

COUNCIL ON BUDGET AND FACILITIES
August 12, 2019

APPROVED SUMMARY

Members Present: Josh Ashenmiller, Pete Christenson, Terry Cox, Richard Fee, Rodrigo Garcia, Cherry Li-Bugg, Tina McClurkin, Melisa McLellan, Kim Orlijan, Alex Porter, Irma Ramos, Bryan Seiling (in for Craig Goralski), Pamela Spence, Jason Thibodeau, Leslie Tsubaki, Kashu Vyas, Fred Williams & Marcus Wilson

Members Absent: Richard Fee, Craig Goralski

Guests Present: Sharon Kelly

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

Summary: The summary of the June 10, 2019 meeting was approved.

I. Budget Update

Year End Closing 18-19

PowerPoint of the 2018-19 Budget Recap was presented along with related handouts. Because of the significant changes on the State level, staff is a little behind on budget development, but the books are now closed. Main points, as of where we think we are at of the end of the year, are:

- Significant increase in the ending balance, from \$86,590,679 to \$102,357,521, mainly because of one-time Hold Harmless funds received from the State.
- Carry over balances include items approved at the last CBF meeting.
- Apportionment is based on numbers from the State:
 - Our apportionment for 19-20, including Hold Harmless, is estimated at \$214,297,537, compared to \$207,531,994 in 2018-19.
 - Hold Harmless amount is important because it is based on dollars not earned, but received due to the summer shift in 2016.
 - Hold Harmless is higher in 19-20 because there was a change to a three-year averaging to include all the factors (FTES, Supplemental, and Student Success), not just FTES (**Subsequent information is that the Supplemental metrics are not averaged**). As part of the budget language, this year a fourth year of Hold Harmless has been added, so we should have two more years similar to the amounts for 19-20. However, non-Hold-Harmless Districts are not happy because they are losing funding so there is a lot of politics going on.
- Changes in the funding formula that we need to pay attention to:
 - 3-year average of student success metrics were added.
 - Funding rates will be backed into in February, and will be increased by COLA in the future.
 - Credit is only being given for the highest degree in any given year, and counts only in the district in the year the award was granted.
 - Definition of a Transfer Student clarified to only be included in a district's count if the student completes 12 or more units in the year prior to transferring.

- We need to keep an eye on FTES targets:
 - Numbers are down 6.25% from 2014 compared to current targets.
 - Promise Programs are helping increase FTES.
- One-time Funding:
 - At the last CBF meeting, allocations were approved for Cypress, Fullerton, and NOCE, and the breakdown was presented and reviewed.
 - District Services allocations were not approved at last CBF meeting; approval will be requested at this meeting, but the Professional Development amount of \$200,000 was in question.
 - Recommendations from CBF for use of one-time funds were previously requested but to date very few comments were received.
 - Suggestion was made to give bonuses to faculty and staff, which would need to be negotiated.
 - District has accumulated so much money because of PERS/STRS dollars of \$22 million, Stability/Hold Harmless fund of \$26 million because of the summer shift, and SERP savings of \$4.5 million.
- Most of the categoricals received the COLA increase.
- Continuation of Promise Program:
 - 2nd year of funding added from the State.
 - NOCCCD made a major change in its program to include all first-time, full-time students right out of high school, not just Anaheim students.
 - Book program has been eliminated.
 - Last year there was \$120,000 uncollected from students that were not eligible for the Promise Program. Not sure yet how to backfill those dollars (maybe Disney contributions).
- FON Obligation number for 2019 is 562.2:
 - 558 positions currently filled, with 8 late retirements and 5 failed recruitments; we're at 566 so we meet the obligation.
 - Expect to hire approximately 20 faculty districtwide for next year.

Questions/Comments:

1. *Who made the decision that the deficit would only go to non-hold-harmless districts?*
Combination of both the State Chancellor and Department of Finance.
2. *Why are districtwide Professional Development allocations higher than the allocations at the campuses? How much are the expenses for Leadership Academy?*
No formal amount is known at the present time, but all districtwide Professional Development funds support the campuses; the amount was previously approved.

Proposed Budget Assumptions

Handouts summarizing 2019-20 tentative budget assumptions as of June 9, 2019 and apportionment calculations from the State were provided to the Committee. Proposed budget assumptions have not been updated, but points to consider are:

- Faculty negotiations have not been finalized so nothing has been included into the assumptions; what was tentatively agreed upon but not approved has a cost of about \$2.7 million, so we would probably be even in terms of ongoing revenues and expenses.

- More refined budget numbers should be coming fairly soon since numbers are still being crunched.
- The June 9th assumptions uses old calculations for apportionment, but we received new numbers that are shown on the SCFF Calculation handout using the State Chancellor's Office information.
 - The important number to track is the Hold Harmless dollars.
- Handouts of P2 Appointment Report also provided to the Committee that shows 18-19 funding:
 - State Chancellor's Office website shows this information for all 72 districts.

Use of One-Time Funding

Handout provided on allocation of one-time funds by budget center, as discussed at Chancellor's Staff, using estimates of Hold Harmless funds that have changed a little.

- Campus allocations were approved at the last CBF meeting, but District Services funding was not approved because there were questions. Approval is requested at this meeting so that recommendations can go to the Board in September; Cherry Li-Bugg and Irma Ramos were present to answer questions.
- District is in good fiscal shape right now to cover all one-time funding proposed.
- Recommendation was moved to approve one-time funding for District Services; consensus was not reached. It was discussed that CBF makes recommendations to the Chancellor. Vice Chancellor Williams stated that he would make recommendations as well.
- The Vice President, Administrative Services Rod Garcia reported that at Fullerton there are significant shortages in FFE funds of about \$3 million because of unexpected costs of bond projects and identified instructional equipment needs per program reviews; there aren't enough campus funds to cover all of it.
- The Vice President, Administrative Services Alex Porter reported that at Cypress there are multiple ADA projects being reviewed as well as scheduled maintenance needs per a 5-yr plan; a list will be provided at a future meeting.

Questions/Comments:

1. *For Professional and Workforce Development, how many people does that consist of and what is the amount spent? Would it be possible to have a breakdown on what the categories are specifically spent on?* Further information will be provided at a later date, but some of the funds were spent on PD Director, assistant, mentorships, and all the programs that were offered.

II. Resource Allocation Update

Kashu Vyas provided handouts and brought forth a working model:

- Background information on new model as described in handout.
- Summary of proposed model using 18-19 numbers will be reviewed at the August 13 Resource Allocation Workgroup meeting.
- The model will be used as part of 2019-20 budgeting process as a side-by-side comparison.

- The goal of the new model is to be able to explain why each campus receives the allocations.

Questions/Comments

1. *With two more years of stability funding, how accurate will the side-by-side comparison be? Accurate as we can get it with information from Sacramento continuing to change.*
2. *The new model will be modeled during 19-20, but not implemented? Correct, it would be presented to show what it would look like if it were to be implemented, but it's not being put into action. If there are other questions for comments, please email them to Kashu.*
3. *Concerns were voiced that the new model would make campuses more competitive against each other, and within campuses the departments would become more competitive against one another. Decisions and such concerns would be addressed at the individual campuses.*

III. Bond Update

Fullerton College – Rod Garcia provided a facilities update for Fullerton College. The FC instructional building is still with DSA and expected to be out of DSA in October/November, with groundbreaking in January 2020. The 300/500 buildings are in DSA, and expected to be out in December; that project has a different delivery method so we will be going to bid for the contractor in late 2020 or early 2021 and expecting groundbreaking in summer of 2021. The board approved an FPP for the Fine Arts Building with 80/20 funding, 80% from the State.

Cypress College – Alex Porter provided a facilities update for Cypress College. They are headlong into foundational work and have finished pile driving; making good progress as we're only four days behind on a two-year project; cost-wise we think we're on budget, and we are keeping up to date on change orders as they are submitted. A FPP has been submitted for the Fine Arts project and hope to make it in the 1920-21 budget, with 60/40 split funding. In the process of putting together a new master priority list with funding that is available.

Anaheim Campus – Fred Williams provided a facilities update for the Anaheim Campus. Work is completed on the 7th and 10th floors. Currently convening on the master planning priorities. We know the deck on 2ⁿ floor is deteriorating to the point that major renovations will have to be done and portions of the campus will have to be closed; we'll have to go through the master planning process to decide what will be done in that renovation. With the staff moved from the 1st to 10th floor, the older adults program will be moved to the 1st floor as well as creating a food pantry. There's also the possibility of purchasing the property across the street – that will be part of the master planning process. Currently in escrow for a property in Fullerton to help with the parking situation; there's also a property in Cypress that might be up for sale – all will be discussed as part of the master planning process.

Adjournment: The meeting was adjourned at 4:07 p.m.

Next Meeting: September 9, 2019