



FCMAT ANALYSIS

There's a lot of talk on campus this fall about Peralta's financial situation. The crisis, as it's been described in the press and at the district office, has been apparent to some of us for quite some time; now there are official reports that support the notion that PCCD has been mismanaged.

As we start teaching classes and jump back into our governance work, it's important to look closely at these reports and draw conclusions based on the data they include; it's also important that we not rely exclusively on the administration's narrative about what's wrong at Peralta.

Let's start with the report by the Financial Crisis & management Assistance Team (FCMAT). It's a long document, over a hundred pages, that analyzes the district's fiscal health. The executive summary (7) is a useful place to start. Highlights include:

- A high fiscal health risk score
- Decreased enrollment paired with increased faculty over the last five years
- Poor communication and operational practices
- Management's ignorance of policies and procedures
- A lack of trust in administration
- A surplus of district administrators
- An anemic finance department
- An incomplete implementation of PeopleSoft software
- Poor internal controls: high fraud potential & unauthorized purchases

While students are often invoked at public meetings, FCMAT noted that in interviews with district personnel "students were rarely mentioned as the purpose for the district's existence, and no one expressed that the district office exists to provide support and oversight to the colleges."

Much has been made about the risk of insolvency that the FCMAT report describes. The fiscal health risk score, 69.9% in PCCD's case, is determined using the Fiscal Health Risk Analysis Questionnaire (9). Looking through these questions offers support for what PFT has been pointing out for years: a lack of actuals in budgeting, inadequate oversight committees, insufficient IT and data management systems, messy internal controls, leadership instability, etc. And, notably, the FCMAT analysis indicates that *PCCD has money*. We have a positive cash balance, we have a plan to address cash-flow needs, we have sufficient resources to support our obligations, we have money for our facilities, we have adequate reserves, our funding is stable, and the percentage of our unrestricted budget is at or below the statewide average for the last three years. The risk of insolvency, such as it is, isn't because we're broke; it's because we're poorly managed.

The FCMAT issue that will affect faculty most directly is the assertion that Peralta has too many faculty members relative to the number of students we serve. We're told there are too many low-enrolled sections and that we aren't hitting our productivity targets. The district's attempt to "fix" this alleged discrepancy by cutting 12.5% of our Full-time Equivalent Faculty (FTEF) could well put us afoul of the 50% law. The state mandates that the district spend at least 50% of its unrestricted funds on instruction.

Right now, PCCD is at 50.07%. Where will the cutting come from? The parcel tax funds that were the subject of so much criticism over the past several years?

PFT will continue to fight to make sure that classroom dollars are spent in the classroom. Please join us in ensuring that the information used is accurate, complete, and aimed at supporting the work that we are all here to do!