

COUNCIL ON BUDGET AND FACILITIES

March 13, 2017

APPROVED SUMMARY

Members Present: Terry Cox, Adam Gottdank, Jolena Grande, Raine Hambly, Cherry Li-Bugg, Rod Lusch, Sandra Palmer, Irma Ramos, Justin Richardson, Pete Snyder, Tina Johannsen, Kashmira Vyas, Tanya Washington, and Fred Williams. **Members Absent:** Karen Cant, Rodrigo Garcia, Ian Kolaja, and Elaine Loayza.

Guests: Josh Ashenmiller, Bryan Seiling, Rick Williams.

Call to Order: The meeting was called to order at 2:04 p.m., by Chair Irma Ramos.

- I. **Summary:** The summary of the February 13, 2017, meeting was accepted as submitted.
- II. **Budget Update:** Mr. Fred Williams shared a few slides from a presentation given to the Board on February 28, 2017. Below is a review of the handout information:

Since we last looked at our FTES targets, and as of the census date, we were down an additional 674 in estimated FTES at the two credit colleges which is significant. The establishment of FTES targets is critical and we have started an enrollment management committee and a subcommittee to look at how the process works and how we come up with the targets. The question at hand becomes what should our FTES number be not just in pursuing growth but in terms of actually being more fiscally solvent.

Referring to Page 2 of the handouts, *FTES Targets – 2017-18 Tentative Budget Assumptions*, identifies the impact from recognizing that 674 FTES; for 2016-17 means we are -4.15% down from where we wanted to be in terms of our target. We expect to recapture 1% FTES as it relates to the flex activity which brings us down to -3.19% FTES. Remember that \$5 million deficit number we discussed, if we take out that another 674 FTES we will probably be at the \$8.5 million mark, so a drop in 674 FTES equates to approximately a \$3 million adjustment. We have a significant budget issue facing us next year.

Page 1 of the handouts is a slide from the presentation identifying “Where we go from here”:

- **Enrollment Management:** We are working on enrollment management with District managers and other staff in the District Enrollment Management Advisory Committee (DEMAC). Discussion on multiple committees includes the FTES number, how we can retain our students, how students can be more successful, etc. The Chancellor has requested that a Push-out Allocation Model be reviewed.
- **Evaluation of Allocation Model:** A push out model means that all of the revenue goes to the colleges based upon where it is earned. The model we currently use is a hybrid where we collect the revenue at the District level and spread it out. Cherry Li-Bugg is also bringing up the extended day model which is a small piece of the overall model.
- **Review of All Positions:** Currently there is a soft freeze on hiring which corresponds to a *Staff Justification Worksheet* (handout Page 3). This worksheet will be used to justify any position to be considered (either new or rehire). The District spends over 90% on salaries and benefits; with an \$8 million deficit looming, cuts may need to come from this budgeted area.
- **Board Study Session:** A date has not been set for the Board Study Session and we don't know which direction the Board wants to go but they are interested in talking about ideas and how we get there.
- **May Revise:** Taxes are not coming in as robust we have seen in the past couple of years. As a reminder, the budget is based upon estimates and it depends on how it comes in compared to the estimate so that is why we are waiting for the May Revise.

- The last two handouts (Pages 4 & 5) identify the *Unrestricted General Fund (GF) Ending Balance and Salaries & Benefits as a Percentage of Total Expenditures*. The GF is the best indicator of fiscal solvency. Overall the data shows that on average, community colleges have been maintaining their reserves; higher reserves are necessary due to uncertain economic times ahead, potentially volatile funding from the state, and flat or declining student numbers. Another measure of fiscal management is how much of the budget is dedicated to personnel costs (90.51% for NOCCCD).
- We don't know where we are going to end up in terms of enrollment or where we are in terms of the recession. The biggest concern is that we have already taken every easy cut. Some good news is that there may be some flexibility on freeing up money as it appears that the Retiree Benefits Irrevocable Trust has helped quite a bit.

III. **Bond Update:** Mr. Rick Williams shared the following information:

Anaheim Campus

- Continuing with the design of the 7th & 10th floors; we are working with MAAS to prequalify general contractors so we can get a good pool of contractors to bid on the work. We anticipate DSA approval by the end of April.
- Planning for the 5th Floor CTE Electrical Technology Lab continues; we have received one estimate for architectural services and are waiting on two more. Will expect to take this item to the Board in April.

Cypress College

- The Science, Engineering & Math (SEM) building completed programming and the first part of schematic design. Everything is going very smoothly and we have been able to keep the cost and design within budget. A three-dimensional (3D) model of the SEM building will go to the second Board meeting in March.
- The Veterans/Student Activities Center is in the early stages of schematic design, cost is under budget. Planning is going well and design is coming together.

Fullerton College

- We are moving forward with exploring a design-build concept for the instructional building. The instructional building is the highest priority because the campus has selected to use this new building as swing space and classroom space before the 300/500 buildings construction begins. We are reviewing guidelines from other districts on how they prequalified architects and contractors. The instructional building will be advertised with an RFQ and we will try to get it fast tracked and have it Board approved by the summer.
- Still waiting on the state for the release of funds for the 300/500 buildings; we may know more after the May Revise. Because there are historical issues with this renovation, there may be interest from the community on this project.

IV. **Other Items:** None.

Adjournment: The meeting was adjourned at 3:19 p.m.