

2019-20 State Budget - Impact to Community Colleges

The state budget will include the following items:

- \$7,430 million to fund the Student Centered Funding Formula (SCFF), including:
 - 3.26% COLA
 - Extended hold harmless provisions
- \$13.486 million for physical plant and instructional support.
- \$42.6 million to expand the College Promise 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 \$65.4 million which includes:
 - \$38.8 million in general apportionment
 - \$9.8 million in Education Protection Account (EPA) funding
 - \$2.9 million in enrollment revenue
 - \$13.9 in property taxes
- A 3.26% Cost of Living (COLA) adjustment is included
- 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 2019-20 and has included \$300,000 in the Final Budget.
- Funding to support the hiring of full-time faculty is projected at approximately \$543K.
- Nonresident tuition rates will increase to \$261 from \$234 per unit, which will provide approximately \$130K in additional revenue.

Expenditures:

- Full-Time Faculty Obligation (FON) for Fall 2019 is 169.7 FTEF. The District will meet the FON requirement for 2019-20.
- Health benefits for SISC medical rates increased by 6% for Medical, for an additional cost of \$430K

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- The PERS rate will increase from 18.062% to 19.72%, for an additional cost of \$196,715.
- The STRS rate will increase from 16.28% to 17.10%, for an additional cost of \$192,901.
- The District's contribution rate for State Unemployment Insurance will remain the same as 2018-19, 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 2019-20 range between 0.14% up to 7.10%, for an approximate net cost of \$106K.
- 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.).
- 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 2019-20 longevity bonuses:

Faculty	\$271,027
Classified	213,252
Management Team	<u>291,116</u>
Total	\$775,395

- Maintenance agreements are projected to increase by \$81,440.
- Funds have been set aside to support resource requests from the 2019-20 program review process, and to address staffing needs and budget augmentations for the District. .
- 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.

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- The state budget included \$13.486 million in funding for Scheduled Maintenance, Instructional Equipment, and Water Conservation projects. The District has been allocated \$121,689 and has the flexibility to determine the funding split between these programs. In addition, as with 2018-19 a local match will not be required for 2019-20.

Reserves:

- The ending balance for 2018-19 was \$4,893,792, or 7.13%.
- The District is projecting a 2019-20 ending balance of \$5,057,392, or 7.16%.
- The Board Reserve will be budgeted at 6% of the anticipated expenditures.

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2019-20 Final Budget

Based on the above information and assumptions, the proposed 2019-20 Final Budget for the unrestricted General Fund would be as follows:

	<u>2017-18</u> <u>Actual</u>	<u>2018-19</u> <u>Actual</u>	<u>2019-20</u> <u>Final Budget</u>
Federal	\$ 25,805	\$ 25,225	\$ 27,000
State	44,374,284	47,735,235	50,595,580
Local	17,103,508	19,273,176	19,328,169
Other	384,143	1,756,470	817,049
Total Revenue	<u>\$ 61,887,741</u>	<u>\$ 68,790,106</u>	<u>\$ 70,767,798</u>
Academic Salaries	\$ 21,325,463	\$ 24,507,152	\$ 24,836,293
Classified Salaries	\$ 9,633,649	\$ 10,926,595	\$ 12,892,449
Employee Benefits	\$ 18,261,941	\$ 20,275,263	\$ 21,905,329
Supplies and Materials	\$ 523,795	\$ 615,526	\$ 621,697
Other Operating Expenses	\$ 6,268,539	\$ 6,688,091	\$ 7,431,170
Capital Outlay	\$ 376,619	\$ 526,649	\$ 358,858
Other Outgo	\$ 5,257,249	\$ 5,135,171	\$ 2,558,401
Total Expenditures	<u>\$ 61,647,255</u>	<u>\$ 68,674,447</u>	<u>\$ 70,604,197</u>
Net Income (Loss)	\$ 240,486	\$ 115,659	\$ 163,601
Beginning Balance	\$ 4,537,647	\$ 4,778,133	\$ 4,893,792
Prior Year Adjustments	-	-	-
Adjusted Beginning Balance	<u>\$ 4,537,647</u>	<u>\$ 4,778,133</u>	<u>\$ 4,893,792</u>
Ending Balance	<u>\$ 4,778,133</u>	<u>\$ 4,893,792</u>	<u>\$ 5,057,392</u>
Percentage Of Expenditures	7.75%	7.13%	7.16%

Major Components of the projected 2019-20 Ending Balance

Reserve for Contingency @ 6.0%	\$ 4,236,252
Set Aside for One-time Expenditures/Carryover	821,140
Total	<u>\$ 5,057,392</u>