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Budget Development Cycle

4CD / Local 1 Budget Meeting

May 27, 2026

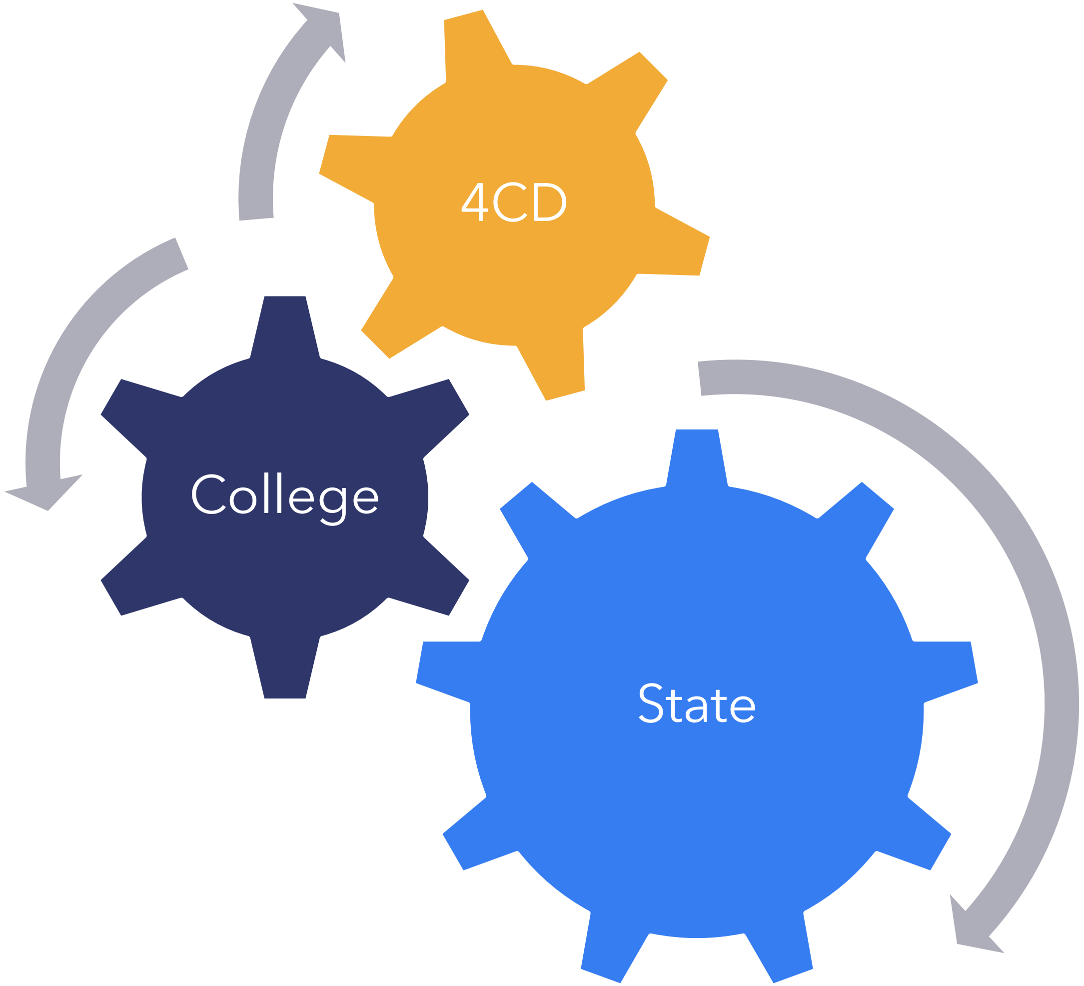
Presentation Topics

- State Budget Cycle and Key Budget Legislation
- State Chancellor's Office Apportionment Schedule
- District Budget Development Cycle
  - Budget Assumptions
  - Revenues
  - Expenditures
  - Reserves
- Budget Acronyms and Terms

Budget Cycle

Budget Development and monitoring is a year-long process

Depending upon the time of the year there may be up to 3 different fiscal year budgets actively being managed



Federal Grants follow different timelines and can expire creating impact on the General Fund when ongoing staff are built into those budgets

Annual Budget Pathway

State Budget - Proposition 98

State Revenues: Income Tax (Personal and Corporate) and Sales and Use Taxes

Local Property Taxes

Governor & State Legislature

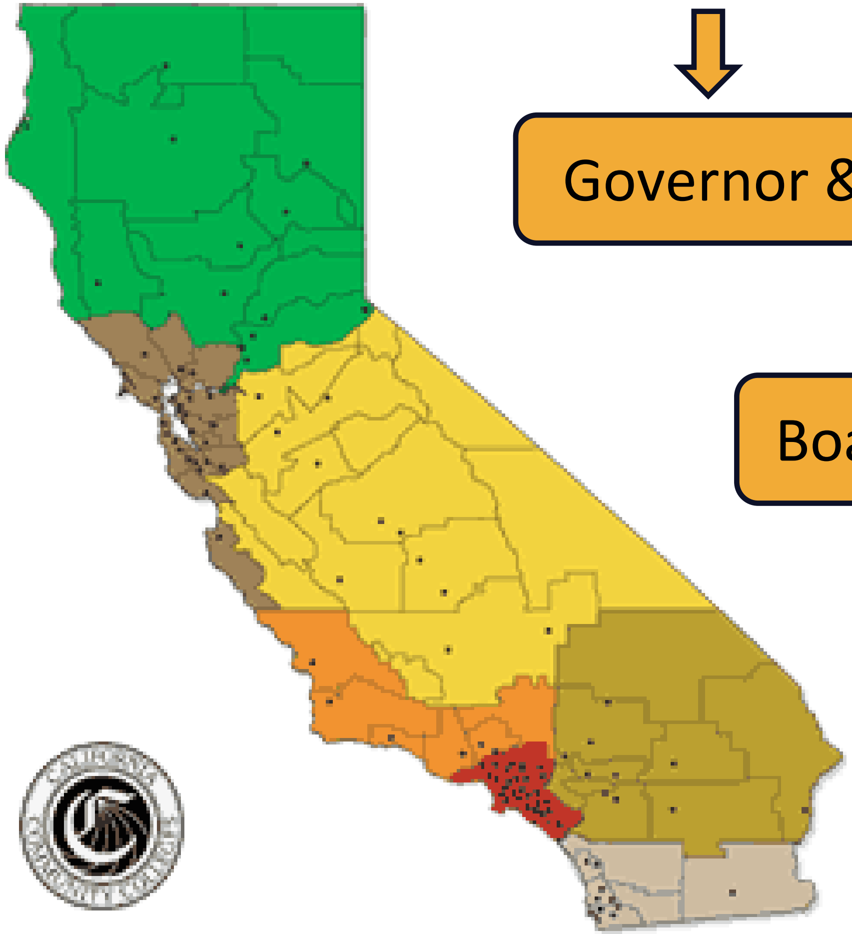
Other State Programs

Board of Governors & System

District Board of Trustees

Local Revenues

College Budget Allocation



What Impacts State Revenue Projections?

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The State Relies Heavily on Personal Income Tax Revenue

The California State Budget relies on the "Big 3" taxes:
Personal Income Tax, **Sales and Use Tax**, **Corporate Tax**

…The **top 1%** of earners pay almost **50%** of all Personal Income Tax of which over 10% is Capital Gains

Due to the reliance on Personal Income Tax, total State Revenue can change dramatically…

"When the top 1% get the sniffles, public education funding gets pneumonia"

Personal income taxes of $146.8B are 62.1% of total State Tax Revenue

Sales and use taxes are just over $34.5B, which is 14.6% of total State Tax Revenues

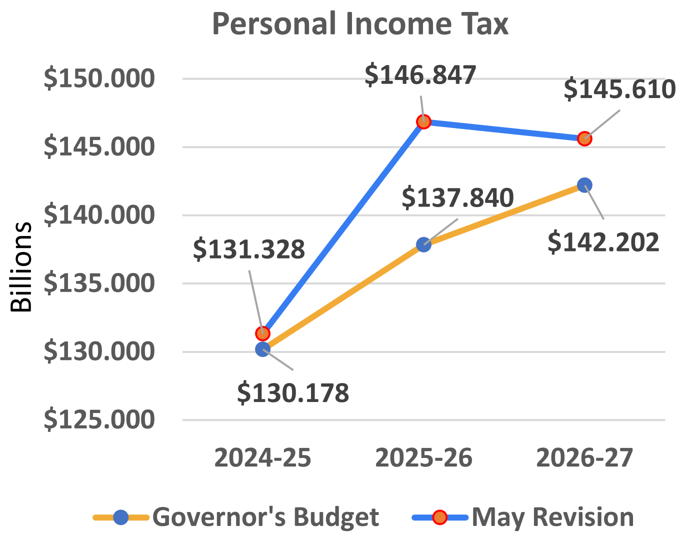
Corporate taxes are approximately $43.2B, which is 18.3% of total State Tax Revenue

State Aid pays the difference required above the local Property Tax. If Assessed value (AV) comes in below projection, the State would need to make up the shortfall

State Tax Receipts May Revision Changes

Personal Income Tax, as a percentage of tax revenue has grown by 2% in the past 2 years

May Revision Change <u>$13.565 billion</u>

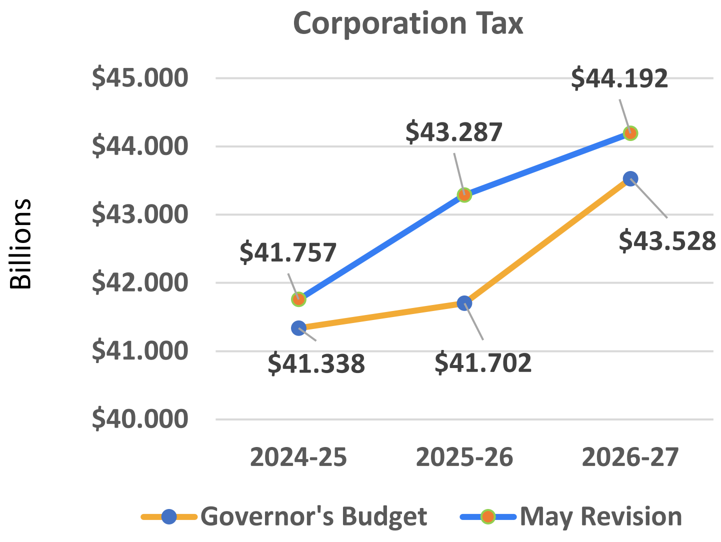


2025 Tax increase of <u>$1.15 billion</u>

2026 Estimated increase of <u>$9.007 billion</u>

2027 Estimated increase of <u>$3.408 billion</u>

May Revision Change <u>$2.668 billion</u>

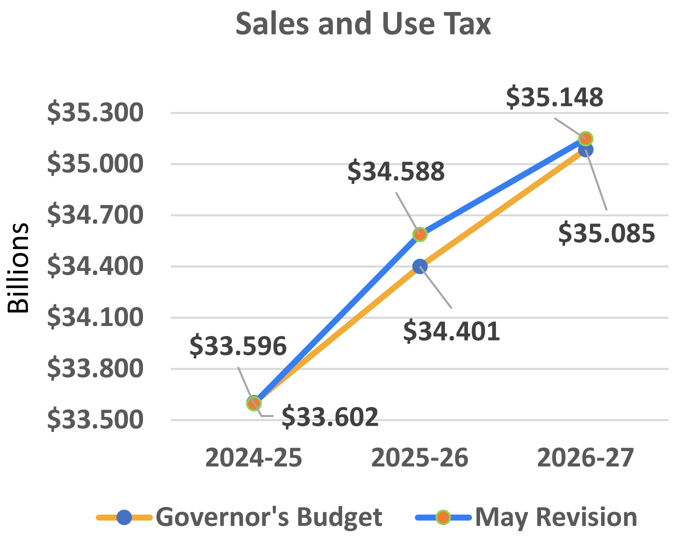


2025 Tax increase of <u>$419 million</u>

2026 Estimated increase of <u>$1.585 billion</u>

2027 Estimated increase of <u>$664 million</u>

May Revision Change <u>$245 million</u>

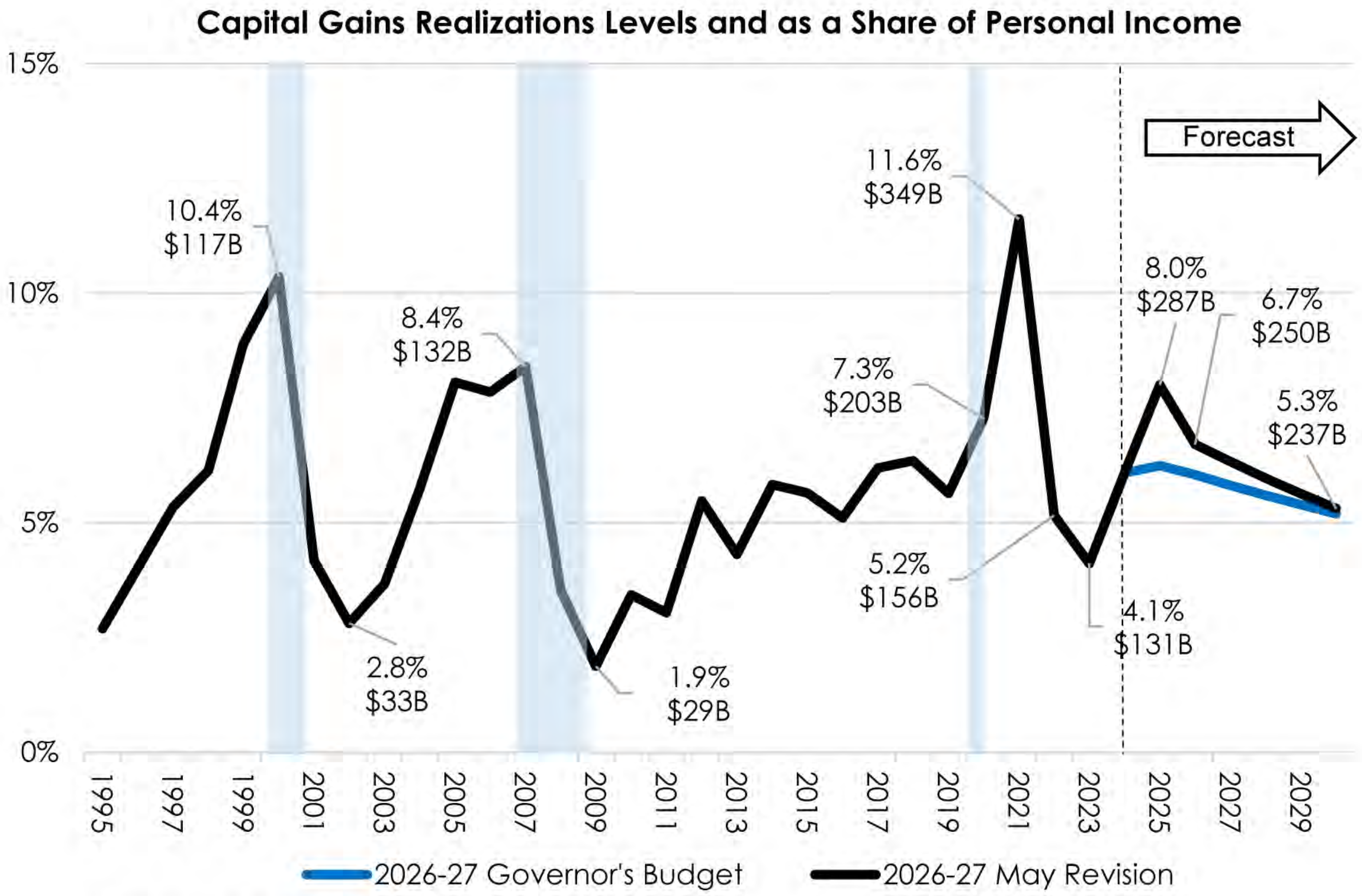


2025 Tax decrease of <u>$6 million</u>

2026 Estimated increase of <u>$188 million</u>

2027 Estimated increase of <u>$63 million</u>

Capital Gains Volatility Impacts State Revenues



Shaded bars indicate previous U.S. recessions.
Source: California Department of Finance, 2026-27 May Revision Forecast.

A significant drop in capital gains from 2022 created the State deficit of $38 billion

- This is like the economic downturns in 2000 and 2007 which created significant funding challenges for Education.
- The Governor's budget now projects that capital gains decline to 5% of Personal Income reducing state revenue ongoing

State of California Budget Criteria

Legislation	Year	Requirement
Proposition 25	2010	Budget trailer bills must be listed in the Budget act and contain an appropriation of any amount and can be passed by a simple majority. Failure to pass a budget bill by June 15^{th} results in loss of pay to legislators for each day until bill is passed.
Proposition 26	2010	Requires "any change in state statute which results in any taxpayer paying a higher tax" requires a two-thirds vote in each house. Reclassified regulatory and certain other fees as taxes.
Proposition 54	2016	Bills must be distributed to legislators and published on the internet, in their final form, at least 72 hours before being passed.
Proposition 98	1988	Guarantees a minimum annual level of funding for K-14 education. Can be suspended by a two-thirds vote of the legislature.

State of California Budget Criteria

Legislation	Year	Requirement
Proposition 2	2014	Budget Stabilization Account (BSA) – required to set aside 1.5% of General Fund Revenue each year (plus additional dollars in years when tax revenue from capital gains are strong). Until 2029-30 half of funds go into BSA and other half used to pay down state budgetary debt.
Proposition 2	2014	Public School System Stabilization Account (PSSSA) – Deposits come from years when state capital gains revenue are particularly strong among other conditions.
Proposition 55	2016	Tax on very high-income Californians (Prop 30), authorized through 2030 which is used to fund annual Proposition 98 guarantee.
Proposition 4 (GANN Limit)	1979	State Appropriations Limit (SAL) limits amount of state tax proceeds that can be appropriated each year with excess amount divided equally between Proposition 98 and return to taxpayers.

Finalizing the State Budget

- The legislature adopts the Budget Act by June 15th and then drafts the "Budget Bill Jr." and Trailer Bills to send to the governor for signature
- All bills must be signed within 12 days of presented to the governor (unless the 12th day is a Saturday, Sunday or Holiday)
- The governor may reduce or eliminate any item of appropriation in any bill by using the "line-item veto"
  - Termed a blue pencil veto after being used by California Governors in the 1960s this tool has been not been used much recently as governors have vetoed entire bills or negotiated changes in trailer bills
- The legislature by two-thirds vote can override the governor's veto of a bill or appropriation

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Key State Budget Dates

January 10th Governor's Budget Proposal

May 14th May Revision

June 15th Legislative Budget Bill

Final State Budget Trailer Bills are completed after this date.

When Does 4CD Receive State Revenue

State Funding Timelines

- Once the State Budget and budget trailer bill are finalized the State Chancellor's Office provides apportionment updates to districts based upon a schedule
- General Funds are distributed based upon the apportionment schedule
  - Because the SCFF is calculated based on a 3-year average (which includes the current year) final revenue is not determined or allocated until FTES are certified through the CCFS 320 process
- Categorical funds and other grants guidelines and schedules are provided via updates to the Compendium of Allocations and Resources which is updated multiple times each year

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State Chancellor's Apportionments

4CD receives funding from State Chancellor based on Apportionment schedules
Total Revenue is updated at each reporting period

July Advanced Apportionment 60%	February First Principal Apportionment P1 32%	June Second Principal Apportionment P2 8%	February* Recalculation Apportionment R1

Monthly Payment totals of amount certified

July 8 %
August 8%
September 12%

October 10%
November 9%
December 5%
January 8%

February 8 %
March 8%
April 8%
May 8%

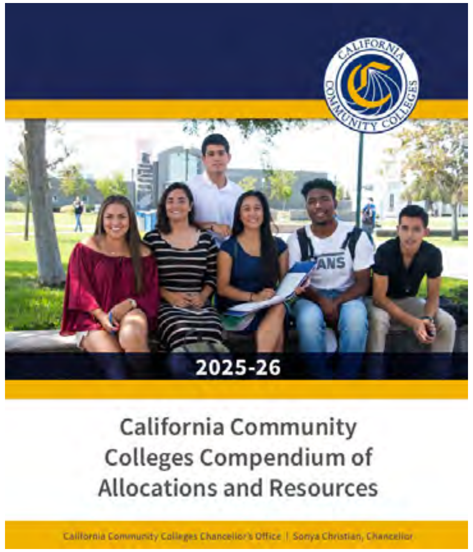
June 8 %

Adjust any necessary prior year's annual certifications.

*Payment adjustments are processed with P1 in February

State Chancellor’s Office Budget Cycle

- Once the State budget trailer bills are finalized the impact of the legislation is interpreted by the State Chancellors office to provide guidance and apportionments to each district.
- The California Community Colleges Compendium of Allocations and Resources provides guidance on the funding and requirements of state programs and is updated regularly
- The Chancellor’s Office provides apportionment updates and schedules to district at 4 times during the year based upon the approved state budget act.



SCFF Data Reporting Timelines Impact Revenue Projections

SCFF: Timeline of Data Reporting

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	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	25,340	2025-26	TBD
	24-25 P2	22,803	25-26 P1	25,500	25-26 P2	25,340	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

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	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	25,340	2025-26	TBD
	24-25 P2	22,803	25-26 P1	25,500	25-26 P2	25,340	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 Revenue Calculations

- The 3-year credit average for FTES includes the current year meaning July advanced apportionment from the State will not include any growth FTES and will use the prior year P2 (25,340) twice in calculation of the average initially
- The calculations for both Special Admit students and College and Career Development Preparation (CDCP) FTES utilizes current year for funding purposes
- State Apportionment is based upon
  - The advanced apportionment will use the prior year FTES P2 for these categories
  - The March apportionment uses final prior year FTES and current year P1 FTES

Due to State apportionment timing budget “true ups” are often required

When Does 4CD Receive Federal Revenue

Federal Budget Cycle

- 4CD receive federal education funding primarily through
  - Title IV student aid (Pell Grants, Federal Work-Study, etc.)
  - Competitive federal grants such as TRIO, CCAMPIS, and Perkins CTE, which support access, basic needs, and workforce programs
- Most federal competitive grants run for 3–5 years, with annual continuation funding tied to performance, compliance, and federal appropriations
  - Several 4CD TRIO grants have ended, requiring reductions in positions previously funded by these grants
- Most federal grants are paid on a reimbursement basis: the district spends allowable costs first, then submits a claim to draw down funds

4CD Budget Process By Month

4CD Budget Cycle

- Business Procedure 18.06 – Budget Preparation outlines timelines in the development and management of the budget for 4CD
- Management of the budget is an ongoing process with budget activity and planning occurring in multiple fiscal year budgets simultaneously
- Regular budget updates are presented to the Governing Board including:
  - Current Year Adoption Budget – September
  - Audited Prior Year Budget – January
  - Review of Governor's January Budget Proposal - February
  - Development of the Annual Budget Study Session – April
  - Next Fiscal Year Tentative Budget – June

Key Budget Activities - January

Prior
Fiscal Year

Financial Audit Reports

Supplemental and Success SCFF Data Received

Current
Fiscal Year

Federal Payroll Tax Changes

CCFS P1 FTES Submission

Next
Fiscal Year

Governor's January Budget Proposal

Key Budget Activities - February

Prior
Fiscal Year

Recalculation
Reports
Schedule R1

Current
Fiscal Year

Q1 & Q2 Actuals

First Principal
Apportionment
Schedule C

Next
Fiscal Year

Nonresident
Tuition Rate

Budget
Assumptions

What is Included in the Development of 4CD Budget Assumptions

Key 4CD 2026-27 Budget Assumptions

REVENUE

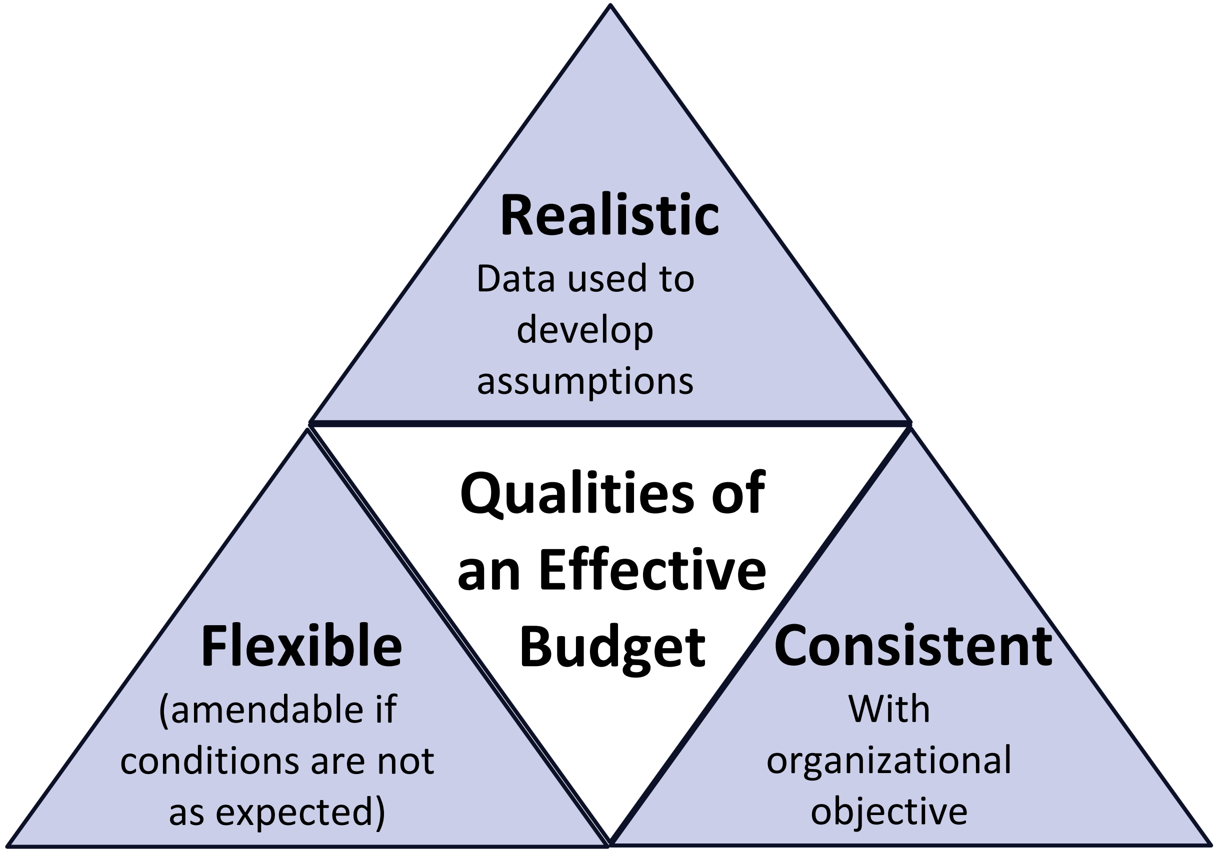
- SCFF Hold Harmless with flat revenue
  - At P1, the total FTES for the current year were projected at 25,500, which is trending slightly above the projected growth of 2.5%
  - SCFF three-year average (24,801) remains below funded FTES
  - 2026-27 projected FTES (with 2.5% growth) are 26,137 with a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

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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Assumptions: Payroll Taxes

Deduction	Groups	Colleague	Effective Date	Source	2023-24	2024-25	2025-26	2026-27
Medicare*	ALL	TAXC	January 1 - December 31	IRS Form 15	1.45%	1.45%	1.45%	1.45%
FICA	Classified	TAXC			6.20%	6.20%	6.20%	6.20%
FICA Wage Base	Classified	TAXC			$160,200	$168,600	$176,100	$184,500
SUI	ALL	TAXC	July 1 - June 30	https://edd.ca.gov/en/payroll_taxes/school_employees_fund/	0.05%	0.05%	0.05%	0.05%
Worker's Compensation	ALL	TAXC	July 1 - June 30	Rates received in April from CCCSIG	1.2449%	1.1420%	1.0212%	1.1143%
STRS	Faculty	BEND/BCIS	July 1 - June 30	https://www.calstrs.com/contributions	19.10%	19.10%	19.10%	19.10%
PERS	Classified	BEND/BCIS	July 1 - June 30	PERS Contribution Circular	26.680%	27.050%	26.810%	26.400%
PERS Earning Limit	Classified		January 1 - December 31	https://www.calpers.ca.gov/employers/policies-and-procedures/circular-letters/200-001-26	$ 330,000	$ 345,000	$ 350,000	$ 360,000
PERS PEPRA Earning Limit with FICA	Classified				$ 146,042	$ 151,446	$ 155,081	$ 159,733
PERS PEPRA Earning Limit No FICA	Classified				$ 175,250	$ 181,734	$ 186,096	$ 191,679
Safety PERS (Classic)	POA	BEND/BCIS	July 1 - June 30	https://www.calpers.ca.gov/page/employers/actuarial-resources/employer-contributions/public-agency-contributions	21.780%	21.920%	21.980%	21.980%
Safety PERS (PEPRA)	POA	BEND/BCIS			14.500%	14.720%	14.960%	14.860%

TOTAL PAYROLL TAXES	2023-24	2024-25	2025-26	2026-27
Total Classified Payroll Deduction Rate	35.62%	35.89%	35.53%	35.2143%
Total Faculty Payroll Deduction Rate	21.84%	21.74%	21.62%	21.7143%
Total POA Payroll Deduction Rate	30.72%	30.76%	30.76%	30.7943%

* Medicare rate for earning over $200k is 2.35%

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%)
2026-27	4.31%	0.00%[1]	19.10%	0%	26.40%	(0.41%)

[1]COLA not received due to Hold Harmless

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

Assumptions: Step & Column

Step and Longevity Cost Estimates for 2025-26 Budget Year at Adoption Budget

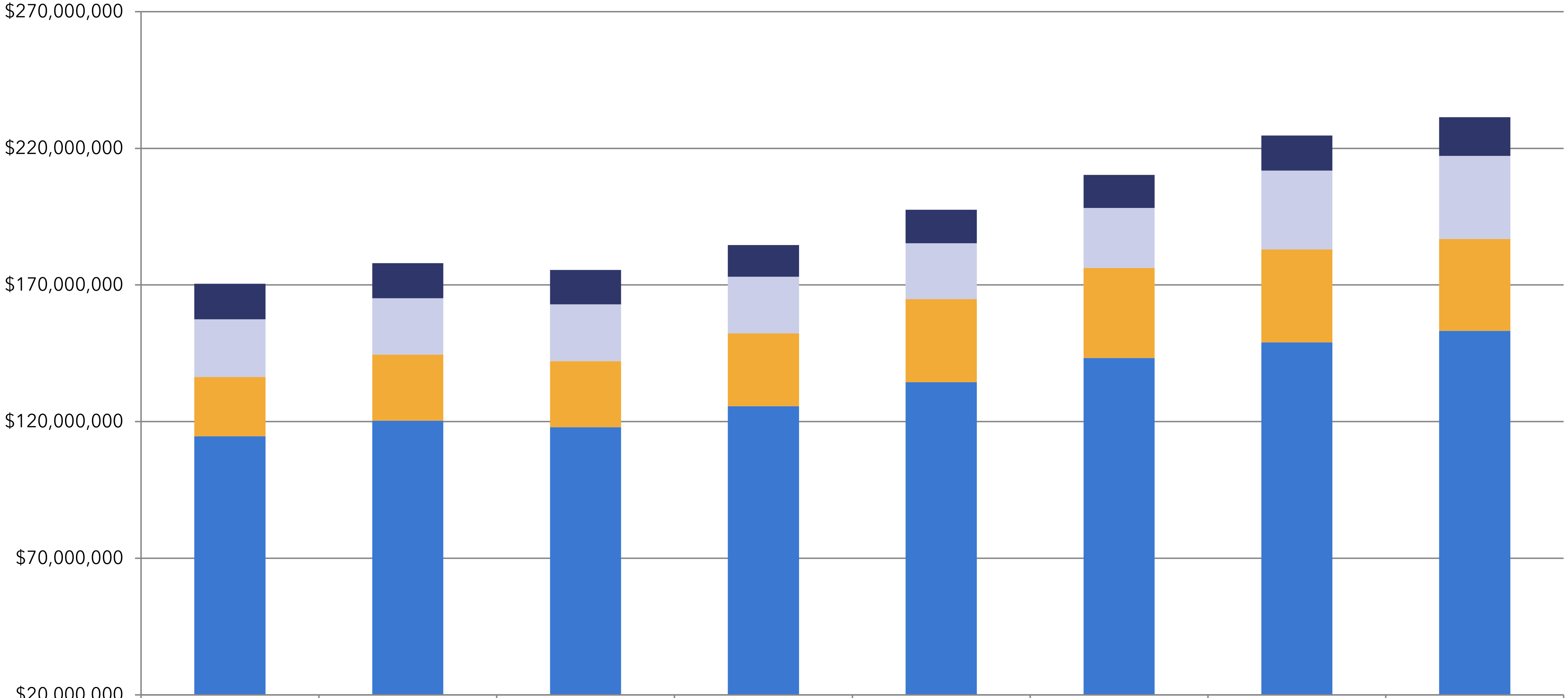
	Step $	Step #	Longevity / Column $	Longevity / Column #	**TOTAL $**	**TOTAL #**
Local 1	$399,957	109	$121,661	59	$521,618	168
Manager, Supervisor, Confidential	$301,913	39	$85,372	10	$387,285	49
UF Fulltime	$633,092	154	$88,200	12	$721,292	166
UF Parttime(1)	$131,250	250	$21,000	40	$152,250	290
TOTAL	$1,466,212	552	$316,233	121	$1,782,445	673

* Costs are based on salary increases only. Fringe, statutory, etc. not included.

(1) Full-time faculty reclass (column) based on 12 per year at $7,350 per reclass.

(2) Part-time faculty step based on 250 per year at $525 each, and reclass (column) based on 40 per year at $525 each.

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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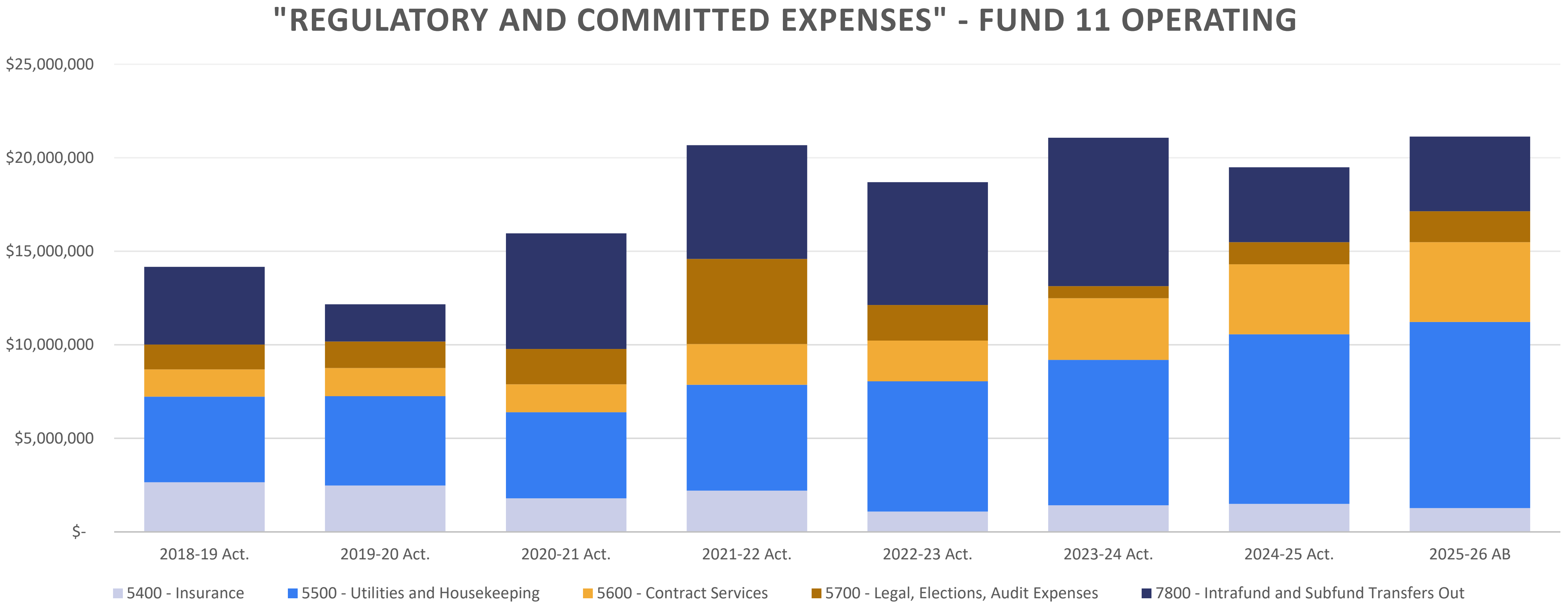
Expenditures – Reported By Major Object

Major Object	Description of Expenditure
1000	Salaries of Academic Personnel including Academic Administration
2000	Salaries of Classified Personnel including Classified Administration
3000	Payroll Taxes, Active and Retiree Health & Welfare Expense
4000	Supplies and Materials
5000	Contract Services, Utilities, Insurance, other Operational Expenses
6000	Capital Outlay Expense
7000	Interfund and Subfund Transfers

Assumptions: Regulatory Expenses

- The budget includes multiple non-salary expenditures include operational costs that with limited ability to reduce, or adjust
  - While these are not salary and benefit costs, they are required expenditures
  - These expenses become part of the costs of “keeping the lights” on
- Examples of these regulatory and committed expenses include multiple objects in 5000 and 7000s, examples include:
  - 5400 - Insurance
  - 5500 – Utilities and Housekeeping
  - 5600 – Includes Technology subscriptions
  - 5700 – Legal, Elections, Audit
  - 7800 – Intrafund and Subfund Transfer Out (Parking and other Auxiliary Services)

Regulatory and Committed Expenses



	2018-19 Act.	2019-20 Act.	2020-21 Act.	2021-22 Act.	2022-23 Act.	2023-24 Act.	2024-25 Act.	2025-26 AB
5400 - Insurance	$ 2,653,838	$ 2,477,319	$ 1,801,849	$ 2,209,067	$ 1,088,186	$ 1,419,926	$ 1,496,610	$ 1,273,251
5500 - Utilities and Housekeeping	$ 4,577,949	$ 4,782,016	$ 4,592,071	$ 5,655,061	$ 6,960,814	$ 7,771,840	$ 9,061,803	$ 9,946,368
5600 - Contract Services	$ 1,450,000	$ 1,500,000	$ 1,500,000	$ 2,180,000	$ 2,180,000	$ 3,300,000	$ 3,750,000	$ 4,270,000
5700 - Legal, Elections, Audit Expenses	$ 1,339,088	$ 1,414,982	$ 1,887,231	$ 4,552,002	$ 1,900,942	$ 647,924	$ 1,181,801	$ 1,648,480
7800 - Intrafund and Subfund Transfers Out	$ 4,145,944	$ 2,000,000	$ 6,183,560	$ 6,084,045	$ 6,569,836	$ 7,928,500	$ 4,000,000	$ 4,000,000

Key Budget Activities - March

- Colleges receive budget templates from the District and begin work on the upcoming Tentative Budget.
- Additional information and analysis related to the Governor’s January Budget Proposal is received and advocacy efforts by multiple stakeholders begin and continue through the adoption of the State budget

Next
Fiscal Year

Colleges Begin
Budget
Development
Work

Key Budget Activities – April

- Colleges continue work on the upcoming Tentative Budget

Current
Fiscal Year

Q3 Actuals

CCFS 320 P2 FTES

Annual EPA Report – Prop 30/55

Next
Fiscal Year

Budget Forums and Board Study Session

H&W Renewal rates

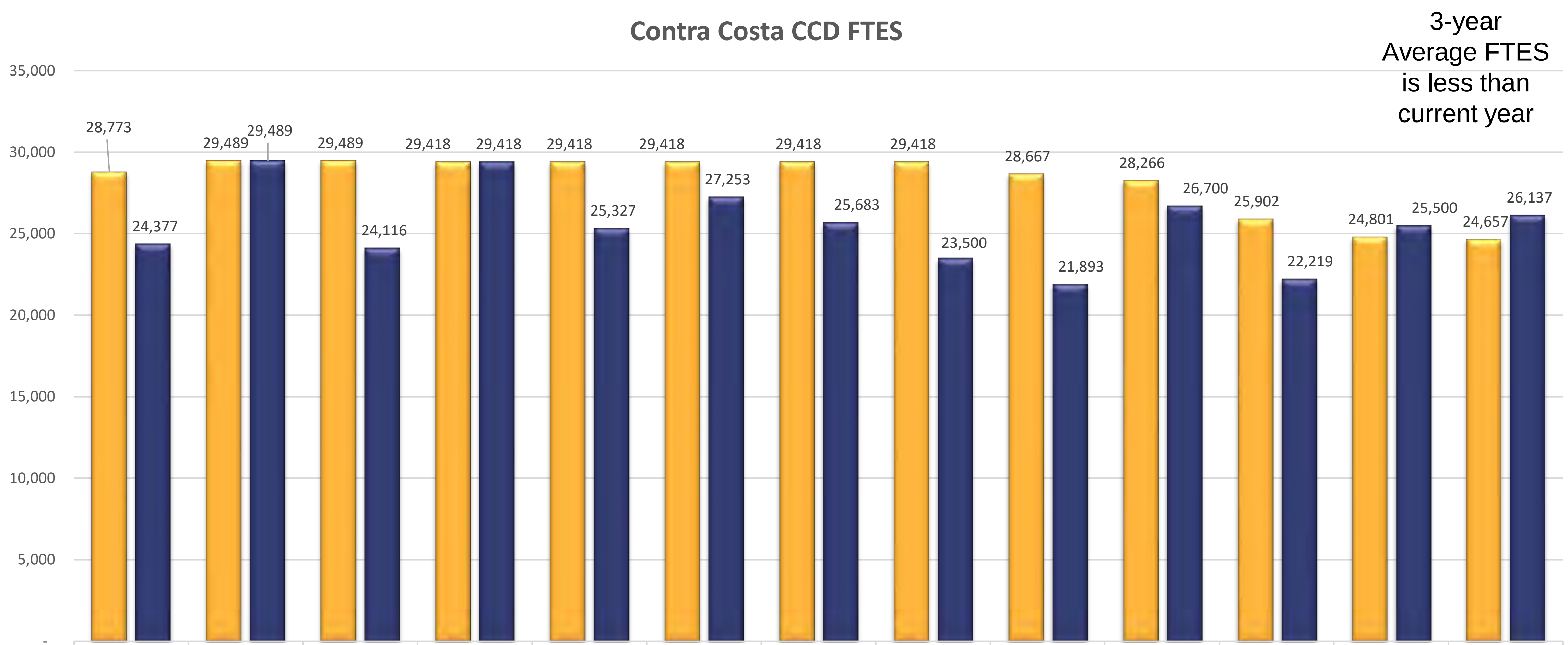
Health and Welfare Benefit Expenses

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%**

4CD Historical FTES and Three-year Average



	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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Key Budget Activities - May

- The May revision – presented by May 14th kicks off the sprint to finish the State budget

- Final Advocacy efforts occur in Sacramento toward the budget act completion in June

- Tentative Budget is finalized based upon the May revision with adjustments made in the Adoption budget once the final budget act is adopted

Next
Fiscal Year

May Revision

Tentative Budget
Finalized

May Revision – Key Points

- The May Revision provides positive revenue projections
  - Super COLA 4.31% - increase from 2.41%
  - Categorical COLA 2.87% for select programs – increase from 2.41%
  - Block Grant $100.607 million – increase from $100 million
  - Proposes fully paid 14-week paid pregnancy leave beginning in 2026-27 fiscal year
  - Still does not fully fund PT Office hour reimbursement
- The increased revenue projection likely will move 4CD into Stability for the 2026-27 Adoption Budget
  - The Tentative Budget (TB) does not incorporate the proposed COLA and the additional revenue received in moving to Stability will not likely entirely address the structural deficits submitted by the colleges for TB

Projecting SCFF Revenue: Four Calculations

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SCFF

SCFF Calculated Revenue

Calculated from:

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

Stability

Prior Year TCR Stability

Calculated from:

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

Hold Harmless

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.

Highest Max TCR

Max TCR

Calculated from:

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

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Key Budget Activities - June

- The State Budget Act is not finalized prior to the deadline for the District Tentative Budget which is based upon the May Revision

Current
Fiscal Year

2nd Principal
Apportionment
Schedule C

Next
Fiscal Year

District Tentative
Budget

State Budget Act

2025-26 Structural Deficits Adopted Budget

- 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: Actuals and Projections Tentative Budget

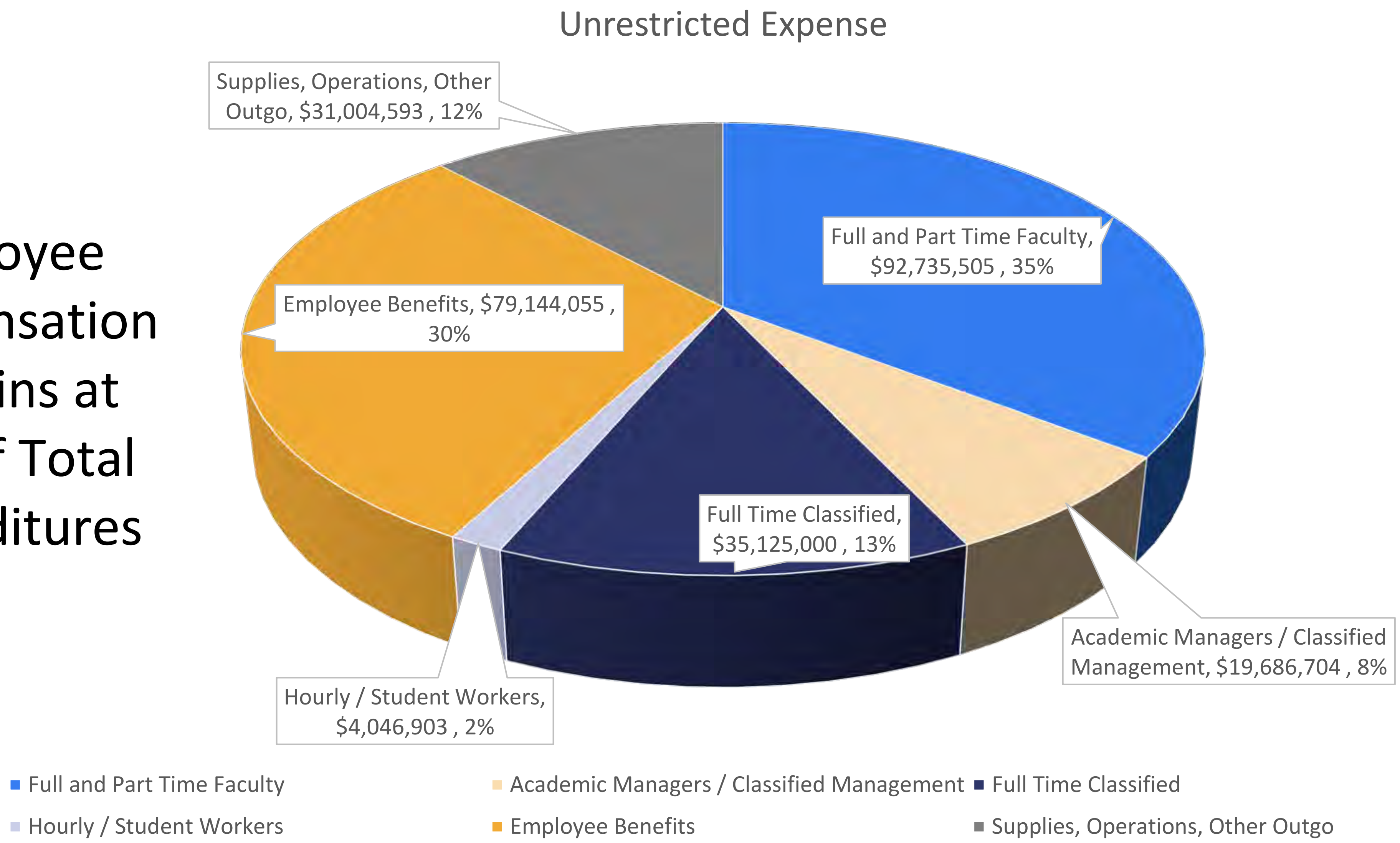
- SCFF Revenue comprises 85-88% of the Fund 11 Operating budget
- Other State Revenue, such as Lottery, Mandated Costs, Full-time Faculty Funding is mostly steady with the Lottery adjusting yearly based upon prior year P2 FTES
- Local Revenue is comprised of nonresident tuition, 2% of enrollment fees, 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	$ 15,519,751
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	$ 15,316,412	$ 15,169,166
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	$ 260,400,973	$ 260,635,476

Fund 11 Distribution of Expense
2026-27 Tentative Budget

Source: 2026-27 DRAFT Tentative Budget

Employee Compensation Remains at 88% of Total Expenditures



2026-27 Structural Deficits Estimated Tentative Budget

- Tables provide the current year structural deficits based upon the *Estimated Tentative budget* expenditures, including vacant positions

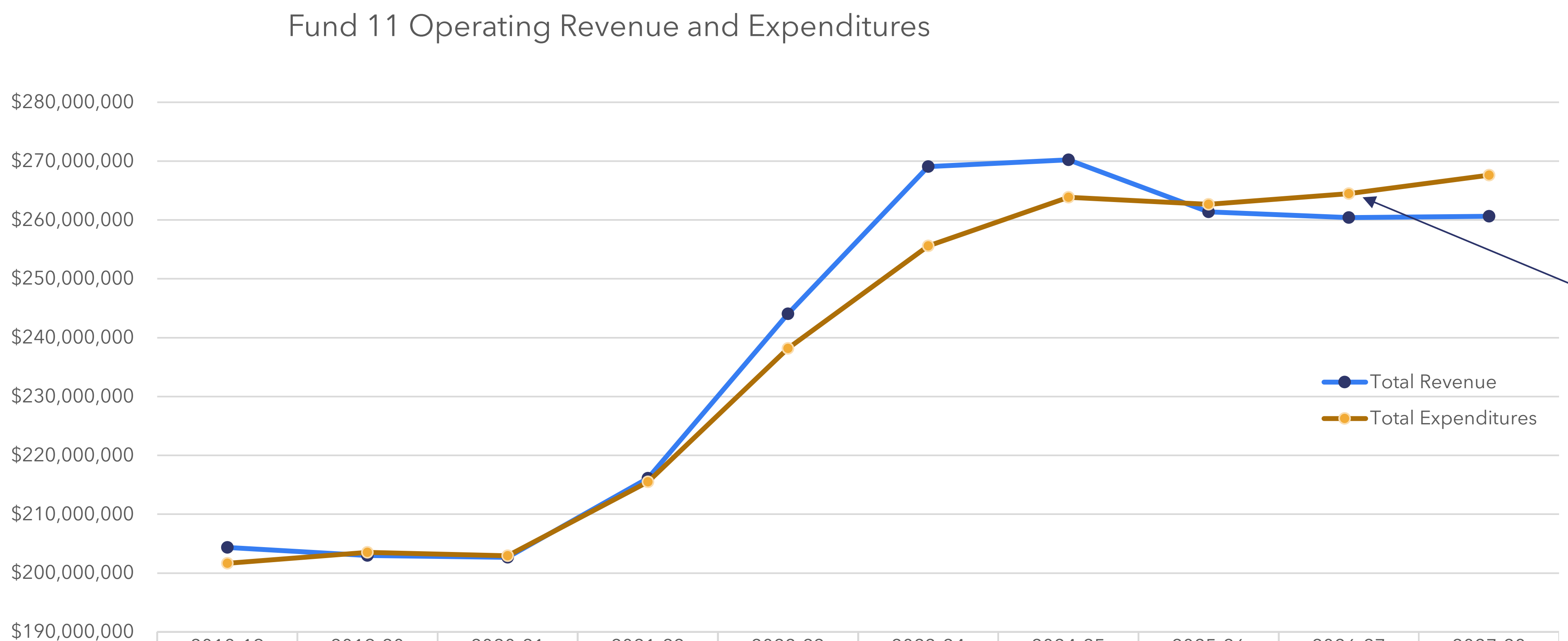
Contra Costa College	FY 2026-27 Tentative Budget	Diablo Valley College	FY 2026-27 Tentative Budget
Revenue*	$39,776,973	Revenue	$106,143,522
Expenditures	$42,475,545	Expenditures	$106,636,778
Increase / (Decrease)	($2,698,572)	Increase / (Decrease)	($493,256)
Beginning Balance	$0	Beginning Balance	$5,526,118
Ending Balance	**($2,698,572)**	Ending Balance	**$5,032,862**

*Revenue at CCC includes one-time $678,112 transfer of reserves to help offset the deficit

Los Medanos College	FY 2026-27 Tentative Budget	District Office	FY 2026-27 Tentative Budget
Revenue	$55,726,338	Revenue	$24,474,360
Expenditures	$55,892,540	Expenditures	$25,238,580
Increase / (Decrease)	($166,202)	Increase / (Decrease)	($717,591)
Beginning Balance	$2,462,648	Beginning Balance	$1,512,068
Ending Balance	**$2,296,446**	Ending Balance	**$747,848**

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.



	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	$260,400,97	$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	$264,488,03	$267,613,11

Projected 2026-27 Structural Deficit will be adjusted at Adoption Budget after books are closed for current year

2026-27 Tentative Budget Structural Deficit

- The Estimated Structural Deficit for the 2026-27 Tentative Budget is $4,087,052
  - Additional Stability revenue is not projected to eliminate these structural deficits in 2026-27
- Other Funds, such as Fund 51: Bookstore and Fund 52: Cafeteria are both utilizing fund balance in Tentative Budget and are projected to exhaust all remaining reserves before the end of FY 2027-28
- Impact of Federal Policy decisions continues to impact Federal Grant revenue and reduce ongoing non-resident (International) student enrollment and revenues which can further impact deficits

Key Budget Activities - July

Prior
Fiscal Year

CCFS 320 Annual FTES

Begin closing of books

Current
Fiscal Year

Advanced Apportionment Exhibit R

Budget Trailer Bills

- Budget Assumptions from the Tentative Budget are adjusted based upon the trailer bills related to the approved State budget

Key Budget Activities - August

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Prior
Fiscal Year

Fund Balances and Carryovers finalized and loaded in current year

Current
Fiscal Year

Colleges finalize Adoption Budget

Analysis of budget trailer bills

- Budget Assumptions from the Tentative Budget are adjusted based upon the trailer bills related to the approved State budget

District Reserve Requirements

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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

District Reserve Requirement of Two Months Operational Expenses

As a condition of receiving the Emergency Conditions Allocation 4CD was required to adopt a Board Policy which aligned and maintained a minimum of two months operational reserves in the General Fund

- The district's Board of Trustees adopts a policy (BP 5033) aiming to align reserve balances to recommendations included in the Government Finance Officers Association Budgeting Best Practices by no later than February 28, 2023.
- This policy should be provided to the Chancellor's Office along with the Emergency Conditions Recovery Plan mid-year update. Additional information on fiscal resiliency and reserve balance recommendations can be found in memo FS 22-03 Fiscal Forward Portfolio and Budget Architecture and Development Recommendations.

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
$1,082,489 after 2025-26 BP 5033	$1,857,194

Estimated BP 5033 Reserve for 2025-26 $44,437,705

Closing The Books

- During the summer 4CD “trues up” the final accounting of the budget for the past fiscal year in order to close the books
- Once all carryover amounts are finalized and ending fund balances are calculated the books are closed
- The Tentative Budget does not include all final expenditures for the current year or complete projected fund balances
- The fund balances are reviewed for accuracy by the external audit firm as part of the annual review process

Other Post Employee Benefits

OPEB - Introduction

- OPEB refers to benefits that employees receive after they retire, other than pensions. In a public agency context, these are most commonly:
  - Retiree health insurance (medical, dental, vision) and sometimes life insurance or other welfare benefits
- On August 14, 2009, 4CD established the Futuris Irrevocable OPEB Trust (Trust) to fund retiree benefit obligations
- As of May 12, 2026, the District's OPEB Trust is 95% funded
  - $229.2M in assets vs. $239.3M of liability

OPEB - Introduction

- 4CD pays retiree health benefits from the General Fund
  - In 2025-26 approximately $14.1 million

- The Trust was established to pay a portion of retiree health costs once sufficiently funded, reducing the General Fund burden

- With the Trust at 95% funded, staff continues to analyze how and when it could begin paying a portion of OPEB expenditures to reduce General Fund costs

Other Post Employee Benefits (OPEB)

- Since inception, 4CD has contributed a combination of one-time revenues and an annual $1 M General Fund contribution to build and strengthen the Trust, supporting the District's long-term fiscal stability

- The trust balance (Fiduciary Net Position) has grown through contributions and investment returns

- GASB 73 & 75 require annual OPEB reporting, including
  - Actuarial Liability
  - Net Fiduciary Position
  - Unfunded Liability / Percent Funded

OPEB – Key Terms

- Fiduciary Net Position
  - Assets held in the irrevocable OPEB trust, measured at fair value, available solely to pay retiree benefits
- Actuarial Liability
  - Present value of future OPEB benefits earned to date, based on actuarial assumptions.
- Unfunded Liability
  - The portion of earned OPEB benefits not yet covered by trust assets; the gap between liability and assets
- Percent Funded
  - How much of earned OPEB benefits the trust has saved; trust assets divided by total liability

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OPEB – Key Terms

- Service Costs
  - Present value of future OPEB benefits earned by active employees this year, increasing the total liability
- Administrative Fees
  - Charges for managing and administering the OPEB trust, including investment, custodial, and compliance services
- Actuarial Assumptions
  - Estimates (medical inflation, discount rate, retirement age, mortality) used to project future OPEB costs. Changes in these assumptions increase or decrease the total liability

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OPEB
Contributions and Investment Returns

- 4CD's net position has increased from $172 million in 2020-21 to approximately $229 million in 2025-26, or 32.8%, in 5 years
- 2025-26 values are as of May 12, 2026, and figures will continue to be updated
- Historical Fiduciary Net Position, or value of the Trust, is provided on slide 12

Year	Contribution	Investment Return*	Fiduciary Net Position
2025-26 Est	*$1,000,000*	*$24,980,443*	*$229,193,053*
2024-25	$1,000,000	$25,486,342	$203,212,610
2023-24	$4,928,500	$14,853,988	$176,726,268
2022-23	$4,630,000	$13,368,865	$156,943,780
2021-22	$4,159,192	-$37,689,480	$138,944,915
2020-21	$3,988,000	$31,135,722	$172,475,203

*Investment Return is the change in value of the trust less contributions

OPEB
Historical Investment Return

- The trust was established in 2009 with an initial amount of $18.8 million
- Historical annual rates of return are listed in the table to right
- Since 2009, the cumulative rate of return is 6.79%

Year	Rate of Return
Since Inception	6.79%
2025 (as of 6/30/2025)	7.65%
2024	10.21%
2023	16.55%
2022	-21.29%
2021	9.90%
2020	15.84%
2019	18.14%
2018	6.56%
2017	14.29%
2016	6.96%
2015	-1.39%

Source: RBOA Board Report April 15, 2026

OPEB Actuarial Liability

Year	Service Cost[1]	Fees[1]	Actuarial Assumptions Changes*	Actuarial Liability	Unfunded Liability	Percent Funded
2025-26 Est	$5,300,000	$783,650	$187,635	$239,333,934	$10,140,881	95.76%
2024-25	$5,095,434	$617,102	$403,424	$233,062,649	$29,850,039	87.19%
2023-24	$5,051,383	$540,853	$690,286	$226,946,689	$50,252,421	77.87%
2022-23	$5,624,452	$487,248	-$34,995,588	$220,664,167	$63,720,387	71.12%
2021-22	$5,494,814	$554,382	$2,602,407	$249,548,055	$110,603,140	55.68%
2020-21	$5,031,066	$515,161	-$4,664,124	$240,896,452	$68,421,249	71.60%

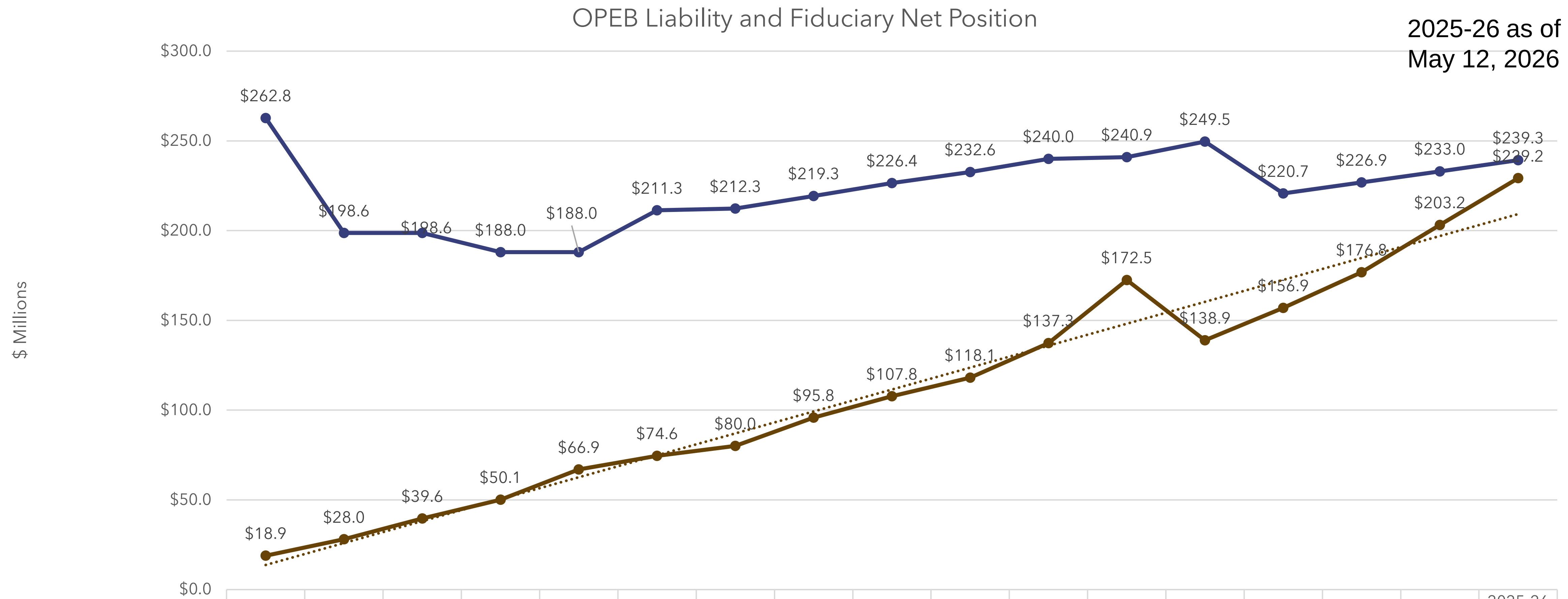
*Actuarial Assumption Changes are Actuarial Liability change less service cost and fees

[1]Service Cost and Fees from Audited Reports

2025-26 value as of May 12, 2026

OPEB Liability and Fiduciary Net Position

2025-26 as of May 12, 2026



	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 Est*
Fiduciary Net Position	$18.9	$28.0	$39.6	$50.1	$66.9	$74.6	$80.0	$95.8	$107.8	$118.1	$137.3	$172.5	$138.9	$156.9	$176.8	$203.2	$229.2
Total OPEB Liability	$262.8	$198.6	$198.6	$188.0	$188.0	$211.3	$212.3	$219.3	$226.4	$232.6	$240.0	$240.9	$249.5	$220.7	$226.9	$233.0	$239.3

"Pay as You Go" Retiree Expense

4CD pays retiree health expense from the General Fund as they come each year

Year	Cash In Lieu Expense	Pay As You Go Retiree Health Expense	Total Retiree Expense
2025-26 Est	$395,912	$13,709,123	$14,105,035
2024-25	$413,742	$12,487,712	$12,901,454
2023-24	$335,181	$11,832,119	$12,167,300
2022-23	$343,527	$11,926,297	$12,269,824
2021-22	$333,038	$11,254,193	$11,587,231
2020-21	$386,755	$12,165,954	$12,552,709

Key Budget Activities - September

Prior
Fiscal Year

Finalize Closing of Books and providing information for Annual Audit

Current
Fiscal Year

Adoption Budget

GANN Limit Calculation

- The adoption budget is based upon the guidance received from the State Chancellor's office and the budget trailer bills

Key Budget Activities - October

Prior
Fiscal Year

CCFS 311
Financial Report

Current
Fiscal Year

Review Q1
Actuals

- External Auditor continues work to finalize annual audit of past year financial activity

Key Budget Activities – November & December

Prior Fiscal Year

External Auditor continues work to finalize annual audit of past year financial activity

Current Fiscal Year

Continue to review year to date expenditure and revenue trends

Next Fiscal Year

Begin Planning for Next Year based upon current projections and assumptions

Budget Next Steps

- Salaries and benefits for active employees and retirees account for more than 93% of each College’s General Fund Operations Budget
  - Budgeting guidelines and best practice is not to exceed 85% of total budget expenditures for employee compensation

- Based upon current assumptions (slides 28-43), budget reductions will be necessary in 2026-27 fiscal year to address structural deficits
  - Additional discussion on this item will be presented at the next meeting
  - Based upon the current projected multi year deficits, additional new revenue, and or, additional reductions would be required to reduce the structural deficits.

Agenda Items for Next Meeting

- Next Meeting July 8, 2026 (2 p.m. – 4 p.m.)
  - Review of State Budget and trailer bills
  - Update on Estimated Actuals for 2025-26
  - OPEB follow-up items
  - Coordination of Retiree Medical Benefits
  - Reserves

Questions?

Contra Costa Community College District
pathways to success

Index of Acronyms and Terms

Acronym / Term	Description
AB540	Nonresident student who meets certain requirements to pay in-state tuition at California public colleges and universities
Apportionment	Revenue that is distributed from the State to 4CD
Assessed Value (AV)	The value of real property impacting property tax revenue within apportionment
BP 5033	Board Policy 5033 defines reserve balance requirements of two months operating expenditures
California Dream Act	The California Dream Act allows eligible undocumented students to apply for state financial aid—including Cal Grants, community college fee waivers, and in-state tuition—through the California Dream Act Application (CADAA), even if they are not eligible for federal aid
Capital Gains	Earnings for Investments that provide a significant portion of California State tax revenue
Career and Technical Education (CTE)	Programs that integrate academic knowledge with technical and occupational skills to prepare students for postsecondary education and careers.
Career Development and College Preparation (CDCP)	Noncredit course FTES funded at a higher rate as part of the SCFF Funding formula

Index of Acronyms and Terms

Acronym / Term	Description
CCFS 320	Report of FTES provided to the State in the fall (P1), spring (P2) and Annually (P3)
Center	Additional one-stop locations for students to access and gain awareness of basic needs services and resources
Chancellor's Office Tax Offset Program (COTOP)	Program that intercepts Income Tax refunds from individuals that have reported student debt and provides those funds to the college district
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
Classified Personnel	Employment classification for non-instructional support positions
Cost of Living Adjustment (COLA)	Adjustment provided to previous year revenue based upon a set of economic indicators and factors
Deferral	State budget reduction that pays school districts in the following year, but requires the district to budget the revenue as an accounts receivable

Contra Costa Community College District
pathways to success

Index of Acronyms and Terms

Acronym / Term	Description
Deferred Maintenance	Funds dedicated to support facility infrastructure needs.
Deficit	When total expenditures exceed total revenue, indicating that spending is more than what is brought in during a given fiscal period
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
Emergency Conditions Allowance (ECA)	2022-23 Legislation establishing required reserves of two months along with other conditions to receive hold harmless funding
Fiduciary Net Position	The balance of assets held in an irrevocable trust
Fiscal Year (FY)	Fiscal Year (July 1 – June 30)
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
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

Index of Acronyms and Terms

Acronym / Term	Description
Fund 11	4CD’s main operation fund, which includes unrestricted and restricted revenues and expenditures
Governmental Accounting Standards Board (GASB) 74/75	GASB Statement 74 focuses on financial reporting for postemployment benefit plans other than pension plans, and 75 addresses the accounting and financial reporting for postemployment benefits other than pensions.
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
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
IT	Information Technology
LAO	Legislative Analysts Office is an independent government agency that reviews the State issues and provides reports to the legislature
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

Index of Acronyms and Terms

Acronym / Term	Description
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
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
MIS	Management Information System (database of students and staff)
OPEB	Other Post Employment Benefits (such as medical coverage for retirees) calculated as the total liability for future benefits to retirees
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
Perkins Federal Funding	The Strengthening Career and Technical Education for the 21st Century Act (Perkins V) supports ensure career and technical education (CTE) programs meet the demands of the twenty-first-century economy.
PERS	Public Employees Retirement System for Classified staff
Procurement Card (P-card)	Corporate charge card used by businesses to make purchases, often for smaller, high-volume items, streamlining the procurement process and offering an alternative to traditional purchase orders and checks.

Index of Acronyms and Terms

Acronym / Term	Description
Promise Grant	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.
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.
Rainy Day Fund	State reserve created to protect education funding resulting from wild swings in State revenue, often caused by Capital Gains
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.
SB361	Senate Bill 361, outlining community college apportionment was replaced with SCFF in 2018-2019
Stability SCFF Funding	State Funding Option which takes prior year SCFF calculation and adds COLA
Step and Column	Annual salary schedule adjustments for years of service and education
STRS	State Teachers Retirement System

Index of Acronyms and Terms

Acronym / Term	Description
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.
Success SCFF Funding	Student outcome component of SCFF funding equal to 10% of funding
Summer Borrowing	Reporting two summer sessions in one fiscal year to enhance FTES for that year
Supplemental	Demographic component of SCFF funding equal to 20% of funding
Title V: Caminos Grant	Caminos al Éxito Pathways to Success" (Caminos) grant, funded under Title V of the Higher Education Act, provided one-time funding aimed at improving academic support structures for low-income, first-generation, and diverse students
Total Computational Revenue (TCR)	The Max TCR is the highest revenue from the three SCFF calculations (SCFF, Stability, or Hold Harmless)

Index of Acronyms and Terms

Acronym / Term	Description
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.
True Up	Process to update the budget and adjust revenue and expenditures. Usually done at year-end close to adjust the allocations based upon changes from assumptions to actuals that occur after the budget is adoption.
Unrestricted	Funds that may be used for any educational purpose without restrictions
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.
Work Study	The Federal Work-Study (FWS) program is a financial aid program that allows eligible students to earn money to help pay for education expenses by working part-time, and it is a form of financial aid, not a grant.