



BUDGET COMMITTEE

MINUTES

April 14, 2020

A meeting of the Budget Committee was held April 14, 2020 via Zoom. The meeting was called to order at 2:45 p.m. by Yulian Ligioso, Acting Vice President of Finance and Administrative Services.

Roll Call

Members Present: Barbara Baer, Carmen Coniglio, Aiden Ely, Tricia Frady, Anel Gonzalez, Yulian Ligioso, Teresa Laughlin, Kendyl Magnuson, John Matson, Patrick O'Brien, Dayna Schwab, Shayla Sivert, Craig Thompson, Anastasia Zavodny

Members Absent: Linda Beam, Carmelino Cruz, George Frederick, Erin Hiro, Aaron Holmes, Jackie Martin

Recorder: Jennie Vastola

Guests: Ken Stoppenbrink, Robert Threatt, Brandi Taveuveu

I. Approval of Minutes:

The minutes from the March 10, 2020 meeting were approved.
(MSC: CT/BB with 4 abstentions)

II. New Business

- A. Budget Development – Vice President Yulian Ligioso and Sr. Director of Fiscal Services, Carmen Coniglio, provided information about the 2019-2020 P1 Report. The report shows a statewide deficit of \$250M and there are insufficient resources to cover the needs of all districts. The Chancellor's Office is addressing the estimated deficit by applying a proportional reduction of funding to all districts' Total Computational Revenue (TCR) in 2019-20. The deficit factor for Palomar College is 3.7% or \$4.2M dollars.

VP Ligioso explained that the revenue deficit is due to lower taxes than initially projected by the state. Additionally, he stated the Coronavirus has made a significant impact on state revenues, and the CARES funding that will be provided to the District is a one-time funding, as is the Governor's Rainy-Day fund. Fiscal Monitor, Ken Stoppenbrink, suggested to keep these funds out of operations and use only for the ending fund balance.

Kendyl Magnuson reported he was in the process of completing the data for the P2 Report. He said Fall FTES was slightly lower; Spring is 1.2% less than last year and could go lower. Director Coniglio pointed out that the District has been re-benched from a large to medium size district, resulting in a \$1M reduction to the basic allocation in the 2018-2019 SCFF recalculation. Discussions regarding the hold harmless provision followed.

VP Ligioso recommended that the group evaluate different scenarios (best case, middle case, worst case) to determine the best strategy to use to prepare a multi-year budget plan. There was a great deal of discussion about various scenarios, beginning with a best-case scenario of 2019-2020 base plus COLA. Kendyl said P2 is not as strong as P1; Spring is considerably

weaker. He advised against planning the budget based on a best-case scenario. VP Ligioso pointed out that even though enrollments are down, we are still held harmless. However, he said next year we may not receive COLA and we may have less available revenue, which, in essence, erases the hold harmless. Vice President Aiden Ely advised this is not the year to budget on a best-case scenario. Kendyl commented the hold harmless provision is temporary through 2021-22; therefore, we need to plan long term. Patrick O'Brien commented on the importance of transparency and advised against moving forward with a best-case scenario. The discussion then moved to a middle-case scenario, which would be 2019-2020 base and no COLA. Teresa Laughlin commented the middle-case scenario would be most likely. Patrick commented it would be helpful to select a budget figure before negotiations. Kendyl expressed concern about risk and the possibility of exhausting reserves. He said knowing the assumptions before negotiations is critical. VP Ligioso commented salaries & benefits currently make up 93% of the revenue budget. If we remove the \$5M borrowed from the OPEB fund from the total revenue, the percentage increases to 96%. Anel Gonzalez asked if assumptions included vacant positions. Patrick inquired on the number of faculty above FON and the effect of retirements on the FON percentage. VP Ligioso responded that once we tie down revenue figures, then we'll be able to calculate the other percentages. He asked the committee members to watch for his future email messages, which will include scenarios and 3-year budget projections.

III. Adjourned

There being no further business, the meeting was adjourned at 4:00 pm.