



Kern Community College District
2022-2023 Adopted Budget
September 8, 2022

**BAKERSFIELD
COLLEGE**

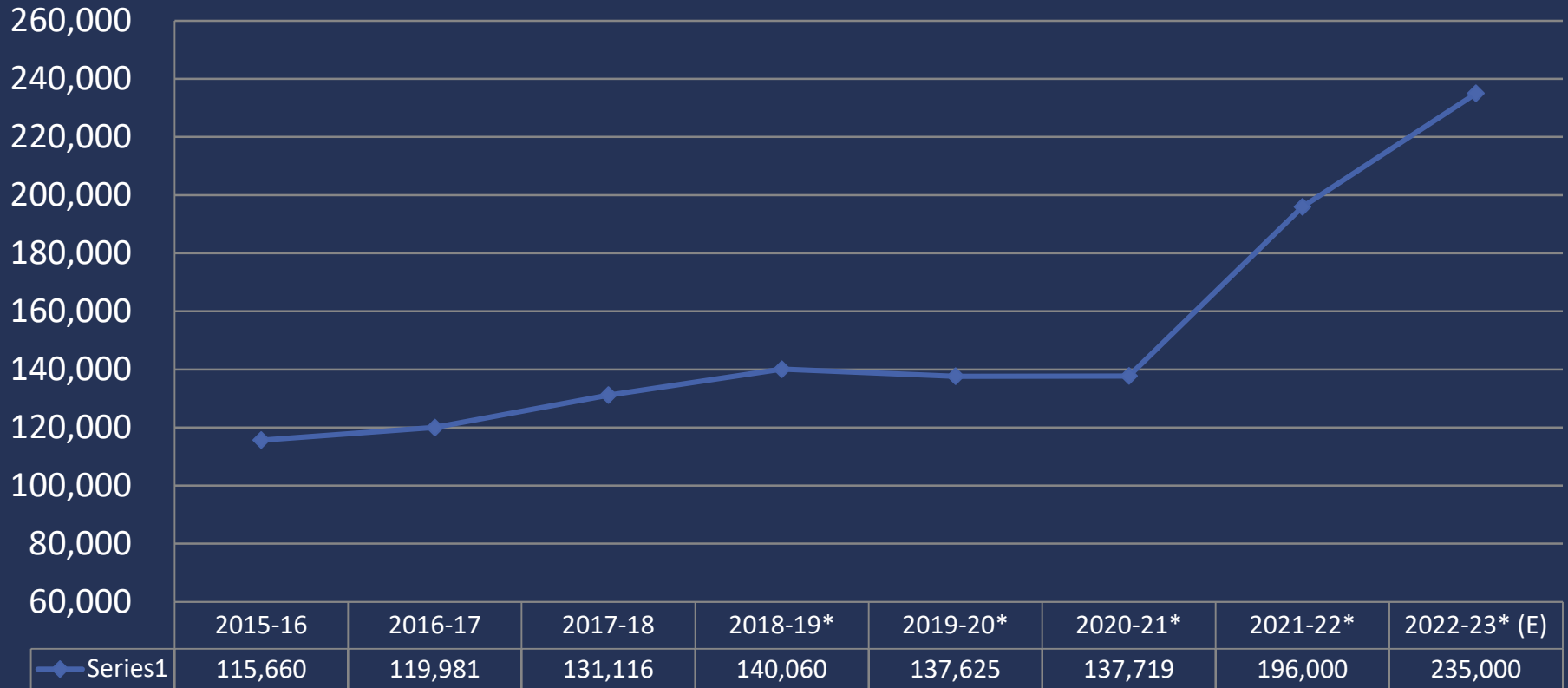


**PORTERVILLE
COLLEGE**



Kern Community College District

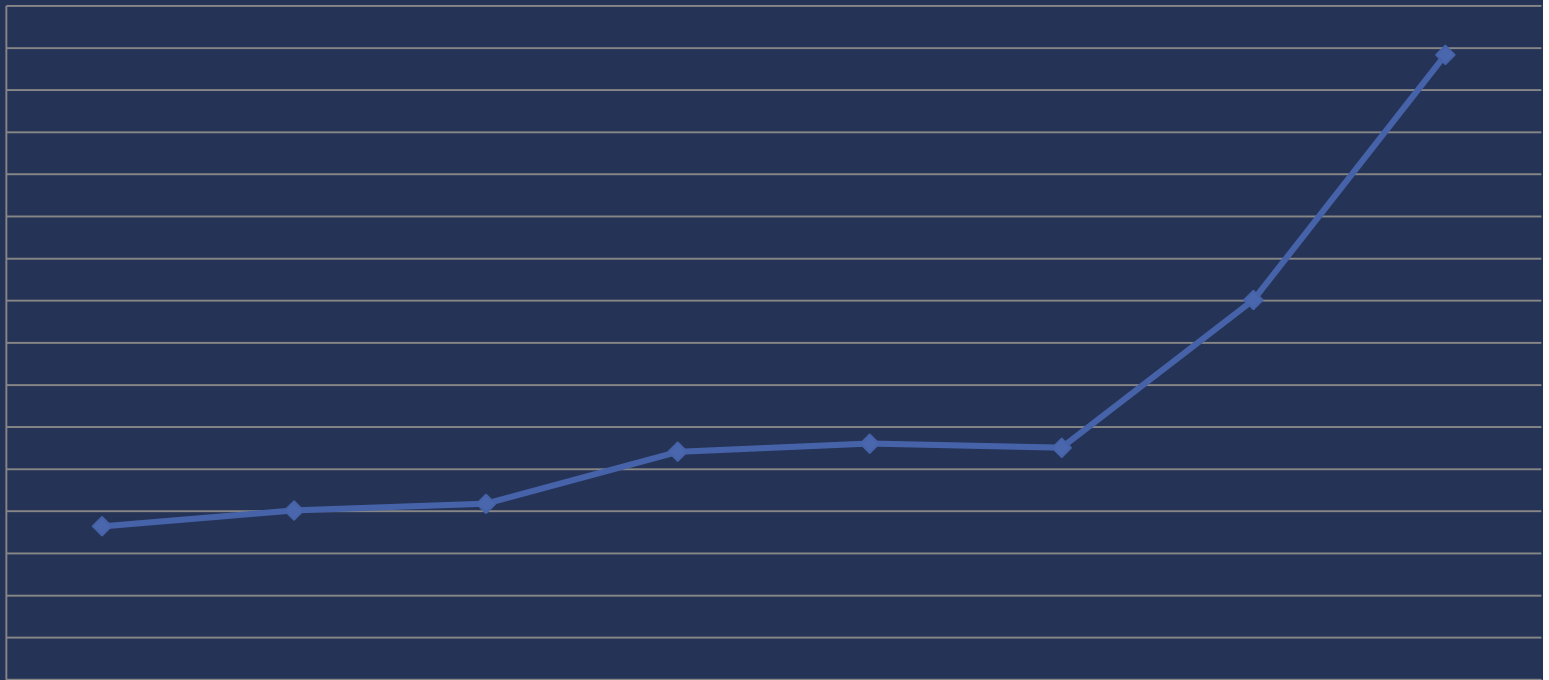
State General Fund Revenues & Transfers (\$ in millions)



Kern Community College District

Total KCCD General Fund Revenues

\$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



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (B)	2021-22 (B)	2022-23 (B)
Series1	172,860,387	180,390,388	183,620,021	208,259,560	212,170,825	210,202,948	280,396,301	396,714,275

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- Governor Newsom's revised budget proposal is mammoth and ambitious by design. \$4 billion in total additional resources to community colleges apportionments and categorical programs.
- The state's primary revenue sources—the personal income tax, sales tax, and corporate tax—have been coming in ahead of projections, bringing in significantly more than was anticipated in the Governor's Budget released in January. Looking at an excess of \$49.2 billion.
- The state had to contend with the State Allocation Limit (SAL or Gann Limit). The budget, similar to the May Revision, reflects means to avoid exceeding the SAL (e.g., tax rebates, emergency items and infrastructure spending).

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Apportionments

- The Governor proposes 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 final budget uses a compounded cost-of-living adjustment (COLA) of 6.56 percent. KCCD has used the January proposed rate of 5.33 percent for our tentative budget.
- Enrollment growth of 0.5% is proposed for SCFF.

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Apportionments

- State increase of \$493 million for COLA and a base increase of \$600 million.
- The 22-23 Advance Allocation has KCCD receiving over \$31 million more than what we budgeted for in 21-22 and \$23 million more than we allocated in the tentative 22-23 budget. The base increase in a significant portion of this increase intended to get the majority of districts out of hold harmless and recognize the significant costs associated with just “opening the doors”.

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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	Proposed Change
Adult Education Program	6.56% COLA
Student Equity and Achievement Program	5% Augmentation
Strong Workforce	No Change
Extended Opportunity Programs and Services (EOPS)	\$25M Augmentation and 6.56% COLA
Disabled Student Programs and Services (DSPS)	\$25M Augmentation and 6.56% COLA
Apprenticeship	6.56% COLA and \$45M one-time
CalWORKS student services	6.56% COLA

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Other Significant Programs

- **Part-Time Faculty Health Insurance** - Proposes \$200 million of ongoing funds to augment the Part-Time Faculty Health Insurance Program.
- **Integrated Technology** - Provides \$75 million one-time and \$24 million ongoing funds for Data Modernization and Protection.
- **Full-Time Faculty Hiring** - Continues to provide \$150 million for the hiring of Full-Time Faculty.
- **Retention and Enrollment Strategies** - Proposes an increase of \$50 million to \$150 million in one-time funding.
- **Adult Education Program – Healthcare Vocational Education** – Proposes \$130 million in one-time funding spread across three years.
- **Common Course Numbering** - Proposes an increase of \$105 million in one-time funding.

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Other Provisions

- The May Revision includes a new proposal for \$750 million one-time for discretionary block grants to districts to address issues related to the pandemic and to reduce long-term obligations. Districts could use the funds to buy down pension liabilities, but would not be required to do so. The funds would be available for a 5-year period.
- The Final budget for the block grant is \$650 million in one-time funds and is now directed to address pandemic issues.
- KCCD is allocated \$50 million to support the creation of the California Renewable Energy Center of Excellence.

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Capital Outlay

- Approves Proposition 51 resources to support 22 continuing capital outlay projects. Additionally, BC's \$60.2 million student housing project was funded, as well as, the planning and feasibility funding for both CCCC and PC's housing projects at \$314,000 each.

Deferred Maintenance

- Compared to the May Revision, the state budget decreases proposed funding to address deferred maintenance and energy efficiency projects across the system by \$660 million, for a total investment of about \$840.7 million **one-time**. KCCD will receive over \$17 million of these funds and that represents roughly a 50% increase over 21-22.

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CalPERS/CalSTRS

- California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) Rate increases in 2022–23.

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

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2022-23 General Fund Budget Summary

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Location: District Total

General Unrestricted (GU001 & CE)

Description	2022-23 Adopted Budget	2021-22 Adopted Budget	Change Inc./Dec.	Pct. Change	2021-22 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>	551,694	603,990	(52,296)	-8.66%	603,990	(52,296)	-8.66%
<i>State</i>	150,793,662	117,403,443	33,390,219	28.44%	118,996,984	31,796,678	26.72%
<i>Local</i>	67,991,995	72,478,212	(4,486,216)	-6.19%	80,794,504	(12,802,508)	-15.85%
<i>Other Financing Sources</i>	1,631,450	100,499	1,530,951	1523.34%	1,643,765	(12,315)	-0.75%
Total Revenue	220,968,802	190,586,144	30,382,658	15.94%	202,039,243	18,929,559	9.37%
Expenditures							
<i>Academic Salaries</i>	70,569,563	67,565,378	3,004,185	4.45%	67,565,378	3,004,185	4.45%
<i>Classified & Other Non-academic Salaries</i>	44,063,516	36,669,104	7,394,411	20.17%	36,669,104	7,394,411	20.17%
<i>Employee Benefits</i>	46,896,976	40,350,659	6,546,317	16.22%	40,350,659	6,546,317	16.22%
<i>Supplies & Materials</i>	2,729,970	3,290,081	(560,111)	-17.02%	3,454,456	(724,486)	-20.97%
<i>Service/Utilities/Operating Exps.</i>	30,692,949	28,654,911	2,038,039	7.11%	31,473,003	(780,053)	-2.48%
<i>Capital Outlay</i>	7,265,725	5,627,102	1,638,623	29.12%	8,427,471	(1,161,746)	-13.79%
<i>Other Outgo</i>	7,772,609	6,084,246	1,688,363	27.75%	6,079,746	1,692,863	27.84%
<i>Transfers Out</i>	18,619,724	13,588,653	5,031,071	37.02%	16,291,201	2,328,523	14.29%
Total Expenditures and Other Outgo	228,611,032	201,830,133	26,780,899	13.27%	210,311,017	18,300,015	8.70%
Ending Balance (Reserves)	100,674,650	93,596,377	7,078,273	7.56%	108,316,880	(7,642,230)	-7.06%
Projected Change in Fund Balance (Reserves)	(7,642,230)	(11,243,989)	3,601,758	-32.03%	(8,271,774)	629,544	-7.61%

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2022-23 General Fund – Unrestricted Fund Balances

<u>Unrestricted Reserve Analysis (GU & CE)</u>	<u>Beg Balance</u>	<u>End Balance</u>	<u>Net Change</u>
GU001 Unrestricted			
Bakersfield College	37,616,997	35,385,287	(2,231,710)
Cerro Coso Community College	8,175,882	9,974,036	1,798,154
Porterville College	8,345,263	11,460,328	3,115,065
District Wide	53,679,627	43,595,182	(10,084,446)
Total GU001	107,817,770	100,414,833	(7,402,936)
Contract Education Unrestricted			
Bakersfield College	491,673	-	(491,673)
Cerro Coso Community College	7,437	-	(7,437)
Porterville College	-	-	-
District Operations	-	259,816	259,816
Total Contract Education	499,110	259,816	(239,294)
Total Unrestricted Fund Balances	108,316,880	100,674,650	(7,642,230)

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**Projected Unrestricted Ending Fund Balance
\$100.7 million or 50.2%**

- **Unallocated District Wide = \$43.6 million**
- **Colleges = \$56.8 million**

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Compliance Tests

- General Unrestricted Fund Salaries and Benefits
 - > Goal less than 80%; Projected 2022-23 = 77.5%
- Goal 15% Unallocated District wide Reserve (Does not include 5% per College Reserve)
 - > Projected 2022-23 = 21.84%

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Compliance Tests

• Projected 50% Law Calculation	51.97%
• Projected Fall 2022 Full Time Faculty	486.50
Less FON*	<u>- 478.80</u>
Over/Under FON 2022	<u><u>7.70</u></u>

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

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Potential Threats to KCCD Budget **Assumptions**

The rise in inflation 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.