

BUDGET COMMITTEE

April 22, 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, Erica Menchaca, Imelda Valdez, Jo Ellen Barnes, Jerry Fliger, John Gerhold, Kimberly Nickel, Kyungjin Menjivar, Reggie Bolton, Somaly Boles, Jacob Palmalch

Called to Order

At 4:05 p.m. the meeting was called to order.

Welcome

Calvin thanked everyone for being at the last meeting of the year.

Agenda

John Gerhold made a motion to accept the agenda. Kyungjin Menjivar seconded the motion to accept the agenda. Motion passed.

Minutes

Jo Ellen Barnes made a motion to accept the 3-18-24 minutes; Somaly Boles seconded the motion to accept the minutes. Motion passed.

Upcoming Budget Open Forum

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.

24/25 Tentative Budget

Work continues on the upcoming tentative 24/25 Budget. Non-GU001 budgets are routing through budget development as well as we are performing a labor review. The Budget Development forms are due Wednesday 4/24/24. That information will be compiled into one upload. The Executive Team will review labor, GU001 and non-GU001 budgets before the upload. The upload typically is the same week as graduation. The tentative budget goes to the Board of Trustees in June. During this time, the Governor's May revised budget will be presented and the information affecting community colleges may affect the tentative budget. Appropriate adjustments will be reflected in the tentative budget or the adopted budget that goes to the Board in September.

The Board of Trustees is asking our college to figure in a 5% deficit factor for the 25/26 fiscal year budget. We will look strategically for ways to achieve that for the 25/26 fiscal year. The 25/26 budget is making its way up the chain. Financially, our District has been conservative over the years and has built up some reserves.

Admin structure review:

This is an annual exercise to look at staffing levels across the campus. Normally, this is done in fall to coincide with the budget process. Previously, this was only done for management positions. This

year we also looked at classified positions. Previously classified positions flowed through FCDC which is not necessarily quite as consultative as the design and nature of the Admin Structure Review Committee. The task of this committee was to go through positions that came through Program Review or were proposed by the divisions. The timeline takes place over a few months and this year we had a few new members. At this point, the proposed list of positions has gone through Academic Senate E-Board, Academic Senate and College Council.

An example of this committee's review was fifty-three classified positions that came through Program Review. We asked each division to scrub their lists and resubmit them to this committee. This gave teams such as FCDC, SALT, and the FAS Team to scrub lists relevant to each division which helped with prioritization. The ranking considerations used included workload distribution, compliance, funding, department needs and budget impact. The positive impact was that even though there were constituency groups represented in this committee; it is an understanding that the organizational design is what we are taking into account. We are bringing our own sub specific subject matter expertise, perspective and understanding of our departments. But we are ranking these positions from the standpoint of the entire organization.

In regard to management rankings: a blind anonymous poll was used to rank ten positions. The poll was discussed, and nine management positions were moved forward. Out of the fifty-three original classified positions, after they were scrubbed, we were left with 26 positions. We used a blind poll to rate them from 1-3 and the top nine classified positions were moved forward. Justifications were submitted for all the positions that were moved forward.

The Admin Structure Review report included budget implications related to the 50% law of BC's contribution to the District. For management positions the ratio was 60.70%, classified positions 61.06%, and overall was 60.25%.

To summarize, this process looked at about 70 – 80 positions which would be impossible for the Executive Team or President Flioger to sort through. This report comes through with attached justifications, some budget implications and a divisional review of the process before it reaches the President.

There was discussion on FON allocation which included what the District strategy might be on handling the FON. There was concern that we are not filling the mission of community colleges with large classes. We are looking at three budget cycles which may operate at a deficit and we may turn to reserves for help. There is a law trying to limit reserves to 16.7 % which would not serve us well.

The Presidents met with the Chancellor today and were tasked with putting together an investment program for some of the reserves, for infrastructure one-time non-recurring costs.

Currently we are paying off a Certificate of Participation which should be done in 2026.

The Vice Presidents of Finance are meeting after this Budget Committee meeting to discuss the reserves. There has been discussion on how to more accurately forecast expenditures district wide and being good stewards for our respective colleges.

24/25 Revenue Allocation document:

The 24/25 revenue model has information for each college in the District and shows the Student-Centered Funding Formula and the stabilization calculation. If a college does not meet the FTES goal, then we allow District reserves to backfill lost revenue for those colleges. This is supposed to be based on a three-year average. The system is based on FTES which is 70% of a campus's revenue. It is possible that these colleges are not reaching their FTES but are doing well in other categories and may not forecast as much loss based solely on FTES. The payout to the colleges was in March and it is possible that their goals were met for the year and did not need the money from the District reserves.

KCCD 24/25 Tentative Budget document:

The KCCD 24/25 Tentative Budget District Variance increase/decrease states labor increased by about 1.9 million between tentative and adopted budgets. For non-labor there was a 2.25 million net change for the non-labor budget. This budget did not seem to include the Early College positions that may move from the District to BC. A lot of Early College is funded by grants. This budget is worth watching because if the other two colleges are in stabilization, that means their percentage of FTES is declining and our percentage of FTES is increasing. This is the percentage used for chargebacks. In the past, the other colleges declined in FTES, we were growing, and the District increased by 2 million a year. At that point BC paid for 91% of the 2 million. The colleges that are in stabilization and who have reserves, have time to change their spending. If they cannot remain self-supported, they should be a center and not a college. When the District chose to take 7 million dollars and place it in reserves instead of allocating it back out to the schools, you are hurting schools who do not get back their money, and they are charged by the District which hurts the school twice.

If we advocate for a District wide model of SCFF based on performance and enrollments, then other schools outperform BC. We need to run a model to see what the funding difference would be. We may get less money than we anticipate.

22/23 Carryover document:

Carryover Calculation - 22/23 additional revenue allocations under total expenses says that 7.3 million dollars was placed into the District reserves. Those are primarily growth money that comes in the summertime. Historically, this money has not been tracked as to how much each school contributed to reserves, however BC generates the largest amount. The District Reserves were about 58.5 million and how each college contributes is important.

The District Chargebacks are based on FTES. BC is getting 69.7% of the revenue because we no longer have just a FTES based allocation model. We have the SCFF, which considers other categories and the FTES is only 70%. We produce 75.6% of the FTES and only generate 69.7% of the revenue. BC is probably overpaying for District services by about 6%. This document indicates that there is 58.5 million in District reserves which exceeds the Board policy of reserves being held between 20 – 25%.

Adjourn

5:07 John Gerhold made a motion to adjourn the meeting. Angela Williams seconded the motion to adjourn the meeting. Motion passed.