

COUNCIL ON BUDGET AND FACILITIES
April 8, 2019
APPROVED SUMMARY

Members Present: Pete Christenson, Terry Cox, Craig Goralski, Tina McClurkin, Kim Orlijan, Alex Porter, Bryan Seiling, Pamela Spence, Leslie Tsubaki, Kashu Vyas, Fred Williams & Marcus Wilson

Members Absent: Cherry Li-Bugg, Richard Fee, Rodrigo Garcia, Irma Ramos, & Louella Nelson

Call to Order: Fred Williams called the meeting to order at 2:06 p.m.

Introductions of members

I. **Summary:** The summary of the March 11, 2019 meeting was amended and approved.

II. **Budget Update**

Budget Assumptions – A multiple page handout was distributed to the Committee.

FTES Targets - Based on the P-1 Report the 2019-20 campus targets have been set lower than the 2018-19 targets.

Unrestricted General Fund Tentative Budget Assumptions – provides detail of the on-going budget. The numbers are based on the estimates from the P-1 data that was calculated under the new funding formula from the Chancellors Office as the District's total FTES.

Concerns and issues have been addressed at the State level regarding the FTES calculations. Such as the inconsistencies with the three- year averaging and double FTES counts on special admit. There is still fluctuation on how FTES is calculated, as districts await clarification from the Chancellor's Office.

The base apportionment has been updated since the March 8th Board meeting.

Two separate calculations can be used, one, using the Governor's Proposal, the other, using what is in legislation. Unfortunately, not enough information is provided to understand how the funding formula will be affected during the May Revision. However, it can be predicted that a balancing shift will occur if the current Governor's Proposal of 70-20-10 split were to change to the proposed rate at a 65-20-15 split.

Questions/Comments:

1. *Why does Sacramento change how FTES is calculated?* The Chancellor's Office is interpreting the legislative calculation and trying to determine what is correct and apply it to P-1 calculations. CEO levels and committee levels have requested to simplify the formula, which would ultimately alter the calculation.

Medical benefits – Proposals from a new carrier have been received, however, the PERS and STRS rate will not be received until May. Currently, the SISC rates are a minimally higher than the current rates. With a projected 20% increase, the SISC will rates will be lower.

Questions/Comments:

1. *When the PERS rates are received in May, will it be too late to change over? No, it will not be too late, but a sense of urgency will need to take place if there is a decision to switch.*
2. *On the OPEB calculations, there is a small shortfall in order to be fully funded. Will the contributions discontinue once it is fully funded? Do we expect the liability to increase disproportionate to the earnings? Is it possible to use one-time funds to end the contributions? It's built in for additional earnings. If there is a cap on the number of employees, we could possibly begin to pay out a portion of that amount to be utilized. As long as new employees continue to be added, the number will continue to rise. Ideally the District would like it to be self-sufficient.*

Allocation Model for 2019-20 Tentative Budget Assumptions

A breakdown of the operating allocations was provided. The data provides detail of the funding that is provided to the campuses. The sheet also provides information on the Extended Day budgets and the Restricted Allocation.

Unrestricted General Fund On-going Resource Summary

The data provides a breakdown by major revenues and expenditures. Additional items will need to be accounted for such as negotiations and possibly increasing faculty benefits. Another area to review would be the budget for the Extended Day budgets which are not sufficient when compared to the actual expenditures on extended day.

Questions/Comments:

1. *Do we know how much it would cost for the District to cover the employee +2? Is the employee +1 an assumption at this point or is it moving forward? It is roughly an additional \$5,000 per employee. The employee +1 is currently on the table.*

Use of one-time funding – A five page handout on one-time allocated funds by budget center was provided to the Committee.

With a projected state deficit, it is uncertain whether the hold harmless dollars will be received. For now, the stability hold harmless dollars have been updated with a \$10.5 million projected deficit. Additional amounts that were not previously accounted for were adjusted and notated throughout the spreadsheet.

One-time allocated funds – budget strings have been associated with each item to track expenditures.

Questions/Comments:

1. *In relation to a Board item that is being submitted regarding an NSF Grant being approved, there are line items with codes. Is it possible to incorporate a small description for each line code to provide more detail on how the funds are being spent? How are the codes created? Can it be broken down with more detail for this particular Committee? There is a great deal of detail that goes into creating the codes. In Banner there is the capability of viewing a report and pulling the details of the codes to identify each report. For reporting purposes, additional information can be provided, however,*

Board items are created for a brief description for the resolution approval, so limited information is provided.

There was consensus to have the Vice Chancellor, Finance and Facilities to take the recommendation of allocating one-time dollars to the campuses to allow them to begin their allocation process.

Standards for Personnel – Multiple departments and groups are currently reviewing the standards. For example, the Facilities Directors and the Vice Chancellor of Finance and Facilities are reviewing the standards for custodial maintenance and operations based on square footage. Another group and department is working on administrative assistance standards. Another example would be the number of counselors per student. In comparison to surrounding districts, NOCCCD is spending more on staff.

Personnel Calculator – The Board would ideally like to see the numbers at 85% for salaries compared to overall expenditures or other basis. The sub-committee was formed to help create a standards calculation to help assess the percentage. The subcommittee will meet one additional time to standardize the calculation and bring forth the recommendations.

Questions/Comments:

1. *Is it possible to categorize SEAP funds as on-going funds?* It is possible, however, we would need to consider the expenditures. Categorical funds are typically not used for salary and benefits as much as other expenditures. If we were to take a portion of those funds from the categorical funds it would skew the percentage and artificially inflate the number.

Allocation Model/New Funding Formula – The Resource Allocation Workgroup (RAW) is continuing to work with Cambridge West Partnership to create an equitable formula for the District to implement. Currently the workgroup is looking at expenditures by site. Additional conversations regarding charge backs will take place at future meetings.

III. **Bond Update**

Fullerton campus – The head of DSA wants additional upgrades made to the 300/500 building, which were not included in the original plans. The Instructional building project is going as planned.

Anaheim – The Educational Services & Technology Department will move from the 1st floor to the 10th floor the week of April 15th.

Cypress – The campus has run into some manufacturing issues with the piles, however pile driving testing is scheduled to begin the week of April 15th through early May.

The District will be going out to market for the second series of bonds at the end of May – \$150 million in Bonds.

Adjournment: The meeting was adjourned at 3:54 p.m.

Next Meeting: May 13, 2019