



Kern Community College District

# 2023-24 Tentative Budget

June 1, 2023

**BAKERSFIELD  
COLLEGE**

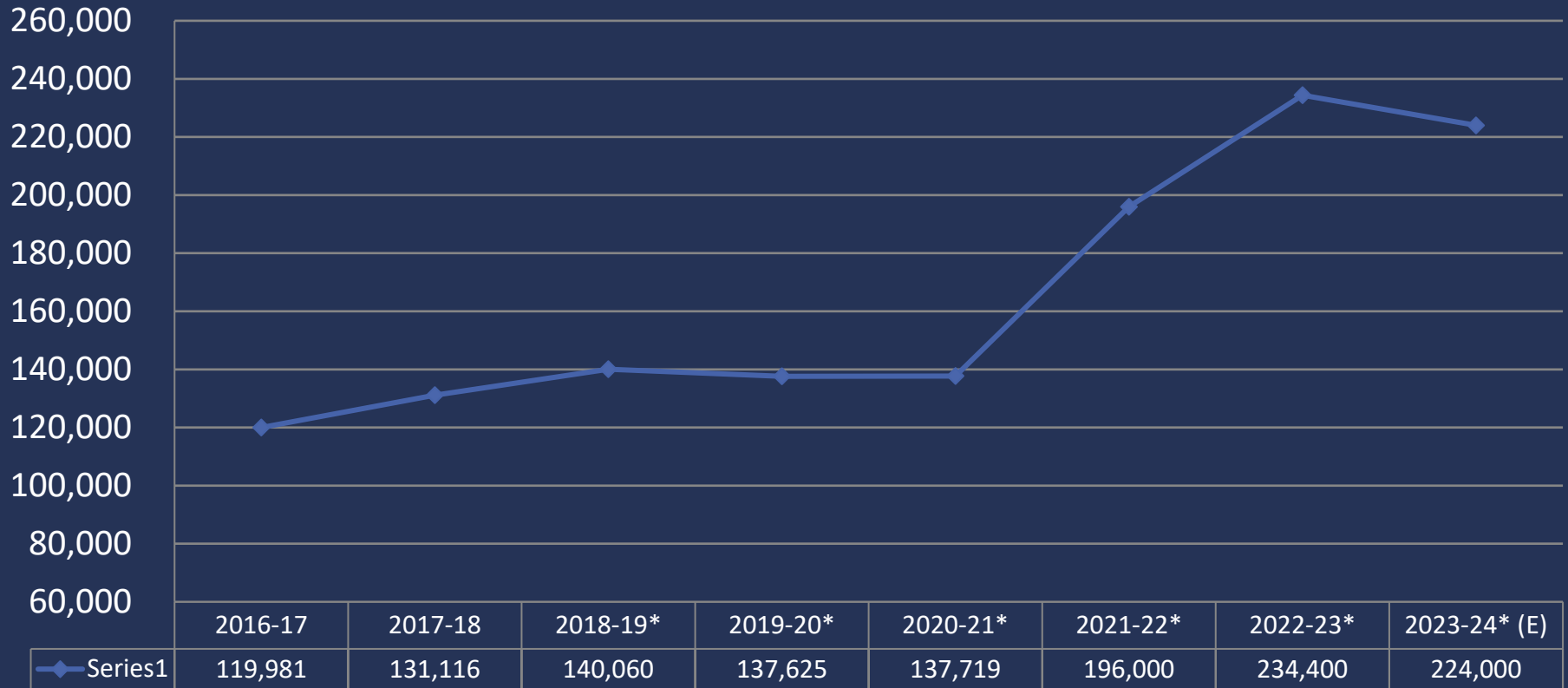


**PORTERVILLE  
COLLEGE**



# Kern Community College District

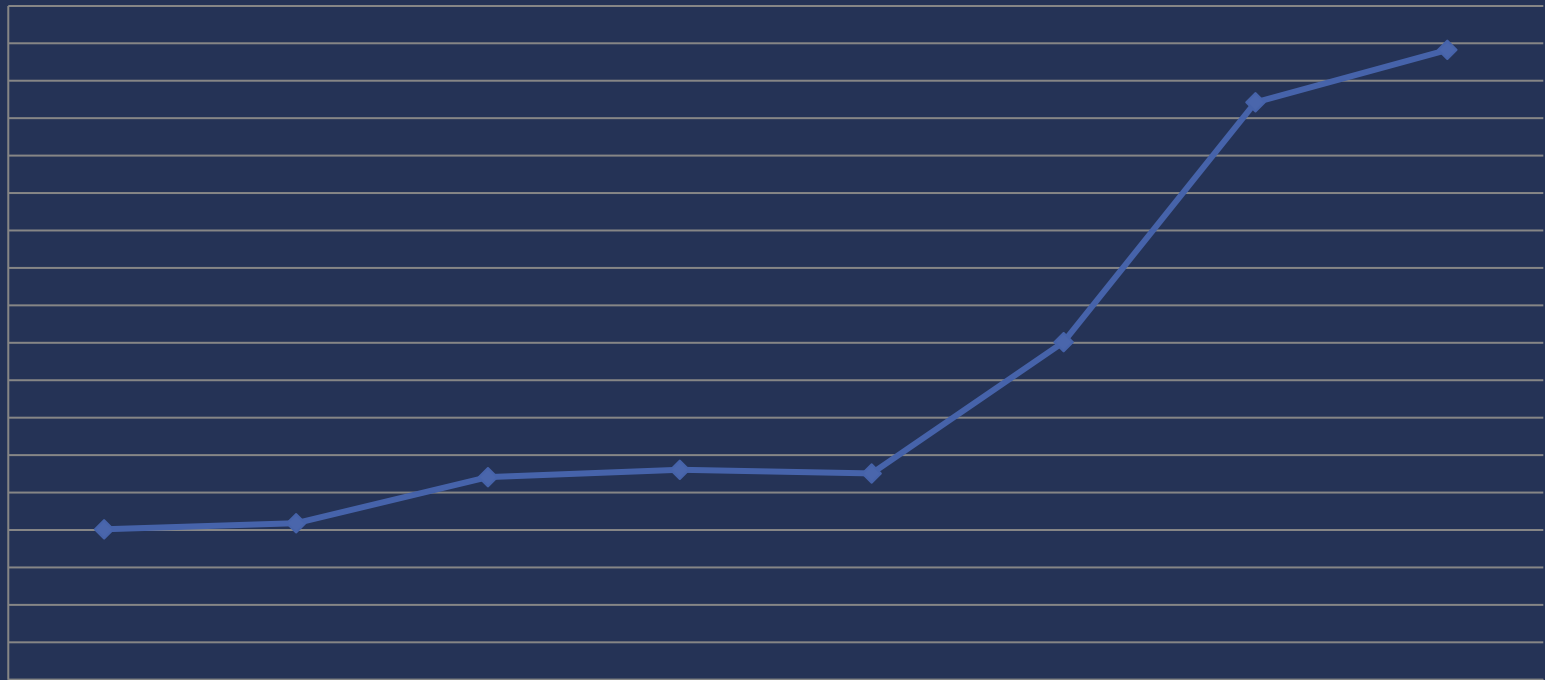
## State General Fund Revenues & Transfers (\$ in millions)



# Kern Community College District

## Total KCCD General Fund Revenues

\$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



Series1

2016-17

2017-18

2018-19

2019-20

2020-21

2021-22

2022-23

2023-24 (B)

180,390,388

183,620,021

208,259,560

212,170,825

210,202,948

280,396,301

408,495,465

436,505,958

# Kern Community College District

- Governor Newsom's budget proposal 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.
- Key investments in the budget include: universal transitional kindergarten, increased child care, universal school meals, climate agenda, health care access, homelessness and housing.

# Kern Community College District

## 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 proposed budget uses a cost-of-living adjustment (COLA) of 8.22 percent on the SCFF, up from 8.13 percent in January.
- Enrollment growth of 0.5% is proposed for SCFF.

# Kern Community College District

## 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

# Kern Community College District

## Significant KCCD Categoricals

Program	January	May
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	Tech Adjust to Neg
CalWORKS student services	COLA	COLA

# **Kern Community College District**

## **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.

## **Other One-Time Items**

- The Governor in January proposed to use \$200 million of the money saved from Deferred Maintenance to support enrollment and retention strategies. This had now been amended down to \$100 million.



# Kern Community College District

## Capital Outlay

- Nothing new proposed for KCCD.

## Deferred Maintenance

- The deferred maintenance of \$840.7 million in **one-time** funds for 2022-23 has a proposed decrease by \$452 million. This equates to a decrease of over 53%. Currently, there is no funding planned for 2023-24 for deferred maintenance.

# Kern Community College District

## 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%

# Kern Community College District

## Kern Community College District 2023-24 General Fund Budget Summary

Location: District Total

General Unrestricted (GU001 & CE)

Description	2022-23 Adopted Budget	2023-24 Tentative Budget	Change Inc./Dec.	Pct. Change	2022-23 Projected	Change Inc./Dec.	Pct. Change
Beginning Balance	108,316,880	117,079,172	8,762,292	8.09%	124,956,694	(7,877,522)	-6.30%
<b>Revenues</b>							
<i>Federal</i>	551,694	349,046	(202,648)	-36.73%	551,694	(202,648)	-36.73%
<i>State</i>	150,793,662	151,998,723	1,205,061	0.80%	157,969,859	(5,971,136)	-3.78%
<i>Local</i>	67,991,995	76,317,619	8,325,624	12.25%	68,171,422	8,146,197	11.95%
<i>Other Financing Sources</i>	1,631,450	3,086,486	1,455,036	89.19%	2,020,172	1,066,314	52.78%
<b>Total Revenue</b>	<b>220,968,801</b>	<b>231,751,874</b>	<b>10,783,073</b>	<b>4.88%</b>	<b>228,713,147</b>	<b>3,038,727</b>	<b>1.33%</b>
<b>Expenditures</b>							
<i>Academic Salaries</i>	70,569,563	80,488,453	9,918,890	14.06%	70,569,563	9,918,890	14.06%
<i>Classified &amp; Other Non-academic Salaries</i>	44,063,516	39,488,291	(4,575,225)	-10.38%	44,063,516	(4,575,225)	-10.38%
<i>Employee Benefits</i>	46,896,976	51,772,681	4,875,705	10.40%	53,653,069	(1,880,388)	-3.50%
<i>Supplies &amp; Materials</i>	2,729,970	3,180,910	450,940	16.52%	3,058,038	122,872	4.02%
<i>Service/Utilities/Operating Exps.</i>	30,692,949	32,879,031	2,186,082	7.12%	31,201,981	1,677,050	5.37%
<i>Capital Outlay</i>	7,265,725	9,828,542	2,562,817	35.27%	7,265,725	2,562,817	35.27%
<i>Other Outgo</i>	7,772,609	6,245,737	(1,526,872)	-19.64%	6,146,158	99,579	1.62%
<i>Transfers Out</i>	18,619,724	10,920,947	(7,698,777)	-41.35%	20,632,619	(9,711,672)	-47.07%
<b>Total Expenditures and Other Outgo</b>	<b>228,611,032</b>	<b>234,804,592</b>	<b>6,193,560</b>	<b>2.71%</b>	<b>236,590,669</b>	<b>(1,786,077)</b>	<b>-0.75%</b>
Ending Balance (Reserves)	100,674,649	114,026,454	13,351,805	13.26%	117,079,172	(3,052,718)	-2.61%
Projected Change in Fund Balance (Reserves)	(7,642,231)	(3,052,718)	4,589,513	-60.05%	(7,877,522)	4,824,804	-61.25%

# Kern Community College District

## 2023-24 General Fund – Unrestricted Fund Balances

<b>Unrestricted Reserve Analysis (GU &amp; CE)</b>	<b>Beg Balance</b>	<b>End Balance</b>	<b>Net Change</b>
<b>GU001 Unrestricted</b>			
Bakersfield College	44,448,031	45,024,780	576,749
Cerro Coso Community College	12,204,791	12,293,887	89,096
Porterville College	9,814,534	10,746,023	931,489
District Wide	50,033,250	45,961,764	(4,071,486)
<b>Total GU001</b>	<b>116,500,606</b>	<b>114,026,454</b>	<b>(2,474,152)</b>
<b>Contract Education Unrestricted</b>			
Bakersfield College	578,565	-	(578,565)
Cerro Coso Community College	-	-	-
Porterville College	-	-	-
District Operations	-	-	-
<b>Total Contract Education</b>	<b>578,565</b>	<b>-</b>	<b>(578,565)</b>
<b>Total Unrestricted Fund Balances</b>	<b>117,079,171</b>	<b>114,026,454</b>	<b>(3,052,717)</b>

# **Kern Community College District**

**Projected Unrestricted Ending Fund Balance  
\$114 million or 49.1%**

- **Unallocated District Wide = \$46.0 million**
- **Colleges = \$68.0 million**

# Kern Community College District

## Compliance Tests

- General Unrestricted Fund Salaries and Benefits
  - > Goal less than 80%; Projected 2023-24 = 73.39%
- Goal 20% Unallocated District wide Reserve (Does not include 5% per College Reserve)
  - > Projected 2023-24 = 19.87%

# Kern Community College District

## Compliance Tests

• Projected 50% Law Calculation	50.33%
• 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.