

Fiscal Monitor Ken Stoppenbrink's Report to the Chancellor's Office
Communications, Correspondence, and Meetings
April 21, 2021 through May 20, 2021

1. NEGOTIATIONS

NO ACTIVITY

2. INTERNAL AUDIT & PROCESS EVALUATION

NO ACTIVITY

3. MANAGEMENT STRUCTURE

NO ACTIVITY

4. BUDGET DEVELOPMENT

During the Budget Committee meeting on April 27, 2021, Assistant Superintendent/Vice President of Student Services, Dr. Vikash Lakhani provided a draft overview of the growth forecast and how it impacts the three areas of funding under the Student-Centered Funding Formula (SCFF).

Given that the hold-harmless funding will be gone by the 2024-2025 fiscal year, the funding for the three categories of FTES; the draft plan factors in Supplemental and Success/Equity growing by 4% and 7 % respectively. Success/Equity growth will be increased by the FTES and Supplemental growth. The funding allocated is 70% FTES; 20% Supplemental and 10% Success/Equity.

If the FTES falls short of the 4% then there will be a negative impact on the revenue as the hold-harmless will not be there to backfill those funds.

At the budget meeting held on May 11, 2021, Assistant Superintendent/Vice President of Administrative Services Ambur Borth provided an updated report on the budget. The budget revenue for growth is showing a higher amount than previously projected. The growth amounts are 4.6%; 4;7%; 4.8%; and 4.9% thru the fiscal year 2024-25. COLA for the same period of time is budgeted at 1.7%; 1.28%; 1.61% and 1.9% respectively. Projected revenue is \$ 143 million for the 24-25 FY and \$ 148 million in expenses with a deficit in the amount of \$ 4.9 million. The budget calendar for the committee and state of the budget meetings were reviewed.

5. ENROLLMENT MANAGEMENT

At the special Governing Board meeting held on May 18, 2021, Assistant Superintendent/Vice President Shayla Sivert and Assistant Superintendent/Vice President Dr. Vikash Lakhani, presented progress updates on strategic enrollment management and student retention and completion. The presentation focused on a

number of key areas, including implementation of statewide initiatives, changes to the way courses are scheduled, and a redesign of the application, enrollment, and communication processes.

Since the implementation of AB 705, student success rates for both English and Math have almost doubled. English completions have gone from 22% to 40%, while Math completions have increased from 12% to 19% during the past 5 years.

Palomar has led the state in addressing Credit for Prior Learning with the team presenting the Palomar College model at various functions throughout the state.

The College has made considerable progress with dual enrollment and middle college expansion with the recent development and implementation of two middle college partnerships and discussions for a third possible partnership underway.

Class offerings have also been modified to include areas beyond the 16-week traditional delivery to 8-week and 4-week options, and increased sessions for remote learners. Approaches to improve distance education includes Hy-Flex training (with an anticipated impact on access) and local review of online courses to improve delivery of online classes to students.

As the College seeks to enhance retention and completion, the importance of communicating more effectively and reaching out to students can't be overstated. To that end, the College has recently implemented Admit HUB, a chatbot system that directs students to answers for their questions. The College has also implemented phone campaigns to check in on students and connect them to helpful resources. Further, the College is examining the application and enrollment processes as well as working toward a redesign of that system.

6. DATA INTEGRITY

At the request of the College's internal auditor, Institutional Research and Planning (IR&P) developed a data extract to provide support for internal and external auditors testing the supplemental and student outcomes in the Student-Centered Funding Formula. The extract includes student level data and outcomes derived from the College's MIS files submitted to the Chancellor. It can be used to select test cases for audits as well as confirm accuracy of data submissions. It is an extension of the validation work completed by IR&P over the past two years.

7. POSITION CONTROL

NO ACTIVITY

8. PROFESSIONAL DEVELOPMENT

NO ACTIVITY

9. BOARD

The trustees held their regular board meeting on May 4, 2021. There was a presentation and discussion on the sale of two Educational Broadband Service (EBS) licenses. The value of these leases are about \$ 11.1 million. Palomar has received about \$3.8 million since the leases were acquired, and these funds are placed into a restricted account to provide for the operation of the College's Educational Television Department (ETV). The income annually runs about \$363,000 and expenses for the department runs about \$350,000. The District was contacted by a company interested in purchasing these leases and has stated an offer of \$11.1 million. The current contract with T-Mobile requires that they have the first right of refusal if the District should choose to sell the leases. If the sale occurs, then the proceeds will be invested with the Palomar College Foundation and generate between 4% to 5% annually on those investments. If T-Mobile does purchase the leases then the company making the offer would be entitled to a 10% finder's fee or about \$ 1.1 million. The Board directed staff to continue to explore this option and bring back an update at the next board meeting.

The Board requested monthly updates regarding the tracking of current year expenditures in relationship to estimated budget. The report presented showed current reserve estimates to be about 23% after taking into consideration an anticipated revenue loss of \$2.7 million (due to the deficit factor) and an estimated expenditure reduction of \$4 million.

Self-evaluation tools and calendar for said evaluations were approved the trustees.

There was a first reading of the code of ethics and capital construction policies.

When the budget comparisons to actuals for the remaining fiscal year were shown, the expenditures were exceeding the revenues; however, not all of the revenues have been received from property taxes and state apportionment. Cash flow is currently ok and when revenues come in, the ending balance as budgeted will align.

The trustees held a special meeting on May 18, 2021. During this meeting, the trustees received an update on the Enrollment Management Project, which is detailed further in item number 5 above.

10. OTHER

NEW FCMAT RECOMMENDATIONS:

- 1. ESTABLISH A THREE-YEAR GOAL TO REDUCE TOTAL COMPENSATION TO LESS THAN 85% OF REVENUES.**
NO ACTIVITY

- 2. ESTABLISH AND REVIEW ANNUAL REPORT DESCRIBING DISTRICTS FISCAL RESILIENCE.**
NO ACTIVITY
- 3. MAINTAIN FULL-TIME FACULTY OBLIGATION TO NO MORE THAN 2% ABOVE PUBLISHED MINIMUM BY THE CCCCCO.**
NO ACTIVITY
- 4. ESTABLISH THREE-YEAR GOAL TO ACHIEVE CLASSROOM EFFICIENCY STANDARD FOR CONDENSED CALENDAR.**
NO ACTIVITY
- 5. ESTABLISH PROCESS TO PERFORM A FIVE-YEAR TREND ANALYSIS COMPARING ONGOING REVENUE, CLASSROOM EFFICIENCY, F.T.E, AND COMPENSATION YEAR TO YEAR.**
NO ACTIVITY
- 6. REVIEW ANNUAL LIST OF INSTITUTIONAL PRIORITIES THAT BRING CREDIBILITY AND TRANSPARENCY TO BUDGET DEVELOPMENT.**
NO ACTIVITY
- 7. DEVELOP REALISTIC REVENUE AND EXPENDITURE ASSUMPTIONS THAT AREN'T RELIED UPON FROM FUNDING OF PROPOSED CENTERS.**
NO ACTIVITY