

## **2017-18 State Budget - Impact to Community Colleges**

The state budget will include the following items:

- \$97.6 million for a 1.56% cost of living adjustment (COLA) to the unrestricted general state apportionment
- 1% increase in funding for enrollment growth, \$57.8 million
- \$76.9 million for Scheduled Maintenance, Instructional Equipment, and specified water conservation projects
- \$183.6 million to increase base allocation apportionment funding
- \$31.7 million to backfill for lower than estimated RDA revenue (one-time funds)
- \$150 million for Guided Pathways grants to enhance student success (one-time)

## **State Budget – Impact on Merced College**

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

### **Revenue:**

- Education Protection Account (EPA) funding is projected at \$7.5 million.
- Since 2012-13, the District has opted to receive annual State Mandate Cost reimbursements based on FTES. The District is choosing this option again for 2017-18 and is including \$250,000 in the Final Budget.
- The Final Budget does not assess a deficit factor against state apportionment revenue, as language is included to apply unused statewide growth funding to backfill any apportionment deficit.
- Cost of Living Adjustment (COLA) of 1.56% or \$847,031.
- The statewide increase 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 \$227,124. The Final Budget does not include any growth revenue.
- Funding to support the hiring of full-time faculty is projected at approximately \$514K.

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- Nonresident tuition rates will remain level at \$208 per unit. It is anticipated that the number of out-of-state athletes will remain level as the athletic programs remain unchanged.
- Base allocation funding increase will result in additional revenue of \$1.5 million.

### Expenditures:

- The District is expecting to exceed the Fall 2017 full-time faculty obligation number of 177.7 FTEF. The Final Budget includes 189 filled Full-Time faculty positions plus one current recruitment (Art Professor). The 189 positions include seven Less-Than-Full-Time contract faculty.
- Health benefits for SISC medical rates will change as follows:
  - 3.43% increase for Medical, an additional cost of \$179,972
  - Dental rates decreased 5.24% (classified/managers) and 4.63% (faculty) resulting in a savings of \$20,780.
  - Vision rates will remain the same as 2016-17.
- The PERS rate will increase from 13.888% to 15.531%, for an additional cost of \$152,169.
- The STRS rate will increase from 12.58% to 14.43%, for an additional cost of \$368,553.
- The District's contribution rate for State Unemployment Insurance will remain the same as 2016-17, 0.05%.
- Although SISC medical benefit rates for retirees increased, there were fewer numbers of covered retirees. As a result, it is estimated that there will be a net decrease in retiree benefit costs of approximately \$12K.
- All retirees, including employees that have filed intent to retire, have been budgeted in the Retiree Health Benefits.
- Sets aside \$100,000 in contingency funds for unanticipated costs that arise during the fiscal year.
- Salaries have been adjusted for step and column increases including 2017-18 longevity bonuses:

Faculty	\$276,943
Adjunct Faculty	60,000
Classified	141,381

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Management Team  
Total

139,848  
\$618,172

- Maintenance agreements are projected to increase by \$23,747.
- District Planned Expenditures and Resource Allocation items for 2017-18 have not been finalized and no cost estimates are included.
- Projects District salary savings of \$400,000 and benefit savings of \$600,000.
- Vacation payouts to management and classified employees who separate from the District are included in the budget at an estimated cost of \$95,000.
- The match requirement for the Student Success and Support Program (SSSP) remains at 1.3 to 1 (District to State dollars) for 2017-18. SSSP funding for 2017-18 remains at the same level as 2016-17 and will require a match requirement of \$2.3M.
- Includes lifecycle technology funding of \$100,000 as part of the District's ongoing base budget.
- The state budget included \$76.9 million in funding for Scheduled Maintenance, Instructional Equipment, and Water Conservation projects. The District has been allocated \$646,869 and has the flexibility to determine the funding split between the programs. In addition, as with 2016-17, a local match will not be required for 2017-18.
- Includes \$50,000 for various stipend payments (Performing Arts, Program Review, Staff Development, etc.)
- Projects approximately \$900K for FT faculty reassigned time (\$700K for FT faculty and \$200K for adjunct backfill.)
- SERP payments of \$296,722 (final payment) and \$257,397 (2nd to last payment) are included.

**Reserves:**

- The ending balance for 2016-17 was \$4,537,647, or 7.55%.
- The District is projecting a 2017-18 ending balance of \$4,787,921, or 7.82%.
- The Board Reserve will be budgeted at 6 percent of the anticipated expenditures.

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- Budget augmentation requests totaled \$119,806. No amount for these requests has been included in the Final Budget or specifically set aside in reserves.

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**2017-18 Final Budget**

Based on the above information and assumptions, the proposed 2017-18 Final Budget for the unrestricted General Fund would be as follows:

	2015-16 <u>Actual</u>	2016-17 <u>Actual</u>	2017-18 Final <u>Budget</u>
Income:			
8100 Federal	\$ 29,766	\$ 26,600	\$ 30,000
8600 State	43,586,294	42,438,481	43,903,833
8800 Local	14,977,734	16,241,399	17,086,998
8900 Other Sources	<u>166,189</u>	<u>1,114,100</u>	<u>485,000</u>
Total	\$ <u>58,759,983</u>	\$ <u>59,820,580</u>	\$ <u>61,505,831</u>
Expenditures:			
1000 Academic Salaries	\$ 20,671,390	\$ 21,047,513	\$ 20,914,525
2000 Classified Salaries	9,146,910	10,012,751	9,958,863
3000 Benefits	16,665,622	17,640,297	18,151,817
4000 Supplies	531,392	559,240	629,974
5000 Services	5,895,450	5,557,611	6,461,270
6000 Capital Outlay	448,366	477,103	287,062
7000 Other Outgo	<u>4,955,660</u>	<u>4,805,035</u>	<u>4,852,046</u>
Total Expenditures	\$ <u>58,314,790</u>	\$ <u>60,099,550</u>	\$ <u>61,255,557</u>
Net Income (Loss)	\$ 445,193	\$ (278,970)	\$ 250,274
Beginning Balance	\$ 4,371,424	\$ 4,816,617	\$ 4,537,647
Ending Balance	\$ <u>4,816,617</u> =====	\$ <u>4,537,647</u> =====	\$ <u>4,787,921</u> =====
Percentage	8.26%	7.55%	7.82%

**Major Components of the projected 2017-18 Ending Balance**

Reserve for Contingency @ 6.0%	\$ 3,675,333
Set Aside for One-time Expenditures/Carryover	<u>1,112,588</u>
Total	\$ 4,787,921