

COUNCIL ON BUDGET AND FACILITIES
June 9, 2025

APPROVED SUMMARY

Members Present: Belinda Allan, Erika Almaraz, Terry Cox, Karla Frizler, Tony Jake, Henry Hua, Michelle Patrick-Norng, Jeremy Peters, Irma Ramos, Leslie Tsubaki, and Fred Williams

Members Absent: Bridget Kominek, Cherry Li-Bugg, Elaine Loayza, Jaclyn Magginetti, Kathleen McAlister, Marlo Smith, Kyle Sue, and Lourdes Valiente,

Guests Present: Thu Nguyen, Debbie Shandy, and Richard Williams

Call to Order: The meeting was called to order at 2:05 p.m.

1. Summary: The summary notes of May 12, 2025, meeting were approved.

2. Budget Update

2025-26 Tentative Budget – Fred Williams and Erika Almaraz shared a PowerPoint presentation.

On June 24, NOCCCD will present the tentative budget to the Board for approval. Once approved, the final proposed budget will be submitted to the Board for adoption on September 9.

The tentative budget is a rollover budget focused on ongoing resources through the Resource Allocation Model (RAM). Projected costs, including anticipated vacancies, are incorporated. A final analysis of assumptions, position control, and any new budget developments will be conducted prior to the proposed budget presentation in September. Vacant positions remain budgeted under the assumption that they will be filled.

The Tentative RAM is based on the Governor's May Revision and includes a 2.30% COLA. It uses 2024-25 FTES actuals at P2 to project 2025-26 funding under the Student-Centered Funding Formula (SCFF). Discussions are underway to determine whether actuals or targeted figures will be used moving forward. The model assumes no statewide deficit, full funding for part-time health benefits implementation, and retiree medical costs covered by the OPEB Trust. Additionally, the PERS contribution rate is projected to slightly decrease from 27.05% to 26.81%.

The 2025-26 Tentative Budget projects revenues of \$283.2 million and expenditures of \$285.1 million, resulting in a structural deficit of \$1.85 million (excluding Hold Harmless funding). This shortfall will be covered by campus carryover dollars. An additional \$1.99 million in Hold Harmless funding has been set aside outside of the RAM. Of this amount, \$1.33 million will be used to meet the increased Board Policy Reserve requirement for 2025-26. The remaining unallocated Hold Harmless balance is \$660,000.

The 2025-26 Proposed Budget will include a completed carryover analysis, updated personnel numbers, revised FTES projections, and adjusted operating budget to address any structural deficits.

FTES Trends

Three-Year FTES Credit Average – The average has declined due to artificial inflation caused by emergency conditions, which will no longer be in effect. As a result, the 2025-26 FTES figures remain unchanged from 2024-25. Although California community college districts (CCCCD) recommended using a three-year average only during the periods of declining enrollment, not when FTES is increasing, the proposal did not pass. Currently, staff are working with each campus to determine the appropriate FTES figures for the 2025-26 budget. The 2024-25 320 Annual Report is due July 15.

- › 2024-25 P2 vs. 2023-24 Annual
 - › CC grew 9.64%
 - › FC grew 4.16%
 - › NOCE CDCP grew 3.83%
 - › NOCE other non-credit grew 25.68%
 - › Total 7.12% higher than prior year

The New Standardized Attendance Accounting Method will be effective in fiscal year 2026-27. The last projection under this new methodology showed a 2% decline in FTES.

State Budget Overview – May Revise

- Overall, the state is now facing an estimated \$12 billion deficit, a significant shift from the roughly balanced budget projected in January.
- There is a fairly flat budget for the community college system, while COLA is estimated at 2.3%, NOCCCD will not receive this for appointment but will have select categorical increases. Enrollment growth is expected to be 2.35% (\$140 million systemwide), again NOCCCD is not expected to receive any growth funds.
- The revision does provide funding to offset the statewide deficits expected for 2024-25 and 2025-26. This is good news!
- Funding for the preliminary plans and working drawings for Fullerton College's new STEM Building remains in the budget at \$1.9 million.
- Reduction in one-time funding – Systemwide common cloud data platform and statewide technology transformation (reduced by \$168M).
- Deferrals from next year (basically borrowing) and using the rainy-day funds will be used to fund community colleges, a “kicking the can down the road” approach.
- Continued operational cuts at the State Chancellor's Office.
- Funding cuts to select programs include:
 - Investment in Common Data Platform and Technology Transformation
 - Credit for Prior Learning and Career Passport

Questions and Comments:

1. *Will there be any additional changes to the Governor's budget?* The May Revision is currently under deliberation, and trailer bill language is being reviewed.
2. *What is the likelihood of the proposed K-12 funding shift?* All of the CCCDs are opposing the shift. At this point, the outcome is uncertain, it could go either way.

Updates to the Budget Assumptions

- The estimated 2.30% COLA from the May Revise was used instead of the estimated 2.4% previously used.
- As our numbers continue to grow, the hold harmless allocation continues to decrease.

- A claim of over \$5 million was recently submitted for part-time faculty office hours reimbursement. The total funding available at the state level is \$23 million, and the final amount NOCCCD will receive is still unknown. The allocation will depend on the total claims submitted by the other 71 community college districts, making this a wildcard.
- Total estimated position control costs is \$211.9 million.
- Other operation expenses were updated to reflect extended day costs, personnel costs outside of Position Control, supplies, and Services & Other Operating Expenses.
- Items not included in the budget expenses:
 - Negotiations with CSEA
 - Estimated cost of increasing Adjunct Faculty rates
 - Estimated cost savings from vacant positions, including benefits
 - Potential estimated cost of Job Family Studies
- Mr. Williams noted that the 2024 W2 wages for part-time faculty exceeded \$31.8 million. Campuses need to ensure their numbers are more accurate and budgeted higher to account for the higher numbers.

Question and Comments:

1. *What does the part-time faculty compensation program include (separate from office hours)?* This is a separate program that requires its own submission. While it's not categorized as a restricted fund, it is factored into our RAM. Erika Almaraz will provide additional reporting details at the next meeting.
2. *If funding is not received for adjunct faculty office hours, what are the options moving forward?* We are currently in negotiations. Part-time faculty office hours were established in a previous MOU and the District has no intention of removing it from the contract. The District believes in providing office hours for our students.

2025-26 Tentative Budget Districtwide Expenses

Based on the 2023-24 actuals and the 2024-25 budget, the following line items in the 2025-26 budget have been adjusted to reflect anticipated cost increases:

- Districtwide memberships
- Information & Emergency Communication System
- Life Insurance
- Mandated Fees from PERS (for reports)
- County Payroll Postage Charges
- DW IT Expenses (previously approved by CBF)

In total, \$6 million in Districtwide expenses is being budgeted for.

Questions and Comments:

1. *Where are attorney fees allocated in the budget?* Attorney fees are included in both the Districtwide and District Services budget categories.

3. RAM Discussion –

At the May CBF meeting, initial discussions continued regarding the evaluation and potential changes to the RAM.

Jeremy Peters proposed centralizing permanent position salaries, similar to the previous model. This would involve handling salary-related costs at the District level before allocating funds to the campus. In addition to centralizing salaries, Mr. Williams highlighted the current Districtwide allocation rate of 9.25%, a percentage that may not be sufficient. Another

suggestion was the consideration of establishing another governance group, similar to CBF and DCC to receive and prioritize discretionary funds, which would allow for a more strategic allocation through shared governance.

Jeremy Peters also noted the concern of unfilled positions, nearly \$20 million combined for Cypress and Fullerton, where funds were allocated but not used for hiring. This has led to uncertainty during negotiations and challenges in maintaining staffing stability.

While changes to the RAM are not feasible for the 2025-26 fiscal year, these discussions will help with future planning. A more formal review is scheduled to take place in October, following year-end closing.

One-time Funding

Vice Chancellor Williams discussed the need and Chancellor Breland's concern regarding the lack of ongoing funding once one-time dollars are spent. Mr. Williams suggested the group consider designating a dollar amount to be set aside to address high-priority needs.

Question/Comments:

1. *How can NOCE be expected to be self-sufficient when it's a non-credit campus? Is that realistic?* It's a valid concern. Since non-credit programs don't generate the same level of funding as credit programs, many community college districts do not have a large non-credit program. For now, funding is reliant upon the other two credit campuses. NOCCCD continues to lobby for more equitable funding for the non-credit programs.
2. *What are the guidelines for using the District reserve dollars?* The reserve dollars are used in an emergency, typically one from the State, not a District planning error. The reserve dollars would essentially buy the District time to continue operations. The reserve has allowed the District to avoid large scale personnel actions such as layoffs, or furloughs. Long Beach City College is currently facing a part-time faculty lawsuit costing the District nearly \$60 million dollars.

4. Facilities Updates

Cypress College – Rick Williams provided an update on behalf of the campus.

- Fine Arts Building – 55% complete, change orders are at a minimum. While there are some issues with the inside plumbing, all other aspects are going well and furniture is being ordered.
- Health & Wellness Center – 60% complete with a targeted opening date in Fall 2025, with some minor delays.
- Gym Fire Alarm Upgrade – Scheduled to begin in two weeks.
- Softball Renovation – Design phase at 70% construction documents; requires revised survey; project within budget; planned completion by Summer 2027.
- LRC Tutoring Reconfiguration – Punch list nearly finished.
- Tech III X-ray Replacement – Equipment operational; punch list nearly complete.
- LRC Patio Upgrades – Targeted completion and occupancy expected in Spring 2027.

Fullerton College - Rick Williams provided an update on behalf of the campus.

- 300 Building – Exterior work is nearly complete; interior framing is ongoing, AC installed. Change order will be submitted to the Board for the window installations. Contractor was asked to accelerate construction to bring back fencing around project. Substantial completion is targeted for November, with full use by September 2026.
- Chapman-Newell Student Center & M&O Building – Chapman- Newell center is 90% complete. Project nearing completion. \$2M request from contractors due to rain

delays. District working with legal to respond to the request. This is a design/bid/build project and staff does not think we owe additional amounts.

- Wilshire Chiller Relocation – Power installation by SCE is in progress. The project is experiencing additional costs and delays as work continues.
- Performing Arts Center – Artwork is being moved, and fencing has been installed.

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

- NOCE Swing Space – staff have moved back into 1st and 2nd floor spaces. Portables scheduled to be removed in August.
- Signage Project – NOCE letters on the north side and signage installed. Marquee off of Romneya is being installed.
- Outdoor Patio Area – project is 99% complete. Paint touch ups and gate installation are the final steps. The gate should arrive by mid-June before the space is open for use.
- Board Room Renovation – Changes were approved by the State and the resource tables are in progress of being completed; the podium is 90% complete; flooring will be installed next, followed by the audio and visual equipment. Anticipated completion date is mid-July.
- Community Green Space & ADA Plan – Staff are waiting for the Geotechnical report to come in to coordinate the ramps and retaining walls with the architects.

5. 2025-26 Fiscal Year CBF Meeting Calendar

The 2025-26 Fiscal Year calendar was approved and adopted by the committee. The July and August meetings are cancelled unless deemed necessary. Staff will keep the committee informed as the meeting dates approach.

6. Other

- The Vice Chancellor of Administrative Services (Finance and Facilities) will be the new committee chair.

Question/Comments

1. *The staff, especially in CTE, are facing challenges with the \$3 million insurance requirements for vendors. It causes smaller vendors to be reluctant to provide services if it means they need to purchase an insurance policy that costs more than what they charge for services. Is there anything we can do about this?* The \$3 million insurance refers to the aggregate coverage, meaning the total payout across multiple claims. Each case can be evaluated individually based on risk. If the risk is low, adjustments to the insurance requirements may be possible. For higher-risk situations, a different vendor may be needed.

Meeting was adjourned at 3:47p.m.