



Kern Community College District
2022-2023 Tentative Budget

June 9, 2022

**BAKERSFIELD
COLLEGE**

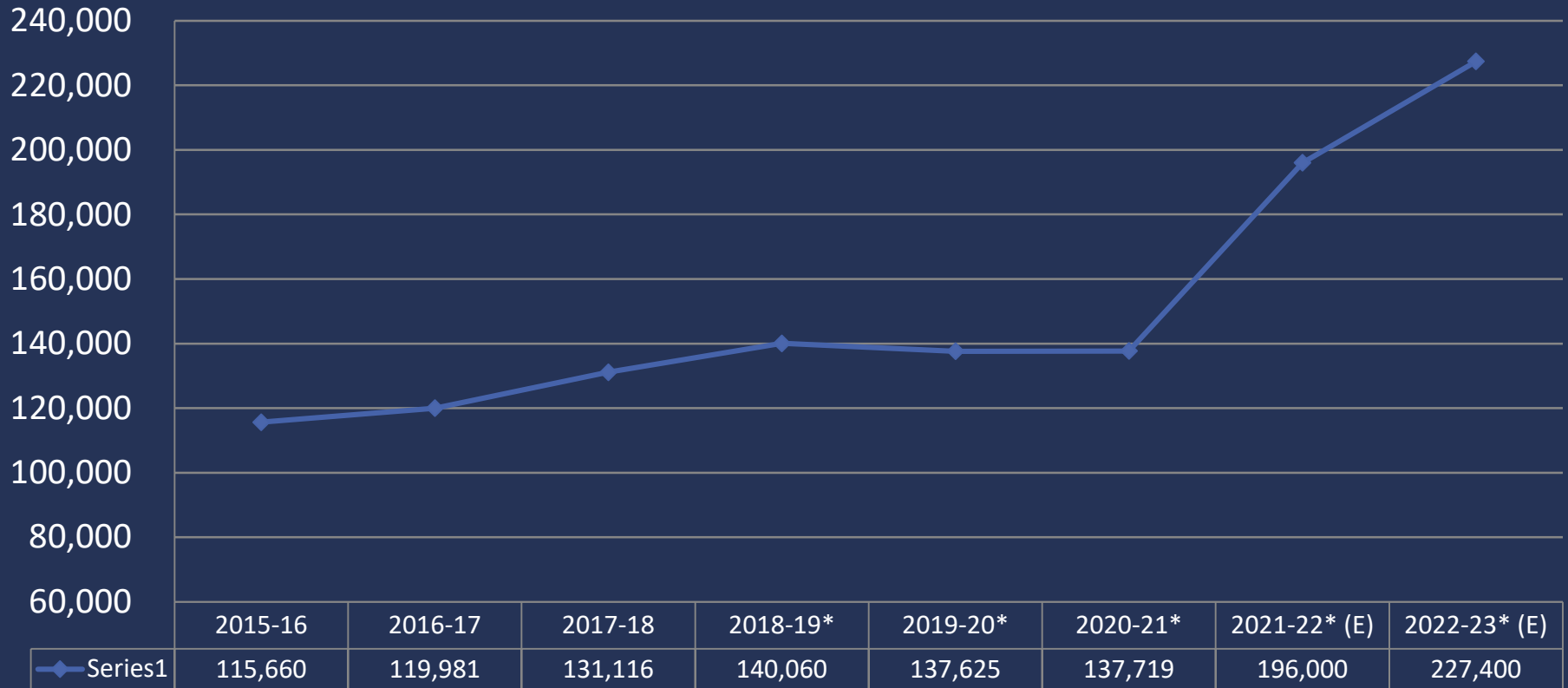


**PORTERVILLE
COLLEGE**



Kern Community College District

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



Kern Community College District

Total KCCD General Fund Revenues

\$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	373,585,193

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- Governor Newsom’s revised budget proposal is mammoth and ambitious by design.
- 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 will need to contend with the State Allocation Limit (SAL or Gann Limit). The proposals in the May Revision reflect means to avoid exceeding the SAL (e.g., tax rebates 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 May Revision proposes a compounded cost-of-living adjustment (COLA) of 6.56 percent; an increase from the January proposed budget of 5.33 percent. KCCD has used the January proposed rate for our tentative budget.
- 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	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)	6.56% COLA
Disabled Student Programs and Services (DSPS)	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 \$25 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 \$95 million to \$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.
- Provide \$20 million one-time funding for Pathways Grant Program for High-Skilled Careers
- Provide \$25 million one-time funding for Program Pathways Mapping Technology.

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Capital Outlay

- Approves Proposition 51 resources to support 22 continuing capital outlay projects.

Deferred Maintenance

- Compared to the January proposal, the May Revision increases proposed funding to address deferred maintenance and energy efficiency projects across the system by \$1.1 billion, for a total investment of about \$1.5 billion **one-time**.

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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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Kern Community College District 2022-23 General Fund Budget Summary							
Location: District Total							
General Unrestricted (GU001 & CE)							
Description	2022-23 Tentative 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>	129,909,635	117,403,443	12,506,192	10.65%	118,996,984	10,912,651	9.17%
<i>Local</i>	67,991,214	72,478,212	(4,486,998)	-6.19%	80,794,504	(12,803,290)	-15.85%
<i>Other Financing Sources</i>	5,000	100,499	(95,499)	-95.02%	1,643,765	(1,638,765)	-99.70%
Total Revenue	198,457,543	190,586,144	7,871,399	4.13%	202,039,243	(3,581,700)	-1.77%
Expenditures							
<i>Academic Salaries</i>	70,209,031	67,565,378	2,643,653	3.91%	67,565,378	2,643,653	3.91%
<i>Classified & Other Non-academic Salaries</i>	36,128,350	36,669,104	(540,754)	-1.47%	36,669,104	(540,754)	-1.47%
<i>Employee Benefits</i>	45,263,027	40,350,659	4,912,368	12.17%	40,350,659	4,912,368	12.17%
<i>Supplies & Materials</i>	3,644,851	3,290,081	354,770	10.78%	3,454,456	190,395	5.51%
<i>Service/Utilities/Operating Exps.</i>	29,283,863	28,654,911	628,952	2.19%	31,473,003	(2,189,140)	-6.96%
<i>Capital Outlay</i>	5,592,320	5,627,102	(34,782)	-0.62%	8,427,471	(2,835,151)	-33.64%
<i>Other Outgo</i>	6,146,158	6,084,246	61,912	1.02%	6,079,746	66,412	1.09%
<i>Transfers Out</i>	9,330,528	13,588,653	(4,258,124)	-31.34%	16,291,201	(6,960,672)	-42.73%
Total Expenditures and Other Outgo	205,598,128	201,830,133	3,767,995	1.87%	210,311,017	(4,712,889)	-2.24%
Ending Balance (Reserves)	101,176,295	93,596,377	7,579,918	8.10%	108,316,880	(7,140,585)	-6.59%
Projected Change in Fund Balance (Reserves)	(7,140,585)	(11,243,989)	4,103,404	-36.49%	(8,271,774)	1,131,189	-13.68%

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2022-23 General Fund – Unrestricted Fund Balances

Unrestricted Reserve Analysis (GU & CE)	Beg Balance	End Balance	Net Change
GU001 Unrestricted			
Bakersfield College	37,616,997	37,238,366	(378,631)
Cerro Coso Community College	8,175,882	8,841,628	665,746
Porterville College	8,345,263	10,728,219	2,382,956
District Wide	53,679,627	44,108,265	(9,571,363)
Total GU001	107,817,770	100,916,479	(6,901,291)
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	101,176,295	(7,140,585)

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Projected GU001 Unrestricted Ending Fund Balance

\$100.9 million or 49.8%

- **Unallocated District Wide = \$44.1 million**
- **Colleges = \$56.8 million**

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Compliance Tests

- General Unrestricted Fund Salaries and Benefits
 - > Goal less than 80%; Projected 2022-23 = 74.2%
- Goal 15% Unallocated District wide Reserve (Does not include 5% per College Reserve)
 - > Projected 2022-23 = 21.77%

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Compliance Tests

• Projected 50% Law Calculation	50.00%
• 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.