



BUDGET COMMITTEE

MINUTES

September 8, 2020

A meeting of the Budget Committee was held September 8, 2020 via Zoom. The meeting was called to order at 2:46 p.m. by Yulian Ligioso, Acting Vice President of Finance and Administrative Services.

Roll Call

Members Present: Barbara Baer, Tricia Frady, Anel Gonzalez, Yulian Ligioso, Teresa Laughlin, Kendyl Magnuson, Craig Thompson, Linda Beam, Rocco Versaci, Molly Faulkner, Joel Glassman, John Matson, Carmelino Cruz, Jenny Ferrero, Carmen Coniglio

Members Absent: Dayna Schwab, Shayla Sivert, Dr. Vikash Lakhani

Recorder: Heather Sutton

Guests: Ken Stoppenbrink, Brandi Taveuveu, Pai Wang-Smith, Steven Carkey

I. Approval of Minutes:

The minutes from the August 27, 2020 meeting were tabled until the September 22, 2020 meeting.

II. Proposition 15

B.Baer and T.Laughlin gave a comprehensive presentation regarding Proposition 15 (Prop 15). B.Baer described the different loopholes of Prop 13, the definition of Prop 15, and how it is supposed to help restore lost revenue through property taxes. The State of California has seen a decrease in school funding due to the majority of funding coming from property taxes that the state or the county gathers. In 1977, California was seventh and has fallen to thirty-ninth. Large companies have a multitude of advantages that home owners do not. T.Laughlin went on to describe the unique loopholes that large companies, like Disneyland and the Fairmont MiraMar Hotel, utilize. B.Baer spoke on how Prop 15 would work moving forward, for big businesses, and residential property owners and the impact on each. There would be no effect on residential or agricultural land properties, and no effect on small businesses valued less than \$3million and are individually owned. Prop 15 would require large businesses to be assessed periodically, and would not remove the 1% property tax cap from any group. T.Laughlin went on to describe how Prop 15 would help Palomar College specifically by generating up to \$12 billion every year. \$500 million of that is estimated to go to community colleges, about \$5 million to Palomar College. Schools and community colleges will receive 40% of the \$12 billion in increased revenue yearly. Every school district will receive increased revenue for students in need based on the Local Control Funding Formula applied statewide. Basic Aid districts that already meet their target funding level will also receive a minimum of \$100 per student in additional revenues. All revenue will be in addition to and on top of current revenue guaranteed by Proposition 98. The Prop 98 guarantee is a *minimum* amount of funding guaranteed. Additionally, local governments: cities, counties, and special districts will receive 60% of the \$12 billion in increased revenues. Revenues will be spent at local government discretion, for parks, libraries, capital outlay, health and social services, etc.

III. FY 2019-20 Second Principal Apportionment Reports

C.Coniglio presented the Revised P2 Apportionment Report that was released on August 27, 2020 by the Chancellor's Office. C.Coniglio walked through each portion of the Total Computational Revenue (TCR), to include Base Allocation, Supplemental Allocation, and Student Allocation. The 2019-20 TCR totaled 115,124,684, however, there remained a revenue deficit of 0.9502%, which reduced Palomar's apportionment revenue by 1,093,864. She went on to provide an update of the Student Centered Funding Formula (SCFF), the allocations received for each bucket, and the current hold harmless protection. C.Coniglio described the revenue limit from Prop 98 and how it is funded from various revenue sources: property taxes, enrollment fees, and EPA. The impacts of campus closures, economic impact of COVID-19, and significant state protections on FTES resulted in decline in Education Protection Account. C.Coniglio explained that the EPA is a component of the TCR and was created in 2012 by Proposition 30. VP Ligioso expanded on several areas regarding EPA, and the changes to funding structures. B.Baer gave additional information regarding property taxes, and the effects of certain propositions on schools and property owners. C.Coniglio continued providing the committee a general update of the details in the SCFF calculations, including the reported decline in FTES from P1 to P2. VP Ligioso expanded on the types of FTES and how they are each averaged out. C.Coniglio described the factors used in the supplemental allocation, which is based on prior year head counts, and the student success allocation, which is based on three-year averaging of various metrics. Spoke to how the rates are different for groups. B.Baer inquired about the prior year, and if supplemental buckets would continue to be less this year. B.Baer also inquired about the possibility of "double-dipping" students for funding reasons and VP Ligioso stated that no longer occurs.

IV. FY 2019-20 Closing: Total Computation Revenue Reconciliation

C.Coniglio provided an overview of the TCR reconciliation at year-end and the related accounting entries that will be recorded in the books. She presented a diagram showing the anticipated full 2019-20 TCR of \$115million, the TCR at P2 with a deficit factor of \$1million, and the amounts paid through June. She explained that the EPA was revised to \$9.3million, which is a significant decline from P1 EPA of 18.1 million. Property taxes is still the largest revenue source and there is no substantial change during this reporting period. State apportionment will make up the EPA decline up to the revenue limit minus the deficit factor. Payment received by the District in excess of the revised EPA amount will be accounted for as accounts payable. The State plans to offset this with the first quarter 20/2121 EPA apportionment. C.Coniglio continued to cover the revenues received from property taxes, enrollment fees, and receivables that must be recorded prior to closing the books. Due to deferrals of apportionment payments, cash flows will continuously be monitored. B.Baer and Y.Ligioso complimented the detailed report and presentation given by C.Coniglio.

V. COVID-19 Relief Funds

C.Coniglio presented information on relief funds available to the District to address the public health emergency with respect to COVID-19. She described different components of the CARES Act and the COVID-19 Response Block Grants. Currently Palomar has received \$3.8million for the Student Portion of the CARES Act, and 3,111 students have received monies from this, with \$1.5million still remaining to be disbursed. The Institutional Portion of the CARES Act had \$3.8million allocated, and \$2.6million is still currently available (8/26/20). C.Coniglio continued to describe the various allowable costs covered under the Institutional Portion. She spoke to the CARES Act – Minority Serving Institution (MSI) with a total allocation of \$521k, with the entirety of these funds still available. Moving to the COVID-19 Block Grant, the Coronavirus Relief Fund (CRF), which is the federal portion of the Block requires funds to be spent only on necessary expenditures directly related to COVID-19. Because this fund must be used by December 30, 2021, this is the first fund that Palomar is looking to spend. \$877k was originally allocated, and most has been spent with only approximately \$13k remaining. C.Coniglio described second

component of the Block Grant, the state portion funded by Prop 98. This fund is intended to support student learning, continuity of education, or to mitigate the learning loss due to COVID-19. Total allocated funds given was \$1million dollars, with the entirety still available. C.Coniglio provided a detailed chart of allowable and un-allowable expenses for each fund. T.Laughlin asked if Food Distribution could be covered. C.Coniglio said that the COVID-19 Resource Request Form can be filled out for these costs as they fall within the guidelines provided. VP Ligioso spoke to the process for submittal of requests and approval process, this includes auditors at times to assist with items that are not clearly allowable.

VI. Other

H.Sutton reminded members of upcoming invites to meetings. T.Laughlin reminded the group of the upcoming Food Distribution event on Saturday at the San Marcos Campus, and that there is still a need for volunteers.

VII. Adjournment

There being no further business, the meeting was adjourned at 3:47 pm.