

COUNCIL ON BUDGET AND FACILITIES
September 10, 2018
APPROVED SUMMARY

Members Present: Josh Ashenmiller, Matt Ceppi, Terry Cox, Richard Fee, Tina McClurkin, Kim Orlijan, Justin Richardson, Bryan Seiling, Leslie Tsubaki, Kashu Vyas, Fred Williams & Marcus Wilson

Members Absent: Rodrigo Garcia, Cherry Li-Bugg, Rod Lusch & Irma Ramos

Guests: Victor Manchik

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

Introductions – Members present introduced themselves.

- I. **Summary:** *Question: What does it mean to “chase FTES”, on page 2 of the August unapproved minutes?* After a year of stability, due to the hold harmless, we did not have a hard FTES number that we needed to achieve. However, as we look ahead at future targets, the question is, will we be pursuing growth funding? FTES numbers are still part of the District’s funding formula and once the hold harmless expires, the District will lose funding if FTES declines.

The summary of the June 11, 2018 and August 13, 2018 meeting, were accepted.

- II. **Budget Update:** Fred Williams shared updates on several budget-related items.

Budget Assumptions: Fred Williams presented a PowerPoint presentation on 2018-19 Proposed Budget and provided copies of the 2018-19 Proposed Budget and Financial Report.

Based on information provided at the Budget Workshop, the student centered funding formula appears better than expected. The new funding formula includes a three-year phase-in by providing 70% enrollment-based funding (Base Allocation), 20% funding based on enrollment of low-income students (Supplemental Allocation), and 10% funding based on performance outcomes (Student Success Incentive Allocation). The funding formula will become a 60%-20%-20% funding split in two years. Based on estimates, the District will receive roughly \$8.4 million more with the new funding formula compared to the SB361 funding model.

The student centered funding formula includes a three-year rolling average for credit FTES, to eliminate any artificial spike. Non Credit and CDCP rates continue to be funded through the SB361 formula. The total base allocation for the District is \$143.8 million.

The Chancellor’s Office simulations on supplemental allocation uses numbers from 2016-17. With an unduplicated headcount and a funding rate of \$919, the supplemental allocation for the District is \$37.4 million.

The student success allocation for the District is \$16.7 million. The allocation metric system is as follows:

8 OUTCOME METRICS	POINTS
Associates Degree from Transfer (ADT)	4
Associates Degree	3
Bachelor's Degree	3
Credit Certificates (16 units or more)	2
Completion of Transfer Level Math & English	2
Transfer to Four-Year Institution	1.5
Achievement of Regional Living Wage	1
Completion of 9+ CTE Units	1

Questions:

1. *Is it possible to receive credit in multiple areas or only the highest credit is awarded?*
Credit is awarded upon completion of the certificate/degree. If multiple metrics are completed in the same semester, we would receive credit for the highest awarded metric. Information was interpreted by a consultant that helped work with the Chancellor's Office.
2. *Are the colleges counted separately or as one entity?* The new state funding model is by District, but staff is working to get the information at the campus level.

FTES enrollment trends continue to show a decline. This is a concern for the District, since FTES still plays a major role in the new statewide funding model. Although the summer FTES numbers have been reported lower than expected, the District will be receiving hold harmless dollars for the next two years.

Last year there was an estimated on-going deficit of \$5.9 million and this year there is an on-going surplus of \$5.1 million. Additional expenses will need to be incorporated into the budget, including, negotiations, 2019-20 faculty hires, and Extended Day deficits. The District has \$45 million in one-time dollars available for allocation and further discussion will need to take place on how those funds will be allocated.

Outstanding issues – This year the Chancellor's Office FON number for the District was 528.2, our number was 529, and the District will not incur a penalty. For 2019-20, it does appear that the District will need to hire a substantial number of new faculty to meet the FON and use the new money provided for hiring new faculty. Another item that needs monitoring are the step-and-column increases. Due to the SERP, as many of the employees on the top salary steps are replaced, the new employees will be eligible for step and column advancements. In addition, construction bids expected for this year are estimated at \$115 million for the Science, Engineering, and Math Building and the Veterans' Center at Cypress.

III. Use of Categorical Funds for Salaries and Benefits:

Fred Williams brought the draft write-up on the Use of Categorical Funds for Salaries and Benefits back for further discussion. A suggestion was brought forth to have a combination of Budget Officers and other outside members such as, faculty, CSEA representatives, managers, etc. to be a part of the initial subcommittee to help kick-start the project. In response, a recommendation was brought forth to incorporate campus Vice Presidents of Administrative Services, campus Vice Presidents of Student Services, NOCE Director of Administrative Services, District Director of Fiscal Affairs, Academic Senate representative, and

a CSEA representative to work on this project. The subcommittee would help identify appropriate standards for using categorical funds for salaries. The subcommittee would work through CBF, who would then take any recommendations to DCC.

IV. **Bond Update:** A facilities update for each campuses was provided by Fred Williams.

Anaheim Campus – Overall, the projects are going well. NOCE instructional classes will utilize the 7th floor, Educational Services will move to the 10th floor, and the 1st floor will be modernized to campus needs.

Cypress College – Swing space–parking lot 5 will be completed mid-September. After receiving the 95% estimate for construction, which was approximately \$4.5 million greater than the 50% estimate, the campus is looking to alternate bids for value engineering to stay within budget. Cypress is working with DSA on the Veterans’ Resource Center & Student Activities Center (VRC/SAC) and are on track to receive final approval in mid to late-September.

Fullerton Campus – The campus received the schematic designs back for the new instructional building and approval to move forward with the 2018-19 drawings for the 300/500 building. There is an additional infrastructure project at Fullerton with the sewage lines that will need to be completed prior to the 300/500 building. Also, Fullerton is reevaluating the possibility of adding all three chiller units at once, for a more cost effective installation process. In addition to the Bond projects, the additional parking lot and shuttle service has been a success. Further discussion will take place with the Board on long-term investment plans for purchasing surrounding vacant lots.

V. **Structural Analysis Recommendations, SERP, and Organizational Restructure:**

A link to the report was included on page 33 of the Budget book. The report identifies positions that the District is interested in pursuing. Positions that the District will be moving forward with are: 1) Grants Director position under the Educational Services department, and 2) Staff Development position in Human Resources. A third position, Fundraising/Foundation position, is not currently in process, but is on the list of recommendations by the Chancellor.

Question:

Are the expected SERP savings close to what was projected? An analysis was done to compare all 118 positions. There is a difference of roughly \$1.9 million, between the retiree position and the position filled by a new hire, typically starting at Step A. However, step-and-column increases will need to be accounted for. The overall cost of SERP will be roughly \$10 million, paid over a five-year period.

Adjournment: The meeting was adjourned at 3:32 p.m.

Next Meeting: October 8, 2018