



**FINANCIAL STABILITY TASK FORCE  
NOTES/MINUTES**

July 13 2004

The meeting was called to order at 2:00 p.m. by Joe Newmyer

Roll Call

Members Present: Cuaron, Davis, Doran, Dowd, Forsyth, Frady, Gommel, Halttunen (for Roth), Jay, Kratcoski, Lopez, Madrigal, McCluskey, Metzger, Morrissette, Neault-Kelber, Newmyer, Smith, Springer, Townsend-Merino, Thompson

Members Absent: Eckman, Miyamoto, Versaci

Guests Present: Gavin, Good, Kratcoski, Taveuveu

Joe Newmyer introduced Dr. Richard Jones who stopped by to address the task force.

Dr. Jones introduced himself and thanked the task force members for their commitment to “righting” the deficit budget while commenting on what a difficult task it will be. He appreciates the 2-year approach. He’s been through this before in the mid 1980’s and early 1990’s and now again in the early 2000’s and the issue is credibility of the problem. He has reviewed the agenda and feels we are on the right path. He looks forward to working with everyone.

**I. Approval of Minutes – (MSC Madrigal/Cuaron)** The minutes were approved with corrections and will be posted on the Palomar web page – [www.palomar.edu/committees.htm](http://www.palomar.edu/committees.htm)

**II Discussion/Follow up items**

Retiree Medical fund/restricted funds

Joe distributed a handout with a breakdown of number of health and welfare recipients of the District by program between academic and classified cost. He explained that this reconciliation is of current employees only and does not include current retirees.

There was discussion on the impact of certain programs and their ability to fund its employee’s retiree health benefits and also on whether it is legal to charge retiree benefits on all grants. Berta Cuaron and Joe Madrigal will meet with their respective deans and directors to ascertain the impact on each program and report back to the task force at the next meeting.

Further discussion continued on the importance of future grants and the value they bring to our students and the campus. There was also discussion of the need to include a provision for retiree health benefits in all future grant applications. Some were concerned as to how to do this, given that it is hard to know the cost of benefits annually for the future. It was agreed that the goal is to have all current categorical programs allocating for retiree health benefits by Fiscal Year 2005-06 and to ensure that all future grants be submitted with this amount in its application. It was further agreed that current categorical programs may require time to phase in the costs over the next two years.

**Motion:** Approve concept in general; that we want to move ahead with this goal with the understanding that the Vice Presidents will assess each of the categorical programs and come back with a recommendation to the task force of how much can be done this year, but with the understanding that costs will be phased in for 2004-05, 2005-06. (Metzger/Jay) MSC

Discussion: That a concerted effort be made by everyone to absorb the costs so that we not have problems like last year regarding equality across programs in taking the hits. It is important to express that we are not “gouging” but rather charging categorical programs for a legitimate expense of their program.

It was also discussed that it is important that SPC vote on this item prior to the adoption of the final budget.

**Action:** Joe will contact Dr. Jones to set up a special SPC meeting for 8/24/04.

#### Child Development Subsidy

Joe met with Mark Vernoy. Mark has agreed with the District not making the CDC grant match from the general fund for the 2004-05 academic year. The department has a sufficient ending fund balance, which is comparable to the unrestricted general fund, and therefore can forego this year’s subsidy from the general fund.

Discussion continued about why there is such a hefty ending fund balance. A question was raised as to whether it is because of “way back when” – the La Costa Child Care Center which was ultimately sold was losing money each year and therefore, a drain on the Child Development program?

**Action:** Martin will do an analysis of the CDC ending balance history and fluctuations.

**Motion:** Eliminate the subsidy of \$53,211 from the Child Development funds for 2004-05 (Madrigal/Dowd – 1 abstention) MSC

#### Capital Outlay Budgets

Joe suggested “zero-based” type budgeting for the Capital Outlay budgets, which would mean that the 600010 accounts would be reduced to bare essentials for Fund 11 Unrestricted and Designated budgets to reduce the deficit. Then, if a department wants to make an equipment or capital outlay purchase, they would have to make transfers within their 400010 and 500010 accounts.

Discussion continued about past practices of budget transfers; that if a department chair transferred within their department into the 600010 account when it was rolled over, with this plan the money would be gone.

Joe did mention that within his division the IS department has put in a capital outlay request for replacement servers and switches totally over \$160,000. These items have gone out of maintenance. We can fund to the extent possible from Instructional Equipment funds. He also stated that he had a list of maintenance and operations projects that he has sent to the City of San Marcos for funding consideration through redevelopment funds. He has not yet heard from the City Manager but expects to by next meeting.

It was suggested that the Vice Presidents meet with their deans and directors on this issue to determine the impact of the elimination of capital outlay funds. Berta mentioned that we are not sure yet of the amount of our Instructional Equipment grant.

It was also noted that as part of the Annual Implementation Plan process a task force was convened last semester to develop an equipment replacement procedure which was completed, but without funding to support the plan.

**Action:** Fiscal Services will not process budget transfers out of 600010 accounts without VP approval until further notice.

David Forsythe Expenditure Comparison

David distributed a handout by percent of total costs of Palomar College compared to the Gooder Community College Districts (i.e., our comparable colleges). He then took the task force members through the handout explaining his interpretation of Palomar College's strengths and weakness related to budget costs with emphasis on Instructional Administrative costs. Discussion continued on staff issues and where to focus analysis and possible costs.

Classroom utilization/seat count data – hold for next meeting

Continue discussion of FSTF goals – hold for next meeting

**The next meeting is scheduled for July 27, 2004  
Room SU-18**