Budget Update
April 25, 2011

Kevin McElroy, Vice Chancellor, Business Services
Current State Outlook

- A $400 million cut to the base, taken as a workload reduction
- A $10 increase in per-unit fees, which will mitigate the base cut ($7/quarter)
- A rejection of the census change proposal
- A rejection of the proposal for 1.9% growth
- A new inter-year deferral ($129 million)
State Outlook continued

ALL- CUTS STATE BUDGET

• State budget reductions of an additional $14 billion with no new tax revenue

• Roughly $5 billion in Prop 98 budget solutions/cuts

• $685 to $800 million in cuts coming from the CCC’s
## Scenario(s)

<table>
<thead>
<tr>
<th></th>
<th>FY 2010/11 Adopted Budget (and escrow II, Deferment I absorbed)</th>
<th>2011/12-Status Quo Before State Cuts</th>
<th>2011/12 Worse Case Scenario (4% loss of FTES in 10/11 and 16% Workload reduction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>181,156,493</td>
<td>176,751,387</td>
<td>154,160,865</td>
</tr>
<tr>
<td>Expenses</td>
<td>(182,273,451)</td>
<td>(181,884,824)</td>
<td>(184,514,312)</td>
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<tr>
<td>Workload Reduction (reduction in PT Faculty costs)</td>
<td></td>
<td></td>
<td>10,045,022</td>
</tr>
<tr>
<td>Net (Deficit)</td>
<td>(1,116,958)</td>
<td>(5,133,437)</td>
<td>(20,308,425)</td>
</tr>
</tbody>
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Next steps:

The Governor’s May Budget revise is the next statutory step. In the Budget revise the Governor will have the opportunity to evaluate:

• plan for possible new taxes
• performance of current year revenue
• cuts that have already been made in the signed trailer bills, $12 billion
• variety of other factors
WHAT DOES A $30 MILLION REDUCTION MEAN?

- $22M cut to apportionment would translate into 16% workload reduction. Additional loss of FTES in FY 2010/11 would “increase” workload reduction up to 20% unless FTES are restored next year.
- Currently estimating approximate $10,045,000 reduction in the part time teaching costs due to 20% work load reduction as well as downsizing institution by corresponding 20% in staffing and B budget
# Cuts Allocation:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>De Anza’ share</td>
<td>$15,240,000</td>
</tr>
<tr>
<td>Foothill’s share</td>
<td>$9,122,000</td>
</tr>
<tr>
<td>Central Services share</td>
<td>$5,490,000</td>
</tr>
<tr>
<td>District Wide share</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Target total</strong></td>
<td><strong>$30,353,000</strong></td>
</tr>
</tbody>
</table>
Approximate staffing impact of 20% reduction (by the numbers):

- The full time equivalent of 183 part time positions (300-400 actual part time teaching staff reduced)
- Approximately 94 full time faculty positions due to reduction in FON
- 112 Non-teaching faculty, classified, and administrator positions reduced (based on approximate cost of $80,000 per position)
- A minimum of $1.2M reduced from $6.3M of B budgets (reduced classified part time assignments)
What happens after workload reduction is implemented?

Sobering foot note:

- Assuming we close $10M of the $30M with Part-Time faculty costs due to work load reduction, we still are left with $20M deficit.
- $20M deficit would require approximately 254 fewer non-teaching position reductions district wide (or nearly half of our non-teaching resources) if we balanced the remaining $20M with position reductions alone.
Available resources to help with planning

Stability Fund, colleges and CS carryover

- Stability Fund plus colleges and CS carryover estimated at total of $14-$18M contingent on several factors (10/11 FTEF spend rate, available carryover balances, etc.)

- Based on a 2011-12 $20M budget deficit (assuming a $10M workload reduction), the Stability Fund will expire by early to mid spring at current expenditure levels
Critical Dates

- Tentative Budget to Board June 20, 2011
- Both colleges and the district have committed to having their worst case scenario budget plan to the Board by the end of June, at the latest
- Board of Trustees to adopt FHDA Budget at September Board of Trustees meeting with or without a final state budget
Looking ahead…

- We will be serving approximately 29,500 full-time equivalent students (FTES)
- We will definitely not be doing business as usual
- Stay tuned………….
Impact of cuts on colleges and Central Services

- De Anza report (Brian)
- Foothill report (Judy)
- Central Services report (Linda)