



**BUDGET COMMITTEE  
MINUTES**

February 10, 2009

The meeting of the Palomar College Budget Committee scheduled for February 10, 2009, was held in SU-18. Dr. Bonnie Ann Dowd called the meeting to order at 2:00 p.m., upon establishment of a quorum.

Roll Call

Budget Committee Members Present: Brannick, Cerda, Cuaron, Dimmick, Dowd, Duran, Gowen (for Towfiq), Hishmeh, Kovrig, Lienhart, McCluskey, Vernoy and Wick

Members Absent: Claypool, Madrigal, Szames, Sivert, Tortarolo, Towfiq and Von Son

Guests: Candice Francis, Phyllis Laderman and Brandi Taveuveu

- I. Approval of Minutes:** The minutes of December 9, 2008 were approved with corrections as noted (MSC: Brannick/Lienhart) and will be posted on the Palomar webpage as follows: <http://www.palomar.edu/committees.htm>

Monika Brannick requested that an “other item” be presented for consideration for today’s agenda; the “other agenda item” being a discussion of the current committee membership. On behalf of the Senate, Monika requested that the past Faculty Senate President be added as a member of this committee to serve for one year following his/her term of office. She stated that “continuation” and training had been discussed in SPC as a useful tool in orienting new officers, and suggested that the past president of the Senate remain part of the committee for at least a year to accomplish this when a new Senate President has been appointed. Bonnie explained the procedure for changing the membership on a governance committee and asked the committee whether or not there was consensus that the structure be changed to reflect this additional member. She also asked if any other groups had requests for changes. None were made. This item will be brought back for action at the February 24<sup>th</sup> meeting.

**II. Budget**

**A. Status Update on FY 2008-2009 and FY2009-10 Budget**

Bonnie distributed a one-page spreadsheet showing the FY2008-09 Adopted Budget and a projected scenario for FY2009-10 depending upon action taken by the state. She stressed that this is not the FY2009-10 budget but rather a forecast of what it might look like if various events were to take place. The spreadsheet lists possible budget savings at the end of the fiscal year projected based upon spending to date and

possible transfers to fund 12 to cover budget deficits at the end of the year based upon revenue and expenses received thus far. Shannon Lienhart questioned the process of transferring fund 11 monies into fund 12 budgets to supplement those departments (such as the Police Department and the Wellness Center) whose revenue generation does not cover their budgeted expenditures. Shannon expressed concern about the policy, as well as the purchase by the Police Department of the Segues. Bonnie responded that when a department projects its revenue for the upcoming year and its expenditures match that revenue at the end of that year, its budget balances. If, however, the department does not collect all of its revenues or overstated revenues, its expenditures exceed revenue placing the budget into deficit spending. If this happens, transfers are necessary to cover expenses incurred or committed to e.g., salaries and benefits of employees. Bonnie also stated that she has concerns on how revenues may have been projected. Bonnie commented that she and President Deegan had discussed the concerns and possible deficit in these funds and they felt no one should be projecting revenue without providing substantiation of the projections with Fiscal Services. As a result, in future budget development Fiscal Services will review any revenue projections made for designated projects and Fund 12 by departments other than Fiscal Services to ensure that revenues are appropriately estimated prior to budget approval.

Conversation continued related to a Police Department grant, which ended a few years ago. Becky McCluskey expressed concern that this has been an inherent problem with regard to past practice in the handling of grants because decisions are made during the grant years that then must be continued from general funds when the grant runs out or certain grants require matching funds. When the Police Department grant was entered into many years ago; staff was hired, and are now the responsibility of the District. Becky also acknowledged that the issue of grants has been discussed and measures have been taken to prevent or minimize similar reoccurrences.

Mark Vernoy mentioned that since classes now are being held there, the Wellness Center is generating FTES close to \$1.4 million in apportionment. That money is in fund 11 and some of it is being used to fund staffing needs for operations of the center. In addition, the Wellness center generates approximately \$50k from memberships, which is used to reduce the amount that is transferred from Fund 11. Bonnie reported that a staff member was moved from Poway when that site was closed to the Wellness Center. The cost of that staff member's salary has been and will continue to be funded from general funds. The other person was moved from part-time to full-time due to the increased FTES generating programs in the Wellness Center. Therefore, Fund 11 transfers for those dollars are necessary at the end of the year because the salary budget is already in Fund 11. The Wellness Center is appropriately recording in Fund 12 because it collects revenue restricted to that operation.

Shannon stated that she wanted to see budget reports that would clarify these issues. Bonnie replied that Brandi is currently working on a 10-year history report that will help provide this information as well as previous inter- and intra-fund transfers for

these programs. Shannon asked if it were true that transfers from the general fund into Fund 12 have to be approved by Governing Board. Phyllis responded that the Board does review and approve inter- and intra-fund transfers.

Shannon also asked whether Fund 12 resources could even be transferred into Fund 11. Bonnie responded that funds can be transferred from Fund 11 into any other fund; however, restricted funds cannot be transferred from Fund 12 into other funds.

Mike Dimmick asked if the nursing faculty will remain after the grant goes away. Berta Cuaron said it was an understanding from the beginning that they would be funded from the general fund when grant funds go away, as the nursing program is FTES generating resulting in additional apportionment to the district. It was always understood that we were responding to a request to expand the program based upon the excessive wait list for nursing and therefore the money was made available to do so, with the understanding if the monies went away at some time the college would absorb the cost to continue the program.

Discussion followed including Bonnie stating that it is her intent to start forecasting budgets over multiple years so that instances where temporary funds exist can be recognized and then adjusted when they go away to determine future impact..

Referring back to the spreadsheets, Bonnie reiterated that this information was a projected picture of all of the "possibilities" of what could happen this year and next based upon state information and current spending and revenue generating patterns for the first six months of the year currently known. She stated that if the state budget results in additional cuts there may be an issue with regard to achieving the 5% reserve required by the Governing Board.

Bonnie reported that the District is going forward with construction plans on the MIB building even though the state notified us that as a result of their inability to sell bonds right now due to the economic crisis, reimbursements of capital projects will be indefinitely delayed. The MIB was approved for 100% financing by the state under Prop. 1D; however, if the building had not been approved for state funding it would have been built with local Prop M funds. Therefore, the District will continue with construction, pay for the costs from Prop M funds and upon reimbursement from the state reimburse those funds to the Prop M fund account. The MIB is a part of the Prop M resolution approved by the voters; therefore, it can be handled this way to ensure that the building is completed according to schedule.

Bonnie distributed "budget compare" spreadsheet reports showing 2008-09 Fund 11 budgets by divisional area: Administrative Services, Governing Board, Human Resources, Instruction, Superintendent/President, and Student Services. These reports show percentages of budget spent to date, and percentages of budget committed through encumbrances. She explained how the percentages of funds spent and funds encumbered can be used to analyze projected balances through the fiscal year. She also handed out Fund 11 reports for unrestricted, designated, and the total

Fund 11 comprised by both. The committee was asked to review them in preparation for discussion at next meeting to identify possible cuts that might be made if necessary as a result of state budget decisions pending.

Brent Gowen requested that in future meetings the budgets might be examined to see how much money is being spent on technology. Bonnie said that she would work with Fiscal Services to see what type of report could be generated to show technology expenditures district-wide.

Bonnie also handed out a revised FY2009-2010 Budget Development Timetable with the changes approved by the Budget Committee at their last meeting.

### **III. Discussion/Information**

- A. Budget report information requests – no discussion due to time constraints
- B. Discussion of Accreditation Planning agenda item #3 related to budget development model – no discussion due to time constraints
- C. Discussion of Role and Responsibilities of Budget Committee including protocol for BC decision-making and coordination with other planning councils - no discussion due to time constraints
- D. Budget Committee Meeting days/times
  - a. Bonnie reported that someone had requested that the day and time of the Budget Committee be changed to another day other than Governing Board Meeting day. After discussion, it was concluded that no other day or time was available due to other conflicting meetings on other days. As a result, the Budget Committee will continue to meet on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday at 2:00 p.m.
- E. Development of a Fiscal Plan - no discussion due to time constraints

### **IV. Other**

The meeting adjourned at 3:35.