



Kern Community College District

2023-24 Adopted Budget

September 14, 2023

**BAKERSFIELD
COLLEGE**

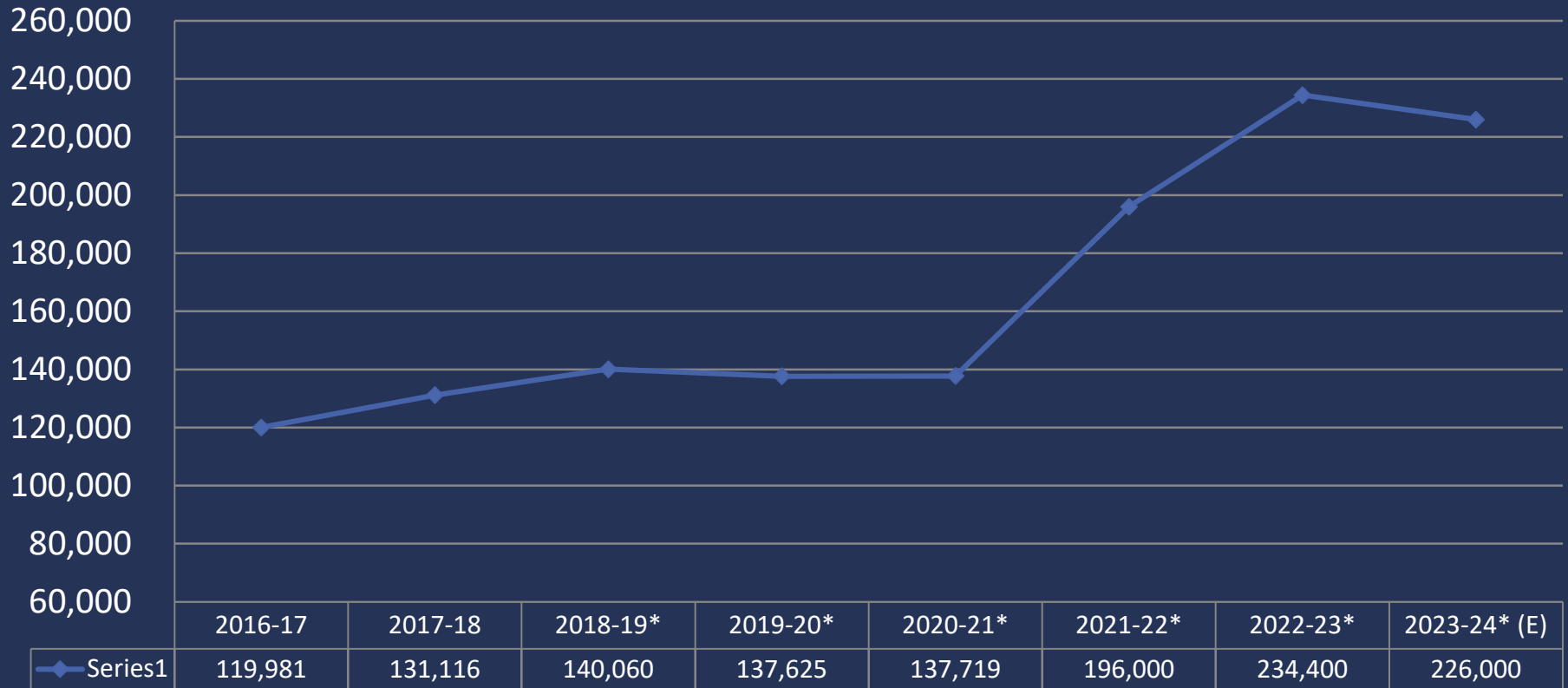


**PORTERVILLE
COLLEGE**



Kern Community College District

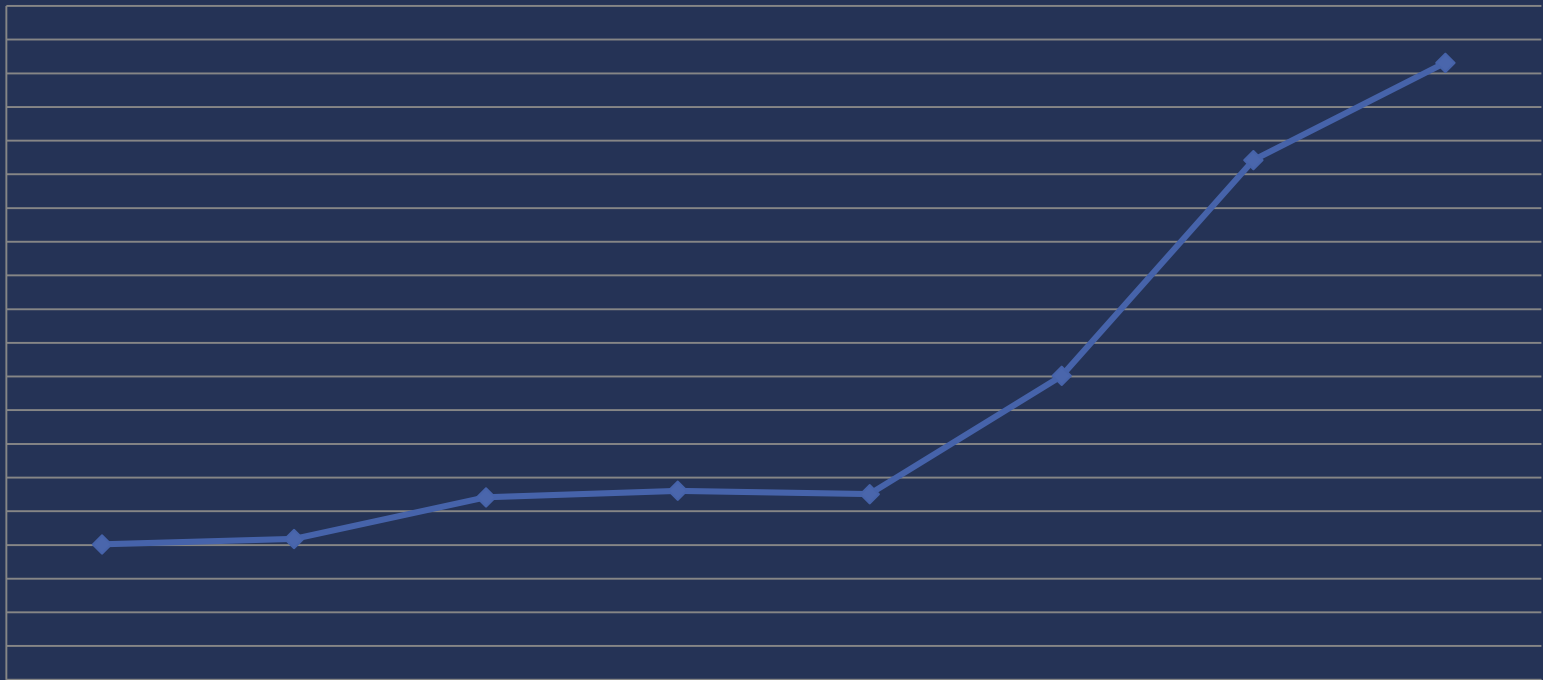
State General Fund Revenues & Transfers (\$ in millions)



Kern Community College District

Total KCCD General Fund Revenues

\$500,000,000
\$480,000,000
\$460,000,000
\$440,000,000
\$420,000,000
\$400,000,000
\$380,000,000
\$360,000,000
\$340,000,000
\$320,000,000
\$300,000,000
\$280,000,000
\$260,000,000
\$240,000,000
\$220,000,000
\$200,000,000
\$180,000,000
\$160,000,000
\$140,000,000
\$120,000,000
\$100,000,000



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (B)
Series1	180,390,388	183,620,021	208,259,560	212,170,825	210,202,948	280,396,301	408,495,465	466,225,149

Kern Community College District

- Governor Newsom's budget should be considered a win for community colleges.
- The state's primary revenue sources—the personal income tax, sales tax, and corporate tax—have been coming in behind projections, bringing in less revenue to date than budgeted and is estimated to be around a \$31.5 billion shortfall up from \$22.5 billion in January but consistent with the May revise.
- Key investments in the budget include: universal transitional kindergarten, increased child care, climate agenda, health care access, homelessness and housing.

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Apportionments

- The Governor continues to propose to extend the revenue protections in a modified form, with a goal of avoiding sharp fiscal declines in 2025-26 and supporting a smooth transition to the SCFF formula over time. Under the proposal, a district's 2024-25 funding would represent its new "floor," below which it could not drop. Funding rates would continue to increase to reflect the statutory COLA if provided, but this revised hold harmless provision would no longer automatically include adjustments to reflect cumulative COLAs over time.
- The adopted state budget allocates a cost-of-living adjustment (COLA) of 8.22 percent on the SCFF, but ends up being 7.9% net of adjustments.
- Enrollment growth of 0.5% is proposed for SCFF.

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Major Policy Decisions Framed Around Multi-Year “Road Map”

- Expects Improved Student Educational Outcomes
- Seeks to Advance Equity
- Expects Increased Intersegmental Collaboration
- Seeks Improved Workforce Preparedness

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Significant KCCD Categoricals

Program	January	Budget
Adult Education Program	COLA	COLA
Student Equity and Achievement Program	No Change	No Change
Strong Workforce	No Change	No Change
Extended Opportunity Programs and Services (EOPS)	COLA	COLA
Disabled Student Programs and Services (DSPS)	COLA	COLA
Apprenticeship	COLA	COLA + Reduction = -7.1%
CalWORKS student services	COLA	COLA
NextUp, Basic Needs, Umoja, Veterans, CARE and MESA	COLA	COLA

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Prior Year COVID Block Grant

- The May Revision includes a reduction in the 2022-2023 COVID block grant from \$650 million in one-time funds down by \$345 million to \$305 million. Adopted budget keeps the Block Grant whole at \$650 million

Other One-Time Items

- The 2022 Budget Act included \$150 million in one-time funds for student retention and recruitment activities. The 2023 Budget Act reduces that by \$55.4 million to \$94.6 million but appropriates \$50 million one-time for 2023-24 to continue college efforts to increase student retention rates and enrollment.

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Capital Outlay

- Nothing new proposed for KCCD.

Deferred Maintenance

- The deferred maintenance of \$840.7 million in **one-time** funds for 2022-23 was decreased by \$500 million in the adopted budget. This equates to a decrease of over 59%. There is \$5.9 million in funding budgeted for 2023-24.

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Changes to Student Housing

- The 2023 Budget Act eliminates the 2022-23 General Fund appropriation for the grants but provides \$81.3 million ongoing General Funds to support debt service for student housing projects in 2022-23, 2023-24, and 2024-25 funded with revenue bonds. Community college housing projects will be funded through local revenue bonds to be issued by community college districts or as part of a state pool.
- Since the Budget was enacted, significant work has been done with the State Chancellors office to work the language in the trailer bills to move the revenue bonds from the districts to the State. This seems to be taking shape at this time.

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CalPERS/CalSTRS

- California State Teachers' Retirement System (CalSTRS) rate is projected to remain flat for the upcoming year, however California Public Employees' Retirement System (CalPERS) rate increases in 2023–24.

	2020-21	2021-22	2022-23	2023-24
CalPERS	20.70%	22.91%	25.37%	26.68%
CalSTRS	16.15%	16.92%	19.10%	19.10%

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Kern Community College District 2022-23 General Fund Budget Summary								9/11/2023 20:09
Location: District Total								
General Unrestricted (GU001 & CE)								
Description	2023-24 Adopted Budget	2022-23 Adopted Budget	Change Inc./(Dec.)	Pct. Change	2022-23 Projected	Change Inc./(Dec.)	Pct. Change	
Beginning Balance	108,316,880	104,840,366	3,476,514	3.32%	116,588,654	(8,271,774)	-7.09%	
Revenues								
<i>Federal</i>	349,046	551,694	(202,648)	-36.73%	551,694	(202,648)	-36.73%	
<i>State</i>	161,193,290	150,793,662	10,399,628	6.90%	157,969,860	3,223,430	2.04%	
<i>Local</i>	76,334,151	67,991,995	8,342,156	12.27%	68,171,422	8,162,729	11.97%	
<i>Other Financing Sources</i>	3,590,363	1,631,450	1,958,913	120.07%	2,020,172	1,570,192	77.73%	
Total Revenue	241,466,851	220,968,802	20,498,049	9.28%	228,713,148	12,753,703	5.58%	
Expenditures								
<i>Academic Salaries</i>	81,304,028	70,569,563	10,734,464	15.21%	70,569,563	10,734,465	15.21%	
<i>Classified & Other Non-academic Salaries</i>	40,740,094	44,063,516	(3,323,421)	-7.54%	44,063,516	(3,323,422)	-7.54%	
<i>Employee Benefits</i>	60,157,326	46,896,976	13,260,350	28.28%	53,653,069	6,504,256	12.12%	
<i>Supplies & Materials</i>	3,166,649	2,729,970	436,679	16.00%	3,058,038	108,610	3.55%	
<i>Service/Utilities/Operating Exps.</i>	34,209,636	30,692,949	3,516,687	11.46%	31,201,981	3,007,655	9.64%	
<i>Capital Outlay</i>	10,712,983	7,265,725	3,447,258	47.45%	7,265,725	3,447,258	47.45%	
<i>Other Outgo</i>	15,627,848	7,772,609	7,855,239	101.06%	6,146,158	9,481,690	154.27%	
<i>Transfers Out</i>	5,086,000	18,619,724	(13,533,724)	-72.68%	20,632,620	(15,546,620)	-75.35%	
Total Expenditures and Other Outgo	251,004,563	228,611,032	22,393,531	9.80%	236,590,670	14,413,893	6.09%	
Ending Balance (Reserves)	98,779,168	97,198,135	1,581,032	1.63%	108,711,132	(9,931,964)	-9.14%	
Projected Change in Fund Balance (Reserves)	(9,537,712)	(7,642,230)	(1,895,482)	24.80%	(7,877,522)	(1,660,190)	21.08%	

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2023-24 General Fund – Unrestricted Fund Balances

Unrestricted Reserve Analysis (GU & CE)	Beg Balance	End Balance	Net Change
GU001 Unrestricted			
Bakersfield College	42,426,545	40,924,539	(1,502,007)
Cerro Coso Community College	11,881,669	11,948,668	66,999
Porterville College	13,070,931	10,122,158	(2,948,773)
District Wide	52,508,095	47,932,729	(4,575,367)
Total GU001	119,887,241	110,928,093	(8,959,147)
Contract Education Unrestricted			
Bakersfield College	578,565	-	(578,565)
Cerro Coso Community College	-	-	-
Porterville College	-	-	-
District Operations	-	-	-
Total Contract Education	578,565	-	(578,565)
Total Unrestricted Fund Balances	120,465,806	110,928,093	(9,537,712)

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**Projected Unrestricted Ending Fund Balance
\$111 million or 44.8%**

- **Unallocated District Wide = \$47.9 million**
- **Colleges = \$63.0 million**

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Compliance Tests

- General Unrestricted Fund Salaries and Benefits
 - > Goal less than 80%; Projected 2023-24 = 72.86%
- Goal 20% Unallocated District wide Reserve (Does not include 5% per College Reserve)
 - > Projected 2023-24 = 19.4%

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Compliance Tests

• Projected 50% Law Calculation	50.4%
• Projected Fall 2023 Full Time Faculty	498.00
Less FON*	<u>- 495.80</u>
Over/Under FON 2023	<u><u>2.20</u></u>

**The compliance FON is the lower of the FON calculated at Advance or at the second principal apportionment.*

Kern Community College District

Potential Threats to KCCD Budget **Assumptions**

The rise in inflation, interest rates and the potential impacts on spending and earnings could have a future negative impact on State revenues and therefore the amounts available for community colleges.