

BUDGET COMMITTEE

March 18, 2024

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

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

MEETING MINUTES DRAFT

Present

Calvin Yu, Steven Holmes, Victor Crosthwaite, Angela Williams, Billie Jo Rice, Cristal Rios-Gonzalez, Erica Menchaca, Imelda Valdez, Jo Ellen Barnes, Jerry Fliger, Jessalyn Choate, Kyungjin Menjivar, LeAnn Riley, Somaly Boles, Jacob Palmbalch

Called to Order

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

Welcome & New Budget Committee Members

A welcome was extended to everyone including our newest members: Victor Crosthwaite and Dr. Jerry E. Fliger.

Agenda

Angela Williams made a motion to accept the agenda as amended. Jacob Palmbalch seconded the motion to accept the agenda. Motion passed.

Minutes

Jo Ellen Barnes made a motion to accept the 2-26-24 minutes as amended; Jacob Palmbalch seconded the motion to accept the minutes. Motion passed.

Upcoming Budget Open Forum

Traditionally we do not have a Budget Committee in April due to the Budget Open Forum, however, new budget information is expected so the Budget Committee will meet Monday 4/22/24.

The Budget Open Forum will take place Monday 4/29/24 at 4:00 p.m. in Campus Center 231 and will use a hybrid format so people will have a choice to attend in person or via a webinar format. This forum will have critical information of what the state is doing and how the District interprets that information.

P1, First Principal Apportionment

This information being presented at this meeting was released at the end of February. The difference from last year is that it increased 8%, which is based on FTES enrollment at the District level. We are facing a -3.55% deficit factor statewide which drives it down to 5.6% growth. Total computation revenue is \$228 million, which is more than last year at \$211 million. This will be allocated to the colleges based on FTES.

This current fiscal year we have an 8.22% COLA; however, the 24/25 fiscal year will have a flat COLA so we will be operating with a deficit because PERS and STRS continue to increase.

P1 is 32% of our revenue plus the advance of 60% will equal 92% of our annual revenue distributed over the next months. This will be used to forecast our 24/25 Budget.

LAO Budget Brief

State Chancellor sent information out to CFOs which included that the revenue deficit is \$73 billion. The State Chancellor has options of how to handle this deficit. One idea is the community college's budget remaining flat, which would include 0% COLA and certain one-time funds for new programs could be affected. This might include not expanding the nursing education program as much as first budgeted. Another option is returning unspent funds back to the state. In practice that means clawing back funding. The state chancellor was able to hold off clawing back money for student housing. Strong Workforce might not have their funds increased for the next fiscal year. Another option could include completion grants and block grants may claw back this year or previous years' money.

The state is thinking of policy changes to outside enrichment classes. Possible recommendations include increasing enrollment fees, reduction to the college promise program, reducing physical education cocurricular costs. At this time, these ideas have not gone out for a vote yet.

BC Employees to the District Office: District Office Growth

There are two components to this subject:

1. Movement of positions to the District Office
2. Overall growth of the District Office budget

The number of positions that moved to the District Office is about \$3 million with a 50/50 split between restricted and unrestricted funding. Out of the \$1.5 million, about \$900,000 is in labor and benefits. The operational budget is about \$600,000. The Early College program moved twelve positions to the District Office. The decision to move this department did not go through the consultative process when it was presented to the Chancellor's Cabinet, and we did not receive the documents until after the Cabinet meeting.

The overall growth of the District budget over the last two years increased from \$30 million to \$41 million. There is an anticipated \$2 million dollars in growth. From the movement of positions as well as upgrading positions there will be another \$2 million dollars connected on top of that.

The District Office has no students and one of the questions discussed was whether the District Office is supporting BC? Part of the District Office's budget is instruction at .44 FTES and the District Office is not an accredited institution to give instructional classes. They do run a few programs which are not for credit. The classifications of classes are "credit", "non-credit", and "not for credit".

Arvin Overview

The Arvin campus opens in fall 2024 and is located in north Arvin. This is a Measure J building and some of the past timeline included that the plans were in DSA in 2022 and construction bidding took place in 2022. Construction began in July 2022, is anticipated to be completed in June 2024, and the Center will open to students in 2024.

There were some recent delays with equipment, and we are working with the contractor for a resolution to those issues and an updated timeline.

This building is one story building located on five developed acres on a 39-acre parcel. The building includes eight classrooms (five traditional, two computer labs, one wet lab), fifteen faculty offices, student affairs area, pantry, student government, multipurpose space for students to study, counseling, IT, financial aid, tutoring, writing services, DSPS, EOPS, and admissions and records. This campus has been in the making for decades. One note is that CREL is asking for space for renewable energy projects.

Admin Structure Review Update

Admin Structure review is an annual program review process where we look at our organization from a holistic perspective and look at adjusting our staffing levels. It is a best practice to review regularly and is part of our accreditation process.

The committee is made up of two faculty members, one classified staff member and representatives from each of the major divisions.

The committee looks at ranking considerations such as workload distributions and the list of ranked positions move through College Council, Academic Senate and then onto the Executive leadership team. There is a budget analysis done for the ranked lists that assist in decision making. The management positions on this list are represented as on the wrong side of 50% law.

The next Admin Structure Review meeting is Tuesday 3/19/24 and they will be discussing ranking the positions. In the future the goal is to perform these tasks in October along with Program Review. This information is needed by the Budget Office because they are doing labor calculations. The deadline date to upload the tentative 24/25 budget is May.

The shared governance needs time to share their feedback. Calvin put out a call for information and asked committee members to put out a call and gather information because we want to make educated recommendations.

District Wide Budget Committee

The District Wide Budget Committee met Friday 3/15/24. Subjects covered were the state budget and failure to predict the \$38 billion revenue shortfall for a \$73 billion total shortfall. The anticipated shortfall could affect K-14 schools by \$8 billion dollars, \$917 million could impact colleges and \$21-25 million for KCCD and \$14-15 million shortfall would affect Bakersfield College.

The governor is suggesting a number of ways to bridge the gap: \$13 billion out of rainy-day funds, \$4 billion in cost shifts and \$41 billion in spending related solutions. However, there were no details of what that would entail.

There will be no COLA for this upcoming fiscal year. They are establishing growth at .5%. Categoricals, student equity, achievement, and strong workforce for the second year will not have any COLA. Employees in those departments will continue to increase in steps and benefits which will affect the budgets that are not receiving COLA from the state.

There was a brief conversation regarding housing and the \$62 million grant. The state is changing the grant to a revenue lease fund. In essence, they will get a bond, sell bonds and interest based on

the bonds will not be picked up by colleges, it will be picked up the taxpayers as we move forward in future budgets. The student housing facility will cover operations and be for low-income students.

Porterville College is ranked next on the list for housing if money is found.

The District's portion of STRS remains flat at 19.10% in terms of benefits. Faculty pay an additional 9% to STRS.

The District's portion of CalPERS increased 1% and will be 27.8%. Classified staff are responsible for Social Security at 7.65% of the 15.3% paid to Social Security. CalPERS looks to be struggling according to some articles recently published.

The next District Wide Budget Committee meeting is to be determined.

A request was made to discuss the District budget at the next District Wide Budget Committee meeting. AUR's might be discussed at the next meeting too.

Other summary comments were that budgets will be tight for the next couple of years. Currently, there is a focus to get the budget passed. Currently the KCCD reserves are high, the District should be ok, the Board is requesting plans for -5% and -10% fiscal year budgets and the Board has made it clear that layoffs are last when coming to grips with next year's budget.

Adjourn

5:01 Angela Williams made a motion to adjourn the meeting. Somaly Boles seconded the motion to adjourn the meeting. Motion passed.