

COUNCIL ON BUDGET AND FACILITIES
March 11, 2019
APPROVED SUMMARY

Members Present: Pete Christenson, Terry Cox, Richard Fee, Rodrigo Garcia, Craig Goralski, Cherry Li-Bugg, Kim Orlijan, Irma Ramos, Bryan Seiling, Leslie Tsubaki, Kashu Vyas, Fred Williams & Marcus Wilson

Members Absent: Josh Ashenmiller, Rod Lusch & Tina McClurkin

Guests: Dana Clahane

Call to Order: Irma Ramos called the meeting to order at 2:05 p.m.

I. **Summary:** The summary of the February 11, 2019 meeting was accepted.

II. **Budget Update**

The PowerPoint presentation on the Budget Update that was presented at the February 26th Board meeting was briefly reviewed with the Committee. Specific topics were discussed in further detail. A supplemental booklet, Fiscal and Staffing Update, was also provided to the Committee for discussion.

- Special Project Managers (SPM) – The District as a whole is continuing to convert any long-term SPMs, over a two year contract, to permanent positions if there is a need or high demand for the position.
- Extended Day/Overload – When reviewing the budget and actual expenses for the past several years, there has been a pattern of actual expenses exceeding budgets by a significant amount.
- PERS/STRS – The District has set aside resources to cover the projected increases for future years. A 1% increase in the rate equates to approximately \$600k for STRS and \$500k for PERS.
- Budget – Revenue projections for 2019-20 were based on the new Apportionment Calculator created by the State Chancellor’s Office and the Fiscal Management Crisis Team (FMCT). Looking at 2018-19 P-1 numbers, our apportionment budget reflects fairly close to what we expected to receive. Our declining enrollment numbers hurt the calculation, and better success numbers have helped the calculation.

A multiple page handout on budget assumptions was provided to the Committee – Schedule C, page one, provided information on campus FTES Targets based on the P-1 results and FON calculations. Schedule B, reviewed a historical overview of overall FTES workload measure assumptions from 2004 -05 to 2019-20, base apportionment breakdown by category, and apportionment deficit history by factor and amount.

A one page sheet on Unrestricted General Fund On-going Resource Summary provides a current overview of the District’s budget with major revenues and expenses broken down for review.

An additional one page sheet on the Extended Day funding Model and Districtwide Expenses were also included with the handouts.

Questions/Comments:

1. *When would we know when the state deficit would affect us?* Not until next February, but the State is projecting a 5% deficit, which in turn is possibly \$10 million for our District. In addition, based on economic reports, capital gains are expected to be lower, which will have a significant impact on the State budget.
2. *On the extended day funding model sheet, is the 2 year average class size for full-time faculty or part-time? Is there a way to break down the numbers by full-time faculty and*

part-time faculty? It is a combination of both. It may be possible, but our researchers will need to look into this.

3. *Why is it that Fullerton dropped in FTES, while Cypress did not?* FTES is still computed in hours and non-credit numbers are continuing to rise at Cypress, while basic skills classes are continuing to decline at Fullerton. There is also a trend at Fullerton College of students from surrounding districts attending their local schools and districts. Occasionally, course units do not correlate with the number of course hours, which will have an impact on FTES. Further investigation by the internal audit department will need to take place to review course-taking patterns to determine if all course units and course hours align.
4. *How do our District numbers compare to other Districts?* Surrounding districts are also in a decline, while a few are growing. The FTES projections by campus are obtained from the campus CEOs.

Supplemental Booklet – Fiscal and Staffing Update: Provides a copy of the SCFF Apportionment Calculator, on-going revenue and expenses, summary of all personnel positions by fund type, and a draft recommendations for one-time funding.

Questions/Comments:

1. *Are there other positions listed as temporary other than the Special Project Managers?* Yes, pages 36-39 shows the different positions that are listed as temporary. Some positions are split funded positions, which are counted for their full-time equivalency (100%), not by the number of positions that are held.
2. *What exactly does it mean by Temporary Instructor-English?* Some of the Full-time positions were not permanently filled, therefore, a one year contract was signed to complete the remainder of the year.
3. *Why are the pay rates significantly different at the campuses for some custodial positions?* Additional clean-up and corrections will need to be made, as some positions are not calculating correctly, especially the split-funded positions. The Budget Officers will be reviewing the positions and making edits. Also, if a position is vacant (classified and management) they are currently budgeted at step A.

District Positions – The two positions brought forth for discussion were the District Director, Grants and the District Director, Professional Development.

District Director, Grants

Question/comments:

1. *What will the Grants position do, what are they responsible for?* The main task of the grants position would be to help the campuses apply for grants and to have a central hub for all things grants to flow through.
2. *Will they be a grant writer?* They would be capable of writing grants, outsourcing or finding resources to submit grants.
3. *Are there any current grants positions at the campus level or at the District?* Currently there are no permanent positions dedicated solely to grants. Instructors and Deans often resort to applying for grants themselves, which is very time consuming.

Roughly six or seven years ago there was District-level grant writing position that assisted the campuses with monitoring grants and provide resources to the campuses.

Question/comments:

1. *Why was the position eliminated?* The person that held that position left the District and due to budget cuts, the position was never re-filled. Ultimately, the position should be able to

- fund itself with additional grant money received. Compared to surrounding districts, our District receives less categorical dollars. It is expected that a portion of the salary could come from indirect dollars generated from grants.
2. *Fullerton College previously had a Grants position; however, this position did not really support the faculty. With a majority of the grants coming from the campus level, it would make more sense to have a grants position at the campus level.* The District position was created to provide support to the campuses. The intent was to start with a District grants position, build a process and eventually have a grants position at each of the campuses.
 3. *If United Faculty is not receiving COLA, it will be very difficult to have support from UF. 1999 was the last year UF had comparable salaries.* It is the Districts understanding that salaries have been comparable, based on the data that the District collected. In addition, a 1% salary increase for faculty is roughly \$700K, not nearly comparable to a position salary.
 4. *A large amount of money was spent to bring in the Collective Brain Trust to recommend a District reorganization. The report results stressed not adding any new positions. The senate also signed a resolution stating that they would not be in support of any new positions. Typically the overhead received from the grants should be able to support the position's salary. There should be transparency on the amount that is brought in by grants and how the money is being spent and where.* There is a federal indirect cost rate, which is about 32% for overhead. Realistically, many grants come in at 4% - 8% at most for indirect, and many come in with 0% overhead dollars. This definitely warrants a discussion for a standard. Currently, the indirect amount that is received from the grants is split between the campus and District.

The Fiscal department assists with compliance procedures, accounting and reporting of the grants and is frequently looking for additional information to complete the grants. The District as a whole is looking for additional support with the grants process.

The CEOs at the campuses will be contacted to see whether or not the grant position is something that would be of interest at the campus level before a final decision on the District Director, Grants position is finalized.

District Director, Professional Development –

Questions/comments:

1. *NOCE senate was not for or against the positions, there was more of a concern with the vetting process. Is it possible to postpone the positions until the positions have been vetted properly?* There were discussions with all three campus positions. Staff were provided with the information and understood the position.
2. *Who was a part of this meeting and when did it take place?* Five people from District-Wide Committee came to speak in person regarding the position. Unfortunately, Jeanne Costello, Staff Development Coordinator from Fullerton College and Michael Brydges and Ruth Gutierrez, Professional Development co-chairs at Cypress College were unable to attend. Staff Development Coordinators were contacted by the Chancellor either by phone or by email to discuss their input sometime in December, before finals. Attempts to contact Michael Brydges and Ruth Gutierrez were made, however, Michael was not able to provide feedback.

The Leadership Academy has had a positive impact District-wide and is not something that the District is willing to discontinue. In the best interest of the District, the Chancellor will be moving forward with the District Director, Professional Development position.

One-time Funding Recommendation

There is an expected statewide funding deficit for 2018-19 that could affect the amount of one-time dollars that the District would be able to allocate. The summary recommendation is still in its early stages and will need to be revised. Previously at CBF there was discussion related to allocated resources at the campuses, which have been included.

A significant amount of dollars were received from the Hold Harmless summer shift and PERS/STRS money that was put aside for future expenses, providing the District with one-time funding. The District has accumulated dollars over the years which puts the District in a fairly decent position and comfortable with the allocations. Each campus provided a list of areas for allocating dollars, however a methodology will need to be in place before money is allocated to the campuses.

Questions/Comments:

1. *How was the list created and was this a list that was shared with the faculty?* The Deans were requested to consult with their faculty prior to providing the list to the campus presidents, who in turn shared the list at Chancellor's Staff. Details are on page 76 of the supplemental booklet. The list of items will be brought back at next meeting for further discussion.

CBF Subcommittee – The subcommittee was formed to create a standardized and consistent reporting method to show how much the District is spending on salary and benefits. Page 75 of the supplemental book provides an overview of the current salary as a percent of earned revenue. At the last subcommittee meeting there was a recommendation to add additional revenue from non-resident tuition as part of the funding for the extended day budgets. There was an additional recommendation to back out the on-behalf STRS payments. This item will be brought back at next meet for further discussion.

Resource Allocation Workgroup – George Walters from Cambridge West is assisting the District in breaking out the revenue by campus level. Currently, the apportionment calculator does not break down revenues by campus. The State views each District as one-entity. The next Resource Allocation Workgroup meeting is scheduled for March 12th. The Workgroup and Cambridge West are working to put a process in place for next year's funding model to see how NOCCCD would like to allocate the resources. Cambridge West is also providing similar data to surrounding multi-campus districts.

III. Bond Update – Fred Williams provided an update for all three campuses.

Anaheim Campus – The 10th floor is expected to be complete mid-March. The 1st floor is scheduled to move on the first of April to the 10th floor.

Fullerton College – Instructional Building and the 300/500 Buildings are the major projects. The Board approved the campus to add additional chillers to the Instructional Building.

Cypress College – The groundbreaking for SEM Building was a success and another groundbreaking will take place in March for the VRC project.

The total amount for the District-wide projects will exceed the original bond issue amount. The second series of bonds will be needed to be issued before July 1, 2019.

Adjournment: The meeting was adjourned at 4:29 p.m.

Next Meeting: April 8, 2019