



BUDGET COMMITTEE

MINUTES

February 9, 2021

A meeting of the Budget Committee was held February 9, 2021 via Zoom. The meeting was called to order at 2:46 p.m. by Ambur Borth, Vice President of Finance and Administrative Services.

Roll Call

Members Present: Barbara Baer, Tricia Frady, Anel Gonzalez, Ambur Borth, Teresa Laughlin, Dr. Kendyl Magnuson, Fari Towfiq, David Montoya, Rocco Versaci, Molly Faulkner, John Matson, Carmelino Cruz, Jenny Fererro, Carmen Coniglio, Dr. Vikash Lakhani, Dayna Schwab, Loran Green, Joel Glassman

Members Absent: G.Frederick, K.Mouawad, S.Sivert

Recorder: Heather Sutton

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

I. Approval of Minutes:

The minutes from the December 8, 2020 meeting were tabled.

II. Introductions

A.Borth asked that the committee introduce themselves and give their background with the Budget Committee, and welcomed the guests attending the meeting.

III. CCFS-311 Q2 Financial Report

A.Borth presented the CCFS-311 Q2 and spoke to the requirements and the intent in monitoring ongoing fiscal health made by the Chancellor's Office. A.Borth stated that December is a midpoint and a perfect time to check on the status of expenditures and projections. A.Borth went over each area of Section 1-4 of the CCFS-311 Q2 and spoke to each column and item covered. Continuing into the unrestricted revenue from 2017-2021, to include the Total Computational Revenue, Deficit Factor, SCFF, State/Local Revenue, Total Transfers In, Salaries and Benefits, Supplies/Operating and Capital Outlay, Transfers Out and Total Unrestricted General Fund 11 Expenditure, . The largest change being in Salaries and Benefits. A.Borth spoke to the difference from 2020-21 Budgeted to 2020-21 (\$131.2million) Actuals (\$126.6million) and that being mostly due to staffing, benefits, hourlies, and the shuttering of the campus. A.Borth also spoke briefly to the FMCAT report, Multi-Year Projections, and the proposed Centers coming on board.

T.Laughlin commented on the FCMAT report and some of the errors that were within it. Specifically, to a board policy error stating that Palomar had a 15% reserve that the board set, but it in actuality it is 7%. Continued to speak to knowing there were budget issues/errors. B.Baer also spoke to percentages of benefits and salaries and the varied numbers that were given. Gave suggestions for presenting budget numbers, in order to assist newer members.

IV. 21-22 Governor's Budget Proposal

C.Coniglio presented the Governor's January Proposal for the 2021-2022 State Budget and the challenges due to COVID-19. C.Coniglio spoke on the Legislative Analyst's Office Fiscal Outlook showing revenue growth surpassing the original expectations, and how the economic recovery resulted in stronger than estimated revenue from the "Big-Three" taxes for 2021-2022. These revenues are estimated at \$4.2 billion more than 2020-21 and \$2.8 billion more than the prior year's Governor's Proposal. C.Coniglio stated that despite higher revenues, the state faces an operating deficit, and the outlook remains uncertain. S

C.Coniglio presented the estimated Big-Three taxes from 2019 on into 2022. Personal Income Tax rose from \$99 million to \$107million, Sales/Use Tax hovered between \$25 million to \$26 million, and Corporation Tax went down from last year from \$16.9 million to \$16.6 million. Significant funding is being proposed to address COVID-19 statewide. She stated the California Community College is earmarked for approximately \$600 million for one-time and ongoing programs. Due to improved forecast, the Governor's Proposal included a proposed repayment of two-thirds of the \$1.4 billion deferrals from last year carrying over a remaining deferral of \$326.5 million in 2021-22. The State's calculation of the Total Computational Revenue (TCR) for 2020-21 is anticipated to be released at the end of February, including the recalculation of 2019-20 TCR.

C.Coniglio walked through the budget highlights from CCC to include SCFF Hold Harmless in effect through, 2023-24, a 1.5% of proposed Statutory COLA (approximately \$1.7 million for Palomar) with new conditions that includes a draft of actionable plans to close equity gaps and increase in online class offerings (and more details forthcoming, \$23 million for FTES growth, a \$250 million one-time Student Emergency Assistance Grant, \$100 million One-time for basic needs related to food & housing security, \$20 million one-time for system-wide effort to provide for PD for faculty, and \$20 million one-time for student retention and re-enrolment strategies in addition to \$2.5 million to provide instructional materials for Dual Enrolment, \$30 million for mental health services and student technology access, and \$10.6 million ongoing for distance learning. Additionally, \$600k to coordinate antiracism efforts in the curriculum and a focus on alignment of ethnic studies for CSU (AB1460). C.Coniglio continued to cover the highlights to include HEERF 2.0 Coronavirus response and relief supplemental appropriations to include \$82 billion for education, \$22.7 billion for California HEERF, at least \$1 billion to CCC's and \$17 million for Palomar College. T.Laughlin asked about deferrals, and what that means for Palomar specifically. A.Borth also spoke to the question, explaining further about deferrals and how it relates to cash, and how that impacts projections for Palomar's future. C.Coniglio added that cash deferrals will not increase the budgeted revenue for the district unless the deficit disappears. T.Laughlin also asked about the COLA being affected by lost revenues and what those really are. C.Coniglio explained in more detail that those lost revenues are related to COVID and parking fees, tickets, and other items similar. This excludes enrollment loss.

V. CARES Update

Robert Threatt presented an update on CARES and the proposals received to include details of the Federal Block Grant, the State Block Grant, CARES-HEERF I – Institutional, CARES-MSI, CARES-HEERF II-Institutional, CARES HEERF II – Student Portion, and the remaining funds for each. The Federal Block Grant is at \$0 remaining allocations, the State Block Grant is at \$1.07 million, CARES-HEERF I at \$250k, CARES-MSI at \$344k, CARES-HEERF II \$13.2 million and CARES HEERF II Student Portion at \$3.02 million. R.Threatt detailed the Key Categories for proposals being Technology (Federal Block Grant), Student Kits, Supplies, Materials, Training and Over Time preparing for Remote Instruction (CARES Institutional) and Lost Revenues & Student Refunds (MSI). All proposals from November 1, 2020 through January 31, 2021 coming to \$730.2k. R.Threatt gave examples of noteworthy proposals received during the period to include technology tools for students, and EProcesses – both were funded through HEERF I

CARES Institutional. Pai Wang-Smith gave details to the amounts for grants received, the proposals reserved, expense and contingency.

VI. Other

A.Borth spoke briefly on the upcoming budget development calendar and having that discussion at the next Budget Committee Meeting and walked the committee through the structure of the Budget Committee.

VII. Adjournment

There being no further business, the meeting was adjourned at 3:35PM

