



STRATEGIC PLANNING COUNCIL AGENDA

Date: September 4, 2012
Starting Time: 2:00 p.m.
Ending Time: 3:45 p.m.
Place: **AA-140**

CHAIR: Deegan

MEMBERS: Barton, Cerda, Claypool, Cuaron, Davis, Farmer, Halttunen, Holmes, Larson, Laughlin, Lienhart, Maunu, Moore, Navarro, Owens, Perez, Stewart, Talmo, Titus, Tortarolo, Vernoy, Wick

RECORDER: Ashour

	Attachments	Time
A. <u>MINUTES</u>		5 min
1. Approve Minutes of May 15, 2012		
2. Approve Minutes of August 15, 2012		
B. <u>ACTION ITEMS/FIRST READING</u>		10 min
1. Policies and Procedures Task Force Structure	Exhibit B1	
C. <u>ACCREDITATION RECOMMENDATIONS AND PROGRESS</u>		5 min
1. Accrediting Commission Actions and Policy Updates	Exhibit C1	
2. Accreditation Update		
D. <u>INTEGRATED PLANNING MODEL</u>		15 min
1. SPC Timeline Check-In		
2. Strategic Plan 2013 Action Plan Year 3 Update		
E. <u>INFORMATION/DISCUSSION</u>		30 min
1. Student Success Task Force Recommendations		
2. Budget Update	Exhibit E2	
F. <u>REPORTS OF PLANNING COUNCILS</u>		10 min.
1. Finance & Administrative Services Planning Council – Ron Perez		
2. Human Resource Services Planning Council – John Tortarolo		
3. Instructional Planning Council – Berta Cuaron		
4. Student Services Planning Council – Mark Vernoy		
G. <u>REPORT FROM PC3H COMMITTEE</u>		5 min
H. <u>OTHER ITEMS</u>		



**STRATEGIC PLANNING COUNCIL
MEETING MINUTES
September 4, 2012**

A regular meeting of the Palomar College Strategic Planning Council scheduled September 4, 2012, was held in AA-140. President Robert Deegan called the meeting to order at 2:00 p.m.

ROLL CALL

Present: Michelle Barton, Phil Cerda, Berta Cuaron, Kathy Davis, Robert Deegan, Johnathan Farmer, Lynda Halttunen, Greg Larson, Teresa Laughlin, Shannon Lienhart, Leanne Maunu, Christina Moore, Zeb Navarro, Wilma Owens, Ron Perez, Kate Stewart, John Tortarolo, Mark Vernoy, Chris Wick
Absent: Debbi Claypool, Rich Talmo, Sherry Titus
Recorder: Cheryl Ashour
Guests: Joan Decker, Brent Gowen

A. MINUTES

1. Approve Minutes of May 15, 2012

MSC (Halttunen/Barton) to approve the Minutes of May 15, 2012 as presented.

2. Approve Minutes of August 15, 2012

MSC (Halttunen/Tortarolo) to approve the Minutes of August 15, 2012 as presented.

B. ACTION ITEMS/FIRST READING

1. Policies and Procedures Task Force Structure

President Deegan discussed the changes to the Policies and Procedures Task Force Governance Structure. **(Exhibit B1)** The task force was changed to a committee, and the role and membership was revised. After discussion, minor revisions were made. This item will return for action/second reading at the next SPC meeting.

C. ACCREDITATION RECOMMENDATIONS AND PROGRESS

1. Accreditation Commission Actions and Policy Updates

Berta Cuaron distributed a letter describing changes to Standard III, annual financial report monitoring, along with the original and revised versions of Standard III.D-Financial Resources. **(Exhibit C1)** The Commission decided to enhance its process for monitoring the financial condition and stability of ACCJC-accredited institutions.

2. Accreditation Update

No updates reported.

D. INTEGRATED PLANNING MODEL

1. SPC Timeline Check-In

Michelle Barton discussed the tasks through the fiscal year.

2. Strategic Plan 2013 Action Plan Year 3 Update

Michelle Barton stated that the persons responsible for the objectives in Action Plan Year 3 were asked to submit the project steps, timeline, and objective measurable outcomes for their objective(s) by September 14. The information will be reviewed at the next SPC meeting.

E. INFORMATION/DISCUSSION

1. Student Success Task Force (SSTF) Recommendations

Greg Larson reported that a faculty advisory committee has been established and a call for membership has gone out.

Lynda Halttunen reported that a webinar is scheduled for October 3 to discuss the transition of the present day Matriculation program to the new Student Success and Support Program if SB1456 is signed into law.

2. Budget Update

Ron Perez gave a PowerPoint presentation on the budget. He discussed the adopted versus actual expenditures for the 2011-2012 Budget Fund 11 and the reason for the difference in the final ending fund balance; Propositions 30 and 38; 2012-13 FTES and Apportionment based on the 2011-12 P2 Report; Apportionment and FTES; and a Multi-Year Budget Projection from 2011-12 through 2013-14. **(Exhibit E2)**

F. REPORTS OF PLANNING COUNCILS

1. Finance and Administrative Services Planning Council – no report

2. Human Resource Services Planning Council – no report

3. Instructional Planning Council

Berta Cuaron reported that IPC met last week and plans to meet weekly through September. IPC is developing guiding principles for scheduling.

4. Student Services Planning Council – no report

G. REPORT FROM PC3H COMMITTEE

Lynda Halttunen read the following report on behalf of Sherry Titus: "The PC Pride Center is open from noon to 5:00 p.m. Tuesday through Thursday. We are still trying to find someone to staff the center on Mondays. The next event will be Pride at the Beach, Saturday, October 13. Both the center and the LGBTQ&A will represent Palomar College."

H. OTHER

Berta Cuaron encouraged members to visit the Arboretum and the remodeled Math Learning Center.

I. ADJOURNMENT

There being no further business, the meeting was adjourned at 2:45 p.m.



GOVERNANCE STRUCTURE GROUP REQUEST

Request submitted by Robert Bob Deegan						Date 5/02/06 9/4/2012		
Proposed Name of Requested Group District Polices and Procedures Review Committee								
	Council	X	Committee		Subcommittee	X	Task Force	
Action Requested:				Add		Delete	X	Change
Role, Products, Reporting Relationships: <p>Role: Working in consultation with a representative from CCLC, the task force will thoroughly review and recommend updates on Board policies to comply with legislative changes and to reflect appropriate and current language. Upon Board approval of policy updates, appropriate planning councils and/or committees will update procedures or develop new procedures to support the updated policies. The Task Force reviews and recommends approval of proposed changes and updates to Governing Board Policies and Administrative Procedures. These proposed changes and updates are submitted to the Task Force through periodic legal updates received from the Community College League of California ("CCLC") and proposed changes recommended by appropriate planning councils and/or committees. After review, the proposed policy updates and related administrative procedures are submitted to Stragic Planning Council ("SPC").</p> <p>Products</p> <ul style="list-style-type: none"> Updated District Board Policies and Administrative Procedures <p>Reporting Relationship Strategic Planning Council Superintendent/President</p>								
Meeting Schedule: Fridays (time to be determined)								
Chair: Superintendent/President								
Members: (14) <ul style="list-style-type: none"> Two (2 1) Governing Board members Two (2) Faculty Senate representatives (appointed by Faculty Senate) One (1) Faculty PFF representative (appointed by PFF) One (1) Classified Unit Employee CCE/AFT representative (appointed by CCE/AFT) One (1) Administrative Association AA representative (appointed by AA) One (1) Confidential and Supervisory Team CAST representative (appointed by CAST) One (1) Student ASO representative (appointed by ASG ASO) Vice President for Instruction Vice President for Student Services Vice President of Finance and Administrative Services Vice President of Human Resource Services Director of Institutional Research and Planning Co-Chair, Institutional Review Executive Assistant to the President/Governing Board 								

Reviewed by Strategic Planning Council: 5/02/06 First Reading 4/18/06, 5/02/06 Approved 4/18/06. Revised:

Policies Procedures Task Force

PROPOSED MEETING DATES 2012/13

First Friday of the month (except last meeting)

October 5th

November 2nd

December 7th

January 4th

February 1st

March 1st

April 5th

April 26th (*4th Friday, last meeting of the fiscal year*)

Meetings are held from 9:00-11:30 A.M. in room AA-140

Members	Group	Extension	Email
Robert Deegan	President, Chair	2106	rdeegan@palomar.edu
Darrell McMullen	Board Member	2104	dnmcmullen1@gmail.com
Greg Larson	Faculty Senate	2536	glarson@palomar.edu
?	Faculty Senate		
Shannon Lienhart	PFF	2652	slienhart@palomar.edu
Debbi Claypool (Kathy Davis)	CCE (alternate)	2140	dclaypool@palomar.edu
Kelley Hudson MacIsaac	AA	2772	kmacisaac@palomar.edu
Lisa Hornsby	CAST	2201	lhornsby@palomar.edu
Johnathan Farmer	ASG	3766	jfarmer@palomar.edu
Berta Cuaron	VP Instruction	2212	bcuaron@palomar.edu
Mark Vernoy	VP Student Services	2158	mvernoy@palomar.edu
Ron Perez (Susan Coleman)	VP Finance & Admin Svcs. (alternate)	2109	rperez@palomar.edu
John Tortarolo	VP Human Resources	2531	jtortarolo@palomar.edu
Michelle Barton	Research & Planning	2534	mbarton@palomar.edu
Debra Doerfler	Facilitator/Coordinator	2104	ddoerfler@palomar.edu



**ACCREDITING
COMMISSION
for COMMUNITY and
JUNIOR COLLEGES**

*Western Association
of Schools and Colleges*

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NORVAL WELLSFRY

DATE: July 19, 1012
TO: Chief Executive Officers and Accreditation Liaison Officers
FROM: Barbara Beno, President *Barbara A Beno*
SUBJECT: Changes to Annual Financial Report Monitoring

I am writing to inform you that the Commission has decided to enhance its process for monitoring the financial condition and stability of ACCJC-accredited institutions. At its June 2012 meeting, the Commission adopted a new monitoring process to enable it to identify institutions that are at potential risk for significant financial difficulties. The monitoring process will involve an advisory team composed of Chief Financial Officers and others from member institutions which will allow the Commission to track financial conditions for multiple years and, in many cases, provide advisory letters to institutions before taking any actions to require a report and/or an evaluation team visit. The reasons for this change of approach, and the new process, are described below in the Background and Monitoring Process sections of this advisory.

Background

The Commission is required by its Accreditation Standards and federal regulations to monitor the fiscal condition of accredited colleges on an annual basis. The monitoring is conducted through the Annual Financial Report (AFR), due in March of each year, which reports on a number of financial metrics. The Commission also reviews each institution's annual external financial audit to monitor additional financial information.

As the financial conditions affecting higher education institutions changed rapidly and dramatically over the past several years, the Commission recognized the need to provide closer monitoring of the financial health of institutions while at the same time acknowledging that institutions need some time to adapt to the rapid changes in revenue streams and the expenditures and policy implications impacted by those changes. The Commission decided an expanded process that tracked financial conditions over multiple years might address both needs.

The Commission sought the advice of its Ad Hoc Financial Task Force, which is composed of CEO's and CBO's from member institutions, in the development of the factors for analysis of financial health and the rubric used to assess risk. The Commission also examined the financial health monitoring practices of other regional accrediting bodies, some of which have also implemented the practice of using an advisory body of institutional fiscal experts to review the annual reports from its member institutions.

New Monitoring Process

Between March and June each year, ACCJC Staff will use a common set of factors identified by the Financial Review Task Force to assess risk. At present these factors include ending balances, reserves, full time equivalent student enrollment decreases, default rates on Federal Student Loans, external audit report findings, and other financial information. An analysis of these factors, using a rubric approved by the Financial Review Task Force, will be used to assign one of three grades representing the measure of institutional financial risk.

At the June Commission meeting each year, the Commission will review the Staff Report and take action to refer institutions at higher levels of risk to the Financial Review Group (FRG) for a closer examination of the data submitted. The FRG will consist of reviewers with expertise in finances, enrollment management and planning, and full budget responsibility (CEOs and Chief Business Officers) from a cross section of member institutions.

Between June and December each year, the FRG will conduct a further evaluation of each referred institution's fiscal data and compile a report to the Commission. The charge of the FRG is to evaluate and *make recommendations* to the Commission on the financial health of institutions.

At the January Commission meeting each year, if warranted, the Commission may take action to continue monitoring any institution described in the report, or to request a Special Report, with or without a visit, on specified fiscal issues. The Commission anticipates that this process will enable it to identify financially challenged institutions earlier and engage with them about achieving and sustaining institutional effectiveness in the area of financial resources in a manner that helps institutions maintain compliance with Accreditation Standards as well as fiscal stability.

The Commission's new financial monitoring process begins immediately and consists of the following stages/timeline:

1. The ACCJC staff will review the March AFR and annual external audit report submitted by member institutions to ACCJC.
2. June Commission meeting each year: The ACCJC staff will report on the analysis of college information and identify institutions at sufficient risk to be referred to the (new) Financial Review Group (FRG). The institutional CEO will be informed if the institution has been referred to the FRG and the reasons for the referral.
3. January Commission meeting each year: The FRG will report its recommendations for any follow up action to the Commission, and the Commission will vote on whether any follow up is needed from the institution. The institution will be informed by a letter from the Commission of any Special or Follow-Up Report needed.

Please feel free to call or write if you have any questions about the Commission's process for monitoring the fiscal health of accredited institutions. The Commission is open to adapting this process as it undergoes implementation, and is interested in all feedback designed to help assure the process is useful and fair.

Standard III: Resources

D. Financial Resources

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning.

- 1.** The institution relies upon its mission and goals as the foundation for financial planning.
 - a. Financial planning is integrated with and supports all institutional planning.
 - b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.
 - c. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.
 - d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

Standard III: Resources

2. To assure the financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.
 - a. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.
 - b. Appropriate financial information is provided throughout the institution.
 - c. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.
 - d. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.
 - e. All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.
 - f. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.⁵
 - g. The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

Standard III: Resources

3. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.

ACCREDITING COMMISSION FOR COMMUNITY AND JUNIOR COLLEGES
Western Association of Schools and Colleges

Accreditation Standards

(Adopted June 2002; Revised June 2012)

[STANDARD III.D. EXCERPT]

The institution effectively uses its human, physical, technology, and financial resources to achieve its broad educational purposes, including stated student learning outcomes, and to improve institutional effectiveness.

D. Financial Resources

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning at both college and district/system levels in multi-college systems.

1. The institution's relies upon its mission and goals are as the foundation for financial planning.
 - a. Financial planning is integrated with and supports all institutional planning.
 - b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.
 - c. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.
 - d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.
2. To assure the financial integrity of the institution and responsible use of its financial resources, the financial management system internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.
 - a. Financial documents, including the budget and independent audit, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.

- b. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.
 - c. Appropriate financial information is provided throughout the institution in a timely manner.
 - d. All financial resources, including short and long term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.
 - e. The institution's internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.
3. The institution has policies and procedures to ensure sound financial practices and financial stability.
- a. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences.
 - b. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.
 - c. The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations.
 - d. The actuarial study to determine Other Post-Employment Benefits (OPEB) liability is prepared, as required by appropriate accounting standards.
 - e. On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.
 - f. Institutions monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with federal requirements.
 - g. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.
 - h. The institution regularly evaluates its financial management practices and the results of the evaluation are used to improve internal control structures.
4. Financial resource planning is integrated with institutional planning. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement of the institution.
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2011-2012 BUDGET FUND 11

ADOPTED VS. ACTUAL EXPENDITURES

	ADOPTED	ACTUAL	DIFFERENCE
BEGINNING BALANCE	\$ 22,832,473	\$ 22,832,473	\$ 0
REVENUE	98,194,232	101,861,507	3,667,275
EXPENDITURES	106,647,969	106,209,856	438,113
FINAL ENDING FUND BALANCE	\$ 14,378,736	\$ 18,484,124	\$ 4,105,388

The major reasons for the change in the ending fund balance include:

- One time funds of \$2,069,000 were transferred from Fund 41 into Fund 11.
- One time funds of \$2,198,877 were swept from Designated accounts.
- Additional prior year apportionment revenue of \$989,900 was received for FY 2011-12.
- Additional lottery funds of \$800,000 were received.
- Deficit coefficient increased by \$910,781.
- The funding for retiree health benefits was increased by \$1,648,948.
- Additional expenditure savings occurred due to vacancies and conservative spending by departments.



COMPETING PROPOSITIONS

Proposition 30

- Increases sales tax $\frac{1}{4}$ percent for 4 years
- Increases income for those making more than \$250,000 per year for 7 years
- Would raise approximately \$6 billion annually
- Avoids significant reduction to higher education

Proposition 38

- Permanently increases income tax for 12 years on most tax payers
- Would raise \$10 billion annually
- All revenue to K-12



2012-2013 FTES AND APPORTIONMENT (BASED ON 2011-12 P2 REPORT)

	FUNDED FTES	ACTUAL FTES	APPORTIONMENT
CREDIT FTES	17,454.99	18,140.30	
NON-CREDIT FTES	263.98	273.72	
ENHANCED NON-CREDIT FTES (CDCP)	569.36	569.36	
TOTAL	18,288.33	18,983.38	\$88,886,902

Following are *estimated FTES* based on the potential work-load reduction of 7.3%:

	RE-BENCHED FTES REDUCTION @ 7.3%	RE-BENCHED ACTUAL FTES	APPORTIONMENT
CREDIT FTES	(1,274.21)	16,180.78	
NON-CREDIT FTES	(19.27)	244.71	
ENHANCED NON-CREDIT FTES (CDCP)	(41.56)	527.8	
TOTAL	(1,335.04)	16,953.29	\$82,883,104



Possible loss of apportionment: \$ 6,003,798

APPORTIONMENT AND FTES

	COMPUTATIONAL REVENUE	DEFICIT	ACTUAL REVENUE	FUNDED FTES	ACTUAL FTES
2008-09	\$ 96,678,572	\$ 1,150,358	\$ 95,528,214	20,183	20,461
2009-10	93,423,344	0	93,423,344	19,438	20,958
2010-11	95,695,172	309,250	95,385,922	19,797	20,251
2011-12*	88,886,902	2,088,345	86,798,557	18,288	18,983
2012-13**	88,886,902	0	88,886,902	18,288	
2012-13***	82,883,104	0	82,883,104	16,953	

*As shown at Principal Apportionment (P2) from Chancellor's Office

**As projected by Chancellor's Office if Proposition 30 passes

***As projected by Chancellor's Office if Proposition 30 fails



MULTI YEAR BUDGET PROJECTION

BUDGET PROJECTION	2011-12	2012-13 SUCCEEDS	2012-13 FAILS	2013-14 SUCCEEDS	2013-14 FAILS
BEGINNING BALANCE	\$ 22,832,473	\$ 18,484,124	\$ 18,484,124	\$ 11,047,863	\$ 5,006,684
APPORTIONMENT REVENUE	86,798,557	88,886,902	82,883,104	88,886,902	82,883,104
OTHER REVENUE	10,089,395	7,275,799	7,275,799	7,275,799	7,275,799
MANDATED COST (\$28/FTES)	0	512,064	474,683	512,064	474,683
REVENUE TRANSFER (DAs)	2,198,877	0	0	0	0
REVENUE TRANSFER (FD 41)	2,069,000	0	0	0	0
SUB-TOTAL OTHER RESOURCES	14,357,272	7,787,863	7,750,482	7,787,863	7,750,482
AVAILABLE RESOURCES	123,988,302	115,158,889	109,117,710	107,722,628	96,114,954
EXPENDITURES	105,504,178	104,111,026	104,111,026	105,571,026	105,571,026
PROJECTED ENDING BALANCE	18,484,124	11,047,863	5,006,684	2,151,602	(9,456,072)
5% BOARD RESERVE	4,902,291	4,902,291	4,902,291	5,110,546	5,110,546
OVERAGE/(SHORTFALL)	\$ 13,581,833	\$ 6,145,572	\$ 104,393	\$ (2,958,944)	\$ (14,566,618)

