Memo

To: Sonya Christian
From: Anthony Culpepper
Date: May 12, 2015
Re: 2014-15 Growth Allocation Request

This memo is in response to the Chancellor's request for rational underlying the growth allocation request for BC to funded in May 2015 rather than in August 2015; that is three months ahead of schedule. This is not an additional funding request. It is simply a request that will be coming to BC in August to happen in May.

BC continues to strategically manage its growth, in an integrated manner across the campus, while balancing the needs of the community it serves. As BC compiles its preliminary budget, one of the goals that have been set is for the budget to become more transparent; that is expenditures in the past that have occurred from reserve have been moved to line items in order to be managed as well as transparent. This is in alignment with the budget literacy initiative that we began a year ago. It is within this framework that the 2015-16 preliminary budget has been developed.

In effort to ensure that the preliminary budget accurately reflects the anticipated expenditures for the 2015-16 academic year, certain expenditures such as Bad Debt is included in the preliminary budget. In 2013-14 the amount totaled approximately $856,000. It was not included in the budget, but charged to reserves. This year, 2015-16, instead of having the amount charged to reserves BC will budget the $375,000 Bad Debt estimate as a part of the preliminary budget process.

In addition, BC’s innovation initiative has landed the prestigious opportunity to pilot a four year degree program. The Baccalaureate of Industrial Automation (BAS) will be inaugurated this academic year, 2015-16. The BAS program will initially absorb in its first year approximately $391,000; this amount has been included in the budget.

Mandatory salary increases have been incorporated into the budget; as an example Instructional costs for faculty raises and STRS are approximately $3.6M. In addition, to maintain productivity the adjunct costs are estimated to increase by $600,000. Also, as an example the mandatory per diem in athletics has been included this is approximately $28,000.

Other operational expenditures that are historically transferred from reserves include Child Development Center subsidy which is approximately $200K and loan principle and interest which is approximately $200K. In addition, the new Events Development and Community Relations department is allocated $20,000 for its initial budget. This department is intended to become an enterprise fund that is self-sustaining and contributing to facilities maintenance and upgrade of the college.

The 2014-15 projected carryover is approximately $318,000. This a tentative estimate based on the current information extracted from Banner. If this trend holds, the 2014-15 balance will contribute to a college reserve of approximately $4.7M which exceeds the 3% requirement noted in the Board Policy.

In order of priority the following list could be used to support the growth allocation request:
1. Instructional Costs - $4.2M
2. BAS - $391K
3. CDC - $200K
4. Principle and Interest on Loan - $200K
5. Events Development and Community Relations - $20K
6. Bad Debt - $375K

It should be noted that BC’s Funded Resident FTES 2014-15 growth is 3.5%. BC’s total comprehensive FTES is projected to be 13,361. The current 320 indicates a comprehensive total achieved of 13,439. Even with this growth, BC’s course FTES/FTEF productivity ratios remain close to the range of statewide averages. This shows that BC’s growth is being controlled and strategically managed. It should be noted that BC controlled its growth while still supporting the District’s Targets as it experienced a shortfall of approximately 297 FTES. Further, it should be noted that BCs AY2013-14 growth serviced an approximately additional 600 FTES which could be used to support the AY2014-15 shortfall.

AY2014-15 shows BC’s servicing an approx. 100 FTES in addition to its growth target. Lisa’s research enrollment document from the DO indicates that BC is supporting the overall District targets allowing it to maximize its state apportionment. As a partner with the community and a member of the KCCD, BC continues to do whatever it can to help assure the success of the District as a whole. This community service approach has benefited the District as it should. BC’s growth allows for more FTES due to either one or both of the smaller colleges having difficulty reaching their targets and also to support the anticipation that there might be some FTES available statewide as other districts miss their own FTES goals. Although, BC is willing to support the district in whatever way it can, it must be noted that there has been however a real dollar cost and risk to BC.