

BUDGET COMMITTEE

March 22, 2021

4:00 p.m. to 5:00 p.m. virtual meeting

<https://committees.kccd.edu/bc/committee/budget>

MEETING MINUTES

Present

Mike Giacomini, Teresa McAllister, Steven Holmes, Nick Strobel, Angela Williams, Cristal Rios, Somaly Boles, Kimberly Nickell, Emmanuel Mourtzanos, John Gerhold, Jo Ellen Barnes Kathryn Wright, Stella Ponce, Margaret Stidham

Agenda

Steven Holmes made a motion to accept the March 2021 meeting agenda. Nick Strobel seconded, and the motion was passed.

Minutes

John Gerhold made a motion; Angela Williams seconded the motion to accept the February 2021 meeting minutes. Meg Stidham abstained. The motion was passed.

Group Picture

A group picture was taken for the Budget Committee web page.

2019/20 R1 & 20/21 P1

We looked at the reconciliation of 19/20 which creates a carryover into 20/21. March is the ninth month of the 20/21 fiscal year. Adjustments were made for two reasons:

1. Reconciliation from this year which is where apportionment comes from.
2. Comes from audited adjustments after the final audit is completed.

There was an uptick in allocation from the state. A difference in what the District spent as opposed to what was in their budget. The District spent one million less than what was budgeted. They were able to save money because they changed their insurance carrier. When we wrap up 19/20 we see an increase in BC reserves of \$3.65 million which means it was a healthy year. Some of the increase was from an allocation from the state, less District charge backs and money saved from the hiring freeze. This is a summary of where we are at. Calculations show that Bakersfield College made up 72.5% of the FTES for the District and this will continue until we get a new model.

The District received \$24.5 million that was not distributed to colleges but was placed in the District wide reserves. \$17.5 million was earned by BC but is not hitting our books. We had conversations last spring with the Board regarding the \$24.5 million and the Board decided to put it in District reserves. We want the District Budget Committee to get allocations of overages, after the budget is set, to equitably send money to colleges and not go straight to District Reserves. It is important to track when money comes in the summer when faculty are not around. It is important to look at older reports. We dealt with funding when about \$11-12 million came in. The other money that came in (about \$12 million) was not discussed with the District Budget Committee or District Office counsel. Where did the other \$12 million come from that make up the \$24.5 million? The District Budget Committee will ask the District Office Counsel on Tuesday 3/23/21.

\$96.2 million were the District wide reserves as of 19/20 not including carryover or reserves associated with restricted funds. In 18/19 the District wide reserves were \$68 million.

One option is that the District Wide Budget Committee make a recommendation of a resolution from Bakersfield College's Budget Committee, Academic Senate and College Council that the District reserves shall not exceed 20%. If it is more than 20% the Chancellor will come up with a redistribution plan to redistribute the money over three years. Currently the reserves are at 34%. This is why we try to be transparent, get the numbers out, so we can have conversations for individuals and for people who participate in committees. This is the right time to have these conversations, so they put together the right plan, with the right line of reasoning, and with support offer options so the Board can consider changing its policy.

A discussion was held regarding a tentative budget allocation. We have a projected 20/21 budget without the expenses. We started with an ending reserve balance, add the base allocation, our percentage of the FTES, adjustments made to base, growth allocated out and other small changes. There is anticipated District wide charge backs that will come out.

We are looking at an allocation of \$98.2 million for 20/21. For our next budget we are looking at an increase of \$5.1 million. From increases in SCFF. We are growing in our three-year averages and success and equity continue to be strong for the District.

We anticipate that this upcoming year will be a strong year. Then after next year it may get a little rough at the state level. This is a good reason we are comfortable with the reserves. At the same time, we need to get the reserves to the colleges where they belong. The colleges are going to take the impact, not the Board.

FTES Growth Allocations will be explained more from Bob Ngo to the District Wide Budget Committee. Fundamentally, with summer enrollments we can take them now or push them to next year. We decided to push 2,100 FTES into 20/21 instead of 19/20. Looking back at the growth; it was hampered by that decision. More importantly the amounts pushed forward were not divided equitably amongst all the colleges by FTES percentages. Most of the growth was from BC. In the reporting structure to the state it looked like we did not have as much growth because it was reported elsewhere.

There was conversation regarding FTES Decline Stabilization (impact on reserves) which are the District Reserves. A point was made that if a college has more than 5% minimum reserves at the college level, then why are they not using their own college reserves to stabilize themselves before going to the District reserves. We should only go to the District if a college is going to go under the 5% minimum. The District Wide Budget Committee will bring this subject up in the future, but, at this point it is a moot point until we get reserves out of the District reserves and back to the individual colleges.

There was dialogue regarding stabilization and its effectiveness. An example used was Porterville is in decline for stabilization and the adopted budget for upcoming years states that Porterville gets more percentage wise than the other two colleges. It can be hard to see why one college receives a disproportionate amount compared to other colleges. It was noted that Districts have this type of measure in place, in part, because you can't cut things on a dime and still offer services to students. It takes time and stabilization is designed to make time to get make those adjustments in the right places such as natural attrition of positions or time to right size the business.

Standing Item: District Budget Committee Report

FON is currently almost 29 faculty over the state calculation. Based on current people retiring and new hires, Cerro Coso is getting two new employees beyond the number of retirees. Porterville is getting two new employees beyond their number of retirees. Bakersfield College has one new hire over the number of retirees.

At our last meeting we covered the basics of closing of 19/20. The District proposed the 20/21 budget. We looked at the proposed 21/22 budget. There are some new potential positions and there was clarification of a Human Resources position. There was a sense of change in management positions in IT. A Budget Analyst is the only true position that is not offset.

Non-labor reduced overall costs in 21/22 over last year. Changes are \$750,000 in savings and there is one new hire. The Districts seems to be moving in right direction.

One of the projects in IT is for a document imaging program which was estimated at \$150,000, however, bids are coming in by twice the amount.

There is savings in Chancellor's position: the decrease is due to search and costs associated with that. A savings in Business Services is due to a change in an insurance carrier and a full year of that change.

An open forum for the Chancellor's position is tentatively scheduled for April.

We put together basic language to take forward regarding District reserves to change from "should not exceed 20%" to "shall not exceed 20%". We are suggesting a procedure that if the District wide reserves go below 15% or above 20% then the Chancellor will consult with constituent groups and institute changes to take place over a three-year period. A written formula might not work well depending on how things are reported. If we create an allocation model in which all funding that is earned within the District would go to the colleges initially, then the District office expenses and District wide reserves would come from the colleges and a written preset formula would not be necessary.

Budget Open Forum is tentatively planned for late April or early May. There are additional conversations regarding other presentations, COVID matters and opening the campus that is factoring in when the Budget Open Forum will take place.