

COUNCIL ON BUDGET AND FACILITIES

February 12, 2018

UNAPPROVED SUMMARY

Members Present: Josh Ashenmiller, Tonya Cobb, Terry Cox, Danielle Davy, Emily Day, Rodrigo Garcia, Craig Goralski, Rod Lusch, Tina McClurkin, Irma Ramos, Bryan Seiling, Kashu Vyas, Fred Williams

Members Absent: Raine Hambly, Cherry Li-Bugg, Elaine Loayza, Justin Richardson & Marcus Wilson

Guests: Vivian Gaytan, Brendon Kirby & Pete Snyder

Call to Order: Irma Ramos called the meeting to order at 2:07 pm.

Round-table introductions were made as new members were present.

- I. **Summary:** The summary of the December 11, 2017, meeting was accepted.

- II. **Budget Update:** Fred Williams shared the Governor's proposed budget and highlighted some of the major proposed changes. These included the introduction of a new funding formula and the California Online Community College (which would become the 115th community college in the state). Other highlights from the proposal included an estimated 2.51% COLA, one-time funds for instructional equipment and maintenance and increased funding for various categorical programs. The anticipated base increase did not happen, but the full \$175 Million is being added to the budget to implement and transition to the new funding formula. Also reviewed was the analysis of FTES for P1, which showed that the District was on target overall (there was a slight decline in numbers at Fullerton College and a slight increase at Cypress College).

New Funding Model:

Currently districts are funded based on FTES (a rate multiplied by the number of FTES). The new formula being proposed is one that is performance-based. A review of the *Student Centered Funding Formula* handout provided a breakdown of the new formula framework as follows: 50% in Base Grants, 25% in Supplemental Grants (i.e. BOGG or Pell) and 25% in Student Success Incentive Grants. Currently, the biggest unknown is the year that will be used as the Base (it could be 16-17 or 17-18), as no formal simulations have been shared amongst constituents. Another issue is that there doesn't appear to be a metric to capture noncredit under Supplemental Grants. Further assessment is needed before formal Districtwide planning can begin.

With the new funding model, there is a proposal to hold districts harmless for the first year, and possibly extended to multiple years. This could benefit NOCCCD, which shifted FTES in 16-17, making 17-18 a stability year, resulting in the District receiving funding equal to no less than the 17-18 year. The actual figures and calculations may not be available until May, with plans to implement in the 2018 Fiscal Year. Worth noting is that the NOCCCD Chancellor, Dr. Marshall, is a member of the CEO Funding Formula Workgroup in Sacramento that has been charged with

working on the new model. The Community College League of California and the Department of Finance are working together to create a simulation to send out to all Districts.

A desirable new funding model is one that is predictable, stable and equalized (eliminating the possibility of major swings). The unknown variables of the new formula could effect FON, 50% Law, summer shift, stability funding and much more. This makes clear the need for the District to formally make 17-18 the stability year with no expectation to shift FTES going forward, and adhering to the traditional summer-fall-spring model. The districts that routinely shift FTES may be significantly impacted by the new formula.

Questions:

1. How does this effect the SERP? What is that status of the SERP?

The SERP will be going to the Board of Trustees for approval on February 13, 2018. Currently there are 119 employees that have submitted the regional paperwork for the SERP, with the option to rescind expiring on February 12, 2018, at 5:00 p.m. More classified employees than expected accepted the SERP, but the overall savings are approximately \$5 Million over a five year period. The list of SERP participants will be shared with all CEOs, and a determination will be made regarding the timeline for replacing critical positions. In the original assumptions, the number of classified and management staff would be replaced (they may be hired in different areas based on need).

2. Regarding the SERP, how many faculty will be replaced?

Currently six for 2017-18, but a further assessment and CEO feedback is needed. Most of the faculty positions will need to be replaced for the 2019-20 fiscal year.

3. How likely is the launch of the California Online Community College?

The governor has earmarked \$120 Million for this purpose and it strongly backed by the State Chancellor. The belief is that this will target the 24-34 year old, CTE population that may be underserved by current CCD's. The major concern amongst opponents is that this could greatly impact Distance Education and overall FTES at current community colleges.

Resource Allocation Workgroup:

Kashu provided an update on the workgroup's first meeting, which involved reviewing the current funding model and the Push-Out Allocation Model. The workgroup has been charged with creating guiding principles for developing the new District model. Once the principles are determined, that information will be shared at CBF. The next meeting will be held on Tuesday, February 20, 2018 at 3:00pm.

III. **Bond Update:** Fred Williams provided the group with a facilities update for all campuses.

Anaheim Campus – Construction on the 7th and 10th floors is underway and will continue for approximately 1.5 years.

Fullerton Campus – Significant progress has been made on the 300/500 Buildings, as the Department of Finance has approved the shifting of funds from one year to an additional year. Proposals have been reviewed for the New Instructional Building and interviews for the Design-Build teams will occur over the next few weeks.

Cypress College – Emily Day has started in her new position as Vice President, Administrative Services. She will be hiring to replace Susan Rittel, who resigned as Project Manager. The SEM project will go to DSA for submission in early March. A \$100,000 pledge has been received for the Veterans' Resource Center Memorial Bridge. Bids for the parking lot project will go to the Board of Trustees in March.

Adjournment: The meeting adjourned at 3:10 p.m.

Next Meeting: March 12, 2018