

COUNCIL ON BUDGET AND FACILITIES
September 13, 2021

APPROVED SUMMARY

Members Present: Terry Cox, Damon de la Cruz, Rodrigo Garcia, Raine Hambly, Cherry Li-Bugg, Fola Odebunmi, Jennifer Oo, Kim Orlijan, Alex Porter, Irma Ramos, Marlo Smith, Leslie Tsubaki, and Kashu Vyas

Members Absent: Jennifer Merchant

Guests Present: Jennifer Combs, Danielle Davy, Craig Goralski, Jeremy Peters, Richard Williams

Call to Order: The meeting was called to order at 2:04 p.m.

1. **Summary:** The summary of the July 12, 2021 meeting were amended and approved.
2. **Proposed Budget Presentation –** Kashu Vyas presented the District 2021-22 Proposed Budget. The presentation will also be shared at the September 14, 2021 Board meeting. The presentation highlighted the following topics:

State Budget

- Total General Fund Revenues of \$203.6 billion
- Total General Fund spending of \$196.4 billion
- Increase of approximately 18% compared to 2020-21
- Focuses on helping the state recover from the COVID-19 pandemic
- Increases overall funding for CCC's by \$3.5 billion compared to 2020-21 levels, through a mix of ongoing and one-time investments
- For CCC's, budget priorities focused on providing an equitable recovery for our students

System Budget

- COLA and SCFF Apportionments: COLA of 5.07% ongoing Augmentation to SCFF, Extends the SCFF Hold Harmless provision by one year, through 2024-25, 0.5% Enrollment Growth – must be “earned”
- Eliminating Budget Year Deferrals: Cash Deferrals will be paid back in full (using one-time funding) - \$1.45 billion
- Funding for deferred maintenance needs (using one-time funding) - \$511 million
- Funding for additional Full-Time Faculty - \$100 million (ongoing) [NOCCCD Declined to participate/accept funding]
- College Affordability - Zero Cost Textbook Pathways - \$115 million (one-time)
- Student Needs
 - Retention and Enrollment Efforts - \$100 million (one-time)
 - Emergency Grants to Students - \$250 million (one-time)
 - Mental Health Services - \$30 million (ongoing)
 - Basic Needs - \$100 million (one-time) and \$30 million (ongoing) for basic needs centers and coordinators

General Fund Summary

(in millions)	Unrestricted	Restricted	Total
Revenues	<u>\$239.56</u>	<u>112.27</u>	<u>351.83</u>
Expenditures	(254.91)	(112.87)	(367.78)
Other Sources/(Uses)	<u>(9.59)</u>	<u>(4.75)</u>	<u>(14.34)</u>
Net	<u>(24.94)</u>	<u>(5.35)</u>	<u>(30.29)</u>

Resource Allocation Model

The RAM's guiding principles remain the same as last year and continue to be used as the operating parameters. The District Resource Allocation Model (RAM) shows that the District's total earned apportionment was \$208.7M, Other State Revenues were \$9.6M, and other local revenues were \$8.2M for a total estimated revenue for the 2021-22 Proposed Budget of \$226,453,572. The RAM Student Centered Funding Formula (SCFF) revenue is built on the actual and projected Full-time Equivalent Student (FTES). The District is participating in the Emergency Conditions provision to hold FTES at 2019-20 P1 levels (higher than our actuals), and provides the District with additional funding.

Kashu Vyas emphasized a structural deficit, with the District's expenditures (\$238,464,489) exceeding the available revenues by \$11.8 million. While the District was able to supplement the deficit with the emergency provisions funding (\$10,259,065), a \$1,575,798 deficit remains.

The expenditures are mainly comprised of District personnel costs (90% at \$214.2 million), other operating costs (7% at \$15.9 million), and Districtwide costs (3% at \$8.4 million). Step/Column/longevity moments, settled salary agreements, and benefits rates have all been incorporated and updated into the budget assumptions. Health rates currently in effect for calendar 2021 were used, as 2022 calendar rates were still pending.

The other two elements of the RAM are transfers (within a budget center and to supplement programs) and chargebacks (one budget center provides services that directly benefit another, Maintenance & Operations, personnel, utilities, and campus security).

Ending Fund Balances - details can be found on page 72-89 of the Budget book

Non-spendable	\$ 228,195.62
Restricted	6,013,479.00
Committed Funds	6,337,728.00
Assigned	49,117,041.64
Board Policy Contingency	13,510,000.00
Unallocated Resources	24,915,809.24
Uncommitted Budget Center Carryovers	7,226,413.04
Total	<u>\$107,348,666.54</u>

FTES – There has been a continual decline in FTES. A majority of the structural deficit stems from the declining FTES.

	FTES-based Funding	Calculated Funding FTES
@19-20 P1 Levels	\$145,745,619	\$33,735.67
Based on Actuals & Projected	\$135,486,563	\$31,464.14
Net Increase (Decrease)	\$(10,259,056)	\$(2,271.53)
%Change	-7.04%	-6.73%

Negotiations – The District has not settled with United Faculty and CSEA. Meanwhile, a 5.07% salary increase provision was added for United Faculty, which equates to ~\$3.73 million. A 4.52% salary increase, which equates to ~\$2.16 million, provision along with an estimated \$5.25 million net cost for dependent care coverage and a reduction of fringe was added for CSEA to match benefits settled with other groups.

Pension Buy Down Rates

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
CalSTRS Employee Rate	16.15%	16.92%	19.10%	19.10%	19.10%
CalPERS Employee Rate	20.70%	22.91%	26.10%	27.10%	27.70%

- A 1% STRS increase equals ~\$900,000
- A 1% PERS increase equals ~\$510,000

Federal Funds for COVID Relief - The District received Higher Education Emergency Relief Fund (HEERF) funds in response to the pandemic to help assist students continue their educational journeys. In total the District has received \$121million and has spent \$45 million. A majority of the carry forward balance monies were received at the end of fiscal year 2020-21.

	Institutional Portion	Student Portion	Minority Serving Institution	Totals
HEERF I/II/III Allocations	\$66,865,315	\$48,615,477	\$5,353,016	\$120,833,809
Spent as of 6/30/2021	(25,377,027)	(16,842,301)	(2,798,278)	(45,017,606)
Balance Forward	<u>\$41,488,289</u>	<u>\$31,773,176</u>	<u>\$2,554,738</u>	<u>\$ 75,816,203</u>

One-time Funding Balance

Districtwide	
SERP Payments	\$ 2,000,000
District Resource Allocation Model	\$ 8,000,000
Unallocated	\$ 18,764,424
Total	<u>\$ 28,764,424</u>

Questions/Comments

1. *How is there a deficit if we have additional monies coming in from the state to cover any shortfalls with our current FTES numbers?* The District opted to participate in the emergency provisions conditions, which allows districts to artificially hold their FTES numbers at the reported 2019-20 P1 numbers, in response to the pandemic. The District is receiving an additional one-time \$10,259,056 because of this. Even without the supplemental dollars, the District's budgeted expenses exceed the revenues, thus our expected deficit.
2. *Where do the budgeted expenditures/amounts come from when estimating the campus budgets?* A majority are allocated to Position Control (74%), positions that are budgeted for, not necessarily filled. While 16% is allocated towards Extended day and other personnel costs. Historically, the campus extended day expenses have been higher than what has been budgeted but the campuses are trying to true up their numbers. The remaining 10% of the budget is assigned to operating expenses/departmental expenses.

3. **HEERF Activity Update** – At its February 8, 2021 CBF meeting, an update on the HEERF funds was provided to the Committee. As requested by the Committee, a quarterly update was provided. A spreadsheet reflecting expenditures through June 30, 2021, was shared with the Committee.

Question/Comments:

1. *Have the institutional funds already been earmarked for 2021-22? Are there specific parameters for these funds?* Unfortunately, there is an ongoing fluctuating guidance for the HEERF funds. Each of the campuses have gone through their shared governance groups to identify a proposed spending plan.
2. *Could these funds be used for student testing?* Yes. Fullerton College shared that they are currently testing their athletes.

4. **One-Time Funds** – As part of the process of allocating the One-Time Funds, CBF requested an annual summary of funds spent. A summary of the FY 20-21 allocations of the One-Time Funds, summary of amounts spent per allocation area, and balances carried forward or returned for further allocation was shared with the Committee. The One-time funding balance spreadsheet was also shared with the Committee for review. (*see budget presentation – One Time Funding balance for more details*).

Questions/Comments:

1. *Based on the Governor's proposed budget, was there a formal equity plan identified?* There is no formal plan identified for the districts or system to follow. The governor's budget for the Community College System is based on feedback and budget priorities that are provided by the colleges. Based on the needs identified, this year's budget priority requests were focused on equity.

5. **Facilities Update**

Anaheim/NOCE – Richard Williams provided an update.

- Water Intrusion Project for the Upper Deck and First Floor Swing Space – Staff will request architect approval from the Board at the September 28 meeting.

- Electrical Charging Stations – Project is expected to start the week of September 20 with an estimated completion date of November 2021.
- Wayfinding Signage Plans – Follow-up meetings were held with the project architects, Westberg & White. Installation is expected to start later this fall and winter.
- ADA Upgrades – The current project in design phase focuses on providing an compliant path of travel from Romneya Street to the main entrance that will incorporate an accessible ramp and adjacent landscape. The existing lower-level disabled parking area will also be replaced and brought up to current code.
- Pipe Replacements – Fire line risers and water pipes are currently being tested in the building.
- T-Mobile Antenna – T-Mobile will be upgrading their antennas and removing the existing battery cabinets. This is scheduled to begin late September, early October.

Cypress – Alex Porter provided an update.

- SEM/VRC/SAC – open for occupancy, but not to capacity as Cypress continues to follow current safety protocols. Due to a shortage of computer chips, there have been technology installation delays, but expect to be fully open by the Spring Semester.
- Fine Arts Project – Staff are preparing to submit construction drawings to DSA in October. Following DSA approval, bidding for the project is expected to start in June 2022.
- Student Engagement Spaces – A User Team (Students, Student Service staff, faculty) was created to review possible outdoor spaces.
- Scheduled Maintenance Activities - Roof installations were completed for the Business Building and Gym II. Staff continue to review other locations for additional renovations. Piazza stairwell area was upgraded and the 20 classrooms/spaces that were targeted for upgrades were completed last month.

Fullerton – Rodrigo Garcia provided an update.

- Instructional Building/Humanities Building – Project is nearly complete and substantial completion should be done by the end of September.
- Chapman Newell Project – Design/Build phase went to the Board at the August 24th meeting for approval. The new building will house Umoja, Veterans, mental health, EOPS, health cares, etc.
- Greenhouse – project is complete. FC was able to utilize strong workforce funds to complete the project.
- Performing Arts Project – Schematic designs were completed, currently working on the design development phase.
- 300/500 Renovation – Currently working with the state to remedy DSA replacement value issues.
- Sherbeck field – Additional bleachers, lights and sound systems will be installed and AstroTurf will be replaced. Construction is expected to start at the end of the year and completion is anticipated for summer 2022.
- Horticulture Project – An FPP was submitted to the state. Expect to hear back in early 2022 whether the project has been awarded.

- Scheduled Maintenance Projects – Staff have been working to prepare the swing spaces and other ADA projects.
- Stingers Café/Starbucks – Staff was able to procure a hazardous waste mediation contractor to remove any lead, asbestos, etc. The project is expected to be completed by the end of September.

6. Future Meeting Dates:

- October 11, 2021
- November 8, 2021
- December 13, 2021

Meeting adjourned at 3:13 p.m.