



**FISCAL STABILITY TASK FORCE  
MINUTES**

March 8, 2005

Joe Newmyer called the meeting to order at 2:00

Roll Call

Members Present: Cruz (for Jay), Davis, Doran, Dowd, Eckman, Forsyth, Frady, Gommel, Gordon, McCluskey, Neault-Kelber, Kratcoski, Madrigal, Newmyer, Smith, Springer, Thompson (for Cuaron), Townsend-Merino

Members Absent: Miyamoto, Roth

Guests: none

I. **Approval of Minutes**, February 1, 2005 & February 8, 2005 (Special Meeting), the minutes were approved and will be posted on the Palomar web page

[www.palomar.edu/committees.htm](http://www.palomar.edu/committees.htm)

II. **Reports from Sub-Group meetings:** followed by discussion and questions

Sub-Group 1: Joe reported that the grant document that was developed several years ago will be distributed to RAC. Also he reported that SPC has assigned the review of indirect cost fees to ASPC who will then report back to SPC.

**Motion: Review and development of a grant process is assigned to RAC which is to report back to SPC once a process has been developed. MSC (Neault-Kelber/McCluskey)**

Sub-Group 2: Bonnie reported on the budget training workshops that took place the last couple of weeks to introduce the new budgeting worksheet model. She also discussed the multi-year flexible budgeting process and the need for all members of the campus community to "trust" each other and the new budgeting process, which is in its pilot year. It is anticipated that the model will be enhanced as lessons are learned from using the worksheet in the development of the FY2005-06 budget.

Sub-Group 3: This group met on March 1 to address the remaining item assigned to them, specifically, "appropriate level of spending commitment for the Education Centers" and to confirm other items assigned to this sub-group

Members present agreed that sub-group 3 should request that FSTF recommend in its final report that the task of reviewing organizational structures to determine appropriate workload issues and process for vacancy replacements be handled by each of the planning councils. However, because FSTF is also concerned that the processes be equitable and trustworthy it is

recommended that each planning council devise a procedure for how they will review these issues with the intent to develop the "ideal" organizational structure which includes a commitment to retraining as positions are vacated by attrition or eliminated thereby avoiding layoffs.

In addition, members present agreed that IPC (Instructional Planning Council) should be directed to review the organization structure of the Education Centers to determine the appropriate level of spending to serve the needs of the district. Such a review should include confirmation/development of a district-wide philosophy regarding program and volume of offerings at the Education Centers based upon a "needs assessment" as a result of educational demand.

**Motion: Approve recommendations of Sub-Group 3. MSC (McCluskey/Doran). This recommendation will be brought forward to SPC at its March 15<sup>th</sup> meeting so they can direct each planning council to begin to review and develop processes for creating their ideal organizational structure and workload issues including vacancy replacements.**

Sub-Group 4: Subgroup 4 has discussed at length and is recommending that beginning with the fall semester the cost per copy charged by Comet Copy be \$.05 with the understanding that each department will have their budget increased to cover the extra cost. It was recommended that the extra cost be identified separately in the budget request for 05-06 so the increase can be automatically included. It was reported that with this increase Comet Copy will be self-supporting with regard to direct costs and may be able to set aside funds for future equipment needs.

The timing on this request is critical since departments are in the process of submitting their budgets at this time so if the increase were to take effect, departments would have to request budget increases in order to absorb this additional cost to the department.

After much discussion about "why" this increase is being proposed since Comet Copy provides a service to the District and that it really isn't an enterprise operation (i.e., self-supporting). Discussion continued and concerns were heard regarding the subsidizing of Comet Copy as follows:

**Motion: Continue to subsidize Comet Copy at the existing rate with RAC reviewing the subsidy on an annual basis. (Madrigal/Townsend-Merino) A vote was taken, 10 ayes and 7 nays.**

A question was raised as to whether or not group 4 addressed the issue of consulting contracts. This matter had not been resolved by group 4 so the following motion was made:

**Motion: The task of developing a procedure for reviewing consulting contracts is being directed to RAC. MSC (Dowd/Frady)**

As a result of the motions taken today, all tasks assigned to Fiscal Stability Task Force have been accounted for.

A separate discussion took place regarding the FSTF mid-year report; the guiding principles, and the Gooder College comparison used by FSTF in its decision-making; and discussions that have or

are expected to take place at SPC regarding these issues. All agreed that the guiding principles" developed by FSTF are just that, a foundational guide for the process used by FSTF in completion of its assigned tasks. FSTF has encouraged a "no layoff" guiding principles and understands that circumstances may prohibit the district from such a policy; however, FSTF believes that everything should be done within the District to avoid layoffs and engage in re-training whenever possible. It was reported that there has been discussion regarding the decision to use the Gooder Colleges as a foundation for decision-making especially considering the fact that this report is twenty years old. No one has been able to locate a copy of the Gooder Report. Joe reported familiarity with the report and agreed that the colleges listed with the exception of Riverside, which has gone through some organizational changes, is an appropriate instrument for comparison purposes. FSTF members present agreed that given the absence of another tool, and considering that refinements were made by sub-group 1 as part of its analysis based upon statewide averages, the Gooder Colleges are appropriate for use as a benchmark by FSTF for fiscal decision-making. David Forsyth's spreadsheet comparison of Palomar College to the Gooder Colleges will be included in the final report and two-year plan to be submitted to SPC.

### III. Budgets

√ Three-year exercise (Phase 1)

This item will carry over to the next meeting

√ Distribution of \$1 Million

SPC requested that Becky, Bonnie & Joe meet as a working sub-group to recommend a method for distributing the \$1 million of one-time funds that was part of the unanticipated ending balance from the FY2003-04 balance currently available for distribution.

They met on March 3rd and 7<sup>th</sup> and are proposing the following procedure:

With some exceptions as explained below it was decided that the basic guideline for the distribution of funds should be the relative size of the budget for each major area as compared to the total budget. The three major areas were identified to correspond to the Vice President overseeing the area as follows:

- Vice President of Instruction
- Vice President of Student Services
- Vice President, Fiscal and Administrative Services, Vice President, Human Resources & President's office (this will be a joint effort between the two vice presidents and President).

Two exceptions to a pro-rata allocation were identified as follows:

1. Consideration of the cuts that were made in the past.
2. Consideration of the guidelines approved by FSTF especially those involving the Gooder Group comparisons. (Note: A Guiding Principle identified by FSTF established the goal that all activity codes strive to be in the same quartile as compared to other Gooder Group colleges.)

With regard to the two identified exceptions, as compared to the *Gooder Group* colleges, the Facilities area is currently the lowest ranking activity code. This is primarily due to the fact that Facilities has endured major cuts in the last two years. In fact, it would take an allocation of over \$1 million to bring the Facilities budget up to the next lowest ranked district (i.e., 15<sup>th</sup> of the 16 colleges). Unfortunately, the \$1 million allocation under discussion involves one-time funds; however, the sub-group felt that some recognition should be given to the issues previously mentioned. Therefore, it is proposed that an allocation of \$100,000 be set aside "off the top" from the million dollars identified before the balance is distributed to the other areas based upon a percentage allocation in relation to relative budget size.

In addition, consideration was given to the fact that Block Grant funds were available and distributed for instructional purposes including faculty computers and furniture. The expenditures from the Instructional Block Grant were reviewed and it has been determined that of the \$1,053,763 Block Grant funds at least \$105,735 was for purposes similar to those needs anticipated from the \$1 million one-time funds currently available. (Note: Non-instructional areas were not eligible for Block Grant funds. The funds were distributed via Instruction and Student Services for instructional purpose only.)

Therefore, the sub-group recommends that the percentages from the three major areas be applied to the \$900,000 with \$105,735 deducted from the Instructional Areas' apportionment determined with this amount redistributed to the other two areas proportionally.

When all of the above has been taken into consideration, the allocations are computed as follows:

One-time funds currently available for distribution:	\$1,000,000
Less: Facilities re-instatement	(100,000)
Sub—total available for allocation to planning areas	\$ 900,000
*Allocation amounts recommended:	
Instruction (net of \$105,735 Block Grant adj.)	455,235
Student Services	191,862
Administrative Services (including Fiscal/Admin., Human Resources & President)	252,903
<b>Total</b>	<b>\$1,000,000</b>

Due to the reasons mentioned in the discussion above, while Facilities would receive \$100,000 "off the top" it is recommended that it also be eligible to request and receive a share of the amount identified for Administrative Services in accordance with the normal planning process.

\*This proposal assumes requests will be prioritized by and come through the appropriate planning council. It is also recommended that a similar process be used for distribution of continuation funds or additional one-time funds identified with the caveat that any allocation considers district-wide interests before allocations are computed.

This proposal was discussed at length

**Motion: Accept the proposal and forward to SPC. MSC ( Gordon/Gommel)**

Special thanks went to Becky, Bonnie & Joe for working this out.

√ FSTF 2-Year Plan

The final report/plan draft outline was reviewed. It was agreed that due to Spring Break and the SPC special meeting for Strategic Plan 2008 that FSTF would not meet again until April 12, 2005 and this would be the transition meeting. Bonnie will draft a two-year plan (FY04-05 & FY05-06) to be distributed prior to that meeting for all to review and to be discussed on April 12th. This plan will then be presented to SPC on April 19, 2005 for a first reading. FSTF will cease to exist effective with the April 12<sup>th</sup> meeting and RAC will resume as of April 26<sup>th</sup>.

**IV. Discussion/Information**

√ FSTF Final Report - will be reviewed at next meeting

**V. Other**

Meeting adjourned at 3:30

**Next meeting: 2:00 p.m. April 12, 2005**

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