

COUNCIL ON BUDGET AND FACILITIES
September 14, 2020

APPROVED SUMMARY

Members Present: Jennifer Combs, Terry Cox, Damon De La Cruz, Christie Diep, Lisa Gaetje, Rodrigo Garcia, Craig Goralski, Jenifer Kalamian, Cherry Li-Bugg, Melisa McLellan, Dawnmarie Neate (alternate for Pamela Spence), Jennifer Oo, Kim Orlijan, Jeremy Peters, Alex Porter, Irma Ramos, Leslie Tsubaki, Ty Volcy, Kashu Vyas, and Fred Williams

Guests Present: Arturo Ocampo, Greg Schulz, Kai Stearns-Moore, and Richard Williams

Members Absent: Pamela Spence

Call to Order: The meeting was called to order at 2:03.

1. **Summary:** The summary of the August 10, 2020 meeting was approved.

2. **Year-end Closing/Budget Update**

Fred Williams provided a brief overview of the California Community College Chancellor's Office (CCCCO) Annual Budget Workshop documents. A link was previously shared with the Committee and can be found here: [Budget News Webpage](#)

Analysis of Ending Fund Balances (DRAFT) – Additional sheets were presented to the Committee and were shared after the meeting (9/14). The analysis is comprised of categories that are reported on the 311 report. Kashu Vyas provided an overview of the categories.

- Restricted Fund Balance – Categorical or otherwise restricted amounts that had a carryover balance – not associated with grants.
- Committed Fund Balance – Board action that was taken to commit funds. STRS and PERS costs that were committed (\$6.3 million) and will continue to be revisited. Fiscal staff previously recommended to the Board to uncommit these funds, but it was not approved
- Assigned Fund Balance – Items that have been allocated for a specific purpose through various councils (may not be committed by the Board)
- Uncommitted Fund Balance – The Board Policy and Unallocated Resources categories will be updated after final calculations have been made. All other line items reflect each campuses budget activity. Backfills that were previously approved at CBF and DCC (lost revenue and MOU's) have been included

Budget Assumptions

Kashu Vyas provided the group with a multi-page document for the 2020-21 Proposed On-going Budget Assumption.

Revenues

Currently, the District's Student Centered Funding Formula (SCFF) earned allocation is \$204,675,663. The hold harmless allocation is \$9,621,875, for a total SCFF apportionment of \$214,297,538. In addition, the District is receiving \$1.4 million for full-time faculty hiring that occurred in previous years. No COLA or growth was applied.

During the tentative assumptions, the hold harmless dollars were to be used as available revenue due to the anticipated 8% deficit, however, the State Chancellor's Office decided to use deferrals instead of a deficit (a detailed schedule is available through the CCCCCO Budget Workshop link). In turn, the District will hold the hold harmless allocation aside and is being considered for one-time funds for 2020-21. This leaves the District with an on-going Apportionment Allocation for 2020-21 of \$206,116,891. Additional revenues such as unrestricted and restricted lottery amounts, estimated reimbursements for part-time faculty expenses, a 2% fee waiver allocation and other local revenues were briefly discussed based on the data provided on the handout.

Questions/Comments:

1. *Is this the full amount that we will be receiving from the State?* Yes. Deferrals will only affect cash flows; they are not expected to affect revenue calculations. The District will receive everything it is entitled to up until January. From February to July, once the funding starts up again, the District will be using reserve money to cover any cash shortfalls. Based on Faculty Negotiations, the District's cash balance could be down to about \$25 to \$30 million. The District has made arrangements with the Orange County Department of Education to be able to borrow from the County pool, if and when needed.
2. *What is the timeframe for the deferral?* It's from February through June, roughly \$9.8 million per month. Kashu Vyas provided a view of the expected timeline of when and how the District would be receiving the deferred 2019-20 funds.

Appropriations and Expenditures

Salary increases (1%), additional estimated salary and benefits costs (using current rates), retiree medical costs, FON obligation, Extended Day budget, District-wide expenses (\$8,803,178) and OPEB liability estimates were discussed based on the data provided. A brief description of each expenditure is provided on the handout.

Questions/Comments:

1. *What items are included in the total calculation of Benefits?* Fringe, Social Security, Medicare, WC, PERS, STRS, retiree benefits and health benefits.
2. *How are the newly negotiated increases for Extended Day handled in terms of budget?* Salary increases associated with Faculty Negotiations for Adjunct Faculty or Extended Day costs are incorporated at the campus level when they estimate their costs/budget. Based on the projected amount, a 1% increase is calculated for the Budget Assumptions.
3. *Why are we 50 positions over with our FON?* When we look at the assumptions for the advance FON calculations, the State Chancellor's Office used the prior year P-2 numbers, which was calculated with an 8% deficit at the time. The numbers reflected on the handout are typically artificial numbers and staff do a separate calculation for a more accurate number.
4. *Are the calculations done every fall?* Yes, but multiple calculations are taken into consideration to provide the District with an advanced safe harbor number.
5. *Are the 20 positions that are not creditable towards the FON obligation from NOCE?* Yes, that is correct.
6. *What is the current balance of the OPEB?* To date, it is about \$116.4 million.

FTES Targets

Currently for fall numbers, Cypress' enrollment numbers are down about 3.5%, Fullerton is down 7% and NOCE's numbers are unknown. If the District continues to see a decline in enrollment, the revenue projections may need to be adjusted. Summer enrollment numbers were up so this may offset some of the decline. Also, the District currently has additional hold harmless dollars, but number will need to be reassessed for future planning once the hold harmless dollars are no longer available.

Resource Allocation Model (RAM)

A two-page handout with updated numbers related to the new RAM was provided to the committee. The new RAM is the methodology and application to show how each of the site revenues are allocated resources.

District-wide Expenses

A one-page overview of the District-wide expenses (on-going budget only) was provided to the Committee. The summary reflects the 2019-20 budget at \$12,71,067, the 2019-20 actuals at \$10,711,979, and the 2020-21 budget totaling \$8,803,178.

3. One-time Funding Discussion

Backfill Campus Revenues 2020-21

A one-page summary of One-time Funds and a comparison sheet on the campus estimated lost revenues vs. the actuals were provided to the Committee. Fred Williams highlighted some of the updates.

- The line items to backfill the campuses for lost revenues were adjusted based on the actuals received from the campuses
- The campus VP's summarized the differences between the estimates and actuals for the 2019-20 lost revenues
- For 2020-21, the campuses are requesting roughly \$10 million to backfill lost revenues

Title IX Budget

Arturo Ocampo, District Director, Diversity and Compliance and Irma Ramos brought forth a budget request for estimated costs for Title IX compliance for 2021 and 2022 year (\$1,100,000). The U.S. Department of Education recently published newly updated Title IX regulations prohibiting sex discrimination at federally funded institutions. The new regulations significantly change the way postsecondary institutions address, respond, and investigate allegations of sexual harassment and sexual assault. These changes will also increase costs and personnel needed to remain in compliance.

Questions/Comments:

1. *Could you explain the Collateral costs – Non-Title IX discrimination complaints and how they are different from Title IX complaints?* Some of the collateral costs are due to outsourcing cases to external investigators. Under the new Title IX regulations, there are very specific definitions for sexual harassment, which are slightly different from Title IV – non-discrimination complaints, which do not require hearings.
2. *In section C, it states that the new Title IX estimated costs would be \$164,850 and the on-going cost is \$345,912. If the on-going costs has already been accounted for and budgeted as an on-going cost, the request should only be ~\$330,000 for the new costs, correct?* Currently, all legal fees are included in the Vice Chancellor's budget but are not separated by the type of legal fee. Currently, the expenditures for legal fees exceeds the amount that was budgeted. A large portion

of those expenses are from complaints and fees associated with Title IX. Instead of increasing the amount budgeted for legal fees, the Title IX fees were calculated out separately. With the new regulations and anticipated costs, the request is to cover all Title IX fees and any new costs that may be incurred by the District.

3. *Have any of these costs already been approved by the Board when they approve the contracts with legal firms?* A dollar amount is not approved by the Board, only the hourly rates, since the District cannot quantify the amount of lawsuits it will receive.
4. *What will happen to the unused one-time funds if they are not spent in the first year?* If the District over budgets, staff will assess the actual amount spent and adjust the budget accordingly.

A consensus by the Committee was made to recommend one-year of funding for Title IX (\$550,000) and to backfill the campuses for the Fall semester (\$5,000,000) to DCC. An updated One-time funding sheet will be updated and brought back to CBF and discussed at DCC. Title IX expenses will be temporarily covered with one-time funding but will need to be budgeted as an on-going expense in future years.

4. Facilities Update

For the Bond Oversight Committee, three new individuals were approved by the Board and attended the September 2, 2020 meeting. The Committee is still seeking a Business Organization representative.

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

- Electrical System – Expected to be complete by the end of September
- Charging Stations – Looking to add stations at the Anaheim campus
- Districtwide – Network Refresh Project. A few additional changes will be coming forth to the Board for the Science, Engineering and Math building at Cypress

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

- Instructional/Humanities Building - The steel erection is completed, and crews have begun pouring the slabs. The bottom floor is near completion and the second floor will begin the week of September 21st
- Central Plant Project – continues to progress as scheduled
- 300/500 – Was approved by the State Chancellor’s Office to move forward with the bidding process. Currently working on the pre-qualifications for the historical preservation
- Sewer Line Project – was completed over the summer ahead of schedule and under budget
- EV Charging Stations – Fullerton currently has six stations. An additional 44 will be installed with an anticipated completion date of mid-November
- Performing Arts Building – Is a 78/22 state funded project and was approved for preliminary plans for 2020-21
- Greenhouse Project – Was pushed back due to COVID-19, but should be complete by mid-November
- Sodexo Project – In the current Food Service agreement, a fully licensed Starbucks was to be constructed. Sodexo allocated \$650,000 for the project but

this amount was significantly under the estimated cost provided by the architect. Sodexo agreed to cover the \$450,000 cost difference.

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

- SEM Building – 65% - 70% complete
- VRC – Over 90% complete
- Pond/Tribute Garden – has been filled with water and the flag poles have been installed
- Fine Arts Project – RFP is currently out for the architects to do the planning and programming of the renovation. Also planning for the relocation of the Fine Arts program to the existing SEM building
- A number of small projects were completed by M&O – flooring, paintings, and the remodel of the dental hygiene clinic and dental assistant clinic

5. Memberships

A revised attendance sheet, an updated CBF Purpose, Function & Guidelines, summary notes from the March 24, 2014 and January 23, 2017 District Consultation Council (DCC) meeting, and a copy 2012 Decision Making Resource Manual list of CBF Memberships was provided to the Committee. After review, the Vice Chancellor, Educational Services & Technology was approved by DCC as a voting member of CBF. CBF documents have been updated to reflect the changes to personnel titles and memberships.

6. Other Items

It was recommended by member Craig Goralski to review the Irrevocable Trust guidelines and how interest earnings could be used. Dr. Goralski also recommended that CBF review the HR recruitment budget for advertisements.

- Irrevocable Trust - The Retirement Board is the governing board that has the authority to make any recommendations related to the Trust. There is discussion with the Board of Trustees regarding the amount that we pay for our retirees. Every dollar earned by the Trust must be spent on retirees or associated expenditures related to the Trust. A copy of the Trust Agreement can be viewed on the District website for further details. Christie Diep also recommended including the MOU that references considerations to use excess dollars in future negotiations cycles, as it relates to District on-going dollars. Craig Goralski will bring forth an agenda item for further discussion at the next CBF meeting.
- Recruitment Budget - A \$40,000 budget was allocated to the specific organizational budget for recruitments and advertisements. \$5,138 was charge to that specific org, however, some of the funds are allocated back to the campuses and other recruitment costs are charged to the HR budget. In total, the recruitment costs exceed \$40,000. Irma Ramos will discuss recruitment needs with her staff and bring forth a recommended amount at the next CBF meeting.

Next meeting: October 12, 2020

Meeting was adjourned at 4:14 p.m.