

2022-23 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 6.56%
- \$26.7 million in enrollment growth of 0.5%
- \$600 million funding increase to SCFF base.
- \$840.7 million for Scheduled Maintenance and Instructional Equipment
- \$650 million for COVID-19 Recovery Block Grant (Restricted one-time funds)

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 \$82 million which includes:
 - \$47.4 million in general apportionment
 - \$15.9 million in Education Protection Account (EPA) funding
 - \$2.6 million of enrollment revenue
 - \$16.6 million in property taxes
- The Emergency Conditions Allowance (ECA) is included (final year for this election)
- A 1% deficit factor is included, totaling \$820K
- 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 2022-23 and has included \$322K in the Final Budget.
- Funding to support full-time faculty hiring is projected at approximately \$1.2 million.
- Nonresident tuition rates will increase from \$261 to \$279 per unit.
- \$6.4 million in COVID-19 Recovery Block Grant funds, which are restricted one-time funds.

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Expenditures:

- Full-Time Faculty Obligation Number (FON) for Fall 2022 is 182.7. The District will meet the FON requirement for 2022-23.
- Health benefits for medical rates increased by 3.5%, for an additional cost of \$524K
- The PERS rate increased from 22.91% to 25.37%, for an additional cost of \$357K
- The STRS rate increased from 16.92 % to 19.10%, for an additional cost of \$553K
- The District's contribution rate for State Unemployment Insurance will remain at the rate of 0.5% for 2022-23
- SISC retiree medical benefit rates vary depending upon the age, coverage plans, and number of dependents for each former employee. Approximate net increase of \$128K.
- 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 2022-23 longevity adjustments:

Faculty	\$277K
Classified Professionals	249K
Management	<u>199K</u>
Total	\$726K

- There are 562 positions budgeted for 2022-23, including 73 currently vacant:

STAFF	Full-Time	Part-Time
Faculty	201 (includes 19 vacant)	
Classified Professionals	253 (33 vacant)	51 (13 vacant)
Management	57 (8 vacant)	

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- Positions added to the budget through the staffing augmentation process were:
 - IT Coordinator
 - A&R Specialist
 - Custodian I
 - Maintenance Mechanic
 - HVAC Technician
 - Police Officer
 - Security Officer
 - Grants Coordinator – Office of Institutional Effectiveness
 - Lab Technician (Categorical)
 - Instructional Support Technician – Los Banos Campus
 - Computer Technician Specialist – Los Banos Campus

- Funds have been set aside to support resource requests from the 2021-22 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.

- Funding this year for scheduled maintenance and instructional equipment is budgeted at an approximate \$9.47 million, which is intended to cover a five-year period.

Reserves:

- The ending balance for 2021-22 is \$13,456,348 or 17.76%.

- The District is projecting a 2022-23 ending balance of \$16,236,958 or 19.39%.

- The Board Reserve is budgeted at 6% of the anticipated expenditures.

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2022-23 Final Budget

Based on the above information and assumptions, the proposed 2022-23 Final Budget for the unrestricted General Fund would be as follows:

	<u>2020-21 Actual</u>	<u>2021-22 Actual</u>	<u>2022-23 Final Budget</u>
Federal	\$ 21,569	\$ 18,400	\$ 18,500
State	\$ 54,662,229	\$ 56,960,270	\$ 65,512,706
Local	\$ 20,234,709	\$ 20,220,669	\$ 20,343,704
Other/Transfers In	\$ 572,608	\$ 1,233,391	\$ 651,903
Total Revenue	<u>\$ 75,491,115</u>	<u>\$ 78,432,730</u>	<u>\$ 86,526,813</u>
Academic Salaries	\$ 24,859,771	\$ 24,827,214	\$ 27,844,358
Classified Salaries	\$ 12,654,744	13,616,328	15,645,038
Employee Benefits	\$ 21,857,342	22,693,419	25,990,716
Supplies and Materials	\$ 403,506	617,657	736,698
Other Operating Expenses	\$ 6,125,990	6,589,828	10,338,717
Capital Outlay	\$ 320,756	714,000	465,629
Other Outgo/Transfers Out	\$ 6,494,307	6,693,609	2,725,046
Total Expenditures	<u>\$72,716,416</u>	<u>\$75,752,055</u>	<u>\$83,746,203</u>
Net Income (Loss)	\$ 2,774,700	\$ 2,680,675	\$ 2,780,610
Beginning Balance	\$ 8,905,824	\$ 11,680,524	\$ 13,456,348
Prior Year Adjustments		(904,851)	-
Adjusted Beginning Balance	\$ 8,905,824	\$ 10,775,673	\$ 13,456,348
Ending Balance	<u>\$ 11,680,524</u>	<u>\$ 13,456,348</u>	<u>\$ 16,236,958</u>
Percentage Of Expenditures	16.06%	17.76%	19.39%

Major Components of the projected 2022-23 Ending Balance

Board Reserve @ 6.0%	\$ 5,024,772
Set Aside for Additional Reserve/Carryover	<u>11,212,186</u>
Total	\$ 16,236,958