

2020-21 State Budget - Impact to Community Colleges

Based on the Governor's June adopted budget, the state budget will include the following items:

- Student Centered Funding Formula (SCFF) equal to prior year, with no Cost of Living Adjustment (COLA)
- Extension of Hold Harmless until 2023-24
- No enrollment growth
- 2020-21 Budget deferrals of \$1.45 billion to 2021-22 budget
- No funding for Scheduled Maintenance and Instructional Equipment

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 \$66.4 million which includes:
 - \$38.2 million in general apportionment
 - \$10.6 million in Education Protection Account (EPA) funding
 - \$2.8 million in enrollment revenue
 - \$14.7 million in property taxes
- A 2% deficit factor is included, totaling \$1.3 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 2020-21 and has included \$300,000 in the Final Budget.
- Funding to support the hiring of full-time faculty is projected at approximately \$560K.
- Nonresident tuition fee will remain at the 2019-20 rate of \$261 per unit.

Expenditures:

- Full-Time Faculty Obligation Number (FON) for Fall 2020 is 164.7 FTEF. The District will meet the FON requirement for 2020-21.

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- Health benefits for medical rates increased by 1.75%, for an additional cost of \$250K
- The PERS rate will increase from 19.72% to 20.70%, for an additional cost of \$120,301.
- The STRS rate will decrease from 17.10% to 16.15%, for a savings of \$234,374.
- The District's contribution rate for State Unemployment Insurance will remain the same as 2019-20, 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 2020-21 range between -6.145% up to 5.031%, for an approximate net cost of \$121K.
- 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 \$50,000.
- Salaries have been adjusted for step and column increases including 2020-21 longevity bonuses:

Faculty	\$271,370
Classified	315,507
Management Team	<u>202,724</u>
Total	\$789,601

- Funds have been set aside to support resource requests from the 2020-21 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 \$175,000 as part of the District's ongoing base budget.

Reserves:

- The ending balance for 2019-20 was \$8,905,824, or 12.89%.
- The District is projecting a 2020-21 ending balance of \$9,043,882, or 12.71%.
- The Board Reserve will be budgeted at 6% of the anticipated expenditures.

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2020-21 Final Budget

Based on the above information and assumptions, the proposed 2020-21 Final Budget for the unrestricted General Fund would be as follows:

	2018-19 Actual	2019-20 Actual	2020-21 Final Budget
Federal	\$ 25,225	\$ 24,005	\$ 25,000
State	47,735,235	52,780,507	49,972,063
Local	19,273,176	19,595,771	19,900,946
Other	1,756,470	707,783	1,406,727
Total Revenue	\$ 68,790,106	\$ 73,108,066	\$ 71,304,736
Academic Salaries	\$ 24,507,152	\$ 25,670,781	\$ 25,682,023
Classified Salaries	10,926,595	12,248,296	12,837,315
Employee Benefits	20,275,263	21,861,169	22,339,410
Supplies and Materials	615,526	517,750	485,640
Other Operating Expenses	6,688,091	6,490,231	7,157,156
Capital Outlay	526,649	428,776	302,515
Other Outgo	5,135,171	1,879,030	2,362,620
Total Expenditures	\$ 68,674,447	\$ 69,096,034	\$ 71,166,679
Net Income (Loss)	\$ 115,659	\$ 4,012,032	\$ 138,058
Beginning Balance	\$ 4,778,133	\$ 4,893,792	\$ 8,905,824
Prior Year Adjustments	-	-	-
Adjusted Beginning Balance	\$ 4,778,133	\$ 4,893,792	\$ 8,905,824
Ending Balance	\$ 4,893,792	\$ 8,905,824	\$ 9,043,882
Percentage Of Expenditures	7.13%	12.89%	12.71%

Major Components of the projected 2020-21 Ending Balance

Reserve for Contingency @ 6.0%	\$ 4,270,001
Set Aside for One-time Expenditures/Carryover	4,773,881
Total	<u>\$ 9,043,882</u>