



2026-27 Tentative Budget Presentation

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Agenda

These slides are for the Unrestricted General Fund (UGF)

- Slides 3-8: 2025-26 Year-End Projections
- Slide 9-14: 2026-27 Tentative Budget
- Slides 15-21: Multi-Year Projections
- Slide 22: Some Takeaways

Please ask questions throughout the presentation.



2025-26 Year-End UGF Projection



2025-26 UGF Projected Actual Values Q3 vs Year-End (Q4)

The April 2026 presentation of Unrestricted General Fund (UGF) progress showed a potential deficit of \$3.8m while the May 2026 year end projection reflects less than \$500k in deficit. How did things change so much?

- **The short answer is deferrals.**
 - Notice that slide 12 from the April presentation and slide 13 from the May presentation both show a deficit of about \$3.8m.
 - Estimated State Revenue for June 2025 through March 2026 was based on the publicly available Exhibit A P1 Monthly Payment Schedule by District from the State Chancellor's Apportionment website. Slide 12 from the April presentation made use of those numbers.
 - Slide 13 from the May presentation also make use of that exhibit, along with Exhibit C, which shows the total SCFF value to expect.
 - The February (P1) Exhibit C shows a deferral of about \$3.3m.
- The Governor's January 2026-27 Budget Proposal included 2025-26 deferral repayment.
- The lesson for me - include an estimate slide with deferrals added back in when known.



2025-26 Expense Projection

Academic Salaries lower due to FT faculty retirements, with courses taught by PT faculty.

Classified Salaries lower due to unfilled vacancies in recruitment along with budgeted unfilled vacancies that will be removed from the 2026-27 budget.

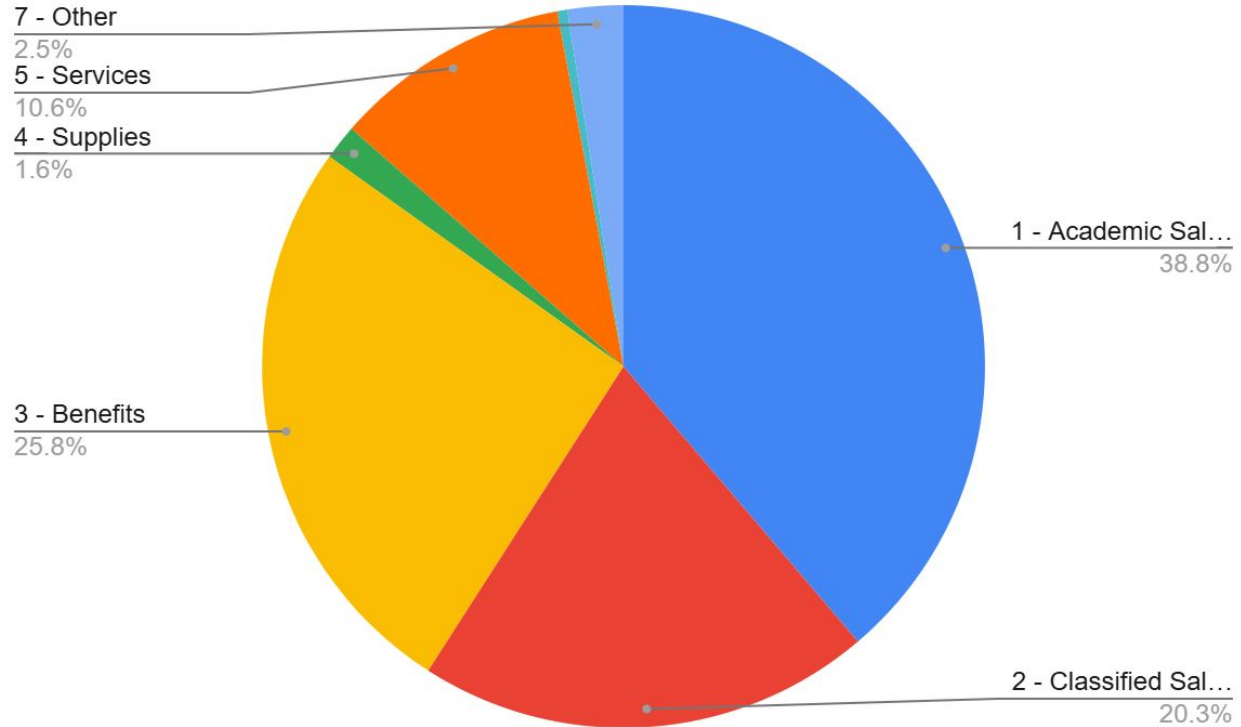
Benefits are lower in alignment with lower salaries.

Services are primarily lower from reduced software subscription costs, and reduced utility costs compared to budget.

<u>Expense Category</u>	<u>2025-26 Adoption Budget</u>	<u>2025-26 Projected Actuals</u>	<u>Difference</u>	<u>Percent Actual vs Budget</u>
1 - Academic Salaries	\$49,610,124	\$48,669,662	-\$940,462	98%
2 - Classified Salaries	\$27,776,723	\$25,501,243	-\$2,275,480	92%
3 - Benefits	\$33,337,175	\$32,160,755	-\$1,176,420	97%
4 - Supplies	\$2,033,277	\$1,970,970	-\$62,307	97%
5 - Services	\$14,076,865	\$13,343,375	-\$733,490	95%
6 - Equipment	\$553,158	\$558,790	\$5,632	101%
7 - Other	\$2,667,480	\$3,133,058	\$465,578	118%
Total	\$130,054,802	\$125,337,852	-\$4,716,950	97%

2025-26 Projected Actuals

Salaries and Benefits spending on target at 85% of projected total.





2025-26 Revenue & Reserves Projection with Deferral

State Revenue higher than budget due to Stability value increase, based on enrollment numbers increase from Standardized Attendance Accounting. Also initial expected payment for PT Faculty Health Insurance.

Local Revenue higher than budget from International Tuition.

Transfer In relatively flat.

<u>Revenue Category</u>	<u>2025-26 Adoption Budget</u>	<u>2025-26 Projected Actuals w/ Deferral</u>	<u>Difference</u>	<u>Percent Actual vs Budget</u>
86 - State Revenue	\$59,983,422	\$60,714,988	\$731,566	101%
88 - Local Revenue	\$64,037,317	\$64,632,814	\$595,497	101%
89 - Transfer In	\$250,000	\$244,070	-\$5,930	98%
Total	\$124,270,739	\$125,591,872	\$1,321,133	101%
Revenue minus Expense	-\$5,784,063	\$254,019		
Beginning Fund Balance	\$41,601,540	\$41,514,022		
Change	-\$5,784,063	\$254,019		
Ending Fund Balance	\$35,817,477	\$41,768,041		



2025-26 Actuals Projection compared to 2024-25

<u>Expense Category</u>	<u>2024-25 w/ COVID Transfer Added In</u>	<u>2025-26 Projected Actuals</u>	<u>Difference</u>
1 - Academic Salaries	\$49,222,689	\$48,669,662	-\$553,027
2 - Classified Salaries	\$26,399,051	\$25,501,243	-\$897,808
3 - Benefits	\$32,509,642	\$32,160,755	-\$248,887
4 - Supplies	\$1,894,904	\$1,970,970	\$76,066
5 - Services	\$13,254,732	\$13,343,375	\$88,643
6 - Equipment	\$398,490	\$558,790	\$160,300
7 - Other	\$2,977,693	\$3,133,058	\$155,365
Total	\$126,657,201	\$125,337,852	-\$1,319,349

The reasons for cost differences compared to last year are similar to those noted in the budget comparison above.



2026-27 UGF Tentative Budget



Assumptions - System Wide

- Based on the Governor's January Proposal and May Revision
 - 2.87% Statutory COLA*
 - SCFF Calculation Rates (though SBCC won't see a funding increase)
 - "Traditional" Categorical Programs (EOPS, DSPS, CalWORKs)
 - No Deficit Factor in 2025-26 nor 2026-27
 - STRS Rate remaining at 19.10%
 - PERS Rate declines slightly to 26.4%
 - System Growth Funding at 1% for 2025-26 and 0.5% for 2026-27 (but no impact for SBCC)
 - 2025-26 SCFF deferral to be repaid. No deferral expected in 2026-27.

*SCFF eligible for discretionary COLA increase, to a maximum of 4.31%



Assumptions - Local

- Flat Enrollment
- SCFF funding at the Funding Floor - No increase in funding from COLA
- 20% Decline in International Student Revenue compared to 2025-26
- Similar Out-of-State Revenue compared to 2025-26
- Health Care Cost Increase of 13% for the Family Plan rate, but 12.1% overall
- Utilities Rate Increases of
 - Electricity +5.11% in calendar year 2027
 - Natural Gas +2.92% in calendar year 2027
 - Trash/Waste +3.7% throughout 2026-27
 - Water/Sewer +10% throughout 2026-27
- Step/Column Salary Cost Impact of \$386,870
- Current Salary Schedules (as of May 2026)



Classified Salaries increase driven by vacancies in recruitment.

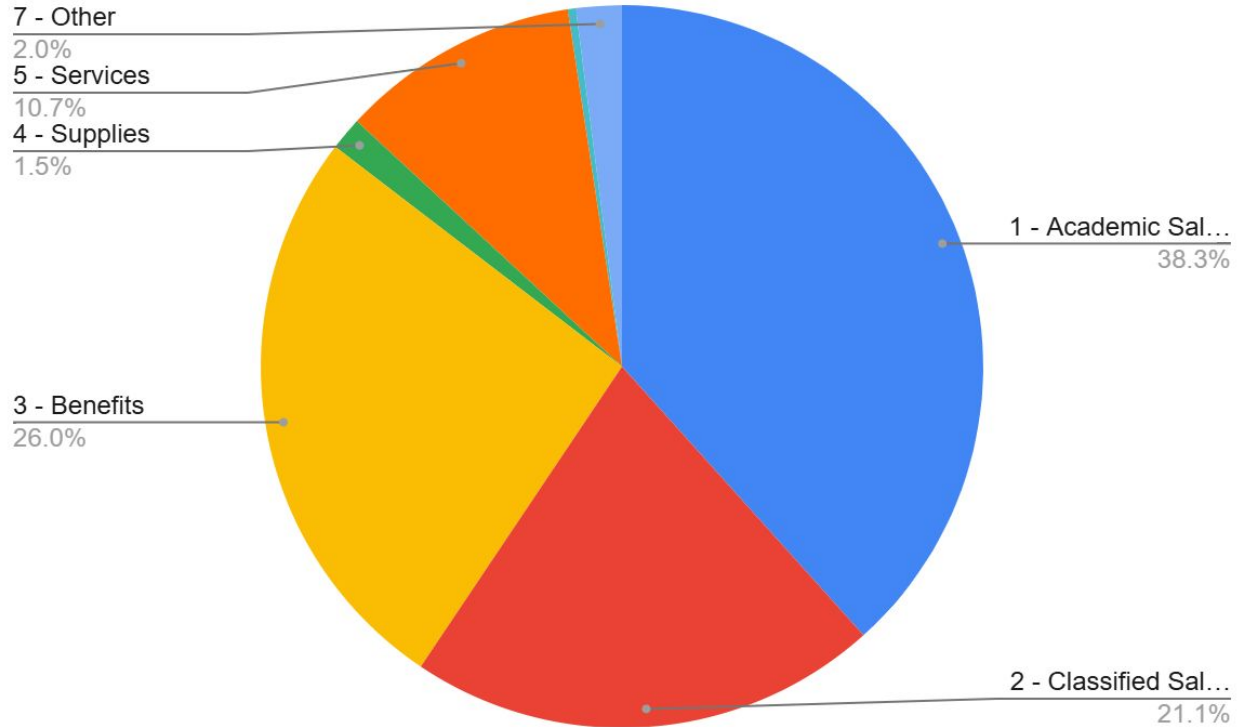
Benefits increase from those same vacancies, and health insurance cost increase.

Services cost increase based on election costs and general cost increases.

Expense Budget

<u>Expense Category</u>	<u>2025-26 Projected Actuals</u>	<u>2026-27 Tentative Budget</u>	<u>Difference</u>
1 - Academic Salaries	48,669,662	48,626,788	-\$42,874
2 - Classified Salaries	\$25,501,243	\$26,719,267	\$1,218,024
3 - Benefits	\$32,160,755	\$32,487,478	\$326,723
4 - Supplies	1,970,970	1,871,732	-99,238
5 - Services	\$13,343,375	\$13,599,101	\$255,726
6 - Equipment	\$558,789	455,362	-\$103,427
7 - Other	\$3,133,057	\$2,592,421	-\$540,636
Total	\$125,337,851	\$126,352,149	1,014,298

2026-27 Tentative Budget



Salaries
and
Benefits
budgeted at
85.4%



Revenue Budget & Reserves Impact

State Revenue reduction from being at the Funding Floor versus Stability this year, but PT Faculty Health reimbursement increased to match costs.

Local Revenue impacted primarily by the assumption of a 20% decline in International Tuition.

Transfers In reduced from lower indirect cost contributions from federal grants.

<u>Revenue Category</u>	<u>2025-26 Projected Actuals w/ Deferral</u>	<u>2026-27 Tentative Budget</u>	<u>Difference</u>	<u>Percent 2026-27 vs 2025-26</u>
86 - State Revenue	\$60,714,988	\$60,714,891	-\$97	100%
88 - Local Revenue	\$64,632,814	\$63,864,835	-\$767,979	99%
89 - Transfer In	\$244,070	\$210,000	-\$34,070	86%
Total	\$125,591,872	\$124,789,726	-\$802,146	99%
<u>Revenue minus Expense</u>	\$254,019	-\$1,562,423		
Beginning Fund Balance	\$41,514,022	\$41,768,041		
Change	\$254,019	-\$1,562,523		
Ending Fund Balance	\$41,768,041	\$40,205,618		



2026-27 through 2030-31 UGF Budget Projections

Enrollment Projections - Base Allocation

In the enrollment numbers presented on the next slide:

- The 2023-24 and 2024-25 values are actuals.
- The 2025-26 values are based on the February (P1) apportionment report.
- The 2026-27 through 2030-31 values assume one of three scenarios:
 - Flat Enrollment - based on 2025-26 values
 - 1% Enrollment Decline
 - 1% Enrollment Growth
- Recall that the Credit numbers are the result of a 3-Year average, the current year, the previous year, and the year before that. So, even in the Flat Enrollment scenario the average Credit numbers change, since the three year period used shifts each year.
- These enrollment numbers are for the Base Allocation part, the 70% part, of the SCFF.

				Flat Enrollment	Flat Enrollment	Flat Enrollment	Flat Enrollment	Flat Enrollment
<u>FTES for SCFF Calculation</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
Credit	10,186	9,735	9,473	9,565	9,753	9,753	9,753	9,753
Incarcerated Credit	5	10	3	3	3	3	3	3
Special Admit Credit (Dual Enrollment)	987	1,091	569	569	569	569	569	569
CDCP (Enhanced Noncredit)	493	429	257	257	257	257	257	257
Noncredit	871	968	1,129	1,129	1,129	1,129	1,129	1,129
Total	12,540	12,234	11,431	11,523	11,711	11,711	11,711	11,711
				1% Decline	1% Decline	1% Decline	1% Decline	1% Decline
<u>FTES for SCFF Calculation</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
Credit	10,186	9,735	9,473	9,532	9,656	9,559	9,463	9,275
Incarcerated Credit	5	10	3	3	3	3	3	3
Special Admit Credit (Dual Enrollment)	987	1,091	569	564	558	552	547	541
CDCP (Enhanced Noncredit)	493	429	257	254	252	249	247	244
Noncredit	871	968	1,129	1,118	1,107	1,096	1,085	1,074
Total	12,540	12,234	11,431	11,471	11,575	11,459	11,344	11,137
				1% Growth	1% Growth	1% Growth	1% Growth	1% Growth
<u>FTES for SCFF Calculation</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
Credit	10,186	9,735	9,473	9,597	9,851	9,949	10,015	10,115
Incarcerated Credit	5	10	3	3	3	3	3	3
Special Admit Credit (Dual Enrollment)	987	1,091	569	575	581	587	589	594
CDCP (Enhanced Noncredit)	493	429	257	259	262	264	267	270
Noncredit	871	968	1,129	1,141	1,152	1,164	1,175	1,187
Total	12,540	12,234	11,431	11,575	11,848	11,967	12,049	12,169



SCFF Revenue Projections

Electing to accept the discretionary COLA for 2026-27 increases future years' funding by about \$1.5m per year in all scenarios.

Details on the requirements of accepting AB 65 requirements for paying employees up to 14 weeks of pregnancy leave are forthcoming.

In 2025-26 five people claimed pregnancy leave. If 14 weeks of pay were provided the cost would have been about \$149k.

		3.06% COLA	3.34% COLA	3.14% COLA	3.14% COLA
<u>Flat Enrollment</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
2.87% COLA in 2026-27	\$103,850,709	\$106,512,424	\$110,069,969	\$113,526,167	\$117,090,889
4.31% COLA in 2026-27	\$103,850,709	\$108,003,441	\$111,610,756	\$115,115,334	\$118,729,956
Difference	\$0	\$1,491,017	\$1,540,787	\$1,589,167	\$1,639,067
		3.06% COLA	3.34% COLA	3.14% COLA	3.14% COLA
<u>1% Decrease</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
2.87% COLA in 2026-27	\$103,850,709	\$105,544,775	\$109,069,950	\$111,556,886	\$115,059,772
4.31% COLA in 2026-27	\$103,850,709	\$107,022,197	\$110,596,738	\$113,118,487	\$116,670,407
Difference	\$0	\$1,477,422	\$1,526,788	\$1,561,601	\$1,610,635
		3.06% COLA	3.34% COLA	3.14% COLA	3.14% COLA
<u>1% Increase</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>	<u>2030-31</u>
2.87% COLA in 2026-27	\$103,850,709	\$107,486,314	\$112,005,729	\$116,294,862	\$119,946,521
4.31% COLA in 2026-27	\$103,850,709	\$108,990,934	\$113,573,613	\$117,922,787	\$121,625,563
Difference	\$0	\$1,504,620	\$1,567,884	\$1,627,925	\$1,679,042



UGF Budget Projections Assumptions

- This Projection uses Flat Enrollment.
- This Projection assumes the Board elects the discretionary COLA in 2026-27, so the 2026-27 COLA value is 4.31%.
- Step Increases in Academic and Classified Salaries result in 0.75% increases in cost per year.
- Benefits increase from 10% increases in health care costs result in an overall increase of 4% per year.
- Service costs increase 5% per year.
 - This may be mitigated in future years by reduction in redundant software and subscription services.
- Current Salary Schedules (as of May 2026).

MYP FD 11 (2026-27 COLA @ 4.31%)

FTES (Current Year)
 Credit FTES (3-Year Average)
 Projected COLA

Projected Actuals	Adopted Budget	Projections					
		2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		Minimum Revenue					
		Stability	Commitment	SCFF	SCFF	SCFF	SCFF
		11,711	11,711	11,711	11,711	11,711	11,711
		9,473	9,565	9,753	9,753	9,753	9,753
			4.31%	3.06%	3.34%	3.14%	3.14%
Revenues							
State Revenues							
* State Principal Apportionment: Ongoing Funding		50,523,546	49,943,547	54,096,281	57,703,596	61,208,174	64,822,796
State Principal Apportionment: One-time Funding		-	-	-	-	-	1
Other		10,191,442	10,771,344	10,771,344	10,771,344	10,771,344	10,771,344
Total State Revenues		60,714,988	60,714,891	64,867,625	68,474,940	71,979,518	75,594,141
Local Revenues							
*Local Secured Taxes		47,577,004	47,339,613	47,339,613	47,339,613	47,339,613	47,339,613
*Enrollment Fees		6,567,547	6,567,547	6,567,547	6,567,547	6,567,547	6,567,547
International Tuition		2,965,543	2,465,000	2,465,000	2,465,000	2,465,000	2,465,000
Out-of-State Tuition		4,663,580	4,663,580	4,663,580	4,663,580	4,663,580	4,663,580
Other		2,859,140	2,829,095	2,829,095	2,829,095	2,829,095	2,829,095
Total Local Revenues		64,632,814	63,864,835	63,864,835	63,864,835	63,864,835	63,864,835
Other Financing Sources		244,070	210,000	210,000	210,000	210,000	210,000
Total Revenues		125,591,872	124,789,726	128,942,460	132,549,775	136,054,353	139,668,976

Projected values will change.



	Projected	Adopted	Projections			
	Actuals	Budget	2027-28	2028-29	2029-30	2030-31
	2025-26	2026-27				
Expenditures						
Academic Salaries	48,669,662	48,626,788	48,991,488	49,358,925	49,729,117	50,102,085
Classified Salaries	25,501,243	26,719,267	26,919,662	27,121,559	27,324,971	27,529,908
Employee Benefits	32,160,755	32,487,478	33,786,977	35,138,456	36,543,994	38,005,754
Supplies and Materials	1,970,970	1,871,732	1,871,732	1,871,732	1,871,732	1,871,732
Other Operating Expenses & Services	13,343,375	13,599,101	14,279,056	14,993,009	15,742,660	16,529,793
Capital Outlay	558,790	455,362	455,362	455,362	455,362	455,362
Other Outgo	-	-	-	-	-	-
Transfers Out	3,133,058	2,592,421	2,592,421	2,592,421	2,592,421	2,592,421
Total Expenditures	125,337,852	126,352,149	128,896,699	131,531,464	134,260,257	137,087,055
Net Change in Fund Balance	254,019	(1,562,423)	45,761	1,018,311	1,794,096	2,581,921
Beginning Fund Balance	41,514,022	41,768,041	40,205,618	40,251,379	41,269,690	43,063,786
Change in Fund Balance	254,019	(1,562,423)	45,761	1,018,311	1,794,096	2,581,921
Ending Fund Balance	41,768,041	40,205,618	40,251,379	41,269,690	43,063,786	45,645,707
State Reserve Requirement (5%)	6,266,893	6,317,607	6,444,835	6,576,573	6,713,013	6,854,353
BOT Reserve Requirement (15%)	18,800,678	18,952,822	19,334,505	19,729,720	20,139,039	20,563,058
Combined Reserve Requirement (20%)	25,067,570	25,270,430	25,779,340	26,306,293	26,852,051	27,417,411
Undesignated Reserve (Deficit)	16,700,471	14,935,188	14,472,040	14,963,397	16,211,735	18,228,296

Projected values will change.

Some Takeaways

- The 2026-27 UGF Budget is much closer to balanced than previous years. Recruitment times to fill vacancies may result in lower actual expenses, which may result in a deficit closer to \$1.5m.
- It appears worthwhile to elect to accept the discretionary COLA in 2026-27, and implement the 14 weeks of paid pregnancy leave as defined in AB 65 (details forthcoming). The impact appears to be about \$1.5m of additional revenue per year beginning in 2027-28, with an associated cost of \$150k to implement.
- If enrollment is flat, the Board elects to accept the discretionary COLA in 2026-27, future projected COLA values remain above 3%, and expense increases follow projected assumptions, then SBCC may resolve the structural deficit by 2027-28.
- SBCC Leadership is committed to working with all constituencies to resolve the deficit and present a balanced budget by June 2027