UPDATE ON THE ACTIVITIES OF THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES
July 9-10, 2012

INFORMATION AND REPORTS
Presentation: Jan Dehesh, Board Chair
                  Keetha Mills, President and Chief Executive Officer
                  Kerry Wood, Vice President, Resource Development

Item 4.1

This item will include the following updates related to the activities of the Foundation for California Community Colleges.

Foundation Board Update
- Report from June 5, 2012 quarterly meeting
- Next quarterly meeting scheduled in San Diego September 11, 2012, to coincide with September BOG meeting

Foundation for California Community Colleges Annual Plan and Budget
Fiscal Year 2012 Reforecast
- FY2012 revenues are forecasted to total $41.5 million, an increase of $3.2 million, or 8 percent as compared to budget.
- FY2012 net income is forecasted to total $505,000, an increase of $283,000 or 127 percent as compared to budget. The increase in net income is primarily due to higher than anticipated performance in Vehicle Repair Retirement Replacement for Motorists (VRRRM), Career Pathway, CollegeBuys, and Career Ladders which are partially offset by Youth and Adult Services – Apple Corps, California Connects, Student Mental Health, and over budget administrative expenses.
- FY2012 Administrative Expense includes non-recurring expenses totaling $200,000.
- Combined Administrative and Advancement expenses are forecasted to be 8 percent of total FY2012 expenses.
- **Projected Net Asset Reserves total approximately $1.0 million at June 30, 2012.**

Fiscal Year 2013 Budget
- FY2013 revenues are budgeted to total $44.5 million, an increase of $3.0 million, or 7 percent as compared to the FY2012 forecast.
- FY2013 net income is budgeted to total $541,000, an increase of $36,000 or 7 percent as compared to the FY2012 forecast. The increase in revenues is primarily due to increases in Career Pathway, Career Ladders, Student Mental Health, new Student Success funding, and is partially offset by the completion of the VRRRM program.

- FY2013 Administrative Expenses are budgeted to total $2,872k, an increase of $321,000 or 12 percent as compared to the FY2012 forecast. The increase in administrative expenses is primarily due to direct administrative expense allocations related to finance and general counsel that were previously funded by VRRRM and Bureau of Automotive Repair (BAR).
- Chancellor's Office Support Expenses are budgeted to total $300,000, including chancellor search expenses.
- Combined administrative and advancement expenses are budgeted to be 8 percent of total FY2013 expenses.
- **Projected Net Asset Reserves total approximately $1.5 million at June 30, 2013.**

Key Assumptions
Salaries and Benefits
- Assumes consistent pay rates with no annual organization-wide increases.
- CalPERs rate increases slightly by 0.5 percent beginning July 1, 2012.
- Health Benefits projected to increase 10 percent beginning January 1, 2013.

New Business
- Air Quality
  - Vehicle Repair Retirement Replacement for Motorists contract budgeted for completion on November 30, 2012, resulting in a budgeted revenue and net income decrease of $8.8 million and $663,000, respectively.
  - New Air Quality contract with South Coast for Coachella Valley Power Plant Mitigation and is modeled after highly successful VRRRM program, resulting in budgeted revenue and net income increase of $4.5 million and $253,000, respectively.
  - New Air Quality contract with South Coast Air Quality Management District for Enhanced Fleet Modernization Program is modeled after highly successful VRRRM program, resulting in budgeted revenue and net income increase of $1.0 million and $57,000, respectively.
  - Additional funding in the Bureau of Automotive Repair contract for development of Automotive Resources Center and marketing and research support services, resulting in budgeted revenue and net income increase of $873,000 and $114,000, respectively.
  - Fiscal Sponsor Program: Career Ladders – Anticipated new Career Ladders multi-year grant, resulting in budgeted revenue and net income increase of $1.3 million and $344,000, respectively.
  - Student Success– New flagship fundraising effort, resulting in budgeted revenues and net income increases of $340,000 and $40,000, respectively.

- Ongoing Business
  - CollegeBuys
  - Vendor elimination of Microsoft Student Select Program, partially offset by modest increases in Adobe Student Select, furniture, and office supply rebates
  - Career Pathway.
  - Projected 6 percent year over year growth based on new contract assumptions and historical annual growth rate.

- Student Mental Health Program
- Increased revenues and margins projected from increased college sub-grant activity during second year of operations.
- Nursing Resource Center (Health Care)
    - Increased revenues from grant funding for technology enhancements.

Survey Results of the State of Advancement Activities at California Community Colleges

Overview

In response to an inquiry raised during the March 2012 California Community Colleges Board of Governors meeting, the Foundation for California Community Colleges initiated a research project aimed at providing a clearer depiction of the fundraising and revenue generation landscape of the California Community College system.

In early April 2012, the Foundation for California Community Colleges launched an online survey targeting California community college foundations to obtain current, baseline data regarding foundations and fundraising efforts in the system. In addition to responding to the Board of Governor's inquiries, the data gathered is intended to help supplement the 2010 revenue generation and capacity building survey (sponsored by the Kresge Foundation), and will be a valuable reference tool for all California Community Colleges and their foundations.

Methodology

The methodology consisted of a brief online survey requesting both quantifiable and qualitative data to describe the fundraising status and priorities of the California Community College foundations. As such, the designated contacts for each of the community college foundations were contacted via email and telephone in order to ensure information was received from all or a majority of the colleges.

To date, 95 percent of active community college foundations have responded to and completed the California community college foundations survey. Three college foundations do not currently have a designated contact at this time, and one college foundation dissolved as of June 2011. While the Foundation for California Community Colleges continues to strive for a 100 percent response rate, the data collected, compiled and presented is a strong representation of the fundraising and revenue generation landscape of the California Community Colleges.

Recommendations

As a result of this survey and in response to the Board of Governor's inquiry, a set of recommendations will be shared regarding what can be done by the system to encourage and support the development of advancement activities. Additionally, this presentation will provide ideas for how the board can use this data to support the development of advancement activities where needed.

Board of Governors Engagement in Advancement Strategies

In an effort to develop stronger relationships with current funders and identify contacts for new funders for the Foundation for California Community Colleges, the Foundation's board of directors has identified links they have at a variety of organizations throughout the state and beyond.

They have requested the Board of Governors help in doing the same by connecting the foundation with those of influence within the corporate sector and among private foundations that support the community colleges.

To facilitate this process, the attached funder relationship identification worksheets are attached as examples of the type of potential funders the foundation is considering. The foundation requests that each board member reviews the names of those listed and provides known contacts within the organizations provided or within others not included on the lists.