



Kern Community College District

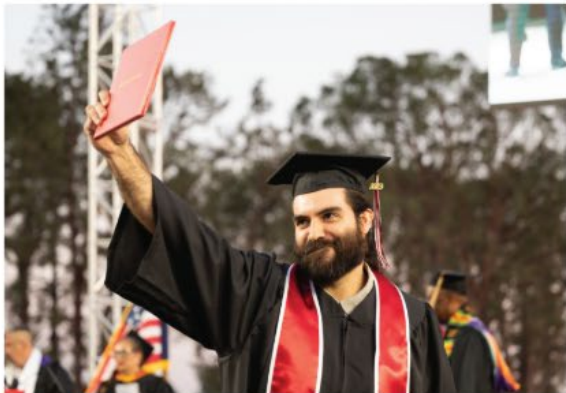
2024-25 Tentative Budget

June 13, 2024

**BAKERSFIELD
COLLEGE**

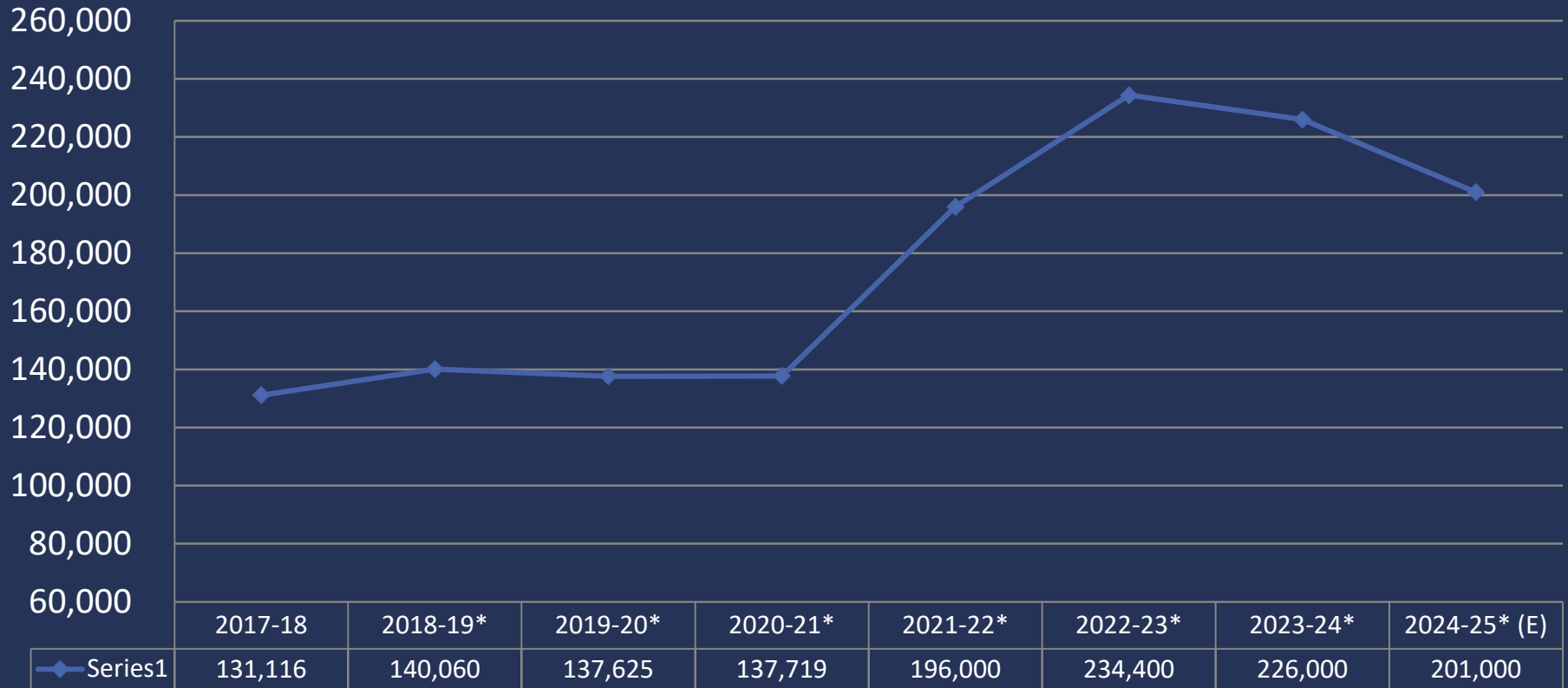


**PORTERVILLE
COLLEGE**



Kern Community College District

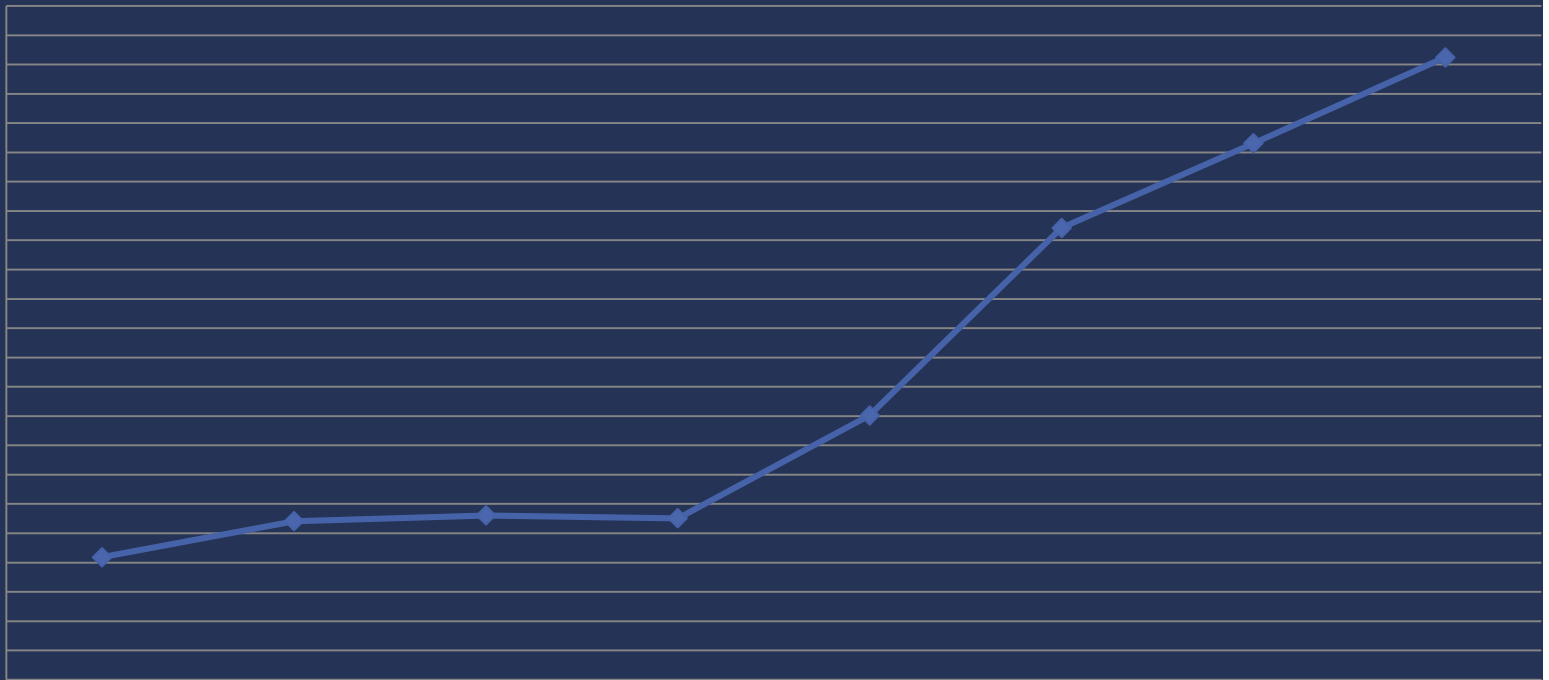
State General Fund Revenues & Transfers (\$ in millions)



Kern Community College District

Total KCCD General Fund Revenues

\$560,000,000
\$540,000,000
\$520,000,000
\$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



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (B)
Series1	183,620,021	208,259,560	212,170,825	210,202,948	280,396,301	408,495,465	466,225,148	524,836,488

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 creating a \$45 billion deficit; up from \$38 billion in January. The LAO estimates the problem is about \$10-15 billion greater.
- The Governor is proposing to bridge the gap with spending related solutions (including closing open positions), reserve withdrawals, deferrals, one-time money claw backs and cost shifts.
- The Governor's budget calls for a reduction of \$8.8 billion for 2022-23 for K-14 and says it won't impact budgets in the current year and realizing it is future years. There is significant criticism from the LAO and other stakeholder groups regarding this maneuver.

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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 proposed budget uses a cost-of-living adjustment (COLA) of 1.07 percent on the SCFF, up from 0.76 percent in January.
- 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	May
Adult Education Program	COLA	COLA
Student Equity and Achievement Program	No Change	No Change(2 nd year)
Strong Workforce	No Change	No Change(2 nd year)
Extended Opportunity Programs and Services (EOPS)	COLA	COLA
Disabled Student Programs and Services (DSPS)	COLA	COLA
Apprenticeship	COLA	COLA
CalWORKS student services	COLA	COLA

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Capital Outlay

- Nothing new proposed for KCCD.

Student Housing

- The budget calls for revenue lease bonds at the state level to support approved projects but will need to pursue a trailer bill in the May revision to make this happen.

Deferred Maintenance

- There currently isn't a plan to fund any deferred maintenance in 2024-25.

Other One-Time Items

- The Governor is proposing to use \$72 million in one-time money primarily for nursing. Also looking to pull back Learning Aligned Employment Program funding (LAEP) from the prior year.

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CalPERS/CalSTRS

- California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates in 2024–25. CalSTRS remains flat for the third year, while CalPERS increases another 2.9%, which is down from January's increase of 5.8% to 27.80%.

	2020-21	2021-22	2022-23	2023-24	2024-25
CalPERS	20.70%	22.91%	25.37%	26.28%	27.05%
CalSTRS	16.15%	16.92%	19.10%	19.10%	19.10%

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Kern Community College District
 2024-25 General Fund Budget Summary
 Tentative Budget

Location: District Total

General Unrestricted (GU001 & CE)

Description	2023-24 Adopted Budget	2024-25 Tentative Budget	Change Inc./Dec.)	Pct. Change	2023-24 Projected	Change Inc./Dec.)	Pct. Change
Beginning Balance	120,465,806	145,268,690	24,802,884	20.59%	155,874,500	(10,605,810)	-6.80%
Revenues							
<i>Federal</i>	349,046	426,000	76,954	22.05%	471,503	(45,503)	-9.65%
<i>State</i>	161,193,290	167,856,967	6,663,677	4.13%	161,193,290	6,663,677	4.13%
<i>Local</i>	76,334,151	83,582,743	7,248,592	9.50%	100,457,274	(16,874,532)	-16.80%
<i>Other Financing Sources</i>	3,590,363	1,032,224	(2,558,139)	-71.25%	3,590,363	(2,558,139)	-71.25%
Total Revenue	241,466,850	252,897,934	11,431,084	4.73%	265,712,430	(12,814,497)	-4.82%
Expenditures							
<i>Academic Salaries</i>	81,304,028	88,288,980	6,984,952	8.59%	81,304,028	6,984,952	8.59%
<i>Classified & Other Non-academic Salaries</i>	40,740,094	43,720,502	2,980,408	7.32%	40,740,095	2,980,407	7.32%
<i>Employee Benefits</i>	60,157,326	65,638,290	5,480,964	9.11%	60,157,326	5,480,964	9.11%
<i>Supplies & Materials</i>	3,166,649	3,538,890	372,241	11.76%	3,257,833	281,057	8.63%
<i>Service/Utilities/Operating Exps.</i>	34,209,636	39,253,902	5,044,266	14.75%	39,596,381	(342,479)	-0.86%
<i>Capital Outlay</i>	10,712,983	12,116,557	1,403,574	13.10%	10,712,983	1,403,574	13.10%
<i>Other Outgo</i>	6,245,737	6,165,996	(79,741)	-1.28%	15,627,848	(9,461,852)	-60.54%
<i>Transfers Out</i>	14,468,111	9,457,225	(5,010,886)	-34.63%	5,087,310	4,369,915	85.90%
Total Expenditures and Other Outgo	251,004,564	268,180,342	17,175,778	6.84%	256,483,804	11,696,538	4.56%
Ending Balance (Reserves)	110,928,092	129,986,282	19,058,190	17.18%	165,103,126	(35,116,845)	-21.27%
Projected Change in Fund Balance (Reserves)	(9,537,714)	(15,282,408)	(5,744,694)	60.23%	9,228,626	(24,511,035)	-265.60%

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2024-25 General Fund – Unrestricted Fund Balances

Unrestricted Reserve Analysis (GU & CE)	Beg Balance	End Balance	Net Change
GU001 Unrestricted			
Bakersfield College	56,226,587	50,363,249	(5,863,338)
Cerro Coso Community College	16,124,658	12,313,162	(3,811,496)
Porterville College	13,143,263	9,999,263	(3,144,000)
District Wide	59,774,181	57,310,609	(2,463,572)
Total GU001	145,268,689	129,986,283	(15,282,406)
Contract Education Unrestricted			
Bakersfield College			-
Cerro Coso Community College			-
Porterville College			-
District Operations			-
Total Contract Education	-	-	-
Total Unrestricted Fund Balances	145,268,689	129,986,283	(15,282,406)

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**Projected Unrestricted Ending Fund Balance
\$130 million or 49.29%**

- **Unallocated District Wide = \$57.3 million**
- **Colleges = \$72.7 million**

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Compliance Tests

- General Unrestricted Fund Salaries and Benefits
 - > Goal less than 80%; Projected 2024-25 = 74.49%
- Goal 20% Unallocated District wide Reserve (Does not include 5% per College Reserve)
 - > Projected 2024-25 = 21.73%

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Compliance Tests

• Projected 50% Law Calculation	51.26%
• Projected Fall 2024 Full Time Faculty	502.00
Less FON*	<u>- 437.80</u>
Over(Under) FON 2024	<u><u>64.20</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 continued rise in inflation, interest rates remaining high could have a potential negative impacts on spending, hiring and earnings resulting in a future negative impact on State revenues and therefore the amounts available for community colleges.