

**COUNCIL ON BUDGET AND FACILITIES**  
**September 11, 2023**

**APPROVED SUMMARY**

**Members Present:** Jennifer Combs, Terry Cox, Christie Diep, Henry Hua, Cherry Li-Bugg, Elaine Loayza, Jeremy Peters, Stephen Schoonmaker, Marlo Smith, Svetlana Soske, Leslie Tsubaki, Lourdes Valiente, Kashu Vyas and Fred Williams

**Members Absent:** Raine Hambly, Marwin Luminarias, Kathleen McAlister, Jennifer Oo, Jomari Tugade, Irma Ramos

**Guests Present:** Geoff Hurst, Cynthia Olivo, Jeremy Peters, Jeanette Rodriguez, Richard Williams

**Call to Order:** The meeting was called to order at 2:02

1. **Summary:** The summary of the June 12, 2023, meeting notes were amended and approved.
2. **Budget Update** Fred Williams, Vice Chancellor of Finance & Facilities, and Kashu Vyas, Executive Director of Fiscal Affairs, presented the District's 2023-24 Proposed Budget which highlighted the California Community College System budget, the overall District budget, the Resource Allocation Model, ending balances (carryovers), FTES trends, structural deficits, six-year forecasts, and addressing the deficit.

**Community College System Budget**

- COLA 8.22% for apportionment and select categoricals
- No change to Hold Harmless – COLA ends after next year if earned revenue does exceed the Revenue Floor – *Committee members suggested revising the language prior to the Board presentation to clarify COLA not being included in the established revenue floor.*
- \$11.4 million of \$19.2 million of Deferred Maintenance and Instructional Equipment funding for the District from 2022-23 was taken back
- Categorical flexibility

**General Fund Summary**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beg. Balance	\$ 132,400,000	\$ 11,100,000	\$ 143,500,000
Revenues	\$ 287,400,000	\$ 118,600,000	\$ 406,000,000
Expenditures	\$ 302,600,000	\$ 129,700,000	\$ 432,300,000
Other Sources	<u>\$ (17,800,000)</u>	<u>\$ 1,200,000</u>	<u>\$ (16,600,000)</u>
Net	<u>\$ (33,000,000)</u>	<u>\$ (9,900,000)</u>	<u>\$ (42,900,000)</u>
 End Balance	 \$ 99,400,000	 \$ 1,200,000	 \$ 100,600,000

**Resource Allocation Model**

Earned Revenues	\$ 250,093,627
Emergency Conditions	\$ 18,176,144
Stability Funding	<u>\$ 20,142,009</u>
	<u>\$ 288,409,480</u>
Pulled back for Reserves	\$ 10,904,712

Questions/Comments:

1. *When does hold harmless end?* In 2024-25 the hold harmless amount will be calculated as the District new floor.
2. *Will the state request district's to payback the Emergency Condition and Stability Funding dollars?* While the state will not request the dollars to be repaid, stability funding is only for one year and will not be received for subsequent years.
3. *Will the District be receiving any Growth Dollars?* Unfortunately, NOCCCD's numbers are declining and did not receive or was not offered Growth Dollars.

Ending Fund Balances – Carryover

Non-spendable	\$ 200,000
Restricted	\$ 11,130,000
Assigned By Campus Action	\$ 60,370,000
Assigned One Time Funds	\$ 22,130,000
Assigned By Districtwide Committee	\$ 400,000
Board Policy Contingency	\$ 33,290,000
Unallocated Districtwide	\$ 14,760,000
Unallocated Budget Centers	\$ 1,240,000
Total	\$ <u>143,520,000</u>

Board Policy Reserve 2023-34

Prior 5% Reserve	\$ 14,900,000
Committed Fund Balance	\$ 6,300,000
2022-23 Emergency Conditions	\$ 10,900,000
2023-24 Emergency Conditions	\$ <u>10,900,000</u>
Total	\$ 43,000,000
Additional Transfer	\$ <u>1,200,000</u>
Board Policy Reserve for 2023-24	\$ 44,200,000

Questions/Comments:

1. What processes and approvals are needed to use the funds? *There needs to be a 2/3 vote by the Board of Trustees to take action.*

FTES Trend

For 2023-24 the target is 26,611.33 based on the following FTES trends:

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
FTES	34,595.54	33,268.05	33,337.45	31,842.56	26,071.85	26,611.33

Questions/Comments:

*Dr. Li-Bugg reported that as of September 11, 2023, Cypress College's FTES numbers have increased by 7% and Fullerton College by 4%. NOCE's headcount has also increase by 15%.*

### Structural Deficit 2023-24

	<u>Budget Scenario 2</u>	<u>Est. Actuals Scenario 4</u>
Earned Revenues	\$ 250,093,627	\$ 250,093,627
Estimated Expenses	\$ 278,966,886	\$ 258,524,043
Deficit	\$ (28,873,259)	\$ (8,430,416)
Emergency Conditions	\$ 18,173,844	\$ 18,173,844
Stability Funding	\$ 20,142,009	\$ 20,142,009
Overall Surplus	\$ 9,442,594	\$ 29,885,437

### Six-Year Forecast

The following five different scenarios were provided, each illustrating the different impacts:

- Scenario 1: Assumes that 4% COLA is received and any COLA increases are passed through as salary increases and benefit costs increase by COLA as well. \$30,145,390 budget deficit by 2028-29.
- Scenario 2: Includes the Scenario 1 assumptions, but also includes an annual 4% increase in FTES over the next five years. \$914,071 budget surplus by 2028-29.
- Scenario 3: Assumes that COLA increases are not passed through as salary and benefit increases. \$20,471,565 budget surplus by 2028-29.
- Scenario 4: Includes Scenario 1 assumptions but includes the 2022-23 actual expenses as a starting point (increasing salary and benefits costs by 8.22% COLA). \$13,383,582 budget deficit by 2028-29.
- Scenario 5: Includes the Scenario 1 assumptions but excludes all vacant budgeted positions. \$19,599,358 budget deficit by 2028-29.

### Addressing the Structural Deficit

- Increase FTES – Scenario 2 includes a 4% growth rate for the following five years; this would have a significant impact starting in 2027-28.
- Limited filling of vacant positions – Scenario 5 shows the budget if we strip out existing vacant positions (\$10 million). *Jeremy Peters suggested adding a note on limiting new positions.*
- No or limited pass through of COLA for salaries – Scenario 3 shows the effect of not passing on future COLAs, this keeps us out of a deficit position. *Committee members suggested revising language to avoid a negative perception that this alone will fix the deficit.*
- Contribution from the Retiree Benefit Trust – Up to \$5.6 million per year.
- Consider an early retirement incentive to lower salary costs by not filling positions and lowering salaries for the positions that are replaced – TBD.
- Reduce non-essential expenditures – TBD.
- Start collecting fees for services such as parking and EV Charging Stations – \$2 million per year.

### **3. One-time Funds**

The District has \$14.0 million unallocated resources available after this year's end closing. CBF members have the opportunity to make funding recommendations to the committee. Information on the Ending Balance can be found on page 65-66 of the 2023-24 budget document.

#### 4. Detailed Spending Allocations of One-time Funds

Kashu Vyas provided a summary of the one-time funds and a detailed spending allocation for each of the campuses and Districtwide expenses. Additional details can be found on page 66 of the Budget Book.

Further discussions were had related to the one-time funding allocation for the Folet book program. Particularly how the campuses would like to spend the allocated dollars and the demand to bargain. Additional discussions will be had at the Chancellor level.

At the next meeting, it was requested that the Budget Officers bring back a detailed plan and timeline for the one-time funding allocation, specific to the \$8 million for enrollment support. In addition, it was also request that a report for the campus grants be shared.

#### 5. Facilities Updates

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

- Fine Arts Renovation – 29 bid packages and combination packages have been received for this project. The project is anticipated to begin early 2024.
- Culinary Arts Swing Space – This project includes ADA parking lot updates which has an estimated completion date of October 1. Temporary modulars will be the next steps to this project.
- Campus Complex 4<sup>th</sup> Floor Renovations – Space is being renovated to provide space for professional development, academic senates, and the career center.
- Electrical Charging Stations – Easement was approved and staff received the comments back from DSA. The stations will be installed in 2023/24.
- Softball Field Renovation - \$4M has been set aside based on the scope of work. After the baseball field renovations were done there was a Title IX issue. The softball field was selected by the Athletic Department as the next renovation for field improvements.

#### Questions/Comments:

1. *What Measure J funds have already been used for the construction projects at Cypress?* \$2M for the Baseball field and \$4M has been set aside for the softball field.
2. *What is the estimated completion date for the HRC?* It is anticipated Spring 2024 at the District.
3. *Jeremy Peters addressed a concern for the HRC project as there has not been any physical movement at Cypress College.* The campus has secured prefab modulars that are designed specifically for culinary arts, which should make the transition quick and easy. It was requested that an update be provided at the next meeting.

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

- 300 Building – Was approved by DSA and a contract manager from MAAS was Board approved to assist with lead time issues with this project.
- Chapman Newell and M&O Building – Comments were received from the city and that lead was found in the dirt.
- Sherbeck Field – This is a non-bond project and is being funded through campus/local funds. The last item is the SDA fire alarm check.

- Building 100 – An elevator is scheduled to be installed after the demolition of the 1100 building.

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

- Interim housing for NOCE – All of the modular buildings have been anchored down. Interior furniture and casework is anticipated to be completed by mid-October, earlier than expected.
- Upper deck repair – DSA approval is expected mid-September. Everything is on track. The next steps will be the working drawings and bidding the project out.
- Patio Renovations – Is still in the design phase. Will include patio coverage composed of solar arrays. There have been some fencing changes to the plans.
- Wayfinding/signage – Results from the light testing on the marque will be in mid-September.
- Non-bond projects – The current EV charging stations are back in commission.
- Board Room Renovation – A \$3M budget has been set aside for the renovation project to increase the dais, address ADA issues, and improve the audio and visual. At the September 22 Board meeting, there will be additional discussions on sub committees, temporary Board meeting locations, and next steps.

Network Refresh Update – Geoff Hurst provided an update.

- Next month the District will receive the licensing from Vector and all outstanding items will be closed out.
- Campuses are asked to provide feedback on the connection speeds.
- The District Eduroam connection can be accessed from anywhere in the world.

### **Future Meetings**

- October 9, 2023
- November 13, 2023
- December 11, 2023

**Meeting was adjourned at 3:55 p.m.**