

Wednesday, June 3, 2020

Dear Trustee Meek,

As the Faculty Co-Chair of the BC Budget Committee, I submit this letter to you as the Chair of the KCCD Finance Committee. On behalf of the BC Budget Committee, I express our concerns regarding the inequitable process in the assignment of approximately \$11.46 million from 2018-19 unallocated funds to the colleges and District reserves. Figure 1 below shows the allocation of the unallocated funds and demonstrates the inequity in said allocation. Figure 2 represents the FTES generated by each college in 2018-19.

2018/19 R1 Allocation Inequity

Description	Bakersfield College	Cerro Coso CC	Porterville College	Districtwide Reserves	Total District
Adjustment for unallocated funds	\$1,741,743	\$1,064,411	\$1,330,911	\$7,320,937	\$11,458,002
% of College allocation actually received	42.1%	25.7%	32.2%	0.0%	100.0%
% actually received of Allocation	15.2%	9.3%	11.6%	63.9%	100.0%
% should have received per FTES	72.8%	13.3%	14.0%	0.0%	100.0%
Amount Should have been allocated	\$8,337,477	\$1,520,123	\$1,600,402	\$0.0	\$11,458,002
Adjustment needed to comply with BAM	\$6,595,734	\$455,712	\$269,491	\$(7,320,937)	

Figure 1

	Bakersfield College	Cerro Coso CC	Porterville College	District Office/ Reserves
18-19 FTES Generated	17,584	3,344	3,234	--
% of 18-19 FTES Generated	72.8%	13.8%	13.4%	--
% of 18-19 Total Revenues	63.6%	14.7%	13.8%	8.0%

Figure 2

The allocation of the funds earned by the colleges from the 2018-19 apportionment was not based on the prescribed Budget Allocation Model or standard protocols. Instead, according to Chancellor Burke, approximately \$4.1M was allocated among the colleges to offset deficit spending, thereby ensuring an ending balance for each college equal to their respective beginning balances. Using this reasoning to allocate the funds resulted in an inequitable distribution. Distributing the funds to the colleges' reserves based on the degree of their deficit expenditures rewarded some of the colleges for irresponsible fiscal management at disproportionate rates while penalizing Bakersfield College for the fiscally responsible measures it took to minimize spending.

Figure 1 demonstrates that had Chancellor Burke followed the prescribed processes for allocation based on FTES, Bakersfield College would have received approximately \$8.3M. BC's allocation of \$1.7 is substantially less than what they produced using the FTES distribution method. In contrast, the allocations received by Cerro Coso CC and Porterville College are similar to expected allocations using the prescribed FTES method of distribution. Thus, the \$7.3M deposit into District reserves was almost entirely funded by the distribution that should have been allocated to Bakersfield College. It appears that revenues generated by Bakersfield College continue to support deficit spending by Cerro Coso CC and Porterville College.

Moreover, Bakersfield College has substantially increased its FTES at a rate unmatched by the other two colleges in the District while demonstrating strong, prudent fiscal management and high efficiency in service to our students.

FTES Trend

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
BC	13,310	13,872	14,827	15,815	16,503	17,584	+32.1%
PC	3,046	2,938	2,980	3,075	3,040	3,234	+6.2%
CCCC	2,801	2,718	2,737	2,795	3,036	3,344	+19.4%

Source: KCCD Finance Committee, 5 YR Enrollment Trends by Campus

Figure 3 below reflects a five-year average expenditure per FTES analysis. Using this metric, Porterville College spends 26.7% more than Bakersfield College per FTES, and Cerro Coso CC spends 44.4% per FTES more. Rewarding inefficiencies through the reallocation of the revenue earned by the colleges in 2018-19 is irresponsible, particularly in light of the impending budget cuts we anticipate.

Overall Expenditures Per FTES by College Five Year Average Cost Per FTES

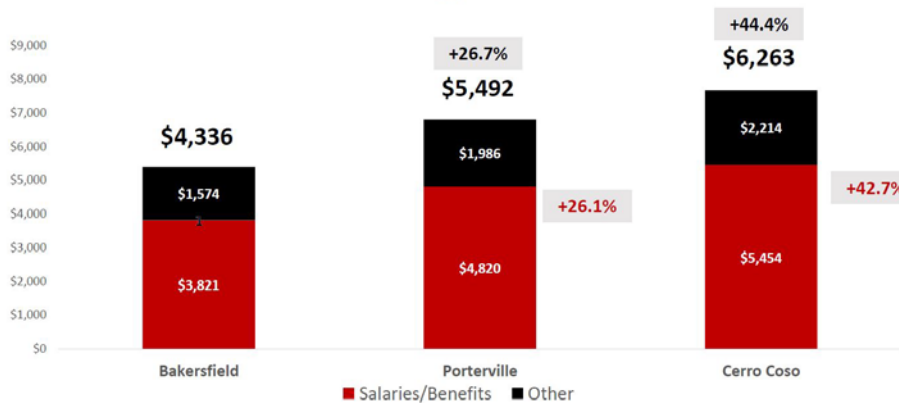


Figure 3

We are seeking a fair and appropriate adjustment to this arbitrary and inequitable fiscal practice, that is, we ask that the funds be allocated based on the preceding protocol of FTES. As a result, Bakersfield College, Porterville College, and Cero Cosso CC would receive approximately 73.3 %, 14%, and 13%, respectively.

Thank you for your attention and response to our concerns.

Teresa McAllister
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Faculty Co-Chair, BC Budget Committee