

COUNCIL ON BUDGET AND FACILITIES
November 2, 2020

APPROVED SUMMARY

Members Present: Terry Cox, Christie Diep, Craig Goralski, Jenifer Kalamian, Cherry Li-Bugg, Melisa McLellan, Jennifer Oo, Kim Orlijan, Alex Porter, Pamela Spence, Leslie Tsubaki, Ty Volcy, Kashu Vyas, and Fred Williams

Guests Present: Jennifer Combs, Jeremy Peters, JoAnna Schilling

Members Absent: Rodrigo Garcia and Irma Ramos

Call to Order: The meeting was called to order at 2:01.

1. Summary: The summary of the October 12, 2020, meeting was approved.

2. Budget Update

Fred Williams and Kashu Vyas presented the District's 2020-21 Proposed Budget. The presentation was also shared at the October 17, 2020 Board meeting and highlighted the following topics.

State Budget

- January Budget Proposal – \$5.6 billion surplus
- May Revise (after the Pandemic) – \$54.3 billion deficit
- Enacted Budget – includes use of the rainy-day fund, borrowing, suspending certain tax credits, use of federal funds, and the cancellation of expanded programs.
- No COLA Augmentation to SCFF (Foregone COLA of 2.31%)
- No Growth but also no workload measure reductions
- Hold Harmless extended through 2023-24
- Cash Deferrals – \$1.5 billion
- PERS/STRS Rate Buy downs for 2020-21 & 2021-22 – \$2.3 billion
- COVID-19 Relief Funds – \$120.2 million
- NOCCCD Projects Approved – Cypress College Fine Arts (preliminary plans and working drawings) and Fullerton College Music Drama Complex Building (preliminary plans)

General Fund Summary

- FTES for Fall are trending down at -7.9% overall which could result in a \$13 million revenue loss if not mitigated.

Resource Allocation Model

The District implemented a new internal Resource Allocation Model (RAM) this year. Kashu Vyas reviewed the RAM's guiding principles and identified the four budget centers: the three campuses and District Services. Resources are allocated to the three campuses, where each contribute 9.2% of revenues to District Services and all personnel and operating costs are covered by the individual budget center. Districtwide expenses are paid for by all four budget centers. The model incorporates the Student Centered Funding Formula (SCFF) apportionment revenues (\$204.7 million), other state revenues (\$9.5 million), and other/local revenues (\$7.9 million). The total District earned apportionment was \$204,675,662 and the total estimated revenue for the 2020-21 Proposed Budget was \$222,160,089.

The expenditures are mainly comprised of direct personnel costs (84% at \$186.6 million) which excludes the District-wide personnel related expenses, other operation costs (12% at \$26.8 million), and Districtwide costs (4% at \$8.8 million). Percentages do not include any negotiation settlements.

The RAM utilizes 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).

Grants – Restricted General Fund

A list of grants is provided in the Budget Book on page 61. There is about \$71.8 million in grants that have been accounted for, a significant increase from 2011-12, when categorical funding was less than \$10 million. The State continues to provide funding towards Student Success and Strong Workforce development. This year funds were also received in response to the COVID-19 pandemic.

Ending Fund Balances - details can be found on page 74 of the Budget book

	In millions
Non-spendable	\$ 0.2
Restricted	\$ 5.0
Committed Funds	\$ 6.3
Assigned	\$ 37.0
Board Policy Contingency	\$ 12.0
Unallocated Resources	\$ 28.9
Uncommitted Budget Center Carryovers	\$ 4.2
Total	\$ 93.6

Cash Flow

Based on cash balance projections, it is anticipated that the District will begin using its cash reserves in January 2021 because of the \$47.5 million in deferrals.

Hold Harmless Funds

The District has received hold harmless dollars due to the shifting of 2,140 FTES from the 2017-18 year to the 2016-17 year. Over the last several years, the shift resulted in \$41.2 million of funding. The hold harmless dollars are expected to be extended out to 2023-24, at an estimated total of \$39.6 million of additional revenue for the District. However, those numbers could change based on the District-generated actual FTES. Starting in 2019-20, all districts have participated in any state-wide deficit, including hold harmless districts.

Pension Buy Down Rates

	2020-21	2021-22
STRS	16.15% (from 18.4%)	16.02% (from 18.2%)
PERS	20.7% (from 22.7%)	22.84% (from 24.6%)

- A 1% STRS increase equals \$600,000. In 2022-2023 the STRS rate is scheduled to increase to 18.4%. The 2.25% increase would be \$1,350,000.

- A 1% PERS increase equals \$490,000. In 2023-2024 the PERS rate is scheduled to increase to 25.8%. The 5.1% increase would be \$2,499,000.
- The District could continue to buy down the rate after the State buy down expires and has \$6.7 million in a committed fund for PERS/STRS.

Negotiations

CSEA and United Faculty negotiations offers are not included in the budget, and the District needs to be prepared to cover the offers when negotiations are concluded.

- CSEA – 1% Offered (\$459,922)
- United Faculty – 2018-19 to 2020-21 remain outstanding. 1% equates to \$693,592.
- The District offer that was not ratified by United Faculty included:
 - 1% on schedule for 2018-19
 - 1% on schedule for 2019-20
 - 2.92% (2019-20) Fringe increase to \$8,028
 - 3.51% (2020-21) Fringe increase to \$12,097
 - 8.43% Total x \$693,592 = \$5,846,981 on-going increase
- The United Faculty offer also included 2.71% off-schedule which equates to \$1,608,634.

One-time Funding Balance

Monies have been earmarked for COVID MOUs (\$2 million), Off-schedule Salary Increases for 2020-21 (not including Faculty) for CSEA (Offered \$463,249), Management (\$182,022), and Confidentials (\$15,690), SERP Payments (\$3 million), Title IX Compliance (\$550,000), Campus Backfills (\$5 million), and District Resource Allocation Model (\$8 million), with a remaining balance of \$25.9 million of one-times funds available.

Question/Comments:

1. *Are there more details on the reserve monies? For example, the District has been collecting COLA that has not been paid out to personnel. On page 27 of the Budget Book, four items that attribute to the ending fund balance are described in more detail.*

3. One-time Funding Discussion

A one-page summary, including the details from the Budget presentation, was provided to the committee.

Questions/Comments:

1. *A recommendation was made to add the previously discussed (campus level, CBF, and DCC level) categories to the one-time funding allocation sheet for consideration. The same information will be shared with DCC and noted that the specific amounts, as well as categories will be re-examined and have not been discussed at this point. It was also recommended to add the campus priorities – backfills for the Spring Semester to the one-time funding sheet. Money transfers to backfill program costs will not be made until the end of the year based on actual numbers.*

4. CARES Act and Block Grant

Details on the allowable expenditures and use of funds at the campus level, for both the CARES Act and Block Grant dollars, were summarized and presented to the Committee. The same information was shared at DCC at its October 26th meeting.

5. Resource Allocation Handbook

There was discussion at the Budget Officers meeting, however, no progress has been made at this time. The group is hoping to have a rough draft of information and specific items within the model that may need to be assessed or reassessed by the start of the Spring Semester. For example, some of the one-time funding allocations (IT expenses, Title IX, etc.). Dr. Li-Bugg will be bringing an agenda item forth at the next meeting related to District-wide IT expenses.

6. Facilities Update

Anaheim Campus – Fred Williams provided an update for the Anaheim Campus.

- Parking Lot Repairs – Repairs to avoid tripping hazards have been completed
- Electrical System – Commissioning is taking place to ensure all the equipment is working properly before the close out of the project
- ADA projects - Plans are being put together to submit to DSA
- Anaheim Campus staff is working with NOCE staff to complete signage throughout the campus

Fullerton College – Fred Williams provided an update for Fullerton College.

- Instructional/Humanities Building – Possible change order for the Network Refresh upgrades due to standard changes
- Fine Arts Building – The timeline for the project has been moved up a year and additional support has been contracted to assist with the project

Cypress College – Alex Porter provided an update for Cypress College.

- VRC/SAC – Furniture installation began at the end of October and are finishing up shortly
- Pond – fencing is scheduled to come down shortly
- SEM Building – The interior work is expected to be enclosed and waterproofed by the end of November
- Fine Arts Project – With a tight schedule for this project, architect interviews and a selection will be made by the end of the week
- Baseball Clubhouse – Project is expected to be completed within the next 30 days
- CTE Complex – The IPP was submitted to the state and is moving forward. Upon approval, an FPP will be submitted the following year
- Scheduled maintenance projects include the following: AV upgrades for the Tech Ed. 3 Building campus security system will be complete by mid-November and painting & flooring replacements are being done to classrooms, in dire need, across campus
- SEM Change Order - \$1.2 million in changes, some related to the Network Refresh Project will be submitted to the Board for approval

7. Other Items

- A copy of the Board approved Calendar for Fiscal Year 2021-22 Budget was shared with the Committee.
- Agenda item submittal forms will continue to be distributed to the Committee for any future items.

Next meeting: December 14, 2020

Meeting was adjourned at 2:55 p.m.