

COUNCIL ON BUDGET AND FACILITIES

April 13, 2020

APPROVED SUMMARY

Members Present: Josh Ashenmiller, Pete Christianson, Terry Cox, Christie Diep, Lisa Gaetje, Rodrigo Garcia, Craig Goralski, Cherry Li-Bugg, Cheryl Marshall, Tina McClurkin, Melisa McLellan, Kim Orlijan, Jeremy Peters, Alex Porter, Irma Ramos, Greg Schulz, Pamela Spence, Jason Thibodeau, Leslie Tsubaki, Kashu Vyas, and Fred Williams

Guests Present: Lisa McPheron

Members Absent: All members were present.

Call to Order: The meeting was called to order at 2:03.

1. **Summary:** The summary of the March 9, 2020 meeting was approved.

2. **19-20 One-time Funding**

Fred Williams provided the Committee with a recap of what was previously approved by CBF and the major changes to the District's funding.

At the March 9, 2020, CBF meeting, a consensus was made to allocate \$19.4 to the campus Facilities Upgrades. An agenda item will be taken to the Board on April 14, 2020 for approval of the CBF motion to allocate these funds.

Our district is now going to be participating in a statewide deficit, which hold harmless districts were not previously doing. This is a pretty significant impact on our District. On the upside, a portion of hold harmless dollars shifted from one-time monies to on-going and has been reflected in the revised handout that was provided to the Committee. Previously, it was determined that the District-wide one-time funding needed to be reduced by \$23.6 million. Based on the discussion at the March 9, 2020 meeting, one meeting was not enough time to determine what areas would be reduced. The Committee members were given time to take the information back to their constituent groups for further discussion and Dr. Marshall and the CEO were invited to provide the Committee with additional information behind the dollar amounts for Student Basic Needs (SBN) and the Educational Facilities Master Plan (EFMP).

Dr. Marshall shared that the entire list will most likely need to be re-examined based on the pandemic that we're experiencing and further discussions will be needed on how to allocate the dollars. She further shared that the EFMP dollars were to support pilot projects such as outdoor student gathering areas and that Student Success dollars would be used to pilot smaller projects in hopes of going after State or county grants.

Greg Schulz, Fullerton College President, shared with the Committee that Fullerton had previously done some campus level planning at the end of last fall. Fullerton had generated ideas such as the possibility of funding pilot programs to provide free breakfast for students, gender inclusive restrooms, and strengthening the mental health services on campus. EFMP items are still in the process of planning.

Question/Comments:

1. I thought that we were tasked with asking our constituents about a process for deciding on how to use the one-time funds, not how to spend the two categories. Yes. We need to prioritize our needs to reduce the amount of one-time dollars by \$23.6 million.
2. If we are tasked with reducing the amount by \$23 million, we would need a more detailed explanation on the plans to spend the EFMP and SBN dollars. Without more details, it would be difficult to know where to start. Many of the EFMP projects are currently being discussed, but it can be anticipated that not all items will be covered with the \$18 million. As far as SBN, the only major item discussed was the purchase of a hotel for student housing, but most projects will be on a smaller scale.
3. Could you clarify what was meant by generate grants for SBN? There are county dollars for housing, the issue is there are barrier in accessing the money. If we could demonstrate some kind of pilot projects, we may be able to work with the county or state to receive funding.
4. Was there mention of additional funding or future funding for some of the EFMP items? Yes, there are other dollars remaining in the Measure J program, however we have allocated those monies to two major projects and additional discussion would need to take place if we decide to spend those dollars on items that were not previously earmarked.

There was much discussion and agreement amongst many Committee members that the overall one-time allocation proposal be revisited at a later date in light of the budget implications due to COVID-19. Dr. Marshall also asked the Committee to consider how the District would support the colleges in the next year, to consider a hold harmless or reserve that would cover their operational budgets.

Questions/Comments:

1. Could the reserve be used to sustain classes? It would be something that we would consider.
2. Does the shift from the redevelopment funds of \$9.8 million reduce the amount we need to trim down from \$23mil to \$13mil? No, it is already included.
3. I expect enrollment to skyrocket in the fall. Our enrollments in the past have gone up when unemployment went up. There have been inverse relationships in the past. It is an interesting time when unemployment rates go up, our enrollments go up. Likewise, the amount of money that the state has simultaneously goes down.
4. Back in 2008, 2009, and 2010 classes were so impacted, to the point where students were sitting on floors. The campuses were unable to serve the large number of students that wanted to return. There may be other student needs that may arise from large enrollment numbers that the District should consider and prepare for.
5. While it is understandable to postpone allocating additional one-time funding at this time, the large pots of money, such as the EFMP and SBN will still need to be identified. The concern is that they will get lost in the postponement.

Students will be receiving a 59% health fee and parking fee refund, regardless if their classes were dropped or not. It is estimated to be approximately \$1 million in lost revenue. To offset the lost revenue, Fred Williams recommended backfilling those dollars back to the campuses. As far as student enrollment fees, the District will not be able to see the overall numbers until the students officially drop. The state will be reimbursing districts for the refunded student enrollment fees.

The Board had approved the use of \$4 million of unexpected costs related to COVID-19 and \$3 million will need to be earmarked for the MOUs signed by the unions for additional compensation.

Questions/Comments:

1. Do we have a dollar amount for each of the consistent group MOUs that were signed? It's an estimate at this time because we don't know exactly what will be paid to adjuncts or the 10% extra to cover classified time on campus. The amount that will be shared with the Board is not to exceed \$3 million. It was suggested that CBF and DCC review and discuss the overall list and set aside pots of money for COVID-19 related expenses and reserves for any on-going operations.
 2. If we did not have the \$3 million for the MOUs earmarked, where would it come from? Typically a funding source is identified before an agreement is made, but we knew there were one-time funds available for use.
 3. Does the District have a spending plan for the \$16 million in CARES Act funds? We currently do not have a lot of information, but it is known that 50% of the funds will need to be spent on the students. Districts are awaiting memorandums from the Chancellors office. One memorandum will be on the CARES Act requirements and the other is related to attendance. We expect to see a major change in how the Chancellor's Office is looking at attendance. Districts need to report actual FTES generated, not a projection for classes that have not started yet, this will greatly impact our non-credit classes. However, the District will be funded based on the P-1 numbers, which does encompass our annualizer providing the District with a years' worth of funding.
 4. What about Spring Semester enrollment fees? Some students are doing well with zoom classes, but others are struggling with issues at home. Can their fees be applied toward classes in the fall? At this point we are planning to refund students their entire enrollment fee if they decide to drop the course. We will not be pro-rating fees. It was the State Chancellor's Office directive to place the refund in a contra revenue account to get reimbursement from State Chancellor's Office.
 5. What about the additional costs for things like laptops, hot spots, etc. that are being incurred right now? We are tracking all expenditures directly related to COVID-19 to get reimbursement from FEMA. Computers have been bought, software, hotspots, etc. There is a possibility that we may not get reimbursements, but we are going to try.
3. **IT Funding Request** – The request is for District-wide IT cost, infrastructure costs, software licensing, hardware, all items that are related to District-wide expenses, not District Services. TCC reviewed and approved the detailed list and gave approval to request \$2 million dollars moving forward. A few years back, Director, Information Services, Deborah Ludford, came before CBF to request an augmented one-time funding amount, however this request is to formalize the on-going District-wide IT budget of \$2 million annually.

Questions/Comments:

1. Why is the request for \$2 million and not the specific amount listed? There is a flux with IT expenses. For example, items purchased related to COVID-19 such as, Cranium Café, Verb It, etc. The \$2 million would cover additional requests that are made throughout the year by the campuses and District Services.
2. How is software selected? What is the governance structure/process for vetting these decisions? How do we ensure there are efficiencies? We should ensure that there is representation at the campus level from the appropriate areas. Unfortunately, the District's IT governance structure is not fully in place. We have been engaged with Thunderbird consulting group for some time now, and the recommendation is to push out a central IT. We are currently looking at improving our IT structure and how we can work more efficiently.
3. Are these costs included in the pushout model? As we look at new resource allocation model, the District-wide expenses are incorporated with the District Services IT costs. If

we were to move these costs out we would need to revisit the amount that was recently adjusted to 9.2%.

4. Is the software for financial aid included (Campus Logic)? It is not included on the list. As of right now, the campuses pay for their own subscription.
5. Based on past practices, consider funding the IT expenses with one-time funding and then moving it through the new resource allocation model. Depending on the new resource allocation, is will be very important to categorize District-wide expenses.
6. Where did the \$500,000 come from? The amount listed under existing budget on the spreadsheet. It is part of the current operating allocation.
7. Could someone provide some background on TCC? TCC is one of the four governance committee within DCC listed in the decision making resource handbook and includes members from all constituent groups. IT managers are on TCC as resource members, not voting members.
8. There should be a decision making structure before making any decisions. It is clear that the District does not have a clear governance structure, however, the expenses have already been incurred and will need to be paid. A suggestion would be to make a decision on the use of one-time funds while the governance structure is fixed. The long term decisions will need to be revisited with the new resource allocation model.

Dr. Li-Bugg provided the group with clarification on specific line-items related to the budget request for current obligations. For clarification, there are two separate item requests on the handouts that were provided to the Committee. One is the current contracts and obligations and the second request is for new projects and their ongoing maintenance. The issue with many of the IT contracts is that one-time funding is approved for the initial start-up fee, however the on-going maintenance is no longer funded. There needs to be an on-going funding source.

A consensus was made to allocate \$2.2 million for the 2019-20 and 2020-21 IT request for the current obligations and separate accounting specific to account for any dollars left over once the books are officially closed. Kashu Vyas will also bring back the details of the \$500,000 of the existing maintenance obligations by pulling budget numbers, historical information/requests to provide the group with a more detailed number.

Questions/Comments:

1. Will there be a structure by next spring? This is what we are working towards.
2. **Budget Update:** The District needs to prepare for the uncertainty. As soon as the May Revise comes out we can expect a significant reduction in the dollars that we were expecting. We are hoping to maintain the base and any resemblance of COLA. The District was informed by multiple budget committees that we expect to see a change from the January budget. It is predicted that the State is in for a long-term downturn which could possibility get worse and Districts will see a fiscal impact over the next few years.
3. **Resource Allocation Update:** The group met to discuss the implications of the changes to the funding formula, the additional metrics, which adds additional complexity to how the revenues are allocated to the campuses. For example, if only one award can be accounted for, how are resources allocated to multiple campuses if a degree/certificate was awarded at multiple campuses? The researchers are looking into this and additional information will be brought back to CBF at a future date.
4. **Bond Update:**
Amidst the COVID-19 pandemic, campuses are continuing with bond projects. There is some slow down with social distancing, however the work continues.

Rodrigo Garcia provided a brief update for Fullerton College – Work continues for the Instructional Building with some delays due to the rain. Fullerton continues to move forward with the 300/500 Building (state project). Fullerton is waiting to go to bid once they receive approval, due to COVID-19, the State Chancellor's Office is a month, to two, behind with their approval process.

Alex Porter provided a brief update for Cypress College – Cypress is taking extra precautions with the construction teams by additional handwashing stations, checking numbers of construction team as they arrive on site, and maintaining distancing. VRC is doing interior work and is installing tile. Taking advantage of some projects that would have been held off until summer, like the sidewalk repairs adjacent to the projects, while students are off campus.

Fred Williams provided an update for the Anaheim Campus – The Network Refresh project also continues to progress. While it is uncustomary, since the Anaheim Campus is considered a center, a request was submitted to the State Chancellor's Office for the upper deck as an emergency project and was given to submit a final project proposal in July. We may be receiving emergency funding soon.

5. Other Items: There were no other items for discussion.

The meeting was adjourned at 4:13 p.m.