

Bakersfield College Budget Committee - Report to Academic Senate

April 17, 2024

The Budget Committee held their regular scheduled monthly meeting on March 18, 2024. The following occurred:

1. The P1, first principal apportionment was released at the end of February. P1 is based on FTES enrollment. KCCD's total computation revenue is \$228 million. This is a \$17 million increase over last year. These funds will be allocated to colleges based on each college's FTES production.
2. The Legislative Analysis Office budget brief, including a \$73 billion revenue deficit was reviewed (see district wide budget committee summary below for greater detail)
3. Previous concerns over district office growth were examined:
 - a. It was reported that the Early College program moved 12 positions to the district office at a cost of approximately \$3 million. These funds are about 50% restricted and 50% unrestricted. Regarding the unrestricted funds, approximately \$900,000 is labor cost and \$600,000 operational cost. It was stated the decision to move this department did not go through the consultative process when it was presented to the Chancellor's Cabinet, such documentation was not received until after the Cabinet meeting.
 - b. The budget of the district office over the last few years has grown from \$30 million to over \$41 million. Due to upgrading of positions and additional positions, it is anticipated that the district budget will propose an additional \$2 million increase.
4. The Arvin campus construction, which began in July 2022, is expected to be completed in June of 2024. The Center will open to students this Fall.
5. The Spring Budget Open Forum will take place Monday April 29 at 4:00 p.m. in Campus Center 231, as well as via a webinar format.

The District Wide Budget Committee held a meeting on March 16, 2024. The following was discussed:

1. This year's state budget revenue estimates are falling short, possibly as much as 38 to 73 billion dollars. Thus, K-14 educational budgets could be impacted at a low end by as much as 8 billion dollars. This would equate to a 917 million dollar cut to Community Colleges, and approximately 21-25 million dollars to KCCD. The Governor plans to bridge the gap with 13 billion from reserves, 9 billion in cost shifts, and 41 billion in spending related solutions (undefined).
2. The Governor's proposed FY 2024-25 budget will represent the "new floor" for Community College districts. Essentially, next year's district allocations will become the "hold harmless" figure for each district. This has not affected KCCD since we have continued to experience growth. The Governor's budget is proposing a .76% COLA, year after adjustments it is reduced to 0%. A modest

.5% increase for growth is also proposed. For the second year in a row the categorical programs, Student Equity and Achievement, and Strong Workforce have been excluded from COLA. This creates a budget issue for campus, since the employees in these programs continue to receive step increases in wages and increases in benefit cost, including PERS.

3. BC's 62-million-dollar housing grant will be changed by the State to a revenue lease bond. Interest for the bond will be paid by taxpayers, not district. Rent on housing must cover the operation cost. PC is ranked number one for the next round of housing grants.
4. State retirement plans were discussed: For the third year in a row, the district portion of CALSTRS remains flat 19.10%. The district's portion of CALPERS continues to increase, next year it will increase an additional 1%, to 27.80%. This is on top of 7.65% for social security.
5. For the next meeting, a request was made for a full reporting of the \$11 million increase in the district office budget between 2021/22 and 2022/23. It was also requested that the district office 2024-25 budget be provided to the committee, especially any labor increases.

The District Wide Budget Committee held a meeting on April 12, 2024. The following was discussed:

1. The KCCD 2022-23 Final Carryover Calculations were presented. Notable concerns include:
 - a. BC's revenue allocation accounted for 69.47% of total district funds, yet BC is paying for 75.66% of district office cost. This accounts for BC paying \$2,819,964 more than it should.
 - b. "Additional Revenue" (typically received in summer) of \$7,315,001 was not allocated to the colleges. Instead, at the Board's direction, the funds were allocated to the district wide reserves. (Note – which college had earned the "additional revenue" was not available for discussion) This placed district wide reserves at \$58,454,756, or 27.49% of the district's general unrestricted budget. This exceeds the Board policy of a maximum of 25%.
 - c. For further details see:
<https://committees.kccd.edu/sites/committees.kccd.edu/files/2022-23%20Carryover%20Calculation.pdf>
2. The 2024-25 Revenue Allocation Model was reviewed including stabilization calculations for CC and PC. It was noted that both colleges received stabilization last year to the tune of \$3.5 million collectively. The proposed 2024-25 allocation model is calling for a second year of stabilization for both college to the tune of \$1 million. Currently, our internal model supports only one year of stabilization. CFO Giacomini is recommending extending stabilization for a second year. Due to a lack of quorum, the committee did not make a recommendation. Further, it

was noted that both colleges have healthy reserves, and both have been successful in operating within their previous allocations to the extent of adding to their reserves at year end. Also, it is feasible both colleges could receive stabilization for the district wide reserves and still maintain a surplus at years end to add to their college reserve.

3. The 2024-25 KCCD district office tentative budget variance was made available but was not discussed due to time constraints. Notable is the request for 13 new positions at an overall variance increase of \$1.9 million in labor. The proposal may be found here:

<https://committees.kccd.edu/sites/committees.kccd.edu/files/2024-25%20KCCD%20DO%20Tentative%20Budget%20v8.pdf>

Registration Update:

1. The 2nd week priority registration enrollment update indicates:
 - d. Summer enrollment at BC and district wide is up. FTES at BC is up 76.6, a 9.5% increase. District wide FTES is up 94.6, a 9.9% increase.
 - e. Fall enrollment at BC and district wide is also up. FTES at BC is up 474.2, a 18.7% increase. District wide FTES is up 508.9, a 16.4% increase.

Regards,

Steven Holmes