

BUDGET COMMITTEE

January 24, 2022

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

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

MEETING MINUTES

Present

Mike Giacomini, Kailani Henry, Teresa McAllister, Nick Strobel, Somaly Boles, Kimberly Nickell, John Gerhold, LeAnn Riley, Imelda Simos-Valdez, Steven Holmes, Billie Jo Rice, Emmanuel Mourtzanos, Juan Sanchez, Jo Ellen Barnes

Agenda

Nick Strobel made a motion: Steven Holmes seconded the motion to accept the January agenda. Motion passed.

Minutes

Steve Holmes made a motion with amendment to add Steve Holmes' last name under "Second Review of the Budget Decision Criteria". John Gerhold seconded the motion with the amendment to accept the October 2021 meeting minutes. Motion passed.

New Faculty Co- Chair

Kailani Henry is our new Faculty Co-Chair and has been meeting with Mike Giacomini to prepare for today's meeting. Teresa McAllister will continue to be on our Budget Committee.

Governor's Budget

The Governor's proposed budget looks good. It is \$10 billion above what was originally budgeted. There will be more negotiating before the Governor submits his proposed budget in May 2022 to go forward for approval in June 2022. There is \$1.8 billion in augmentation for community colleges over the prior year. This includes one time and ongoing funds.

Within the proposal is \$409 million for a 5.33% increase in COLA for community college apportionments and this is significant because it will go onto SCFF and become a new base for the college for each year after this. They are going to fund \$24.9 million system wide enrollment growth of .5%. We want to take advantage of that if we are not in a hold harmless position. There are additional funds to augment health insurance for part time faculty and some success completion grants related to Cal Grant. This is from financial aid and adds free money for our students. There is some support for technology modernization. These are related to ongoing spending and expected to spend each year.

One-time funds included significant deferred maintenance funds which includes classroom instructional equipment. Retention and enrollment one-time monies runs in line with HEERF money to try to bring students back and enroll students for the first time. Adult Ed healthcare pathways is coming through us. We are working on common course numbering to be used at all community colleges and CSUs. There is one time \$75 million for technology modernization and there is \$135.2 million in "Other".

When we looked at the community colleges as a whole, we saw that growth in 2021 was \$10.8 billion which increased to \$11.1 billion in 2022 and another \$519 million to total \$11.6 billion for 2023 which is 5% growth year after year.

Hold Harmless was extended through 2024-25. Starting 2025-2026 there will be a change in the "floor" in which the District could not drop below that "floor". Should we, as a District, encounter challenges with growth or getting back to pre-Covid levels, we will be held harmless plus COLA each year.

The proposal also indicates support for the recommendation made by the SCFF Oversight Committee to integrate unduplicated first-generation students to try to home in on students' success's goals which is to help students who need the most help and that first-generation students fall into that category. There will not be more allocation, just splitting the pie differently.

Last year we applied for Hold Harmless, and we backed out when it was in our best interest. We have applied for Hold Harmless this year and we will wait and back out of it if needed. A benefit of Hold Harmless is we can hold our dollars steady. If we show growth in areas such as supplemental and success metrics, that could drive up earnings depending on those 30% remaining outside of the FTES.

Mike will look at what the numbers would be if we accepted the Hold Harmless agreement in dollars and bring that information to this committee.

Mike presented a bigger breakdown of funding such as an increase for Financial Aid administration. The 2% BFAP for running the Financial Aid program has not been able to keep up with needs that were pushed upon them over the years. This will help with the supplemental and success metrics. This will help ensure we can take advantage of Cal grants, FAFSA and other opportunities for our students.

Ongoing funds included \$10 million in support for the NextUp Program, \$10 million for Equal Employment Opportunity best practices, a lot of COLAs, and an increase to A2MEND.

One-time funds included implementing transfer reforms of AB 928, Program Mapper, emergency financial aid grants to 540 students, pathway grants to high skilled careers, support teacher credentialing partnership program, and Umoja best practices which makes up almost \$3 million one-time funds.

In looking at Base Credit (FTES rolling 3-year average) rates we saw that last year it was \$4,009, this year it is \$4,212 and the proposed rate for next year is \$4,436. We now have a 5.33% COLA across all buckets in FTES area. Incarcerated Credit, Special Admin Credit and CDCP is proposed at \$6,222.

There was discussion on how faculty are funded. We have the money built in the base and is ongoing. We still have limits on FTES production, but each college is limited to the amount of FTES, and we can only fund .5% growth. We were reminded that we are working under Prop 98.

Breaking down the increases: SCFF 5.5% increase which is most of our general funds and Adult Ed is 5.3%. There was no increase for SEAP, deferred maintenance one-time funds will be about \$6 to \$6.5 million for Bakersfield College, Strong Work Force has no increase, Student success completion grant \$100 million, technology, full time faculty hiring \$150 million, retention and enrollment strategies \$50 million one-time added, and COLA increases for EOPS, DSPS. One-time funds are for adult vocational education training, common course numbering, Financial Aid admin increases which also includes a decrease in some areas which will run the total to just under \$5 million.

California College Promise is going down a little, Transfer reforms and Apprenticeship are going by COLA, Program Mapper increased, part time faculty office hours decreased \$90 million, and Emergency Financial Aid grants decreased \$130 million.

One-time funds that did not make it back into this year's budget were deferrals, SCFF, Zero textbooks and basic needs for food and housing insecurity.

A summation of the budget is that there is more money than the system has ever seen which is good news. A lot of it is one-time monies which is part of the thought process reflecting that we will not be able to sustain these revenues as a state.

There was discussion regarding extra money from the state for the for the full-time faculty hires. Districts have options to decline money. Seventy districts accepted it and two districts declined the funds. Our FON has increased. Districts who decline the extra money have a unique situation that makes sense that they decline the extra funds. Bakersfield College has an increased FON and our FTES has not increased. One of our biggest enrollment years was fall 2019 and last year we broke even during Covid which is part of a three-year average. We are trying to get additional funding to switch a higher percentage of adjunct faculty to full time status so they can get office hours, participate in committee work, and teach more classes which is a benefit to students.

Standing District Committee

We looked at the new the allocation model. The different subgroups were to look at different parts of the funding model to see how their particular parts are reflected in that. At the next meeting we are going to look at the allocation model again.

We looked at Board policy changes in chapter 6 regarding fiscal matters. There was a first reading at District Consultation Council. There was an email that the language is going to be slightly altered. There was a first reading at the Board Retreat. The Board policy changes went to the District Finance Committee today. The Board policy chapter 6 will be on the 1/28/22 Board agenda.

There was discussion on how increases may impact reserves. This will depend on how this year's budget comes out. Whether we propose a break-even budget and with increases we would anticipate little impact on the reserves. Should the increases of COLA outstrip our need to continue to increase our budget and depending on numbers on SCFF and whether the supplemental and success metrics come in higher, then we will have to relook at the situation. Some of the challenges are, as we budget for a lot of positions, it is hard to find people to fill the positions and we get breakage, and that money goes to the BC reserves. Anything that is coming through categoricals must be spent in one year, however we have some allowance to roll it over into the following budget which would not affect our reserves.

Budget Timeline

Budget Development: BC Master Budget/Fiscal Calendar July 20 – June 22 document is posted on Budget Committee's 1/31/22 meeting website and the Budget Office website. The Budget Office pulled dates from the District Consultation Council 10/26/21 meeting's FY22-23 KCCD Budget Development Calendar which covers the District timeline and internal tasks to get that budget uploaded and go to the Board for approval. Somaly Boles pulled some of those dates into the BC Master Budget/Fiscal Calendar so it would make more sense for employees who play a part in what they do for budget development. It also includes fiscal deadlines we have related to expenses and labor changes that need to be made. This calendar is broken down by month for three different fiscal years. We included District and BC deadlines, what needs to be done and who is responsible for those tasks.

Budget planning is Split into three parts: 1. GU001 non-labor budgets which is temp labor and operating expenses which is done through Program Review. 2. Labor itself: we prepare labor

budgets for general unrestricted funds and restricted funds which go through a review process. 3. The restricted funding budgets that will need to budget any labor or non-labor expenses.

We are still transitioning to a new budget software program and are doing some tasks manually in a testing phase to ensure the new software calculates correctly.