Palo Verde College

DRAFT - DISCUSSION OPTIONS -- THREE YEAR PLAN FOR FTES/BUDGET RESTORATION

Year 1: 2012-13 Plan to Balance this Year's Budget

FTES SCENARIOS: If we reach:	Option	DOLLARS	PROS	CONS
I. 1700 = $506,696 shortfall this year	I.	Use $506,696 from last year's ending balance = 4% of Board Reserve	1. We have one-time funds. 2. No layoffs 3. Don't have to go into LAIF/COP 4. Backfill vacancies & hire 2 new FT faculty 5. Maintains college programs and services in compliance with Accreditation Standards	1. Reduces Board's Reserve to 5% 2. Commission and Chancellor's Office will not be happy with reduction to Reserve
II. 1600 = $963,179 shortfall this year or an additional $456,483	II. IIa.	Implement Option I and... Income from sale of Spring Street Identify additional $56,483 of shortfall	All of the above	1. Uses all of our unbudgeted, one-time resources. 2. May impact Accreditation status. 3. May result in Chancellor's Office intervention.
III. 1500 = $1,419,662 shortfall this year or an additional $512,966	III.	Implement Options I and II and... Do expenditure transfer from $855,000 spent on COP payment in 2012-13	All of the above. 1. MOU resolution understanding from unions that undesignated/ unrestricted new income goes towards loan payout	1. May impact Accreditation status. 2. May result in Chancellor's Office intervention.
Conduct an internal or external FTES Feasibility Study to determine PVC's ability to generate and maintain 1800 FTES and identify "niche" or start making plans for downsizing. Collect and analyze enrollment data and complete Phase I assessment spring 2013.				

YEAR 1 PROPOSED BUDGET RESPONSE PLAN TO FTES APPORTIONMENT IF THERE IS A SHORTFALLS FOR 2012-13

1. Implement restricted hiring freeze:
   a. No *new* management or classified positions *created*
   b. Maintain current base level of classified and management staffing with the exception of consider transferring 1 manager to Needles
   d. Consider hiring 2-3 new faculty to meet 50% Law and programmatic needs
2. Identify as much General Fund dollars to off-set budget losses.
3. Complete an "expense transfer" to borrow from the $855,000 that is currently in the General Fund budget to fund the FTES apportionment shortfall and balance the 2012-13 year's budget.
4. Borrow from LAIF/COP Capital Fund if necessary.
5. College-wide understanding (preferably through a joint MOU) that to balance the budget in this manner, all future new non-designated/ non-restricted State funding (COLA, Growth, etc.) will FIRST be applied to this internal debt payoff no matter how many years this takes to accomplish.
6. Maintain and/or extend until such a time when new income that is not used to payback the dollars to balance the FTES shortfall is available to off-set the previously negotiated cuts, or modify to equal value, the current MOU that was negotiated with CTA and CSEA, and the Meet-and-Confer Agreement to avoid having to identify an additional $500,000 - $600,000 in cuts to remain in a balance budget position.

For Discussion

Justification for No Layoffs:

1. Faculty layoffs would reduce FTES generation to reach the 1800 base FTES target for next year. Reducing faculty also potentially negatively impacts the College's ability to comply with the 50% Law. Laying off non-instructional faculty diminishes the institution's ability to meet Accreditation Standard II.

2. Regarding management and classified staff, the College is at its base minimum and laying off either will jeopardize accreditation and the ability to provide services.

YEAR 2 (2013-14): PROPOSED BUDGET RESPONSE PLAN TO FTES APPORTIONMENT IF THERE IS A SHORTFALL

FTES SCENARIOS: If we reach:	Option	DOLLARS	PROS	CONS
I. 1700 = $506,696 shortfall	I. Ia.	Use income from sale of Spring Street est. at $400,000 if not used in current year to balance the budget and shortfall Identify additional $156,483 of shortfall	1. We have one-time funds. 2. No layoffs 3. Don't have to go into LAIF/COP 4. Maintains college programs and services in compliance with Accreditation Standards 5. Meets 50% Law compliance	1. Maintains Board's Reserve to 5% 2. Uses all of our unbudgeted, one-time resources. 3. Accreditation Commission and Chancellor's Office will not be happy with reduction to Reserve
II. 1600 = $963,179 shortfall or an additional $456,483	II.	Implement Option I and... Reduce $855,000 that is currently in the General Fund for COP payment to cover deficit.	All of the above	1. Creates another debt /payback responsibility for the College.
III. 1500 = $1,419,662 shortfall or an additional $512,966	III.	Implement Option II and... Borrow remaining dollars needed to balance the budget from LAIF/COP	All of the above	1. May impact Accreditation status. 2. May result in Chancellor's Office intervention. 3. Need MOU resolution understanding that all new undesignated/unrestricted funds go towards loan payout
Report from the FTES Feasibility Study regarding PVC's ability to generate and maintain 1800 FTES and identify "niche" and, if needed due to FTES shortfalls, begin process for making plans for downsizing/ retraining per CTA contract provisions.				

YEAR 2 (2013-14): PROPOSED BUDGET RESPONSE PLAN TO FTES APPORTIONMENT IF THERE IS A SHORTFALL

1. Maintain and/or extend until such a time when new income that is not used to payback the dollars to balance the FTES shortfall is available to off-set the previously negotiated cuts, or modify to equal value, the current MOU that was negotiated with CTA and CSEA, and the Meet-and-Confer Agreement to avoid having to identify an additional $500,000 - $600,000 in cuts to remain in a balance budget position.
2. Maintain restricted hiring freeze:
   a. No new management or classified positions created
   b. Maintain current base level of classified and management staffing
   c. Consider transferring 1 manager to Needles
   d. Consider hiring 2 new faculty to meet 50% Law and to meet programmatic needs
3. Identify as much of General Fund dollars as possible to off-set budget losses.
4. Decrease the amount of general funding that is currently dedicated to COP payment (from the $855,000) so that the LAIF/COP fund covers the difference.
5. Borrow from LAIF/COP to fund the shortfall if not funded through the $855,000 and balance the 2013-14 year's budget.
6. College-wide understanding (preferably through a joint MOU) that to balance the budget in this manner, all future new non-designated/ non-restricted State funding (COLA, Growth, etc.) will FIRST be applied to this internal debt payoff no matter how many years this takes to accomplish.
7. Based on FTES acquisition to date, By March 1, 2014, the College shall project the 2014-15 FTES ability to attain 1800 FTES.

For Discussion

8. On-going dollars will need to be identified to generate a balanced budget at the determined lower FTES apportionment rate.
9. If projections from the FTES Feasibility Study are such that the determination has been made, through a consultative and transparent process, using Program Review data, that it is not feasible for PVC to attain or maintain their previous 1800 base FTES target, the College will identify by April 15, 2014 areas for permanent elimination, including but not limited to: support services, operations, and academic programs for potential program suspension or elimination by June 30, 2015.

YEAR 3 (2014-15) : PROPOSED BUDGET RESPONSE PLAN TO FTES APPORTIONMENT IF THERE IS A SHORTFALLS

[Final year allowed to make up FTES deficits]

FTES SCENARIOS: If we reach:	Option	DOLLARS	PROS	CONS
I. 1700 = $506,696 shortfall II. 1600 = $963,179 shortfall or an additional $456,483	I.	1. Identify on-going funds within the College budget to offset loss. 2. Borrow remaining dollars needed to balance the budget from LAIF/COP	1. Maintains college programs and services in compliance with Accreditation Standards 2. Meets 50% Law	1. Maintains Board's Reserve to 5% 2. Uses all of our unbudgeted, one-time resources. 3. Creates another debt /payback responsibility for the College. 4. Accreditation Commission and Chancellor's Office will not be happy with reduction to Reserve. 5. If FTES remains unstable, decisions will have to be made during this year regarding areas for suspension or permanent elimination, including but not limited to: support services, operations, and academic programs by June 30, 2015.

YEAR 4: 2015-16 Budget Plan IF FTES 1800 Base is not Reached

FTES SCENARIOS: If we reach:	DOLLARS	PROS	CONS
FTES from 2014-15 now becomes our new final base.	Identify on-going funds within the College budget to offset loss, if any.	1. Maintains college programs and services in accordance with Accreditation Standards 2. Meets 50% Law 3. New balanced budget	NO FUNDS TO BORROW – MUST LIVE WITHIN NEW BASE BUDGET

For Discussion