

BUDGET COMMITTEE

February 24, 2020

4:00 p.m. to 5:00 p.m. in A-5

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

MEETING MINUTES

Present: Mike Giacomini, Zav Dadabhoy, Billie Jo Rice, Teresa McAllister, Steven Holmes, Nick Strobel, Gayle Richardson, Angela Williams, Cristal Rios, Emmanuel Mourtzanos, Meg Stidham, John Gerhold, Jo Ellen Barnes

Minutes

Zav Dadabhoy made a motion; Gayle Richardson seconded the motion to accept the January 2020 meeting minutes. The motion was passed.

Update to minutes. Interim CFO was hired but will not be joining KCCD due to a medical event, so KCCD is actively looking for an Interim CFO.

Grant Funds, Block Grants & Lottery Funds

The Budget Office made a list of restricted, unrestricted, lottery and categorical funds that are active. This list gives an idea of all restricted programs we are working with. Some of the programs are small, some are enormous and all have different reporting requirements and timelines.

Delano

The update regarding a conversation the Board had last month concerning the Delano Campus going to Porterville College is that information after that meeting was shared with interested parties. A suggestion prescribing a short-term remedy to cover losses to Bakersfield College was ten million dollars paid to Bakersfield College from District reserves for the first year. A decision was made that this was not the best way to use the reserves at this time.

Standing Item: District Budget Committee Report

The District Budget Committee is moving slowly. They reviewed the District Office tentative budget version 2. It included some increases in that version of the budget, which included two positions in Business Services: One position appeared in the AUR in Dec 2019. There were questions regarding processes for a position working with grants. Grant reporting has grown a lot and each new grant means four to five reports a year. In March 2019 one contract management position was added which makes three added positions in 1 ½ years to Budget Services.

The District Office Contract department is looking for grant software that can track dollars received, bidding processes and matching purchase orders with contracts so we do not go over the contract limit. Currently we use a manual process to track these tasks.

Additionally, we are looking for software that is related to budgets. Budgeting tasks take an enormous amount of time with opportunities for errors and omissions and a budgeting software program would benefit everyone.

Among the district wide budget increases was non-labor increase of over one million to start paying down a certificate of participation in which we are upside down. They met with the District Finance Committee where three proposals to pay down nine million dollars over the next thirteen years were discussed.

1. Paying 1.4 million for 13 years
2. Start low and increase 7% per year
3. Start out higher and only increase by 3% per year

General discussion of taking some reserves that are over the 15% held to pay down the certificate of participation, but no concrete plan was presented in this area.

There was general discussion regarding the option of using money that we are supposed to get from 18/19 property taxes to pay down the certificate of participation.

A concern was expressed regarding using reserves and paying a lump sum toward a certificate of participation because there is no justification in how the District Office reserves were created. We have been told that, historically, was funded through growth and since Bakersfield College has the most growth it would seem that, we are paying most of the debt. Another way to look at this is how would the reserves be replenished? By growth? Are all entities able to contribute to replenishing the reserves through growth at each college?

This is not the first certificate of participation for KCCD. In the past, there was a large COP (Certificate of Participation) and a smaller COP in which one was paid off from reserves many years ago.

There is a desire to see an analysis of what it would look like if our current COP was paid off early or funding it early and plan how it's going to be paid equitably between the colleges.

Three sub committees will give reports at the meeting coming up this week. There is a general theme as we do business to ensure all students in the district have equitable opportunity to be educated and that all students have the resources necessary to be successful. Some colleges in the district may have financial challenges to do this without having another entity to pay it. Discussion on how to provide for students included looking at reduction of staff and properties, determine what is truly serving our communities, what is the definition of equitability to different parties and subsidizing other schools while not hurting various entities.

We are currently waiting for a decision from the state as to how much money KCCD will receive which was due last week and we may find out that information this week.

A question of when we fund our college reserves in relation to when we fund the District Office. Information shared regarding reserves is that any money left over at the college level rolls over into the college reserve. The District Office has a minimum to maintain and if they become negative then they will receive money from the colleges because the District Office does not generate revenue. Additionally individual colleges have minimums to maintain as well; however, in the end other colleges would have to help if the District was in the negative.

It was noted that we are a unique district because Bakersfield College is bigger than the other colleges combined. The challenge for the District Office is how to deal with reserves, working out how the COP is paid and where the money comes from. For smaller colleges what is currently owed for the COP is a year's budget for a smaller college. The smaller colleges are running on thin budget margins. From a business world's (for profit) point of view, our current model would be addressed, however our current business model of serving students and the cost of doing business is a unique challenge.

It is important to be vigilant to watch the budget and aspects such as the reserves. It is important to preserve the history because in the future, we may have new people making decisions and the historical information will remain important.

There is a desire to have a budget to actual report; however, the audit portion would not be by location but by KCCD, our legal entity. We do have reports available and they would be for 2018/19 and are available through Banner.

Our budget uses a staffing pattern of about 85% which leaves about 15% for other expenditures. When the Vice Presidents ask their teams to build a budget, there is not much fluctuation to work within that 15%. In the past, we have asked for flat budgets and we continue to try to find ways to make our budget work with the rising costs of doing business, so flat budgets may not work.

In working within the KCCD Budget: could Cerro Coso scale back and become a center? The District Office has a vested interest in keeping it a college because of the base allocation. A question might be, why a college 1/6 the size of Bakersfield College would have the same superstructure in administrative costs. It might be a useful exercise to talk about the numbers of direct reports to various positions using actual data. For instance, Faculty level is supporting "X" amount of students, which justifies the amount of faculty. In turn the number of faculty reporting to deans justifies the amount of deans on campus. Currently Bakersfield College has sixteen to seventeen students to faculty and Cerro Coso has about thirteen students to each faculty.

Zav Dadabhoy will bring information regarding the Bookstore to our next meeting.

Public Safety Parking Permits, Citations Revenue and Associated Costs

The analysis presented covers four years of revenue. The revenue for tickets is lower due to Public Safety has stopped ticketing because we were not complying with state law due to a new Bill that came out and our board policy was out of date. We are working on updating the Board Policy to include a parking payment plan.

We have solved a community problem by providing free parking and that is of great worth to our community because the students do not park in local neighborhoods.

Some carts were purchased with restricted funds for use on campus and do transport students and faculty.

Next meeting: Budget Open Forum April 27, 2020