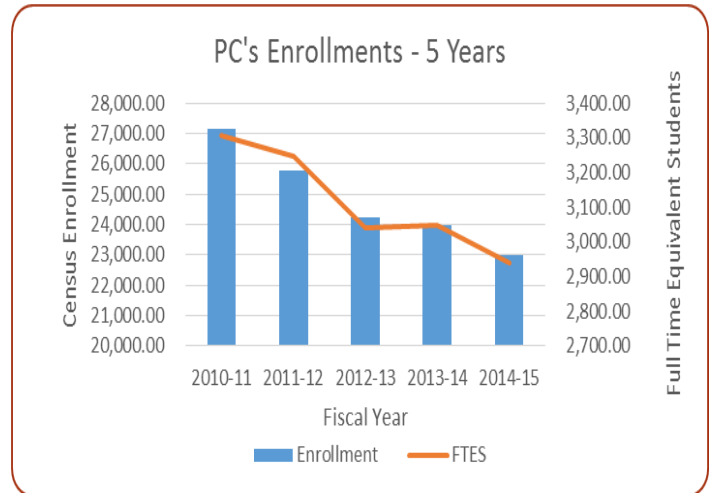
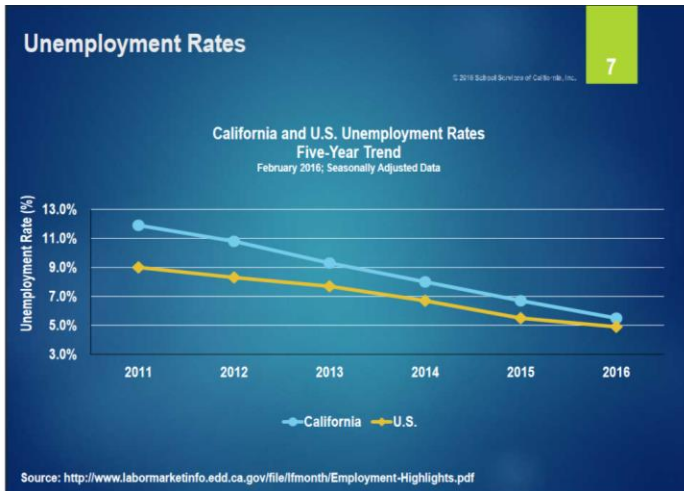


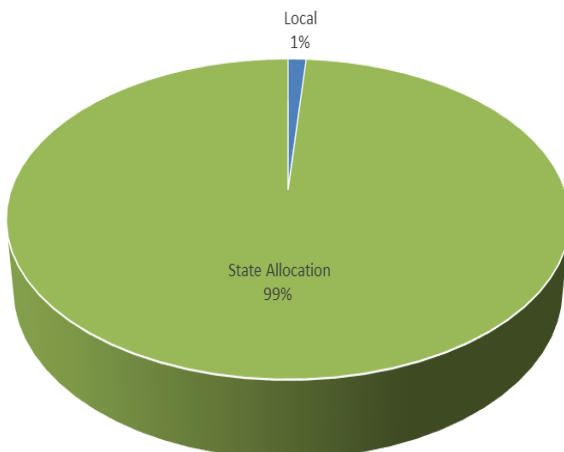
## FISCAL SUSTAINABILITY ANALYSIS

Identifying issues early is the key to success when it comes to maintaining fiscal health. Diligent planning will enable a college to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency. A college must continually update its budget as new information becomes available both from within the district and from other funding and regulatory agencies. The Porterville College Budget Committee annually discusses the fiscal health of the campus/district and invites the Chief Financial Officer to open forum to address predetermined concerns. The Budget Committee's discuss is based on the FCMAT's key fiscal indicators (See attached checklist).

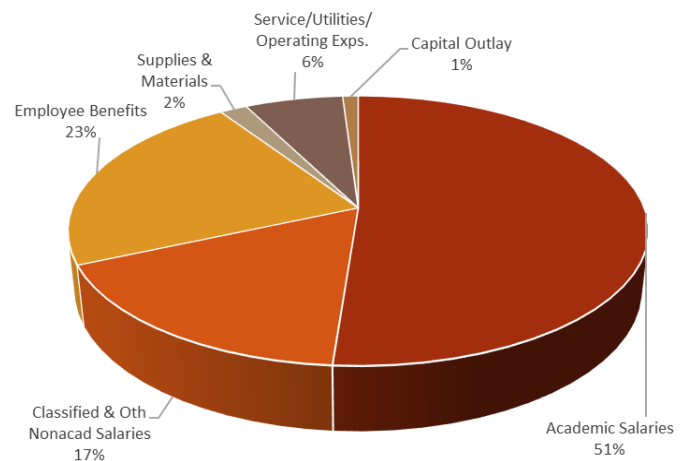


Porterville College's (PC) student enrollment is directly correlated to California's volatile state economy. Additionally, PC revenue streams are predominately tied to the State's annual revenue allocation. Also, the salary and benefit obligation of the campus is approximately 90% of the general fund budget. Understanding the uncertainty of the state funding for community colleges, there continues to be a need to have frank conversations regarding enrollment management (reviewing course sections, census enrollment, FTES, FTES/FTEF, retention, success, etc.) and how to best serve the students and community.

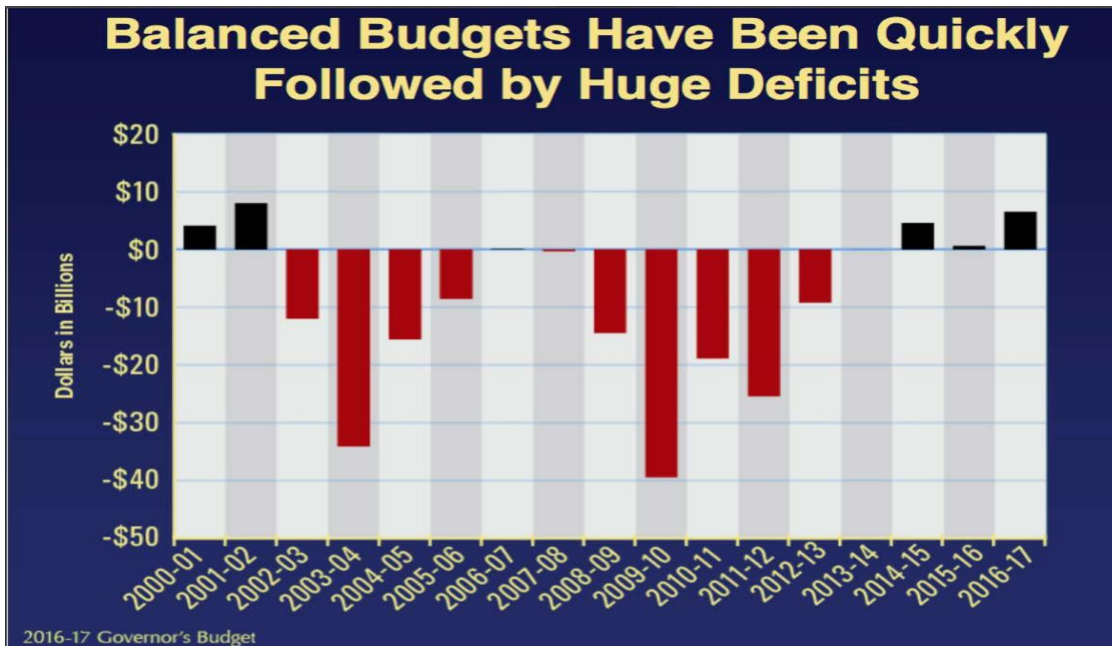
2016-17 General Fund Unrestricted Revenue



2016-17 General Fund Unrestricted Expenditures



## Economic Uncertainty



Economist forecast that California’s economy may experience a recessionary period in the coming years based on historical indicators. This estimate decline in the economy will be simultaneously experienced with the substantial increase in PC’s CalPERS and CalSTRS obligation. Anticipating future fiscal changes, PC has maintained a reserve balance (FYE 2015 - \$6.6 million) that permits for proactive planning as opposed to reactionary fiscal management. However, a Districtwide approach to addressing these benefit obligations will be necessary.

Factor	2015-16	2016-17	2017-18	2018-19	2019-20
Statutory COLA	1.02%	0.00%	1.11%	2.42%	2.67%
Base Allocation Increase	\$266.7 million	\$75 million	Ongoing	Ongoing	Ongoing
Growth/Restoration Funding	3%	2%	Ongoing	Ongoing	Ongoing
California Consumer Price Index	2.02%	2.15%	2.26%	2.49%	2.36%
California Lottery	Base	\$140	\$140	\$140	\$140
	Proposition 20	\$41	\$41	\$41	\$41
Interest Rate for Ten-Year Treasuries	1.98%	2.05%	2.43%	2.58%	2.70%
CalPERS Employee Rate (projected)	11.847%	13.888%	15.50%	17.10%	18.60%
CalSTRS Employee Rate (statutory)	10.73%	12.58%	14.43%	16.28%	18.13%

### Proposition 30

The quarter-cent sales tax increase expires at the end of 2016. Whereas, the Personal Income Tax (PIT) increase expires at the end of 2018. Governor Brown estimates that the State’s revenue will be healthy without the Prop 30 taxes. The November 2016 ballot will have voters decide to allow the sunset of the quarter-cent sales tax increase and extend the temporary tax on earnings of more than \$250,000 annually.

### Campus Staffing

Porterville College	Fall 2011		Fall 2012		Fall 2013		Fall 2014		Fall 2015	
	#	%	#	%	#	%	#	%	#	%
<b>Employee Type</b>										
Admin/Management	15	7%	14	6%	13	6%	12	5%	16	7%
Contract Faculty	65	29%	63	28%	59	27%	61	27%	61	27%
Adjunct Faculty	74	32%	79	36%	81	36%	91	40%	85	37%
Classified Staff	73	32%	66	30%	70	31%	65	28%	66	29%
<b>Total PC Employees</b>	<b>227</b>		<b>222</b>		<b>223</b>		<b>229</b>		<b>228</b>	

Potential Concerns:

- Classified & Faculty Retirements (50% Law Implications)
- Part-time Positions (PIO, Graphics, Security, Athletic Coaches)
- New Categorical Program Staff (Restoration of EOPS/CalWORKS, SSSP/Equity Expansion)
- New State Initiatives (Adult Education, PDC, Veterans)

### Facility Need Priorities

Porterville College was built in the 1960s and 1970s. The College’s oldest buildings have already surpassed the half-century mark and will be 65 years old in 2025. The infrastructure on campus is also old and in need of upgrading and replacement. A strong consideration for the future will be to address the current campus deficiencies through a program of building replacement and renovation for reuse.

- Providing a science, technology and engineering center for instruction in high-tech career fields
- Better preparing returning veterans, students, workers for good-paying jobs
- Creating job and career pathways in growing fields like nursing, welding and construction
- Repairing/replacing gas, electrical and sewer lines, and leaky roofs
- Better preparing students for transfer to four-year colleges and universities
- Ensuring accessibility for people with disabilities
- Improving water conservation

### Definition of Sustainability

Sustainability is the capacity to endure. In ecology, the word describes how biological systems remain diverse and productive over time. Similarly, at Porterville College the word describes how the campus can remain diverse and productive over time in the provision of its instructional and support services to students. Sustainability encompasses the following ideals that reflect the general concepts of the college Mission Statement:

- Provide an adequate diversity of courses that meet the goals of the KCCD Board of Trustees of focusing course offerings in basic skills, transfer, and career and technical education.

- Provide a variety of support services to students that will assist them in their matriculation onto the campus, their retention while enrolled, and their certificate completion, graduation, or transfer.
- Provide administrative and auxiliary support to ensure the proper functions of the institution, and an adequate budget to meet sustainable levels of service, technology, and staff support.

#### When Sustainability Is Not Maintained to Support Ideals

- Once course offering levels are reduced to the point in which state expected FTES standards cannot be met, the college is no longer sustainable in its course offerings.
- Once student service programs and staff are eliminated or reduced to the point in which offices can no longer provide necessary and consistent services and be able to remain open during the regular hours of campus operations, i.e. Monday – Thursday, 7:30 a.m. – 6:30 p.m. and Fridays from 8:00 a.m. – noon, the college is no longer sustainable in providing adequate support services.
- Once administrative and auxiliary support levels decrease to the point in which technology cannot be maintained adequately, expected FTFO cannot be achieved, or continued budget cuts impact meeting the ideals above, the college is no longer sustainable in its administrative and auxiliary support.

### **Recommendation**

It recommended that the Enrollment Management and Budget Committee begin a frank examination of operating models that address the economic, regulatory (FON, 50% Law, etc.), and campus staffing issues aforementioned realizing the following:

- Without sufficient resources to cover the growing cost of business, the health and safety of our students and faculty is jeopardized.
- Support the recognition of the substantial fiscal challenges the campus face in years ahead due to STRS, PERS, health care, and the sunset of Proposition 30.