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Development of the 2026 -27 Budget

Annual Budget Forums
April 2026

Presentation Topics

- 2026-27 State Budget Outlook
- SCFF Funding and Hold Harmless
- Building Blocks of the Budget
  - Budget Assumptions
  - Revenues
  - Expenditures
  - Fixed costs “Keeping the Lights On”
  - Long-term Liabilities
  - Reserves
- Budget Timeline
- Next Steps and Considerations

2026-27 State Budget Outlook

- While State revenues are tracking higher than projections, the overall tone of the budget proposal was cautionary, with most details answered with, “Wait until the May Revision…”
- **No new ongoing funding** was provided to 4CD due to Hold Harmless

General Fund Revenue Sources
(Dollars in Millions)

	2025-26	2026-27	Change from 2025-26: Dollar Change	Change from 2025-26: Percent Change
Personal Income Tax	$137,840	$142,202	$4,362	3.2%
Sales and Use Tax	34,401	35,095	694	2.0%
Corporation Tax	41,702	43,528	1,826	4.4%
Insurance Tax	4,370	4,612	242	5.5%
Alcoholic Beverage Taxes and Fees	417	419	2	0.5%
Cigarette Tax	35	34	-1	-2.9%
Motor Vehicle Fees	46	46	0	0.0%
Other	9,251	4,472	-4,779	-51.7%
Subtotal	**$228,062**	**$230,408**	**$2,346**	**1.0%**
Transfer from/to the Budget Stabilization Account/Rainy Day Fund	7,100	-3,023	-10,123	-142.6%
Total	**$235,162**	**$227,385**	**-$7,777**	**-3.3%**

Note: Numbers may not add due to rounding.

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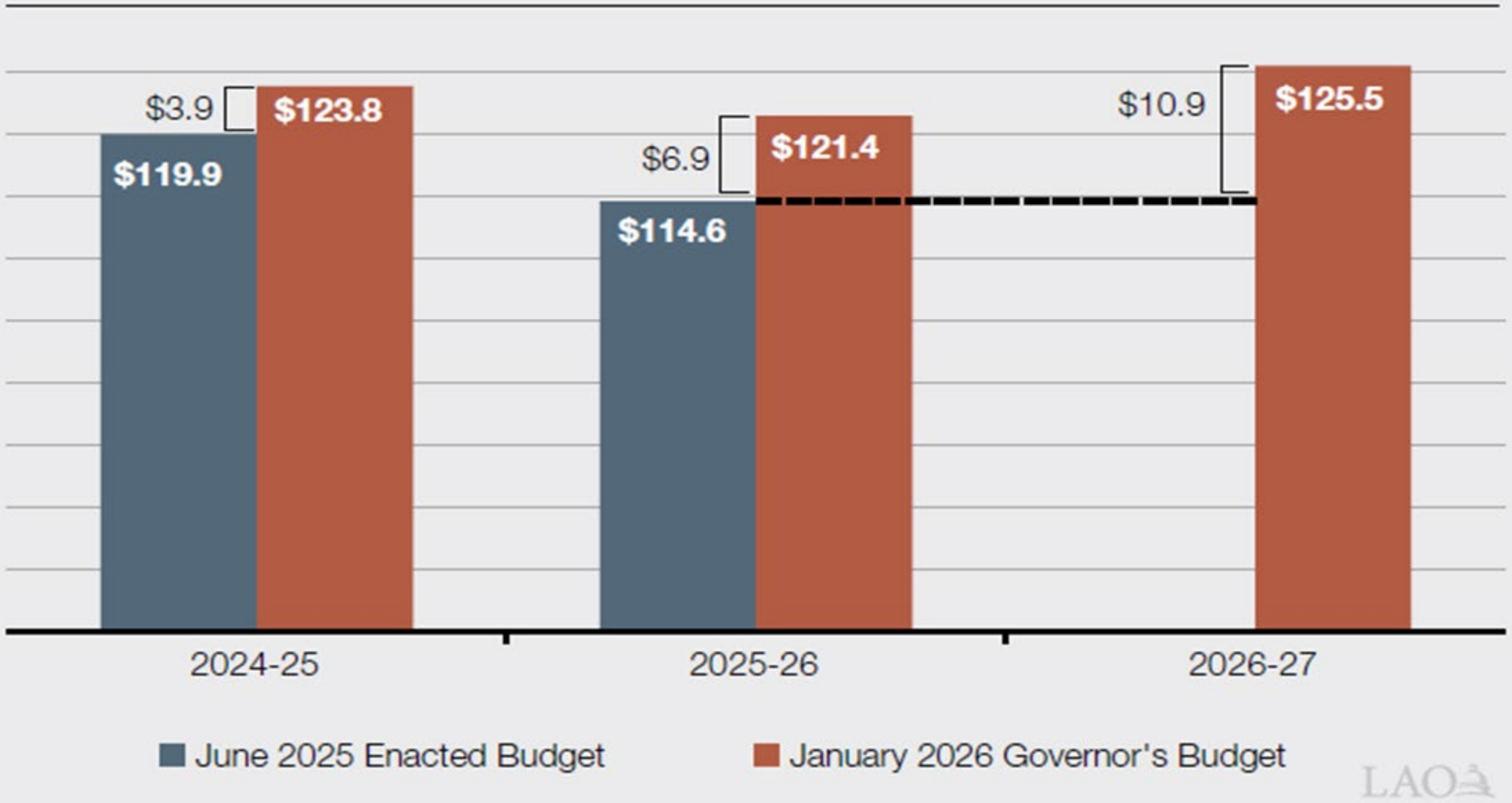
Underfunding of Proposition 98

- The Proposition 98 Guarantee (Based upon "Test 1" – 40%) increases over the 3-year reporting period; however, the January Proposal does not fund the required guarantee and instead increases the "Settle Up" funds owed to K-14 Education up to $5.6 billion from the current year.

Figure 3

Changes in School Funding Requirement Over the Budget Period
(In Billions)



2026-27 Proposal - Impact to 4CD

- 4CD is projected to remain in Hold Harmless status for the 2026-2027 fiscal year and 4CD is not projected to receive any new ongoing state revenues.
- The chart below summarizes the impact to 4CD from these budget proposals.

Major State Budget Proposal	Fiscal Impact to 4CD
$270.4 million for 2.41% COLA	Not applicable to 4CD
$87.2 million SCFF Growth (1%-25-26; 0.5%-26-27)	Not applicable to 4CD
$408.4 million Deferral Repayment	Supports cash flow only
$100 million one-time Student Support Block Grant	Approximately $2.1 million
$120.7 million one-time Deferred Maintenance	Approximately $2.6 million

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Federal Policy Issues

- 4CD has received several multi-year, one-time federal grants, including:
  - Upward Bound and Talent Search (TRIO programs); and
  - grant cycles are ending in September 2026 and 2027 and require new applications without any guarantee of new funding.
- Continue ongoing monitoring due to volatility in federal policy, including:
  - inflationary and interest rate impacts resulting from the Iran conflict;
  - continued possible elimination of the U.S. Department of Education;
  - tariff impacts with short- and long-term budget implications;
  - decline in international student enrollment due to federal policy shifts;
  - continued policy and compliance changes and challenges; and
  - additional sequestration and elimination of tax subsidies related to financing.

Understanding the Student Centered Funding Formula (SCFF)

Building Blocks of the SCFF

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SCFF

Base Allocation

70%

Utilizes a 3-year average of FTES along with a basic grant based upon college and center FTES.

No longer provides COLA funding for districts in Hold Harmless Status

Supplemental Allocation

20%

Counts of low-income students:
AB540 students
Pell Grant Recipients
Promise Grant Recipients
(MIS Data)

Student Success Incentive Allocation

10%

Counts of outcomes for specific metrics with additional value for Pell Grant and Promise Grant recipients in each category:
Associate Degrees for Transfer
Associate Degrees
Credit Certificates
Transfer level Math and English
Transfer to a Four-Year University
Nine or More CTE Units
Regional Living Wage

SCFF: Basic Allocation FTES Funding

- The SCFF formula provides a basic allocation for each college, based upon size, along with an allocation for each State Approved Center that is over 1,000 FTES.

- These totals are included within the 70% of the SCFF dedicated to FTES

Site	Size	2025-26 Amount	FTES Based on
College	10,000 – 19,999 FTES	$7,767,837	Prior Year CCFS 320
	0 – 9,999 FTES	$6,658,143	Prior Year CCFS 320
Center	State Approved Center 1,000+ FTES	$2,219,382	Prior Year CCFS 320

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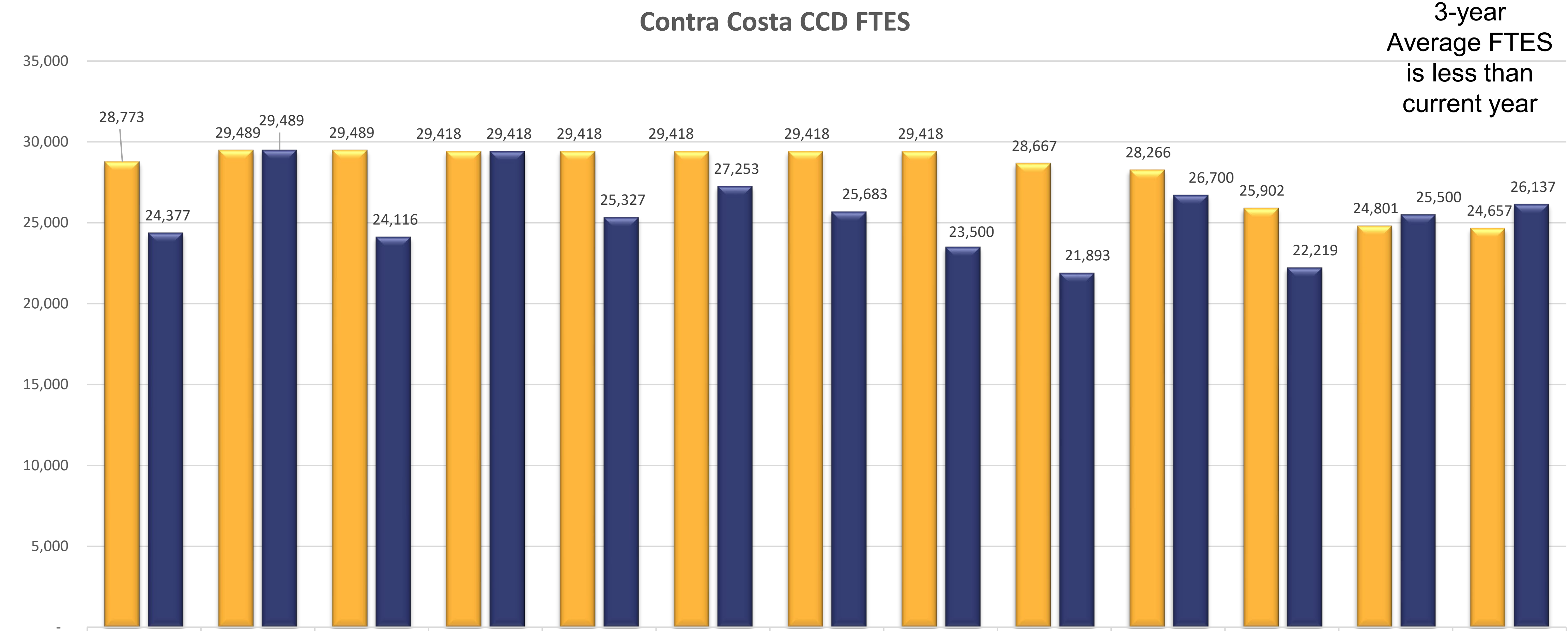
SCFF: FTES Funding

FTES	State Definition	2025-26 Rate	Methodology	Data Source
Credit	One FTES is equivalent to 525 hours of student instruction. One FTES can be generated by a single full-time student enrolled in 15 units or multiple part-time students (Ed. Code §84750.5(d)(1))	$5,416.20	3-year average (current and 2 prior years	CCFS 320
Incarcerated Credit	Authorized by SB1391 full-time equivalent students enrolled in credit courses offered to incarcerated individuals in state prisons or county jails	$7,595.29	Current year	CCFS 320
Special Admit Credit (Early College)	High school students who are dually enrolled in community college credit courses through College and Career Access Pathways (CCAP) or other dual enrollment programs (Ed. Code § 76002)	$7,595.29	Current year	CCFS 320
Career Development and College Preparation (CDCP)	Students enrolled in approved Career Development and College Preparation noncredit programs leading to certificates. (Education Code Section 84760.5)	$7,595.29	Current year	CCFS 320
Noncredit	Students enrolled in noncredit courses (Education Code Section 84757(a))	$4,567.26	Current year	CCFS 320

4CD Historical FTES and Three-year Average

3-year Average FTES is less than current year



	FY 2014-15 (stability)	FY 2015-16 (borrowing)	FY 2016-17 (stability)	FY 2017-18 (borrowing)	FY 2018-19 (hold harmless)	FY 2019-20 (hold harmless)	FY 2020-21 (hold harmless)	FY 2021-22 (hold harmless)	FY 2022-23 (SCFF)	FY 2023-24 (stability)	FY 2024-25 (stability)	FY 2025-26 P1 (HH)	FY 2026-27 Estimate (HH)
3-year avg	28,773	29,489	29,489	29,418	29,418	29,418	29,418	29,418	28,667	28,266	25,902	24,801	24,657
Actual	24,377	29,489	24,116	29,418	25,327	27,253	25,683	23,500	21,893	26,700	22,219	25,500	26,137

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SCFF: Supplemental Funding

- Headcount provides 20% of SCFF Calculated Revenue

Metric	State Definition	2025-26 Rate	Methodology	Data Source
AB540	Students granted nonresident tuition exemption under AB 540 (attended CA high school 3+ years and graduated). (Education Code Section 68130.5)	$1,280.76	Prior Year Headcount	MIS Financial Aid
Pell Grant	Students who received a Federal Pell Grant during the prior academic year. (Education Code Section 84750.5(d)(2)(A))	$1,280.76	Prior Year Headcount	MIS Financial Aid
California College Promise Grant (CCPG)	Students who received a California College Promise Grant (formerly BOG Fee Waiver). (Education Code Section 84750.5(d)(2)(B))	$1,280.76	Prior Year Headcount	MIS Student Records

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SCFF Success Funding

- Headcounts for 8 student outcome metrics provide 10% of SCFF calculation

Associate Degree for Transfer (ADT)	Transfer Level Math and English
Associate Degree	Transfer to a Four-Year University
Baccalaureate Degree	Nine or More CTE Units
Credit Certificate	Regional Living Wage

- Point value applied for each metric
- Bonus allocation for students who receive Pell and California College Promise Grants (CCPG) for each metric
- All calculated using a three-year average headcount from three previous years except for Regional Living Wage, where data is two years delayed

SCFF Success Metrics
Associate Degree For Transfer

- 3-year average headcount (22-23, 23-24, 24-25) provides 10% of SCFF Calculated Revenue

Success Metric	State Definition	Data Source	All Students $755.21 per point	Pell Bonus $190.49 per point	CCPG Bonus $190.49 per point
Associate Degree for Transfer (ADT)	Students awarded an ADT as defined in Education Code Section 66746	MIS Awards	4 points	6 points	4 points

Base Allocation	+	Pell Bonus	+	CCPG Bonus
$3,020.84		$1,142.94		$761.96

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SCFF Success Metrics Associate Degree

- 3-year average headcount (22-23, 23-24, 24-25) provides 10% of SCFF Calculated Revenue

Success Metric	State Definition	Data Source	All Students	Pell Bonus	CCPG Bonus
			$755.21 per point	$190.49 per point	$190.49 per point
Associate Degree	Students awarded an associate degree (non-ADT). (Education Code Section 84750.5(d)(4))	MIS Awards	3 points	4.5 points	3 points

Bachelor's Degree (where offered provides same point values)

Base Allocation		Pell Bonus		CCPG Bonus
$2,265.63	+	$857.21	+	$571.47

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SCFF Success Metrics
Credit Certificates/Transfer Math and English

- 3-year average headcount (22-23, 23-24, 24-25) provides 10% of SCFF Calculated Revenue

Success Metric	State Definition	Data Source	All Students $755.21 per point	Pell Bonus $190.49 per point	CCPG Bonus $190.49 per point
Credit Certificates	Students completing a credit certificate of 16 or more units. (Education Code Section 84750.5(d)(4))	MIS Awards	2 points	3 points	2 points

Transfer Level Math and English requirements completed in first academic year also funded at this point value

Base Allocation		Pell Bonus		CCPG Bonus
$1,510.42	+	$571.47	+	$380.98

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SCFF Success Metrics
Nine or More CTE Units

- 3-year average headcount (22-23, 23-24, 24-25) provides 10% of SCFF Calculated Revenue

Success Metric	State Definition	Data Source	All Students $755.21 per point	Pell Bonus $190.49 per point	CCPG Bonus $190.49 per point
Nine or More CTE Units Completed	Students completing 9 or more Career Technical Education units. (Education Code Section 84750.5(d)(4))	MIS Data	1 point	1.5 points	1 point

Base Allocation		Pell Bonus		CCPG Bonus
$755.21	+	$285.74	+	$190.49

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SCFF Success Metrics
Transfer to Four Year University

- 3-year average headcount (22-23, 23-24, 24-25) provides 10% of SCFF Calculated Revenue

Success Metric	State Definition	Data Source	All Students $755.21 per point	Pell Bonus $190.49 per point	CCPG Bonus $190.49 per point
Transfer to a Four Year University	Students transferring to a 4-year institution as reported in National Student Clearinghouse. (Education Code Section 84750.5(d)(4))	Clearing-house	1.5 points	2.25 points	1.5 points

Base Allocation		Pell Bonus		CCPG Bonus
$1,132.82	+	$428.60	+	$285.74

SCFF Success Metrics
Regional Living Wage

- Three-year average headcount utilizes data two years delayed based upon earnings reported to the State of California (21-22, 22-23, 23-24) provides 10% of SCFF Calculated Revenue

Success Metric	State Definition	Data Source	All Students **$755.21 per point**	Pell Bonus **$190.49 per point**	CCPG Bonus **$190.49 per point**
Regional Living Wage	Students earning a regional living wage within one year of completion. (Education Code Section 84750.5(d)(4))	EDD Matched Data	1 point	1.5 points	1 point

Employment Development Department (EDD) quarterly wage data matched student records to determine actual income

Base Allocation		Pell Bonus		CCPG Bonus
$755.21	+	$285.74	+	$190.49

Projecting SCFF Revenue: Four Calculations

SCFF | **Stability** | **Hold Harmless** | **Highest Max TCR**

SCFF Calculated Revenue

Calculated from:

1. Average of the current and two previous year FTES
2. Supplemental Student Count
3. Student Success Data

Prior Year TCR Stability

Calculated from:

1. Prior year SCFF Revenue Calculation
2. Adjusted for current year COLA, if any

Minimum Revenue Commitment

Calculated from:

1. ~~2017-18 Total Computation Revenue (TCR) and adjusted for COLA each year~~
2. Effective 2025-26, will become the 2024-25 funded TCR and will not be adjusted by COLA in future years.

Max TCR

Calculated from:

1. The highest value of the three calculated options
2. Becomes the Minimum Revenue Commitment for the following year

SCFF: Impact of Using Current Year FTES

- Three-year FTES average uses current-year credit FTES plus the prior two years
- FTES reported 3–4 times annually through CCFS-320
  - P1 (Jan 15): Summer/Fall census with spring “annualizer” (factor estimating spring)
  - P2 (Apr 15): Updated Summer/Fall plus Spring census
  - Annual/P3 (July): Full-year census and positive attendance; recalculation may follow
- SCFF initially uses prior-year FTES twice until Annual CCFS-320 is submitted
- Full SCFF revenue is delayed until year-end FTES is finalized

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SCFF: Timeline of Data Reporting

	Adoption Budget September 2025		First Principal Apportionment/ Tentative Budget March 2026		Adoption Budget September 2026		First Principal Apportionment/ Tentative Budget March 2027	
FTES	2023-24	26,700	2023-24	26,700	2024-25	22,219	2024-25	22,219
	24-25 P2	22,803	2024-25	22,219	25-26 P2	TBD	2025-26	TBD
	24-25 P2	22,803	25-26 P1	25,500	25-26 P2	TBD	26-27 P1	TBD
SUPPLEMENTAL and SUCCESS	2022-23		2022-23		2023-24		2023-24	
	2023-24		2023-24		2024-25		2024-25	
	2023-24		2024-25		2024-25		2025-26	
SCFF Calcul.	$215,192,536		$223,192,933		$226,954,620		$TBD	
SCFF Max TCR Revenue	$229,941,714		$229,941,714		$229,941,714		$229,941,714	

Color shading reflects fiscal year data utilized in calculation

SCFF: Timeline of Data Reporting

	Adoption Budget September 2025		First Principal Apportionment/ Tentative Budget March 2026		Adoption Budget September 2026		First Principal Apportionment/ Tentative Budget March 2027	
FTES	2023-24	26,700	2023-24	26,700	2024-25	22,219	2024-25	22,219
	24-25 P2	22,803	2024-25	22,219	25-26 P2	TBD	2025-26	TBD
	24-25 P2	22,803	25-26 P1	25,500	25-26 P2	TBD	26-27 P1	TBD
SUPPLEMENTAL and SUCCESS	2022-23		2022-23		2023-24		2023-24	
	2023-24		2023-24		2024-25		2024-25	
	2023-24		2024-25		2024-25		2025-26	
SCFF Calcul.	$215,192,536		$223,192,933		$226,954,620		$TBD	
SCFF Max TCR Revenue	$229,941,714		$229,941,714		$229,941,714		$229,941,714	

Color shading reflects fiscal year data utilized in calculation

Budget Allocation Process

Current Allocation Model

- Revenue is allocated to colleges proportionally based on FTES, based on SB361 as defined in District Business Procedure 18.01
  - From 2018-19 through 2024-25, 4CD has been funded based upon 2018-19 FTES that resulted from summer borrowing

Hold Harmless Period

- Under the State Hold Harmless provision, college allocations remain fixed at 2024-25 levels through the 2026-27 Tentative Budget

Planned Model Update

- In anticipation of exiting Hold Harmless (expected end of 2027-28), 4CD will update Business Procedure 18.01 to incorporate metrics aligned with SCFF
  - Recommended revisions will be presented within the participatory governance process
  - Target completion: December 2026, for implementation in the 2027-28 budget.

Building Blocks of the Budget

Revenue, Expenditure Assumptions and Long-Term Liabilities

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Projected 2025-26 Structural Deficits

- Tables provide the current year structural deficits based upon the September 2025 adopted budget and include budgeted expenditures, including vacant positions

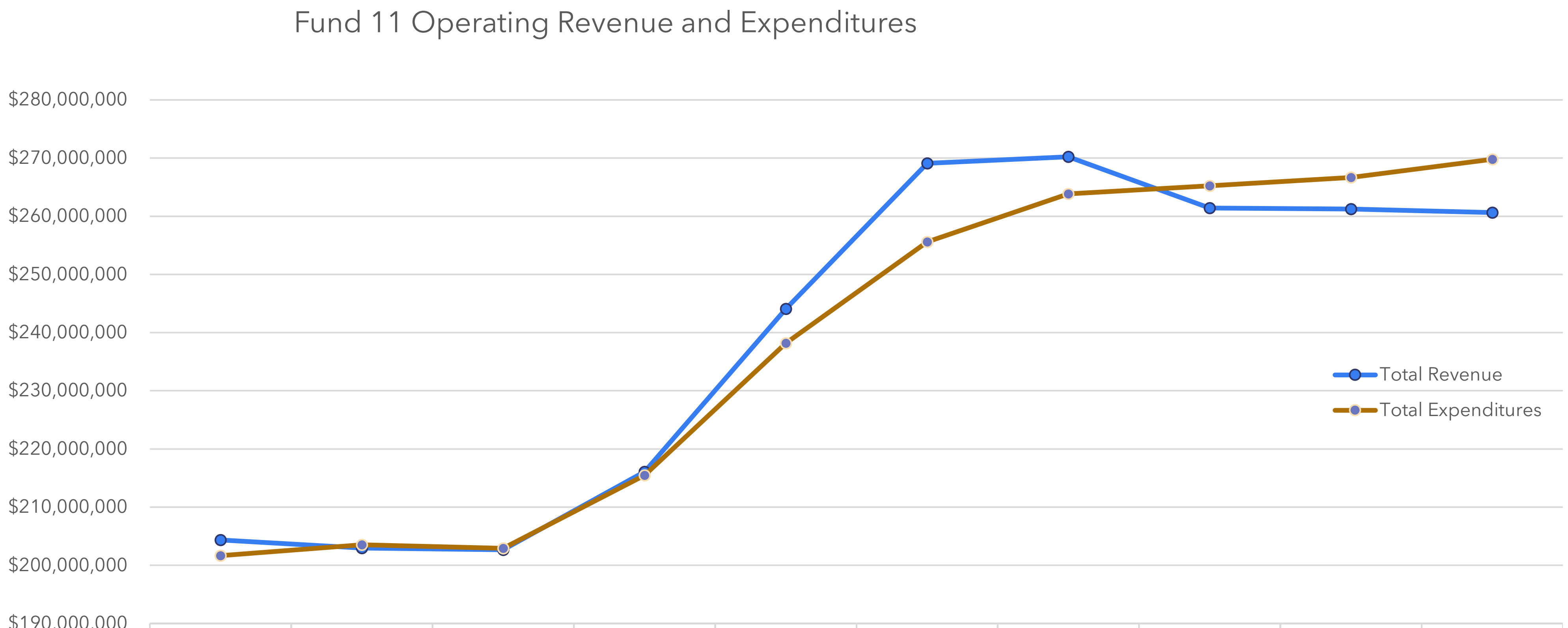
Contra Costa College	FY 2025-26 Adoption Budget	Diablo Valley College	FY 2025-26 Adoption Budget
Revenue*	$40,944,450	Revenue	$106,241,627
Expenditures	$43,187,553	Expenditures	$106,704,904
Increase / (Decrease)	($2,243,103)	Increase / (Decrease)	($463,277)
Beginning Balance	$432,839	Beginning Balance	$5,326,725
Ending Balance	**($1,810,264)**	Ending Balance	**$4,863,448**

*Revenue at CCC includes one-time $2,182,758 transfer of reserves to help offset the deficit

Los Medanos College	FY 2025-26 Adoption Budget	District Office	FY 2025-26 Adoption Budget
Revenue	$55,313,689	Revenue	$24,471,351
Expenditures	$55,690,768	Expenditures	$25,188,942
Increase / (Decrease)	($377,079)	Increase / (Decrease)	($717,591)
Beginning Balance	$2,462,648	Beginning Balance	$1,530,516
Ending Balance	**$2,085,569**	Ending Balance	**$812,915**

Revenue and Expenditures Adoption Budget 2025-26

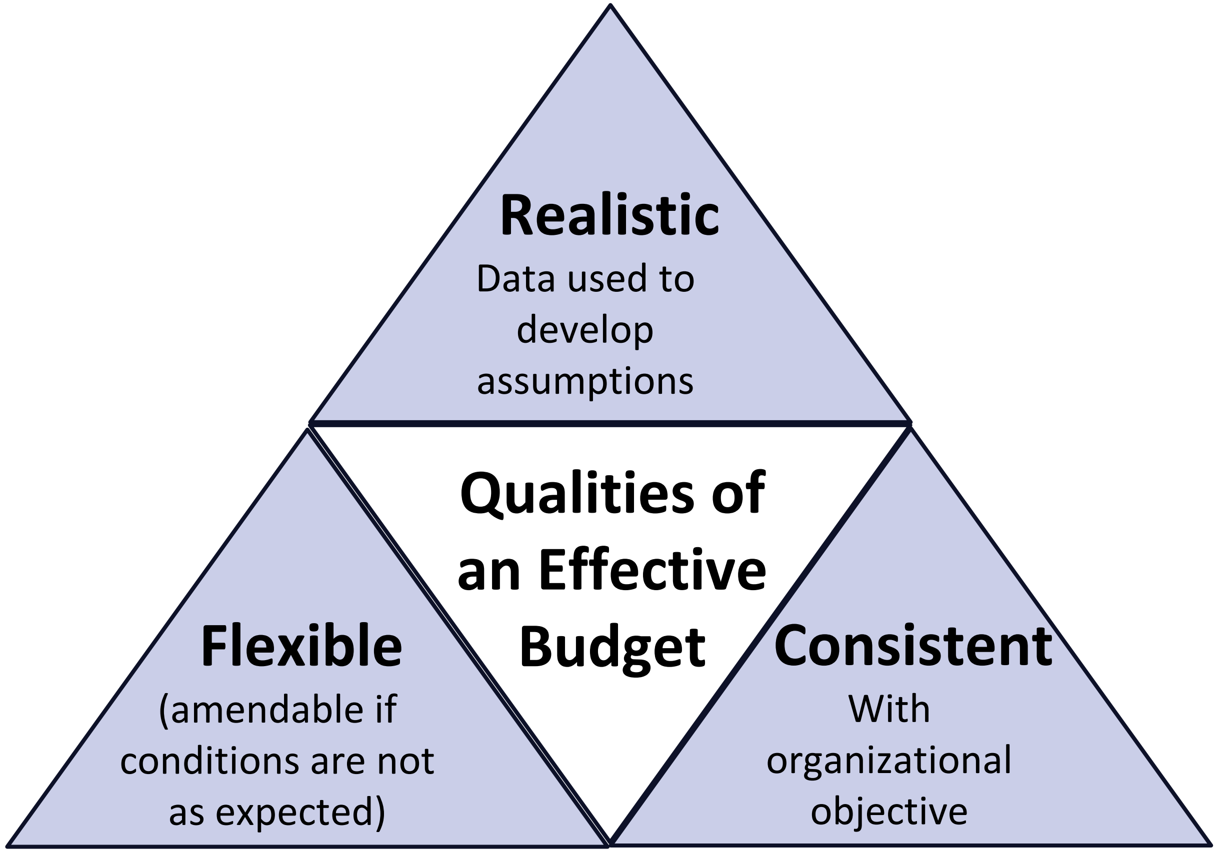
Hold Harmless Revenue, along with expenditure increases, create an ongoing structural deficit



	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Actuals	2025-26 AB	2026-27 Projected	2027-28 Projected
Total Revenue	$204,337,40	$202,977,75	$202,672,15	$216,100,88	$244,068,96	$269,079,66	$270,220,54	$261,397,07	$261,253,73	$260,635,47
Total Expenditures	$201,660,05	$203,534,88	$202,920,24	$215,473,31	$238,181,26	$255,577,95	$263,857,11	$265,231,97	$266,672,39	$269,797,48

Building the Budget

Effective Budget Preparation Techniques



- With Hold Harmless funding, ongoing expenditures will outpace revenues
- Cost containment actions are necessary due to flat funding
- Unspent allocated/budgeted revenue in the current year can help mitigate any necessary budget reductions in the following year

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Key 4CD 2026-27 Budget Assumptions

REVENUE

- SCFF Hold Harmless with flat revenue
  - At P1, the total FTES for the current year were projected at 25,500, which is trending slightly above the projected growth of 2.5%
  - SCFF three-year average (24,801) remains below funded FTES
  - 2026-27 projected FTES (with 2.5%) are 26,137 with a three-year SCFF average of 24,657

EXPENDITURES

- Preliminary Health and Welfare Increase of 0.76%
  - Approximately $0.6 million in additional costs for active employees and retirees
- Ongoing Expenditure Increases across major expenditure categories
  - Approximately $1.3 million in other additional costs

Revenue

- SCFF Revenue comprises 85-88% of the Fund 11 Operating budget
- Other State Revenue, such as Lottery, Mandated Costs, Full-time Faculty Funding is mostly steady with the Lottery adjusting yearly based upon prior year P2 FTES
- Local Revenue is comprised of nonresident tuition, 2% of enrollment fees, earned interest and other student fees

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 AB	2026-27 Proj.	2027-28 Proj.
Apportionment (SCFF)	$ 174,963,295	$ 178,844,555	$ 180,394,699	$ 190,848,318	$ 210,019,895	$ 230,616,328	$ 229,941,714	$ 229,941,714	$ 229,941,714	$ 229,941,714
Other State Revenue	$ 10,587,239	$ 7,335,356	$ 9,930,290	$ 12,738,413	$ 15,214,443	$ 15,489,473	$ 18,439,856	$ 15,281,352	$ 15,138,012	$ 14,519,751
Federal Revenue	$ 4,845	$ 4,230	$ 3,536	$ 2,528	$ 2,016	$ 2,208	$ 2,624	$ 4,845	$ 4,845	$ 4,845
Local Revenue	$ 18,782,024	$ 16,793,615	$ 12,343,626	$ 12,511,623	$ 18,832,615	$ 22,971,656	$ 21,836,355	$ 16,169,166	$ 16,169,166	$ 16,169,166
Total Revenue	$ 204,337,403	$ 202,977,756	$ 202,672,151	$ 216,100,882	$ 244,068,969	$ 269,079,665	$ 270,220,549	$ 261,397,077	$ 261,253,737	$ 260,635,476

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STRS and PERS Rates and State COLA

FY	State COLA	4CD Funded COLA	STRS %	STRS Change	PERS %	PERS Change
2017-18	1.56%	1.56%	14.43%	1.85%	15.531%	1.643%
2018-19	2.71%	2.71%	16.28%	1.85%	20.733%	5.202%
2019-20	3.26%	3.26%	17.10%	0.82%	19.721%	(1.012%)
2020-21	0.00%	0.00%	16.15%	(0.95%)	20.70%	0.979%
2021-22	5.07%	5.07%	16.92%	0.78%	22.91%	2.21%
2022-23	6.56%	6.56%	19.10%	0%	25.37%	2.46%
2023-24	8.22%	8.22%	19.10%	0%	26.68%	1.31%
2024-25	1.07%	1.07%	19.10%	0%	27.05%	0.37%
2025-26	2.30%	0.00%[1]	19.10%	0%	26.81%	(0.24%)

Increases to STRS and PERS contribution rates are applied to all salaries as an ongoing expense.

General Fund Expense for STRS and PERS has increased by over $3.2 million since 2022-23

[1]COLA not received due to Hold Harmless

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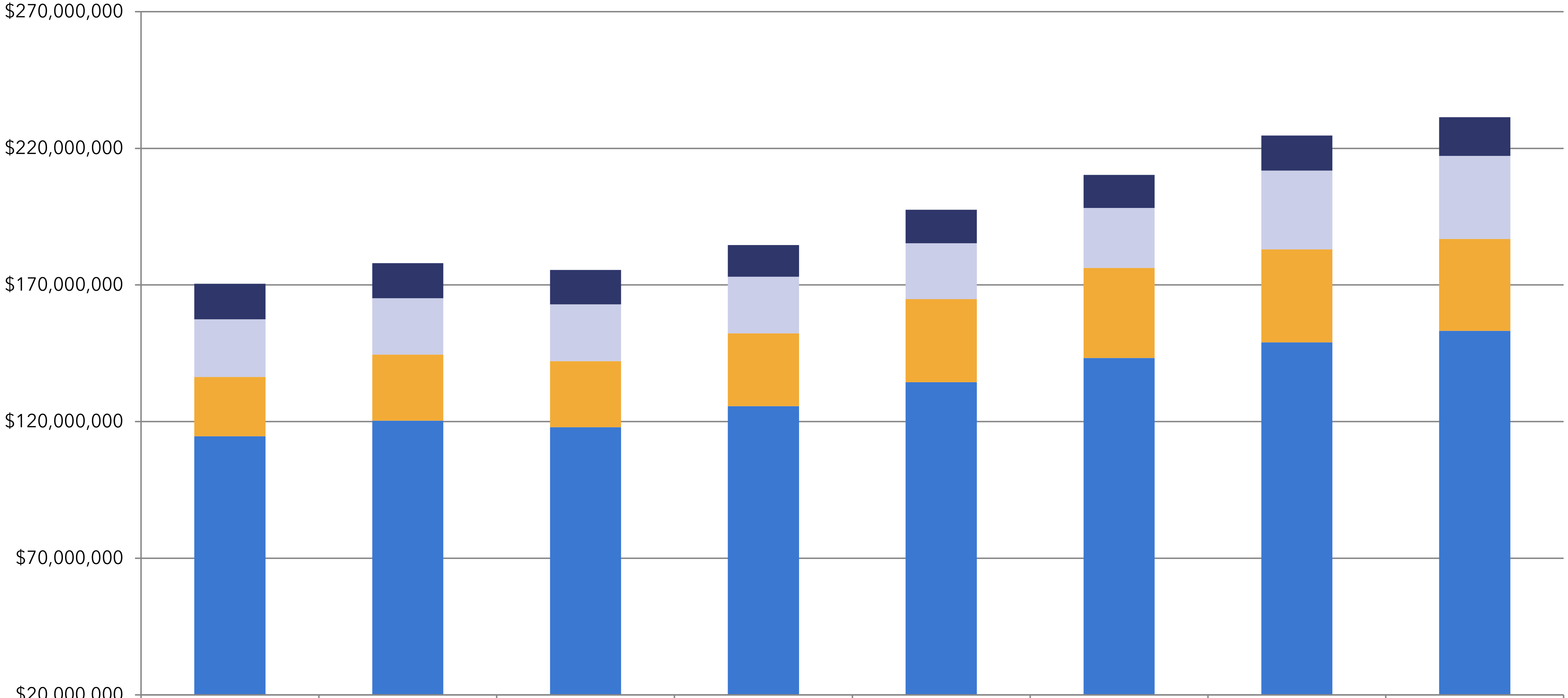
Health and Welfare Benefit Expenses

Health and Welfare expenses have increased more than State COLAs (which were *not funded to 4CD due to Hold Harmless*) in both 2024-25 and 2025-26

- 2024-25 increase $7,531,403
- 2025-26 increase $2,909,912

Health and Welfare (H&W)	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-2021 Actuals	2021-2022 Actuals	2022-2023 Actuals	2023-2024 Actuals	2024-2025 Actuals	2025-2026 Adoption Budget
Active Employees	$20,455,584	$21,050,082	$20,629,809	$20,798,173	$20,758,371	$20,460,178	$21,944,167	$28,741,416	$30,447,747
Retirees	$12,590,093	$13,008,166	$12,793,049	$12,552,709	$11,587,231	$12,269,824	$12,167,300	$12,901,454	$14,105,035
Total	$33,045,677	$34,058,248	$33,422,858	$33,350,881	$32,345,602	$32,730,002	$34,111,467	$41,642,870	$44,552,782
Percentage Change		**3.06%**	**(1.87%)**	**(0.22%)**	**(3.01%)**	**1.19%**	**4.22%**	**11.04%**	**4.40%**

Employee and Retiree Compensation



	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 AB
Retiree Benefits	$13,008,166	$12,793,050	$12,552,709	$11,587,231	$12,269,824	$12,167,300	$12,901,454	$14,105,035
Active Employee Health & Welfare Benefits	$21,050,082	$20,629,809	$20,798,173	$20,758,371	$20,460,178	$21,944,167	$28,741,416	$30,447,747
Active Employee Payroll Taxes	$21,755,759	$24,201,745	$24,153,072	$26,598,305	$30,355,651	$32,959,500	$34,110,456	$33,601,133
Active Employee Salaries	$114,610,152	$120,349,896	$117,948,960	$125,683,478	$134,442,497	$143,241,137	$148,955,532	$153,198,480

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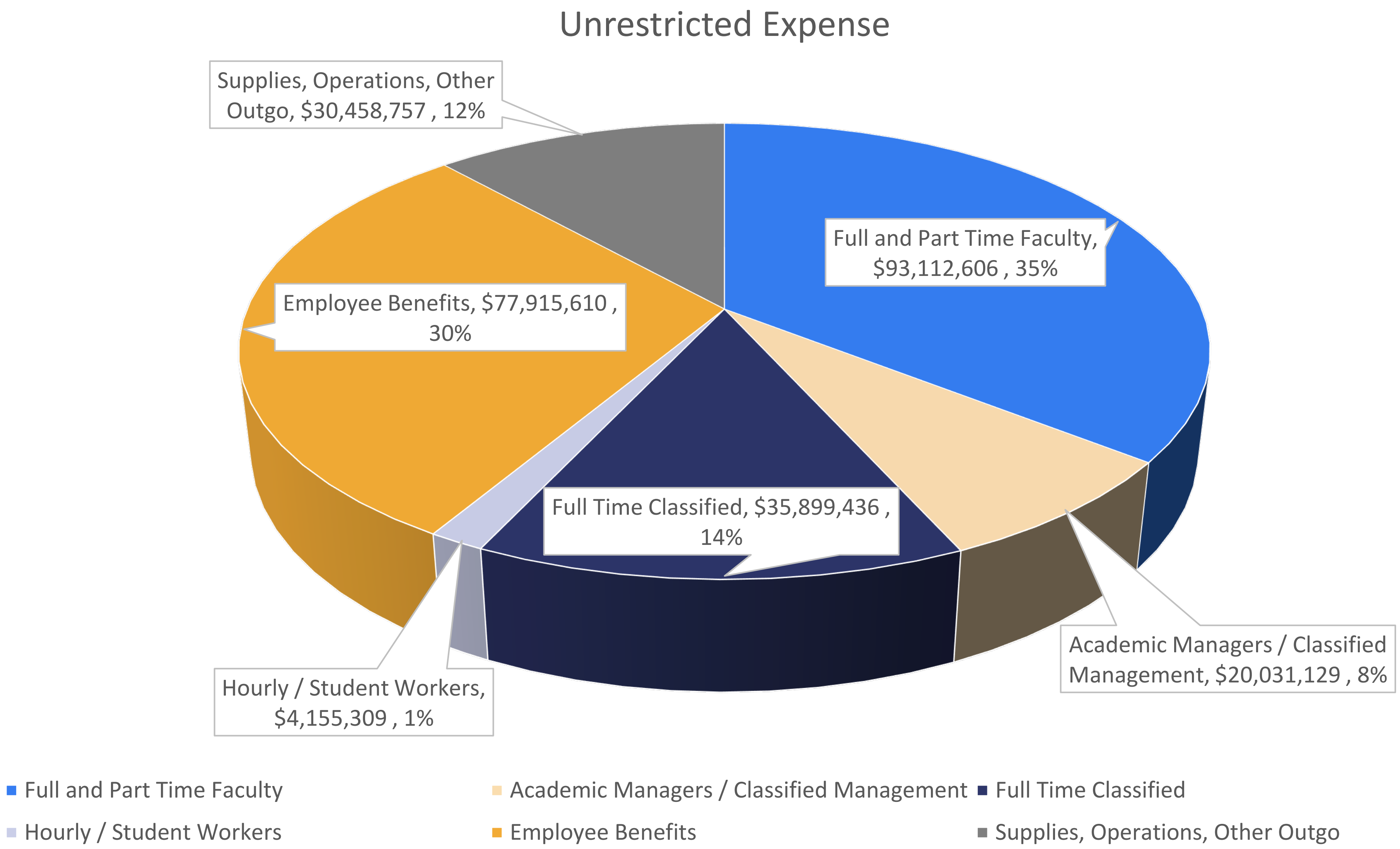
Fund 11 Distribution of Expense

Source: 2025-26 Adoption Budget: Page 14



Managing the General Fund Budget

- Salaries and benefits for active employees and retirees account for more than 93% of each College’s General Fund Operations Budget
- In addition to compensation, required regulatory and fixed operational costs must be funded to sustain college operations
  - Together with salaries and benefits these costs represent 95% of the total budget
- As a result, only a small portion of the budget remains available for discretionary programs, initiatives, or reductions when budget cuts are required.

Reserves

Understanding the Components of Ending Balances

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District and College Reserve Requirement

- Board Policy 5033, adopted February 15, 2023, requires 4CD to maintain a reserve of “no less than two months of unrestricted general fund operating expenditures.”
  - As expenditures increase from one year to the next, the total reserve must also be increased
- Each College must also maintain a minimum 1% reserve that is **not** included in the 4CD reserve
- Dedicated reserves for long-term liabilities, such as Load Bank/Vacation, Student Debt, and Other Post Employee Benefits (OPEB), are maintained in addition to these General Fund 11 Operations reserves

These committed reserves, along with restricted reserves, are not available for other purposes and considered to be placed in a lock box

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Reserve Classifications

- Restricted – funds that are legally required to be utilized for a specific program or purpose and cannot be used for other purposes
- Committed – funds that have been saved for a specific long-term purpose based upon policy or procedure
- Assigned – funds that are designated for planned short-term projects or priorities
- Unrestricted – funds that are maintained in reserve to support unexpected needs, risk management, or other unforeseen conditions

Breaking Down 2024-25 Reserves

Fund 11 Operating Ending Balance	$55,969,586
BP 5033 Required Reserve	$42,580,511
College/DO 1% Reserve	$2,765,212
College/DO Committed	$1,325,287
College/DO Assigned	$4,560,820
College Unrestricted (DVC and LMC)	$1,798,073
DO/DW Unrestricted	$2,939,683
$1,198,488 after 2025-26 BP 5033	$1,741,195
Estimated BP 5033 Reserve for 2025-26	$44,591,706

Developing the 2026-27 Tentative Budget

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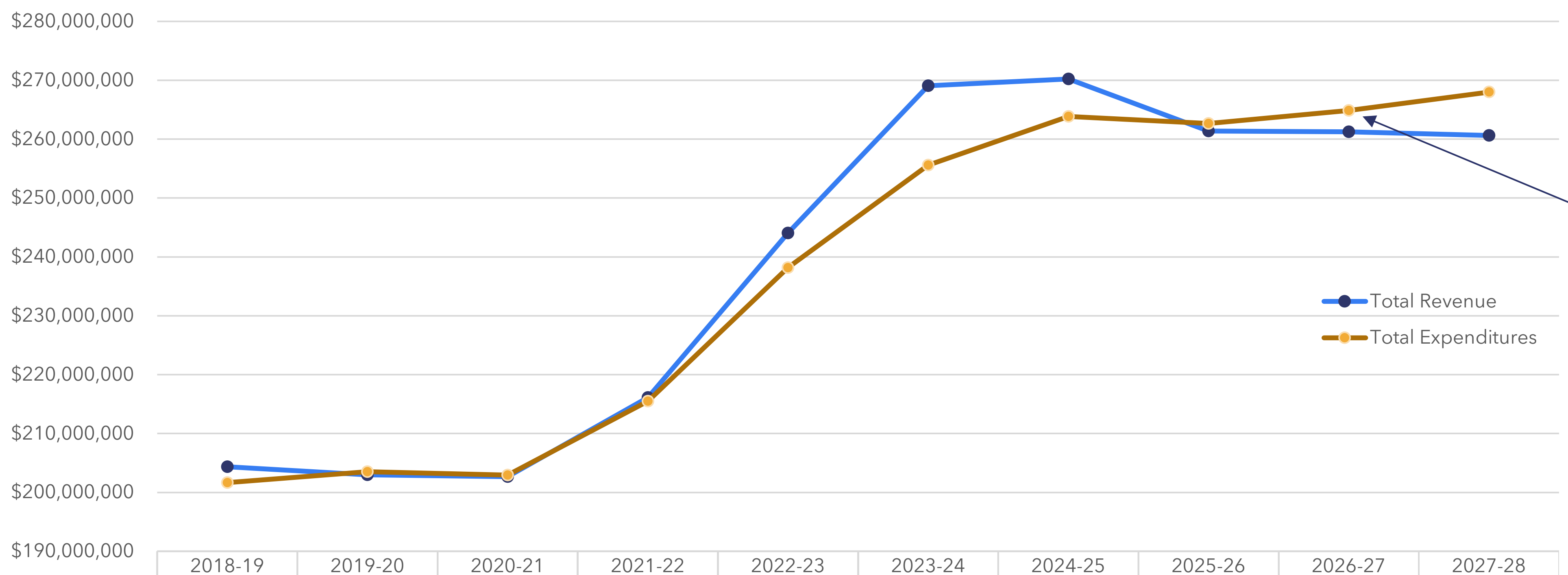
Current Year Budget Actions

- The 2025-26 Adopted Budget assumes the full cost of all positions
  - Current year to date one-time savings from vacancies are projected to be approximately $2.5 million, reducing the current year expenditures
- Colleges are updating their budgets to include reductions for the 2026-27
  - Those changes will be included in the June Tentative Budget
- The Governing Board's approval of position reductions for 2026-27 results in $2.1 million of reductions to expenditures
  - $1.8 million from ongoing budgets
  - $0.3 million in one-time grant funds

Revenue and Expenditures Updated Multi-Year Projections

This chart reflects the projected one-time savings from vacant positions in the current year and the impact of the Governing Board-approved reductions.

Fund 11 Operating Revenue and Expenditures



	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Actuals	2023-24 Actuals	2024-25 Actuals	2025-26 YTD Estimate	2026-27 Revised Proj.	2027-28 Revised Proj.
Total Revenue	$204,337,40	$202,977,75	$202,672,15	$216,100,88	$244,068,96	$269,079,66	$270,220,54	$261,397,07	$261,253,73	$260,635,47
Total Expenditures	$201,660,05	$203,534,88	$202,920,24	$215,473,31	$238,181,26	$255,577,95	$263,857,11	$262,657,35	$264,863,53	$267,988,62

Projected 2026-27 Structural Deficit Reduced to $3.2 million

Additional reductions identified at Colleges will be included in June Tentative Budget

Considerations and Next Steps

Take Aways and Next Steps

- Colleges must continue to actively manage spending as part of ongoing budget development
  - Regular assessment of vacancies, schedule efficiency, program effectiveness, hourly and professional expert utilization, and release time commitments is required
- Budget reductions will continue to be required during the current year and in preparation for the 2026-27 Adoption Budget
- Structural deficits persist due to Hold harmless
  - These deficits exist at all colleges and will require continued corrective action

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Budget Timelines

- January – Governor’s Budget Proposal
- February – Finalization of preliminary budget assumptions; Colleges begin preparation of the Tentative Budget and identifying reductions
- March – Budget development continues at Colleges. Final health and welfare renewal rates are received
- April – 4CD budget “Road Show” presentations at each college and Special Board Report, “Development of the 2026-27 Budget”
- May – Governor’s May Budget Revision and finalization of Tentative Budget
- June – Tentative 2026-27 Budget Presentation
- September – 2026-27 Adoption Budget
- December – Proposed revisions to Business Procedure 18.01, Budget Allocation

Questions?

Index of Acronyms and Terms

Acronym / Term	Description	Reference Slide(s)
AB540	Nonresident student who meets certain requirements to pay in-state tuition at California public colleges and universities	8, 12
Load Bank / Overload	Calculation when a faculty member works greater than a full class schedule – Fund 29 is set aside to address this and Vacation liability	37
BP 5033	Board Policy 5033 defines reserve balance requirements of two months operating expenditures	37, 39
Career and Technical Education (CTE)	Programs that integrate academic knowledge with technical and occupational skills to prepare students for postsecondary education and careers.	8, 13, 17-18
Career Development and College Preparation (CDCP)	Noncredit course FTES funded at a higher rate as part of the SCFF Funding formula	10
Child Care Access Means Parents in Schools (CCAMPIS)	Federal grant which provides funding to support campus-based child care services, helping low-income student parents stay enrolled and succeed in postsecondary education	6
CCFS 320	Report of FTES provided to the State in the fall (P1), spring (P2) and Annually (P3)	9-10, 31-23, 29-30
Center	Additional one-stop locations for students to access and gain awareness of basic needs services and resources	8, 9
Classified Personnel	Employment classification for non-instructional support positions	34

Index of Acronyms and Terms

Acronym / Term	Description	Reference Slide(s)
Classified Personnel	Employment classification for non-instructional support positions	34
Cost of Living Adjustment (COLA)	Adjustment provided to previous year revenue based upon a set of economic indicators and factors	5, 8, 20, 31-32
Deferral	State budget reduction that pays school districts in the following year, but requires the district to budget the revenue as an accounts receivable	5
Deferred Maintenance	Funds dedicated to support facility infrastructure needs.	5
Deficit	When total expenditures exceed total revenue, indicating that spending is more than what is brought in during a given fiscal period	26-27, 42, 44
Designated Reserves	Funds set aside for specific purposes—such as capital projects, emergencies, or future liabilities—and cannot be used for other expenditures because they are legally or contractually committed to those intended uses	37-39
Emergency Conditions Allowance (ECA)	2022-23 Legislation establishing required reserves of two months along with other conditions to receive hold harmless funding	37
Fiscal Year (FY)	Fiscal Year (July 1 – June 30)	5, 11, 22-23
Flexibility	Student-Centered Funding Formula legislation that allowed districts to continue to use the FTES from 2018-19 for funding which expired in FY2023-24	11, 20

Index of Acronyms and Terms

Acronym / Term	Description	Reference Slide(s)
Full-Time Equivalent Students (FTES)	Calculated by multiplying Weekly Scheduled Contact Hours (WSCH) by the Term Length Multiplier (TLM) and then dividing by 525. One FTES represents 525 hours of student instruction	8-11, 14, 20-24, 29-30
Fund 11	4CD's main operation fund, which includes unrestricted and restricted revenues and expenditures	26-27, 30, 34-35, 37, 39, 42, 44
Governor's January Budget Proposal	Each year the Governor must present a proposed budget for the following year by January 10th which starts the State budget cycle that concludes in June	4. 45
Hold Harmless Funding	The Minimum Revenue Guarantee is the State Funding Model that guarantees a funding floor from the past year. Effective 2024-25 there is no COLA added to this amount resulting in flat funding for college districts	3-5, 8, 11, 20, 24, 27-29
LAO	Legislative Analysts Office is an independent government agency that reviews the State issues and provides reports to the legislature	4
May Revision	The Governor provides an updated budget forecast after April tax receipts prior to May 10 which is the foundation for the State adopted budget	3, 45
Minimum Revenue Commitment (MRC)	The minimum amount that must be provided in apportionment to Community Colleges. This becomes the foundation for the Hold Harmless floor calculation of SCFF	20

Index of Acronyms and Terms

Acronym / Term	Description	Reference Slide(s)
MIS	Management Information System (database of students and staff)	8, 12, 14-18
OPEB	Other Post Employment Benefits (such as medical coverage for retirees) calculated as the total liability for future benefits to retirees	37
Pell Grant	Federal financial aid, specifically a grant, awarded to undergraduate students demonstrating exceptional financial need, to help them pay for college. It's a grant, meaning it doesn't need to be repaid, unlike loans	8, 12-19
PERS	Public Employees Retirement System for Classified staff	31
Promise Grant (CCPG)	California College Promise Grant, formerly known as the Board of Governors Fee Waiver, is a program that waives enrollment fees for eligible students at California community colleges.	8, 12-19
Proposition 98	Voter-approved measure that sets a minimum standard for K-14 spending. The formula has three tests, of which 40% of state revenue goes to education.	4
Rainy Day Fund	State reserve created to protect education funding resulting from wild swings in State revenue, often caused by Capital Gains	3
Release Time	Time where a faculty member is freed from normal teaching or administrative duties to pursue other activities, such as research, scholarship, or administrative tasks, often funded by grants or other means.	44

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Index of Acronyms and Terms

Acronym / Term	Description	Reference Slide(s)
Sequestration	Automatic, across-the-board spending cuts that cancel previously approved funding for government programs initiated by the Federal Government.	6
SB361	Senate Bill 361, outlining community college apportionment was replaced with SCFF in 2018-2019	24
Special Admit (Early College)	High school students who are dually enrolled in community college credit courses through College and Career Access Pathways (CCAP) or other dual enrollent programs.	10
Stability SCFF Funding	State Funding Option which takes prior year SCFF calculation and adds COLA	8, 11, 20
Step and Column	Annual salary schedule adjustments for years of service and education	35
STRS	State Teachers Retirement System	31
Student Centered Funding Formula (SCFF)	Method adopted in 2018-19 to allocate state funding to California community colleges, focusing on student access, equity, and success by prioritizing resources for low-income students and outcomes-based funding.	2, 5, 7-24, 29-30
Success SCFF Funding	Student outcome component of SCFF funding equal to 10% of funding	8, 13-20
Summer Borrowing	Reporting two summer sessions in one fiscal year to enhance FTES for that year	11, 24
Supplemental SCFF Funding	Demographic component of SCFF funding equal to 20% of funding	8, 12, 20

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Acronym / Term	Description	Reference Slide(s)
Total Computational Revenue (TCR)	The Max TCR is the highest revenue from the three SCFF calculations (SCFF, Stability, or Hold Harmless)	20
Trio Grant	Federal TRIO programs are a set of one-time federally funded programs designed to identify and provide services to individuals from disadvantaged backgrounds, including low-income, first-generation, and students with disabilities, to help them succeed in higher education.	6
Upward Bound Grant	Upward Bound, part of TRIO, provides fundamental support to participants in their preparation for college entrance. The program provides opportunities for participants to succeed in their precollege performance and ultimately in their higher education pursuits.	6