

## **2023-24 State Budget - Impact to Community Colleges**

Based on the 2023-24 Budget Act, the state budget will include the following items:

- Student Centered Funding Formula (SCFF) includes COLA of 8.22%
- \$26.4M in enrollment growth of 0.5%
- \$500M reduction in 2022-23 scheduled maintenance and instructional equipment allocation from \$840 million to \$340 million

## **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 \$87.7 million which includes:
  - \$51.2M in general apportionment
  - \$16.7M in Education Protection Account (EPA) funding
  - \$2.8M of enrollment revenue
  - \$17M in property taxes
- A 1% deficit factor is included, totaling \$885K
- 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 2023-24 and has included \$342k in the Final Budget.
- Funding to support full-time faculty hiring is projected at approximately \$1.2M.
- Nonresident tuition rates will increase from \$279 to \$290 per unit

### **Expenditures:**

- Full-Time Faculty Obligation Number (FON) for Fall 2023 is 170.7. The District will meet the FON requirement for 2023-24.
- Medical rates for health benefits increased by 9%, for an additional cost of \$827k.
- The PERS rate will increase from 25.37% to 26.68%, for an additional cost of \$218k.
- The STRS rate will remain at 19.10% for 2023-24.

**Proposed 2023-24 Final Budget**

**September 12, 2023**

**Page 2**

- The District’s contribution rate for State Unemployment Insurance was reduced from 0.5% to 0.05% for a decrease of \$208k in 2023-24.
- SISC retiree medical benefit rates vary depending upon the age, coverage plans, and number of dependents for each former employee. Approximate net increase of \$197k.
- 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 \$900k and benefit savings of \$1.1M.
- Vacation payouts to management and classified employees who separate from the District are included in the budget at an estimated cost of \$75k.
- Salaries have been adjusted for step and column increases including 2023-24 longevity adjustments:

Faculty	\$388k
Classified Professionals	296k
Management	<u>226k</u>
Total	\$910k

- There are 426 General Fund positions budgeted for 2023-24, including 48 currently vacant:

STAFF	Full-Time	Part-Time
<b>Faculty</b>	192 (13 vacant)	
<b>Classified Professionals</b>	187 (30 vacant)	40 (4 vacant)
<b>Management</b>	47 (1 vacant)	

- Positions added to the budget through the staffing augmentation process were:
  - Professional Development Coordinator – Human Resources
  - Events & Program Specialist – Events and Operations
  - Enrollment and Retention Specialist – External Relations
  - Human Resources Director (Increased from Mgmt Range 8 to Range 2)
  - Custodian I – Events and Operations
  - Area Administrative Coordinator (10.5 to 12 months) – Allied Health
  - Office Assistant – External Relations
  - Administrative Assistant 1 – Fiscal Services
  - Accounting Specialist – Fiscal Services
  - Data Entry Clerk (Part-Time) – Maintenance
  - Theater Production Assistant (10 to 12 months) – Theater
  - Stage Technician I (11 to 12 month) – Theater

## Proposed 2023-24 Final Budget

September 12, 2023

Page 3

- 16 new faculty positions were authorized via the Faculty Hiring Prioritization process.
- Funds have been set aside to support resource requests from the 2022-23 program review process, and to address staffing needs and budget augmentations for the District.
- Sets aside \$200k in contingency funds for unanticipated costs that arise during the fiscal year.
- Includes lifecycle technology funding of \$200k as part of the District's ongoing base budget.
- Scheduled maintenance and instructional equipment funds provided in 2022-23 totaling \$9.47M were reduced as part of the 2023-24 state budget by \$5.6M. The 2023-24 budget provided additional funding of \$64k.
- Retention and Enrollment funds provided in 2022-23 totaling \$1.2 million were reduced as part of the 2023-24 state budget by \$509k. The 2023-24 budget provided new funding of \$460k.
- Other Outgo/Transfers Out for 2022-23 and 2023-24 includes general fund contributions to the following capital projects:
  - AgTEC Innovation Center - \$1,270,115 **(2022-23)**
  - CTE/Vocational Building Renovation - \$1,367,891 **(2022-23)**
  - Theater-Arts-Music project match - \$5,426,149 **(2022-23 and 2023-24)**
    - 2022-23 - \$3,250,000
    - 2023-24 - \$2,176,149

### Reserves:

- The ending balance for 2022-23 is \$15,750,905 or 18.19%.
- The District is projecting 2023-24 net income of \$1,040,310, resulting in a projected ending balance of \$16,791,215 or 18.01%.
- The Board Reserve is budgeted at 16.67% of the anticipated expenditures.

**Proposed 2023-24 Final Budget**

**September 12, 2023**

**Page 4**

**2023-24 Final Budget**

Based on the above information and assumptions, the proposed 2023-24 Final Budget for the unrestricted General Fund would be as follows:

	<b>2021-22 Actual</b>	<b>2022-23 Actual</b>	<b>2023-24 Final Budget</b>
Federal	\$ 18,400	\$ 20,025	\$ 18,500
State	\$ 56,960,270	\$ 65,318,208	\$ 71,598,457
Local	\$ 20,220,669	\$ 22,705,732	\$ 22,120,828
Other/Transfers In	\$ 1,233,391	\$ 826,908	\$ 545,707
<b>Total Revenue</b>	<b><u>\$ 78,432,730</u></b>	<b><u>\$ 88,870,873</u></b>	<b><u>\$ 94,283,492</u></b>
Academic Salaries	\$ 24,827,214	\$ 28,353,558	\$ 29,720,395
Classified Salaries	13,616,328	14,676,539	17,283,978
Employee Benefits	22,693,419	24,461,679	27,709,076
Supplies and Materials	617,657	856,649	898,399
Other Operating Expenses	6,589,828	7,709,129	11,389,222
Capital Outlay	714,000	713,393	626,795
Other Outgo/Transfers Out	6,693,609	9,805,367	5,615,317
<b>Total Expenditures</b>	<b><u>\$75,752,055</u></b>	<b><u>\$86,576,316</u></b>	<b><u>\$93,243,182</u></b>
Net Income (Loss)	\$ 2,680,675	\$ 2,294,557	\$ 1,040,310
Beginning Balance	\$ 11,680,524	\$ 13,456,348	\$ 15,750,905
Prior Year Adjustments	(904,851)	-	-
Adjusted Beginning Balance	\$ 10,775,673	\$ 13,456,348	\$ 15,750,905
Ending Balance	<b><u>\$ 13,456,348</u></b>	<b><u>\$ 15,750,905</u></b>	<b><u>\$ 16,791,215</u></b>
Percentage Of Expenditures	17.76%	18.19%	18.01%

**Major Components of the projected 2023-24 Ending Balance**

Board Reserve @ 16.67%	\$ 15,543,638
Set Aside for Additional Reserve/Carryover	1,247,577
Total	<u>\$ 16,791,215</u>