COUNCIL ON BUDGET AND FACILITIES
September 14, 2026
APPROVED SUMMARY

Members Present: Belinda Allen, Erika Almaraz, Anita Carlos, Tony Jake, Henry Hua, Elaine Loayza, Gabrielle Stanco (DMA alternate), Bridget Kominek, Joel Salcedo (UF alternate), Jaclyn Magginetti, John Parker, Michelle Patrick, Irma Ramos, Marlo Smith, Leslie Tsubaki, Lourdes Valiente, Jennifer Vega La Serna

Members Absent: Terry Cox, Steven Estrada, Rosanna Islas, and Annika Rotana

Guests Present: Carlos Ayon, Karen Bautista, Anita Carlos, Sonia De La Tore, David Francisco Lopez, Karla Frizler, Luis Gonzalez, Candace Lynch, Khaoi Mady, Thu Nguyen, Cynthia Olivo, Valentina Purtell, Debbie Shandy, Hsu Thawtar,

Call to Order: The meeting was called to order at 2:07 p.m.

1. **Summary:** The summary of the August 10, 2026, meeting was approved, with an amendment to correct the date from August 8 to August 10, 2026.

2. **Adopted Budget** – Dr. John Parker provided an overview of the 2026-27 State Adopted Budget and its impact on California community colleges and the District. The same presentation was shared at the September 22, 2026, Board of Trustees meeting.

   The adopted budget includes a 4.31% COLA, modifications to the Student-Centered Funding Formula (SCFF), and continued investments in student support programs, deferred maintenance, and capital projects. Dr. Parker noted that the District's budget is balanced, assumes flat enrollment growth, includes all authorized positions and negotiated compensation increases, and reflects the District's transition from hold harmless funding to fully earned SCFF funding. Staff also reviewed the District's ending fund balance, revenue assumptions, expenditure assumptions, and projected Board Policy Reserve levels.

   Questions/Comments:
   1. *Why did the PERS contribution rate decrease, and what does that mean?* Dr. Parker explained that the decrease reflects strong investment performance within PERS and changes to benefit structures under PEPRA, which have reduced overall costs. This is the second consecutive year the contribution rate has declined.
   2. *Is there any update on state funding for part-time office hours?* Erika Almaraz reported there has been no change since June. Current information indicates districts may receive less than 20% reimbursement. Additional information is expected in February.
   3. *How is the Faculty Obligation Number (FON) related to FTES growth?* The FON calculation is directly tied to FTES growth through a long-standing state formula. While all districts use the same methodology, NOCCCD's base FON was established at a comparatively higher level, resulting in a higher obligation than some similar-sized districts.
   4. *Will the District remain in compliance with the FON if no additional full-time faculty are hired for Fall 2026?* Current projections place the District above the Fall 2026 compliance requirement. However, based on current estimates, additional full-time faculty hiring may be needed to remain compliant in Fall 2027.

5. *Do budgeted faculty vacancies count toward FON calculations?* It was clarified that FON compliance is based on filled positions and certain recently vacated positions. Budgeted vacancies themselves are not included in FON reporting.
6. *Are there state discussions about including noncredit instructional faculty in FON calculations?* The District is not aware of any current state efforts to revise the FON formula to include noncredit instructional faculty.
7. *What is the estimated value of budgeted vacancies representing 5% of the budget?* The amount is approximately $15.8 million.
8. *Will retiree benefit costs continue to be funded through the OPEB trust?* Retiree benefit costs are expected to return as a budgeted District expense. Future withdrawals from the OPEB trust are subject to approval by the trust's governing board, and additional withdrawals are not anticipated given the District's current net liability position.
9. *How much is currently held in the OPEB trust?* The trust balance is approximately $175.4 million.
10. *What is the status of the Banner SaaS transition?* Ellucian is moving away from Banner SaaS and Colleague SaaS and will focus development on a new cloud-based student information system called Ellucian Student.
11. A committee member recommended adding a future scenario reflecting 1% enrollment growth to better illustrate the financial impact of continued growth.
12. *What does the "non-spendable" fund balance category represent?* The non-spendable funds consist primarily of revolving cash and inventory maintained for operational purposes and are not available for budget allocation.
13. *Does the District provide guidance to campuses regarding hiring decisions for critical classified positions?* The campuses make hiring decisions locally. While the District provides guidance, financial modeling, and consultation, decisions regarding specific positions remain under campus leadership authority.

The committee discussed the importance of monitoring declining carryover balances, reviewing ongoing expenditures supported by one-time funds, and developing long-term cost containment and fiscal sustainability strategies. Erika Almaraz noted that future discussions with CBF will focus on identifying cost recovery measures and ensuring ongoing alignment of resources with enrollment levels.

3. **Districtwide IT Expenses** – Khaoi Mady presented an overview of Districtwide technology expenditures, including technology supporting core administrative operations, business solutions, and instructional technology systems. Khaoi discussed the continued increase in software costs, anticipated SaaS tax impacts beginning in 2027, increased cloud-computing expenses, and significant software contracts including Qualtrics, Navigate 360, CourseDog, Element451, and Mongoose Cadence.

Questions/Comments:

1. *Why is the cost of Qualtrics increasing significantly?* Mr. Mady explained that the District had been using a legacy license that did not reflect current Districtwide usage. Future contract costs will be adjusted to align with actual utilization levels.
2. *Why are some campuses transitioning from Starfish to Navigate 360?* Navigate 360 is the next evolution of the Starfish platform. Campuses continue to evaluate functionality, implementation requirements, and long-term costs when determining future use.
3. *What do implementation costs represent?* Implementation costs are one-time expenses associated with system setup, configuration, and deployment and are separate from ongoing licensing costs.

4. *Are technology contracts being evaluated for cost savings?* Technology contracts are routinely reviewed and that alternative solutions, consolidations, and contract negotiations are being pursued where appropriate.
5. *How are texting platform costs being managed?* Some locations have discontinued the use of Mongoose Cadence and that efforts are underway to negotiate lower costs and identify alternative communication tools.

4. FTES Update

Cypress College – Dr. Luis Gonzalez reported that headcount and FTES were slightly below prior-year levels, while fill rates and productivity improved due to more efficient scheduling practices and fewer low-enrolled sections. Additional late-start and spring offerings are expected to help recover FTES.

Fullerton College – Dr. Carlos Ayon reported that enrollment remains slightly below prior-year levels; however, fill rates, productivity, and scheduling efficiency have improved. Staff discussed efforts to increase enrollment through outreach, improve course retention, and strategically expand high-demand offerings.

NOCE – President Valentina Purtell reported that NOCE experienced approximately 5% FTES growth in 2025-26 and is projecting relatively flat enrollment in 2026-27. Staff emphasized continued growth in enhanced-funded noncredit programs and ongoing efforts to improve student engagement and attendance.

Questions/Comments:
1. *What does the productivity measure represent?* Staff explained that productivity is generally measured by FTES generated per full-time equivalent faculty (FTEF) and is used to evaluate instructional efficiency.
2. *How does productivity differ from fill rate?* Staff explained that fill rate reflects seat utilization, while productivity measures FTES generation relative to instructional staffing levels.
3. *What is the estimated cost of generating additional FTES?* Cypress College estimated approximately $4,000 per FTES, although costs vary by discipline and delivery method.
4. *How are campuses planning to recover FTES?* Staff discussed expanding late-start offerings, increasing intersession opportunities, improving scheduling efficiency, and conducting targeted outreach to students.
5. *How are changing enrollment patterns affecting planning?* Fullerton College noted increasing student demand for online instruction and discussed how course-taking patterns continue to influence enrollment management strategies.
6. *How does NOCE evaluate efficiency differently from the credit colleges?* Staff explained that because many noncredit courses use positive attendance accounting, student engagement and attendance throughout the term are key measures of success and funding generation.

5. Faculty Obligation Number (FON) – Erika Almaraz provided an update on the projected Fall 2027 FON. Based on current estimates, the District may need approximately 25 additional full-time faculty positions to meet future compliance requirements. It was noted that the projection will be reevaluated when updated State reports become available.

Questions/Comments:

1. *How is the projected Fall 2027 FON calculated?* The compliance FON is based on the lower of the Advance FON or P2 FON calculation.
2. *Could the projected FON requirement change?* Enrollment fluctuations and any future State deficit factor could reduce the final compliance requirement.
3. *What is the estimated cost of meeting the projected FON?* It's estimated that hiring approximately 26 additional full-time faculty positions would result in ongoing costs of approximately $5.2 million annually.

6. Campus Carryover Funds

Cypress College – Dr. Tony Jake reviewed Cypress College's carryover balances and discussed the use of one-time funds to support campus safety, student support programs, facility emergencies, personnel costs, self-support activities, and other operational needs.

Fullerton College – Henry Hua reviewed Fullerton College's carryover balances and one-time funding commitments supporting student services, athletics, health services, campus safety, accreditation, facility needs, and institutional priorities.

NOCE – President Purtell reviewed NOCE's carryover balances and discussed the role of one-time funding in supporting technology upgrades, facility needs, student services, temporary staffing, contingencies, and enrollment recovery efforts.

District Services – Erika Almaraz reported that all District Services one-time funding requests were accommodated; however, several ongoing funding requests remain under review pending prioritization discussions.

Questions/Comments:

1. *What discussions are occurring regarding positions currently funded with one-time funds?* Budget centers have begun evaluating long-term funding strategies; however, transitioning positions to ongoing funding would require identifying offsetting reductions or new revenue sources.
2. *Can unused carryover allocations be repurposed?* Each campus follows its local governance process when determining whether carryover funds should be reallocated.
3. *How do carryover funded expenditures affect the District's budget calculations?* It was clarified that FON compliance is unaffected by the funding source used to pay positions. However, moving additional expenditures into unrestricted operating funds could affect the District's 50% Law calculation.
4. *Why are campus safety expenditures supported by carryover funds?* Parking revenues do not generate sufficient funding to fully cover operational expenses, requiring additional institutional support.
5. *How should the District prioritize carryover spending if available balances continue to decline?* Members discussed the need to identify operationally critical expenditures and evaluate priorities as part of future budget planning discussions.

Dr. Olivo announced that the District was awarded a $5 million federal Strengthening Institutions Program (SIP) grant, led by Fullerton College in partnership with an external consulting agency. The grant will support the Advocate Program districtwide. She noted that securing external grant funding is an important strategy for sustaining critical student support services and advancing the District's strategic priorities. The Council congratulated all involved in the successful award.

7. **Preparation for the 2027-28 Budget** – Dr. John Parker discussed early planning efforts for the 2027-28 budget, including development of a strategic enrollment plan that incorporates recommendations from previous consultant studies. Erika Almaraz emphasized the need to address increasing reliance on one-time funds, align ongoing expenditures with ongoing revenues, and identify long-term strategies to maintain fiscal sustainability.

   Questions/Comments:
   1. *What topics will be included in future budget planning discussions?* Carryover-funded expenditures, enrollment-related revenue projections, personnel costs, overspending in categorical programs, and budget sustainability as key discussion topics.
   2. *Why is the budget planning process beginning earlier this year?* Staff explained that enrollment uncertainty, projected fiscal challenges, and the need for broader constituent participation require earlier planning efforts.

8. **Information Requested by Council**

   Due to time constraints, discussion of the information requested by the Council was postponed to the October meeting. Members were asked to review the discussion questions with their constituent groups and bring feedback and recommendations to support ongoing budget planning efforts.

   The Council discussed the importance of addressing carryover balances, ongoing expenditures, and future budget priorities as part of the 2027-28 budget development process. Staff indicated that recommendations from CBF will help inform budget planning, with a goal of developing a framework by November.

   Members requested that this item be scheduled earlier on future agendas to allow more time for discussion. Staff agreed to place the item earlier on the October agenda.

9. **Facilities Updates** were deferred and will be presented at the next CBF meeting.

Meeting was adjourned at 4:05 p.m.