

DISTRICT CONSULTATION COUNCIL
September 22, 2025

SUMMARY

MEMBERS PRESENT: Byron D. Clift Breland, Karla Frizler, Martha Gutierrez (for Valentina Purtell), Heather Halverson, Bridget Kominek, Candace Lynch, Flavio Medina-Martin, Cynthia Olivo, Kathleen McAlister, Michelle Patrick Norng, Jeremy Peters, Pamela Spence, Kai Stearns, Scott Thayer, Jennifer Vega La Serna, Annalisa Webber, and Fred Williams.

VISITORS: Erika Almaraz, Danielle Davy, and Julie Leggin.

ABSENT: Christie Diep, Elaine Loayza, Khaoi Mady, Jaclyn Magginetti, Irma Ramos, and Marlo Smith.

Chancellor Byron D. Clift Breland called the meeting to order at 2:06 p.m.

MEETING SUMMARY

Summary: The summary of the August 25, 2025 meeting was approved with the noted corrections. **There was consensus to approve the summary with five abstentions** (Martha Gutierrez, Heather Halverson, Kathleen McAlister, Pamela Spence, and Kai Stearns).

STRATEGIC GOALS & PLANNING

2025-26 Budget Presentation: Fred Williams, Vice Chancellor of Administrative Services, and Erika Almaraz, Executive Director of Fiscal Affairs, presented the 2025-26 Proposed Budget that was adopted by the Board at their September 9, 2025 meeting and to address questions related to the presentation and proposed budget book.

The presentation provided an overview of the State budget, the California Community College System budget, the District budget, operational efficiencies, four-year forecasts, and the proposed budget plan. Highlights included:

State Budget

- From January to the May Revise, the State went from anticipating a slight surplus to projecting a \$12 billion budget deficit.
- The final enacted budget is balanced through a combination of reserves, program reductions, and deferrals.
- No major core reductions to community college programs or services.

System Budget

- Focus is on maintaining stability. No core ongoing reductions to programs or services, with overall funding roughly flat compared to 2024-25.
- COLA of 2.30% for the Student Centered Funding Formula and select categorical programs.
- Funding to cover enrollment growth of 2.35% over two years.
- Increase of \$10 million in ongoing funding for Rising Scholars.
- \$60 million one-time funding for a Student Support Block Grant.

Ending Fund Balance (Carryovers)

Non-spendable	\$ 190,000
Restricted	\$ 9,750,000
Assigned	\$ 53,550,000
One Time Allocated	\$ 12,030,000
PY Revenue	\$ 2,660,000
Board Policy Reserve	\$ 47,640,000
Unallocated Resources	\$ 1,400,000
Total	<u>\$ 127,220,000</u>

Board Policy Reserves

- The Board Policy Reserve as of June 30, 2025 is \$47.6 million.
- Per Board Policy, the District is required to maintain a reserve level equal to 2 months of General Fund expenditures.
- For 2025-26, the required reserve level is \$49.2 million.
- 2025-26 Stability Protection funds to be used to meet the required funding level.

Budgeted Revenues – Key Assumptions

- Using COLA of 2.30% and Target FTES.
- Expecting to be funded at the Prior Year SCFF Calculated Revenue + COLA also known as “Stability Protection.”
- Stability Protection funding of \$1.57 million is mostly due to the phase-out of the emergency conditions allowance last year which artificially inflated the District’s credit FTES 3-year average.

FTES Trend

For 2025-26 the target is 32,840.40 based on the following FTES trends:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
FTES	33,337.45	31,842.56	26,071.85	26,565.68	29,199.56	31,626.49

Funded FTES vs. Actual FTES

- Funded FTES is based on the 3-year Credit FTES average used in the SCFF calculation.
- Funded FTES shows decline due to EC phasing out in 2024-25.
- Annual FTES is still trending up.

Budgeted Expenses

- Expenses and Contingencies total \$291.3 million includes all active positions (filled and vacant), annual changes in step and column, changes to salary schedules based on settled negotiations, and the PERS rates decrease from 27.05% to 26.81%.
- Personnel budgets total \$264.7 million which is 91% of the budget. This is a \$16.0 million or 6.5% increase from the prior year budget.
- At the time of budget development, vacancies in the Unrestricted General Fund Ongoing (Fund 11200) totaled 98.54 FTE and were budgeted at \$15.54 million including benefits. As of September 2, 48.69 FTE remain vacant and are budgeted at \$7.70 million.
- Since vacancies are included in the budget, some savings in personnel cost are expected at the end of the year due to timing of when positions are filled.

General Fund Summary

(in millions)

	RAM	Prior Year	Restricted	Total
Adjusted Beginning Balance*	\$ -	\$ 117.47	\$ 9.75	\$ 127.22
Plus Revenues	-	-	81.14	81.14
Earned SCFF Revenue	265.93			265.93
Stability Protection Rev	1.57			1.57
Lottery	6.11			6.11
Mandated Cost	1.15			1.15
Other State Rev	5.68			5.68
Interest Income	3.00			3.00
Self-Supporting	3.61			3.61
Non-Resident	3.00			3.00
PT Fac Health Ins Reimb**	3.99			3.99
Plus Other Sources		3.31	2.75	6.06
Transfer In from RDA	1.00			1.00
Transfer In from OPEB Trust**	6.00			6.00
Chargebacks b/w centers	2.28			2.28
Transfer In from One-Time	1.83			1.83
Less Expenditures		(36.16)	(89.24)	(125.40)
Operating Expense***	(284.43)			(284.43)
PT Fac Health Ins Reimb**	(3.99)			(3.99)
Retiree Medical Benefits**	(6.00)			(6.00)
Less Other Uses		(10.91)	(2.66)	(13.57)
Chargebacks b/w centers	(2.28)			(2.28)
Child Care Cntr Contribution***	(0.25)			(0.25)
Net	\$ 8.20	\$ (43.76)	\$ (8.01)	\$ (43.57)
Ending Balance/Contingency	\$ 8.20	\$ 73.71	\$ 1.74	\$ 83.65

Other Considerations

- The District committed to completing the Job Families Study by December 2025. At this time, the outcome of the study for staff, operations, or the budget is unknown.
- Systemwide change to standardize calculation for credit FTES required by 2026-27. The District could see a reduction in FTES particularly in distance education courses and certain labs.
- In the next 3-5 years, the District is planning to modernize its enterprise resource planning (ERP) system by migrating from Banner on-premise to Banner SaaS. The estimated cost is over \$5 million.
- The District will consider adding a retiree benefit contribution rate to position control for 2026-27 to fund the OPEB liability over time.
- The District reviews its RAM through participatory governance each year. Changes to the RAM would affect the allocation of ongoing funds to each budget center.
- Over the last 5 years, the District has had good budgets with an influx of emergency conditions and hold harmless funding that resulted in large surplus years. Significant investments were made to recover FTES and efforts by all three campuses have been successful.

- As we come out of Hold Harmless, it's important to understand that our budget landscape is changing. During our Hold Harmless years, we budgeted based on what we estimated to earn while expecting to receive significantly more revenues through emergency conditions and Hold Harmless funding.
- In future budget years, if we stay out of Hold Harmless, no additional funding for General Apportionment is expected other than what we earn through the SCFF.
- At the same time, budgeted expenses have grown significantly, we anticipate growth in FTES to eventually stabilize, and the State budget in the outyears continues to be uncertain. In this new landscape, a new focus is needed on operational efficiency.

Operational Efficiencies – Across Programs and Departments

- Streamlining processes to reduce administrative burden.
- Utilizing technology to automate labor intensive tasks.
- Partnering with other campus department and programs to optimize the use of resources.
- Reviewing software catalog to identify software that is no longer needed and also ways to streamline software solutions.
- Reassessing the useful life of purchased equipment.
- Setting targets for key efficiency metrics and monitoring progress.
- Evaluating grants process including acceptance of grants, setting a minimum indirect cost rate, grant training, and distribution of work.
- Considering alternatives for utility purchases.
- Utilizing new or existing workgroups to gather information critical for decision-making particularly as it relates to permanent positions, enrollment management, reassigned time, and program discontinuation.
- Ensuring employees are well-trained.
- Cultivating an environment of continuous improvement.

Operational Efficiencies – Measurement Methods

- Salaries to FTES ratio
- Salaries to Student Success Headcount ratio
- Salaries to Supplemental Headcount ratio
- Non-Instructional to Instructional Salaries ratio (All Personnel, Academic Personnel)
- Non-Personnel Expenditures to SCFF metrics
- Course Section Fill Rate
- FTES per Section
- FTES to FTEF ratio
- FTES to FTES Capacity per room
- Grant Expenditures to SCFF metrics
- Grant Revenues to Indirect Support Staff Cost
- Grant Overspend or Underspend Trend
- Number of Financial Transactions to Number of Support Staff (e.g., Purchase Orders, Accounts Payable Checks, Personnel Change Forms, Payroll Checks, Expense Transfers)
- Processing Time for Key Business Processes
- Employee Turnover Trend
- Districtwide Survey on District Office services

Operational Efficiencies – Recommendations for Budget Centers

- Identify key efficiency metrics (especially around personnel costs)
- Set targets for key metrics
- Develop guidelines for exceptions
- Monitor and report on data

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.
- 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.

Proposed Budget Plan

- 2025-26: Reevaluate the District's Resource Allocation Model; consider adding a districtwide deficit factor and budgeting for negotiations at the districtwide level; consider alternative funding sources for new construction, IT infrastructure and ongoing maintenance; and consider creating a district-level workgroup to review enrollment planning recommendations from RNL, identify key enrollment management and efficiency metrics for the District, continuously monitor key metrics data, and provide regular updates and any recommendations to Chancellor's Staff.
- 2026-27: Begin negotiations for 2027-28 with bargaining units, and review enrollment management and efficiency metrics.
- 2027-28: Review enrollment management and efficiency metrics.

Chancellor Byron D. Cliff Breland introduced the discussion by clarifying that efficiencies doesn't mean eliminating positions, but rather analyzing information and the impact when we decide to fill new positions. Members then stated the following:

- The campuses were funded for positions, but there was a decline; do they keep the funding?
- Concern that extended day budgets were overspent by over \$10 million.
- To keep in mind that when there are vacancies, the work of the vacant position is still taking place despite not having a permanent replacement yet so the funding needs to be preserved.
- What caused the current OPEB liability when it was an asset not too long ago?
- Can the extended day budget be broken down by adjunct, reassigned time, and overload?
- The need to revisit the indirect costs for grants to provide administrative cost support due to the burden that's being placed on finance staff.
- Feedback on how the budget forum would be beneficial for faculty. Examples: explain how the resource model allocates funding to the campuses and a percentage is allocated back to the District; address the lore about how much money the District has in reserves; clarify why with enrollment increasing, the message is that we need to tighten our belts; and explain the 50% Law.

- Despite changes to the SCFF, there are still messages “that we can’t give more than X amount at one campus and not at the other” and that is unacceptable because the District should be able to absorb that.

The Chancellor stated that if the District had money for raises, the funding would not be harbored and held off to the side, noting that the money the District has in reserves is one-time funding. He said that to be a destination district, we need to offer competitive salaries and have appropriately compensated employees.

POLICY

Revised Chapter 3 Board Policies and Administrative Procedures – Annual Review Cycle:

The following board policies and administrative procedures were reviewed and revised as part of the District’s annual review cycle. Proposed revisions included updates to the reference section or to make minor grammar corrections.

- **BP 3300, Public Records**
- **BP 3310, Records Retention and Destruction**
- **AP 3310, Records Retention and Destruction**
- **BP 3440, Service Animals**
- **BP 3500, Campus Safety**
- **AP 3500, Campus Safety**
- **BP 3505, Emergency Response Plan**
- **BP 3510, Workplace Violence**

Members had no questions and during the vote, **there was consensus to approve the revised Administrative Procedures and post them on the District website and forward the revised Board Policies to the Board for their consideration.**

New AP 3440, Service Animals: The Community College League of California (CCLC) Policy and Procedure Legal Updates Service indicates that all districts are legally required to establish an administrative procedure to address the use of service animals. After reviewing CCLC’s recommended language, staff developed AP 3440, Service Animals to ensure compliance and clarity.

Julie Leggin, District Director, Risk Management & Workplace Safety, led a presentation outlining the development of AP 3440, the legal requirements for service animals on campus, and a summary of the practices to follow with Human Resources and Risk Management in situations that involve service animals.

During the discussion, members made the following statements:

- What happens if another employee has an allergy to the animal?
- Who is liable if an animal bites a person?
- None of the language addresses emotional support animals. Does that need to be addressed in a separate section or policy?
- Concern that additional language is not included to identify the distinction between emotional support animals and service animals.

- A recommendation to highlight the difference between service animals, emotional support animals, and pets under section 1.0.
- Add clarifying language to section 1.2 to emphasize the guidelines in place for use of service and emotional support animals by students.

It was requested that language revisions be shared with Vice Chancellor Fred Williams for incorporation before the items return to a future DCC meeting for further consideration.

Revised AP 7400, Employee Travel and Conference Attendance: AP 7400 has not been updated in several years and in response to recent concerns regarding reimbursement procedures and alternative solutions to handling travel reimbursements, revisions have been made. The proposed changes were previously reviewed and discussed with the campus Budget Officers and Chancellor's Staff.

Fred Williams introduced the discussion by noting that the District is looking at changing how travel is approved, to address campus concerns about having to spend money up front, to automate reimbursements, and to comply with IRS travel regulations. A majority of the proposed revisions are not new, but have been shifted within the policy. Erika Almaraz then highlighted the major changes which include:

- Section 4.4.4: No reimbursements for personal commuting.
- Section 4.4.6: Reimbursement for total commute miles.
- Section 4.4.7: Deadline for reimbursement.
- Section 5.2.1.1: Advance approval required for airfare upgrades.
- Section 5.2.6: 50-mile lodging restrictions with advance approval required for exceptions.
- Section 5.2.6.3: Cover the night before.
- Section 5.2.6.4: No vacation rental bookings.
- Section 5.2.7: Meal reimbursements only under certain conditions.
- Section 5.3: Group travel must be booked through the District travel agency.
- Section 7.0: Use of a third-party vendor with the cost covered by an additional fee that will be added to each travel expense report.

AP 7400 will return to the October DCC meeting with additional changes to the meal expenses section, potentially reducing the need for receipts for certain dollar thresholds, and including the Business Necessity Form.

Revised AP 3415, Immigration Enforcement Activities: This procedure was reviewed in light of recent activities in order to better provide guidance to staff and students regarding immigration-related inquiries. The first reading included proposed revisions to the reporting delegation which were recommended by the Vice Chancellor of Administrative Services, the District Director of Public & Governmental Affairs, the NOCE Vice President of Student Services, and the NOCE Campus Safety Officer Coordinator, but the language in sections 12.0, 14.0, and 17.0 prompted further questions and required additional clarification from DCC. Following the August 25, 2025 DCC meeting, additional recommendations were incorporated into the AP and shared in advance of the September 22, 2025 DCC meeting to allow time for members to solicit feedback from their constituencies.

Members had no questions, and during the vote, **there was unanimous consensus to approve revised Administrative Procedure 3415 and post it on the District website.**

OTHER

Update on Retiree Email Accounts: In response to a request that was made at the August DCC meeting regarding allowing emeritus faculty to retain use of their campus email address, it was noted that the guidelines to allow for retiree accounts would be discussed at the October District Technology Committee meeting.

Next DCC Meeting: The next DCC meeting will take place on Monday, October 27, 2025 in Room 105 at the Anaheim Campus.

ADJOURNMENT: The meeting was adjourned at 3:58 p.m.