

BUDGET COMMITTEE

June 20, 2019

1:00 p.m. to 2:00 p.m. in A-5

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

MEETING MINUTES

Present: Mike Giacomini, Meg Stidham, Angela Williams, Teresa McAllister, Somaly Boles, Brenda Gamlowski, Gayle Richardson, Jo Ellen Barnes

19-20 FY Budget

The goal is to discuss our 19-20 FY Budget as well as look at how new aspects such as the Student Center Funding Formula affect our District.

Relevant information is that the Governor signed the California's State 19-20 budget. The State created a total constrained revenue instead of a total computed revenue, which means they will only give a district a maximum of approximately 8% above their prior year number. We are still hopeful there is other money in the State budget that will be shared with us as originally stated. More information will come in about a month from the State regarding how this may work for this fiscal year. If we get the total from constrained revenue for our district, our portion might help us break even for this year.

The Board approved a tentative budget in which we were aggressive in cutting back to get us to a 3.8 million deficit budget. Board wants plans for a break even budget. There are indications that a slow down or a recession may come in the next few years therefore we were tasked to submit additional plans. One plan is for a 2% budget reduction and a second plan is for a 3% budget reduction and what it would take to get there. We can cut out some food during meetings and cut back travel which would carve out half a million in GU001 funds. We have made decisions that will help us in the future but not necessarily benefit us this year. An example is BC Southwest FTE generation will exceed the costs in year three of operations.

There was discussion on deficit spending which included a two page handout and covered the following areas.

Academic Salaries, other salaries and benefits which includes:

25 FON full time faculty cost of 1.9 million

Renewal faculty contracts of 4.76% which is about 1.3 - 1.4 million

Faculty step & column increases of 1.5% or \$400,000. Some faculty have maxed out their step and column increases in salary.

The new approved budget does not include new hires at this point. No new positions or replacement positions were canceled but are on hold at this point. Exceptions are FON faculty & the position of Executive Director for Public safety. New hire positions include those that are GU001 funded and some restricted funding.

The District Office is not replacing their positions. They are moving with positions that were approved months ago for the District Office. We are trying to postpone certain positions at the District Office. The District Office has been charged with the same exercise of submitting a break even budget which is about 2.5-3 million cut to break even.

The 3000 account STRS and PERS budget increased this year by about 3.2 million as well as additional FON faculty salaries who have benefits have affected our 19-20 budget.

Growth of student population affects how we get money with the FTE model versus the new Student Centered Funding Formula (SCFF). We are growing faster than the limited .5% in the SFCC formula. We can

continue to grow and serve students, however, it is a challenge if we do not receive funding from the State for this growth.

The State has permanently moved ratios. They will stay at 70 FTEs, 20 Success, 10 and limited to .5%. This SFCC formula was rolled out with no data to support the decisions. At this point, 25% of the districts are being held harmless, we should have had that revenue for available for everybody else but it is not available. Other districts exceeded what they would normally get under the normal FTE model. The State made restrictions on growth until the State can get a handle on how to best move forward.

One of the changes this year was the definition of a transfer student. Another change is a cap for the growth on success. At this point we will only will be paid up to 10% every year in the SCFF model. The plan is to use three year average of supplemental & success portions of the model and use that three year average to help determine part of the SFCC formula.

Equity is not capped and will move to a three year average.

The new formula will have a hold harmless clause through 2021-2022.

Last year, the Olive Drive Academy was under budgeted and this year we have a more accurate number in the 19-20 budget.

To submit our 19-20 budget, controllable expenses were addressed, however the amount of controllable numbers available are not a large number.

Travel has increased in some areas and decreased in other areas. Inmate Ed and Delano are examples where mileage increased and included in the travel expenses.

The cost of rental facilities increased for this year and one examples is BC SW rental of FPU which is contractually obligated at this time.

There was a decrease of utilities due to projects addressed which affected our infrastructure such as the chiller and fixing our water pressure. Additionally, Mike is looking at more solar projects and leases to see if there are more savings worth investing into which would include more solar projects.

We are laying ground work today to prepare for different future possibilities so that we can move forward. Mike spoke to Nick Strobel and Nick said that the last time we went through a situation similar to what we are looking at today that we used our budget criteria. We may revisit this aspect to see how that might apply this time around to how we create and use our budget.

Currently the classified staff contract is being negotiated and there was concern that some people will want to hold back on giving raises to classified employees similar to the raises faculty already received. This contract is in the second year of not having a signed contract at this time.

We want to take a higher level view of our budget at this meeting such as when we look at our total expenses including the District Office our allocation, is 72% of our expenses are salaries and benefits. When we take out the District Office allocation our total expenses is 88% attributed to salaries and benefits.

What we can do at this time that may positively affect our budget is to look at class sizes, such as larger class sizes or smaller classes which may be offered less often.

We are also looking at categoricals and the restrictions and flexibility of those funds to see how we can allocate these funds to best support student programs. Currently, we have ninety-nine restricted funds. We have to look at the rules of each fund before cutting expenses involving categorical funding.

Another important aspect affecting our budget involves looking at how we can bring in revenue. People who write grants need to see how labor is affected and if labor could be paid. We may look at additional grants and see if areas such as Student Services might have options of where we can access revenue. An example could be how we handle BC parking keeping in mind that we do not want to put an unnecessary burden on our students and will look carefully on if and how best to proceed.

Once we get to our 3.8 million goal and the District does their reduction plan then we will get the benefit of their reduction such as from their 2% reduction plan we will receive \$404,000 and from the 3% reduction plan we will receive \$606,000.

We will put together ideas and strategies as the Budget Committee through emails or Googledocs. We need to give the District budget committee our plans within 90 days.