CITRUS COLLEGE

2026-27 Tentative Budget Forum

Presented By:
Claudette Dain, Vice President of Finance and Administrative Services
and Wade Ellis, Director of Fiscal Services
June 9, 2026

Presentation Overview

- State Budget Overview
- State Budget Concerns and LAO Analysis
- Citrus College Budget Priorities
- Citrus College 2026-27 Tentative Budget
  - Focus on Ongoing Revenues & Expenses
- Status of Long-term Obligations – OPEB and PERS/STRS
- Long-Term Fiscal Planning and Future Budget Considerations

2026-27 State Budget Overview

2026-27 State Budget Overview

- May Revise released on May 14, 2026
- Reflects higher forecasted revenues
  - From the big three taxes – income, corporation, sales
  - Due to a stock market boom
  - Driven by investor enthusiasm around artificial intelligence (AI)
- May Revise reflects an overall state budget that is slightly higher than in January
- General Fund spending increases by $18 billion (8.8%), to $349.4 billion
  - Up from the prior year's Budget Act amount of $246.6 billion

2026-27 State Budget Overview

- Despite improved revenues, the LAO and the Administration remain cautious:
  - LAO cautions these revenues are likely unsustainable
  - Administration continues to emphasize long-term structural balance
- The May Revise proposes a combination of spending reductions, fund shifts, revenue-related solutions, and General Fund offsets
  - Intended to significantly reduce projected structural deficits in 2027-28 and beyond

2026-27 State Budget Overview

- May Revise acknowledges the risks of revenue volatility
- May Revise outlines significant increases in costs, particularly in health and human services programs such as Medi-Cal and CalFresh, noting federal policy changes as contributing to the structural imbalances in these programs
- Begins to address these structural shortfalls through a combination of some new revenues, spending reductions, and deposits to reserves
- Projects $29.9 billion in total reserves at the end of 2026-27
    - Up from $23 billion estimated in January

2026-27 State Budget Overview
Community Colleges

- May Revise proposal for CCC's reflects a focus on maintaining base funding stability and continued investment in priorities toward achieving the Chancellor's Vision 2030 goals
- Acknowledging higher revenue forecast, May Revise adjusts funding upwards by approximately $249 million
- Overall system funding of $635 million in ongoing funding and $815 million in one-time funding for programs and initiatives

2026-27 State Budget Overview
Community Colleges

<u>Enrollment Growth</u>

- $33.9 million to fund 0.5% enrollment growth in 2026-27
- Maintains proposal to fund an additional 1% of enrollment growth in 2025-26
- Results in combined systemwide growth funding of 1.5% over the two years
- Does not address system request for policy changes related to Growth
  - To fund credit FTES at the higher of current year or three-year average
  - To eliminate the 10% cap on funded FTES growth
- These funds must be “earned” by colleges through the generation of additional full-time equivalent students (FTES)

2026-27 State Budget Overview
Community Colleges

Apportionment COLA (Applied to SCFF)

- $291.9 million to fund a Statutory COLA of 2.87%
  - Up from 2.41% in January
- $146.4 million to fund an additional, conditional "Discretionary COLA" of 1.4%
- As a condition of receiving the Discretionary COLA, districts would be required to implement the provisions of Assembly Bill 65 (AB 65, Aguiar-Curry)
  - Provides up to 14 weeks of paid pregnancy disability leave

2026-27 State Budget Overview
Community Colleges

- Restricted COLA of 2.87% for select programs
  - EOPS, DSPS, CalWORKs, CARE
  - May Revise continues to provide no augmentation to SEAP or other categorical programs
- $100.6 million in one-time funding to continue the Student Support Block Grant; an increase of $607,000 over January budget proposal
  - Established with the 2025 Budget Act
  - Food, Housing, Transportation, Childcare, Academic/Financial Advising, Mental Health Support, Legal/Other Support, Job Placement/Employment Assistance

2026-27 State Budget Overview
Community Colleges

- Deferred Maintenance - $120.7 million in one-time funds for deferred maintenance and special repairs of facilities needs
    - Does not address system's request for ongoing support to fund the over $2 billion in estimated needs
    - Would be the first time the system has received funding for deferred maintenance since the 2022-23 Budget Act
- Capital Outlay - continues to include $736.9 million from Prop 2 funding, to support 10 new projects and 29 continuing projects
    - Includes Citrus College's new CTE Building
- Maintains proposal to pay off the $408.4 million deferral from 2025-26

2026-27 State Budget Overview
Community Colleges

- Maintains Common Cloud Data Platform Proposal
  - $36 million in one-time funding and $5 million in ongoing funding
- Maintains Credit for Prior Learning Proposal
  - $35 million in one-time funding and $2 million in ongoing funding
- Maintains Calbright College Funding Proposal
  - $38.1 million in ongoing funding, on top of the $15 million it receives annually
  - Increases Calbright's base funding to $53.1 million in ongoing funding, a 254% increase
  - Also provides ongoing COLA for Calbright

2026-27 State Budget Overview
Community Colleges

- Continues (for the 3rd Year) provision to divert Strong Workforce Program Funding to the Rebuilding Nursing Infrastructure (RNI) Grant Program
    - Rejects system request of one-time funding to fully restore the Strong Workforce Program to its base funding level
    - The 2024 Budget Act earmarked $60 million of Strong Workforce Program funds to fund nursing program through the RNI Program, by providing $60 million each year, for five years

State Budget Concerns

State Budget Concerns

- Conditional "Discretionary COLA"
  - Ongoing obligation of paid pregnancy disability leave creates a long-term budgetary constraint, leaving districts with limited flexibility over these funds
  - "Pushes through" a proposed (not approved) bill
- LAO's Analysis of May Revise
  - Despite the current revenue boom, state faces a structural imbalance (ongoing revenues are insufficient to support ongoing expenditures)
  - During periods of elevated revenues, state would typically strengthen its fiscal position, instead of drawing it down
  - May Revise relies on $20 billion in reserve withdrawals and suspended deposits, and $4 billion in additional borrowing, to achieve budget balance

Citrus College
Budget Priorities

Citrus College Budget Priorities

- Ensure mindfulness of Diversity, Equity, Inclusion and Accessibility+ (DEIA+) initiatives in budgetary considerations
- Ensure student access, success and completion in conjunction with budgeted FTES and the SCFF
- Maintain a commitment to regular/permanent employee positions
- Maintain minimum reserve level of two months of total GF operating expenditures, in accordance with GFOA Budgeting Best Practices and Chancellor’s Office guidance
- Ensure compliance with state and federal regulations
- Support critical new hires and replacement of vacant positions (staffing)
- Support the completion of construction projects in progress
- Maintain a commitment to support scheduled maintenance needs
- Ensure funding for long-term employment obligations (STRS/PERS retirement systems; District’s post-employment medical/cash-in-lieu benefit programs)
- Maintain multi-year fiscal planning perspective, honoring institutional priorities

2026-27
Tentative Budget

Full-Time Equivalent Students (FTES) 2025-26

- 2025-26 Estimated Actual FTES of 9,682.33 per P-2 CCFS-320 Report
  - 57.77 FTES (0.60%) above 2024-25 actual (9,624.56)
- District entered Stability and 3-Year Restoration Period in 2023-24; Final Year of Restoration is 2025-26
- Based on May Revise, District is not expected to be in Hold Harmless for 2026-27 and therefore, the Tentative Budget Assumptions recommend shifting/borrowing a projected 317.67 FTES from summer 2026, to report 10,000 FTES for 2025-26
  - Maintain medium-size college status and maximize revenues in 2025-26 and for the next several years

Full-Time Equivalent Students (FTES) 2026-27 Budgeted FTES

- 2026-27 Budgeted FTES of 10,321.36 - 6.6% increase over 2025-26 Reported FTES
- District will report 10,003.69 FTES in 2026-27, so as to not double-count the “shifted” FTES from Summer 2026, of 317.67

- Recommendation to Borrow/Shift
  - Avoids reduction of $2.3 million in ongoing apportionment for a minimum of two consecutive fiscal years ($9,260,150 - $6,945,109 = $2,315,041 x 2 = $4,630,082)

Full-Time Equivalent Students (FTES) Base Allocation

2026-27 Funding Rates (@ 4.31%)	2024-25 Actual FTES	2025-26 Estimated Actual FTES as of P2	2025-26 Reported FTES	2026-27 Budgeted FTES (6.6% Growth)	2026-27 Reported FTES
Credit ($5,650)	8,595.14	8,617.75	8,900.48	9,186.52	8,903.78
Noncredit ($4,764)	110.14	126.73	126.73	130.80	126.77
CDCP ($7,923)	101.50	90.56	90.56	93.46	90.58
CCAP ($7,923)	817.78	882.23	882.23	910.59	882.56
Total	**9,624.56**	**9,682.33**	**10,000.00**	**10,321.36**	**10,003.69**

CDCP = Career Development & College Prep (Enhanced Noncredit)
CCAP = College and Career Access Pathways (Dual Enrollment; Special Admit - Credit)

Ongoing Revenue Assumptions

- SCFF General Apportionment (TCR “A” – Earned SCFF) = $93.2 million:
  - Base Allocation (70%) - $67.3 million
    - Includes Medium-Size College Allocation of $9.3 million
- Supplemental Allocation (20%) - $14.8 million
- Student Success Allocation (10%) - $11.1 million

- Note: (TCR “B” - Other Funding Provision) is projected at $93.0 million:
  - PY (2025-26) SCFF Apportionment Revenue + Budget Year (2026-27) COLA of 4.31%

- Note: Hold Harmless Floor (TCR “C” - Guarantee) is $92.9 million

Ongoing Revenue Assumptions

- Unrestricted Lottery at $190 per FTES - $1.9 Million
- Nonresident Tuition budgeted at $2 Million:
  - Assumes nonresident FTES, at current adopted rates of $409 per semester unit
- Interest Earnings/Other Local Revenues - $1.7 million
- Mandated Cost Block Grant Program at $40.90 per FTES - $409,182
- 2% Enrollment Fees/Transcript/Parking/Other - $231,464
- <u>Recommendation to Balance Budget</u> - Transfer in from Retirement Health Fund - $1,685,244
- <u>Recommendation to Balance Budget</u> - Transfer in from One-Time General Fund (Ending Balance) - $7,338,721

2026-27 Unrestricted General Fund - Ongoing Revenues

Apportionment	$ 93,242,358	
Nonresident Tuition	2,017,765	
Unrestricted Lottery	1,900,847	
Mandated Cost Block Grant	409,182	
FT/PT Faculty Compensation	1,914,008	
Interest Earnings/Other Local Revenues	1,691,000	
Transcripts/Parking/Other Student Fees/Fee Waiver Admin	231,464	
Transfer in from Retirement Health Fund	1,685,244	(1)
Transfer in from One-Time General Fund (Ending Balance)	7,338,721	(2)
Total	**$ 110,430,589**	

(1) One-time transfer from Retirement Health Fund
(2) One-time transfer from Unrestricted General Fund "Reserves" (Ending Fund Balance)

Ongoing Expenditure Assumptions

- Salary and Benefits - $75.6 million
  - Accounts for step/column movements, retirements/separations, new hires, and approved recruitments
  - Assumes medical benefit premium increases of 15% for Kaiser and Anthem
  - Includes 0.41% decrease in PERS employer contribution rate; 26.4%
  - Includes STRS employer contribution rate of 19.1%; no change
  - Makes no estimate for AB 65 (14 weeks of paid pregnancy disability leave)
  - Makes no assumption for negotiations

Ongoing Expenditure Assumptions

- Adjunct/Overload budgets - $9.9 million
- Excess Adjunct/Overload budgets - additional $7.3 million
    - Based on 3-year average of actual excess expenditures
- Retiree medical and in-lieu costs - $1.7 million
- Cost Center Allocations - $12 million; <u>no change from prior year</u>
- Utilities Expense - $2.8 million
- Transfers/Contributions - $582,772 made up of:
    - Golf Driving Range - $50,000
    - Federal Work Study match requirement - $7,190
    - DSPS match requirement - $25,582
    - Self-Insurance Property and Liability Fund - $500,000
    - <u>Suspends $1.5 million in additional transfers</u>

2026-27 Unrestricted General Fund - Ongoing Expenditures

Personnel (Salaries & Benefits)	$ 75,631,086	
Adjunct/Overload Budgets (Ongoing)	9,896,627	
Adjunct/Overload Budgets (Excess Costs)	7,338,721	(2)
Cost Center Allocations	12,141,583	(3)
Retiree Benefits	1,685,244	(1)
Utilities	2,764,025	
Transfers	582,772	(4)
Total	**$ 110,040,058**	

(1) Offset is from one-time transfer from Retirement Health Fund

(2) Offset is from one-time transfer from Unrestricted General Fund “Reserves” (Ending Fund Balance)

(3) No augmentation of prior year COLA (2.3%)

(4) Temporary suspensions of ongoing transfers ($750,000 to Retirement Health Fund; $250,000 to PERS/STRS set-aside fund; $500,000 for scheduled maintenance)

2026-27 Unrestricted General Fund Ongoing Summary

Ongoing Revenues	$ 110,430,589
Ongoing Expenditures	110,040,058
Ongoing Revenues over Ongoing Expenditures	$ 390,531

Status of Long-Term Obligations

OPEB and PERS/STRS

Actuarially-Determined Liability
Retiree Health Benefit Plan (GASB 74/75)

	Total	Certificated	Classified	Management
Active: Pre-65 Benefit	$8,933,420	$3,078,094	$4,965,622	$889,704
Active: Post-65 Benefit	8,344,739	3,339,558	4,303,075	702,106
Subtotal	**$17,278,159**	**$6,417,652**	**$9,268,697**	**$1,591,810**
Retiree: Pre-65 Benefit	$1,431,680	$365,986	$857,153	$208,541
Retiree: Post-65 Benefit	4,154,879	1,013,695	1,413,415	1,727,769
Subtotal	**$5,586,559**	**$1,379,681**	**$2,270,568**	**$1,936,310**
Subtotal: Pre-65 Benefit	$10,365,100	$3,444,080	$5,822,775	$1,098,245
Subtotal: Post-65 Benefit	12,499,618	4,353,253	5,716,490	2,429,875
Total OPEB Liability @ 6/30/24	**$22,864,718**	**$7,797,333**	**$11,539,265**	**$3,528,120**
Roll-Forward: Increase In Liability @ 6/30/25	977,403			
Total OPEB Liability @ 6/30/25	**$23,842,121**			

Actuarially-Determined Liability
Retiree Health Benefit Plan (GASB 73)

	Total	Certificated	Classified	Management
Active: Pre-65 Benefit	$348,679	$182,287	$138,154	$28,238
Active: Post-65 Benefit	1,553,414	889,523	528,463	135,428
Subtotal	**$1,902,093**	**$1,071,810**	**$666,617**	**$163,666**
Retiree: Pre-65 Benefit	$0	$0	$0	$0
Retiree: Post-65 Benefit	1,468,886	820,590	625,836	22,460
Subtotal	**$1,468,886**	**$820,590**	**$625,836**	**$ 22460**
Subtotal: Pre-65 Benefit	$348,679	$182,287	$138,154	$28,238
Subtotal: Post-65 Benefit	3,022,300	1,710,113	1,154,299	157,888
Total OPEB Liability @ 6/30/24	**$3,370,979**	**$1,892,400**	**$1,2932,453**	**$186,126**
Roll-Forward: Decrease In Liability @ 6/30/25	(590,406)			
Total OPEB Liability @ 6/30/25	**$2,780,573**			

Funding Status - Retiree Health

Total OPEB Liability @ 6/30/25	**$23,842,121**
Fiduciary Net Position - Irrevocable Trust Balance @ 6/30/25	20,811,878
Net OPEB Liability 6/30/25	**$ 3,030,243**

Unfunded Liability – Retiree Health	$ 3,030,243
Unfunded Liability – Cash-in-Lieu	2,780,573
Total Unfunded Liability	$ 5,810,816
District's Retirement Health Fund - Balance @ 5/31/26	$ 8,620,475
Budgeted Transfer out of Retirement Health Fund - 2026-27	(1,685,244)
Projected Balance @ 6/30/27	$ 6,935,231

PERS & STRS - Employer Contribution Rates

- PERS Rate for 2026-27 is 26.40% - 129% increase since 2014-15
- STRS Rate for 2026-27 is 19.10% - 115% increase since 2014-15

- Current PERS and STRS Rates are included in the 2026-27 Tentative Budget

PERS/STRS Stabilization Trust - Balance @ 4/30/26	**$ 6,321,357**

Note: Contributions into the PERS/STRS Stabilization Trust are suspended in 2025-26 and 2026-27

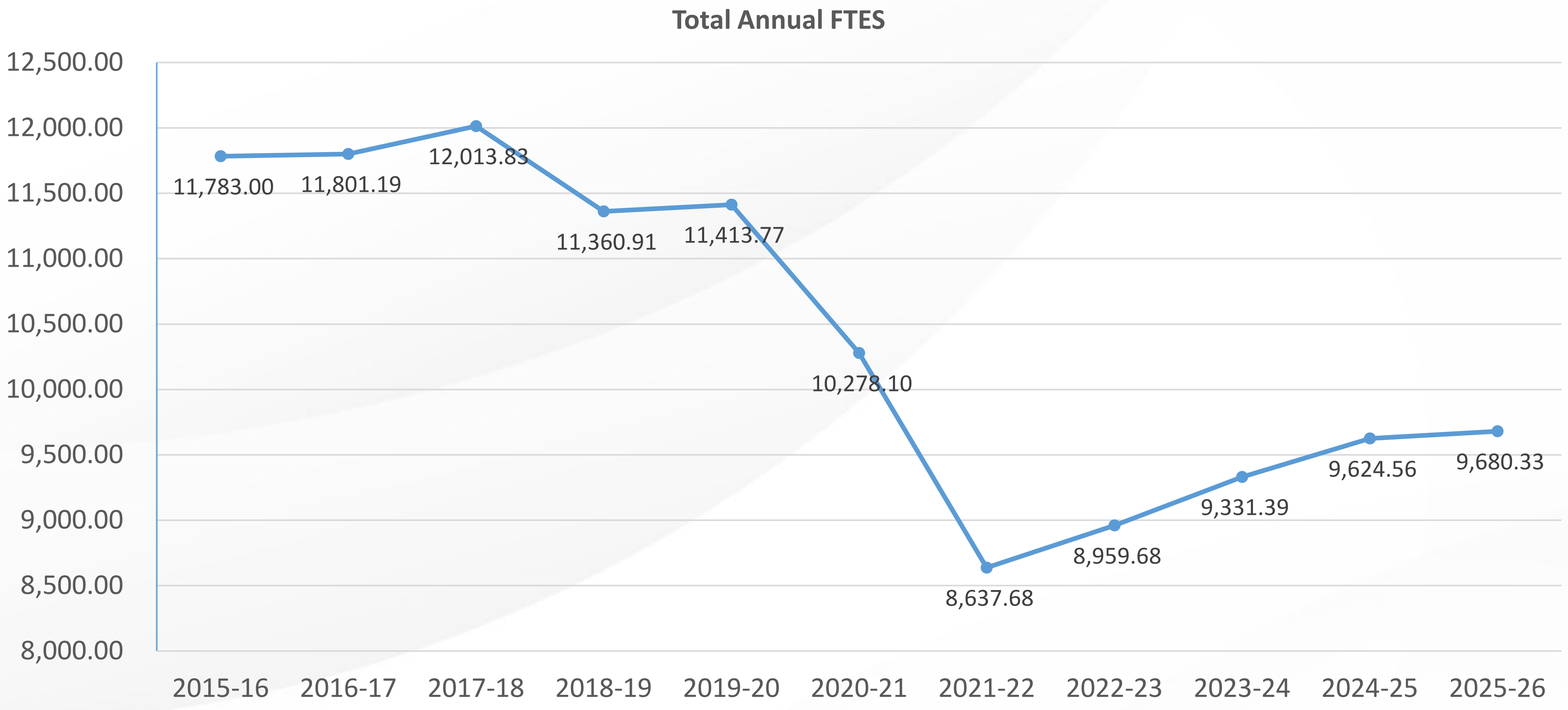
Long-Term Fiscal Planning and Future Budget Considerations

Long-Term Fiscal Planning & Future Budget Considerations

<u>Slow Grow-Back of FTES, Post-COVID</u>

- As of the 2025-26 P2 Reporting, Citrus College remains approximately 15.2% below its pre-pandemic level of FTES, and approximately 3.3% below the minimum FTES level of a medium-size college
  - During the COVID-19 pandemic, Citrus College declined from its historical medium-size college status (10,000+ FTES), and remains, a small-size college (less than 10,000 FTES)
- As of 2025-26, the District has exhausted all Emergency Condition Allowance (ECA) protections and Restoration Funding, prior to fully restoring FTES

History of Actual FTES



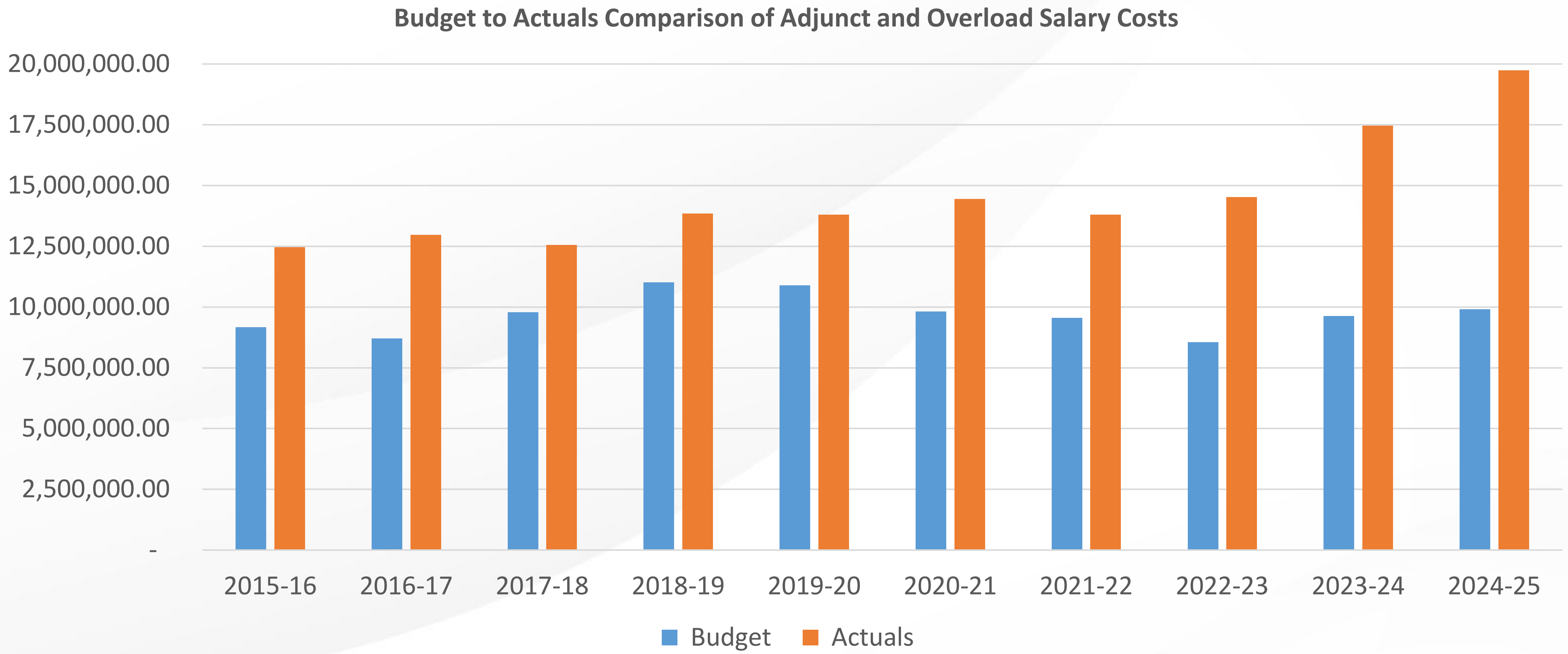
Long-Term Fiscal Planning & Future Budget Considerations

Excess Adjunct/Overload Expenses Are Not Sustainable

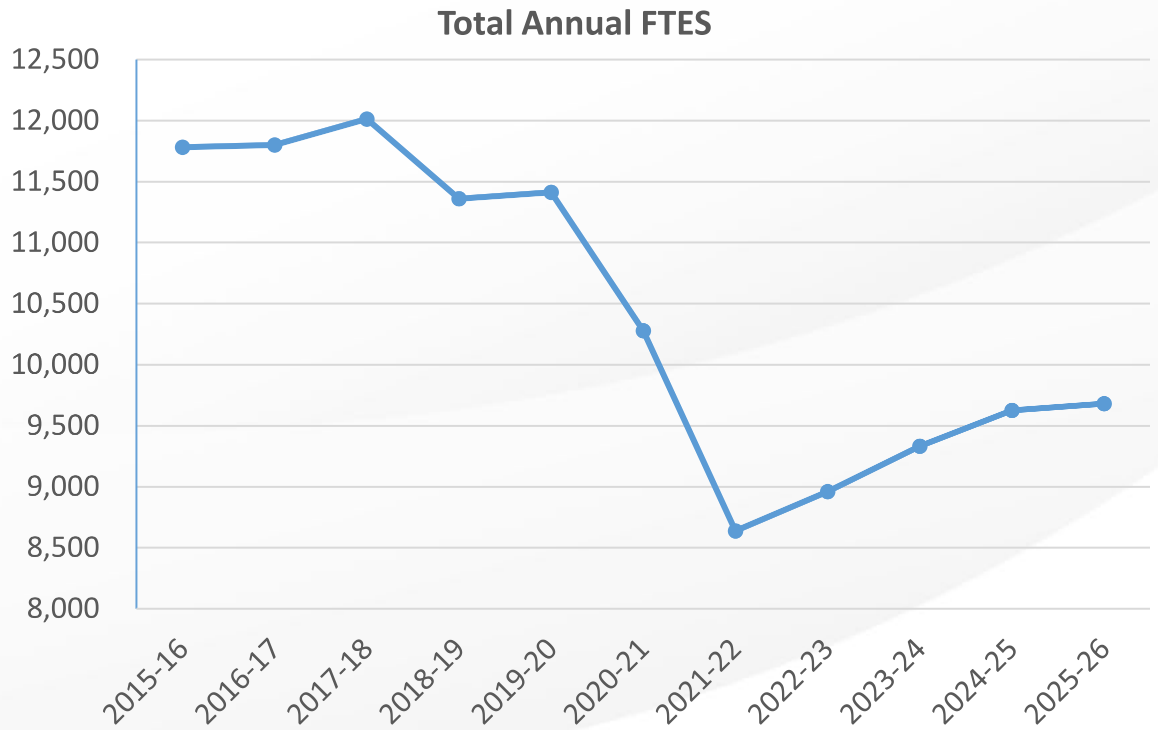
Need to Reprioritize FTES Budgeting (FTES per FTEF)

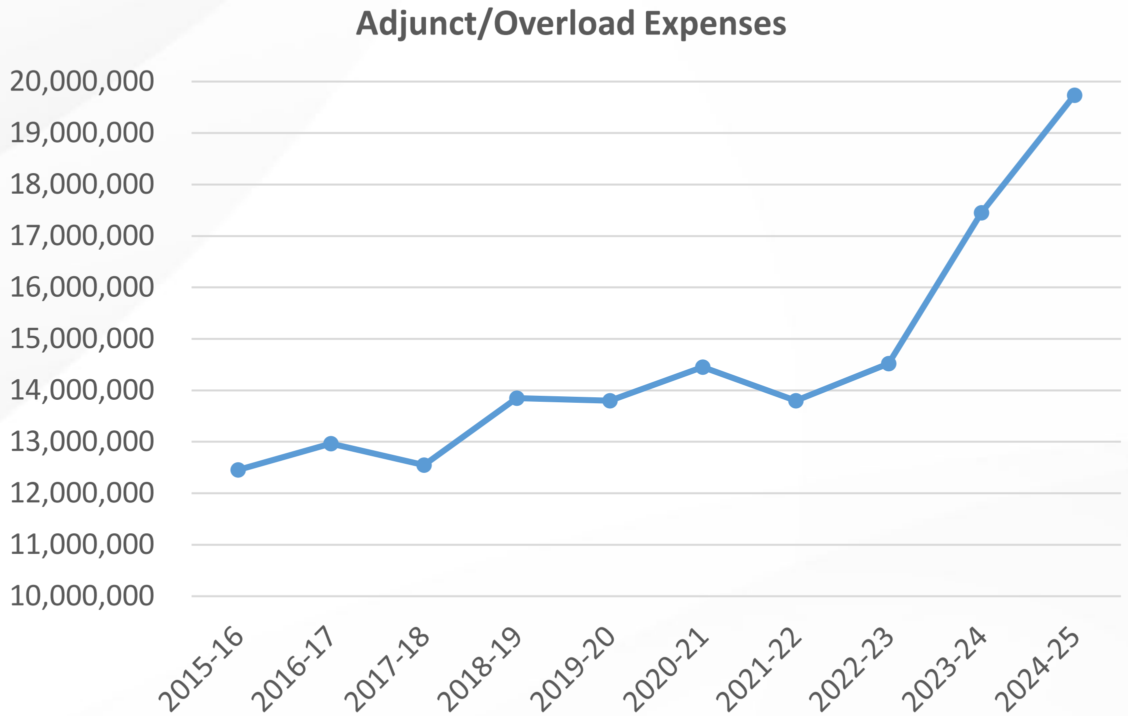
- To ensure sound financial budgeting practices, it is necessary to establish the right balance between generating FTES and monitoring the costs associated with generating those FTES
- FTES per FTEF is a standard statewide measurement, with a break-even target of 17.5 (525 total student contact hours) for a Traditional Calendar
    - 1 FTES = 15 units per semester, for two 17.5-week semesters = 15 x 2 x 17.5 = 525
- For a Compressed Calendar (16-week semester), the standard break-even target becomes 18.8 (565 total student contact hours)
    - 565 / (15 x 2) = 18.8
- As of Spring 2026, Citrus College's FTES per FTEF Ratio for Credit FTES is approximately 8.07. This indicates the college's costs to generate FTES are in excess of the statewide average, resulting from section offerings of below the standard break-even target of 18.8 for a Compressed Calendar college.

Adjunct/Overload Expenditures

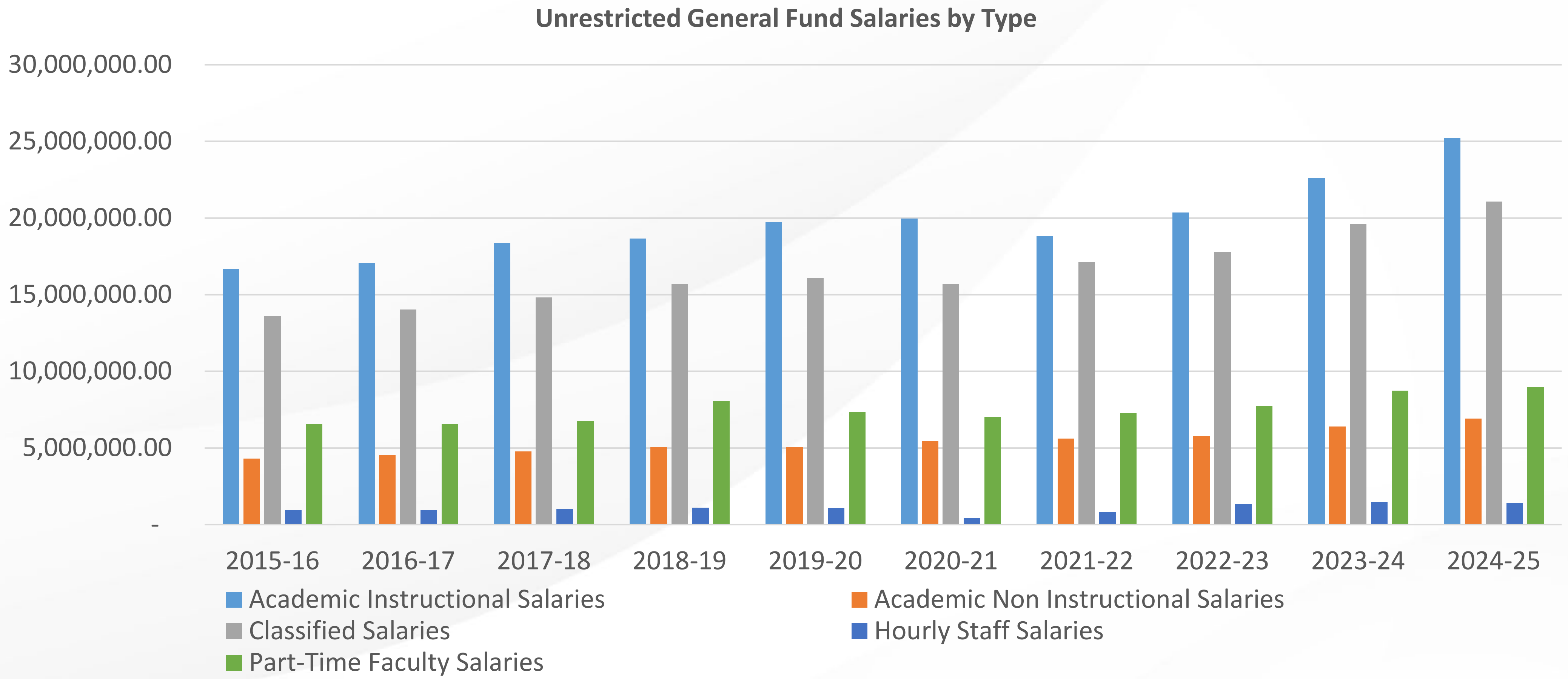


FTES and Adjunct/Overload Comparison





History of Salary Expenditures by Type



Long-Term Fiscal Planning & Future Budget Considerations

PERS and STRS employer contribution rates

- PERS has increased 129% since 2014-15, from 11.77% to 26.40%
  - 2025-26 General Fund Expenditures - $7,522,522 (estimated)
- STRS has increased 115% since 2014-15, from 8.88% to 19.10%
  - 2025-26 General Fund Expenditures - $7,882,487 (estimated)
- PERS Future Projections - 26.10% by 2028-29
- No Future Increases Projected for STRS

Long-Term Fiscal Planning & Future Budget Considerations

Employee Health Benefits

- District is in a sole, fully-funded medical, dental and vision program
- District contributes 100% of the full cost of the program
- Current Structure and Plan Designs - unchanged for approximately 40 years
- Results in unpredictable cost volatility and creates significant budgetary challenges
    - Employee Health Benefit Expenditures have increased 87% since 2014-15 ($7.5 million in 2014-15)
    - 2025-26 General Fund Expenditures - $14,145,744 (estimated)

Long-Term Fiscal Planning & Future Budget Considerations

CCCCO New Attendance Accounting Model

- Intended to simplify the methodology for calculating credit FTES and to support non-traditional terms
- Districts are required to adopt by 2026-27
- Under the new model, some curricular hours which are not part of a standard contact hour per unit or half-unit of credit, will no longer be allowed in the computation of FTES
    - Review and planning remains underway

2026-27 Tentative Budget Forum

Questions?