

DISTRICT CONSULTATION COUNCIL
September 25, 2023

SUMMARY

MEMBERS PRESENT: Yasmine Andrawis, Byron D. Clift Breland, Jennifer Carey, Treisa Cassens, Jennifer Combs, Damon De La Cruz, Jean Foster, Geoff Hurst, Cherry Li-Bugg, Kathleen McAlister, Cynthia Olivo, Jeremy Peters, Valentina Purtell, Jeanette Rodriguez, JoAnna Schilling, Melissa Serrato, Pamela Spence, Kai Stearns, and Fred Williams.

VISITORS: Danielle Davy.

Chancellor Byron D. Clift Breland called the meeting to order at 2:03 p.m.

MEETING SUMMARY

Summary: The summary of the August 28, 2023 meeting was approved as submitted.

STRATEGIC GOALS & PLANNING

2023-24 Budget Presentation: Fred Williams, Vice Chancellor of Finance & Facilities, presented the District's 2023-24 Proposed Budget which was approved by the Board of Trustees on September 12, and highlighted the California Community College System budget, the overall District budget, the Resource Allocation Model, ending balances (carryovers), FTES trends, structural deficits, six-year forecasts, and addressing the deficit.

Community College System Budget

- COLA 8.22% for apportionment and select categoricals
- No change to Hold Harmless funding transitioning to funding floor – COLA will not benefit the established revenue floor
- \$11.4 million of \$19.2 million of Deferred Maintenance and Instructional Equipment funding for the District from 2022-23 was taken back
- Categorical flexibility

General Fund Summary

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beg. Balance	\$ 132,400,000	\$ 11,100,000	\$ 143,500,000
Revenues	\$ 287,400,000	\$ 118,600,000	\$ 406,000,000
Expenditures	\$ 302,600,000	\$ 129,700,000	\$ 432,300,000
Other Sources	\$ (17,800,000)	\$ 1,200,000	\$ (16,600,000)
Net	<u>\$ (33,000,000)</u>	<u>\$ (9,900,000)</u>	<u>\$ (42,900,000)</u>
End Balance	\$ 99,400,000	\$ 1,200,000	\$ 100,600,000

Resource Allocation Model

Earned Revenues	\$ 250,093,627
Emergency Conditions	\$ 18,176,144
Stability Funding	<u>\$ 20,142,009</u>

	<u>\$ 288,409,480</u>
Pulled back for Reserves	\$ 10,904,712

Ending Fund Balances – Carryover

Non-spendable	\$ 200,000
Restricted	\$ 11,130,000
Assigned By Campus Action	\$ 60,370,000
Assigned One Time Funds	\$ 22,130,000
Assigned By Districtwide Committee	\$ 400,000
Board Policy Contingency	\$ 33,290,000
Unallocated Districtwide	\$ 14,760,000
Unallocated Budget Centers	<u>\$ 1,240,000</u>
Total	<u>\$ 143,520,000</u>

Board Policy Reserve 2023-24

Prior 5% Reserve	\$ 14,900,000
Committed Fund Balance	\$ 6,300,000
2022-23 Emergency Conditions	\$ 10,900,000
2023-24 Emergency Conditions	<u>\$ 10,900,000</u>
Total	<u>\$ 43,000,000</u>
Additional Transfer	<u>\$ 1,200,000</u>
Board Policy Reserve for 2023-24	\$ 44,200,000

FTES Trends

For 2023-24 the target is 26,611.33 based on the following FTES trends:

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
FTES	34,595.54	33,268.05	33,337.45	31,842.56	26,071.85	26,611.33

Structural Deficit 2023-24

	<u>Budget Scenario 2</u>	<u>Est. Actuals Scenario 4</u>
Earned Revenues	\$ 250,093,627	\$ 250,093,627
Estimated Expenses	<u>\$ 278,966,886</u>	<u>\$ 258,524,043</u>
Deficit	\$ (28,873,259)	\$ (8,430,416)
Emergency Conditions	\$ 18,173,844	\$ 18,173,844
Stability Funding	<u>\$ 20,142,009</u>	<u>\$ 20,142,009</u>
Overall Surplus	\$ 9,442,594	\$ 29,885,437

Six-Year Forecast

The following five different scenarios were provided, each illustrating the different impacts:

- Scenario 1: Assumes that any COLA increases are passed through as salary increases and benefit costs increase by COLA as well. \$30,145,390 budget deficit by 2028-29.
- Scenario 2: Includes the Scenario 1 assumptions, but also includes an annual 4% increase in FTES over the next five years. \$914,071,000 budget surplus by 2028-29.

- Scenario 3: Assumes that COLA increases are not passed through as salary and benefit increases. \$20,471,565 budget surplus by 2028-29.
- Scenario 4: Includes Scenario 1 assumptions, but includes the 2022-23 actual expenses as a starting point (increasing salary and benefits costs by 8.22% COLA). \$13,383,582 budget deficit by 2028-29.
- Scenario 5: Includes the Scenario 1 assumptions, but excludes all vacant budgeted positions. \$19,599,358 budget deficit by 2028-29.

Addressing the Structural Deficit

- Increase FTES – Scenario 2 includes a 4% growth rate for the following five years; this would have a significant impact starting in 2027-28.
- Limited filling of vacant positions – Scenario 5 shows the budget if we strip out existing vacant positions (\$10 million).
- No or limited pass through of COLA for salaries – Scenario 3 shows the effect of not passing on future COLAs, shows a surplus each year.
- Contribution from the Retiree Benefit Trust – Up to \$5.6 million/year.
- Consider an early retirement incentive to lower salary costs by not filling positions and lowering salaries for the positions that are replaced – TBD.
- Reduce non-essential expenditures – TBD.
- Start collecting fees for services such as parking and EV charging stations – \$2 million/year.

Subsequent to the discussion, members voiced the following:

- What happens if the District spends funding before the State takes it back?
- If actuals are not used in some of the scenarios, what figures are used?
- If we use actuals for the scenarios and growth materializes, then that's the solution?
- The helpful explanations in the Budget Book about hold harmless funding and how the District will move forward after its sunsets.
- The need to have a prioritization process for the hiring of management positions which have increased over the last few years.
- Concern at Fullerton College with new positions being handled as a one-off instead of having an inclusive prioritization process that strategically looks at the big picture because currently it isn't as transparent as the faculty prioritization process.
- Concern with Special Project Managers performing classified work without any CSEA input.
- Clarification on the distinction between new positions and replacements that can be time sensitive due to critical need.
- Instead of a prioritization process, the need for a justification process outlining why the positions are needed.
- Over the last seven years, faculty positions have gone down, but there are 17-18 net new management positions over that same time.
- Management positions have different oversight and are often created in response to new programs, grants, etc. and cannot simply be compared to faculty positions.

Chancellor Clift Breland noted that the focus needs to be on enrollment: including marketing efforts, capturing for profit enrollment, and partnering with universities. He shared that while things are different, there are opportunities to serve the adult education population that is being championed by the State and funding to serve juvenile justice impacted youth. He emphasized

the need to be creative to utilize resources to help those populations and said he would continue to engage DCC in budget conversations, along with the Board.

POLICY

Revised BP/AP 2015, Student Members: As one of the District's three campuses, NOCE currently does not have a student trustee to represent the voice of NOCE students at large as intended by BP 2015, Student Members. Revisions to BP 2015 and AP 2015 were proposed to include a third student trustee along with a draft NOCE election process.

Chancellor Cliff Breland stated that in principle everyone can agree that NOCE needs representation which the current policy doesn't account for, and noted that the San Diego Community College District has included a student trustee for their non-credit institution.

President Valentina Purtell shared that the proposed revisions included consultation with several NOCE shared governance structures and were met with strong support. She also clarified that BP 2015 was revised to add the equivalent of non-credit hours for semester units and a GPA equivalent.

After clarification on what the cost of the addition would be, **there was consensus to approve BP 2015 and forward it to the Board for their consideration and approve AP 2015 and post it to the District website.**

New BP 3830, Flying of National, State, and Commemorative Flags: At its August 23 meeting, DCC received a first reading of proposed BP 3830, Flying of National, State, and Commemorative Flags. At that time Dr. Cliff Breland requested that members share BP 3830 with their respective constituent groups and note feedback to share with DCC, and agreed to form a subcommittee that will work to develop the Board Policy and corresponding Administrative Procedure with the feedback received.

During the discussion, Chancellor Cliff Breland inquired about the workgroup status and called for volunteers. Jeanette Rodriguez and Damon de la Cruz volunteered along with Jennifer Oo who had previously volunteered. It was noted that the Cypress College President's Advisory Council and the Fullerton College Faculty Senate had suggestions and the Chancellor asked that all groups bring feedback to the October DCC meeting for review and discussion.

Program Discontinuance Workgroup (BP/AP 4021): At the May 22 DCC meeting, Kathleen McAlister and Jennifer Combs presented a proposal to suspend the District program discontinuance policy pending revisions of BP/AP 4021 due to concerns about the process and the need for more faculty representation for the special review committee that requires a comprehensive look from a United Faculty perspective. Chancellor Cliff Breland agreed to form a review committee to update the policies, but noted the need to respect the current policy in order to avoid unintended accreditation issues.

DCC discussed forming the workgroup to address revisions to BP/AP 4021 and it was suggested that participation be opened up to the district at large (instead of only DCC members), that the workgroup needed to include voices outside of faculty representatives, and that the use of data be included in the developing recommendations.

Chancellor Clift Breland stated that several options were available to form the workgroup and asked members to give thought to which content matter experts they want on the workgroup so that it can be discussed at a future DCC meeting. In response, Jennifer Combs suggested initially forming a small workgroup who could then share their recommendations with a second-tier group. Individuals to participate in the initial workgroup that would flesh out ideas and issues included Kathleen McAlister, Kai Stearns, Jennifer Oo, Jennifer Carey, and a United Faculty representative.

ADJOURNMENT: The meeting adjourned at 3:51 p.m.