

BUDGET COMMITTEE

September 26, 2022

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

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

MEETING MINUTES

Present

Mike Giacomini, Imelda Simos Valdez, Kailani Henry, Lora Larkin, LeAnn Riley, Steven Holmes, Cristal Rios, Nick Strobel, Teresa McAllister, Ric Jimenez, Jo Ellen Barnes

Called to Order

4:03 p.m. the meeting was called to order

Agenda

Teresa McAllister made a motion; Kailani Henry seconded the motion to accept the agenda. Motion passed.

Minutes

Jo Ellen Barnes made a motion; Teresa McAllister seconded the motion to accept the September 12, 2022 minutes. Motion passed.

Welcome

Mike welcomed everyone and was brief to accommodate the extensive agenda.

22-23 Adopted Budget

The budget was adopted, and the following items are a broad view of the budget.

1000s (Faculty) The faculty salaries increased 4%.

2000 (Salaries for classified and management) Some money is in a 2999 account which is a type of holding account. When we add positions after we cut off HR from entering new positions into Banner, the salary goes into the 2999 account. There was an increase in salary control which covers classified, management and faculty positions. We have benefits in this 2000 area. Faculty positions were carved out to ensure the 50% law benefit is scheduled correctly.

3000s (Benefits) benefits increased due to STRS and PERS and increases in salaries. Health benefits increased and the District is paying a larger portion of health benefits.

4000s (Supplies) Had a mild increase. We are budgeting for lottery 4310 funds which is unrestricted and acts as a categorical fund.

5000s (Maintenance & Operations) This not only covers maintenance & operations but covers leases and utilities with a 3.93% increase. We had step increases in some of our leases and travel had a nominal increase.

6000s (Equipment) had the biggest changes due to prep work for student housing expenses. Computer equipment expenses are in this area.

7000s (Debt payment) had an increase \$10.9 million in our reserves. Our portion of the payment for the COP is \$5.1 million. The Facilities prep work is \$3.7 million for a potential project in south

Bakersfield for a public safety facility. There was a slight increase in District costs and other miscellaneous expenses which contributed to a 52.5% increase.

There was discussion to clarify certain parts of the approved budget which included: Bakersfield College is paying off portion of chargeback of expenses to the District Office. This is tied to FTES and changes from year to year. According to SCFF we received 70-71% and our debt expense is based on FTES. This information needs to be addressed by District Wide Budget Committee. Other colleges address chargebacks differently. District Office expenses, District wide expenses are separate which may account for some of the discrepancies. It was noted that the percentage earned with the SCFF versus what was charged with FTES information can be addressed at the District Wide Budget Committee level and Mike made this a topic to address at this level.

Other topics regarding the approved budget included that BCSW is not our property. We pay the BCSW lease through Bynums who own the building. The Bynums lease the land thorough CSUB.

Parking lot solar system projects are still moving forward. The District and Delano are in DSA for solar plan approval. BC is close to going to DSA after we redid a required fire hydrant flow test. Essentially, this will move money out of the 5000s and into the 6000s (paying a lease on solar is 6000). The approved budget accounted for increased lease payments in the 6000s account code.

We discussed the acceleration of the COP buy down. At the end of this fiscal year the principal plus anticipated earnings in two years should pay off the COP. We will have the annual initial payment of under \$2 million per year and have been making that payment for quite a while. The \$6.5 million planned plus \$6.5 million will go away. When we pay it off in 2026 the money will not come out of any District wide budgets, charge backs or colleges budgets. We make an annual payment pay down based on principle plus interest. We cannot call it in until 25/26. Mike is working with bankers to forecast projected earnings. We are locked into most securities. Some earnings were set before this decision was made. The ones that roll over are getting 2-3 times rate of return which are earnings from 1% to 3%.

In summary the \$34 million increases from 21/22 are based on three factors:

1. We did not budget for everything in prior year.
2. There was a major increase to base allocation statewide (what you get as a college in a multi college district) plus approved centers get an additional \$600,000.00.
3. Full COLAs on all categories which was +6.56%. We did better in Success in Supplemental areas than the prior year.

Budget Committee Charge

Annually, we review the committee charge to make sure it is up to date for accreditation standards. Academic Senate made recommended changes of who reports.

After discussion, it was decided that next month we will look at language regarding whether we need to change how District Wide Budget Committee faculty members are chosen.

Budget Decision Criteria Document

This document was created for accreditation purposes. This document, historically, went back to when we were in budget crisis, and it was created to assist how best to make budget decisions. It was decided to add the budget timeline link at the end of the document. We will bring this document to the next Budget Committee meeting for approval.

BP6200 Resolution/Proposal

BP6200 impacts 6250 for this discussion. A high level of what was asked for processing is that the Board through the Finance Committee Board requested that reserve percentages be moved from a minimum 15% and not to exceed 20% to increase to a minimum of 20% and not to exceed 25%. We discussed this at the 9/12/22 Budget Committee meeting and wanted time to go back to our constituents, discuss it and bring it back to today's meeting.

The discussion included the following items: the District is taking 21.8% currently for reserves. Possible changing proposal language from "shall" to "should" to hold at a maximum level; percentages seem to be only a suggestion. Per Nick Strobel, the Ed code is clear; that the District is to rely primarily upon the advice and judgment of the Senate. A resolution would go to our Academic Senate for consideration. If passed, it would be delivered to the Board, if the Board rejects a proposal, they have must respond in writing on the extraordinary circumstance, justifying why they have not accepted our resolution and would be held accountable to the Academic Senate. Once a decision is made as to which direction we want to go then we can discuss a document. Other discussion points included that we do not have to change our policy because we changed Presidents or District Chancellors. If we as Bakersfield College earned money, then we keep what we earned. We went through a similar situation three years ago. We should continue to fight for what is ours. Some constituents would like to see more data as to why we should increase the reserves.

A proposal, regarding reserves, was reviewed by the Budget Committee and Teresa McAllister made a motion to move to Academic Senate after the last paragraph was word smithed – not to change the content but just the flow. Ricardo Jimenez seconded. Motion passed.

Budget Open Forum

The Budget Open Forum is slated for Monday, 11/28/22 which takes place right after Thanksgiving and replaces our normal Budget Committee monthly meeting. It may be a virtual format because more people, typically, attend. This meeting is in conjunction with the President's Cabinet face to face meeting. Mike will make a final decision and let us know.

Budget Committee Photo

The annual Budget Committee photo will take place Monday 10/24/22 and we were all asked to wear red.

Adjourn

5:30 Teresa McAllister made a motion; Kailani Henry seconded the motion to adjourn the meeting. Motion passed.