

**KENAI PENINSULA COLLEGE**

**COLLEGE COUNCIL REPORT**

February 13, 2020

KRC - Soldotna, 6:00 p.m.

Department: Administrative Services

Prepared by: Carrie Couey, Director of Administrative Services

5.4

# Mid-Year Budget Review

The Kenai Peninsula College operating budget is managed within two separate divisions. The first is identified as general funds (GF). Our GF revenue is derived mostly from tuition and fees and general funds from the state operating budget. These funds are used to cover our largest expense - payroll and benefits, as well as travel, contractual services, commodities, and equipment supporting our day to day operations. Capital funds for larger construction and renovation projects are managed separately from our overall operating budget. Restricted funds are also managed separately. This consists of revenue and expenses relating to grants, our foundation funds and scholarship accounts.

The KPC Bookstore, Health Clinic and Residential Housing are considered auxiliaries. They are separated from the operating budget due to their ability to generate revenue through the sales of merchandise and/or services. Traditionally auxiliaries should be able to generate enough revenue to cover its expenses. Due in part to lower enrollment and increases in on-line class options our auxiliaries struggle to cover their annual overhead. To offset any deficient general funds are used to subsidize these auxiliaries.

As reported previously KPC was able to carryforward $1,500,000 from FY19 to FY20. At the end of each fiscal year UA sweeps any and all carryforward from every campus/departmental budget. We received all of our FY19 carryforward in October. This is our hard earned and carefully managed savings. As the UA budget crisis continues, revenue from tuition declines or if we were to lose one of our major grants we may be able to cover most of our expenses with our savings but only for a very short period. This is not a prudent strategy and would leave little for the future.

At mid-year our credit hours are down from this time last year as well as our head count.

Maintaining a tight control of our overall spending should keep us on track to finished FY20 within our planned budget with small dips in to our reserve.

table showing KPC General funds expenditures and revenues.

Table showing Auxiliary Funds expenditures and revenues

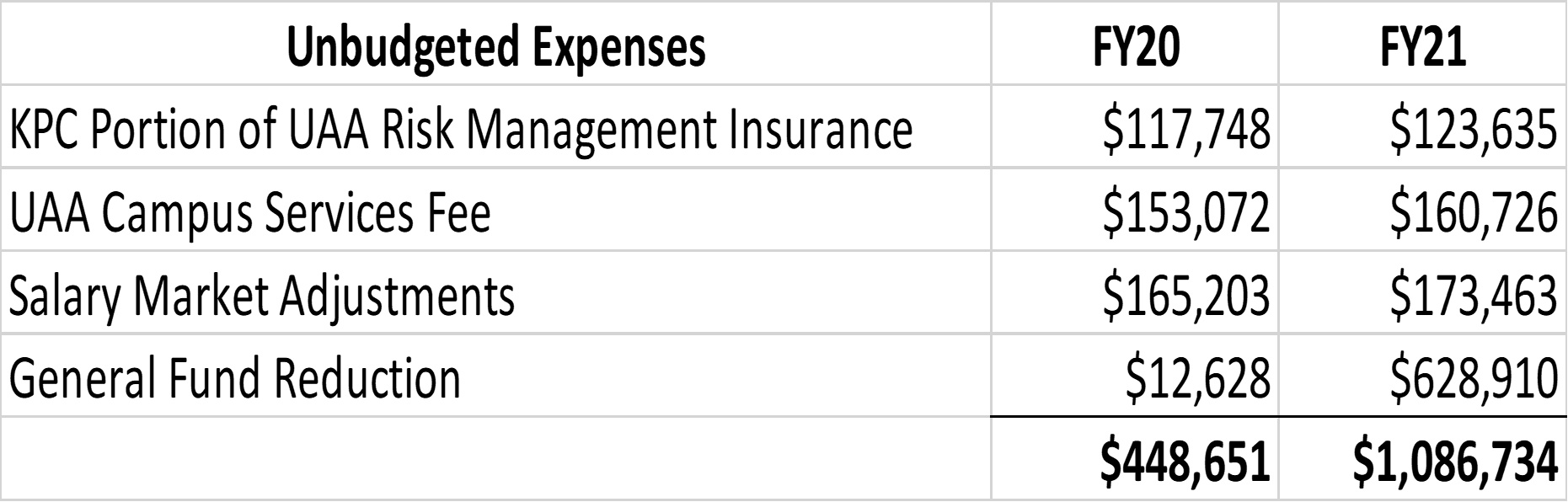
# Forecast for FY21

Beginning last year UAA began taxing KPC for general support. A percentage of its payroll expense was used as the basis of a formula to determine our tax. In addition, in FY19 UAA allotted a percentage of its risk management expense to KPC. These two taxes are levied on all UAA community campuses. The rationale for this tax is community campuses were not on the same appropriation line item in the governor’s budget.

The overall budget reduction for UA for this year was $25M. UAA’s portion is $12.44M. This year they were able to absorb much of this only hitting our budget with the tax. The FY21 budget reduction is expected to be the same as FY20 however, UAA will not be able to absorb $12.44M again. KPC will be hit with an estimated reduction of 10% in general fund receipts. FY22 will likely be the same.

As mentioned in previous reporting, regular non-union represented staff have not received an annual cost of living increase in four years. In an attempt to combat low morale and to turn the tide on the mass exodus of staff university wide, UA administration commissioned an outside company to perform a salary assessment. The results of this assessment were released in late FY19 with implementation in December 2019 retroactive to July 1, 2019. It quickly became clear that the results of the assessment and the execution were significantly flawed. Tenure and performance was not a factor, in addition staff positions were compared to larger lower 48 universities. This resulted in some staff receiving significant increases while others received none. In addition these increases would not be funded by UA. KPC absorbed $165K in additional payroll; this includes the associated increase in benefits. Increases will happen again in FY21 and FY22 as this is a three year roll out. The total amount annually will likely increase as benefit rates increase. The $165K is based on the current staff contracts. Staff contracts can change annually depending on staffing needs.

It is anticipated that KPC will be facing a $1,086,734 in unfunded expenses in FY21.



# Staff Reports

***Jenya Malakhova-Quarterly: KPC Bookstore Manager / KPC Cashier***

Prior to the release of the KPC course schedule Jenya collects textbook information from all KPC faculty including adjuncts. Faculty must provide details on required textbooks as well as any supplemental materials with enough lead time to place orders and receive items needed by students before classes begin. The Higher Education Opportunity Act (HEOA) requires full disclosure of all costs before students register. Working with Cheryl Siemers, Assistant Director for Academic Affairs and Amber Sweetland, Faculty Office Manager a new process and form was developed to collect this important data more efficiently. Book adoption is a very time consuming process that happens every semester.

Textbook adopted for current Spring 2020 semester vs. Spring 2019

• KRC on campus – 97 classes and 119 textbooks vs. 107 classes and 117 textbooks

• KBC on campus – 35 classes and 32 textbooks vs. 40 classes and 44 textbooks

• RBES on campus – 4 class and 3 textbooks vs. 1 class and 1 textbook

• KRC, KBC, and RBES online – 128 classes and 157 textbooks vs. 135 classes and 162 textbooks

Textbooks and required materials for all KPC classes are listed on our website. The KRC bookstore maintains an inventory of textbooks and required materials for face to face classes. At the end of FY19 the KBC bookstore was closed. KBC and all on-line students can find the items needed for their classes on our website and have the option to order from our supplier or shop vendors like Amazon and Textbooks.com.

This semester, we are welcoming a new student worker at the KPC Bookstore, Prim Srisakphet. Prim arrived in Alaska from the small town of Nakhonsawan, Thailand, on a work visa in the summer of 2018. She was working at a local restaurant when she learned about KPC from her co-workers that were taking classes. Prim jumped at that the opportunity to learn more about KPC.

Prim really liked the beautiful summer in Alaska, not knowing anything about winters she decided to stay. Diane Taylor KRC learning center director helped Prim submit paperwork for the international student visa. In fall 2019, Prim started her first semester at KRC. She applied for the human services degree program. Prim’s goal is to help people through tough times and to deal with trauma.

\*\*\*Bookstore Valentine’s Day Sale starts February 3rd \*\*\*

***Cheryl Brock: Senior Accountant***

The last few months, November thru January have been very busy months for Cheryl especially in regards to grants. After coordinating with UAA Office of Sponsored Programs (OSP), completing various forms and documents OSP finally loaded the grant budgets into Banner six months after the grant year started. Now that the FY20 Kenai Peninsula Borough (KPB) and Alaska Basic Education (ABE) grants are set up numerous JVs must be processed to move expenses to the appropriate grant budget. These grants are monitored closely throughout the fiscal year to ensure funds are spent according to the grant agreements. This two grants are very important to KPC and provide for many valuable services to our students and the community. This includes tuition waivers for high school juniors and seniors, KRC & KBC learning center instructors & tutors teaching adult basic education, GED programs, English as a Second Language, and academic tutoring. The KPB grant also provides for student advising at both KRC & KBC campuses, evening coordinator for KRC campus, library support, instructional support and information/registration clerk for KBC campus. As well as the Veterans coordinator/safety officer and student recruiter serve both KPC campuses.

KPC was also awarded several Alaska Technical and Vocational Education Program (TVEP) awards for FY20. Cheryl is responsible for managing these awards to ensure all funds are spent according to guidelines. The FY20 TVEP awards that KPC received are for the KBC maritime technology program supporting the coordinator and program supplies, KPC certified nursing programs at KRC and KBC with training equipment, KPC welding department with new welding machines and equipment and the KPC Paramedic and EMT program with new training equipment. Cheryl worked with UAA procurement in processing RFQ solicitations and ordering of the new equipment.

Cheryl also coordinates and oversees individual grants awarded to faculty and staff. For FY20 this includes a mini-grant awarded to Terri Cowart and Bridget Clark for a NETS Workshop for fall 2019 and spring of 2020 including a new Work-Ready course. A mini-grant that was awarded to Alison Gardell for her community-engaged project, “Monitoring Beluga Habitat Use in the Kenai and Kasilof Rivers”. Alison was also awarded an Alaska EPSCoR Seed Grant for student-centered leadership for a newly established citizen science beluga monitoring project in Cook Inlet.

Cheryl also attended the first meeting of the newly revived KPC staff forum in December. Cheryl volunteered to work with KBC student and enrollment services coordinator, Kim Frost to write the KPC staff forum constitution and by-laws.

***Rob Knapp: Student Accounts & Accounts Receivable***

The 2019 tax year 1098T documents are available online and have been mailed to those students requesting a paper copy. This is the second year of the new IRS reporting regulation change. The new process requires reporting of payments for qualified tuition and related expenses requiring a lot of clean up on our behind the scenes detail codes used for tracking entries of each student account.

Agency payments are tuition and fees paid on behalf of a student by an outside organization. Each agency is billed for each student it supports. We’ve seen a drop in numbers across the board with regards to agency payments.

IDEA Home School

Spring 2019 – 20 Students - $15,835.50 / Spring 2020 – 12 Students - $6,078.00

Connections Home School

Spring 2019 – 26 Students - $16,174.62 / Spring 2020 – 23 Students - $12,553.97

USAF Tuition Assistance

Spring 2019 – 19 Students - $17,074.00 / Spring 2020 – 1 - $892.00

Private Donor Scholarships

Spring 2019 – 41 - $65,227.00 / Spring 2020 – 27 - $48,754.50

Financial Aid Disbursements

Spring 2019 - $356,880.84 / Spring 2020 - $179,080.20 (Month of January)

***Victoria Trujillo/HR Coordinator***

Victoria started as our part time payroll technician. She went full time while we searched for an accounts payable/travel/physical property tech taking over travel duties temporarily. In the meantime, our long time HR technician, Melanie Hagen took a position with UA Statewide HR under the new consolidated HR services model implemented last year. After a successful recruitment filling the accounts payable/travel/physical property technician position, Victoria became the new KPC HR Coordinator/Cost Center Clerk. With the HR consolidation many processed changed. While Melanie learned her new job, she supported Victoria in learning the HR modules in Banner.

The month of January is always busy as the new semester begins and new adjuncts and student workers are hired. Each new job must be written up and sent for processing to Statewide HR for data entry. The goal is to get all employees in the system so they are paid accurately and on time. Sixty-nine new contracts were processed for Spring 2020 semester in January, including 17 faculty overload contracts.

FY20 Kenai Peninsula Borough (KPB) and FY20 Alaska Department of Labor & Workforce Development Adult Basic Education (ABE) grant accounts were activated in Banner last month and jobs for affected employees were updated for R02. Victoria is working on labor redistributions to move labor expenses related to FY20 KPB and ABE grants from contingency accounts to the recently set up grant accounts. Labor redistributions will affect seventeen grant-sponsored positions at KRC and eight current positions at KBC.

Victoria worked with financial aid to identify student workers who are eligible for the federal work study program. Contracts for two students were extended and a contract for one student was started for Spring semester. Overall, we have eight student workers who participate in federal work study program. The program pays for 50% of the student’s wages.

Being in charge of tracking course fees, Victoria will be preparing current reports of lab fees expenses and revenues for department heads’ meeting in February. In March of 2020, she will be reviewing Fall 2020 schedule for lab fees.

University of Alaska Statewide HR introduced a new interactive communication/knowledge base system *SPOKE* for employees. Statewide HR encourages employees to use *SPOKE* to find answers or receive a response to a specific question from HR team experts.

***DeAnne Ruiz: Travel / Accounts Payable / Physical Property***

KPC participates in the university wide *Direct Deposit Campaign* working to streamline the accounts payable process by encouraging vendors and students to sign up for direct deposit. Sign-up forms are being mailed with outgoing paper checks and many vendors have already signed up.

DeAnne has been working to streamline internal invoice processing by sending all invoices out to staff for approval through an automated system, KACE. She is taking advantage of vendors who offer email invoicing which allows quicker processing of payments. Additionally, DeAnne keeps close communication with vendors to ensure records are kept up-to-date, payments are made in a timely manner, and only approved amounts are paid. DeAnne has been carefully monitoring open encumbrances to make sure that they are being used within the intended period or released for other purposes.

This office is also responsible for KRC vehicle use. KRC vehicles have been added to our existing room reservation software. This will allow KRC employees to easily reserve vehicles and for maintenance and admin staff to monitor vehicle use. Maintenance staff ensure the vehicles are fueled and in good working order. DeAnne ensures that all employees have an up-to-date driving record on file in order to comply with Board of Regent policy. She assists employees at obtaining their records free of charge from the DMV.

Recently, administrative services have led the way in updating its department information on the KPC Website. DeAnne helped rewrite the travel and driving pages as well as create pages for accounts payable and ProCards (procurement credit cards). This has already paid off by making communication of processes easier, such as the steps for obtaining the required driving record.

Finally, accounts payable applies for new tax exempt cards every December. DeAnne manages these cards and makes sure that employees do not pay sales tax on purchases as the university system is tax exempt and it saves us money.

***Carrie Couey: Department Director***

Members of the administrative services staff members wear many hats. This is illustration by the long and often tongue twisting job titles. We strive to cross train when possible to provide backup when there is a vacancy. This admin services staff is a group of extremely dedicated employees who take change in stride and provide a high level of service to KPC staff and faculty.

We are happy that DeAnne Ruiz joined us in December. However, we are sad that Melanie Hagen has moved on to work for UA Statewide HR. Melanie is still located on campus; we can pick her brain whenever needed. Twenty-six years with the university is a vast amount of experience.