

# COUNCIL ON BUDGET AND FACILITIES

October 9, 2017

## APPROVED SUMMARY

**Members Present:** Adam Gottdank, Terry Cox, Rod Lusch, Marcus Wilson, Fred Williams, Danielle Davy, Kashu Vyas, Irma Ramos, Raine Hambly, Rod Garcia, Brian Seiling

**Guests:** Deborah Ludford

**Call to Order:** Chair Irma Ramos called the meeting to order at 2:08 pm.

- I. **Summary:** The summary of the September 11, 2017, meeting was accepted with a minor change.
  
- II. **Budget Update:** Fred Williams reviewed the DCC Budget Discussion handout, which broke down the \$37.85 million of one-time funds available (due in most part to the accumulation of funds for the PERS/STRS increase and additional resources from the summer shift). Factoring in the \$5.7 million deficit, the question of, "What other priorities should be considered?" was posed to the committee. Some suggestions were made, including: covering the deficit for several more years; current budget or enrollment increases; supplemental budget allocations (i.e. Extended Day); Off-Salary Schedule Compensation starting in 2018-19; reserve for categorical program salaries to prepare for possible reductions to those funds; construction and facilities supplements; supplement to the Student Success Program; Pathways support; and retiree benefit liability. Going forward, the committee will make additional recommendations on how the one-time funds might best be utilized within a 3-5 year plan.

One issue that requires discussion and planning is the state's campaign to increase the Faculty Obligation Number (FON). Mr. Williams implored the committee to reach out to leaders at the state-level to make them aware that NOCCCD is currently above almost every other district in FON, which should be accounted for when being asked to increase even further.

### **Questions:**

1. Could the funds be used to adjust benefits, which could feel as if salary is being increased without actually changing the salary?

These are one-time funds and a benefit adjustment would be an ongoing cost. The District is well aware that benefits are not comparable to other Districts, but much progress has been made to the salary portion.

2. A big issue with the categorical funds is an understanding of what should and should not be considered supplanting (i.e. transferring of expenses). Why weren't all of the counselors this year hired under categorical funds?

Some of those recruitments were made to replace counselors already under the General Fund, which obviates the need for a unified understanding of supplanting.

**III. Resource Allocation Model Committee:** The Chancellor has charged the committee to revisit the District's allocation model. Kashu Vyas mentioned that the Resource Allocation Model (RAM) Committee is still forming and there will be a call-out for those interested in joining (Josh Ashenmiller, Jolena Grande and Justin Richardson have expressed interest). The committee will have the goal of reviewing the Push-Out Allocation draft, presented to CBF in 2016, with a focus on requests for charge-backs between locations. The committee will also identify any areas of concern with the model before it can be used going forward. The Leadership Academy is also working on identifying issues with the model that will be brought to CBF for consideration.

**Questions:**

1. For Cypress charge-backs, are we trying to reconcile with NOCE expenses?

That is one of the components that the campus has requested be built into the model – to address the issue of covering NOCE expenses. Another is covering expenses that may be considered Information Technology.

2. When would you like constituents for the committee?

It would be great if CBF members could reach-out to potential interested parties first and contact Kashu by 10/24, with a goal of a 12/31 deadline to have the initial draft complete.

3. Has the Chancellor identified other areas of the RAM that she feels needs improvements?

Dr. Marshall is in favor of the SB361 Model, which aligns revenue, based on the state's rate for FTES, with the campus's FTES.

**IV. District Services Budget** – Information Services and Human Resources have seen significant increases in costs associated with maintaining their systems. Currently expenditures that exceed the amount of budget for these areas have been covered using one-time dollars or charge-backs to the campuses. An option to discontinue maintaining some of the systems altogether is not viable, but a more favorable short-term decision is to move these costs to districtwide expenses.

**a. Information Services Maintenance Agreements**

Deborah Ludford provided a forecast of software with on-going costs that will exceed the amount of resources provided to Information Services (IS). Departments will generally cover the initial purchase of their technology projects, but there are ongoing expenses associated with these projects which fall on the operations budget of the IS department to cover. Sometimes different departments share in the cost of technology and pay expenses based on the different levels of use of the product. When all departments benefit from the use of a technology (e.g., Banner), the IS department covers the cost completely. In 2014, the department received a \$120,000 augmentation to cover projected expenses in excess of their allocation - that augmentation has been fully depleted. Since then, ongoing costs of existing software have continued to increase and many new programs have been brought on-line to support various departments across the district. A continued shortfall is expected for 2017-18 through 2021-22, taking into account cost escalations of 3-4%. It was recommended that consideration be given to having districtwide expenses cover these costs going forward.

**Questions:**

1. Will the network refresh positively impact the operating costs?  
No, the costs should remain close to the current costs for the network.
2. One of the options mentioned was to cut some services, have any of those been identified?  
The SSL Certificates have already been cut, but other services will likely be consolidated rather than cut entirely. The IS Steering Committee will review this process.
3. If the option to have the District cover the expenses is considered, couldn't this be an example of where the one-time funds can be used to cover multiple years of expenses?  
It is possible to use this in the short-term, but these are true ongoing costs that need to be built into the new Budget Allocation Model.

**b. Human Resources**

Irma Ramos discussed that PeopleAdmin, Cornerstone on Demand and Maxient are on-going District approved technology programs; therefore, the expenses for these programs should be built into the budget so that an annual request for funding is not needed. It was suggested that these HR costs be combined with District IS, as they are all fed by Banner.

At the next CBF meeting, Ms. Ludford will share a list of intra-service items that each campus shares (i.e. Microsoft, On-Base, Cisco, etc.), as well as the new Information Services Committed Costs once HR is included. Moving these items to districtwide expenses could help remedy the charge-back methodology, but could also take away incentives for reduction at each campus.

**Questions:**

1. What is Cornerstone On Demand? Maxient?  
Cornerstone on Demand is the District's online evaluation instrument. Maxient is a tracking system for student discipline.

**V. Bond Update:** Fred Williams provided an overview of current campus projects.

Anaheim Campus – The bid for the 7<sup>th</sup> and 10<sup>th</sup> floor build-out closes on October 10<sup>th</sup>. This will give a first indication of the current bid market.

Cypress College – Staff are working on responses to possible cost increases for the SEM Building.

Fullerton College – The resolution to adopt the modified Design Delivery Method on the New Instructional Building will go to the October 10<sup>th</sup> Board of Trustees meeting. The EIR period closed with only 10 letters received (mostly in regards to Sherbeck Field, which was not included in this EIR). Responses are currently being gathered for the December Board.

**VI. Other Items (Discussion):** None

Adjournment: The meeting adjourned at 3:23 p.m.

Next Meeting: November 13, 2017