2025-26 State Budget - Impact to Community Colleges

Based on the 2025-26 Budget Act, the state budget will include the following items:

- Student Centered Funding Formula (SCFF) includes COLA of 2.3%
- $39.98M in enrollment growth for 2025-26

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 SCFF is $103 million, which includes:
    - $64.2M in general apportionment
    - $14M in Education Protection Account (EPA) funding
    - $3M of enrollment revenue
    - $21.9M in property taxes
- A 1.5% deficit factor is included, totaling $1.5M
- 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 2025-26 and has included $359k in the Final Budget.
- Funding to support full-time faculty hiring is projected at approximately $1.2M.
- Nonresident tuition rates will increase from $305 to $320 per unit

Expenditures:

- Full-Time Faculty Obligation Number (FON) for Fall 2025 is 182.7. The District will meet the FON requirement for 2025-26.
- Medical rates for health benefits increased by 11%, for an additional cost of $1.4M.
- The PERS rate will decrease from 27.05% to 26.81%, for a cost saving of $49k.
- The STRS rate will remain at 19.10% for 2025-26.
- The District's contribution rate for State Unemployment Insurance will maintain at the rate of 0.05% for 2025-26.

- SISC retiree medical benefit rates vary depending upon the age, coverage plans, and number of dependents for each former employee. Approximate net increase of $261k.

- 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 and benefit savings of $3.75M

- Vacation payouts to management and classified employees who separate from the District are included in the budget at an estimated cost of $195k.

- Salaries have been adjusted for step and column increases including 2025-26 longevity adjustments:

Faculty	$391k
Classified Professionals	476k
Management	243k
Total	$1.1M

- There are 472 General Fund positions budgeted for 2025-26, including 48 currently vacant:

STAFF	Full-Time	Part-Time
Faculty	187 (4 vacant)	
Classified Professionals	202 (17 vacant)	34 (6 vacant)
Management	49 (3 vacant)	

- Positions added to the budget through the staffing augmentation process were:
  - Accounting Technician II – Student Fees
  - Administrative Assistant II – Enterprise & Academic Partnerships
  - Administrative Assistant II – Facilities
  - Event and Program Specialist – Events & Operations
  - Manager, Experiential Vehicle & Welcome Center – Student Services
  - Grounds Coordinator – Events & Operations
  - Human Resource Technician – Human Resources
  - Laboratory Technician, Part-time – Rising Scholars
  - Laboratory Technician, Part-time – Science
  - Student Support Coordinator – Student Services
  - Trade Specialist – Maintenance
  - Warehouse Delivery Technician – Purchasing

- Funds have been set aside to support resource requests from the 2023-24 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 $300k as part of the District's ongoing base budget.

- Other Outgo/Transfers Out for 2024-25 and 2025-26 includes general fund contributions of $15.4M to the Theater-Arts-Music project:

    - 2024-25 - $8.3M
    - 2025-26 - $7.1M

Reserves:

- The ending balance for 2024-25 is $18,674,604 or 18.06%.

- The District is projecting 2025-26 net income of $2,187,673, resulting in a projected ending balance of $20,862,277 or 18.31%.

- The Board Reserve is budgeted at 16.67% of the anticipated expenditures.

2025-26 Final Budget

Based on the above information and assumptions, the proposed 2025-26 Final Budget for the unrestricted General Fund would be as follows:

	2023-24 Actual	2024-25 Actual	2025-26 Final
Federal	$ 28,275	$ 34,615	$ 6,075,567
State	$ 72,887,861	$ 78,595,575	$ 80,928,155
Local	$ 25,300,194	$ 25,979,819	$ 28,047,785
Other/Transfers In	$ 555,141	$ 752,195	$ 1,082,782
Total Revenue	**$ 98,771,471**	**$105,362,204**	**$ 116,134,290**
Academic Salaries	$ 30,983,057	$ 32,716,248	$ 34,877,678
Classified Salaries	16,925,729	18,753,621	20,904,544
Employee Benefits	28,000,702	29,267,480	32,148,009
Supplies and Materials	721,559	827,539	796,597
Other Operating Expenses	8,238,197	8,107,205	11,083,298
Capital Outlay	987,113	788,852	819,705
Other Outgo/Transfers Out	11,978,988	12,913,686	13,316,786
Total Expenditures	**$97,835,344**	**$103,374,631**	**$113,946,617**
Net Income (Loss)	$ 936,127	$ 1,987,572	$ 2,187,673
Beginning Balance	$ 15,750,905	$ 16,687,032	$ 18,674,604
Prior Year Adjustments	-	-	-
Adjusted Beginning Balance	$ 15,750,905	$ 16,687,032	$ 18,674,604
Ending Balance	$ 16,687,032	$ 18,674,604	$ 20,862,277
Percentage Of Expenditures	17.06%	18.06%	18.31%

Major Components of the projected 2025-26 Ending Balance

Board Minimum Reserve @ 16.67%	$ 18,994,901
Set Aside for Additional Reserve/Carryover	1,867,376
Total	$ 20,862,277