2012-2013 BUDGET UPDATE
September 20, 2012

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Business Services
Development of 2012/13 Budget (Fall 2011)

The development of the 2012/13 budget was initiated in Fall 2011 with the following broad objectives:

– To preserve student access and support services as much as possible
– Balance the budget for FY 2012/13
– To preserve one-time funds for the unknowns in FY 2013/14
Review of June 30, 2012
Ending Balance

The June 30, 2012 ending balance was $38,214,956 and consisted of the following components:

Restricted:
- $9,890,000 District’s budgeted 5% reserves

Designated:
- $13,623,650 for college and Central Services carryover
- $1,021,327 for encumbrances and reservations carryover
- $2,006,325 for district-wide carryover (negotiated contract items, election costs for 2012, EIS backfill, etc.)
- $3,000,000 for 2013/14 Stability Funds
- $2,000,000 for enrollment stimulus/restoration
- $6,673,654 net 2012/13 Stability
## Adopted Budget
### Fiscal Year 2012/13

<table>
<thead>
<tr>
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<th>Best Case Scenario- Tax Package Passes</th>
<th>Worst Case Scenario- Tax Package Fails</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>171,420,096</td>
<td>161,426,254</td>
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<tr>
<td>Expenses</td>
<td>(177,168,740)</td>
<td>(173,356,853)</td>
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<tr>
<td>Deficit</td>
<td>(5,748,645)</td>
<td>(11,930,599)</td>
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</tbody>
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Strategy for Fiscal Year 2012/13 (worst case scenario)

- Net Deficit 6/30/12 $ (11,930,599)
- Use of 12-13 Stability Fund 6,673,654
- Mid-Year Reductions and use of college and Central Services carryover 5,256,945

Net Deficit After Use of One-Time Funds and Mid-Year Cuts $ 0
50% Law
For All District Expenditures

• Cost of classroom teaching salaries MUST be equal to or greater than all non-instructional expenses.
Impact of Cuts on Foothill-De Anza Community College District

• If the worst case scenario were to materialize:
  – Workload reduction of 7.3% in 12/13 will equate to loss of funding for 2,155 FTES

• Reductions in funding totaling approximately 21%, or $38 million overall
Critical Steps to Balance the Budget

– Section reductions can be implemented in fiscal year 12/13 starting in winter and spring quarters pending results of the November election

– Reductions in staffing to be effective no later than the end of the winter quarter

– 12-13 Stability Fund will be used to provide for transition during the first half of the 2012/13 fiscal year
Major Variables

• Final state reduction in 2012/13

• “Deficit factor” due to property tax shortfall, state general fund revenue shortfall, and RDA shortfall

• Student demand has decreased likely in part due to the tuition increase.

• Enrollment restoration (possible increase to revenue of approximately $450,000 for every 100 FTES restored)
General Outlook for Fiscal Year 2013/14

2013/14 is expected to be challenging for the following reasons:

– State budget is still not/may not be balanced
– Enrollment uncertainty
In Spite Of These Challenges ...

• We will serve over 31,000 full-time equivalent students or over 33,000 full-time equivalent students if the tax package passes
• Continue to provide the best possible support services for students
• Have a Stability Fund to partially close the 12/13 operating deficit
• Aggressively search for new revenue sources in support of critical programs and services