

COUNCIL ON BUDGET AND FACILITIES

January 14, 2019

APPROVED SUMMARY

Members Present: Josh Ashenmiller, Terry Cox, Richard Fee, Craig Gorlaski, Cherry Li-Bugg, Tina McClurkin, Kim Orlijan, Leslie Tsubaki, Fred Williams, Marcus Wilson & Kashu Vyas

Members Absent: Rodrigo Garcia, Rod Lusch, Irma Ramos, Justin Richardson & Bryan Seiling

Call to Order: Fred Williams called the meeting to order at 2:05 p.m.

- I. **Summary:** The summary of the December 10, 2018 meeting, was accepted.
- II. **Status of CBF Memberships** – Representation from Associated Students at each campus is still vacant. CSEA is still missing new representation.
- III. **Budget Update**

Fred Williams shared a PowerPoint and calculations on P1 FTES numbers and also an analysis of the Governor's proposed State budget, developed jointly by several statewide community college-related organizations. Overall, there is a 3.06% decline in NOCCCDs P-1 FTES actuals compared to target and a 7.04% decline since 2014-15.

Fred Williams lead a discussion on the Estimated Full-time Faculty Obligation Number (FON) for 2019-20. The advanced FON number from the State Chancellor's Office, including growth and restoration, funding was 651.36 positions, the District calculation was 590.04 based on the District Target FTES number. Originally 44 positions were approved to hire which brings the expected faculty to 568 positions for Fall 2019. Since the original approval, the District submitted its P-1 attendance report which shows a reduction from target FTES. Based on these new attendance numbers, the new FON Calculation is 564.90 positions. With this in formation, Cypress College was approved to hire 6 additional positions to bring the revised estimate on 574 positions for Fall 2019, which exceeds the estimated FON by 9.10 positions.

Questions:

1. What was the rational for going over the FON? This will allow for any unexpected retirees or failed recruits, a cushion of 10 is a safe number.
2. Are there other districts that are taking the numbers at face value? There is a possibility, but one would hope that the CBOs are doing their own calculations to benefit their District.
3. Will the Chancellor's Office be as flexible as they are with the FON numbers, with the penalties? There is no flexibility with the FON numbers. Everyone is given a hard number based on your reported P-2 FTES. They are not flexible with the penalty as well.

A handout from a joint committee analyzing and summarizing the budget updates was shared. The Governor's January budget may change with the May Revision. Fred Williams shared highlights from the report.

There is \$40 million for the 114 colleges to expand the California Promise Program to the second year of attendance, a 3.46% COLA that also extended to selected categorical programs and a \$3 billion one-time contribution to STRS, to buy down the employer contribution rates for 2019-20 and 2020-21. This one-time contribution to STRS will equate to freeing up additional one-time

money for the District. A 1% change in the STRS rate is about \$720,000.

Capital Outlay - there is a concern that the State Chancellor's Office will implement a new scoring metrics for capital project proposals. However, no information on the scoring criteria and when it will be implemented has been released, but the process could cost the District a significant number of dollars to resubmit projects.

Questions:

1. *Do we have any indication of how it will impact our current projects that we have in the works?*
The District may need to resubmit proposals for the Cypress College Fine Arts Project and the Fullerton College Theater project. Additional information is needed before we can say for certain.
2. *What does buying down rates mean? "Buying down" is the State investing into STRS. Instead of the District paying through the payroll process, the State will pay to get the rates down. It's a way to pay for the contributions on a one-time basis vs an on-going basis.*
3. *How are other districts handling this?* Many do the same as us, set aside money.
4. *How much have rates gone up?* 8% up to 18% in the last 5 years. PERS are flexible in changing rates to respond to portfolio performance, STRS requires a legislative change to adjust contribution rates.

New Funding Formula

C.M. Brahmhatt from Cambridge West provided insight and navigation tools to the apportionment calculator that is being shared by all 72 districts. The calculator was created to provide districts with transparency and a way for other district members to get involved.

While there is a significant amount of one-time money for the District, the focus will need to be the total before the Hold Harmless monies to protect the base income once the Hold Harmless runs out after three years.

Based on internal audits, the District is lacking on MIS submission. MIS data will need to be reviewed for a more accurate submission to account for all areas that will be counted towards apportionment.

Question:

Is there any sense whether the point system for allocating for student success is stable? The Governor has appointed a 15 member committee to review the funding formula on an on-going basis, and to provide stability, it was said to not have any changes to the point system for the next two years, however, while the point system has no changes, the new governor has removed 5% from the Student Success portion and kept it with the FTES based calculation.

New Allocation Model

Discussion took place on how to allocate money to the campuses. The District is working with Cambridge West to show where revenues are earned at the campus levels.

Question: What's the timeline for submitting MIS data and how is the process looking? The District has started looking at the process for submitting the data, started conducting an internal audit to

assess the process, and discussions within Chancellor's Staff have started to look at the process. Dr. Li-Bugg shared that there is a need to review the validation process. The first step would be to document current and past processes to review areas to improve upon. The validation process can be vastly improved by implementing multiple layers of validation at the campus and District level before certifying the data. Currently, all submissions are done manually, the hope is to incorporate Banner 9 for automated data submission.

Fred Williams shared that the apportionment calculator will be distributed after the Governor's Workshop when data has been inputted.

Allocation Model/New Funding Formula

Question:

Do we build a budget based on the entire allocation? No, the numbers are higher than expected, so some of the money was used from the Hold Harmless, however we look at the overall expenditures and income on an on-going basis, using Hold Harmless as one-time funds.

Use of One-Time Funding

Discussions have begun in Chancellor's Staff on how to allocate one-time funds. Further discussion will need to take place on how to allocate funds.

Standards for Personnel

Sub-committee will reconvene once classes begin. The goal is to create a standard and make adjustments accordingly. The Board would ideally like to see the numbers at 85% for salaries compared to overall expenditures or some other basis.

Question:

Where did the 85% come from? The 85% is typically a best practice state-wide. Most districts are significantly above the 85%.

Bond Update

Fred Williams provided a facilities update for the campuses.

Anaheim Campus – The District-wide Network Refresh project will be taken to the Board in February and is earmarked for \$15-\$20 million bid.

Cypress College – An item will be taken to the Board on January 22 for the Guaranteed Maximum Price for the VRC/SEM building. This is a large project that has been earmarked for \$115 million of Bond funds. The groundbreaking ceremony is scheduled for February 8, 2019.

Fullerton – The Construction Documents phase is in the beginning stages and expected to conclude in March/April of 2019 for the Instructional building.

Adjournment: The meeting was adjourned at 3:34

Next Meeting: February 11, 2019