

COUNCIL ON BUDGET AND FACILITIES
September 9, 2019

APPROVED SUMMARY

Members Present: Josh Ashenmiller, Pete Christenson, Terry Cox, Richard Fee, Rodrigo Garcia, Craig Gorklaski, Cherry Li-Bugg, Tina McClurkin, Melisa McLellan, Kim Orlijan, Alex Porter, Irma Ramos, Pamela Spence, Jason Thibodeau, Kashu Vyas, Fred Williams, and Marcus Wilson

Members Absent: Leslie Tsubaki

Guests Present: Sharon Kelly

Call to Order: The meeting was called to order at 2:07 p.m.

Summary: The summary of the August 12, 2019 meeting was approved as amended.

I. Budget Update

2019-20 Proposed Budget

The 2019-20 Proposed Budget & Financial Report books (Budget Book) were distributed to the group, and a PowerPoint of the 2019-20 Proposed Budget was presented. Related handouts detailing the assumptions used to build the budget were provided along with the presentation handout that will be presented to the Board at their September 10 meeting. Main points are:

- Ending balance is \$102.4 million (page numbers in the upper right corner of each slide refers to the page number in the Budget Book)
 - Does not include the \$15 million in Hold Harmless dollars that we are expecting in 2019-20
 - Uncommitted amount of \$44.5 million includes the 5% contingency for the Board
- Overall General Fund has a budgeted deficit of \$16.0 million because we are spending down one-time funds
- For Ongoing Revenue & Expenditures we must keep in mind that we have not settled the contract with Faculty for 2018-19 or 2019-20 so those additional dollars need to be taken into consideration, as well as benefit rate increases that start in January
- Student Centered Funding Formula figures use 2017-18 numbers plus COLA increase because we won't get revised numbers from Sacramento until January (P1)
- FTES enrollment trend has continued to go down, but numbers for Fall 2019-20 appear slightly higher than last Fall thus far
- We need to get a better understanding of where the numbers come from for headcount outcomes for Supplemental Allocations (20% of SCFF) and Student Success (10% of SCFF) and spend some time studying them in order to make sure the data is accurate
- Beginning balance for one-time dollars available for allocation was \$54.1 million with an ending balance of \$50.7 million (PERS/STRS set aside, Stability, SERP savings, 2019-20 allocation of \$19.7 million, 2019-20 additional Hold Harmless of \$15.9 million)
 - Next steps for CBF, DCC, Chancellor's Staff, and campuses are to see what other projects need to be funded in order to spend down the funds
- The last three slides detail the 2019-20 one-time fund allocations and include the funds approved by CBF and the funds recommended to the Chancellor
 - Fund allocations recommended to the Chancellor included scheduled maintenance for District Services of \$500,000, equipment for \$200,000, district-

wide Professional Development programs for \$200,000, and SERP payments of \$2 million.

- Fred referred to page 70 of the Budget Book that shows the allocation of one-time funds in more detail

Questions/Comments:

1. *There was a question about Schedule A regarding the estimated costs for Faculty listed towards the bottom of the page.* Fred explained that rates for benefits were not received early enough, so position control was not updated and the increases did not get incorporated into the budget. He also reminded the committee that contract negotiations have not concluded for UF for 2018-19 and 2019-20.
2. *Do you think the hold harmless dollars might go away due to the politics involved?* There seems to be enough support at the State level to maintain the Hold Harmless dollars for several years.

One-time Funding Carryovers

In response to a request that was made about the status of one-time funds at the District, handouts were distributed showing the spending details of 2018-19 one-time fund allocations that went to District Services and Districtwide. Each line item was reviewed and discussed as needed.

Questions/Comments:

1. *Is the "Business Process Analyst" listed on the handout a person or a thing?* The Business Process Analyst involves a person, but it is a consulting contract to deal with all the upgrades and refreshes that have to do with Banner 9, as many of the processes need to be analyzed and redesigned in the Banner 9 environment.
2. *Column three description is "Returned"; what does that mean?* For some of the projects, the entire amount allocated was not needed, so the unspent funds went back into the pool of one-time funds. In some areas, the funds weren't spent because there wasn't enough time spend them, so the funds when back to the pool, but may be reallocated to the same project in the new fiscal year.
3. *Why was \$50,000 allocated to Equity and then returned?* These were part of the one-time carryover funds that were set aside but not approved to be carried over into the new fiscal year. These funds were requested late in the year (April or May), but there wasn't time to spend them before the end of the year.

II. Resource Allocation Update

Kashu reported that at the RAW meeting that was held the day after the August CBF meeting, and concerns brought up during the CBF meeting were addressed and will be taken into consideration as they proceed. The meeting was productive in that the group went through the model in detail, and came up with next steps. At the next RAW meeting (still to be determined), the model will be put up against the 2019-20 budget as well as 2018-19 actuals and budget. The group also has to fine tune some of the chargeback issues and make a better effort to

define those by site. After the group has two more chances to look at the model, it will be brought back to CBF to see what it looks like as a proposed model in the future.

Questions/Comments:

1. *Who from this group is on the Resource Allocation Workgroup?* Josh Ashenmiller, Terry Cox, Rodrigo Garcia, Alex Porter, Cherry Li-Bugg, Bryan Seiling, Sharon Kelly, and Marcus Wilson have been part of the group, plus five additional members. Bryan just rolled off and Marcus expects to be replaced soon. There's no limit on participants so anyone is welcome to join.

III. Bond Update

Fred reported that there was a Citizens Oversight Committee meeting on September 4, and everything went fine. So far, everything seems to be going well over at Cypress and we're back on track in terms of the schedule. We've also heard from our insurance JPA that the safety inspections are coming out very positive. Alex added that for the VRC the steel is up and the foundation work is done on the SEM Building. Overall, everything is on target. Over at Fullerton, the Instructional Building is out of DSA and all the responses to the back checks are being put together, so we are getting ready to put the bids out. We should be breaking ground on the Instructional Building in January.

Adjournment: The meeting was adjourned at 2:55 p.m.

Next Meeting: October 14, 2019