

**Fiscal Monitor Ken Stoppenbrink's Report to the Chancellor's Office  
Communications, Correspondence, and Meetings  
August 2, 2021 through August 30, 2021**

**NOVEMBER 2019 FCMAT RECOMMENDATIONS**

**1. NEGOTIATIONS**

Negotiations have been active with a significant focus on COVID-19 related items such as vaccinations, testing, and reimbursement for work-related expenses. Regarding expenses, the District continues to leverage HEERF II funding, where possible, to address employee needs without impacting the budget.

COLA MOUs were also negotiated with all employee groups. Per the May revision of the California State Budget, a 5.07% COLA increase was approved by the Governing Board.

Benefits are actively being negotiated with Palomar Faculty Federation.

**2. INTERNAL AUDIT & PROCESS EVALUATION**

No Activity

**3. MANAGEMENT STRUCTURE**

No Activity

**4. BUDGET DEVELOPMENT**

The Governing Board ad-hoc budget committee met on July 27 and August 10, 2021, and the budget committee met on August 11, 2021, to prepare for and provide input on the information being developed for the Budget Workshop held during Governing Board's special meeting on August 17, 2021. The Workshop included a review of the student-centered funding formula (SCFF), enrollment projections, Fiscal Year 2021/22 budget assumptions, budget and multi-year projections, historical budget variance, and budget monitoring, as well as, a review of the District's Faculty Obligation Number (FON) calculation. The revenue projections highlighted the hold harmless funding (ranging from \$3-11 million dollars over the multi-year projections), compared to the earned funding based on the set of assumptions provided. The primary concern within the budget, separate from revenue, is the amount of funds being spent on wages and benefits in relation to the overall expenses. In the multi-year projections, the District does not reflect the FCMAT recommendation of a rate at 85% of expenses related to wages and benefits to overall expenditures. Rather, the District is projecting 88.89% of expenses related to wages and benefits in 2020/21 and 87.70% of expenses related to wages and benefits in 2024/25, which is not sustainable as evidenced by the structural deficit which appears in 2022/23, despite the hold harmless funding. Deficit spending will be a major problem over the next few fiscal years and the District needs to focus on reducing expenditures, as the prognoses for additional revenue is limited.

## **5. ENROLLMENT MANAGEMENT**

The SCFF calculator was adjusted to include the new year of hold harmless and COLA. Institutional Research & Planning is currently updating the simplified calculator which includes the District's goals for the funding categories under the SCFF. Student Services has developed a Division Strategic Plan and is reviewing and updating the SEM action plan through dedicated work sessions.

### **Enrollment Services**

The "Drop for Non-payment" was delayed from August 4 to August 16 to allow Financial Aid to run Satisfactory Academic Progress (SAP) reports and to grant as many CCPG awards as possible. Ultimately, no students were dropped for non-payment, resulting in 1700 students maintaining their enrollment.

Live ServiceNOW zoom sessions were launched. Staff remain available to students on a drop-in basis for any questions they may have between the hours of 9:00 a.m. to 6:00 p.m.

### **Promise Program**

Due to the COVID-19 pandemic we opted to waive the petition requirement for all Promise students who did not meet the Promise academic standards in 2020-2021. Students were only required to enroll in at least 12 units (or units approved by Disability Resource Center, and renew their FAFSA/CADA to be confirmed for Year 2 Promise.

In addition, the deadline for Promise to pay for classes added after census date was removed, giving students (who are not CCPG eligible) an opportunity to enroll in late-start classes after the census date without having to worry about paying out of pocket for these courses. Two additional Promise Program deadlines were extended. These include the deadline for Promise students to utilize their Promise book/supply credit via the bookstore and the deadline for both Promise applicants and Promise second year students to meet eligibility.

### **Student Success/Counseling**

The department developed and implemented an enrollment texting and call campaign to promote open registration. The messaging included mention of how to apply for FAFSA/CADA if no application was on file. The call campaign was centered on students who indicated they had plans to enroll but had not yet enrolled. The campaign was supported by weekly enrollment analysis and reports to the administration of the College.

The North County Education Opportunity Center (NCEOC) designed an onsite enrollment event. The event was supported with a direct mail campaign which was designed and launched by the marketing and communications department. In addition to the direct mail efforts, additional text messages to students was implemented.

In an effort to retain students enrolled in cancelled classes, a text and email campaign was launched to provide students with additional support and to offer alternate class selection counseling webinars.

As the second surge of COVID-19 began to impact the start of the fall semester, the Student Success and Counseling teams, in collaboration with instruction, launched a text and email campaign notifying students of courses that were moving to an online or hybrid delivery instead

of face-to-face. Follow-up support was also provided by email to students who responded needing additional assistance.

#### **Financial Aid**

To contribute to the retention of students, the financial aid office opened an emergency grant application to provide students with funding for books and other expense. On August 27, 2021, 3,000 checks were issued to students. In alignment with this effort, a bookstore credit program was launched, with 2,500 students receiving a credit within two weeks of the fall semester start.

### **6. DATA INTEGRITY**

The Data Validation Task Force continues to meet. The Task Force reviewed and completed the Spring MIS data submission and identified follow up initiatives. Institutional Research and Planning (IR&P) updated the Strategic Enrollment Management and daily dashboards to reflect the new asynchronous noncredit distance education apportionment calculations.

### **7. POSITION CONTROL**

The Executive Cabinet continues to review each vacant and/or proposed position prior to recruitment. The College has established a quarterly review of all vacant positions. Assistant Superintendent/Vice President Borth is working to solicit quotes for the Commitment Accounting II initiative, which will enable the District to budget based on positions active in the human resources database.

### **8. PROFESSIONAL DEVELOPMENT**

During a special Governing Board meeting on July 20, 2021, the goals of the Board were reviewed in a year-end report. In addition, the self-evaluation of the Governing Board was discussed and feedback provided. Additional discussion on the DEI (Diversity, Equity and Inclusion), was identified as an area to continue progress. Discussion on the 2020-21 Board self-evaluation also included leadership feedback.

The Board continued to identify and construct the goals and tasks necessary for the 2021-22 fiscal year report. There was a review of the recommendations provided by the CCLC for self-evaluation of Governing Boards. Included were areas that needed improvement and areas that were working well, and how the Board needs to focus on working as a unit not as individuals. As pointed out in the CCLC recommendations was the reminder that the Board needs to set policies for the administrative team to follow. Looking at the areas from the previous report and moving them forward to the next years report provides a snapshot for the Board to reflect on as to their progress. This process will never end but will serve to enhance the overall effectiveness of the trustees, and how they work with administration and the community.

### **9. BOARD**

The board hired Dr. Star Rivera-Lacey as the new Superintendent/President. Dr. Jack Kahn is returning to his previous position as Assistant Superintendent/Vice President of Instruction. Dr. Star Rivera-Lacey, assumed the position July 26, 2021.

The Governing Board held their regular meeting on August 3, 2021, and covered a variety of areas. Per the standard agenda, they called for public comments. Concern was expressed by Palomar Faculty

Federation about health insurance benefits for part-time faculty and hoped that with the new funding there would be funds available in the budget to increase the District's contributions. Concern was also expressed about the District's policy on anti-racism as the comments appear to indicate that the policies encouraged those who did not agree with the policies would be subject to potential harassment, which defeats the purpose of having an open discussion when there are differing points of view.

The trustees approved the MOUs that had been reached with the PFF, Administration, Confidential and Supervisory constituency groups. The MOUs included a COLA of 5.07%.

All of the College constituency groups provided reports from their respective areas. Trustee Olson announced that he would be stepping down from his elected position effective September 10, 2021 due to changes in his life that would take him out of the District area that he represents.

Assistant Superintendent/Vice President Ambur Borth provided some background regarding the refinancing of one of the Prop M general obligation bonds and the savings to taxpayers of an amount in excess of \$6 million, due to the decline in interest rates. This is about a 4% savings to the taxpayer's property tax bill.

All the Assistant Superintendent/Vice Presidents provided reports. Dr. Rivera-Lacey provided her first report to the Board since taking her new position as Superintendent/President.

The Board approved a resolution that would require all Palomar College student athletes to obtain a COVID-19 vaccination.

The Board also approved a resolution that would prohibit travel to states that were identified in state Assembly Bill 1887.

There was a call for a special Board meeting to be held on August 17, 2021, for the purpose of provided a deep dive into the Community College System and how it affects Palomar College.

The Board requested that an update on facilities and the CARES Act be provided at the next board meeting.

There were no announcements out of closed session nor any need to go back into closed session.

The Board held a special meeting on August 17, 2021 that was focused on taking a deep dive into the budget. Assistant Superintendent/Vice President Borth provided information that covered a variety of areas. The Trustees also approved a resolution to proceed with filling the Board seat vacancy created by the resignation of Trustee Olson. The board will go through the process of appointing a citizen to finish the term vacated by Olson.

During the budget overview, Assistant Superintendent/Vice President Borth provided an update on the SCFF Enrollment. Discussion on the base allocation and the credit/non-credit rates. The District is currently funded with a hold harmless amount of \$3.4 million plus stability of \$1.2 million for a total of about \$4.6 million that would not normally be received. The hold harmless expires in two more fiscal years, at which point the District will need to ensure enrollment is high enough to offset this loss in revenue. There is a deficit reduction of .60%, which is a \$698,577 reduction from the budget. The total revenue net the deficit is about \$114 million for the District.

Discussion on the basic aid showed that the District is about 32% short of becoming a basic aid District for funding that would come from property taxes. The assumptions in the budget going forward assumes property taxes will increase about 3.3% each year which would mean that basic aid would not be achieved until ten years down the road. Growth projections for FTES ranged from 4.82% to 5.14% growth over the next 4 years. Assumptions for the FY2021-22 is 4.83% growth and property tax growth of 3.36%.

The PERS/STRS rates are the biggest areas of cost as the rates are 22.92% and 16.92% respectively. Benefits are up \$10 million and wages are up \$15 million in the FY2024-25. Total expenses are up \$6 million thru FY2024-25.

The District is running a deficit forecast of \$2.9 million; \$4.6 million and \$5.2 million between fiscal years 2022-25. While the ending fund balance is above the 7% reserve requirement required by the Trustees, each year with the deficit, those reserves are being depleted, dropping down from 22% to 11% by the FY2024-25.

Discussion on the FON provided insight for the opportunity to receive \$1.5 million from the State Chancellor's Office, but this must be used to hire 17 new faculty position, which only covers the cost of about 12 positions for the District. The balance would need to come from the general fund. The cost benefit is well worth accepting those funds as without those funds the District would need to hire an additional 10 positions by fall 2022 in order to meet the FON. Current FON base is 290 and the fall requirement of 2022 is 282 and the 17 FON from the \$1.5 million would need to be added to this minimum.

## **10. OTHER**

This month had much more activity than the previous month as the preparation for the fall term was ramped up and activity occurred in all areas, especially the budget which provided much needed information. I had the opportunity to have a Zoom meeting with the new Superintendent/President, Dr. Star Rivera-Lacey, which proved to be very helpful for both us. Looking forward to working with the new president and her administrative team.

## **JANUARY 2021 FCMAT RECOMMENDATIONS**

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

Currently the wages and benefits compared to the total expenditures is 88.89%. This critical path issue needs to be addressed by the administrative team and the unions at the District. Assistant Superintendent/Vice President Borth will work with the budget sub-committee this fiscal year to develop a benchmark for Board approval.

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

Topic was discussed during the Board ad hoc budget committee and at the budget committee.

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

This was discussed during the board meeting on August 17, 2021.

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

This topic was discussed during the Board ad-hoc budget committee.

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

The multi-year forecast for enrollment was covered in the presentation on August 17, 2021.

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

The budget meetings as well as the state of the budget meetings provide a level of transparency not previously available in the past.

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

The budget presented to the board did not include any funding from proposed centers.