

COUNCIL ON BUDGET AND FACILITIES
February 12, 2024

APPROVED SUMMARY

Members Present: Terry Cox, Karla Frizler, Henry Hua, Elaine Loayza, Kathleen McAlister, Jesus Remires, Jeannette Rodriguez, Stephen Schoonmaker, Marlo Smith, Leslie Tsubaki, Lourdes Valiente, Kashu Vyas and Fred Williams

Members Absent: Cherry Li-Bugg, Jennifer Oo, Jeremy Peters, and Irma Ramos

Guests Present: Jennifer Combs, Damon De La Cruz, Geoff Hurst, Naveen Kanal, Debbie Shandy

Call to Order: The meeting was called to order at 2:05

1. **Introductions:** Members of the council were introduced to the committee. It was noted that Jeanette Rodriguez will be serving as the Fullerton College Faculty Senate representative and Jennifer Combs will be serving as the alternate.
2. **Summary:** The summary of the December 11, 2023, meeting notes were approved.
3. **Budget Update** Fred Williams, Vice Chancellor of Finance & Facilities shared a presentation which provided an overview of the 2024-25 Governor's Budget. The same presentation was shared at the January 23, 2024 Board meeting. Mr. Williams highlighted a projected state revenue shortfall of \$38 billion by Governor Newsom compared to the \$68 billion by the Legislative Analyst's Office, a Prop 98 minimum guarantee that's been reduced by \$15.2 billion due to lower revenues, and use of the Rainy-Day Fund to keep community colleges fairly whole. The good news for education is that no mid-year cuts, deferrals, or program rollbacks are expected, however, the Student Centered Funding Formula (SCFF) is barely growing due to the .76% COLA, and no restorations of prior reductions to student retention and enrollment funds or deferred maintenance. The State is also expected to issue bonds to cover pre-approved student housing projects (NOCCCD was not scheduled to receive any funds).

Since no changes were made to the apportionment hold harmless provision, the District's Resource Allocation Model will see the establishment of the funding floor in 2024-25. Vice Chancellor Williams also noted that the PERS pension rate is increasing by 1.12%, from 26.68% to 27.80% and projected to rise to 30.30% by 2027-28 and a possible 1% deficit factor for 2023-24. He also highlighted an increase in FTES for the 2023-24 P-1 figures which reflected a 7.83% increase for Cypress College, a 10.04% increase for Fullerton College, and a 30.03% increase for NOCE which resulted in an 11.43% total increase for the District.

Questions/Comments:

1. *What are the justifications for the STRS rates?* PERS rates can be adjusted through the budgeting process. STRS rates must go through the legislature, which is why they are not reflected here.

Budget Assumptions – Vice Chancellor Williams provided a brief summary of the District's preliminary budget, noting that the District is showing a \$3.8 million dollar deficit. Since the District was able to utilize the Emergency Conditions funding, these additional resources will

help offset the deficit and provide a ~\$5.2 million surplus. However, this will be the final year that the Emergency Conditions Funding will have an impact on the District. In addition to the revenue from the Emergency Conditions Funding, there is an additional \$12.6 million of unallocated hold harmless funds, resulting in a total of \$17.8 million of unallocated funds.

Kashu Vyas, District Director, Fiscal Affairs, provided handouts of the early overview of the Resource Allocation Model and the preliminary budget which is broken down by various allocations to District Services, District-wide for other revenues, charge backs, and three separate areas for expenditures. Two separate calculations are done to show the dollars available for allocation. One is the projected and actuals, based on actual FTES that were reported in the 320 report and the second is the projected and actuals with the Emergency Conditions applied. Ms. Vyas provided a summary of local and other (unrestricted) revenues and general ongoing and self-supported/local expenditures. It was also noted that the OPEB Trust valuation assets have increased above our liability, an ideal opportunity to use the Trust to draw down the annual retiree medical benefits. Estimates were used to calculate the revenues and expenditures and will be updated as more information is provided closer to the release of the tentative and proposed budget.

Kashu Vyas also provided a projection on the impact of employer rate changes and the impact to the RAM. FTES trends were also highlighted, actuals vs. funded, as the District phases out of Hold Harmless.

Questions/Comments –

1. *What do the election fees cover?* When a Trustee runs for election, the county will charge the District for operational costs and services required to run an election. i.e. election equipment, ballot printing, voting booths, etc. Unopposed candidacy does not incur any fees.
2. *Has there been any movement on the part-time faculty reimbursement for health benefits?* Nothing can be submitted until July, the first submittal date. The District is anticipating 100% funding. It was mentioned at the Budget Workshop that only a few Districts were participating, leaving quite a bit of money. They are looking at unused dollars from prior years, but not this year or next. We also anticipate the funding will be on-going.
3. *If the money for the part-time benefits program disappears, what happens?* This is part of the negotiations process. As it stands, yes, the program would dissipate without any funding.
4. *How are the Job Study expenses covered?* Each budget center would see an increase in their expenses and that would have to be covered by whatever revenues are available.
5. *In anticipation of the deficit, what is the plan? How are we going to be proactive vs. reactive?* While the District will no longer see a change in the total maximum funding, it will not feel an immediate impact of the deficit, but this will also depend on negotiations. Personnel numbers are still significantly higher, but the SERP could have a large impact. There is minimal faculty hiring, since the District is over its FON and positions will only be filled if deemed necessary. There are a lot of unknowns currently, but funding conversations have already begun.
6. *Was the SERP only offered to faculty?* The SERP was approved and offered to all full-time permanent employees but is contingent upon 44 Faculty taking the SERP. The District is looking to save \$5 million with the SERP, however, if there is not a

cost savings, the SERP may not be executed.

4. Facilities Updates

Anaheim Campus – Richard Williams provided an update on behalf of the campus.

- Outside Patio Remodel – The team met with the solar panel company, and they had hesitations about placing panels on the structure so an alternative structure will be presented and submitted to DSA by the end of February, early March.
- Swing Space – Roof leaks were identified during the recent rain fall and staff are looking to repair these leaks as soon as possible.
- Upper deck renovation – signage for the upper deck is anticipated to go up by the end of the month. The upper deck will be sectioned off to all staff in preparation of construction.

Cypress College – VPAS, Stephen Schoonmaker provided an update on behalf of the campus.

- Fine Arts Renovation – Bid packages were received and the state approved the bids in record time, with the help and coordination of everyone. The project start date is anticipated in early April.
- Culinary Arts Swing Space – The Certificate of Substantial Completion is now finalized. The portables had some rain issues but are now resolved. Only a punch list of items remain before the project is complete.
- Electrical Vehicle Charging Stations – Target date for installation is June/July in lot 4.
- Spur Solar RFP – Staff had some additional revisions and feedback on the RFP and hope to discuss these with Spur at the end of the week. Staff anticipate a final draft of the RFP by the end of February. It is anticipated that this RFP will be highly competitive because the bidding of this project will be eligible for a State piggyback contract for the next several years.

Fullerton College – VPAS, Henry Hua provided an update on behalf of the campus.

- Wilshire Chiller – There were unforeseen cost increases for this project that were not anticipated in the initial estimates.
- 300 Building Renovation – Bids for the general contractor will be closing on February 13.
- Chapman Newell and M&O Building – This project has been delayed due to the recent rain and hopes to get back on track.

Network Refresh Update –

- Close out agenda item anticipated at the January 23rd Board meeting.

5. **Future Meeting** – During the Anaheim Campus construction, meetings will be held in the Chancellor's Conference Room. Videoconferencing options are also available at the campuses.

March 11
April 8
May 13
June 10

Meeting was adjourned at 3:41 p.m.