

COUNCIL ON BUDGET AND FACILITIES
August 10, 2026
APPROVED SUMMARY

Members Present: Erika Almaraz, Annika Rotana, Marlo Smith, Elaine Loayza, Gabrielle Stanco (DMA alternate), Bridget Kominek, Joel Salcedo (UF alternate), Jaclyn Magginetti, Michelle Patrick, Terry Cox, Lourdes Valiente, Leslie Tsubaki, Belinda Allen, Jennifer Vega La Serna (Virtual attendance, non-voting)

Members Absent: Steven Estrada, Rosanna Islas, John Parker, and Irma Ramos

Guests Present: Karen Bautista, Byron D. Clift Breland, Danielle Davy, Karla Frizler, Candace Lynch, Khaoi Mady, Valentina Purtell, Debbie Shandy, Quyen Vuong, and Richard Williams

Call to Order: The meeting was called to order at 2:08 p.m.

1. **Summary:** The summary of the June 8, 2026, meeting was approved.
2. **Contingency Salary Adjustment:** Erika Almaraz presented a revised contingency salary adjustment calculation based on the updated apportionment report issued by the State Chancellor's Office. The original calculation, shared with CBF in June, was based on a 1.97% state deficit factor. The State subsequently revised the deficit factor to 0.33%, increasing the District's available revenue and resulting in a larger contingency salary adjustment.

Questions/Comments:

1. *How was the contingency one-time payment calculated?* Staff explained that the calculation begins with the District's available revenue generated under the Student-Centered Funding Formula, adjusted by the revised 0.33% deficit factor. The difference between the District's available revenue and hold harmless funding level totaled approximately \$5.7 million. Based on previously negotiated agreements, 56.97% of this amount (\$3.2 million) was designated for distribution to employee groups.
2. *How was the one-time payment distributed among employee groups?* The \$3.2 million allocation was distributed among employee groups using negotiated percentage allocations. Each group's allocation was then divided by the number of employees within that group to determine the one-time payment amount per employee.
3. *How was the on-schedule salary adjustment calculated?* The same \$3.2 million allocation was divided by the District's 2024-25 budgeted salary base of approximately \$174.2 million, resulting in a contingency salary adjustment of approximately 1.87% for all employee groups.
4. *How does the contingency adjustment relate to previously approved salary increases?* The contingency salary adjustment is in addition to the previously approved 0.25% salary increase. Confidential employees also receive an additional 1% adjustment associated with the Job Family Study, resulting in a higher overall salary increase for that employee group.

3. Budget Update
Settle-up

Erika Almaraz provided an overview of the changes between the Governor's May Revise and the enacted State Budget. While the overall COLA remained unchanged at 4.31%, a

significant modification was made to the Student Centered Funding Formula (SCFF). Beginning in 2026-27, credit FTES funding will be based on the higher of the District's current actual enrollment or its three-year average enrollment, rather than the three-year average. This is beneficial for the District due to continued enrollment growth.

Erika Almaraz also presented a draft of the 2025-26 RAM settle-up and reviewed districtwide revenues, expenditures, districtwide allocations, board policy reserve contributions, and estimated recalculation revenues. The District generated approximately \$269.0 million in SCFF revenues and \$27.6 million in other revenues, resulting in total revenues of approximately \$296.6 million. After reserve contributions and estimated recalculation adjustments, the District is projected to end the year with an overall surplus of approximately \$9.1 million.

Questions/Comments:

1. *Why does Fullerton College show a significantly smaller surplus than the other budget centers?* Staff noted that additional analysis is underway. Preliminary review suggests higher expenditures, particularly in Extended Day programs, may have contributed to the lower balance. The importance of reviewing both instructional and non-instructional expenditures was emphasized, as the college shifts from growth to stabilization.
2. *Is the Board Policy Reserve contribution a one-time adjustment or an ongoing requirement?* The reserve contribution is an ongoing requirement. Board policy requires reserves equal to two months of operating expenses. As operating budgets increase, additional contributions may be required to maintain the reserve at the appropriate level. During years when budgets decline, additional reserve contributions may not be necessary.

Members discussed concerns regarding the use of one-time funds for ongoing expenses and emphasized the importance of addressing long-term structural budget challenges.

Analysis of Ending Fund Balance - Ms. Almaraz reviewed a draft analysis of the District's ending fund balance, including non-spendable, restricted, assigned, and unassigned balances. The total ending fund balance as of June 30, 2026, is projected at approximately \$107.9 million, which includes the District's Board Policy Reserve of about \$48.8 million.

Questions/Comments:

1. *Why is the current year's balance lower than the prior year's balance?* Annual surpluses have decreased while expenditures have continued to increase. As a result, both one-time funds and overall fund balances have been declining.
2. *Why does the ending fund balance reflect a smaller surplus than the amount shown in the RAM settle-up?* The ending fund balance only reflects revenues that have been finalized. Additional revenues anticipated through the State recalculation process will not be known until February 2027 and therefore are not yet included.
3. *What is the difference between the Board Policy Reserve and total fund balance?* The Board Policy Reserve is one component of the total fund balance. Of the \$107.9 million total fund balance, about \$48.8 million represents the District's Board Policy Reserve. The remaining balance consists primarily of restricted and assigned funds held at the campuses.
4. *What are carryover funds?* Carryover consists of one-time funds accumulated through prior-year surpluses. These funds are generally used for one-time expenditures and do not automatically replenish unless future operating surpluses are generated.

Proposed Budget Assumptions - The committee reviewed the major assumptions for the 2026-27 Proposed Budget. The budget includes the full 4.31% COLA through the RAM model, providing additional resources to help offset increasing costs. Total district revenue is projected at roughly \$310.6 million, including \$290.4 million in Student-Centered Funding Formula revenue. District-wide operational expenses were also reviewed and compared to recent actual expenditures with budgeted amounts.

Questions/Comments:

1. *Why is the discretionary COLA now included in the Proposed Budget?*
Staff explained that including the full COLA provides budget centers with additional resources to address rising costs, including negotiated salary adjustments and other operating expenses.
2. *Will reduced State reimbursement for part-time faculty office hours impact the budget?* Districts are expected to receive less than 20% reimbursement of their submitted claims for part-time faculty office hours. The District has already accounted for a reduction in anticipated revenue associated with this program.
3. *Are SERP (Supplemental Early Retirement Program) costs included in the Proposed Budget?* No SERP-related costs are currently budgeted for 2026-27. However, District leadership is aware that some employees have expressed interest in exploring the option.
4. *Why was the sabbatical budget reduced?* Staff explained that historical actual expenditures for sabbaticals and related activities have been lower than budgeted amounts during the past several years. The adjustment reflects recent spending patterns rather than an effort to limit sabbatical opportunities.
5. *What is included in the \$9 million contingency allocation?* The contingency allocation primarily reflects adjustments associated with negotiated salary increases, Job Family Study implementation costs, salary and benefit adjustments, and other personnel-related obligations that had not yet been incorporated into position control data when budget calculations were prepared.
6. *Does the permanent salary budget include Job Family Study adjustments?* The permanent position budget was based on data available in June and does not directly include Job Family Study adjustments. Those costs are currently reflected within contingency estimates and remain subject to refinement during the budget development process.

The committee reviewed updates to the 2026-27 Proposed Budget, noting that revenue and expenditure assumptions continue to be refined. While additional revenue is available from the full COLA, expenditures are also increasing due to negotiated salary adjustments, health benefit costs, step-and-column movement, and Job Family Study implementation. Districtwide expenses, including legal services and student insurance, increased approximately 8% from the prior year. Budget assumptions will continue to be evaluated and updated as the Proposed Budget is finalized.

RAM Workgroup - The council established a RAM Workgroup to review the District's current resource allocation model and consider changes to the model. The committee discussed whether the RAM Workgroup should continue during 2026-27 and what topics should be prioritized moving forward. Staff noted that while prior discussions included potential revisions to the Resource Allocation Model, the District's current focus is shifting toward addressing structural budget challenges, including the use of one-time funds to support ongoing expenditures and strategies for balancing budgets now that the District is no longer operating under hold harmless provisions.

Questions/Comments:

1. *Should structural deficit discussions occur within the RAM Workgroup or at CBF?* Several members suggested that structural deficit discussions are broad, districtwide issues may be better addressed through CBF so that all constituent groups can participate in the discussion.
2. *Has the District moved forward with separating Extended Day, Adjunct Faculty, and Overload costs for budget reporting purposes?* Staff confirmed that beginning in Fall 2026, Extended Day expenditures will be reported separately to provide greater transparency regarding adjunct faculty and overload costs. The change was developed through collaboration among the Budget Office, Information Services, and Human Resources.
3. *How can campuses better participate in identifying budget-balancing strategies?* Committee members discussed the importance of local campus budget discussions while also expressing interest in developing broader districtwide strategies that could provide consistency across campuses. Members suggested opportunities for campuses to share successful practices and lessons learned through CBF.
4. *How can the District improve transparency regarding hiring priorities and budget allocations?* Members expressed a desire for greater visibility into how campuses prioritize positions and allocate both one-time and ongoing funds. Several members noted that constituent groups often participate in prioritization discussions without having complete information regarding funding availability, districtwide constraints, or the number of positions likely to be funded.
5. *Can information regarding campus hiring priorities and budget allocation processes be presented to CBF?* Staff indicated that budget officers could provide informational updates regarding local budget allocation processes, hiring priorities, and the use of one-time and ongoing funding resources to improve transparency and understanding across constituent groups.

Following discussion, members generally supported discontinuing the separate RAM Workgroup and incorporating future budget planning and structural deficit discussions into regular CBF meetings.

4. **Districtwide Parking System Project** – Quyen Vuong, District Director, Campus Safety and Emergency Management, presented a proposal to implement a districtwide virtual parking permit system designed to standardize parking operations across NOCE, Cypress College, and Fullerton College. The proposed system would replace physical permits with virtual permits linked to vehicle license plates, streamline permit purchasing, reduce administrative costs, improve accessibility, and create a more consistent experience for students, employees, and visitors throughout the District.

The system would support student success, improve operational efficiency, enhance safety, reduce vendor costs, and align with industry best practices. The proposal would consolidate multiple parking vendors into a single platform while allowing each campus to maintain its own parking revenue and permit structure.

Questions/Comments:

1. *What are the primary benefits of moving to a virtual parking permit system?* Mr. Vuong explained that the system would reduce administrative costs associated with physical permits, mailing, cash collection, equipment maintenance, and multiple vendor contracts. The system would also improve accessibility, provide immediate permit activation, eliminate the need for physical permit distribution, and create consistent parking experience throughout the District.

2. *How would reciprocal parking work under the proposed system?* Staff stated that permit holders would continue to have reciprocal parking privileges across District campuses. A centralized system would improve coordination and reduce confusion for students and employees who attend or work at multiple campuses.
3. How would students or visitors without credit cards, smartphones, or electronic payment methods access parking permits? Accommodations would remain available for individuals requiring cash payment or additional assistance. Alternative processes would be developed to ensure equitable access for all users.
4. How would license plate reader technology be used? License plate recognition would only be used to verify parking permit compliance. The system would not connect to law enforcement databases, immigration databases, employee attendance tracking systems, or other external data sources. Committee members requested additional review of privacy protections and data security provisions.
5. Can informational materials be made available in multiple languages? Committee members emphasized the importance of multilingual communication, particularly given concerns among some student populations regarding data privacy and security. Staff agreed that outreach and educational materials should clearly explain how the system works and what information is and is not being collected.
6. How would guests receive parking permits? Departments would have the ability to issue complimentary parking permits or codes for guests, guest speakers, prospective employees, and visitors without additional administrative burden.
7. Could the proposed system help address concerns related to parking permit payments being applied toward outstanding student account balances? The proposed system may provide opportunities to address current Banner payment processing limitations that can prevent students with outstanding balances from immediately obtaining parking permits. Additional review will be necessary to determine how payment processing could be modified.
8. How would cost savings generated through the new system be utilized? Staff explained that parking revenues remain restricted funds and are generally used for parking lot maintenance, repairs, safety improvements, and related operational purposes. Committee members expressed interest in exploring whether future savings could support reducing parking costs for students or otherwise improving student access.

The proposal would continue through the District's governance review process, including consultation with constituent groups and the District Consultation Council (DCC). Additional information regarding implementation, privacy safeguards, vendor references, and operational details will be provided as the proposal moves forward.

5. **Facilities Updates** – Due to time constraints, Facilities Updates would be presented at the next CBF meeting.

Future Meetings:

- September 14 – Proposed Budget Update/Review, FON Update
- October 12
- November 9

Meeting was adjourned at 3:54 p.m.