

A look at Palo Verde College Blythe, CA

ACBO

October 24th 2011



Background

Payroll Head Count:

- Administrators- 3
- Managers-2
- Certified Staff Members- 36
- Classified Staff Members- 38
- Managers/ Confidential Staff Members- (15+5=20)
- Part-time Staff Members- 17
- Board Members- 7

F.T.E.S:

1800 F.T.E.S

- 900 face-to-face instruction
- 900 Incarcerated Students/ Fire-Safety Contract

Budget:

- \$12 million general fund annual budget

Palo Verde CCD Issues

- Budget
- FTES/ Stabilization
- 50% Law
- Benefits
- Reserve
- Building Programs
- COPS/ Debt Service
- Management Information Systems



Budget

Question : Can you use your cash balance as a beginning balance for a tentative budget?

- No formal planning for budget development
- Not enough funds to cover all costs
- Tentative budget includes cash as a beginning balance/ no part-time faculty costs are included
- Managers don't have access to budget data
- Ending balance is depleted year after year
- COPs are used as loans, and recorded later as local revenue to close books

F.T.E.S

Question : Is having 50% or more of your FTES come from sources that are less reliable than regular FTES (i.e. Incarcerated students and Fire Safety contracts) a balanced approach to managing district FTES?

- Currently, the district is heavily dependent on Fire Safety and Incarcerated student programs
- The District has an unbalanced mix of FTES sources
- The District center is producing less than 100 FTES annually
- No new programs are being added to attract new students



50% Law

Question : Can you comply with the 50% law with 27 faculty members, 9 counselors, 20 managers, and 38 classified staff members in the district?

- Faculty to Counselor ratio is 27:9
- Manager to Faculty ratio
- Manager/ Support Staff to Faculty ratio
- High Cost of Benefits
- 2010-2011 50% law is at 43.28% of budget
- District continues to support categorical programs over and above the required match



Benefits

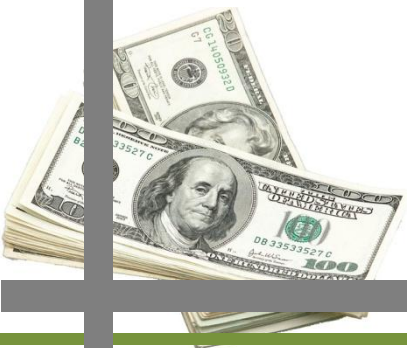
Question : Can the district spend 8% or more of the General Fund on an ongoing costs for SERP for the next 5 years?

- District benefits cost more than the combined salaries of all classified staff members
- The average cost per employee in indemnity plan is \$19,000 per year
- HMO plans are not available due to geographical location

Reserve

Question : Is a 5% district reserve sufficient for a small, rural college?

- The current reserve is below 3%
- Small colleges face too many economic uncertainties (i.e. State budget cuts, ongoing benefits increases, FTES stabilization costs, and negotiated contract increases)



Building Program

Question : Do you need a viable program & qualified faculty before you apply for building funds?

- 2 new buildings in the past 3 years
- No additional funds or cash is available to complete the buildings
- The district has been forced to use alternative methods to raise cash, such as COPs
- No funds were budgeted for the operation of the new buildings, and they may remain closed for several years



COPS

Question : How many COPS can you issue if your annual budget is \$12 million?

- a. 2 million
 - b. 5 million
 - c. 10 million
 - d. 32 million
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- District lost \$10 million in issuance cost, discount, and capitalized interest
 - No payments from the General Fund for 5 years
 - Debt service is almost 20% of the General Fund budget
 - Unused cash is sitting idle- not earning enough to make interest payments
 - District is looking for ways to reduce the current debt service

Management Information Systems

Question : Should the district spend \$4 million for a management information system via COPs?

- Very expensive for small district, represents 30% of the General Fund budget
- No in-house staff qualified to oversee configuration and training for the system
- System is not able to produce reports after 4 years
- No HR/Payroll/ Finance system implemented yet

