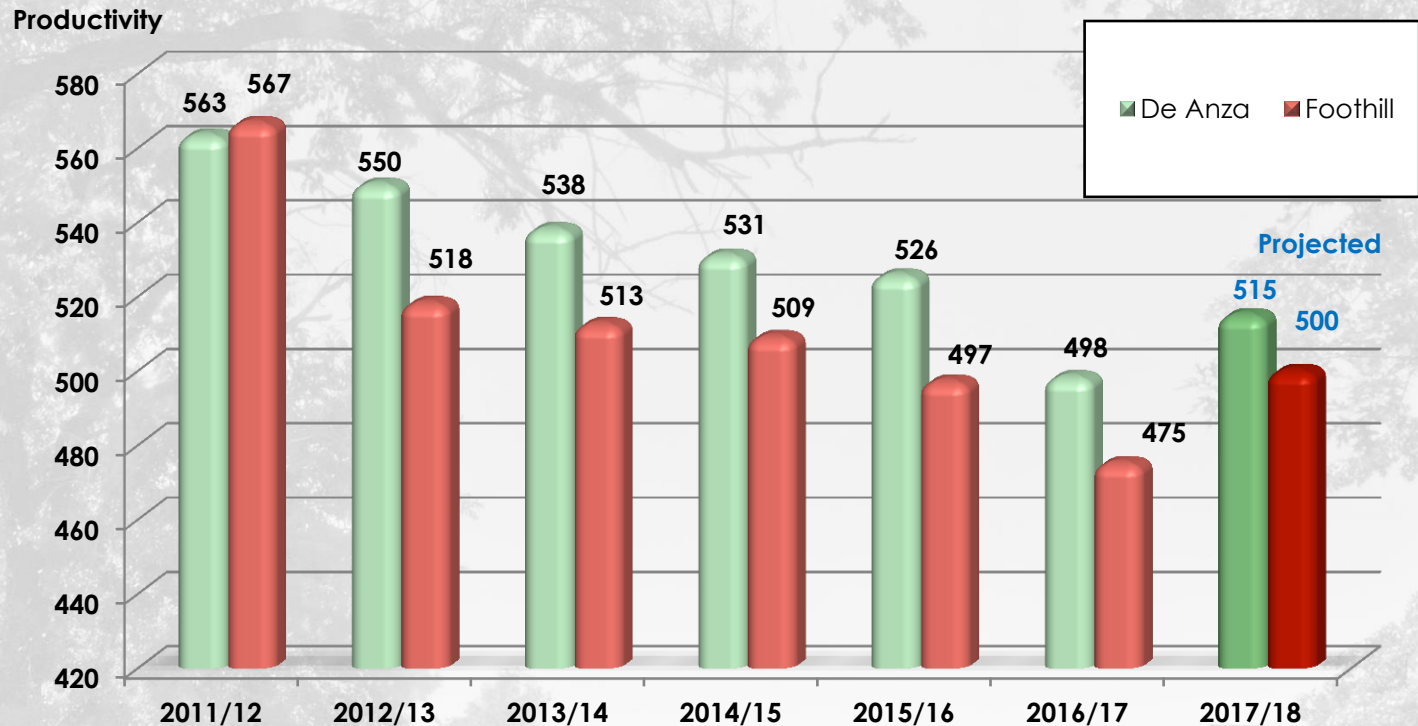
# Fund Balance (Actual and Projected):



- Ending fund balance and stability fund peaked in 2015-16 in part due to \$15.1 M one-time mandated cost claims reimbursement.
- Projections reflects reduction of ending fund balance and stability fund despite \$15.3 M in reductions to expenses.



# Productivity by College:



- Productivity = Weekly Student Contact Hours (WSCH) divided by Full-time Equivalent Faculty (FTEF).
- District Adopted Budget for 2017-18 reflected 509 productivity.
- Focus on staying within the 1320 budget.





# Breakdown of Reduction Target Amounts by Division(s):

Division(s)	Reduction Target 2017-18 & 2018-19	Identified Reductions 2017-18 & 2018-19	Over/Under
Finance, Marketing & President's Office	350,000	350,892	892
Instruction & Workforce	700,000	826,103	126,103
Student Services	700,000	667,920	-32,080
<b>Total 2017-18 &amp; 2018-19 (Yr 1 &amp; 2)</b>	<b>1,750,000</b>	<b>1,844,914</b>	<b>94,914</b>
	Reduction Target 2019-20	Identified Reductions 2019-20	Over/Under
Finance, Marketing & President's Office	350,000	0	-350,000
Instruction & Workforce	700,000	0	-700,000
Student Services	700,000	0	-700,000
Subtotal	1,750,000	0	-1,750,000
<b>Additional Reductions (35% of \$5.3M)</b>	<b>1,855,000</b>	<b>0</b>	<b>-1,855,000</b>
<b>Total 2019-20 (Yr 3)</b>	<b>3,605,000</b>	<b>0</b>	<b>-3,605,000</b>
	Total 3 Yr Target	Total Reductions	Over/Under
Finance, Marketing & President's Office	700,000	350,892	-349,108
Instruction & Workforce	1,400,000	826,103	-573,897
Student Services	1,400,000	667,920	-732,080
<b>Additional Reductions (35% of \$5.3M)</b>	<b>1,855,000</b>	<b>0</b>	<b>-1,855,000</b>
<b>Grand Total 3 Years</b>	<b>5,355,000</b>	<b>1,844,914</b>	<b>-3,510,086</b>



# Breakdown of Reduction Target Amounts by Division(s):

Division(s)	Reduction Target 2017-18 & 2018-19	Identified Reductions 2017-18 & 2018-19	19%
Finance, Marketing & President's Office	350,000	350,892	100%
Instruction & Workforce	700,000	826,103	44.8%
Student Services	700,000	667,920	95.6%
<b>Total 2017-18 &amp; 2018-19 (Yr 1 &amp; 2)</b>	<b>1,750,000</b>	<b>1,844,914</b>	<b>36.2%</b>
	Reduction Target 2019-20	Identified Reductions 2019-20	Over/Under
Finance, Marketing & President's Office	350,000	0	-350,000
Instruction & Workforce	700,000	0	-700,000
Student Services	700,000	0	-700,000
Subtotal	1,750,000	0	-1,750,000
<b>Additional Reductions (35% of \$5.3M)</b>	<b>1,855,000</b>	<b>0</b>	<b>-1,855,000</b>
<b>Total 2019-20 (Yr 3)</b>	<b>3,605,000</b>	<b>0</b>	<b>-3,605,000</b>
	Total 3 Yr Target	Total Reductions	Over/Under
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<b>Additional Reductions (35% of \$5.3M)</b>	<b>1,855,000</b>	<b>0</b>	<b>-1,855,000</b>
<b>Grand Total 3 Years</b>	<b>5,355,000</b>	<b>1,844,914</b>	<b>-3,510,086</b>





# Savings by Division:

<u>Division</u>		<u>Amount</u>
<b>Finance, Marketing &amp; President's Office</b>	Finance & Admin Services	192,177
	Marketing	143,714
	President's Office	15,000
	<b>Subtotal</b>	<b>350,891</b>
<b>Instruction &amp; Workforce Develop</b>	Instruction & Inst'l Research	0
	Instructional Divisions	648,500
	Workforce Development	177,603
	Online Learning	0
	<b>Subtotal</b>	<b>826,103</b>
<b>Student Services</b>	Admissions & Records	299,432
	Counseling	303,098
	EOPS	0
	Financial Aid	0
	International Student Programs	0
	Psychological Services	0
	Student Affairs & Activities	65,390
	Transfer Center	0
	<b>Subtotal</b>	<b>667,920</b>
	<b>Total</b>	<b>1,844,914</b>



## How we are Saving:

- **Categorical Programs** (SSSP, Student Equity, Strong Workforce)
- **Vacancies** (full-time faculty, retirements)
- **“B” Budget**
- **Self-Sustaining Fund** (Rental Facilities/Fine Arts)
- **Campus Center Use Fees** (Fund 128)
- **Foundation** (KCI Program)
- **Raise Printing Fees** (Support Printing Services Position)
- **Reduce release time**, stipends, comp-time & over-time





# Eight Proposed Guiding Principles for Reductions:

## 1) Preserve Quality Education

- Student centered focus
- Support equity
- Remain innovative
- Maintain our quality and excellence

## 2) Strategic Enrollment Growth

- Evaluate both qualitatively and quantitatively
- Maintain resources for growth
- Serve students in an innovative way

## 3) Cabinet Review/Approval

- Hiring to fill all vacancies
- Faculty positions that are 11 & 12 mo.
- Evaluate Reassigned time
- Sabbaticals (planning/scheduling)



# Guiding Principles Continued...

4) No layoffs of full-time positions for 2017-18 & 2018/19.

- Use one-time funds if needed.
- Person may do something different.
- May use different funding sources
- Open, consistent and sustained communication
- Respect for privacy and timing of notification

5) Spending relates to strategic objectives.

- Aligned with enrollment and productivity goals.
- Exceptions (i.e. students needing one class to earn ADT).
- Provide advanced annual offerings for students to plan.





# Guiding Principles Continued...

## 6) Transparency

- Open Communication
- Reasonable timing when sharing information.

## 7) Shared Pain

- Faculty, classified and management units will be impacted.
- Kindness & empathy

## 8) Program Review/Elimination

- Follow program review process/statutes/regulations
- Analysis of impact of program/college/community
- Transparency with clear rubric
- One-year timeframe to grow enrollment



# What have we done and what do we need to do?

- Identified savings for years 1 & 2.
- No planned layoffs of filled positions through 2018-19.
- Ongoing cuts include:
  - Moves to other funding sources
  - Utilizing vacant positions
  - Reduce “B” budget.
- Identify additional Year 3 savings.
- Continue to explore ways to become more efficient.





## Fiscal Outlook:

- Fiscal Self Assessment (Board of Trustees March 5, 2018):  
<https://www.boarddocs.com/ca/fhda/Board.nsf/Public>
- 2<sup>nd</sup> Quarter Budget Report:  
<http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>
- Apportionment (P-2 Enrollment Report), April 20
- New Funding Formula for 2018-19
- Productivity for 2018-19:
  - Colleges must stay within the 1320 budget.
  - If actual costs for 1320 exceeds budget, college pays the difference.



## Fiscal Self Assessment cont'd:

- 2016-17 included a \$6.3 M projected deficit
- \$9.1 M reduction to the ending Fund Balance
- Enrollment dropped 1176 FTES ≈ \$6 million in lost revenue
- Ending Fund Balance was \$48.8 million or 27.4% of GF expenses
- 2017-18 projected deficit of -\$10.3 million
- 2017-18 ending fund balance is projected at \$39 million
- FTES is projected down approximately 900 FTES (based on P-1)
- Cashflow is good, internal controls-good, management info. system is good.
- Plan for \$10 million in cuts over 3 years (and additional reductions) to bring expenses in line with revenues.





## Information & Feedback:

- Budget Updates can be found at:  
<https://foothill.edu/president/updates.html>
- Feedback regarding budget conversations can be made at:  
<https://foothill.edu/president/feedback.html>



Questions?