

**Fiscal Monitor Ken Stoppenbrink's Report to the Chancellor's Office**  
**Communications, Correspondence, and Meetings**  
**May 21, 2021 through June 12, 2021**

**1. NEGOTIATIONS**

Negotiations with the bargaining units have been accelerated and include a myriad of topics. Furthermore, Assistant Superintendent/Vice President of Finance and Administration, Ambur Borth has been fully integrated into negotiations to ensure that there is shared information between Human Resources and the Finance and Administration Divisions. Regular negotiation debriefing time has been built into the calendars to ensure appropriate research and collaboration has occurred, between District stakeholders, before presenting to unions.

**COVID-19 Negotiations**

The District has successfully negotiated several MOUs related to COVID-19. The first most notable MOU is a reimbursement MOU wherein employees may submit proof of purchase of some essential equipment for reimbursement. Funding will come through HEERF II funding. Reimbursement will also include covering part of an employee's internet/WiFi service, a requirement under employment law. The District currently has an MOU with Council of Classified Employees (CCE) and an Agreement with Confidential and Supervisory Team (CAST) and the Administrative Association (AA); negotiations continue with Palomar Faculty Federation (PFF) on this topic.

Additionally, the District has successfully negotiated an MOU with PFF to cover the professional development and online ADA accessibility of online classes. This MOU is critical to ensure classes remain compliant with current ADA regulations. Again, funding through HEERF II will be reviewed as a possible funding source.

The next major negotiated item regarding COVID-19 is the requirement for mandated vaccines and any working conditions related to the District's repopulation plan (e.g. mask requirements, social distancing requirements, and so forth). CCE and PFF are currently negotiating at a "shared" table. The District's approach regarding vaccinations has been reviewed and approved by two different law firms. As such, the District is confident in the legality of the approach and it is consistent with what other colleges are doing across the country.

**Position Control**

Positive advancements have been made in regards to developing position control and, therefore the development of a more concise process for recruiting positions. When classified positions are recruited, an analysis of the position must occur. CCE and the District have agreed to a much more expedited approach to position review. This will help the institution change position descriptions and recruit for positions of serious need without substantial delay. These delays are costly in terms of continued unaddressed inefficiencies. This is a significant positive advancement for both the District and CCE.

**Re-Organization**

The District has reached out to School Services and the Resource Strategy Group for re-organizational consulting services. When the District hears back from both agencies, the plans will be reviewed and discussed with CCE for feedback. Re-organization is a high-priority issue for the District but something that must be done in partnership with different stakeholders, including union partners. After the discussions with CCE occur the District will move forward with one of the consulting firms for a staffing ratio analysis, organizational structure analysis, or both.

### **Class Caps**

Negotiations over class caps will start over the summer. PFF has a special Class Caps negotiation team for this particular negotiated item. The District will be reviewing a systematic and calculated way to address class caps and not addressing each individual class as a one-off. The District recognizes that there are financial implications to lowering class caps and any adjustments must be well-reasoned using similar calculations to ensure equity in approach and consistency in analysis.

## **2. INTERNAL AUDIT & PROCESS EVALUATION**

During the Board Meeting held on June 1, 2021, Internal Auditor Robert Threat, provided a presentation on the proposed Internal Audit Program and Reporting Structure. During the presentation Mr. Threat highlighted steps taken in 2019-20 to strengthen the Internal Auditor's independence through the reporting structure (1) dotted line reporting to the Superintendent/President and (2) Quarterly updates to the Superintendent/President and Executive Cabinet. Additional recommendations to be implemented during 2020-21 and 2021-22 include (1) meeting between Internal auditor and board ad-hoc committee once per semester (with or without the presence of the Superintendent/President or Assistant Superintendent/Vice President of Finance and Administration) to provide updates on internal audit engagements and; (2) meet annually with the Governing Board in open session to present results of prior year's Internal Audit Plan; (3) meet annually with the Governing Board (in a separate open session) to present the annual Internal Audit plan for the upcoming year; (4) meet once per semester with Executive Cabinet.

## **3. MANAGEMENT STRUCTURE**

NO ACTIVITY

## **4. BUDGET DEVELOPMENT**

During the Budget Committee Meeting held on May 25, 2021; Assistant Superintendent/Vice President of Finance and Administration Ambur Borth provided an update on the budget based on the May revise published by the Governor. The committee also approved the minutes from April 13, April 27, and May 11, 2021.

Currently, the State is running a projected surplus of about \$75 billion in addition to the \$25 billion from the Federal Government for a total of over \$100 billion. There were adjustments to the COLA from the 2020-21 and 2021-22 fiscal years to bring the COLA up to 4.05% for the Student Centered Funding Formula. Growth has been budgeted at the State for 0.50%. There will no longer be deferrals for the apportionment. It has been over 10 years since there was funding for Deferred Maintenance and with the 2021-22 budget there is an allocation of \$ 314 million in addition to \$250 million one-time funds.

Included in the budget is \$100 million for a zero-textbook cost initiative.

It is not yet determined how much the District will receive from these funds as the exhibits have not been released for the District to include their specific numbers in the budget calculations.

The district, however, continues to project deficit spending in the multi-year projections. While current year reserves remain above the board required 7%, the structural deficit could become problematic moving forward if actions are not taken in the near future to address the deficit.

## **5. ENROLLMENT MANAGEMENT**

NO ACTIVITY

## **6. DATA INTEGRITY**

At the request of the District'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:**

Staff have created an internal document that delineates each vacant position, the estimated cost for the position, and other pertinent information. The Position Inventory Review process was initiated and the first round was completed June 8. This process incorporated position requests made through the Program Review and Planning process and then each division rank ordered the position based on need. Both finance and administration and human resource services were involved in the process indicating the financing and status of each position. As positions are approved to fill or remove, the information is recorded on the spreadsheet and communication is shared with appropriate staff. Following this, the Position Authorization Request is processed by Human Resources for recruitment or deactivation of the position. This process will be reviewed weekly, with fiscal and human resource services updating status information prior to review by the executive cabinet.

The next step will be for staff to continue working with third party consultants to merge the human resources and fiscal databases in PeopleSoft. This work is referred to as Commitment Accounting II since the first phase (Commitment Accounting) will go live on July 1, 2021. In this second phase, staff will strive to develop and institute business practices that will align with the PeopleSoft system, to result in the use of the filled position information from the human resources database to project, and encumber employee salary and benefit costs in the financial database.

## **8. PROFESSIONAL DEVELOPMENT:**

Palomar College will hold its bi-annual fall Plenary 2-day that will feature various instructional and institutional trainings. This year's Plenary will also include the newly installed permanent Superintendent/President for the College and an introduction to the District's community. A continued call to pursue the various objectives of the FCMAT process will be reaffirmed to support the importance of fiscal solvency for Palomar.

Two major discussions that will be touched upon in the all-campus meetings will be the advancement of the intitutional plans, which will include a focus on the Education Master Plan and Accreditation, both of which are slated for review in the upcoming 2021-22 Academic Year.

Additionally, the College will also continue its DEI (Diversity, Equity, and Inclusion) efforts in the second general session of the Plenary event (Friday, August 20). This will include an emphasis on work that expands beyond traditional DEI approaches and works to further distill the Anti-Racism Framework into the cultural and community DNA of Palomar, at all levels.

## **9. BOARD:**

During the regular Board Meeting held on June 1, 2021 an update on the progress of the DEI initiative was presented. The District is making great strides in this area, and continues to look at ways and opportunities to be more inclusive.

The internal audit program structure was presented that complies with FCMAT recommendation number two that was presented to the District in January 2021. This process allows independent oversight that does not have any direct influence from the CEO that otherwise would influence any decision making. The internal auditor has a dotted line to the president and provides reports to the Superintendent/President and executive cabinet to keep them apprised on all fiscal areas. The internal auditor will meet with the ad-hoc board committee, and annually with the governing board to report on all activities. A request for a separate department and budget was recommended so that the budget does not fall under the fiscal services department.

The May revise impact to the budget was presented to the trustees, which was the same information provided to the budget committee on May 25, 2021. Detail of that information is located above in item #4. Expenses still exceed revenue going out to the 2024-25 fiscal year.

A presentation for the phase one football and softball fields was provided with some conceptual visual aids for the Governing Board's information.

## **10. OTHER:**

The district has been making great strides towards their integrated planning process. The integrated planning and resource allocation model has been revised and clearly links planning to resource allocation decisions. The program review process, (PRP), was improved for both instructional and non-instructional areas. Training on how to use the new PRP forms so that the budget development and resources allocation can be done in an enlightened manner. All divisions, (Instruction, Student Services, Human Resources Services, Finance and Administrative Services, and Presidents office), were required to prioritize their requests so that budget decisions could be made in an orderly fashion. Going forward this summer will include the one-time purchase requests; technology and facilities requests; budget adjustments to reflect approved requests; research larger institutional projects and work to improve this process for the next year to become more efficient.

## **NEW FCMAT RECOMMENDATIONS**

### **1. ESTABLISH A THREE-YEAR GOAL TO REDUCE TOTAL COMPENSATION TO LESS THAN 85% OF REVENUES**

This will be proposed during budget workshops this summer to set specific benchmarks.

### **2. ESTABLISH AND REVIEW ANNUAL REPORT DESCRIBING DISTRICTS FISCAL RESILIENCE**

This will be incorporated into the Unaudited Actuals and review of our annual expense in September.

### **3. MAINTAIN FULL-TIME FACULTY OBLIGATION TO NO MORE THAN 2% ABOVE PUBLISHED MINIMUM BY THE CCCC**

The District will continue to maintain this proportion.

### **4. ESTABLISH THREE-YEAR GOAL TO ACHIEVE CLASSROOM EFFICIENCY STANDARD FOR CONDENSED CALENDAR**

This will be proposed during budget workshops this summer to set specific benchmarks.

**5. ESTABLISH PROCESS TO PERFORM A FIVE-YEAR TREND ANALYSIS COMPARING ONGOING REVENUE, CLASSROOM EFFICIENCY, F.T.E, AND COMPENSATION YEAR TO YEAR**

This will be developed this summer.

**6. REVIEW ANNUAL LIST OF INSTITUTIONAL PRIORITIES THAT BRING CREDIBILITY AND TRANSPARENCY TO BUDGET DEVELOPMENT**

This will be proposed during budget workshops this summer to set specific benchmarks.

**7. DEVELOP REALISTIC REVENUE AND EXPENDITURE ASSUMPTIONS THAT AREN'T RELIED UPON FROM FUNDING OF PROPOSED CENTERS**

The funding from the proposed centers has been removed from the Multi-year projections.