

COUNCIL ON BUDGET AND FACILITIES
June 13, 2022

APPROVED SUMMARY

Members Present: Jennifer Combs, Terry Cox, Damon de la Cruz, Rodrigo Garcia, Cherry Li-Bugg, Fola Odebunmi, Alex Porter, Irma Ramos, Leslie Tsubaki, Kashu Vyas, and Fred Williams

Members Absent:, Monica Hagmaier, Raine Hambly, Elaine S. Loayza, Jennifer Oo, and Marlo Smith

Guests Present: Gilbert Contreras, Henry Hua, Geoff Hurst, Jeremy Peters, Jeanette Rodriguez, JoAnna Schilling, and Richard Williams

Call to Order: The meeting was called to order at 2:00

1. **Summary:** The summary of the May 9, 2022, meeting were approved.

2. **Budget Update – Tentative Budget Assumptions**

Kashu Vyas provided an overview of the Tentative Budget that will be presented to the Board of Trustees at the June 28, 2022 Board meeting. Based on the May Revise, numbers have been updated. The following information was provided.

Student Centered Funding Formula – There was a 6.56% COLA increase and a 9.89% increase to the Student Centered Funding Formula (SCFF) rates.

Hold Harmless was extended through 2024-25. Districts 2024-25 funding will represent the districts “floor” below which funding cannot drop. However, rates will not be increased by future COLA rates but not the floor. Enrollment numbers will need to increase to receive additional revenues beyond the floor.

The District has an on-going earned revenue allocation of \$202,064,890. If the District wishes to use the emergency condition provision, \$35.1 million would be moved out of the Hold Harmless dollars and used to help supplement ongoing operations, leaving \$2.7 million unallocated, for a 2022-23 SCFF Total Revenue of \$239,933,078.

State Revenue – Part-time faculty health insurance benefits included higher reimbursement rates, lottery funds are budgeted estimates, and lower mandated costs were associated with lower enrollments.

Local Revenues/Self-supporting Revenue – Another \$1,000,000 is estimated for interest earnings and \$10,000 for miscellaneous income. \$0 is being budgeted from the OPEB Trust. The Retirement Board allowed the District to allocate up to the amount of interest earnings, but since there has been a significant loss, there were no interest earnings.

Appropriations and Expenditures

Position Control Budgets – All permanent positions and settled salary negotiations have been incorporated into the total position control budget of \$186, 845, 896, in addition to any health care cost increases. An additional \$4,546,493 related dependent care coverage costs were identified.

Other operating expenses – The remaining costs outside of position control have been budgeted to help meet departmental needs at each budget center. The budget centers have budgeted \$30,053,070 for adjunct faculty costs and \$20,636,863 for other budget center expenses. \$11,296,850 of Districtwide expenses, which included budgeted costs, have been approved through CBF and DCC as shared costs across all budget centers for a total of \$253,379,172 in budgeted expenses for 2022/23.

A summary of the Resource Allocation Model Budget was provided to the committee. A major concern is the structural deficit. The emergency provision funding will temporarily help offset the District's structural deficit, but with a 30% FTES decline from 2016-17, the next 3-7 years will be critical for the District.

Questions/Comments

1. Emergency Provision Allocations – how is it that NOCE is in the positive? There are a number of ways the emergency provisions were allocated, and details can be found in last years proposed budget. This year will continue to backfill with emergency condition funding. Pointing out that Cypress had the only deficit, Alex Porter (Cypress College) reported that revenues continue to remain the same, but expenditures continue to increase. These increases are alluded to personnel and utility costs.
2. Why are the next 3-7 years so critical? In the Governor's proposed budget, hold harmless will be phased out and COLA will only be guaranteed for the next two years. The District's 2024-25 funding will represent its new "floor" and no COLA adjustments would be added to the "floor" until enrollments increase. If enrollments do not increase within this timeframe, the District will no longer have additional dollars to offset the deficit and will need to make other adjustments.

Legislative Budget Agreement Updates – On June 1, 2022, legislative leaders announced their 2022-23 Budget Agreement. Some of the major highlights included the following:

- Deferred Maintenance – was reduced to \$800 million from the Governor's original proposal of \$1.5 billion.
- Financial Aid – Legislature approved \$185 million in 2023-24, \$192 million in 2024-25, and \$193 million in 2025-26.
- Housing – \$2 billion was approved for a span of 3 years and program application processes were refined. Cypress College was approved for a housing grant. A consultant has been hired to work on the housing project and will provide estimated costs for the overall project.

3. One-time Funds – A spreadsheet was provided to the Council Members

- Cyber Security Plan – The proposal was taken to DCC and approved. Due to the time sensitivity of these items, agreements will be routed for approval shortly.
- Campus Enrollment Support – Campus allocations were updated based on FTES, per the request of the committee at the May 9, 2022 meeting.
- Fraudulent Student Repayments – This is a statewide issue. The dollars continue to be earmarked as a placeholder, but districts may not be required to make repayments.

4. Facilities Updates

Fullerton College

- 300/500 Building Project – 500 Building was decoupled from the project. New plans were submitted for the 300 Building. As a state funded project, deadlines need to be met to continue with funding. Team will know more in the next few months if the deadlines will be met.

- Performing Arts Project – currently at 50% construction documents
- Chapman and Newell/M&O Project – current working on the design/development for the project. The project is 3 months behind, and cost overruns have not yet been resolved. Costs will be reevaluated as the project nears the Guaranteed Maximum Price (GMP).
- Sherbeck Field – NTP have been issued and work is scheduled to begin within the week.
- Starbucks – project is expected to be completed by the end of June/early-July.

Cypress

- Fine Arts Project/Swing Space – Project bids came in lower than expected and the agreement for the construction manager will be going to the Board at its June 28, 2022 meeting for approval.
- Prelim Plan Phases – Cypress had implemented a FMR (Facility Modification Request) process to document and track local projects around campus
- Projects continue to move forward in the summer (state and local funds) to accomplish scheduled activities.

Anaheim

- West Parking Lot – Asphalt will be removed, and new asphalt will be applied. Projects is expected to be completed before the end of September.
- NOCE Swing Space – Cost estimate came in higher than expected. Staff will continue to reevaluate the plans.
- Upper Deck Waterproofing Project – Awaiting state approval
- ADA Upgrades – initial meetings have been scheduled with the architects.
- Wayfinding – Plans will be submitted to DSA this summer and working drawings will be submitted thereafter.
- Scheduled Maintenance Projects – engineers have been hired for the upper deck project.
- Network Refresh – supply issues continue. Staff continue to try and move forward with what supplies are in-hand until deliveries are made.

5. Future Meetings

- July 11, 2022* no budget updates at this time – meeting canceled
- August 8, 2022* no budget updates at this time – meeting canceled
- September 12, 2022

Any future budget information received will be shared with the committee.

Meeting was adjourned at 2:54 p.m.