

COUNCIL ON BUDGET AND FACILITIES
March 10, 2025

APPROVED SUMMARY

Members Present: Belinda Allan, Erika Almaraz, Terry Cox, Karla Frizler, Henry Hua, Bridget Kominek, Cherry Li-Bugg, Elaine Loayza, Kathleen McAlister, Michelle Patrick-Norng, Irma Ramos, Marlo Smith, Kyle Sue, Leslie Tsubaki, Lourdes Valiente, and Fred Williams

Members Absent: Jeremy Peters

Guests Present: Allison Coburn, Nicole Crockrom, Maria Hernandez, Jaclyn Magginetti, Thu Nguyen, Deb Perkins, Valentina Purtell, Debbie Shandy and Scott Thayer, Bryan Ventura, Richard Williams,

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

1. Summary: The summary notes of February 10, 2025 meeting were approved.

NOCE Update – Terry Cox, Director of Administrative Services, provided a recap from the February CBF meeting, noting that the CDCP calculations at P-1 were lower than expected, primarily due to the non-credit emeritus program.

2. Budget Update – Vice Chancellor, Fred Williams and Executive Director, Erika Almaraz provided the following highlights:

2023-24 Actuals

- The District closed the books for 2023-24 recording a 1.0% deficit factor which equated to \$2.66 million.
- The recalculation published in February 2025 by the State Chancellor's Office showed a 0.0% deficit factor. An adjustment will run through fiscal year 2024-25 and results in an additional \$2.66 million of revenue.

Budget at P-1

- The District reported 30,976.14 FTES at P-1 which was 254.81 FTES below the target used during the Proposed Budget. This resulted in a shift of \$1.75 million between earned revenue and hold harmless revenue. Total revenue is not affected.
- No deficit factor was used during the Proposed Budget, however, the deficit factor reported by the Chancellor's Office at P-1 is 7.11% or \$18.68 million for the District.
- District staff believe the deficit factor will shrink as property taxes are trued up at P-2 and more information on EPA funding is released by June.
- At this point, staff are comfortable using the 1.0% deficit factor carried over from the prior year.
- Overall, a surplus at the end of the year is anticipated.

2025-26 Budget Assumptions

- Total Estimated Revenues = \$286 million
 - SCFF Revenue: Includes 2.43% COLA applied to the SCFF rates; 24-25 P-1 FTES; 23-24 headcount data for Supplemental & Student Success allocations; total SCFF revenue is expected to remain at \$262.4 million, of which \$256.2 million is earned revenue and \$6.2 million is hold harmless revenue.

- Other Revenues: Unrestricted lottery based on \$191 per FTES and 24-25 P1 FTES, and self-supporting revenues based on 23-24 actuals.
- Total Estimated Expenses = \$274 million
 - Other Budget Center Expenses based on 23-24 actuals increased by 2.92% CPI.
- Not Currently Included
 - Results of CSEA negotiations (Cost of 1.5% increase = \$1.2 million)
 - Results of Adjunct Faculty negotiations (Cost of 1% increase = \$328,171; Cost of 5% increase = \$1.6 million; Cost of 15% increase = \$4.9 million)
- Estimated Cost of adding 34 new FT Faculty = \$6.4 million
- Cost Savings from Vacant Positions (approximately \$15.4 million)
- Impact of Job Family Studies (projected between \$6.6 million and \$8.2 million)
- Additional Budget Center Costs (student food and book programs, student advocates)
- State Deficit Factor not included

California's Economic Outlook – Key Economic Indicators

- Cost of Living rising, potential tariffs, and federal funding reductions
- Unemployment higher than national average
- Construction activity slows
- Reliance on stock market
- High school demographics

Multi-Year Projections

Several four-year forecast scenarios were shared that factored 2024-25 FTES at P-1, FTES (both stagnant and with growth), budgeted expenses based on 2023-24 actuals, adjusted for annual salary increases and pension costs, and the retiree benefit contribution is paid from the Irrevocable Trust. The various scenarios highlighted the budgetary impact across the four years that would result if there were no growth in FTES, FTES growth of 1%, and a 1% decline in FTES.

FCMAT Fiscal Health Risk Analysis

The FCMAT Tool helps evaluate an institution's fiscal health and risk of insolvency in the current and two subsequent fiscal years. A higher score points to a greater potential risk of insolvency or fiscal issues with high risk at 40% or more, moderate risk at 25% to 39%, and a low risk at 24% or less. The District's risk score was 17.2% based on the common risk indicators sections.

Erika Almaraz also shared Budget Planning Considerations, including:

- Board Policies and Strategic Direction
 - Assure fiscal health and stability (BP 2200 Board Duties and Responsibilities)
 - Maintain unrestricted general fund reserves no less than two months of total general fund expenditures (BP 6250 Budget Management)
 - Revenues accruing to the District in excess of amounts budgeted shall be added to the District's reserve for contingencies. They are available for appropriation only upon a resolution of the Board of Trustees. (BP 6250 Budget Management)
 - The District will promote a shared vision of responsible stewardship of District resources through transparent and inclusive decision-making and integrated planning. (2020-2030 NOCCCD Strategic Directions)
- Budget Process Major Principles Established by the Council on Budget and Facilities

- Balance on-going expenditures with on-going revenues.
- Maintain board policy reserve for economic uncertainties.
- Maintain appropriate autonomy for each budget center (Cypress College, Fullerton College, NOCE, and District Services) to use resources in a manner that best addresses the budget center's needs. Budget center allocations are expected to align with the NOCCCD Mission Statement and link District Strategic Directions and District Objectives to the resources needed to accomplish these institutional goals.
- Other Considerations
 - Ongoing Revenues Growth
 - Basing budgets on the number of FTES that we realistically believe can be generated.
 - 50% Law Compliance: Reduce non-instructional expenses or increase instructional expenses charged to Unrestricted General Fund.
 - Construction & Facilities Maintenance: The State has not funded scheduled maintenance in recent years despite the systemwide need.
 - Insurance Limits & Uninsured Risks: No earthquake coverage and atomic verdicts.
 - Uncertainties: Impact of job family studies, collective bargaining negotiations, impact of recent wildfires, stock market volatility, and impact of new federal executive orders.

Questions/Comments

1. *Is a 7% deficit factor typical at this point in the year?* While the current deficit factor is higher than usual, staff anticipate it will decrease over time. Unlike K–12 education, community colleges do not receive an automatic backfill for funding shortfalls. Any additional funding must be approved by the Legislature and typically comes from the following fiscal year revenues.
2. *Do the calculations include longevity?* Yes, the calculations include actuals.
3. *Why doesn't the District carry earthquake insurance?* The cost of obtaining earthquake insurance is too high. However, due to California's stringent building standards, we are focusing on extensive seismic upgrades to ensure safety and compliance.
4. *When will the attendance formula changes be in effect?* The switch to the new formula is scheduled for fiscal year 2026–27. *Will this have an impact on in-person classes, online courses, or both?* It primarily impacts online classes.

3. **Vacancy List by Budget Center** – At the February 10, 2025, meeting, members requested a list of vacant positions by budget center. Executive Director, Erika Alamarz provided the committee with a list outlining the position title, last activity date, and the costs associated with the position.

Questions/Comments:

1. *On the list of vacancies, what does "NEW" signify?* Newly added positions that are currently in the recruitment process at this time and will be removed once filled.
2. *How far back do these vacancies go?* The ones listed are from 2023 – *Are the positions prior to that purged?* The campuses have the responsibility to purge those positions and as we prepare for the tentative budget, staff will begin their process to clean the list up.

4. **One-time Funding** – As of February 2025, \$1,487,011 unallocated one-time funds remained available for allocation.

Student Success Advocates Request – The budget centers have made great strides to increase retention and persistence through the support of the Student Advocates and is requesting \$1,400,000 of the one-time funds to continue the Student Success Advocates efforts.

Each of the budget officers/campus representatives provided an analysis of the Student Success Advocates program and the insight into the effectiveness of student support initiatives. All three centers reported a positive impact and increase in persistence/retention rates compared to the prior year.

Questions/Comments:

1. *What does "enhanced technology" mean, and how will it be incorporated?* Currently, staff are using older technology to engage with students. Ideally, they would like to transition to newer, more advanced tools. While the use of enhanced technology is not required at this time, it has been included as a potential option for future implementation.

Vice Chancellor Williams emphasized that the primary goal is to increase enrollment, while also noting that student retention is equally important in maintaining enrollment numbers. Campuses will need to identify sustainable funding sources once the one-time funding is exhausted, as there will be no opportunity to replenish it. So far, the initiative has had a positive impact on both students and the campuses.

Committee members shared personal experiences and positive feedback to the program and impact.

By consensus, the committee agreed to approve the \$1,400,000 one-time funding request for the Student Advocates program and move the request to DCC.

5. Facilities Updates

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

- Outdoor Patio Remodel – Project has been delayed due to fire line relocation. Expected concrete work to be done by this week (weather permitting). Completion is targeted for the end of May.
- Signage Project - Metal panels installed, with large letters and marquee sign installation in progress.
- Community Green Space & ADA Plan - A meeting with NOCE reps and the architects has been scheduled to refine design and confirm funding.
- East Lot Restoration – A follow-up meeting will be held after the Community Green space discussion. Project is currently in the planning and funding stage.
- Upper Deck Close-Out – Project is 90% complete; approx. \$0.5M–\$1M in unused funds to be returned to state.
- Boardroom Modernization (Non-Bond) – Framing and HVAC complete; electrical work underway; aiming for a mid-late May completion date.
- Lighting Control Upgrade – 75% construction drawings complete; bidding is expected in June.
- Cooling Tower & High Voltage Projects – Maintenance-focused upgrades to prepare for the summer.
- Elevator Concerns – Replacement costs estimated at \$2.5M–\$3M+; phased replacement is likely needed due to the anticipated budget.

Cypress College – Allison Coburn provided an update on behalf of the campus.

- Fine Arts Building – Project is 44% complete; ongoing framing and mechanical/electrical work; targeting completion date of Fall 2026.
- Health & Wellness Center – Project is 32% complete; drywall and MEP rough-in in progress; minor delays due to structural steel changes; goal of Fall 2025 opening.
- Gym Fire Alarm Upgrade – Work is scheduled to begin in two weeks.
- Softball Renovation – Design phase 60% CDs; revised survey required; target completion date in Summer 2027.
- LRC Tutoring Reconfiguration – Project is nearing completion; there are AV equipment delays which have pushed the final AV installation to mid-April.
- Tech III X-ray Replacement – Equipment is now operational, and the punch list nearly complete.
- LRC Patio Upgrades – Kickoff user meetings have been scheduled. Staff are targeting Spring 2027 for an anticipated completion date.
- Central Plant Upgrade – Upgrades to increase chiller capacity. Phase I begin soon.
- Aviation Tech 2 Upgrades – Bids are due soon and work is scheduled to start June 4. Cabin trainers ordered and are in route.
- LRC Secondary Data Center – Project is in its final step to add generator and reconfigure space for ADA/accessibility upgrades.

Fullerton College - Henry Hua provided and update on behalf of the campus.

- 300 Building – Exterior nearly complete; interior framing ongoing; substantial completion by November and full use anticipated by September 2026.
- Chapman Newell Student Center & M&O Building – Interiors nearly complete; substantial completion targeting for April; staff are currently working with the Furniture Fixtures & Equipment group. Ribbon cutting planning is underway.
- STEM Lab – Internal kickoff meeting was recently held and user group walk-throughs and FPP/IPPs are under review.
- Performing Arts Center Project – \$100M was approved by the Board; staff continue to plan site logistics.
- Wilsher Chiller Relocation – The unforeseen conditions are progressing, and staff continue to negotiate cost and review project schedule.
- Softball Field: Project has been unveiled to the team. Next step is to go out to bid.

Vice Chancellor Williams emphasized patience as all three campuses undergo major facility improvements.

- 6. Future Meetings** – During the Anaheim Campus construction, meetings will be held in the Chancellor's Conference Room. Videoconferencing options are also available on the campuses.

May 12
June 9

Meeting was adjourned at 3:42 p.m.