

2024-25 State Budget - Impact to Community Colleges

Based on the 2024-25 Budget Act, the state budget will include the following items:

- Student Centered Funding Formula (SCFF) includes COLA of 1.07%
- \$28.9M in enrollment growth of 0.5%

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 SCFF is \$95.1 million which includes:
 - \$61.9M in general apportionment
 - \$10.7M in Education Protection Account (EPA) funding
 - \$2.9M of enrollment revenue
 - \$19.5M in property taxes
- A 1.5% deficit factor is included, totaling \$1.4M
- 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 2024-25 and has included \$357k in the Final Budget.
- Funding to support full-time faculty hiring is projected at approximately \$1.2M.
- Nonresident tuition rates will increase from \$290 to \$305 per unit

Expenditures:

- Full-Time Faculty Obligation Number (FON) for Fall 2024 is 167.7. The District will meet the FON requirement for 2024-25.
- Medical rates for health benefits increased by 6.4%, for an additional cost of \$670k.
- The PERS rate will increase from 26.68% to 27.05%, for an additional cost of \$68k.
- The STRS rate will remain at 19.10% for 2024-25.
- The District's contribution rate for State Unemployment Insurance will maintain at the rate of 0.05% for 2024-25.

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- SISC retiree medical benefit rates vary depending upon the age, coverage plans, and number of dependents for each former employee. Approximate net increase of \$142k.
- 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 2024-25 longevity adjustments:

| | |
|--------------------------|-------------|
| Faculty | \$356k |
| Classified Professionals | 400k |
| Management | <u>208k</u> |
| Total | \$964k |

- There are 481 General Fund positions budgeted for 2024-25, including 48 currently vacant:

| STAFF | Full-Time | Part-Time |
|---------------------------------|-----------------|----------------|
| Faculty | 191 (10 vacant) | |
| Classified Professionals | 203 (17 vacant) | 36 (14 vacant) |
| Management | 51 (7 vacant) | |

- Positions added to the budget through the staffing augmentation process were:
 - Admissions and Records Technician – Student Services
 - Automotive Mechanic I – Transportation
 - Custodial Coordinator – Operations
 - Director, Career and Transfer Center – Student Services
 - Electrician – Maintenance
 - Help Desk Technician (Part-Time) – Information Technology Services
 - Instructional Support Technician III (Part-Time) - Athletics
 - Payroll Specialist – Fiscal Services
 - Warehouse Technician (Part-Time) – Purchasing

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- 14 faculty positions were authorized via the Faculty Hiring Prioritization process (11 replacements, 1 new General Fund, and 2 new categorically-funded positions).
- 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 \$200k as part of the District's ongoing base budget.
- Other Outgo/Transfers Out for 2023-24 and 2024-25 includes general fund contributions of \$6.25M to the following capital projects:
 - AgTEC Innovation Center - \$3.5M **(2023-24)**
 - Theater-Arts-Music match - \$2.75M **(\$1M - 2023-24 and \$1.75M - 2024-25)**
 - 2023-24 - \$4,500,000
 - 2024-25 - \$1,750,000

Reserves:

- The ending balance for 2023-24 is \$16,687,032 or 17.06%.
- The District is projecting 2024-25 net income of \$532,680, resulting in a projected ending balance of \$17,219,712 or 17.00%.
- The Board Reserve is budgeted at 16.67% of the anticipated expenditures.

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2024-25 Final Budget

Based on the above information and assumptions, the proposed 2024-25 Final Budget for the unrestricted General Fund would be as follows:

| | <u>2022-23</u> <u>Actual</u> | <u>2023-24</u> <u>Actual</u> | <u>2024-25</u> <u>Final</u> |
|----------------------------|---------------------------------|---------------------------------|--------------------------------|
| Federal | \$ 20,025 | \$ 28,275 | \$ 25,000 |
| State | \$ 65,318,208 | \$ 72,887,861 | \$ 75,571,090 |
| Local | \$ 22,705,732 | \$ 25,300,194 | \$ 25,510,383 |
| Other/Transfers In | \$ 826,908 | \$ 555,141 | \$ 713,895 |
| Total Revenue | <u>\$ 88,870,873</u> | <u>\$ 98,771,471</u> | <u>\$ 101,820,367</u> |
| Academic Salaries | \$ 28,353,558 | \$ 30,983,057 | \$ 33,288,753 |
| Classified Salaries | 14,676,539 | 16,925,729 | 19,148,024 |
| Employee Benefits | 24,461,679 | 28,000,702 | 30,092,700 |
| Supplies and Materials | 856,649 | 721,559 | 787,910 |
| Other Operating Expenses | 7,709,129 | 8,238,197 | 11,586,382 |
| Capital Outlay | 713,393 | 987,113 | 700,821 |
| Other Outgo/Transfers Out | 9,805,367 | 11,978,988 | 5,683,097 |
| Total Expenditures | <u>\$ 86,576,316</u> | <u>\$ 97,835,344</u> | <u>\$ 101,287,687</u> |
| Net Income (Loss) | \$ 2,294,557 | \$ 936,127 | \$ 532,680 |
| Beginning Balance | \$ 13,456,348 | \$ 15,750,905 | \$ 16,687,032 |
| Prior Year Adjustments | - | - | - |
| Adjusted Beginning Balance | <u>\$ 13,456,348</u> | <u>\$ 15,750,905</u> | <u>\$ 16,687,032</u> |
| Ending Balance | <u>\$ 15,750,905</u> | <u>\$ 16,687,032</u> | <u>\$ 17,219,712</u> |
| Percentage Of Expenditures | 18.19% | 17.06% | 17.00% |

Major Components of the projected 2024-25 Ending Balance

| | |
|--|----------------------|
| Board Minimum Reserve @ 16.67% | \$ 16,884,657 |
| Set Aside for Additional Reserve/Carryover | 335,055 |
| Total | <u>\$ 17,219,712</u> |