

**COUNCIL ON BUDGET AND FACILITIES**  
**December 8, 2025**

**APPROVED SUMMARY**

**Members Present:** Belinda Allan, Erika Almaraz, Terry Cox, Steven Estrada, Henry Hua, Rosana Islas, Tony Jake, Bridget Kominek, Kathleen McAlister, Michelle Patrick-Norng, Irma Ramos, Annika Rotana, Lourdes Valiente, Leslie Tsubaki and Fred Williams

**Members Absent:** Karla Frizler, Elaine Loayza, Jaclyn Magginetti, Marlo Smith, and Jennifer Vega La Serna

**Guests Present:** Tyler Deacy, Brandon Floerke, Khaoi Mady, Thu Nguyen, Joel Salcedo, Debbie Shandy, and Richard Williams

**Call to Order:** The meeting was called to order at 2:02 p.m.

1. **Summary:** The summary notes of November 10, 2025, were approved.

2. **Legislative Analyst Office (LAO) Report and Economic Forecast**

- Projecting a slightly higher deficit than last year.
- Revenues have increased, but expenditures have risen significantly, offsetting the gains.
- The projected deficit for FY 2026–27 is about \$18 billion.
- Looking further ahead (“out years”), the deficit could grow to about \$35 billion.
- The expectation is that the next few years will be financially lean.
- One key recommendation is to pay down state payment deferrals.
  - State deferrals are a budgeting practice where next year’s revenues are used to fund current year’s expenses, helping avoid immediate spending cuts.
- While this approach avoids short-term reductions, it creates ongoing financial strain in future years.

The Governors budget is expected to be released around January 10, 2026.

3. **Evaluation of the Resource Allocation Model (RAM)**

Erika Almaraz shared the budget assumptions that were used in developing the two budget models (Model #1 and Model #2).

Revenue

- COLA for 2026–27 estimated at 3.02%; clearer estimate in Jan 2026 with the Governor’s Budget.
- FTES budgeted flat at 2025–26 levels; 3-year average funding improving as enrollment trends up.
- SCFF allocations based on 2024–25 data; campus breakdowns are pending. Districtwide metrics improved, including a 14.9% increase in Pell recipients.

Expenditures

- Position Control as of December 5, 2025, was used. Vacant positions have been budgeted.
- Permanent salaries projected to increase 2.63% in 2026–27, pending available revenue; final rate known by June 2026.

- Cost of health and welfare benefits increase by COLA (3.02%)
- Retiree benefits: \$1.38M net cost, with \$7.38M pay-as-you-go partially offset by a \$6.0M trust withdrawal.

Extended Day Budgets in Model #1 and Model #2 are based on FY 2025-26 budgets increased by 2.63%. Note: Based on current year activity at this point, it is projected that the Extended Day Budgets in FY 2025-26 would be significantly overspent by the end of FY 2025-26.

|       | <u>Budget</u> | <u>Actuals</u><br><u>5-MOS</u> | <u>Estimated</u><br><u>December</u> | <u>Estimated</u><br><u>12-MOS</u> | <u>Estimated</u><br><u>Overspend</u>    |              |
|-------|---------------|--------------------------------|-------------------------------------|-----------------------------------|---|--------------|
| TOTAL | 33,946,206    | 19,711,744                     | 5,050,642                           | 49,524,773                        | (15,578,567)                            | -46%         |
| DS    | 650,000       | -                              |                                     |                                   | 650,000                                 | 100%         |
| CC    | 12,415,162    | 7,171,835                      | 1,885,721                           | 18,115,113                        | (5,699,951)                             | -46%         |
| FC    | 13,048,210    | 8,873,885                      | 2,245,881                           | 22,239,531                        | (9,191,321)                             | -70%         |
| NOCE  | 7,832,834     | 3,666,025                      | 919,042                             | 9,170,132                         | (1,337,298)                             | -17%         |
|       |               |                                |                                     |                                   | Est. Overspend FC & CC -->              | (14,891,271) |
|       |               |                                |                                     |                                   | Est. Overspend FC & CC (with fringe)--> | (18,033,330) |

Vice Chancellor Williams emphasized the importance of the campuses conducting an in-depth review of the estimated figures for more accurate assumptions, noting that current estimates are concerning.

Based on the discussions and feedback from the prior CBF and DCC meetings, the following models were presented for continued discussion:

Model #1 (previously discussed):

- The following departments serve all four budget centers (Cypress, Fullerton, NOCE, and District Services). It is proposed that all four budget centers share in the cost of funding these departments (Estimated total: \$1.4M). Existing advisory committees will continue to collaborate in the review of existing and future programs.
  - District Campus Safety (Org 1327) about \$169K - New
  - District Diversity, Culture, Inclusion (Org 1130) about \$277K
  - EEO & Compliance (Org 1425) about \$502K
  - Districtwide Staff Development (Org 1420) about \$448K
- It is proposed that a contingency between 0.5% to 3.0% of permanent positions in the Ongoing and Self-Supporting Funds be budgeted to set aside funds for districtwide increases that benefit all budget centers such as future negotiations and the Job Family Studies. This contingency is not meant to restrict future negotiations regarding salaries and benefits. This contingency would be reevaluated each year as part of the annual review of the RAM.
- It is proposed that beginning the fiscal year after this model is adopted, any current year surplus at District Services flow to the three campuses (Cypress, Fullerton, NOCE) based on the percentage of RAM revenue each generated during the fiscal year. Existing carryovers at District Services would be utilized to complete committed projects and purchases. District Services surpluses over the last two years were: \$4.6M (FY'25) and \$3.1M (FY'24).

Model #2

- Currently, the percentage of revenue allocated to District Service is 9.25%. It is proposed that the revenue percentage allocated to District Services be increased between 1.0% to 2.0% to fund ongoing expenses at District Services such as those listed below.
  - District Campus Safety (New)
  - Board Approved Sponsorships (Ongoing budgeted with One-Time)
  - Contract Management Software (Ongoing budgeted with One-Time)
  - Online Procurement Solution (Ongoing budgeted with One-Time)
  - Purchasing Legal Expense (Ongoing budgeted with One-Time)
  - Travel & Expense Management Solution (Requested)
  - Banner E-forms for Personnel Change Forms (Requested)
  - Reorganizations in IT and HR (Requested)

If the District were to keep the current model, District Services is the only center that would have a significant deficit. While a 0.5% increase would cover the \$1.2 million deficit, any additional requests reflected in the administrative reviews, items such as department reorganizations, software purchases, greenspace upkeep, etc., would not be covered.

To assist with planning, the Administrative Review process will now begin in January, allowing for more time to discuss requests.

Questions/Comments:

1. *What exactly is the Administrative Review and what are some examples of requests that are being made with the reviews?* The current process requires each area to complete an administrative review outlining accomplishments, priorities, and requests for ongoing and one-time funding. While a district-wide survey to assess services has been discussed, it is not yet part of the process. Key priorities emerging include significant IT staffing shortages following the unit's move under Administrative Services, resulting in a large project backlog. Addressing this backlog will require reallocating existing vacant positions or resources. Additional ongoing needs include staffing requests from other areas, a proposed permanent sustainability position, and major Anaheim campus infrastructure projects, such as fire alarm and transformer replacements, which are expected to carry substantial costs and will be reviewed in January.
2. *Could some districtwide automation efforts be funded with one-time carryover funds (e.g., system purchases rather than positions), and would enrollment growth generate sufficient ongoing revenue to support district services given the percentage-based funding model?* The District has followed a growth-focused model for the past five years, resulting in enrollment gains and improved numbers, including an earlier-than-expected exit from hold harmless. However, anticipated declines from changes to the attendance accounting model may offset some growth, so outcomes will need to be monitored and adjusted as conditions change. Enrollments continue to increase; however, additional information will be available once P-1 data is submitted.
3. *BP 6250 – Board Reserve. What are these funds intended for and when are we able to utilize these funds?* The funds are designated for emergencies, primarily to address short-term cash flow issues. These funds should only be used in emergency

situations. If the Board Reserve is used, a clear plan must be established to replenish the funds.

4. *Have we already established the 2 months' worth of funding reserve?* We are close but have not fully reached the two-month funding target. Reducing expenditures could lower the required amount and help us meet this goal sooner.
5. *Is it possible to have a workgroup similar to the one used during the last RAM revision?* Yes, this remains an ongoing discussion, and a workgroup can be formed. While a full revamp of the model is possible, with the 2026-27 budget cycle, 9.25% for District Services is the main concern. District Services will have a difficult time balancing budget.
6. *The Faculty Senate has expressed interest in a more comprehensive and holistic review, particularly in light of the new administration and the need to incorporate broader concerns. The current approach addresses issues on a piece-by-piece basis, making it difficult to understand how individual components are connected.*
7. *How can District Services expenses be reduced?* This would require a broader conversation focused on potential restructuring, rather than isolated adjustments.
8. *Would that discussion occur as part of the Administrative Review?* This conversation would most likely need to originate with the CBF. Vice Chancellor Ramos noted that similar discussions have occurred in the past, and historically, when campuses are asked to assume additional responsibilities, they have expressed that they lack the capacity to do so. Dr. Tony Jake added that any reductions should be reviewed comprehensively, including an assessment of who would be impacted. If reductions occur at the District level, campuses may be required to absorb additional responsibilities.
9. *Concerns and questions were raised regarding District-level departments that appear to overlap with services and functions already present on the campuses, including areas such as staff development and campus safety. Additionally, some District-initiated department restructuring such as DEIA and EEO & Compliance, were established without prior campus consultation or input. Constituent groups expressed interest in gaining clarity on the distinctions between District and campus department roles and responsibilities. It was further recommended that future District-level management positions or significant departmental changes be vetted through an established governance group. This process would provide an opportunity for campus stakeholders to offer input and to assess the potential impact, or lack thereof, at the campus level. Ongoing discussions emphasized districtwide values and raised concerns about expanding District Services funding and its potential financial implications for campuses. Erika Almaraz clarified that funds to increase the allocation to District Services would come from new revenue generated by increased FTES. No existing campus funds would be reduced; instead, the allocation would be taken from additional dollars before they are distributed to the campuses.*
10. *A question came up at Cypress Senate about whether a lawsuit at Long Beach, which led to increased compensation for adjunct faculty, might affect other campuses. It is not expected to filter down to other campuses. If the issue were to arise locally, the plan would be to address it in a way that avoids impacting the general fund, most likely by using the self-insurance fund instead.*
11. *Vice Chancellor Williams suggested providing CBF with a copy of the Administrative Reviews to initiate some discussion around the requests and accomplishments.*

By consensus, the January 12, 2026, CBF meeting was cancelled.

A proposal to form a workgroup charged with reviewing and making recommendations to the RAM will be placed on the agenda for the February 9, 2026, meeting.

#### **4. One-time Funding**

The Budget Officers considered several uses for the unallocated \$1.4 million, including funding for the Student Success Advocate program, setting aside funds for future Banner SaaS implementation, and/or reserving funds for a potential off-schedule employee payment at the end of FY 2025–26. After discussion, the Budget Officers are recommending action to set the funds aside for the anticipated off-schedule payment.

##### Questions/comments:

1. *Could you explain what the one-time off schedule payments are?* The one-time off-schedule payment stems from contingency language in the last collective bargaining agreement, which requires sharing additional revenues if the district grows out of hold harmless. Current projections suggest this is likely, though final confirmation depends on state reporting (P2) and potential deficit factors. If the District does come out of hold harmless, a sizable off-schedule salary increase, estimated at approximately 2.6%, would be issued and rolled into the base salary for the following year.
2. *How would the \$1.4 million be split among the campuses?* It would be split proportionately.
3. *Where would the dollars be pulled from if this recommendation was not approved?* Each budget center would need to come up with revenue to cover these expenses. While it is a one-time expenditure for 2025-26, it becomes an on-going expense for the subsequent years.

No opposition was made to use the dollars for the one-time off-schedule employee payment.

#### **5. Districtwide Sustainability Workgroup**

The District-Wide Sustainability Work Group was recommended by the DCC to operate as a sub-group of CBF. The primary purpose of the work group is to serve as a collaborative forum where the three Campus-Level Sustainability Committees partner with District Services to develop and recommend policies, procedures, and guidelines in support of the goals outlined in the 2024 District Sustainability Action Plan.

After review and discussion, the committee framework was approved. Members recommend engaging current campus sustainability faculty members to help recruit student participants. At a future meeting, the District Director of Sustainability will provide an update on the Sustainability Work Group's priorities for the next six months.

#### **6. Facilities Updates**

**Fullerton College** – Henry Hua provided an update on behalf of the campus.

- Wilshire chiller – SCE Power transfer will begin on December 18, starting with the water pipe transfer which will require remote work on 22 and 23, which is least impactful. Anticipated completion date is January 2, 2026.
- 300 Building – Substantial completion by end of January.
- PAC – Groundbreaking ceremony was held in November. Project is underway. Additional construction is contingent on the Wilshire chiller project.

- STEM building – Architect of record selected and user groups have been formed and met to discuss space needs and swing space necessities. Breaking ground anticipated in summer 2026.
- Softball Field – Staff are waiting to hear back from DSA in order to move forward.
- New Student Center Building and M&O – Project is in close out phase with the overall project under budget.
- 1100-1300 Building – Demolition to begin in 2028.

**Cypress College** – Dr. Tony Jake provided an update on behalf of the campus.

- FAR/VAPA – Project is over 75% complete. Raised flooring on the 3<sup>rd</sup> floor is complete, along with carpet installation. Mechanical machinery installation is underway, and the Restroom installation is nearing completion. Estimated completion date of Fall 2026.
- Health and Wellness Center Renovation – Ribbon cutting ceremony was held last week. Building is being occupied by staff and only punch list items remain. It was confirmed that Cypress received \$1.4M from HEERF funding.
- Softball field – Project completion date is still undetermined due to soil issues, which required a redesign of the project.
- LRC Exterior Patio Upgrades – Project was reevaluated to find possible cost reductions. Currently waiting for cost estimates after the revisions were submitted. Target completion date is still spring 2027.
- Central Plant – Currently waiting for comments back. Trane will submit packages to contractors for phase 2 proposals.
- Aviation – Tech Ed II – Simulators were donated, delivered, and installed. Simulators should be operational in spring 2026.
- Data Center – 60% construction documents have been reviewed. Awaiting DSA submittal in late January, early February.
- HRC- Project includes site restoration, including repaving. HRC anticipated to be open in 1-2 weeks
- Lot 8 Replacement – Lot currently under construction. Final corrections expected to be submitted to DSA by the end of December.

**Anaheim Campus** – Rick Williams provided an update on behalf of the campus.

- Signage - Completion of work is anticipated in late February, early March 2026.
- Green Space/Community Enhancement – Bidding for the project will be in March 2026 and is estimated to take 8-9 months.
- East Lot Portables – Pave West was selected as the contractor and will be taken to the Board in December to approval. Project completion is anticipated for May 2026.
- Admissions and Records Desk on 2<sup>nd</sup> floor – Project is currently on hold. Staff expect the project to be discussed in 2026.
- Elevator Upgrades – Project is currently on hold.
- Replacement Data Error Center – Project is underway and the shipment of equipment is anticipated in January 2026. Installations are to begin at the end of February.
- Mezzanine Electrical Room – P2S to provide a project proposal. No cost estimate currently.
- Fire Alarm Upgrade – Working with Johnson Controls for the most cost-effective choices to assist with the ongoing issues. This is a critical project for the Anaheim Campus.

The committee thanked Vice Chancellor, Fred Williams, for his services and wished him luck with his retirement.

**Meeting was adjourned at 3:53 p.m.**