

COUNCIL ON BUDGET AND FACILITIES
November 8, 2021

APPROVED SUMMARY

Members Present: Damon de la Cruz, Rodrigo Garcia, Craig Goralski (alternate), Monica Hagmaier, Raine Hambly, Cherry Li-Bugg, Jennifer Merchant Fola Odebunmi, Jennifer Oo, Kim Orlijan, Alex Porter, Irma Ramos, Marlo Smith, Leslie Tsubaki, and Kashu Vyas

Members Absent:, Terry Cox

Guests Present: Jennifer Combs, Jeremy Peters, Richard Williams

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

1. **Summary:** The summary of the October 11, 2021, meeting were approved.
2. **One-Time Funds** – Subsequent to the October 11, 2021, CBF meeting, it was determined that Cypress College and Fullerton College may have a possible repayment obligation to the US Department of Education for financial aid distributed to fraudulent students. Many colleges and universities around the nation were victims of focused financial aid application fraud activity. Cypress College and Fullerton College were both impacted and have been working with the Department of Education to investigate this. An early analysis from the District’s Internal Auditor, who has been assisting with this investigation process, identifies and estimated \$10.7 million in funds that were disbursed to potentially fraudulent students. Additional work is being done by the financial aid offices to clean up this initial list, determining whether there are any “false positives”, or any additional amounts associated with this fraudulent activity. While the Department of Education of has not made an official determination, colleges may be required to pay back the money that was distributed to the fraudulent students.

The summary of the One-Time Funds Allocations was presented and reviewed by the District Consultation Council at its October 20, 2021, meeting. During this time, it was asked if a different funding source could be used to repay the fraudulent financial aid funds. Staff reviewed possible options but found that most of the available dollars in other funds have already been allocated or have a specified purpose, such as categorical funds.

Questions/Comments:

1. *The item was taken to DCC for approval before CBF had the opportunity to review the request. It was suggested that the item be brought forth to CBF before DCC approved the allocation for procedural purposes and for further discussions on funding for previously discussed items, such as student basic needs and capital improvements. If one-time funding is used to repay the fraudulent financial aid funds, these dollars are ultimately taken away from other areas. It was not the intent to rush the item through an approval process, but rather to inform DCC that a large expense is expected.*
2. *What is fiscal year financial allotment for financial aid? \$98 million in financial aid was budgeted for fiscal year 2021. Of those \$98 million is \$45.3 million in PELL funds, which is where this is targeted from.*

3. *What are the dates for the financial aid payments?* It is a total of six terms at Cypress and Fullerton College for spring 2020, summer 2020, fall 2020, spring 2021, summer 2021, and fall 2021.
4. *Assuming there have been fraudulent cases in the past, has the state requested that the money previously be returned?* It depends, in the past there were investigations, but not necessarily the result in the gap of a process that was taken advantage of. These cases were a result of a combination of a variety of unusual circumstances.
5. *Have there been any triggers put in place to prevent this moving forward into the spring semester?* The IS team has done a lot to implement new tools to additional layers of protection. For example, a tool used to process fraud scores/indicator based on phone numbers and emails. This will help identify potential fraudulent applicants before they are processed through our system. Vaccination verifications also create an additional layer of protection to hopefully discourage fraud.
6. *When do you anticipate we will know if we need to repay the Department of Education?* Once the six semesters are verified with the financial aid office to see if the numbers can be reduced, the next step will be to work with the Federal Government. That may be at least two to three months from now.
7. *If someone has had their identity stolen, would they be at risk of being denied the opportunity to register?* Identity theft is definitely a risk of false positives, but staff have created a validation process which includes Zoom calls to show photo ID. Language has also been created and posted for students to follow specific instructions if they feel they are victims of identity theft.

Discussions also took place emphasizing the importance of communicating the possibilities of fraudulent students and what measures have been taken/should be taken to help prevent additional cases. Additional discussions took place on other concerns that faculty often encounter when dealing with student identification.

Recommendation: *Consensus was reached to approve the use of one-time funds towards a possible repayment obligation to the Department of Education for financial aid distributed to fraudulent students, with the agreement that additional information would be brought forth when received.*

3. **Educational Facilities Master Plan** – The overall EFMP purpose and process, particularly the campus established priorities, spatial needs, building and facility sustainability requirements, learning spaces, etc. was reviewed with the committee to clarify funding requests for campus facilities.
4. **HEERF Activity Update** – At its February 8, 2021 CBF meeting, the Committee requested a quarterly update on the HEERF funds. An updated spreadsheet reflecting expenditures through October 5, 2021 was shared with the Committee.

Both campuses have had discussions and agreed on the criteria to allocate funds and how much. Staff verified that Fullerton and Cypress were able to allocate the funds out to the appropriate students in a timely manner.

5. Multi-year Fiscal Projections –Multi-year fiscal projections of on-going operations under 3 different FTES scenarios were shared with the committee. This information was also shared with DCC at its October 25 meeting.

The projections are based on the 11200 fund (Ongoing Fund). Compared to the RAM, the self-supporting funds were not included. They would have an overall zero net impact since they must be budgeted so that their revenues and expenses equal.

These were the three scenarios that were prepared:

1. FTES stays at projected 2021 levels, without further annual declines. This results in a drop in FTES and headcounts in FY 2022-23 as amounts based on 3-year averages for prior year amounts lose the impact of previous higher FTES and headcounts.
2. FTES returning in 2022-23 to 2020-21 levels (~31,148.08).
3. FTES returning in 2022-23 to 2017-18 levels (~34,493.34).

Given these projections, it appears to indicate that there would be a deficit within a couple of years, even with hold harmless funding. However, if FTES was able to return to the 2017-18 levels the trend may be able to reverse out of a deficit.

Questions/Comments –

1. *Why is there such a large difference between the actuals and 2021-22 for salaries and benefits?* A large portion of the increase stems from the estimated cost of dependent care coverage (\$6.6 million). Health care costs alone, based on what the employees have in place and the projected personnel positions that we have for permanent positions is about \$3.5 million higher than they were in the prior years. PERS and STRS rate increases also accounts for another \$4 million. The rates that currently exist drive the calculations.
2. *Are the 2017-18 numbers the summer shift numbers or the actuals?* The numbers used to produce the projects are the actuals, not the artificial numbers associated with the summer shift.

Discussions took place on the idea of prioritizing District-wide planning and promoting strategies to boost FTES at the campuses.

6. Facilities Update

Cypress College – Alex Porter provided an update.

- SEM/VRC – Grand opening was held October 19, 2021. Staff are still waiting to complete a few infrastructure items. 75 new projectors were received and will be installed in time for the start of the spring semester.
- Fine Arts Renovation Project – plans have been submitted to DSA and staff are awaiting approval. The next steps will be bidding the project out for construction, hopefully in June of 2022.
- Fine Arts Swing Space Project – Preparing the old SEM building to house the Fine Arts team for the next 2-3 years.
- Measure J Projects – overall list will be analyzed due to the construction market
 - Central plant expansion to increase capacity
 - Security Monitoring system – Will be going out to bid shortly
 - IPP for Health Science project
 - CTE Project
- Local project – scheduled maintenance projects
 - Roofing replacements
 - Classroom upgrades (equipment, furniture, carpet, and paint upgrades)

Fullerton – Rodrigo Garcia provided an update.

- Instructional Building/Humanities Building – Project is in the final stages with substantial completion expected in December and a ribbon cutting ceremony scheduled for January.
- Central Plant Expansion – Project has been completed.
- Performing arts – 100% design development. Currently completing a feasibility study for the utility connections south of Chapman.
- Welcome Center - Currently working on a hazmat survey for the 1100 & 1300 buildings which will be demolished for future space.
- M&O/Chapman Newell Project – Program validation has begun, and the new building will house Umoja, Veterans, mental health, EOPS, health cares, etc.
- STEM Vocational Center – An IPP (initial project proposal) was submitted to the state and is awaiting approval.
- Non-bond Projects:
 - Sherbeck field – Still awaiting DSA approval. Construction is expected to start early next year.
 - The hot water line at Wilshire is being repaired
 - Roofing repairs throughout the campus
 - ADA transition projects across campus
 - Tunnel repair – final phases are expected to start summer 2022
 - Starbucks – currently working on the hazmat remediation at Stingers Café. Once complete, construction of the new Starbucks will begin

Anaheim/NOCE – Richard Williams provided an update.

- Upper Deck Renovation and Water Intrusion Project – staff recently conducted a site walk with SVA to kickstart the project.
- NOCE Housing – Project is on schedule and inner housing plans will be submitted to DSA. NOCE will be working with District staff on portable office spaces during construction.
- Penthouse water boiler replacement project – expected to reach substantial completion shortly after final testing.
- Wayfinding Signage Plans – Outside signage project is out for bid and staff is awaiting the proposal from Westberg & White for the inside signage. Concept designs are expected December 7.
- Property Line – It has been discussed with the Interim Chancellor of the possibility of building a new wall on NOCCCD property line to avoid any future citations.
- EV Charging Stations – A meeting is schedule for next week to discuss the repricing of the contract. If approved, the project can begin as soon as December.

7. Future Meeting Dates:

- December 13, 2021
- January 10, 2022
- February 14, 2022

Meeting adjourned at 3:12 p.m.