

Fiscal Monitor Ken Stoppenbrink's Report to the Chancellor's Office
April 14, 2020 – May 15, 2020

1. NEGOTIATIONS

Progress is being made in this area and an amount of \$4 million shortfall is required to balance the budget. The benefits committee recommendations, if approved, are significant and demonstrates cooperation among all stakeholders.

The benefits committee has a plan to submit to both unions for consideration. This would result in a \$1.6 million savings if adopted. Great work has been done.

2. INTERNAL AUDIT & PROCESS EVALUATION

The student financial aid compliance review plan and procedures were developed and implemented.

The team has evaluated procedures and compliance with Title IV requirements associated with the Clery Act, Drug and Alcohol Program and Consumer information disclosures.

The districts return to Title IV process has been documented for further evaluation and additional review.

The fiscal policies will be updated by the fall 2020 term.

3. MANAGEMENT STRUCTURE

There is a review of the recent retiree notifications to determine which positions will be activated for the next fiscal year. As a part of this there are options being discussed for reorganization.

4. BUDGET DEVELOPMENT

During the budget update zoom meeting held on April 29, 2020, information was provided by the president and vice president as to forecasts and potential budget reductions. There has been a structural deficit for several years. The current budget, 2019-20, had revenues of \$ 143 million and expenses of \$ 149 million. This will reduce the ending fund balance from \$ 20 million to \$ 14 million. Salaries and benefits consume 96% of the revenues and revenues have been declining over the past few years but expenses have continued to increase during the same period.

District is looking at a multiyear fiscal plan, 4 years, to align the expenses with the revenues. The primary focus currently is reducing expenses, although these may not all be achievable in one fiscal year so tackling the large ticket items are the first bite at the apple. By the year 2023-2024, there will be a (4.5%) reserve based on the current trend. With the proposed 5.7% reductions, the ending fund balance will stay around 10%. This will place the district in a strong position to achieve the structural deficit issue they face.

Rolling back wages, preserve as many jobs as possible, consider RIF's, and early retirement notification planning are on the table for discussion. Revenue options are also being discussed but may not be achievable in the next fiscal year. There is a great spirit of cooperation among the stakeholders and good questions during the meeting. There were over 250 participants in the meeting.

There was significant work done to reduce expenditures during the budget development process. As a result of this process there was \$ 4.56 million additional funds that would flow to the ending fund balance as these expenditures were in the budget but not spent.

5. ENROLLMENT MANAGEMENT

The enrollment management task forces agreed on a calendar structure that will organize all the goals; collect current events from the promise program and outreach department and created a database for data reports requested through the Enrollment Management Task Force (EMTF) cycle that will help with the 5-year tool for planning.

There have been initial discussions on the program discontinuance policy with the faculty senate president and curriculum co-chair. There should be a new policy proposal ready in September for adoption.

6. DATA INTEGRITY

The EMTF implemented the FTES/FTEF calculator that facilitates targets and FTEF allocation for the spring 2021. The first set of standard data elements are focused on course of instruction data elements what will feed many other reports requested by the task force.

7. POSITION CONTROL

There were budgeting practices that were discovered during an analysis of this process. This resulted in the creation of a shared database to track positions more readily. There were two additional administrative processes automated during this same time. The absence report used by payroll was automated using Adobe Sign functionality.

8. PROFESSIONAL DEVELOPMENT

During a special board meeting held on April 28, 2020, information on Institutional Effectiveness was provided. Topics covered the Trustees self-evaluation and effective board practices as it relates to accreditation standards. The current timeline for preparing for the 7-year visit from ACCJC was provided. The trustees also discussed using a 360-degree evaluation process that would include input from a number of groups including the community. The trustees will have further discussion on this before finalizing the document. Data on student demographics was provided during the second part of the board meeting. Enrollment management information was shared with the trustees on how classes' productivity is progressing. The current demographics of faculty; staff and administration was also discussed and questions were asked how the district could better recruit, especially for faculty positions, that better represent the student population.

Training videos are scheduled for completion this month along with the fiscal questionnaire provided to fiscal services and the internal auditor that will identify responses to the questions and determine appropriate external fiscal training.

Training has occurred in the area of requisitions, new payment requests and budget transfers. There is progress being made on the budget development manual and will be used for training.

9. BOARD

The board continues to respond in a positive manner given the current uncertainty with resources from the budget out of Sacramento. During the May 12, 2020, board meeting the trustees were presented with information on the remaining Measure M bond funds. There is about \$ 150 million remaining to be allocated. The board had a healthy discussion on this topic and requested a workshop later to consider options of where those funds would best be allocated. The area that needs to be also included in this discussion is consideration of the Total Cost of Ownership, (TCO). The TCO would include but not be limited to additional utilities; insurance; replacement; staffing for custodial and maintenance.

10. OTHER

The daily communication provided by President Kahn, to faculty; staff and students, has been very informative and in many cases uplifting. Reporting on the good works done by various members of the Palomar team and those who are going beyond the call of duty. This is excellent in keeping communications open and provides a touch of local newsworthy information.