



PLANNING AND BUDGET STEERING COMMITTEE

Summary Meeting Notes April 19, 2017

APPROVED May 17, 2017

Members Present: Co-Chair: Rod Garcia, Carlos Ayon; **Management Reps:** Cyndi Grein, Rich Hartmann; **Faculty Reps:** Josh Ashenmiller, Pete Snyder; **Classified Reps:** Summer Marquardt, Bev Pipkin; **Student Reps:** Niko Diehr, Caitlynn Larson; **Resource Members:** Melisa Hunt.

The meeting commenced at 2:04 p.m.

I. Approval of Summary Meeting Notes: The April 5, 2017 Summary Meeting Notes were unanimously approved.

II. Planning Update: Co-Chair Carlos Ayon reported that at the last PBSC meeting, he distributed the first draft of the revised Mission Statement resulting from the combined efforts of the Mission Statement Workgroup. The workgroup is in the process of compiling the feedback received from various sources. Bev Pipkin made a recommendation to separate the compound sentence found in the mission statement into two or more sentences so that it's easier to understand.

II.b. Integrated Planning Manual: At the end of the fiscal year, Carlos will email the current Integrated Planning Manual to the PBSC members and request their review and feedback as it relates to the work of the PBSC. The Institutional Integrity Committee needs to be added to the manual. A recommendation with updates will be presented to PAC for approval.

III. Budget Update: Co-chair Rod Garcia distributed a Power Point Presentation entitled "Board of Trustees Fiscal Study Session" that was presented by Chancellor Cheryl Marshall and Vice Chancellor Fred Williams at a special Board Meeting to educate the Board on a different funding allocation model that is currently being examined. The high-level discussion at the Board Meeting explained an exercise in what the "Push out Funding Model" would look like at the District and campuses. This particular model proposes that the campuses will be allocated funding based on the revenues generated at that campus and allows the campus to create their own pots of money. With this model, Cypress will incur a \$5M deficit.

Rod also distributed an excerpt from a document titled "FTES Target Overview" (distributed at the Council on Budget and Facilities (CBF) meeting on April 10, 2017) which reports the loss of 1500 FTES resulting in an \$8M deficit for next year. The document presents discussions of the FTES Target Subcommittee of the District Enrollment Management Advisory Committee to revise the projected 17-18 FTES target numbers at each campus to 11,200 for Cypress,

18,371 for Fullerton, and 5,000 for SCE, but with the 1% Flex Rate to account for the two mandatory flex days added to the academic calendar, the revised 2017-18 Targets are: 11,312 for Cypress, 18,555 for Fullerton and 5,050 for SCE. To solve the funding deficit, an Enrollment Management Committee was formed to study scheduling, class size, and announced a soft freeze where all positions to be filled require a justification form and evaluation at President's Staff and Chancellor's Staff. If Target FTES continues to drop, this will affect the entire District. We may go into "stability funding" and continue with the same level of funding as last year, which would also keep us at the same base with no growth funding for one year. If after one year we do not recoup those 1500 FTES, then that becomes our new base for the next year. So, we need to capture potential growth. Two-thirds of the State is not meeting target FTES, but for those that are, funding is distributed to those districts that are growing. A.S. Rep Niko discussed the partnerships with high schools and fasttrack pathways to FC, UCI, and CSUs. Unfortunately the College did not receive any statewide grants for funding. Rod stated that the College can capture FTES for the dual enrollment partnerships the College has formed with feeder high schools that offer our College courses such as math and English to their students.

Salaries from vacant campus positions are carried over in carryover funds. If a position is deleted, there are no savings and the District augments the campus' operating budget. As for faculty positions, we are currently 22 above the FON and we will never be below the FON because the College will fill necessary positions to meet the FON. This year, 12 new faculty positions were added, and as faculty retire, the division needs to determine if the position is still needed because more than likely the position will not be rehired.

Page 5 of the CBF handout (page 5 of 20) titled "2017-18 Tentative Budget Assumptions" describes the District estimated Growth Cap is 2.68% for 2016-17. Currently the District is below the cap for an estimated \$5M loss of potential revenue; however, the District expects to receive \$5M in stability funds in 2016-17. The 17-18 Growth Cap is estimated at 1.18% or \$2M, but the District will first need to restore the decline from 16-17.

Page 6 describes the Personnel Costs, which include a 4.48% salary increase (approved on-schedule 3% plus proposed 1.48% COLA). If a COLA is not provided in July 2017, then the District has funding to provide a one-time \$1,250 benefit. The Salary and Benefit Costs include the 1.91% increase to PERS and 1.85% increase to STRS. Worker's Comp decreased from 1.5% to .5%, which amounts to \$1.1M in savings.

Page 7 and 8 describe the funding under the old and new Extended Day Allocation Model formulas. The new model is not perfect as it assumes a 32-seat count average that is not always attainable. There are components that can be revised to get more funding.

Page 9 describes the tentative 17-18 \$5.7M operating deficit. Rod presented the District's plans to reduce the amount to zero. With the help of the District Enrollment Management Advisory Committee, the District identified one-time funds to reduce the \$5.7M deficit by using:

- \$2M in savings from vacancies,
- Borrowing \$2.5M from one-time funding to help get the District into recovery from increases to PERS/STRS,

- \$1.5 from funding the Board designated for the one-time \$1,250 benefit/employee in place should there not be a COLA.

Page 10 describes the Districtwide expenses. Page 11 describes Apportionment with Section IV identifying zero growth where the District left \$4.6M in funding on the table. Page 12 provides a high-level summary of proposed “Push Out Allocation Model” with District’s \$189M in revenues and \$195M in expenses identifies a \$5.7M deficit. This is based on 6-7% District expenses overall compared to other districts at 10-12%, which shows our District has lean operations under the Push Out Model. Page 13 breaks down the line items and Page 14 determines the District “Chargeback Methodology”. Pages 15-18 identify details for each campus CC, FC, SCE and the District, respectively.

Lastly, Rod expects the Governor’s May Revise to be released mid-May.

IV. Update on Non-IE Approved Funding (FY 16-17 to FY 18-19) for the Humanities and Natural Sciences Divisions: Rich Hartmann distributed the progress reports on the outcomes of the programs from the Humanities and Natural Sciences Divisions who were awarded the first-year funding allocation. Rod asked the members to review the reports and stated that this item will be discussed at the next PBSC meeting where a vote would take place to approve funding for Year 2 (FY 17-18) of a 3-year funding period.

V. A.S. Resolution – Sherbeck Field: A.S. student Niko Diehr presented an A.S. Resolution titled “Resolution in Support of Renovating Sherbeck Field to Enhance Student Life”. The A.S. is seeking an endorsement from the PBSC committee. Pete Snyder stated that the Faculty Senate has voted in support of the resolution. Rod provided an update that renovations to Sherbeck Field have been separated into a project specific EIR (Environmental Impact Report) so that the projects using Measure J bond funds can move forward under a new EIR. Niko stated that the students need support behind completing the renovations to the field to show the neighbors that the College and District support this project. Bev suggested we communicate to the community that we value them but need the field completed. President Schulz and Rod recently attended the “State of the City” and learned there are residents that live north of Berkeley Avenue that are in support to complete the field despite the petition signed by those in the community who are against its completion. Pete made a motion to support the students’ resolution, Bev seconded, and all members were in favor.

VI. Other/General Discussion: Rod announced the new PBSC A.S. Rep Caitlynn Larson, who was present at today’s meeting.

Meeting adjourned at 3:27 p.m.

Meeting Notes were taken and typed by Melisa Hunt

Next Meeting: May 3, 2017