

2021-22 State Budget - Impact to Community Colleges

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

- Student Center Funding Formula (SCFF) includes COLA of 5.07%
- Enrollment growth of 0.5%
- Pay down of \$1.45 billion of the 2020-21 Budgeted deferrals
- \$564 million 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 \$72.9 million which includes:
 - \$40.6 million in general apportionment
 - \$12.8 million in Education Protection Account (EPA) funding
 - \$2.9 million of enrollment revenue
 - \$16.5 million in property taxes
- A 1.03% deficit factor is included, totaling \$755K
- 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 2021-22 and has included \$300K in the Final Budget.
- Funding to support full-time faculty hiring is projected at approximately \$1.2 million.
- Nonresident tuition rates will remain at the 2020-21 rate of \$261.

Expenditures:

- Full-Time Faculty Obligation Number (FON) for Fall 2021 is 167.7. The District will meet the FON requirement for 2021-22.
- Health benefits for medical rates increased by 1.02%, for an additional cost of \$145K
- The PERS rate increased from 20.70% to 22.91%, for an additional cost of \$301K

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- The STRS rate increased from 16.15 % to 16.92%, for an additional cost of \$196K
- The District’s contribution rate for State Unemployment Insurance increased from 0.05% to 0.5%, for an additional cost of \$183K.
- SISC retiree medical benefit rates vary depending upon the age, coverage plans, and number of dependents for each former employee. Rate adjustments for 2021-22 range between -3.94% up to 1.68%, for an approximate net decrease of \$72K.
- All retirees, including employees that have filed intent to retire, have been budgeted in the Retiree Health Benefits.
- Includes \$50K for various stipend payments (Performing Arts, Program Review, Staff Development, etc.).
- District projects salary savings of \$800K and benefit savings of \$700K.
- Vacation payouts to management and classified employees who separate from the District are included in the budget at an estimated cost of \$50K.
- Salaries have been adjusted for step and column increases including 2021-22 longevity bonuses:

Faculty	\$261K
Classified Professionals	304K
Management	<u>230K</u>
Total	\$795K

- There are 534 positions budgeted for 2021-22, including 46 currently vacant:

STAFF	Full-Time	Part-Time
Faculty	194 (includes 8 vacant)	
Classified Professionals	240 (18 vacant)	48 (11 vacant)
Management	52 (9 vacant)	

- Positions added to the budget through the staffing augmentation process were:
 - Program Assistant – Office of Institutional Effectiveness
 - Carpenter (Categorically funded for one year)
 - Director of Rising Scholars (Categorically funded)
 - Farm Manager
 - Administrative Assistant – Risk Management
 - Senior Programmer Analyst – Information Technology Services
 - Part-time Instructional Support Technician – Nutrition/Culinary Arts
 - Part-time Instructional Support Technician - Kinesiology
 - Part-time Accounting Technician I - Los Banos Student Fees

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- 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 \$100K in contingency funds for unanticipated costs that arise during the fiscal year.
- Includes lifecycle technology funding of \$175K as part of the District's ongoing base budget.
- Student debt of \$500K to be written-off as a part of the Higher Education Emergency Relief (HEERF) Funds for lost revenue.
- Funding this year for scheduled maintenance and instructional equipment is budgeted at an approximate \$4.3 million

Reserves:

- The ending balance for 2020-21 is \$11,680,524 or 16.06%.
- The District is projecting a 2021-22 ending balance of \$12,740,331 or 16.19%.
- The Board Reserve is budgeted at 6% of the anticipated expenditures.

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2021-22 Final Budget

Based on the above information and assumptions, the proposed 2021-22 Final Budget for the unrestricted General Fund would be as follows:

	2019-20 Actual	2020-21 Actual	2021-22 Final Budget
Federal	\$ 24,005	\$ 21,569	\$ 25,000
State	\$ 52,780,507	\$ 54,662,229	\$ 56,303,128
Local	\$ 19,595,771	\$ 20,234,709	\$ 21,823,307
Other/Transfers In	\$ 707,783	\$ 572,608	\$ 1,609,290
Total Revenue	<u>\$ 73,108,066</u>	<u>\$ 75,491,115</u>	<u>\$ 79,760,725</u>
Academic Salaries	\$ 25,670,781	\$ 24,859,771	\$ 26,800,232
Classified Salaries	12,248,296	\$ 12,654,744	14,063,531
Employee Benefits	21,861,169	\$ 21,857,342	23,451,629
Supplies and Materials	517,750	\$ 403,506	666,553
Other Operating Expenses	6,490,231	\$ 6,125,990	9,002,564
Capital Outlay	428,776	\$ 320,756	362,460
Other Outgo/Transfers Out	1,879,030	\$ 6,494,307	4,353,949
Total Expenditures	<u>\$ 69,096,034</u>	<u>\$72,716,416</u>	<u>\$78,700,918</u>
Net Income (Loss)	\$ 4,012,032	\$ 2,774,700	\$ 1,059,807
Beginning Balance	\$ 4,893,792	\$ 8,905,824	\$ 11,680,524
Prior Year Adjustments	-	-	-
Adjusted Beginning Balance	\$ 4,893,792	\$ 8,905,824	\$ 11,680,524
Ending Balance	<u>\$ 8,905,824</u>	<u>\$ 11,680,524</u>	<u>\$ 12,740,331</u>
Percentage Of Expenditures	12.89%	16.06%	16.19%

Major Components of the projected 2021-22 Ending Balance

Board Reserve @ 6.0%	\$ 4,722,055
Set Aside for One-time Expenditures/Carryover	<u>8,018,276</u>
Total	\$ 12,740,331