

**COUNCIL ON BUDGET AND FACILITIES**  
**September 12, 2022**

**APPROVED SUMMARY**

**Members Present:** Terry Cox, Damon de la Cruz, Rodrigo Garcia, Monica Hagmaier (CSEA Alternate) Raine Hambly, Geoff Hurst (Ed Services Alternate) Fola Odebunmi, Jennifer Oo, Stephen Schoonmaker, Marlo Smith, Leslie Tsubaki, Kashu Vyas, and Fred Williams

**Members Absent:** Jennifer Combs, Cherry Li-Bugg, Elaine S. Loayza, and Irma Ramos

**Guests Present:** Danielle Davy, Henry Hua, Monte Perez, Jeremy Peters, Mayra Pulido, and Valentina Purtell

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

**1. Summary:** The summary of the June 13, 2022, meeting was approved, with one abstention.

**2. Membership:**

- CC Academic Senate's President Elect position remains vacant. CBF will be notified once position has been filled.
- Both Fullerton and Cypress College have reached out to the Student Associations for a new representative to serve on CBF.

**3. Budget Update** – Kashu Vyas and Fred Williams presented the District's 2022-23 Proposed Budget. The budget will also be presented at the September 13, 2022, Board meeting for approval. A copy of the budget is available on the District's website for review. The Proposed Budget highlights the California Community College System Budget, Capital Outlay Investments for the District, the District budget, Resource Allocation Model (RAM), ending fund balances, FTES trends, seven-year forecasts, and the economy. The following details were shared with the committee.

**Community College System Budget**

- COLA 6.56%
- SCFF provided with additional rate increases
- Extended & modified Hold Harmless
- Other Programs: 13 New Programs and 31 Augmented Programs
- \$17.9M for Deferred Maintenance and Instructional Equipment for NOCCCD
- \$19.2M in COVID-19 Block Grants for NOCCCD
- "Compendium" – August 25, 2022

**Community College Capital Outlay**

- CC: Fine Arts Renovation \$19.38M
- AC: Tower First Floor Life/Safety Renovation \$10.46M
- FC: Business 300 Renovation \$14.06M
- FC: Music/Drama Complex Buildings 1100 and 1300 Replacement \$40.49M

**General Fund Summary**

(in millions)	Unrestricted	Restricted	Total
Revenues	\$ 268.8	\$ 122.9	\$ 391.7
Expenditures	287.1	126.1	413.2
Other Sources	(7.7)	(4.4)	(12.1)
Net	<u>\$ (26.0)</u>	<u>\$ (7.6)</u>	<u>\$ (33.6)</u>

**Resource Allocation Model**

Earned Revenues \$ 217.40 M  
 Hold Harmless Amount \$ 239.93 M  
 Emergency Conditions \$ 250.84 M

**Ending Fund Balances – Carryover**

	(in millions)
Non-spendable	\$ .20
Restricted	10.30
Committed Funds	6.30
Assigned By Campus Action	49.70
Assigned One Time Funds	19.00
Assigned By Districtwide Committee	.40
Board Policy Contingency	14.90
Unallocated Districtwide	27.50
Unallocated Budget Centers	5.50
Total	<u>\$ 133.80</u>

**FTES Trend**

	Actual 2017-18	Actual 2018-19	Actual 2019-20	Actual 2020-21	Actual 2021-22	Targets 2022-23
<b>FTES</b>	34,595.54	33,268.05	33,337.45	31,842.56	26,071.85	26,071.85

**Seven Year Forecasts**

- Four scenarios with different assumptions for enrollment growth and COLA rate increases were discussed

**Economy**

- Legislative Analyst’s Office warning for 2025-26
- Warning signs based on tax collections, inflation rates, interest rates, and stock market trends

Questions/Comments:

1. *Can you please tell us what the current requirements are for the District reserve?* The current Board Policy requires us to have 5% of our Fund Balance to be maintained as our reserve, roughly \$14.9 million. However, the District is looking to increase the percentage up to 15%-17% to be in compliance with the new requirements, if the District wishes to continue with the emergency conditions allowance.
2. *Where are the new requirements coming from?* The State Chancellor’s Office is making this percentage change a requirement to apply for the emergency conditions funding. Districts who wish to take part in the Emergency Conditions funding will be required to change their Board Policy.
3. *Have there been any further discussions on how to increase enrollments and the funding that will help support these efforts?* Funding has been allocated to support these efforts,

but the application to participate in the emergency conditions funding will be taken to the Board on September 13, 2022. A formal plan addressing the District's action plan to increase enrollments is another requirement for the emergency conditions funding. The formal plan must be approved by the Board by February 2028 and submitted to the State Chancellor's Office.

4. *Why is NOCCCD's FTES numbers so down and why is it that our District has the bulk of the hold harmless provision dollars?* Our enrollments have dropped almost 30% from the high and in 2016 the District did an FTES shift, which artificially kept the revenues high. Not all districts implemented the shift at the right time and were not able to maximize benefits from the hold harmless.
4. **One-time Funds – A spreadsheet was provided to the Council Members.** As part of the year-end closing process, District staff analyze the ending balances for the District. After this year's close, the District has \$27.5 million of unallocated resources. CBF previously discussed earmarking \$10.7 million for repayment of Financial Aid repayments, however, dollars may not need to be repaid. One-time funds are available for any future funding recommendations and/or request.
5. **Detailed Spending Allocations of One-time Funds** – Additional details can be found on page 80 of the Budget Book. Summaries identified spending allocations and remaining balances at each of the budget centers and districtwide expenses.
6. **Board Policy 6250 Budget Management** – Based on simulations run by staff, the District would benefit from continuing to use the emergency conditions allowance, which allows districts to be funded at their pre-pandemic FTES numbers. A formal application must be submitted to the State Chancellor's Office to participate in the emergency conditions allowance. The District must adopt a Board Policy to maintain sufficient unrestricted reserves with a suggested minimum of two months of total General Fund operating expenditures, about \$43,007,728. The current policy only requires 5% of unrestricted funds. The additional reserves will give the District additional time to increase enrollment numbers.

A copy of the recommended changes to BP 6250 Budget Management was shared with the committee.

7. **Budget Calendar** - Dates reflect important budget deadlines and/or timelines throughout the year. Each year, per the Board Policy, the calendar must be approved by the Board of Trustees. The FY calendar will be taken to the October 11, 2022, Board meeting for approval.
8. **Facilities Updates**  
The next Citizens' Oversight Committee (COC) meeting is scheduled for Wednesday, September 12, 2022, at 4:00 p.m. at Fullerton College. COC meets quarterly to discuss the use of bond funds throughout the District. Committee members are welcome to attend.

#### Fullerton College

- Humanities Building – Completed.
- Central Plant – Completed.
- Performing Arts Project/Chiller Plant Relocation – currently in the construction drawing phase. This project also includes relocating the chiller plant across the street and reconfiguring the parking lot.

- Chapman and Newell/M&O Project – 50% construction drawings will be submitted to DSA in late October.
- 300 Building Project – Preliminary plans will be completed by the end of September and submitted to DSA.
- STEM Vocations center – an FPP has been submitted for state funding. Unfortunately, the bill for a state funded bond did not pass, and matching funds from the state are not expected for this project.
- Sherbeck Field – the team has run into a lot of infrastructure issues during construction and footings will need to be replaced.
- Starbucks – The inspector is scheduled to come out in September and is expected to be open by Oct. 3<sup>rd</sup>.
- Scheduled maintenance funds received will be used for projects around campus.

#### Cypress

- SEM Building/Veterans Center/Pond – Completed.
- Fine Arts Project/Swing Space – Old SEM space is being prepared.
- Number of scheduled maintenance projects around the campus – funds from scheduled maintenance will be used to fund these projects.
- Charging Stations – Installation of 66 new stations will be underway.

#### Anaheim

- West Parking Lot – repaving has been completed and lot is open for use.
- Charging stations – prep work has been completed, next steps will be to install the units.
- Culinary Arts & NOCE Swing Space – Both Anaheim and Cypress are preparing for the swing space and move.
- Upper Deck Waterproofing Project – Awaiting state approval to begin construction.

All campuses continue to run into issues with price escalations for projects/materials needed during construction. The District will be receiving scheduled maintenance funds from the state, which will help fund some of the projects.

#### **9. Future Meetings**

- October 10, 2022
- November 14, 2022
- December 12, 2022

**Meeting was adjourned at 3:22 p.m.**