

COUNCIL ON BUDGET AND FACILITIES

August 10, 2015
2:00 p.m.
Anaheim Campus Room 105

Videoconferencing of the meeting will be available at Cypress College Room 301 and the Fullerton College President's Conference Room A

AGENDA

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|------|--|----------------|
| I. | Approval of June 8, 2015, Summary Notes (Action) | Irma Ramos |
| II. | Budget Update | Rodrigo Garcia |
| III. | Extended Day Model | Cherry Li-Bugg |
| IV. | Bond Update | Rick Williams |
| V. | Other Items (Discussion) | Irma Ramos |

NOTE: The numerical order of items on this agenda is for convenience of reference. To promote efficiency and as an accommodation to the parties involved, agenda items may be taken out of order upon request of the Chair or Members of the CBF.

COUNCIL ON BUDGET & FACILITIES

June 8, 2015

APPROVED SUMMARY

Members Present: Barbara Bennett, CM Brahmhatt (Interim Vice Chancellor), Karen Cant, Richard Fee, Rodrigo Garcia, Jolena Grande, Lorenze Legaspi (Interim SCE Admin Svcs Manager), Cherry Li-Bugg, Elaine Loayza, Rod Lusch, Sandra Palmer, Irma Ramos, Pete Snyder, Richard Storti, Tanya Washington

Visitors: Adam Gottdank, Fred Williams

Absent: Dale Craig, Sam Foster, Stephen Tith

Call to Order: The meeting was called to order at 2:03 p.m. by Chair Irma Ramos.

- I. **Summary:** The summary of the May 11, 2015, meeting was accepted as submitted.
- II. **Budget Update:** Rodrigo Garcia provided an update of the 2014-15 State Budget and the 2015-16 Tentative Budget Assumptions and reviewed the District's five Strategic Directions. The 2014-15 fiscal year closing date is July 28, 2015; the Proposed Budget will be presented to the Board of Trustees at its meeting of September 8, 2015.

2014-15 State Budget: The 2014-15 State Budget included: (1) System shortfall at P-1 estimated at \$87.5 million which is a \$2.6 million or 1.63% deficit for the District; (2) One-time revenues for Mandated Cost Block Grant of \$929,224 and Mandated Claims Reimbursements of \$1,558,018.

Governor's Proposed Budget: Released May 14, 2015; COLA 1.02%; \$266.7 million base allocation adjustment; \$49 million FTES rate increase for CDCP; \$156.6 million for access; \$75 million to support FTF hiring to equalize FTF number credit FTES; \$626 million for mandate claims; \$100 million for SSSP; \$115 million for Student Equity; \$148 million for scheduled maintenance/instructional equipment.; \$38.7 million for Prop 39 energy projects; \$60 million for basic skills; \$2.5 million to fund OCLA for EPS, DSP&S and CalWORKs.

2015-16 District Tentative Budget: The District's Tentative Budget is based on a rollover budget and is focused on on-going resources. A final analysis of assumptions, position control and new budget developments are needed prior to development of the District's Proposed Budget in September.

FTES: The 2015-16 FTES target was established at 36,685.14 which includes a 3.6% increase from prior year target; and growth allocation.

Major Revenue Assumptions: Include a base of \$172 million made up of basic allocation and FTES funding (\$166.6 million incorporating 3.6% access funding), COLA of 1.02% or \$1.7 million, CDCP rate increase \$4.7 million; FON Equalization Funds \$2.2 million, STRS/PERS contribution \$2.01 million; Unrestricted Lottery \$4.6 million; Non-Resident Tuition \$1 million.

Unrestricted General Fund Revenue Summary: Apportionment \$172,493,884; Lottery \$4,603,420; PT Faculty Comp \$999,227; Mandated Block Grant \$969,000; Other \$1,766,144; for a total of \$180,831,675.

Major Expenditure Assumptions: Salary & Benefits increase of \$10.5 million includes 3% increase for 2014-15; 3% increase for 2015-16; 5% increase in medical benefits; step & column increases; STRS rate increase of 1.85% (10.73%) (Each 1% = approx. \$505,000); Retiree medical cost increased by 5% or \$273,355; Operating Allocation decreased \$749,000 due to \$1.339,000 increase in personnel cost and an increase of \$130,000 (1.02%) COLA & \$460,000 (3.6%) Growth Beyond Extended Day respectively; Extended Day budgets increased \$2,635,657.

Unrestricted General Fund Expenditure Summary: Personnel \$127,148,864; Retiree Benefits \$5,740,449; Extended Day \$26,800,161; Operating Allocation \$12,039,674; District-wide \$6,247,254; Other \$3,714,640; for a total of \$181,691,042.

Unrestricted Ongoing General Fund Excess Revenues over Expenditures: Revenues \$180,831,675, Expenditures \$181,691,042 with a total ongoing deficit of \$(859,367).

Outstanding Issues: PERS/STRS rate increase, Prop 30 sunset and sustainable growth.

- III. **Extended Day Model:** Cherry Li-Bugg provided a handout of the updated proposed FTES funding model, pointing out the three tiers of figures related to Extended Day. The model is going on the assumption of district-wide enrollment growth and it comes to approximately \$1.5 million less than what is allocated in the budget. One of the reasons why this model is so low in comparison to actual expenditures is that there is a large portion of extended day that is spent on overload and the overload rate is much higher...perhaps over 50%, which is causing a problem with the model. More discussion is needed on whether to build a calculation into this model to account for the overload to make it more representative of reality.
- IV. **Operating Allocation/Non-Faculty Personnel Workgroup:** Mr. Garcia shared that the group has not met and are still gathering information; the group plans on meeting prior to the July CBF meeting.
- V. **Bond Update:** CM Brahmbhatt stated that six management firms were narrowed down to three after interviews and that the committee is in the process of finalizing its selection. The Construction Manager job description for both campuses is ready but the salary schedule needs to be finished and hopefully it will go to the Board for approval in July, August, or September.
- VI. **2015-16 Meeting Calendar:** Mr. Brahmbhatt presented the 2015-16 meeting calendar.
- VII. **Escalating Water Bills:** Karen Cant reviewed the issue regarding the increase in the water bills for Cypress College and requested that the District cover the shortfall for the 2014-15 fiscal year. **There was consensus to cover the 2014/15 overage of the Cypress College, Fullerton College, and SCE water bills and this will be forwarded to DCC for approval.**
- VIII. **Other Items:** None.

Adjournment: The meeting adjourned at 3:29 p.m.

