



**BUDGET COMMITTEE
MINUTES**

April 22, 2008

The meeting of the Palomar College Budget Committee scheduled for April 22, 2008, was held in RS-5. Dr. Dowd called the meeting to order at 2:08 p.m.

Roll Call

Budget Committee Members Present: Cerda, Claypool, Dimmick, Dowd, Faulkner, Gowen, Laughlin, Lienhart, McCluskey, and Tortarolo

Members Absent: Cuaron, Ivey, Kovrig, Madrigal, Szames, Wick and Jesse Lyn

Guest: Phyllis Laderman

I. Approval of Minutes. The minutes of March 11, 2008, were approved as written (MSC: McCluskey/Gowen) and will be posted on the Palomar web page as follows:
<http://www.palomar.edu/committees.htm>

II. Action: None

III. Budget

A. Status Update on FY 2008-09 Budget Information

Dr. Brent Gowen requested that before delving into the budget update, he needed clarification on whether math tutors were paid out of “Non-Academic Salaries” and therefore included in the 25% reduction, to which Dr. Dowd and Phyllis Laderman responded in the affirmative.

Dr. Dowd shared with the committee that based on recent conversations in Sacramento, it appears that property tax revenues are even lower than expected for the State. Also, the State is currently projecting a \$19 billion budgeting deficit. Bonnie reported that the P-1 is anticipated to come out in early to mid-May, which will give us a better financial picture of where we stand. She also reported that the System Office is requesting FTES from all Districts as soon as possible so they can project system-wide growth FTES. Bonnie also reported that as soon as the FY2008-09 Budget Act is approved by the legislators and the Governor, the System Office will hold a budget workshop update to present anticipated growth revenue by college/district and other impacts of the budget act.

Dr. Brent Gowen inquired how much of Palomar’s revenue is locally generated, i.e. property tax generated in San Diego County. Phyllis Laderman responded that property

tax revenue is estimated by the County and if estimates fall short, the Districts within that county can have their revenues reduced accordingly. In a good economic climate, the State can backfill that shortfall; however, it is difficult to anticipate what will happen this year given the current statewide budget deficit.

Dr. Brent Gowen requested information on how Perkins Funding works. Wanting to provide more than a basic explanation, Dr. Dowd responded that detailed information will be provided at a regularly scheduled meeting in the fall semester, which was acceptable to Dr. Gowen.

Becky McClusky asked if Financial Aid will be cut as a result of the budget crisis. Dr. Dowd responded that while it is the College's goal is to have the least impact possible on the students, everything is on the table at the State level and she could not respond with any level of certainty as to what would happen.

IV. Discussion/Information

A. Fiscal Plan Update

Dr. Dowd began discussion by suggesting that the committee review the ten guiding principles agreed to in the 2004 Mid-Year Report developed by the Fiscal Stability Task Force. Discussion followed as to the task assigned by SPC to the task force and the process used to develop the mid-year report and Final Report and Two-Year fiscal Plan for FY2004-05 and FY2005-06.

After providing the historical background, Dr. Dowd asked the members to look over the guiding principles and determine if they are still in alignment with the current Budget Committee's ideology for formulating the new Fiscal Plan. She mentioned that there is still an unresolved issue as there is still no mechanism to determine when to hire non-academic personnel. Acknowledging that the mechanism for hiring faculty isn't necessarily ideal, at least there is a mechanism in place. Discussion followed about the need to address how to adequately provide the necessary non-academic support services, especially as new buildings and centers come on-line as a result of implementing Master Plan 2022.

Dr. Brent Gowen posed the question whether it was appropriate to continue to use the Gooder Colleges as a comparison in evaluating Palomar's standards. Dr. Dowd stated that the Gooder College comparison was embraced by Palomar for almost 20 years and when the Fiscal Stability Task Force conducted its work in 2005, there was agreement that it was the most appropriate comparison for evaluating Palomar College expenditures proportionally to total budget expenses. Dr. Gowen mentioned that there has been some concern about whether or not other colleges within the comparative group report data similarly. Dr. Dowd reported that faculty serving on the Fiscal Stability Task Force did verify that similar reporting existed when it did its work for the Fiscal Plan and that perhaps the Budget Committee might consider doing this on a regular basis. Becky McClusky, who was part of the task force, verified what Dr.

Dowd reported and added that she believes it is important to continue to check-in on other colleges to ensure the organizational structure is the same. Phyllis Laderman shared that the independent auditors also ensure expenditures get coded appropriately. Shannon Lienhart queried whether “Administration” is part of “Instruction” in the Gooder College comparison. Dr. Dowd indicated that Administrative salaries (e.g., Deans) are included in Instruction; however, all of the other colleges must include them in the same category based on reporting standards. Other questions arose that both Dr. Dowd and Ms. Laderman were unable to answer without looking at the most recent report, which they did not have available as they did not know it would be discussed at the meeting. An electronic copy will be forwarded to the members for their review and for possible further discussion at a future Budget Committee meeting in the fall semester.

Discussion then returned to the plan itself, particularly the axioms and guiding principles. Ms. Lienhart stated that perhaps the committee could have a secret ballot to see which of the axioms and principles the committee was in agreement on. She felt this would be an appropriate first step in formulating the new Fiscal Plan. She also stated she was uncomfortable with the word “axiom” as it implies something absolute. Specifically, she mentioned axiom #5, which gives a specific deadline date (now in the past) to develop the “ideal organizational structure” which has not occurred in most of the Planning Councils. Dr. Dowd responded that the District has had a problem with turn-over at the college, which has perhaps impacted the process. Addressing the particular word “axiom”, Dr. Dowd related that the word was coined by a faculty member of the Fiscal Stability Task Force as another word for “principle” to provide a means to distinguish the mid-year discussions from the final report discussions. Dr. Dowd stated that if the current Budget Committee is not happy with the word, it can certainly be changed in the new Fiscal Plan. Ms. Lienhart suggested that everyone read-over the guiding principles and axioms and come to the next meeting prepared to discuss the absolute truths versus the goals. Dr. Dowd agreed that this might be a good way to start and reminded the committee that the previous Fiscal Plan is the work that the previous group accomplished two years ago and forwarded to the Strategic Planning Council (SPC) – it’s not actual policy. Teresa Laughlin inquired whether we could scrap the plan and begin anew. Mike Dimmick expressed concern about scrapping the plan and starting all over, worrying that there would never be a working plan in place because of the constant turnover and resulting difference in opinion. After much discussion, Dr. Dowd recommended that the Budget Committee use the existing plan as a framework to formulate the next fiscal plan. Ms. Lienhart again expressed that an “axiom” should be an absolute truth regardless of who is serving on the Budget Committee, but she also believed that there was good work done on the existing plan and agreed it should be used a framework that the current committee can build upon. Due to time constraints, discussion on updating the Fiscal Plan will be continued at the next regularly scheduled Budget Committee meeting.

V. Other

The meeting adjourned at 3:29