

COUNCIL ON BUDGET AND FACILITIES
October 12, 2020

APPROVED SUMMARY

Members Present: Terry Cox, Rodrigo Garcia, Craig Goralski, Mohammad Abdel Haq (alternate for Christie Diep), Jenifer Kalamian, Cherry Li-Bugg, Melisa McLellan, Kim Orlijan, Alex Porter, Irma Ramos, Pamela Spence, Leslie Tsubaki, Ty Volcy, Kashu Vyas, and Fred Williams

Guests Present: Jennifer Combs, Damon De La Cruz, Jeremy Peters, Greg Schulz and Richard Williams

Members Absent: Christie Diep and Jennifer Oo

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

1. Summary: The summary of the September 14, 2020 meeting was approved.

2. Budget Update

Ending Fund Balance

Staff is currently working on the Proposed Budget, which will be taken to the October 27, 2020 Board meeting for approval.

Kashu Vyas gave a brief overview of the budget analysis and details to information provided to the Committee.

Draft Analysis of Ending Fund Balances – show the fiscal position as of June 30, 2020.

Shows the balances by category for reserved, restricted, committed, assigned, and uncommitted fund balance. Within the uncommitted fund balance category is the 5% Board Policy contingency. This will be adjusted once the budget is completed and the total expenditures are known. The total ending fund balance is \$93,547,510.

The unallocated resources line item is being adjusted for the campus backfills for lost revenues for the Fall semester. This was needed in order to balance out interfund transfers in and interfund transfers out.

Detail of Allocation of One-Time Funds – Identifies monies that were allocated in prior years and amounts remaining. Any additional/new allocations that were approved for the 2020-21 fiscal year were identified separately as a separate line item. A detail page for each campus was also provided. Fred Williams noted that spent Capital (Outlay) Expenses may also indicate that the funds were moved from the General Fund to the Capital Outlay Fund and has no correlation to whether the project is complete.

Resource Allocation

The 2020-21 Proposed Resource Allocation Model Budget Summary (11200 On-going Fund & Self-supporting Funds) was provided to the Committee.

With the new model, budgeting personnel costs will be difficult to anticipate, however, an estimated contingency amount has been set aside at each of the budget centers.

- Additional detailed summary tables were provided to the Committee. The tables provide specific details related to the Student Centered Funding Formula State Apportionment, District Services revenue (9.25%), campus revenues, expenditures, intrafund transfers, and chargeback.
- Tentative Budget Assumptions: District-wide Expenses – Provides a comparison between the 2019-20 budget, 2019-20 actuals, and the 2020-21 budget. Summary pages were also provided for more detail to the on-going funds, self-supporting funds, position control, and non-position control (other operating expenditures).
- Chargebacks - A detailed sheet to show the calculation methodology to the chargebacks.

Questions/Comments:

1. *How were the contingency numbers calculated, what assumptions were used?* A 10% personnel contingency was used to hopefully offset the immediate impact of both the health benefit rate changes as well as potential faculty negotiations. The percentage or number was not based on any specific information related to negotiations or for the health and welfare increases. Under the New Resource Allocation Model, staff believed this was a good starting point to help create a methodology on how the campuses would account for these types of expenses.

3. One-time Funding Discussion - A one-page summary was provided to the committee.

The District had an estimated starting balance of \$33,888,438 of one-time dollars and when you add in estimated hold harmless dollars for 2020-21, the total available becomes \$43,510,331. Approved amounts for COVID MOUs (\$2 million), Off-schedule Salary Increases for 2020-21, not including Faculty & CSEA (\$197,712), SERP Payments (\$3 million), Title IX Compliance (\$550,000), Campus Priorities (\$5 million), and District Resource Allocation Model (\$8 million) were reflected on the one-page sheet, leaving a total of \$24,76,619 of unallocated funds available.

Questions/Comments:

1. *Do we have an estimate regarding the 19/20 carryover amounts?* The ending balance for the 2019-20 was \$102,357,521. Last year an analysis of ending fund balances was included to outline what those dollars represent. The one page on the Analysis of Ending Fund Balances, in the 10-12-20 packet, identifies all the ending balances and allocation from previous years.

4. Recruitment/Advertisement Budget

Irma Ramos reported back to the Committee with data from the Human Resources (HR) department. While campuses and departments can recommend and suggest advertisement opportunities, not all locations are feasible and/or effective. Some websites or locations can cost up to \$800 - \$1,200 per advertisement. The focus is not cost, but the return on investment. HR works with a firm that monitors “clicks” on various advertisements in order to test value from the advertisement. HR places many of the job announcements on low or no cost websites that focus on underrepresented groups. In addition, all job posting are placed on HERCs (High Education Recruitment Consortium) database, diverse focused job boards, various email list servs and other social media sources. The following were recommendations by the HR department:

- Host networking gatherings by discipline, such as stands at campus divisions. This would require participation from multiple groups on campus and from District Services. Estimated cost = \$500

- Attend and have a booth at the Historically Black Colleges and Universities Native American Colleges and other job fairs that focus on underrepresented groups. Estimated cost = \$1,000 - \$1,200 depending on which fairs and how many.
- Purchase a LinkedIn (Recruiter Light) account for two of the HR staff. This would allow staff to reach out to specific people that match the area of focus or discipline.
- Create more paid internship programs for new college graduates to be exposed to our programs and help with recruitment for both faculty and staff positions.

Questions/Comments:

2. *Dr. Goralski recommended that HR communicate back to the hiring committees as to why their recommendations are not moving forward. If the hiring committees knew the reasoning behind the logic, it could clear up some of the misconceptions.*
3. *Dr. Goralski also commented on the recommendation of attending and having a booth at Historically Black Colleges and Universities Native American Colleges. Based on recommendations from the Black Lives Matter Task Force, \$800 - \$1,200 for a booth seems like a great investment and could hopefully vastly improve the diversity of our hiring pools. What would the next steps be to implement this? Fred Williams commented that hiring for faculty will be minimal for the next few years, we might want to roll this out after this period. Dr. Goralski agreed with the timing, but also suggested that the process for implementation, such a planning, begin as soon as possible in preparation for future hiring needs. Irma Ramos volunteered to take the recommendation forward to Dr. Marshall.*

4. Irrevocable Trust

At the last meeting, the question arose as to once the Irrevocable Trust was fully funded, what would the savings be spent on? Since that time, a copy of the Bylaws, Investment Policy, resolution, and MOU between faculty and the District were shared with the Committee.

Questions/Comments:

1. *How often are the retirement obligations calculated? Is it quarterly or annually? This way we know how quickly it can be communicated to union leadership that the obligation has been met.* The actuarial valuation is done every two years, however, we do a pre-funding analysis on the off years. Quarterly investment earnings are provided to show the value of the portfolio.
2. *Do we know how much each new retiree adds to the obligation? Are we able to take the existing obligation and divide it by the number of retirees?* The actuarial valuation provides more details as to how the numbers are derived. It is not necessarily based on an individual basis, but more on the different groups of individuals, like retirees and those who will eventually retire. From those groups, the detailed factors are taken into consideration, such as life expectancy, age, sex, and classification. What is not factored in, and cannot be factored in, are the people that have not been hired yet. The new actuarial valuation can be found on the District website.

The Retirement Board will be discussing the details of the Bylaws and MOU as they pertain to the Board's Substantive Plan at the October 29th meeting. The Trust was formed under GASB 43 and 45, which has been superseded by GASB 75 and 76. In addition, some items listed in the MOU are no longer included in the actuarial valuation.

While the MOU states that when the Premiums exceed the annual required contribution, the calculated savings will be considered in the next negotiations cycle, dollars earned by the Trust must be spent on retirees or associated expenditures related to the Trust.

5. Resource Allocation Handbook

It was recommended by DCC to re-write the handbook to align with the new allocation model and new master plan. Fred Williams was unsuccessful in soliciting for volunteers to help steer the process and strategy of creating the new handbook. In conclusion, the Budget Officers will take on this task and bring a draft back to CBF for review.

6. Facilities Update

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

- Electrical System – Project is about 90% complete
- Charging Stations – Looking to add 10 stations at the Anaheim campus, most of the project will be funded by Anaheim Utility
- Anaheim Campus staff is working with NOCE staff to complete signage throughout the campus
- Districtwide – Network Refresh Project. Project is still on schedule. Looking into moving up the VOIP project by early 2021 for all campuses to access the VOIP system. Air conditioning will also be installed in the Anaheim Campus plant, which will be utilized as a secondary Network Refresh room for the back-up system.

Fullerton College – Rodrigo Garcia provided an update for Fullerton College.

- Instructional/Humanities Building – all three levels of the building have been poured with concrete
- Central Plant Project – foundation has been poured and rolled doors are installed
- 300/500 – Currently working on the pre-qualifications for the historical preservation contractors
- Sewer Line Project – was completed over the summer
- EV Charging Stations – 44 new EV charging stations will be installed with an anticipated completion date of mid to late-November
- Baseball field – Protective netting is being installed around the field
- Performing Arts Building – Is a 78/22 state funded project and was approved for preliminary plans for 2020-21
- Storm Drain System – currently in phase two
- Sherbeck Field – Design phase almost complete for the bleachers
- Swing Space – looking to reconfigure some of the swing space needed for the 300/500 building

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

- VRC/SAC – Furniture is scheduled to arrive at the end of the month. The front desk will also be installed shortly. A grand opening ceremony will be scheduled for a future date once safety protocols can be met
- SEM Building – The exterior is almost complete with the dry walling on the first floor complete. Scaffolding has begun to come down as the project continues
- Change Order – An agenda item will be taken to the Board at the first meeting in November. The change order will help upgrade the system at Cypress to match that of the Network Refresh project
- Fine Arts Project – Architect proposals are currently being reviewed and screened. The Committee is looking to interview 3 architects for in-person interviews. Screening will be completed by October 16.

- Baseball Clubhouse – Project is about 70% complete. Restrooms are being installed to comply with ADA standards. Project is expected to be completed in the next few months
- Several small projects are being completed across campus, include the following: campus security system, flooring, painting and AV upgrades for the Tech Ed. 3 Building, and multiple classroom upgrades

7. Other Items

No additional items were discussed.

Next meeting: November 2, 2020 (off-schedule date)

Meeting was adjourned at 3:31 p.m.