

Fiscal Monitor Ken Stoppenbrink's Report to the Chancellor's Office Communications; Correspondence and Meetings from July 18, 2020 through August 21, 2020

1. NEGOTIATIONS:

During the August 11, 2020, Board of Trustees meeting, a FCMAT presentation was provided with an update on the status of negotiations. Successful negotiations were concluded in July with the classified staff and an agreement reached with the faculty union and unrepresented groups in August. A restructuring of health and dental benefits will go into effect with the current open enrollment process. The new plans are anticipated to result in significant savings for the District.

Additional efforts to address structural deficits will occur through continuing negotiations.

2. INTERNAL AUDIT & PROCESS EVALUATION:

The planning to implement a formal internal audit function started in the fall of 2019. Areas included performance risk assessment that set prioritization of internal audit engagements. The plan was implemented during the second half of FY 2019-20 that served primarily as an initial road map for the District's newly formalized audit function. This plan was approved during the board meeting in February 2020. Progress has been made and areas of Title IV Student Financial Aid requirements were reviewed for compliance and evaluation. This was coordinated with the enrollment services and financial aid director who performed a review of these items. The result provided goals that will determine the operational area of District staff for each item, discuss actions required to achieve and maintain compliance and provide ongoing monitoring to ensure the District remains compliant.

The District established a detailed schedule to review the board policies and procedures under chapter 6. The three subgroups will review administrative procedures; shared governance review process in the summer and an additional review process will begin in September.

3. MANAGEMENT STRUCTURE:

The review of the District's organizational structure has been ongoing. All Vice Presidents are reviewing their respective areas. Changes did occur on July 1st for the Police Department, Articulation, and Reading.

The District continues to identify realignment and redeployment of positions to ensure a clearer determination of continued remote work for the Fall 2020 semester.

4. BUDGET DEVELOPMENT:

During the State of the Budget discussion on August 4, 2020, the FY2019-20 projected actuals are showing a \$1.8 million deficit. The 2020-21 fiscal year budget is showing a \$ 2.3 million deficit. The 2020-21 fiscal year budget is likely to change but the 2019-20 fiscal year will likely not change. There will be a multi-year forecast presented during one of the next couple budget meetings. The plan will also include how to pay back the funds borrowed from the OPEB trust.

The rolling over of budgets that has been done historically was changed. All budgets are now built from the ground up. All assumptions on the budget are vetted through the budget committee semi-monthly. Multi-year projections are being used to determine how their decisions affects future years.

Program review plans will be used for the FY2021-22 that will identify resources for staffing, facilities, and support services.

I would recommend that as a part of the overall strategy to mitigate the deficit, that the district consider furloughs. One day furlough per month will generate a 5% savings against the wages/benefits. This would of course be subject to bargaining with both unions.

5. ENROLLMENT MANAGEMENT:

The enrollment management task force completed the first draft of the Strategic Enrollment Management (SEM) Plan 2020-23, an update to the 2016-19 plan with current data and a renewed action plan. The task force also devised a student-centered funding formula calculator that allows for the calculation of FTES in a variety of scenarios.

The program development revitalization, and discontinuance policy is ready to roll out to the shared governance groups.

6. DATA INTEGRITY:

The validation of the integrity of data elements was evaluated by the data integrity team that included the student-centered funding formula (SCFF). The team also created the SEM data warehouse. This work product includes views that were agreed upon in the data sets using PeopleSoft.

The first table view that will focus on course schedule data is about completed. Once completed there will be two standard reports. The first report will be used by Institutional Research and Planning and includes standard SEM elements. The second report will add FTES and FTEF elements to the report and will be used by instruction to track enrollments.

7. POSITION CONTROL:

Commitment Accounting is used to budget payroll expenses and tracks those costs in PeopleSoft Human Capital Management (HCM); and exchanges information with PeopleSoft Financials so that both systems are in sync and provides accurate budgeting information.

Work on the CA Configuration Deep Dive document is in progress so that the functionality and configurations with the two systems so that the business processes are accurate. The PeopleSoft functionalities is set to launch in June 2021. Efficiency is critical so that positions are tracked and budgeted even if vacancies are created. Being able to track positions remains a high priority. The Human Resources and Fiscal Services developed a quarterly report to summarize this data.

8. PROFESSIONAL DEVELOPMENT:

The professional development department identified specific cyclical training to help prepare all college stakeholders/decision makers to perform in a fashion that reflects the best practices. Their role is to assist aspects of training that will further the goals and even exceed the FCMAT recommendations. The work continues and will provide additional guidance when and where necessary.

Training provided to the trustees occurred on November 12, 2019 with the FCMAT report; January 28, 2020 with a FCMAT update; February 11, 2020 with the Internal Audit Plan; February 19, 2020 with the ACCJC workshop; March 10, 2020 with a FCMAT workshop and July 14, 2020 for the tentative budget.

9. BOARD:

The trustees held a study session on July 28, where discussion occurred on a new evaluation tool. There was a very healthy discussion about expectations; goals; accomplishments and room for improvement among the trustees. The trustees feel that over the years they have given up more control over policies than they are now comfortable with and will look to gain that control back.

There was also an announcement that a second trustee will be leaving the board in December. This is an important time for the District and it is imperative that a smooth transition occur when the two new trustees are sworn into office for the vacated positions.

During the August 11, 2020 board meeting the trustees were presented an update on the eight areas identified by FCMAT for improvement. Since the plan was presented in December 2019, the team at Palomar will close the FY2019-20 budget (before the \$5 million OPEB transfer) with a 70% improvement that closes the budget deficit from \$ 11.7 million down to \$ 1.8 million.

10. OTHER:

During the Campus Wide Fiscal Monitor meeting on August 1, 2020, a question was asked about the deadline for the district to become compliant with the FCMAT recommendations. My response was that I did not know of a specific deadline; however, my contract expires on June 30, 2021 and I assume that is the Chancellors Office deadline. The Chancellors Office would be in a better position to answer this question.

I reminded the group that the purpose of my role is to monitor their progress so that in the event the compliance issues with FCMAT are not met then the next step would be for a special trustee to be appointed, which is what we are attempting to avoid.

Additionally, a question was asked if I would be attending the meeting the Board of Governors meeting in November when the district would be making a presentation. I responded that at this time I was not aware of any requirement that I attend but would certainly be available if necessary.

Finally, I did share with the group that the resolution to the current situation does not rest with Sacramento but rather internally with the Administration and Staff at Palomar.