

Governor's 2024-25 January Budget Proposal

January 15, 2024



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 \$38 billion deficit. The LAO estimates the problem is about \$10 billion greater.
- The Governor is proposing to bridge the gap with \$41 billion in spending related solutions, \$13 billion in reserve withdrawals and \$4 billion in cost shifts.
- The LAO has pointed out the Governor's budget calls for a reduction of \$8 billion for 2022-23 for K-12 and says it won't impact budgets but does not explain how this is to be achieved.

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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. Note this has not changed for three years now.
- The proposed budget uses a cost-of-living adjustment (COLA) of 0.76 percent on the SCFF. However, there are base adjustments that brings the effective rate down to -0.14 percent.
- Enrollment growth of 0.5% is proposed for SCFF.

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Major Policy Decisions Framed Around Multi-Year “Road Map” and Vision 2030

- 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	COLA
Student Equity and Achievement Program	No Change (2 nd year in a row)
Strong Workforce	No Change (2 nd year in a row)
Extended Opportunity Programs and Services (EOPS)	COLA
Disabled Student Programs and Services (DSPS)	COLA
Apprenticeship	COLA
CalWORKS student services	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 \$60 million in one-time money per year for the next five years to expand nursing capacity and Bachelor of Science in nursing partnerships.

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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 5.8%.

	2020-21	2021-22	2022-23	2023-24	2024-25
CalPERS	20.70%	22.91%	25.37%	26.28%	27.80%
CalSTRS	16.15%	16.92%	19.10%	19.10%	19.10%