

**Fiscal Monitor Ken Stoppenbrink's Report to the Chancellor's Office  
Communications; Correspondence and Meetings from August 22, 2020 through September 16, 2020**

1. NEGOTIATIONS:

NO REPORT

2. INTERNAL AUDIT & PROCESS EVALUATION:

NO REPORT

3. MANAGEMENT STRUCTURE:

NO REPORT

4. BUDGET DEVELOPMENT:

During the August 27 budget meeting, Assistant Superintendent and Vice President of Administrative Services Ligioso provided a forecast of the budget for the fiscal years 2021 thru 2025. The deficit amounts ranged from a low of about \$700,000 and a high of about \$ 2.7 million. Additionally, in order to maintain a 7% ending fund balance or higher, as is required by the board of trustees, there would need to be additional reductions in expenses totaling \$2 million each year.

There was also discussion on what Prop 15 would do for the budget if it was passed but there was not clear information to make a determination. Two of the budget committee members will be reporting back on the potential impact of Prop 15 at the next budget committee meeting.

During the State of the Budget meeting on September 2, Dr. Kahn, Senior Director of Institutional Research and Planning, Michele Barton and VP Ligioso made presentations. Dr. Kahn provided a bit of history as to where the District came from to where they are now. Michele provided information specifically on Standard IIID of the ISER report for accreditation, which ties in objectives and evidence from the FCMAT findings. This is good to incorporate this information as it also provides the evidence necessary for the accreditation team to review when they arrive. Yulian provided a 4-year forecast of revenue and expenditures. Beginning in FY2021-22 through FY2024-25 it will be necessary to reduce expenditures by \$2 million; \$3.5 million and \$4 million, respectively in order to maintain a reserve at 7% or above. There are funds that are allocated to pay back the OPEB account from the borrowing that occurred during FY2019-20. The fund at this rate will be paid back in about 7 years. The district has done a good job of identifying expenses over the next few years and what is required in the way of reductions necessary, the reductions have not yet been identified where they will occur. All of these budget assumptions are assuming no new revenue and being held harmless from the Chancellors Office with respect to apportionment.

During the budget meeting today, September 8, a presentation was provided on how Prop. 15 would help the community colleges, as was stated, the ballot measure could bring in \$15 billion to the

State. This would potentially generate about \$5 million to Palomar. At this point great progress has been made towards reducing the deficit of the District, and while there seems to be a stall, it is clear that work must continue. Even if Prop. 15 passes this November, it is doubtful that those revenues would be realized during the 20-21 fiscal year. The final budget for the district will be presented in October and does not include any Prop. 15 relief.

#### 5. ENROLLMENT MANAGEMENT:

The final narrative of the Strategic Enrollment Management plan was set at the Enrollment Management Task Force meeting on September 11. The plan will now go through the participatory governance process, which includes the Instructional Planning Council, Student Services Planning Council, the Curriculum committee and Faculty Senate. Following this, the plan will be placed on the Strategic Planning Council agenda for action and then for approval at the Board of Trustees meeting.

The final version of Board Policy and Administrative Procedure 4021: Program Development, Revitalization, and Discontinuance, will be an information item at Instructional Planning Council, the Curriculum committee and Faculty Senate. Following this process, the item will be placed on the Policies and Procedures committee agenda for action and then for approval at the Board of Trustees meeting.

#### 6. DATA INTEGRITY:

NO REPORT

#### 7. POSITION CONTROL:

NO REPORT

#### 8. PROFESSIONAL DEVELOPMENT:

NO REPORT

#### 9. BOARD:

During the study session of the trustees held on August 25, there was a continuation of discussion and fine-tuning of the evaluation tool that the trustees will use for their self-evaluation. The process has been a good one led by Michelle Barton. The final product is not yet complete but is very close. Michelle also pointed out that the ISER report is due in one year to the ACCJC for review. Also, as a part of the overall progress for the district, the FCMAT report will be incorporated into the documents.

A presentation made by VP Yulian Ligioso for cash flow demonstrated that the initial amount required of \$ 20 million has now dropped to about \$ 5 million due to the revised Chancellor's Office deferral schedule. The District expects that in conjunction with the improved state deferral picture and careful cash management that for FY2020-21 no external borrowings are required, and thus related borrowing and issuance costs can be averted.

During the board meeting held on September 8, there was an excellent discussion on the remaining Prop M funds and how they would be allocated. The trustees will now act at the October board meeting for the document to be sent to the Chancellors Office for placement in Fusion. Prior to the board acting there were numerous members that expressed their concerns and thoughts as to which of the areas these funds should be allocated. It was obvious that everyone presenting their thoughts were passionate about how they felt.

The board had a good discussion on how to proceed with the recruitment for a permanent Superintendent/President. Discussion primarily centered around whether to contract out the services or manage the recruitment in-house.

#### 10. OTHER:

A discussion was held with President Kahn on September 1, to see if we should begin incorporating information contained in the ISER report as it relates to the FCMAT recommendations in the monthly briefings. He and his team agree and will begin that communication over the next month. This was brought up during the State of the Budget meeting on September 2 and included in the report provided by Michele Barton.