

2018-19 State Budget - Impact to Community Colleges

The state budget will include the following items:

- \$269.657 million to fund the new Student Centered Funding Formula (SCFF), including:
 - 2.71% COLA
 - Hold harmless provisions
- \$28.465 million for physical plant and instructional support.
- \$100 million in one-time funds and \$20 million in ongoing funds to establish the online college.
- \$46 million to fund the College Promise Program.
- Consolidation of the Student Success Program, Student Equity Program, and Basic Skills program into the Student Equity and Achievement Program.

State Budget – Impact on Merced College

Highlights and the assumptions used to develop the District's Final Budget are as follows:

Revenue:

- The budget for Total Computational Revenue under the new SCFF is \$61.6 million which includes:
 - \$37.5 million in general apportionment
 - \$8.6 million in Education Protection Account (EPA) funding
 - \$2.7 million in enrollment revenue
 - \$12.8 in property taxes
- A 2.71% Cost of Living (COLA) adjustment totaling approximately \$1.5 million
- Since 2012-13, the District has opted to receive annual State Mandate Cost reimbursements based on FTES. The District has chosen this option again for 2018-19 and has included \$250,000 in the Final Budget.
- Funding to support the hiring of full-time faculty is projected at approximately \$543K.
- Statewide increases in enrollment growth funding is projected at 1%. Based on the state's Growth Funding Allocation model, the District's proportionate growth percentage would be 0.50%, or approximately \$184,915.
- Nonresident tuition rates will increase to \$234 from \$208 per unit, which will provide approximately \$125,000 in additional revenue.

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Expenditures:

- Full-Time Faculty Obligation (FON) for Fall 2018 is 179.7 FTEF. The Final Budget includes 192 filled Full-Time faculty positions plus one vacant Full-Time faculty position. The 192 positions include seven Less-Than-Full-Time contract faculty.
- Health benefits for SISC medical rates will change as follows:
 - 1% increase for Medical, an additional cost of \$58,573
 - Dental rates and vision rates will remain the same as 2017-18.
- The PERS rate will increase from 15.531% to 18.062%, for an additional cost of \$251,510.
- The STRS rate will increase from 14.43% to 16.28%, for an additional cost of \$397,971.
- The District's contribution rate for State Unemployment Insurance will remain the same as 2017-18, 0.05%.
- SISC retiree medical benefit rates vary depending upon the age, coverage plans, and number of dependents for each former employee. Rate adjustments for 2018-19 range between 0.89% up to 5.43%, for an approximate net cost of \$39,007.
- All retirees, including employees that have filed intent to retire, have been budgeted in the Retiree Health Benefits.
- Includes \$50,000 for various stipend payments (Performing Arts, Program Review, Staff Development, etc.).
- SERP final payment of \$258,211 is included.
- District projects salary savings of \$700,000 and benefit savings of \$800,000.
- Vacation payouts to management and classified employees who separate from the District are included in the budget at an estimated cost of \$75,000.
- Salaries have been adjusted for step and column increases including 2018-19 longevity bonuses:

Faculty	\$220,749
Classified	169,815
Management Team	<u>158,197</u>
Total	\$548,761

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- Maintenance agreements are projected to increase by \$119,550.
- \$500,000 has been set aside to allocate funds to support resource requests from the 2017-18 program review process.
- Includes approximately \$355K to address additional staffing needs for the District.
- Approved budget augmentation requests totaled \$189,257 and have been included in the 2018-19 proposed final budget.
- Sets aside \$100,000 in contingency funds for unanticipated costs that arise during the fiscal year.
- Includes lifecycle technology funding of \$150,000 as part of the District's ongoing base budget.
- The state budget included \$28.465 million in funding for Scheduled Maintenance, Instructional Equipment, and Water Conservation projects. The District has been allocated \$240,345 and has the flexibility to determine the funding split between these programs. In addition, as with 2017-18 a local match will not be required for 2018-19.

Reserves:

- The ending balance for 2017-18 was \$4,778,135, or 7.75%.
- The District is projecting a 2018-19 ending balance of \$5,074,916, or 7.69%.
- The Board Reserve will be budgeted at 6% of the anticipated expenditures.

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2018-19 Final Budget

Based on the above information and assumptions, the proposed 2018-19 Final Budget for the unrestricted General Fund would be as follows:

	<u>2016-17 Actual</u>	<u>2017-18 Actual</u>	<u>2018-19 Final Budget</u>
Federal	\$ 26,600	\$ 25,805	\$ 27,000
State	42,438,481	44,374,285	48,307,123
Local	16,241,399	17,103,509	17,621,613
Other	1,114,100	384,144	335,000
Total Revenue	<u>\$ 59,820,580</u>	<u>\$ 61,887,743</u>	<u>\$ 66,290,736</u>
Academic Salaries	\$ 21,047,513	\$ 21,325,463	\$ 22,642,227
Classified Salaries	10,012,751	9,633,649	10,540,372
Employee Benefits	17,640,297	18,261,941	19,861,669
Supplies and Materials	559,240	523,795	628,179
Other Operating Expenses	5,557,611	6,268,539	6,636,496
Capital Outlay	477,103	376,619	363,144
Other Outgo	4,805,035	5,257,249	5,321,868
Total Expense	<u>\$ 60,099,550</u>	<u>\$ 61,647,255</u>	<u>\$ 65,993,955</u>
Net Income (Loss)	\$ (278,970)	\$ 240,488	\$ 296,781
Beginning Balance	\$ 4,816,617	\$ 4,537,647	\$ 4,778,135
Prior Year Adjustments	-	-	-
Adjusted Beginning Balance	<u>\$ 4,816,617</u>	<u>\$ 4,537,647</u>	<u>\$ 4,778,135</u>
Ending Balance	<u>\$ 4,537,647</u>	<u>\$ 4,778,135</u>	<u>\$ 5,074,916</u>
Percentage Of Expenditures	7.55%	7.75%	7.69%

Major Components of the projected 2018-19 Ending Balance

Reserve for Contingency @ 6.0%	\$ 3,959,637
Set Aside for One-time Expenditures/Carryover	<u>1,115,279</u>
Total	<u>\$ 5,074,916</u>