

# BUDGET COMMITTEE

May 20, 2020

1:00 p.m. to 2:00 p.m. virtual meeting

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

## MEETING MINUTES

**Present:** Mike Giacomini, Zav Dadabhoy, Steven Holmes, Nick Strobel, Angela Williams, Cristal Rios, Somaly Boles, Emmanuel Mourtzanos, Kimberly Nickell, Meg Stidham, Mary Webb, Gayle Richardson, Jo Ellen Barnes

### Minutes

Mary Webb made a motion; Gayle Richardson seconded the motion to accept the April 2020 meeting minutes. The motion was passed.

### Special Members

On behalf of the Budget Committee, Mike Giacomini thanked Gayle Richardson for her service on the committee and said that she will be missed. He congratulated her because she is retiring from Bakersfield College.

President Christian recognized the BC Budget Committee with a Leadership Award last week during one of the closing week celebratory seminars. This was because she took notice of the work we did last year to get a balanced budget, actively worked with the Board of Trustees, participated in public comments, attended other important District meetings, researched and brought information forward which made an impact. Congratulations to this committee for all their hard work.

### 2020/21 Tentative Budget

Mike will hold Budget Committee meetings throughout the summer and will notify committee members and encouraged all members to attend.

We posted to our Budget Committee webpage a May 2020 revise joint analysis created by ACBO, ACCCA and CCLC, which breaks down the direct impact on the community college system. Also posted to our meeting website is an excerpt for the higher education's portion of the Governor's revised budget, which has information as to what changes there are to the UCs and CSUs, which is good to look at from an equity point of view.

In the joint analysis, there will be a big impact on our college with a fiscal outlook of a \$54 billion shortfall from this fiscal year, next fiscal year and additional expenses due to COVID 19. This affects Proposition 98 funding. BC has received from The CARES Act COVID 19 Relief Fund over \$12 million. In which over half will be dispersed to students. The rest of the Relief Fund can go to other COVID related costs; however, the Department of Education has restrictions that it offset direct costs, which means we may use more of that money towards students.

Additionally, California has declared a state of emergency; therefore, we applied for other sources of relief from FEMA and CAL-OES. Estimates put on the application may be \$1.2 million for the District but we do not anticipate receiving over \$2 million.

Other points discussed regarding the Governor's revised budget for 20/21 was that it relies on the state's reserves, deferring expenses as a state government and relying on CARES Act funds. There are cuts to the categorical funds that pay for student services programs. There is about \$300 million due to districts in June which will be deferred by the state and paid in July. Next year in April, May and June 2021 the state will defer \$100+ million to help balance the budget for that year.

Looking from a high-level perspective there is no COLA in base, categoricals or anywhere else. Student Centered Funding Formula (SCFF) is being adjusted by 10% in topline reduction of our base. It is impactful because that is where we get the majority of our funding. Another major impact is to our categoricals with an extra reduction in the Strong Workforce funding in excess of +50% in allocations for this year. We work with funding three years at a time, which will give us time to get right-sized. We will see larger differences in the Strong Workforce program with greater changes in 2021/22.

There is a reduction to the Student Equity Achievement Program (SEAP) of 15%, which is over a \$1 million impact for BC.

Deferred maintenance and instructional supplies are 100% taken away from the Governor's revised budget.

The Governor's revised budget said that AB540 and Foster Youth funds had cuts to them and then stated that they could be paid out of SEAP, however SEAP has a 15% cut so, actually that means we do not have enough funds for AB540 and Foster Youth funds to operate as effectively as it has in the past.

We have not received any revised numbers from the Chancellor's office at this point but expect to see them in the next couple of weeks. The bottom line is that we are 10% down on base, several million short on categorical funding which was expected pre-COVID 19 pandemic.

Deadlines for the 2020/21 budget were moved and we are taking advantage of the time. We presented a negative budget to the District of \$-3.9 million. This budget, in anticipation of some of our programs, cannot be funded at their full level such as internal programs, which are funded by fees or generate their own revenue until we can figure out how to get students back on campus. Other costs are increasing on how to deliver education as well as step, column raises in salaries, and pension increases.

Good news is that we have strong reserves; if we keep deficit spending minimized then we will be able to weather the storm for a significant amount of time depending on how the other colleges perform as well.

President Christian met with Chancellor Burke and presented information regarding the reserve allocation inequity. It shows what was allocated out to colleges from additional monies based on R1 \$(11.5 million) in which we received 42% of what was allocated which was significantly short of what we normally get. The District received 64% of the whole amount. Whatever is allocated should follow an allocation model in order to be more equitable. With an allocation model, we did not receive 6.6 million dollars of the unallocated portion that should have been based on the FTES. The only reason we received the amount we did was because of one-time spending. The \$6.6 million that BC did not receive means we funded 90% of the \$7.3 million the District received for their reserves from this allocation. We should have funded 72.8% of the District reserves recent allocation as we could have based on FTES, but funded 90% of the latest District increase in their reserve funds.

Another allocation option could be that we leave the other two colleges as is, but to get to our percent based on what the other colleges received, we could receive \$4.6 million increase to BC and then we could put it in the Bakersfield College reserves. The Executive team and President Christian are working together with the Chancellor's office to gain a more equitable allocation.

Information presented to the Chancellor included information on all three colleges and the FTES growth over last six years in which BC had the most growth. We are growing and doing it more effectively, expenditures per FTES is more efficient at BC comparatively to the other colleges in our District. The cost of salaries per FTES shows our

productivity in which we serve more students with less expenditures and that includes the expenses of faculty, classified and management salaries.

We have a lot of work ahead of us as we get more information from the Governor's office and our Chancellor's office. The tentative budget will be due in July rather than June, which has the advantage that we will get our P2 by that time.

Bakersfield College has about a \$3.9 million deficit moving into 2020/21. It is imperative to remember that we are carrying 25-26 extra faculty at a cost of \$125,000 per employee, which is about \$1.3 million. This contributes to our inability to have a balanced budget. Most of the money BC earned taken from the 18/19 fiscal year combined with part of the FON which was carried from 18/19 and the District's latest allocation of money has contributed to our current position. This situation could be improved if the allocation is more appropriately allocated.

The adoptive budget deadline was moved from September to October. The Governor's revised budget by that time would include income taxes and property taxes and we would be able to see the impact that has for us. The State has applied for federal funds. In October, we might know if the state received federal funds and how that might be applied. At this time, the District has directed Bakersfield College to come in with a balanced budget. We might be -\$6 million to making it a balanced budget. The State directive at this time is to serve as many students as we have been. The Board of Trustees and Chancellor are trying to avoid staff reductions.

We were encouraged to attend the District Wide Budget Committee's meeting presentation to the board of Trustees via Zoom later today.

### **Standing Item: District Budget Committee Report**

At the last District Wide Budget Committee meeting, items of discussion included whether the Chancellor followed an approval process for allocating money and if Bakersfield College had not been as frugal as we had been this last year we would have received more money from the reserve allocation. Additional discussion points were that at this point 90% of the District's recent reserve increase came from Bakersfield College and a letter from one of Bakersfield College's faculty was sent to Trustee Meek regarding these ideas.

**Next meeting:** TBD