

COUNCIL ON BUDGET AND FACILITIES
September 8, 2025

APPROVED SUMMARY

Members Present: Erika Almaraz, Terry Cox, Danielle Davy, Monica Farias, Tony Jake, Bridget Kominek, Jaclyn Maggini, Michelle Patrick-Norng, Jeremy Peters, Lourdes Valiente, Jennifer Vega La Serna, and Fred Williams

Members Absent: Belinda Allan, Karla Frizler, Henry Hua, Elaine Loayza, Irma Ramos, Marlo Smith, Kyle Sue, and Leslie Tsubaki

Guests Present: Cora Baldovino, Trustee Blount, Byron Breland, Yvonne Calderon, Khaoi Mady, Kathleen McAlister, Thu Nguyen, Debbie Shandy, Scott Thayer, and Richard Williams

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

1. **Summary:** The summary notes of August 12, 2025, meeting were approved with abstentions from Bridget Kominek.
2. **Memberships:** Committee members reviewed the list of memberships. It was noted that Marlo Smith has taken on an interim dean position and will need to find a new AdFac representative. Student representative positions remain vacant at Cypress and Fullerton. Staff mentioned that there is a possible scheduling conflict with Associated Student meetings. Administration at each campus will follow up with Associated Students.
3. **Budget Update**

State Budget – Joint Analysis & Compendium: The state shifted from expecting a slight surplus to facing a \$12 billion budget deficit, primarily due to lower-than-expected revenues caused by stock market volatility, potential federal tariffs, and possible federal cuts to health and coastal services. These factors contributed to the projected deficit at the state level. Despite the deficit, the final enacted budget is balanced through a mix of reserves, program reductions, and deferrals. The positive news for community colleges is that there are no major reductions to core services.

Community College System Budget: The system budget remains focused on stability, with no cuts to core community college programs or services. A 2.3% COLA is being applied to the Student Centered Funding Formula (SCFF) rates and select categorical programs. The budget also includes funding for 2.35% enrollment growth over the next two years. A few notable investments include \$10 million ongoing funding for Rising Scholars and \$60 million one-time dollars for Student Support Block Grant.

Question/Comments:

1. *How is the funding for the Rising Scholars distributed. How do they determine how much funding is allocated to each site?* In the Chancellor's Office compendium, there are specifics about how the dollars are allocated. The last time we reviewed the compendium, the calculation was not included. Fred Williams will provide more information at the next meeting.

Board Policy Reserves: As of June 30, 2025, the Board Policy Reserve is \$47.6 million. According to Board Policy, the District must maintain a reserve equal to two months of

General Fund expenditures, which amounts to \$49.2 million for the 2025–26 fiscal year. To meet this required reserve level, the District will utilize 2025–26 Stability Protection funds.

Budgeted Revenues – Key Assumptions: The District expects to be funded at the prior year SCFF calculated revenue plus a 2.30% COLA, under the “Stability Protection” model. This includes \$1.57 million in Stability Protection funding, largely due to the phase-out of last year’s emergency conditions allowance, which had temporarily inflated the District’s credit FTES three-year average.

FTES and Budget Details: For 2025–26, the District’s FTES target is 32,840.40, reflecting a steady upward trend. Although funded FTES is declining due to the phase-out of emergency conditions in 2024–25, FTES continues to rise.

Budgeted Expenses: Expenses and Contingencies total \$291.3 million, covering all active positions and negotiated salary changes, with personnel costs making up \$264.7 million or 91% of the budget, a 6.5% increase from the prior year. At the time of budget development, 98.54 FTE positions were vacant and budgeted at \$15.54 million; as of September 2, 48.69 FTE remain vacant, budgeted at \$7.70 million. Some savings on personnel costs are expected at the end of the year due to the timing of when positions are filled.

General Fund: The general fund is composed of three main components: ongoing funds through the Resource Allocation Model (RAM), prior year funds which include the ending fund balance, and restricted dollars. Together, these make up the District’s total general fund. As of year-end, the general fund includes \$83.65 million in ending fund balance and contingencies.

Other Considerations: The District committed to completing a Job Families Study, with completion expected by December 2025, though its impact is still unknown. A systemwide change in credit FTES calculation by 2026–27 may reduce FTES, especially in distance education and lab courses.

Plans are in place to modernize the enterprise resource planning (ERP) system by migrating to Banner SaaS, with an estimated cost of over \$5 million. Vice Chancellor Williams noted that Ellucian is no longer investing in support for older versions of Banner, and delaying upgrades puts the District further behind in adapting to system changes. The state is encouraging all colleges to move to a standardized ERP system to improve data sharing and reduce manual reporting. This shift will require removing custom modifications and adopting a baseline system. Interim District Director, IT, Khaoi Mady added that moving to Banner SaaS will also reduce the internal maintenance burden, allowing staff to focus on other priorities. While the transition isn’t happening this year, it’s important to plan with this future change in mind.

The District received a new actuarial report showing a shift from an asset to a liability position in its OPEB trust, now requiring contributions to fund a \$10 million shortfall—though the actual gap is closer to \$16 million before a recent \$6 million transfer. To avoid disrupting campus operations, the District plans to fund the liability gradually. The change was driven by updated actuarial assumptions, including rising medical costs and a change in firms. Additionally, the District will re-evaluate its Resource Allocation Model (RAM) this October through participatory governance, with potential changes affecting how funds are distributed to budget centers. As funding tightens post-Hold Harmless, there's growing concern about balancing budgets and sustaining ongoing expenditures.

While past budgets benefited from emergency conditions and Hold Harmless funding, if the District continues to stay out of Hold Harmless, no additional funding for General Apportionment is expected other than what is earned through the SCFF. With rising expenses and uncertain state budgets ahead, a new focus on operational efficiency is essential.

Mr. Williams pointed out that the District is focusing on operational efficiencies because salaries and benefits make up 91% of total expenses, leaving little flexibility in the budget. Current RAM revenue is \$289.5 million, but expenses are slightly higher at \$291.3 million, requiring \$1.8 million in one-time funding to balance. NOCE's budget is especially tight, with 98% of its funds going toward personnel costs and only 2% left for other expenses. While NOCE has used categorical funds to support operations, reductions in federal funding and past reliance on emergency condition dollars raise concerns about long-term sustainability.

Questions/Comments:

1. *What guidance does the District provide to campuses when hiring full-time faculty, especially in cases like NOCE, where 98% of the budget is already allocated to personnel costs and they've recently added new full-time faculty positions?* NOCE was approved to hire two new faculty members but instead used that funding to replace existing positions and support a specific program. They're closely monitoring their budget and focusing on improving efficiency, as emphasized during their opening day messaging. This situation highlights the need to re-evaluate the District's overall budget model, especially as balancing budgets becomes more difficult with limited flexibility in funding.

A list of examples of operational efficiencies across programs and departments were provided, as well as different metrics to measure efficiency. Vice Chancellor Williams also noted that utility costs have gone up significantly, and the District is exploring new options to reduce expenses. The current energy purchasing method is no longer cost-effective, and proposals for change will be brought to the Board for future consideration. The District is also reviewing reassigned time, which affects both costs and compliance with the 50% law. With over 10% of faculty on reassigned time, it's a major expense. These issues highlight the need to focus more on efficiency and involve budget officers and other groups in finding solutions.

Questions/Comments:

1. *At the last Institutional Effectiveness Coordinating Council (IECC) meeting there were discussions about a pilot program on the digital strategic management platform pilot that was supposed to show what programs each college is spending money on, and whether we could save by using shared or multi-year contracts. Are there results from that?* IT was recently moved under Administrative Services, so from an IT perspective, IT is reviewing software and services across campuses to find overlaps and eliminate redundant tools. By standardizing platforms, like switching to one phone system instead of two, the District can save money and improve efficiency. Discussions are starting to identify where improvements can be made.
2. *The budget line items and service catalogs vary significantly from one campus to the next, making it confusing for outsiders to understand what each campus is supporting. It was suggested that the District review and align these budget details across campuses to improve clarity and efficiency, especially when similar programs or services are being funded differently.* The District's current RAM gives campuses autonomy over planning and spending decisions. While revenue is distributed centrally, each campus decides how to use its funds, which leads to different approaches. This flexibility is why there's

interest in reviewing the model to see if more alignment or consistency is needed, especially as campuses test different strategies like the book program.

3. *Dr. Breland emphasized the importance of campus autonomy and noted that while the current resource allocation model has worked in the past, it was created before the pandemic. Since then, the District has relied heavily on one-time funding. Now, with tighter budgets, the focus must shift to operational efficiency—especially in staffing, which makes up 91% of expenses. He stressed the need for unified decision-making, thoughtful planning around enrollment, program priorities, and staffing, and being intentional about how resources are used to keep the District fiscally strong and student-focused.*

Four-Year Forecast: The following scenarios were provided each illustrating different impacts but using the 2025-26 budget expenses, 2024-25 FTES, variable increases to salaries, \$1,377,464 contribution to the Retiree Benefit Trust, and CPI percentage increases to nonpersonnel costs:

- Scenario 1 – No Growth with COLA: a \$2,402,026 budget deficit in 2026-27, a \$1,182,102 budget deficit in 2027-28, and a \$8,393,896 budget surplus in 2028-29. Vice Chancellor Williams noted that all employee agreements end in 2026–27, so there are no set negotiations for 2027–28 and 2028–29 yet. Any salary increases for those years are based on contingency language, and full negotiations will need to take place for all groups.
- Scenario 2 – Target FTES with COLA: a \$2,296,071 budget surplus in 2026-27, a \$2,506,853 budget surplus in 2027-28, and a \$12,804,441 budget surplus in 2028-29.
- Scenario 3 – Annual 2% Decline in FTES with COLA: a \$6,804,053 budget deficit in 2026-27, a \$2,548,912 budget deficit in 2027-28, and a \$2,584,370 budget surplus in 2028-29.
- Scenario 4 – 2% Annual Decline with No COLA: an \$11,459,326 budget deficit in 2026-27, a \$12,161,423 budget deficit in 2027-28, and a \$13,086,423 budget deficit in 2028-29.

The District plans to reevaluate its RAM, including the potential addition of a districtwide deficit factor and centralized budgeting for negotiations. It will also explore alternative funding sources for new construction, IT infrastructure, and ongoing maintenance. A district-level workgroup may be formed to review enrollment planning recommendations, track key efficiency metrics, and provide regular updates to Chancellor's Staff. In 2026–27, the District will begin negotiations for 2027–28 with bargaining units and continue reviewing enrollment and efficiency data. This review will also continue into 2027–28 to support informed planning and decision-making.

Campus Budget Forums: Each campus will host a budget forum to answer any questions related to campus specific budget processes. Final dates will be announced once they are confirmed. A live Zoom option will be available, however in-person attendance is strongly encouraged.

Questions/Comments:

1. *On one of the slides it states, consider alternative funding sources for new construction, IT infrastructure and on-going maintenance. What would be an alternative funding source?* We use state funds, carryover dollars, and sometimes redevelopment funds to maintain and update facilities. We still have some bond money and capital outlay funds for upcoming projects, but we should start thinking about a future bond.

4. District-wide IT Expenses

Khaoi Mady shared a District-wide spreadsheet identifying software implementations and cost reduction efforts. Discussions centered around the planned adoption of Course Dog for curriculum and catalog management, though there was confusion about whether this decision had been finalized, as some campus representatives were unaware of the decision. Dr. Vega La Serna will follow-up with communications to the campuses on a status update after reviewing the details with her team.

Questions/Comments:

1. *Course Dog also has a course scheduling feature. Is the intent to replace Civitas College Scheduler with Course Dog?* The plan is to replace College Scheduler with Banner's registration and scheduling tool. We've informed stakeholders, shared updates in newsletters, and are holding a demo this week. Testing will happen this month, with a go-live planned for October, aligning with our move to Banner 9.

5. Facilities Updates

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

- Fine Arts Renovation – The project is 70% complete and is on track for an anticipated completion date of fall 2026.
- Health and Wellness Center Renovation – 90% complete. Anticipated completion date is late September with an occupancy date of November 3.
- Softball field – In the process of getting DSA approval with a targeted date of November 17. Project is currently on track for a targeted completion date of summer 2027.
- Learning Library Resource Center (LLCR) Tutoring Reconfiguration – Project is complete.
- LLRC Exterior Patio Upgrades – Currently in the schematic design phase and looking into cost reduction options. Project targeted completion date is scheduled for spring 2027.

Fullerton College – Rick Williams and Fred Williams provided an update on behalf of the campus.

- Chapman-Newell Student Center & M&O Building – Student Center move was completed in July. The new M&O building is being occupied. The groundbreaking for the two buildings is scheduled for Friday, September 19 at Fullerton College.
- Fine Arts Renovation – The project is underway with fencing up. A public hearing is scheduled for the upcoming meeting to address the easement with Southern California Edison.
- 300 Building – Currently on schedule. Unexpectedly, the building needed to be repainted and will give the building a fresh new look.
- Wilshire Chiller Relocation – Final equipment installations are underway. Staff are coordinating the power transition with the Fine Arts Building and is scheduled to happen in October.
- Softball field – Staff are looking for more cost-effective solutions and making modifications to meet DSA submittal deadlines in October.
- STEM Building – RFP for the architect is scheduled sometime next week.

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

- East lot portables are being dismantled. Plans to restore the parking lot were approved to begin in the fall/early winter. Bidding for the project is expected before the end of September.
- Outdoor Patio – Project is fully complete and 100% operational. Staff are still in the beginning planning stages of installing a canopy to connect the patio with the building. More information will be shared as this progresses.
- Board Room Renovation – Punch list was completed. An agenda item has been submitted to the Board for further discussion on space aesthetics and equipment placement.
- Community Green Space & ADA Plan – Staff have not received comments back from DSA, but the geotechnical report came back clean.
- Elevator Renovation Project – Contractor is working on the concept drawings. The project is expected to start later this year.

Capital Projects

- Detailed updates on each of the campus projects can be found in the Citizens' Oversight Report: [Capital Projects Updates](#)
- The Citizens' Oversight Community Report was approved and will be mailed out to the surrounding communities within the next few weeks.

Meeting was adjourned at 3:46 p.m.