



Shared Governance Budget Presentation

Marvin Martinez
President

Ruben Arenas
Acting VP of Instruction, LAS

Myeshia Armstrong
VP Administrative Services

Julie Benavides
VP Student Services

Armida Ornelas
VP of Instruction, CEWD

October 23, 2017

Goals for Today's Presentation

- **Develop a common understanding**
 - Why, despite record enrollment growth we are on track for a multi-million dollar deficit?
 - The factors contributing to the deficit and the control we exercise over those factors
 - Existing strategies for improving our efficiency and budget outlook
- **Determine recommendations for addressing our deficit**
 - Recommendations can be formally shared at the November 6 ESGC meeting
 - Write down your ideas today and begin discussing with your constituencies
- **Process for Input**



A Closer Look at Expenditures

Expenditures Reflect Our Choices

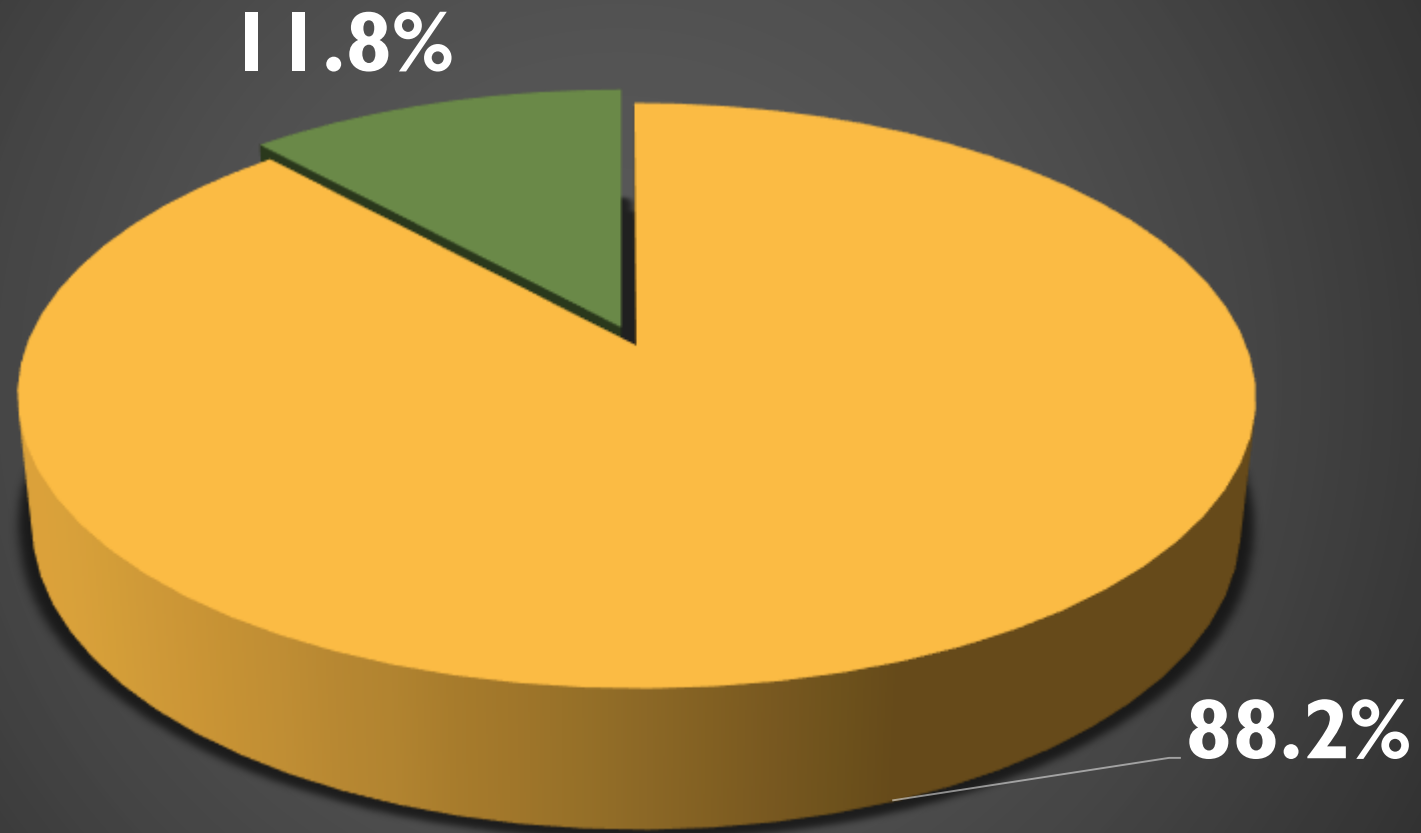
- The vast majority of our expenditures are tied to personnel decisions
- Full-time Faculty hiring – HPC/Academic Senate
- Adjunct Faculty hiring – EMC (allocations)/chairs
- Classified hiring – HRC/ESGC
- Administrator hiring
- Faculty Non-teaching Assignments
- Unclassified staff – Tutors, student workers, coaches

Expenditures Outside of Our Control

- Increases to the District assessment
- Broader District decisions to reach District base
- PERS/STRS Contingency
- Salary and benefit increases

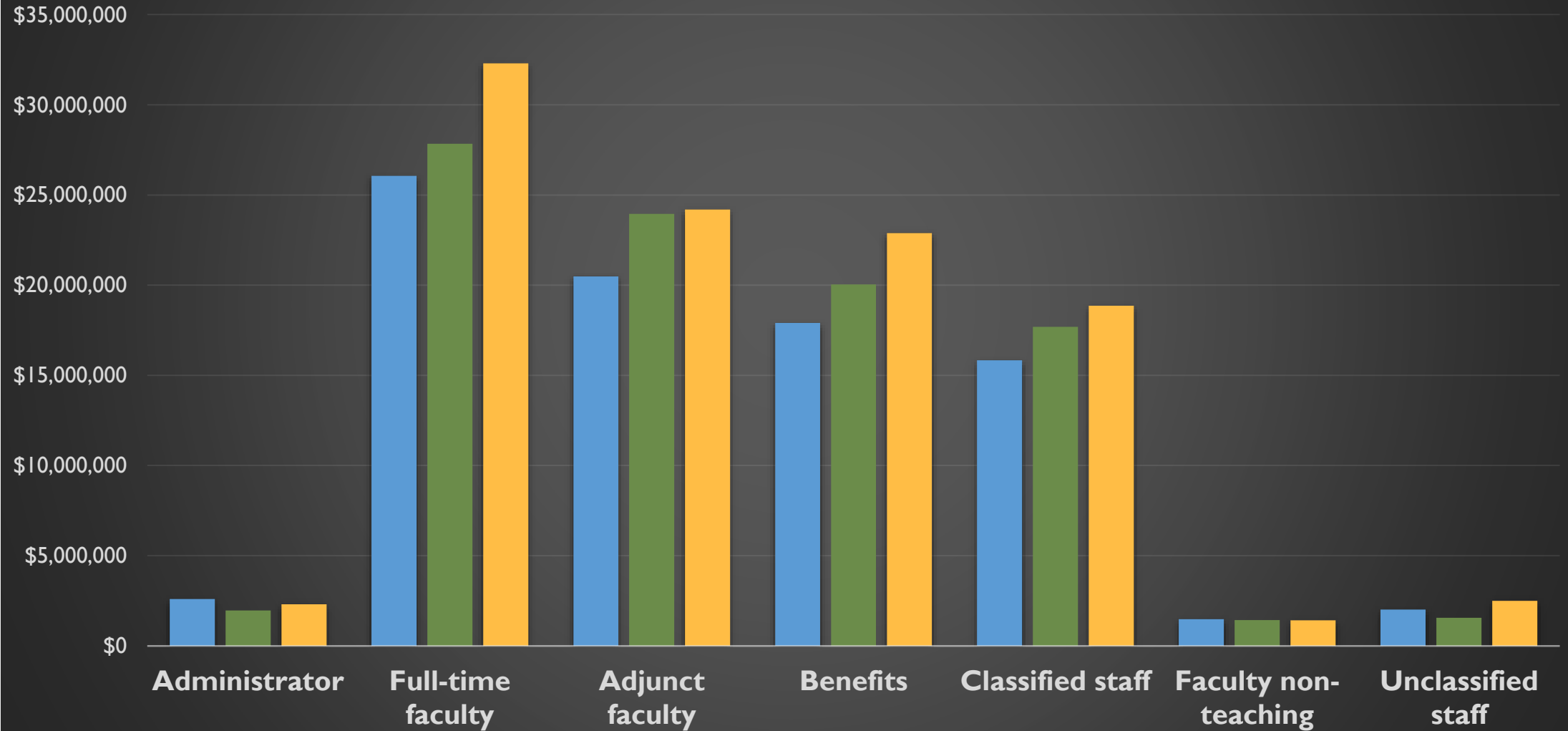
Expenditures – Personnel versus Non-Personnel

■ Personnel ■ Non-Personnel



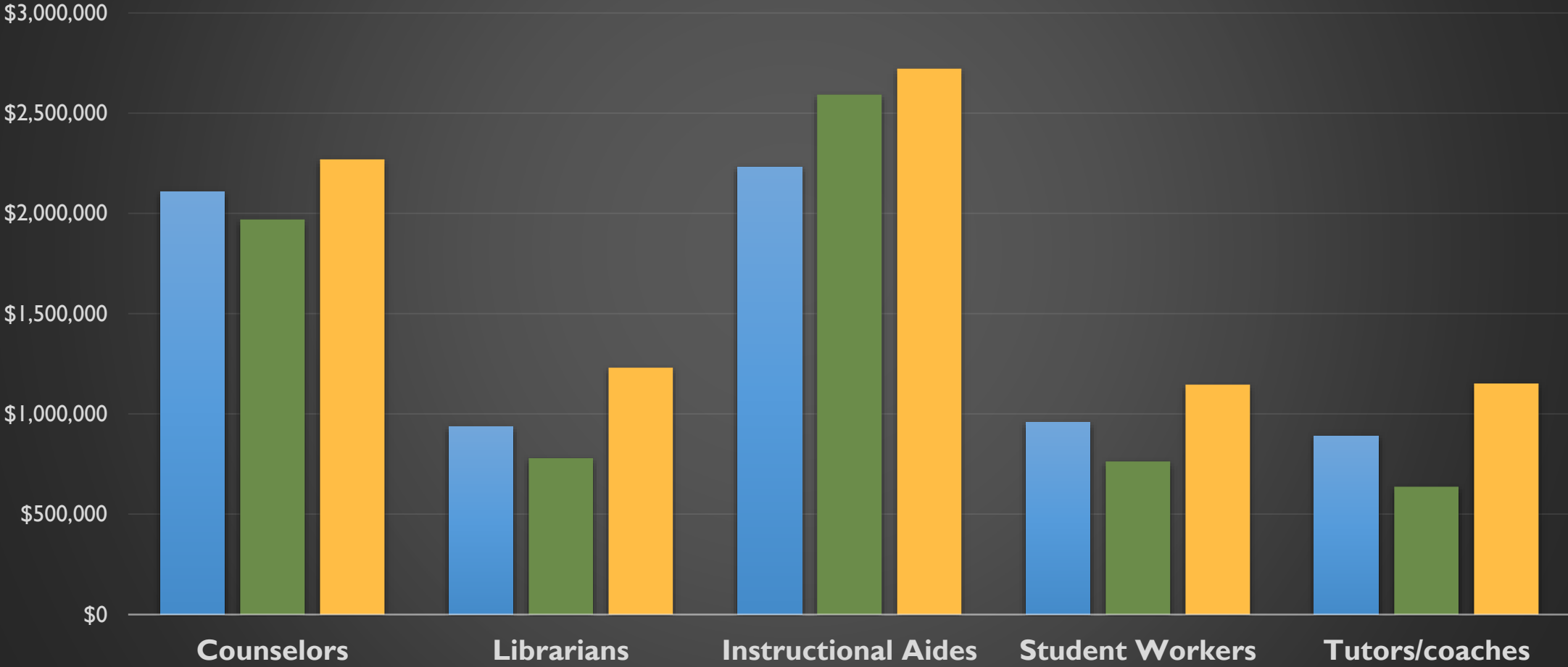
Employee Costs - Unrestricted General Fund

2014-2015 2015-2016 2016-2017



Employee Costs (Selected Areas) Unrestricted General Fund

■ 2014-2015 ■ 2015-2016 ■ 2016-2017





A Closer Look at Funding per FTES

FTES: A Measure of Enrollment

- FTES = **F**ull-**T**ime **E**quivalent **S**tudent
- 1 FTES = student participating in 525 hours of instruction
- Standard measure of college enrollment
- State Apportionment is based on FTES:
 - 1 credit/noncredit enhanced FTES = \$5,072 of funding
 - 1 noncredit FTES = \$3,050 of funding
- FTES (enrollment) growth can be a way to increase funding as long as expenses don't rise more quickly than enrollments

Funding per FTES: Dependent on Three Categories

- FTES reimbursement rate (controlled by the State)
- District Assessment rate (controlled by District Office)
 - Pays for centralized services such as District HR, IT, vice chancellors' staff, PERS/STRS contingency reserve, retiree benefits, PeopleSoft, etc.
- Direct Revenue to College
 - Lottery, one-time block grants (controlled by the State/District)
 - Non-resident tuition (international students), dedicated revenue (filming revenue)

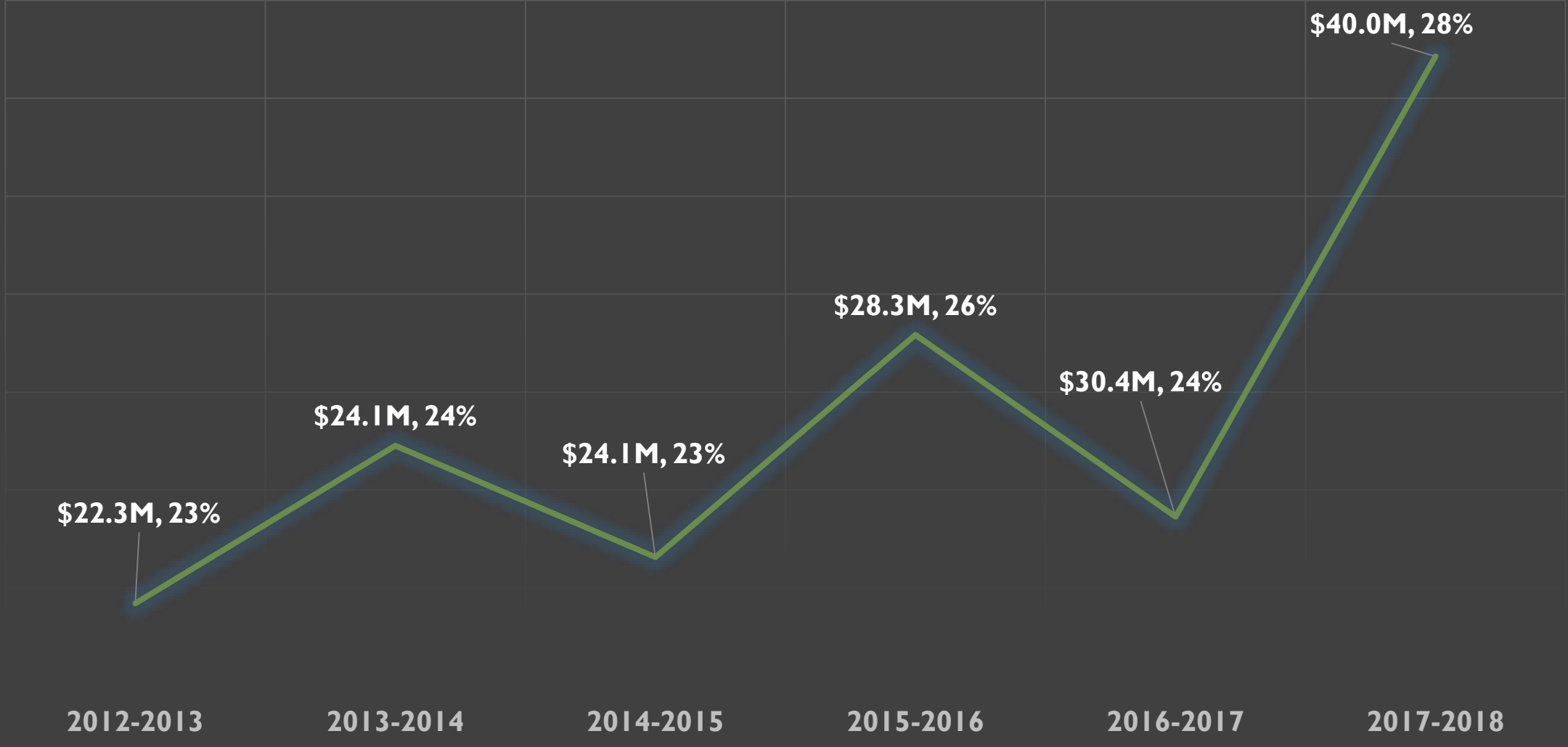
What is Funding per FTES?

\$5,072	FTES reimbursement rate
-\$1,442	District assessment
<u>+\$702</u>	<u>Direct funding (normalized per FTES)</u>
\$4,332	Funding per FTES (for FY 2017-2018)

Funding per FTES is a Moving Target

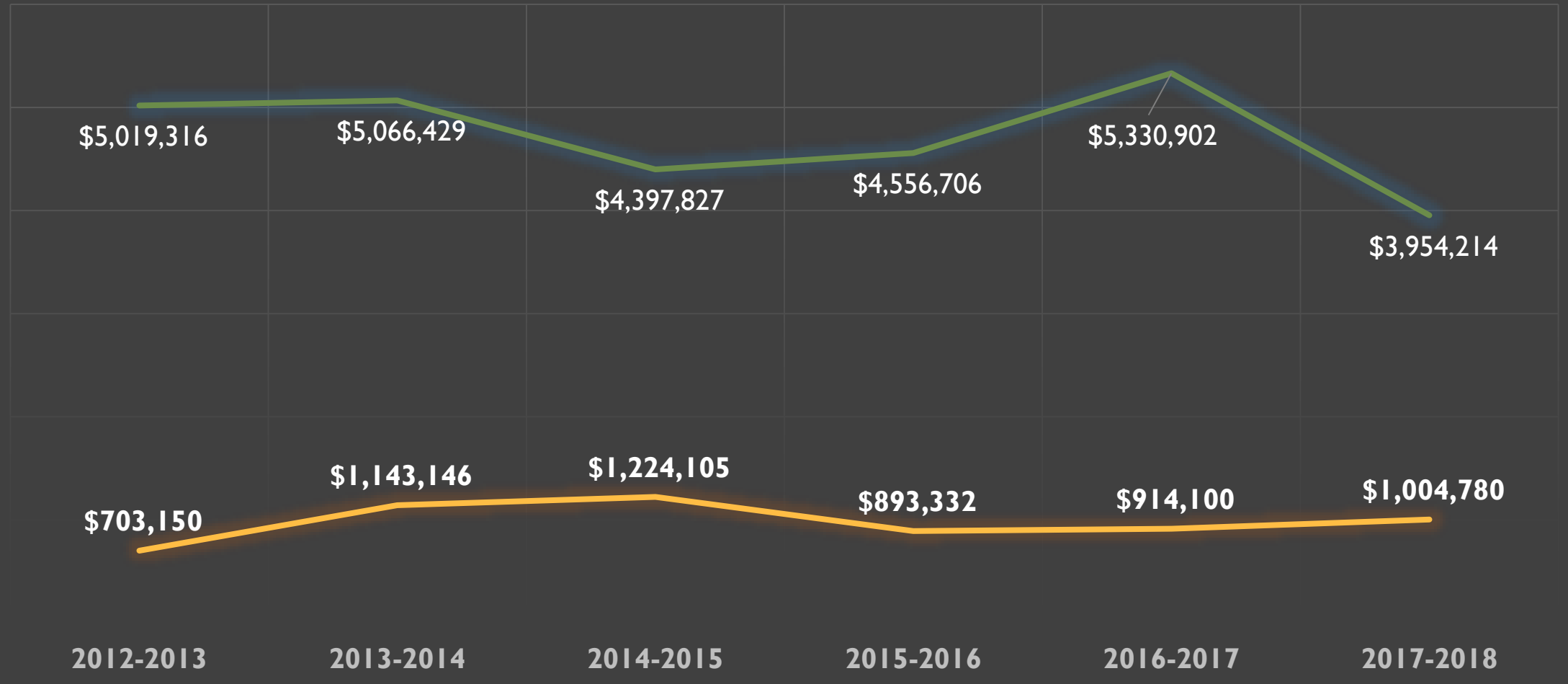
- Funding per FTES changes each year based on:
 - Changes to the FTES reimbursement rate
 - Changes to the District assessment rate
 - Fluctuations in other funding sources (Lottery, one-time block grants, non-resident tuition, etc.)

District Assessment (% of FTES Reimbursement Rate)



Selected Direct Revenue

— Non-resident Tuition — Dedicated Revenue





A Closer Look at FTES

FTES is Generated in a Variety of Ways

- “Traditional” sections (16-week, Main Campus)
- Distance Education
- Dual Enrollment
- South Gate Educational Center
- Evening and Weekend sections
- Public Service Academies
- Noncredit / Adult Education
- Tutoring

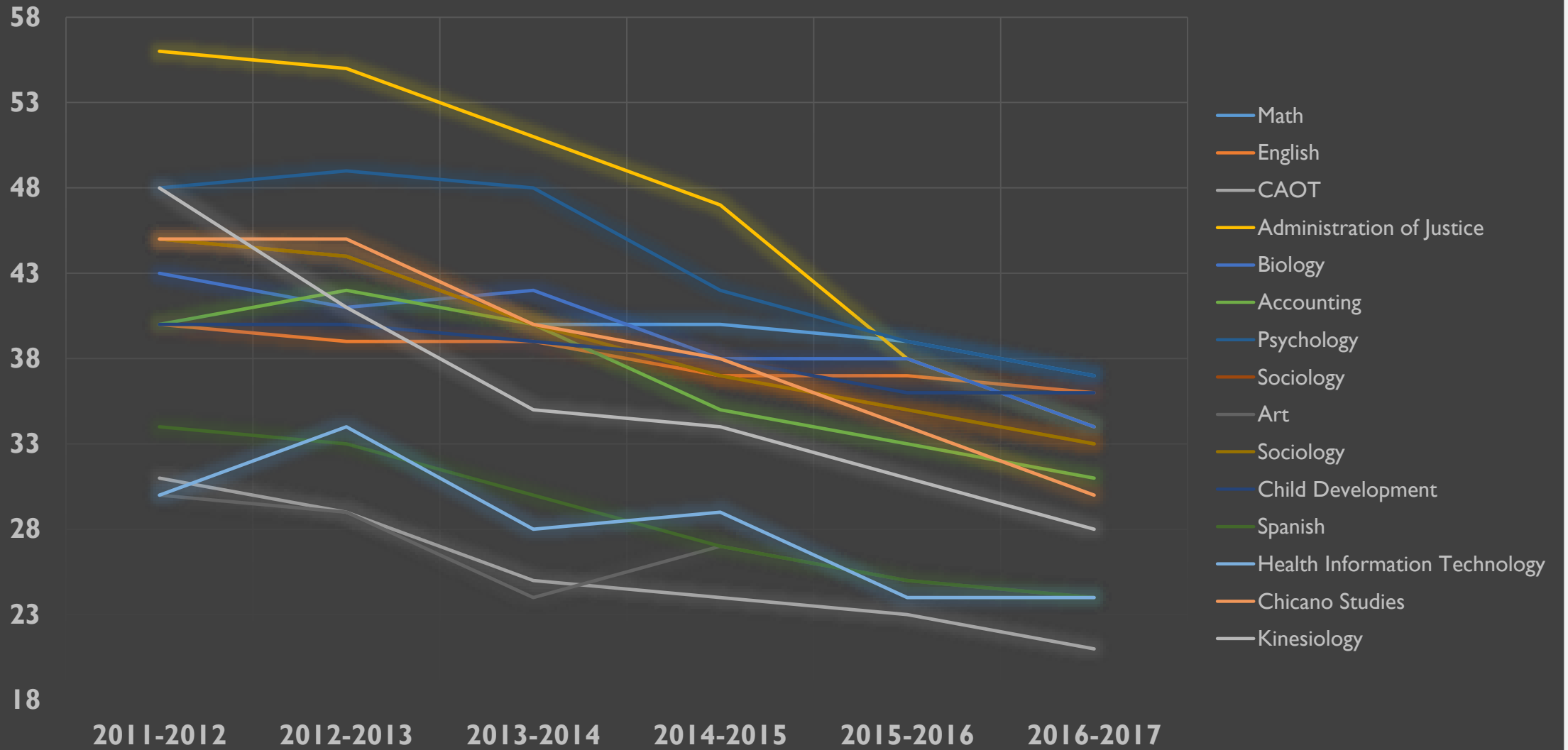
Average Class Size

- Average class size is a proxy for Expenditures per FTES
 - As the average class size increases, expenditures per FTES decrease
 - As the average class size decreases, expenditures per FTES increase
- Our faculty contract recognizes that the average class size is an important factor of our fiscal health
 - “Each department shall, as a goal, maintain an average class size of 34 students at census.” (AFT Agreement Article 12.A)

Average Class Size by Academic Year

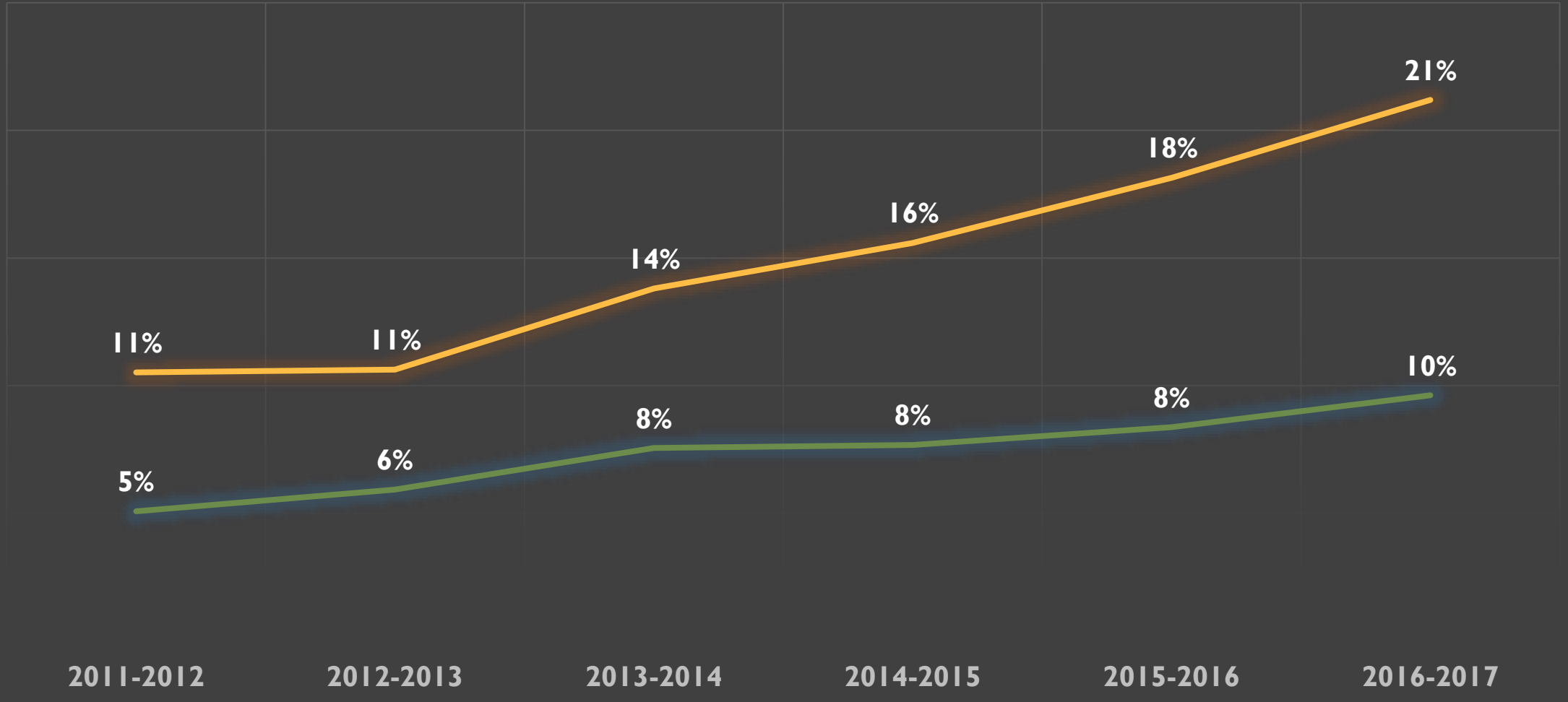


Average Class Size by Selected Discipline



Percentage of Sections with Low Enrollment

— Less than 15 — Less than 21



Strategies to Increase/Maintain FTES

- The College is already employing a number of strategies to increase FTES without increasing expenditures
 - Scheduling meetings between chairs and OIEA focusing on efficiency and meeting student demand
 - Campaigns to increase student utilization of tutoring resources
 - Efforts to capture funding for unfunded activities: VPAM, Marching Band, departmental tutoring
 - Scheduling innovation maximizing room utilization – combined classes
 - Student-friendly approach to adding students to sections
 - Data-driven instructional hours allocation model to prioritize student demand
 - Taskforce on SGEC scheduling

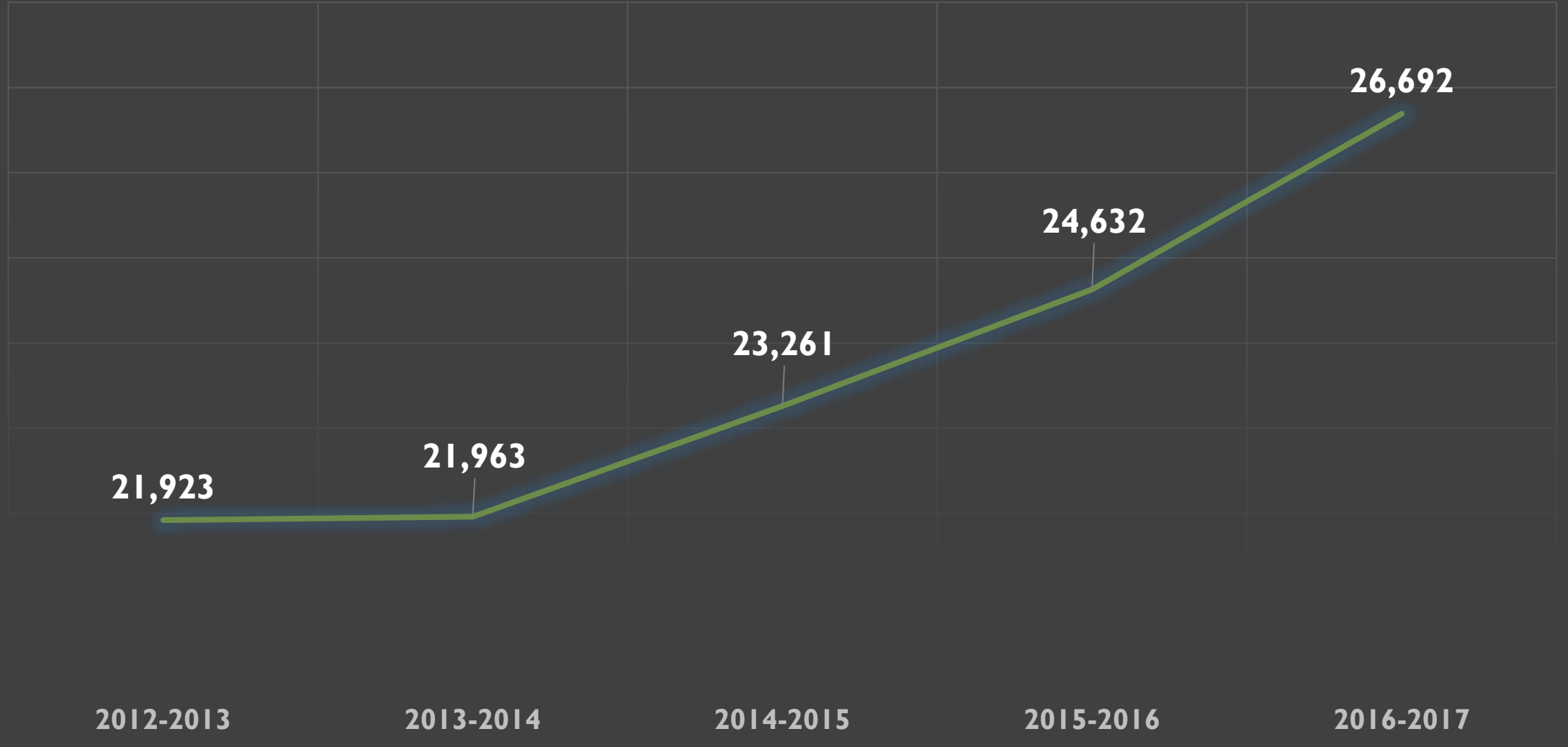
Increasing Average Class Size



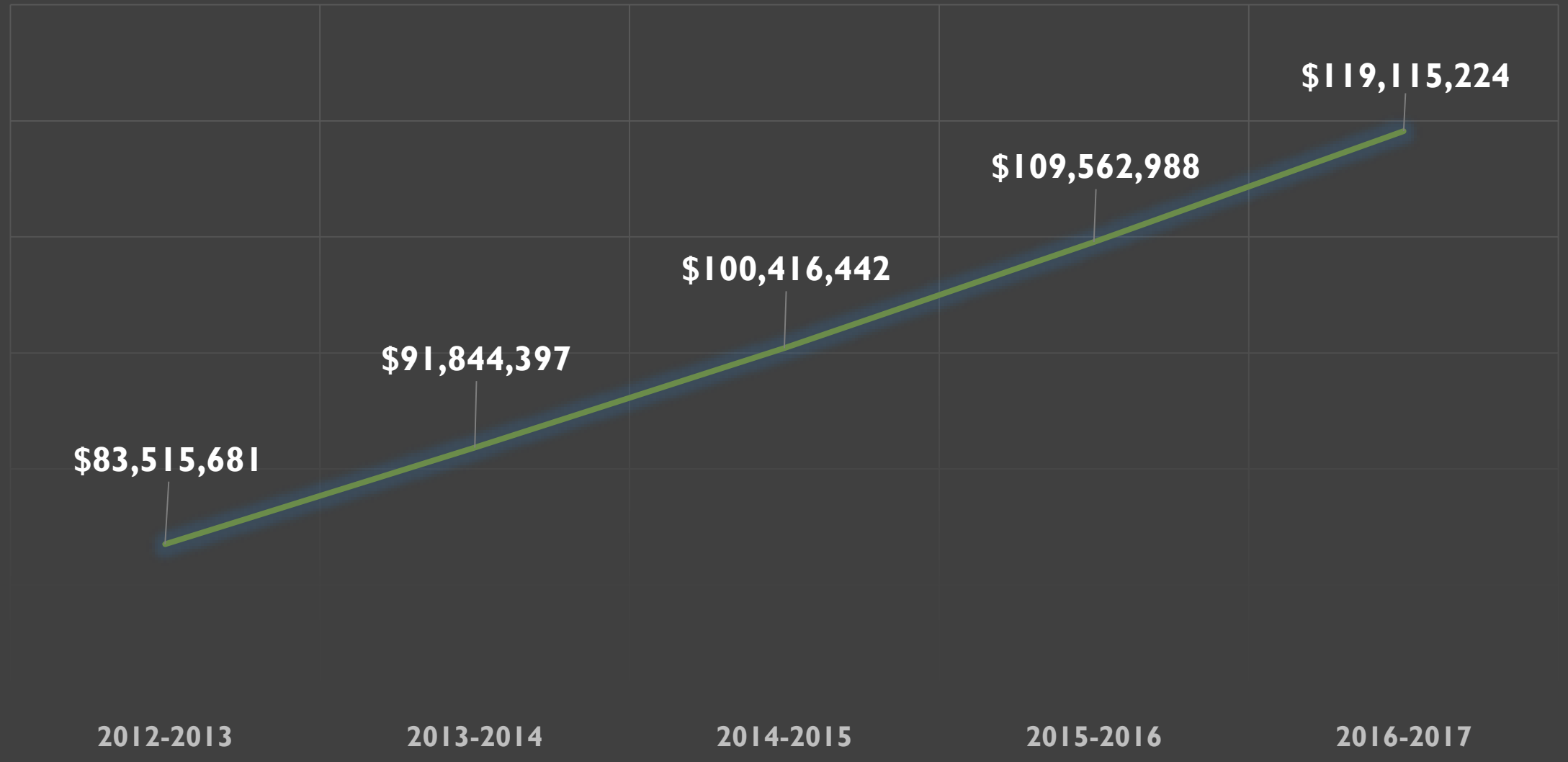


The Big Picture...

FTES by Academic Year



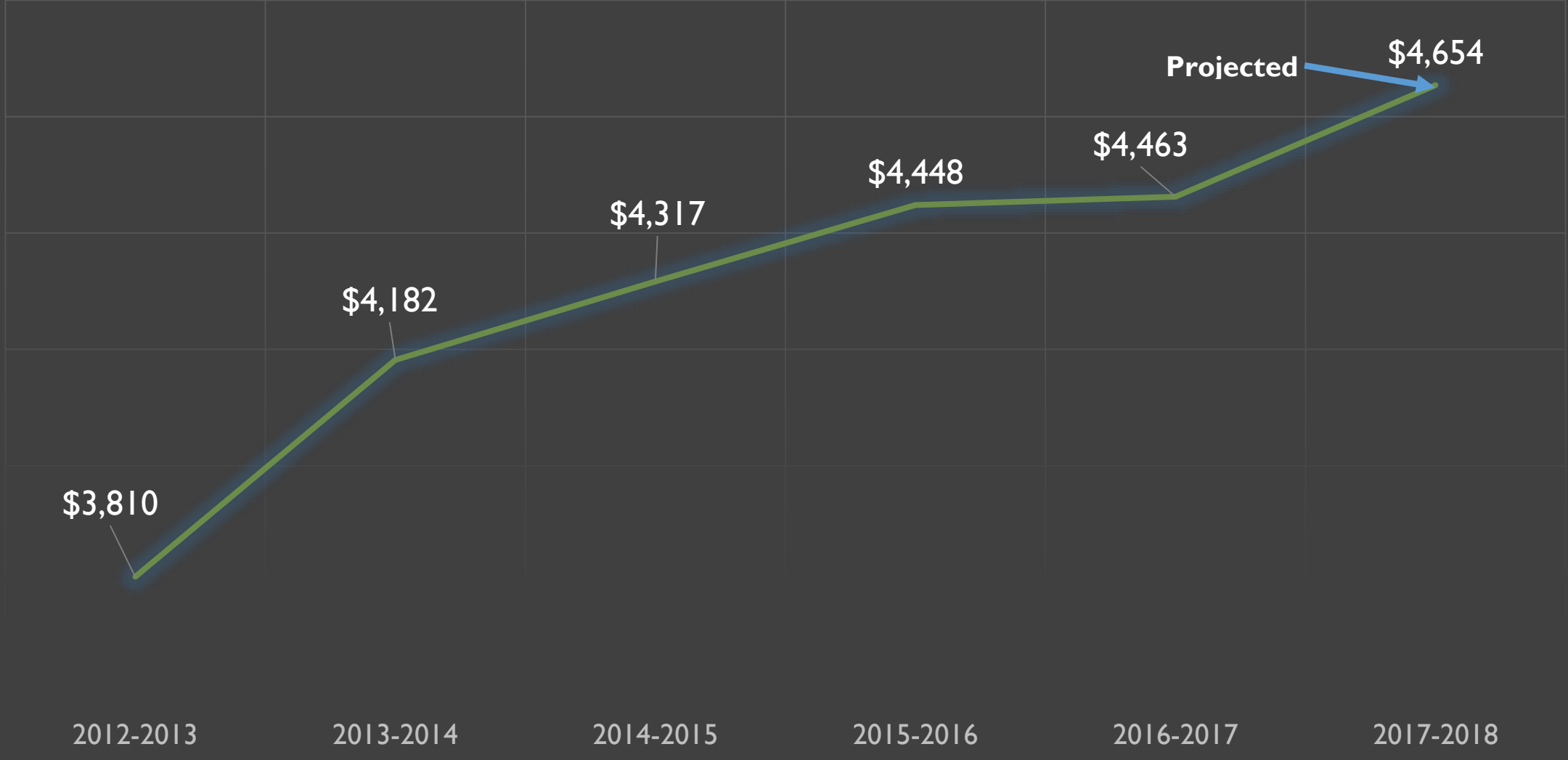
Expenditures by Academic Year



How do we know if expenses are growing faster than FTES?

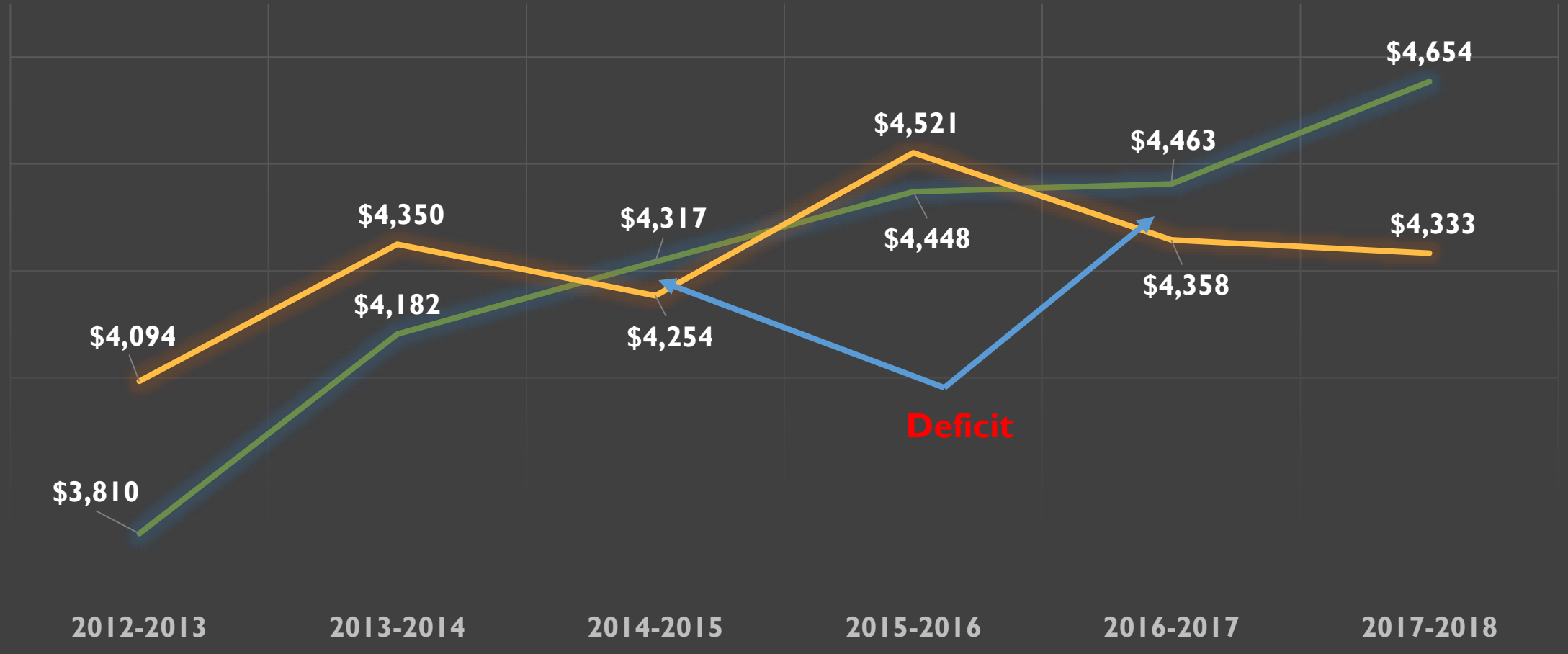
- Look at the ratio of Expenditures to FTES
 - Increasing: spending more per FTES
 - Decreasing: spending less per FTES
 - Flat: spending per FTES is constant

Expenditures per FTES



Expenditures per FTES vs Funding per FTES

— Expenditures per FTES — Funding per FTES



Why weren't we in deficit sooner?

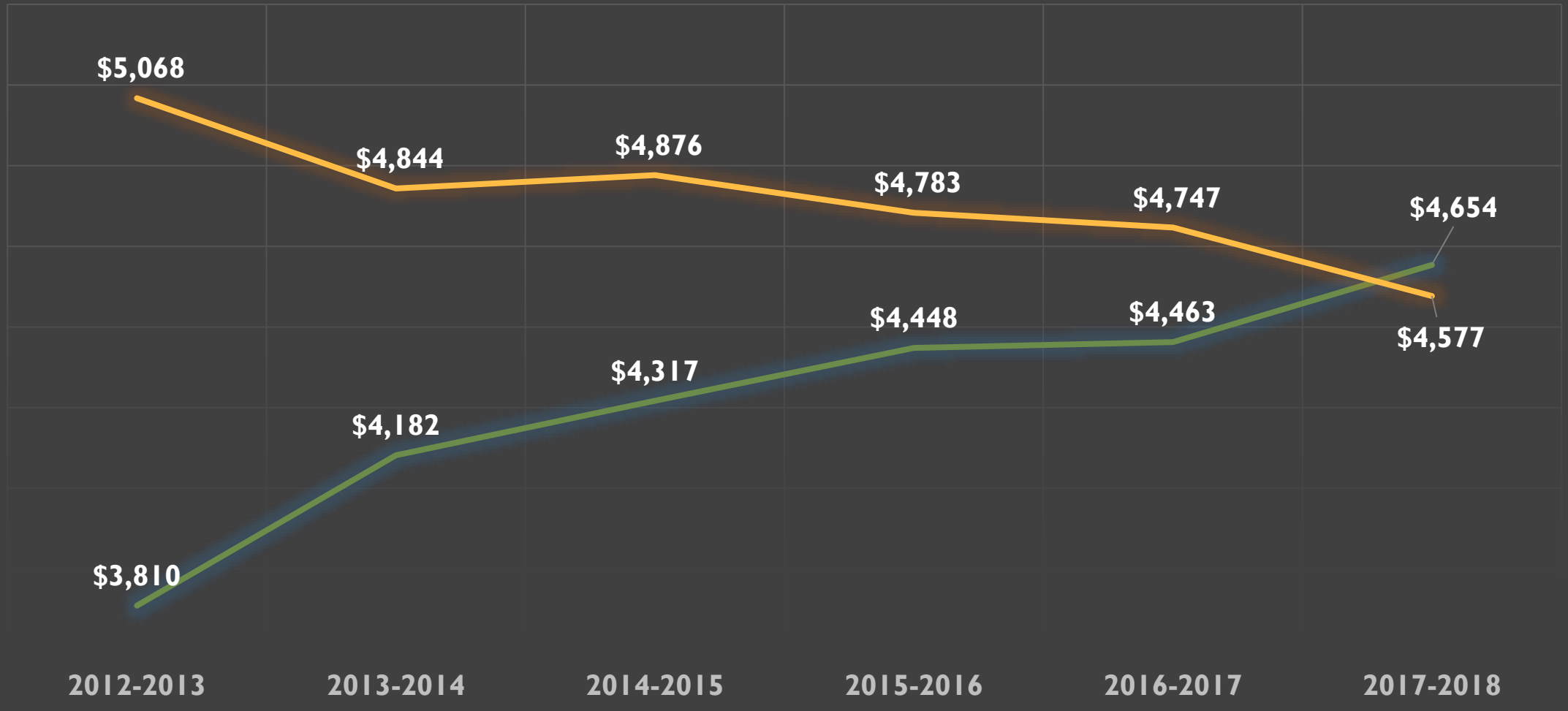
- The carry-forward masked our deficit spending.
- For many years the College had a very large carry-forward – this carry-forward inflated the break-even point by allowing us to start with additional budget each year.
- Although we have been above the Funding per FTES before, we are just now entering a deficit.

Carry-Forward Balances



Expenditures per FTES vs Funding per FTES with Carry-forward

— Expenditures per FTES — Funding per FTES



Next Steps

- Dialogue solutions with your constituencies
- Continue to ask questions
 - Marvin Martinez, President
 - Myeshia Armstrong, VP Administrative Services
 - Ruben Arenas, Acting VP Liberal Arts and Sciences
 - Dr. Armida Ornelas, VP Continuing Education and Workforce Development
 - Julie Benavides, VP Student Services
 - Hao Xie, College Financial Administrator
- Return on November 13th with Solutions to Share
- November 20: The Administration will present a plan for fiscal stability



Questions, Comments, Thoughts?