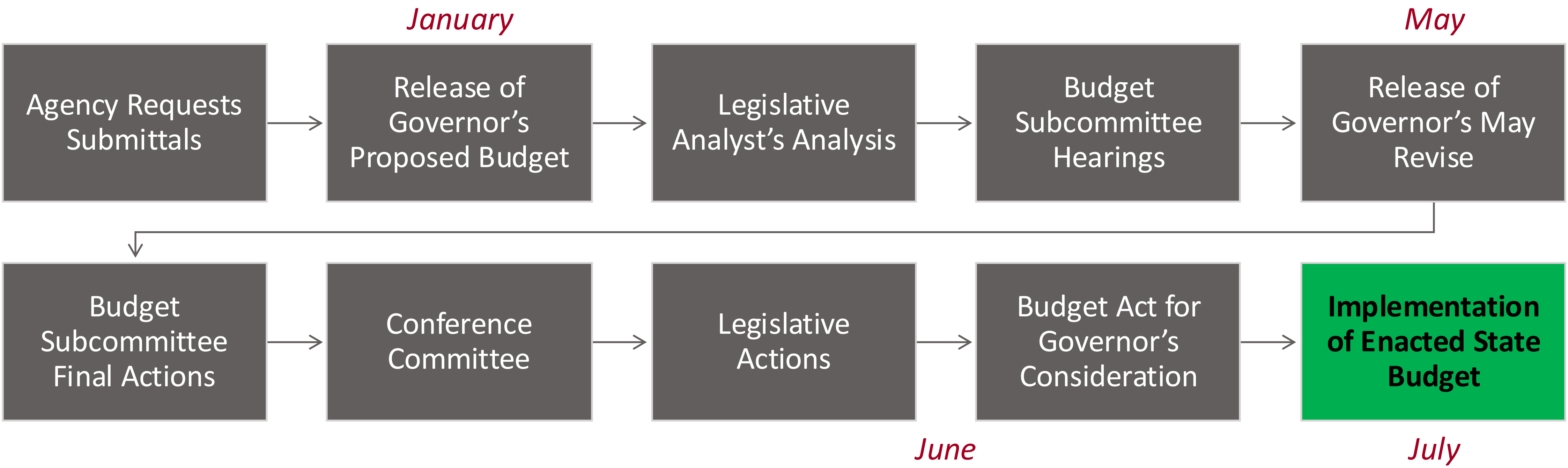
California’s Enacted Budget & MSJC’s Adopted Budget FY 2026-27

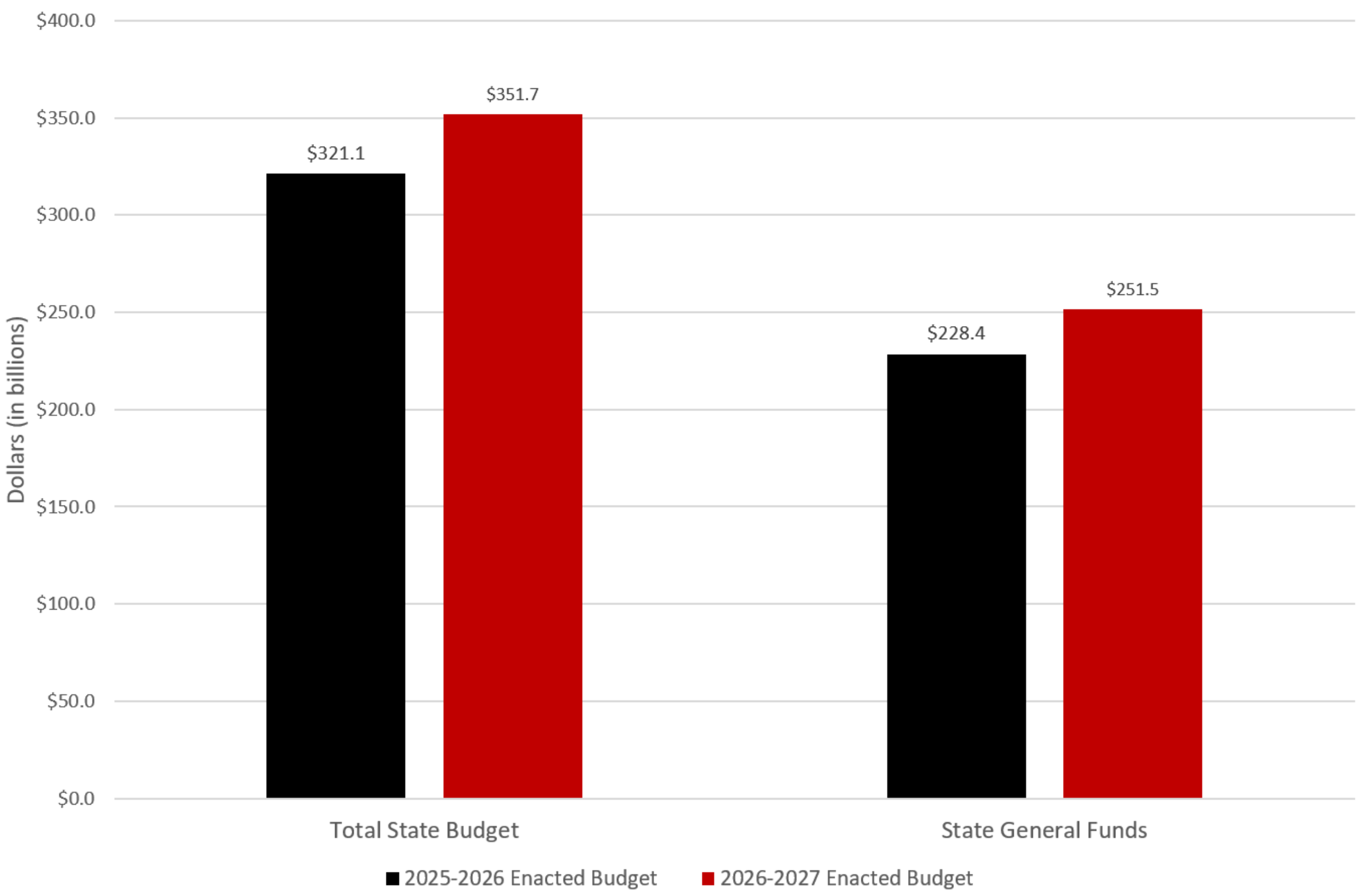
Board of Trustees Meeting
September 10, 2026

MSJC | Mt. San Jacinto College

State Budget Development Process



California Enacted Budget: 2026-27 vs. 2025-26



[2, p. 3]

2026-27 California State Budget Features

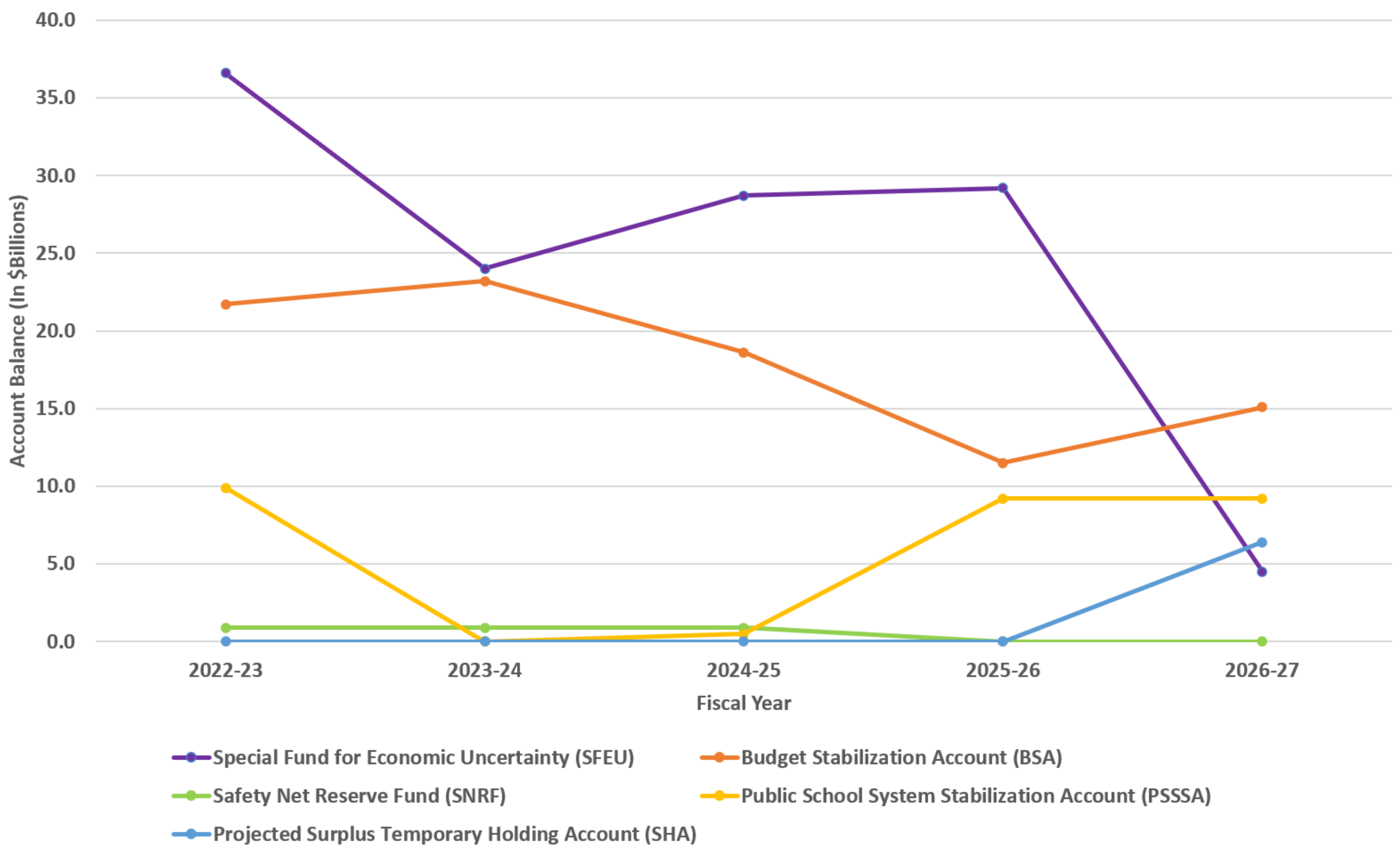
- **Budget balanced in both the 2026-27 & 2027-28 fiscal years**

- **Includes three (3) key revenue proposals:**
  1. **Managed Care Organization (MCO) Tax** to support Medi-Cal
     2026-27: $575M; 2027-28 & 2028-29: $2.3B; 2029-30: $1.7B
  2. **Business Tax Credit Limitation** extends temporary limit of $5M/yr
     2026-27: $1B; 2027-28: $3.3B; 2028-29: $4.7B; 2029-30: $4.2B
  3. **Prewritten Software Tax** extends existing tax on prewritten software delivered on a tangible medium to electronically delivered products
     2026-27: $450M; 2027-28 & annually thereafter: $900M

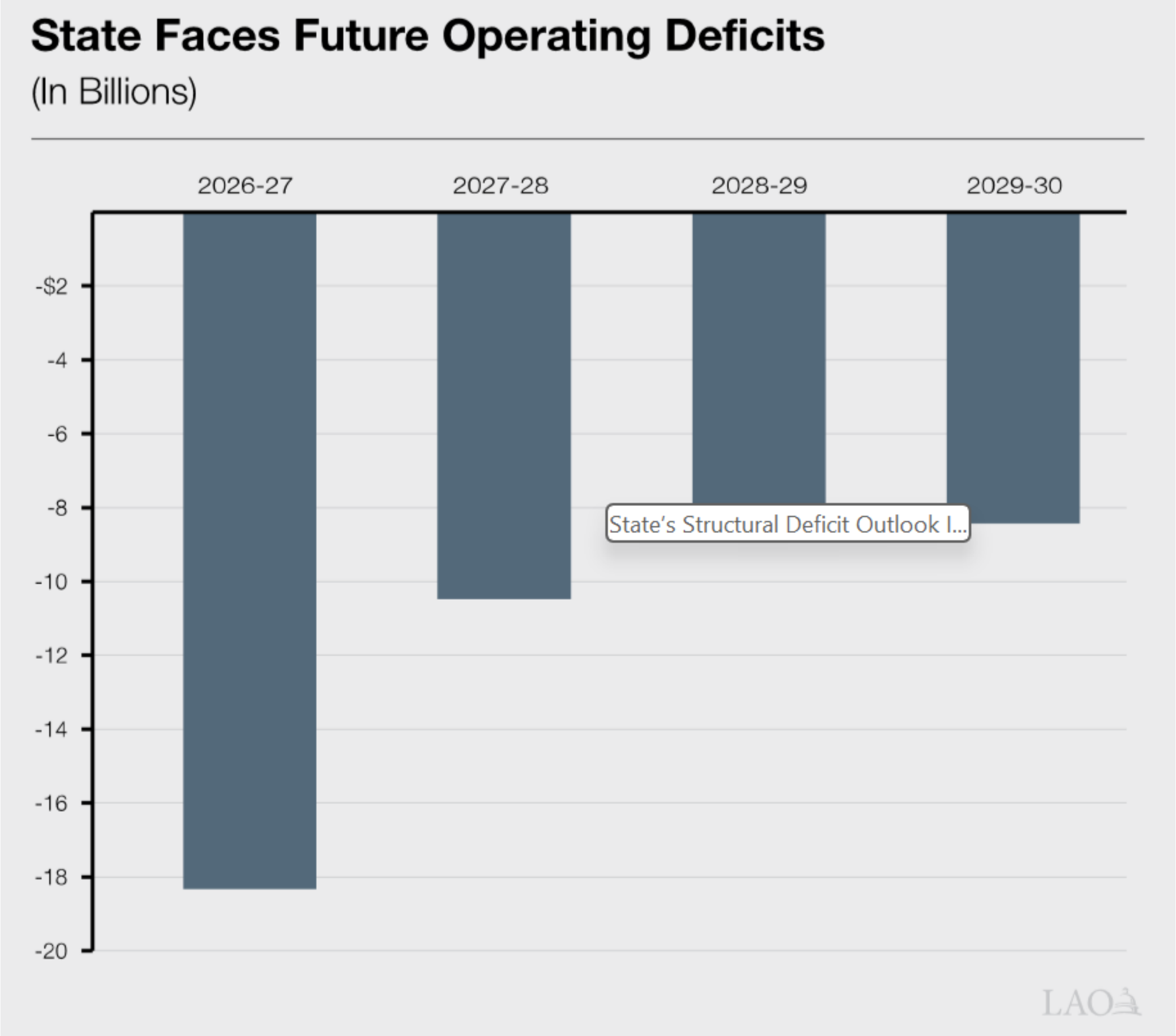
- **Projected Surplus Temporary Holding Account receives its first deposit, $6.4B, to set aside funds in 2026-27 to support 2027-28**

[1, pp. 2-3]

Evolution of State Reserve Fund Balances



State's Structural Deficit Outlook Improves



[3, p. 9]

Proposition 98 Funding by Source (In Millions)

- Adjusts the TK-12/Community College split:
  - Increases Proposition 98 percentage for Community Colleges from 10.9% to 11.1%
  - Provides an additional $217.7M in ongoing Proposition 98 funding

Source	2024-25	2025-26	2026-27	Change from 2025-26	Percent Change
ALL PROPOSITION 98 PROGRAMS ($ in Millions)					
General Fund	$93,316	$87,746	$92,931	$5,185	5.9%
Local Property Tax	$32,614	$33,574	$35,140	$1,566	4.7%
Totals	**$125,930**	**$121,320**	**$128,071**	**$6,751**	5.6%
COMMUNITY COLLEGES ONLY (*) ($ in Millions)					
General Fund	$9,238	$8,288	$9,941	$1,653	19.9%
Local Property Tax	$4,339	$4,444	$4,664	$220	5.0%
Totals	**$13,577**	**$12,732**	**$14,605**	**$1,873**	14.7%

(*) CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, & K-12 Strong Workforce programs.

[2, pp. 6-7]

CCC Student Centered Funding Formula (SCFF)

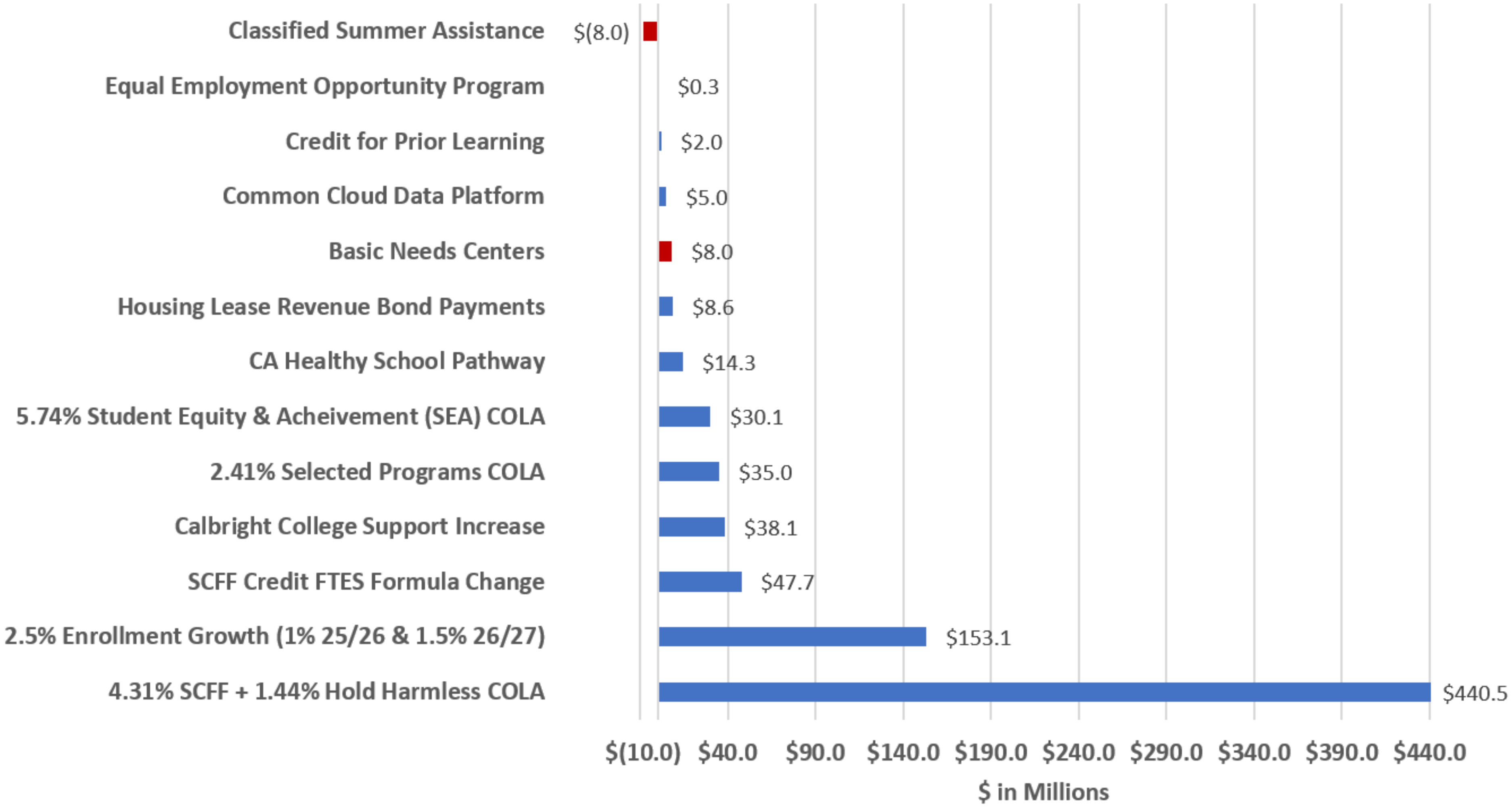
Statewide SCFF, $10.8B [2, p. 10]

- **4.31% COLA (2.87% statutory + 1.44% discretionary), $440.5M** [1, p. 85] [2, p. 8]
  - Requires 14 weeks of paid pregnancy disability leave beginning in 2026-27 w/costs absorbed within <u>discretionary COLA</u> [1, p. 86] [2, p. 9]

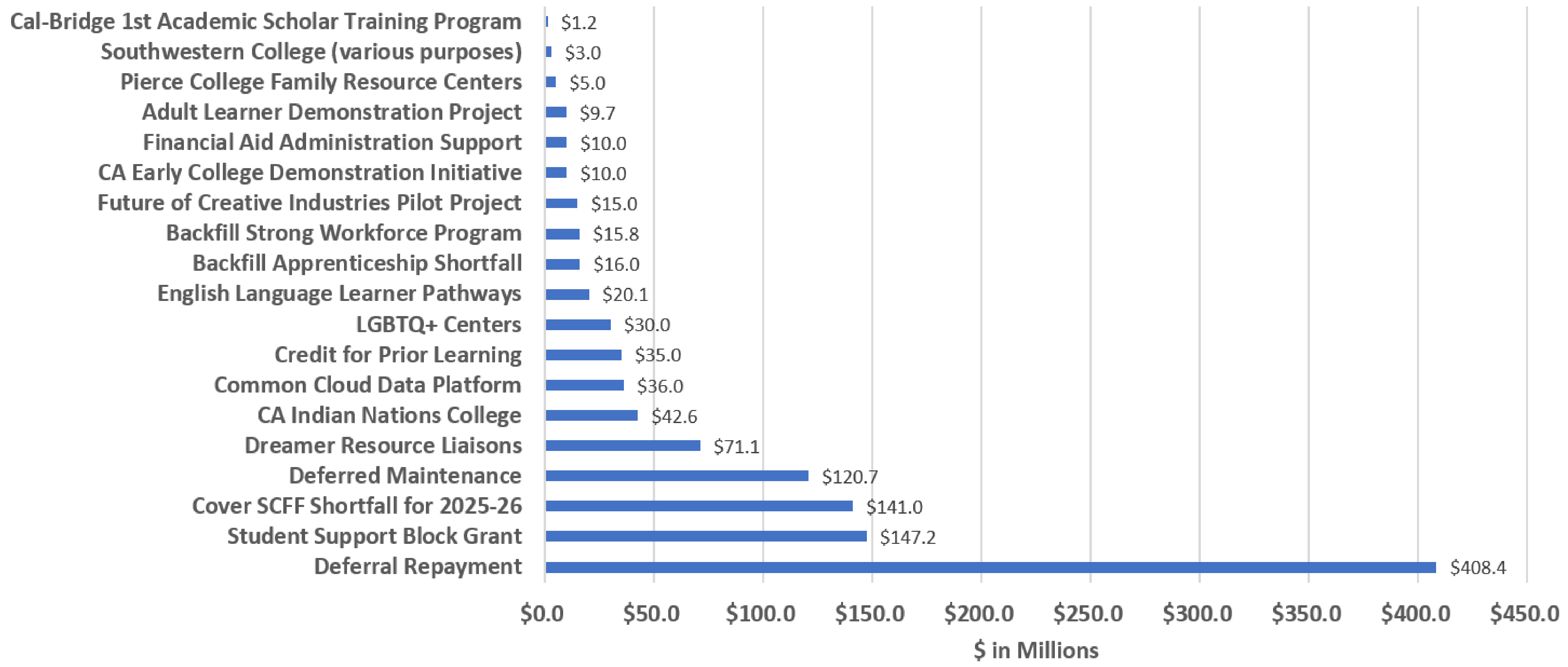
- **2.5% Growth (1% in 2025-26 + 1.5% in 2026-27), $153.1M** [1, p. 86] [2, p. 8]

- **SCFF Credit FTES Calculation Change, $47.7M** [1, p. 86][2, p. 9]
  - Greater of 3-year rolling average or current year FTES

CCC Ongoing Statewide Policy Adjustments [2, p. 8]



CCC One-Time Statewide Investments [2, pp. 8-9]



MSJC 2026-27 Adopted Budget Overview

Fund	Description	FY 2026-2027 Adopted Budget
11	General -- Unrestricted	$ 196,081,223
11	BOT Special Reserve	$ 26,108,499
12	General -- Restricted	$ 48,092,379
12	Parking	$ 1,285,182
12	Health Center	$ 1,877,560
12	Instructional Equipment Block Grant	$ 1,654,285
32	Cafeteria	$ 3,452,032
33	Child Development	$ 2,656,422
41	Capital Outlay Projects	$ 62,901,337
43	Bond Projects	$ 19,791,273
61	Self-Insurance	$ 12,763,841
71	Student Government Association	$ 802,925
72	Student Representation Fee	$ 107,260
74	Student Financial Aid	$ 54,181,654
79	Foundation	$ 9,814,293
TL	**Total**	**$ 441,570,165**

Features of 2026-27 MSJC Adopted Budget

Revenue

- 4.31% COLA on apportionment
- 3% deficit applied to general fund revenue

Expense

- Step & column raises
- PERS & STRS employer contribution increases
- Health & welfare benefit cost increases
- Categorical grants budgeted at 95% of FY 2025-26 levels
- Funding for MVC & SJC secondary effects, SJC Gym HVAC, signage & wayfinding, & other scheduled maintenance projects

2026-27 Adopted Budget Allocation Model

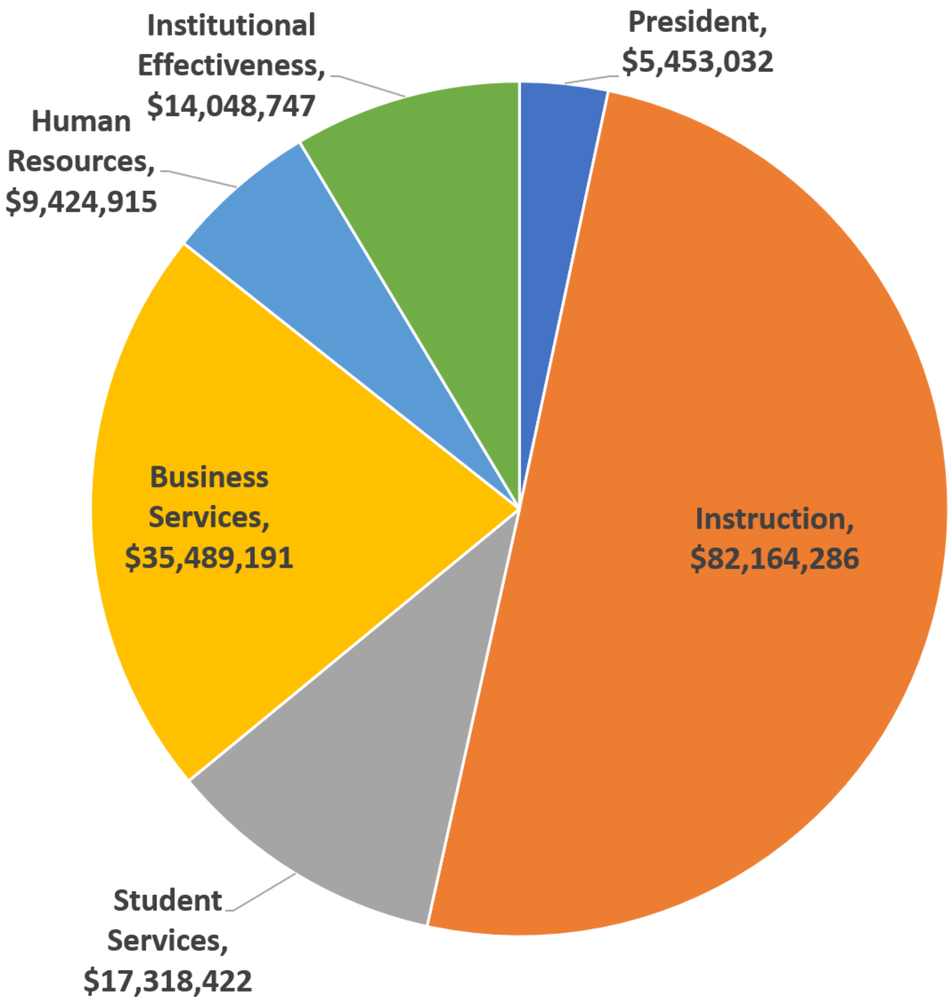
Unrestricted Revenues & Beginning Fund Balance	Ongoing	One-Time	Combined
Unaudited Beginning Balance	**$ -**	**$ 42,916,880**	**$ 42,916,880**
FY 2026-2027 Projected Revenue			
Apportionment Entitlement	$ 142,328,559	$ -	$ 142,328,559
Less 3% Apportionment Deficit Factor	$ (4,269,857)	$ -	$ (4,269,857)
Other Revenue	$ 15,520,703	$ -	$ 15,520,703
	$ 153,579,405	**$ -**	**$ 153,579,405**
Less BOT Required Intrafund Transfer			
17% of Projected Revenue	$ (26,108,499)	$ -	$ (26,108,499)
BOT Required Reserve Unaudited Beginning Balance	$ 25,068,012	$ -	$ 25,068,012
	$ (1,040,487)	**$ -**	**$ (1,040,487)**
Other Intrafund Transfers			
Instructional Equipment Block Grant	$ -	$ 625,425	$ 625,425
	$ -	**$ 625,425**	**$ 625,425**
Total Unrestricted Revenues & Beginning Fund Balance	**$ 152,538,918**	**$ 43,542,305**	**$ 196,081,223**

2026-27 Adopted Budget Allocation Model

Unrestricted Expenditures & Ending Fund Balance	Ongoing	One-Time	Combined
Expenditure Budget			
PY Base Expenditure Budget (FY 2025-2026)	$ 132,864,200	$ 14,729,715	$ 147,593,915
FY 2026-2027 Budget Adjustments	$ 18,884,721	$ (2,580,043)	$ 16,304,678
	$ 151,748,921	**$ 12,149,672**	**$ 163,898,593**
Interfund Transfers			
Childcare	$ 56,261	$ -	$ 56,261
Self Insurance	$ -	$ -	$ -
Capital Outlay	$ -	$ 5,000,000	$ 5,000,000
	$ 56,261	**$ 5,000,000**	**$ 5,056,261**
Other Outgo			
Student Financial Services	$ 85,000	$ -	$ 85,000
	$ 85,000	**$ -**	**$ 85,000**
Contingencies & Reserves			
One-time Economic Reserve	$ -	$ -	$ -
Unrestricted Reserve	$ -	$ 27,041,369	$ 27,041,369
	$ -	**$ 27,041,369**	**$ 27,041,369**
Total Unrestricted Expenditures & Ending Fund Balance	**$ 151,890,182**	**$ 44,191,041**	**$ 196,081,223**

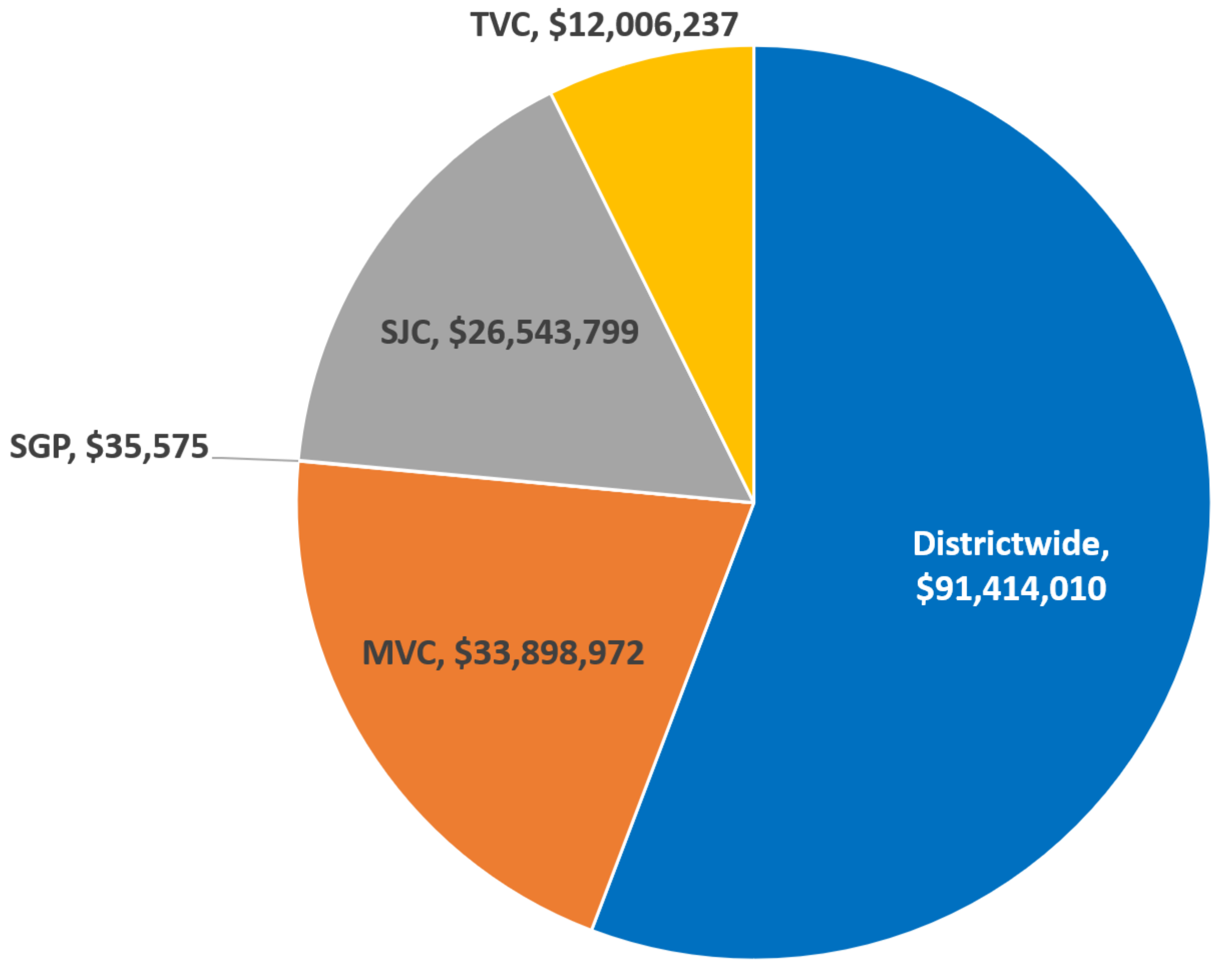
2026-27 MSJC Adopted Budget Expenditures by Division

Unrestricted General Fund – Expenditure Budget



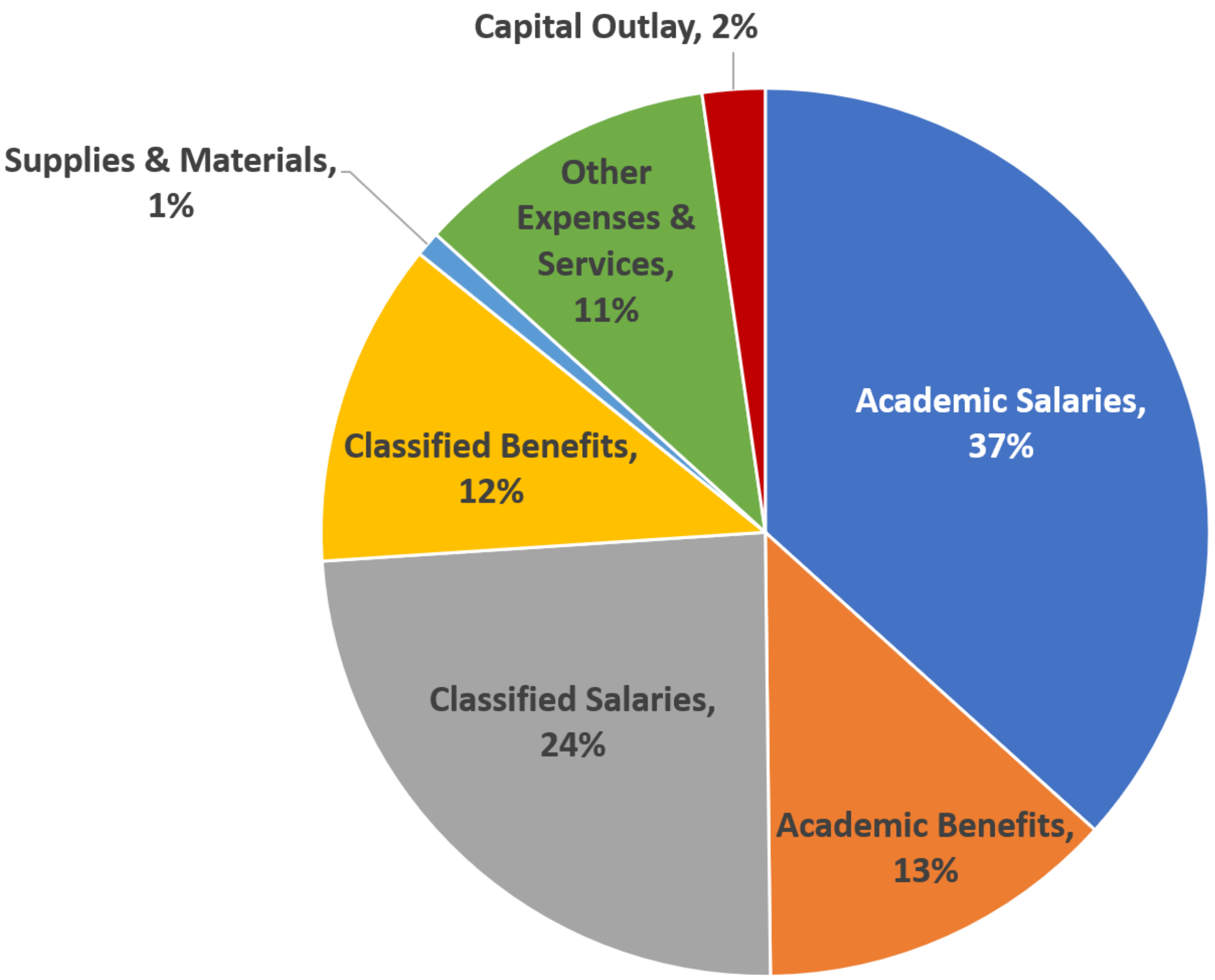
2026-27 MSJC Adopted Budget Expenditures by Location

Unrestricted General Fund – Expenditure Budget

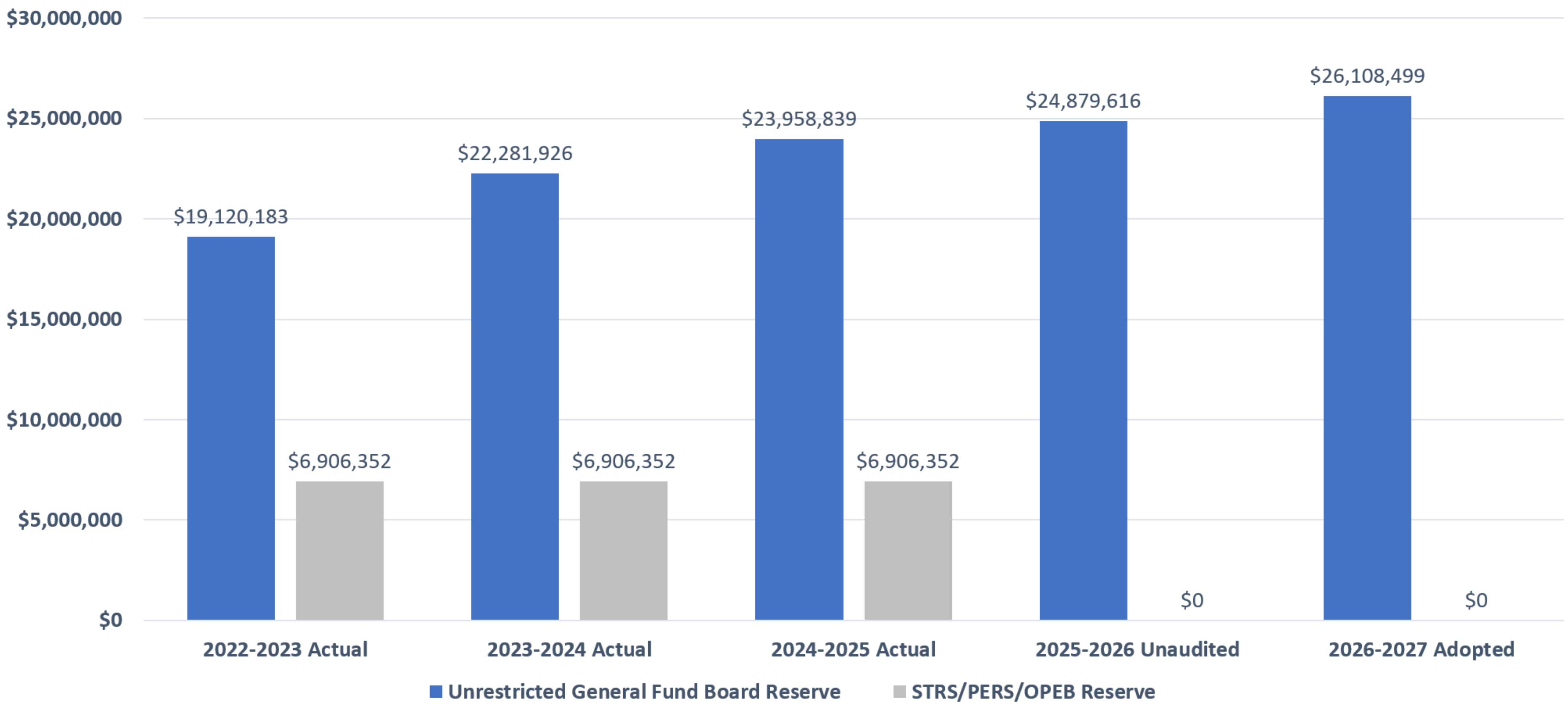


2026-27 MSJC Adopted Budget Expenditures by Percent

Unrestricted General Fund Expenditure Budget – 86% Salary/Benefits

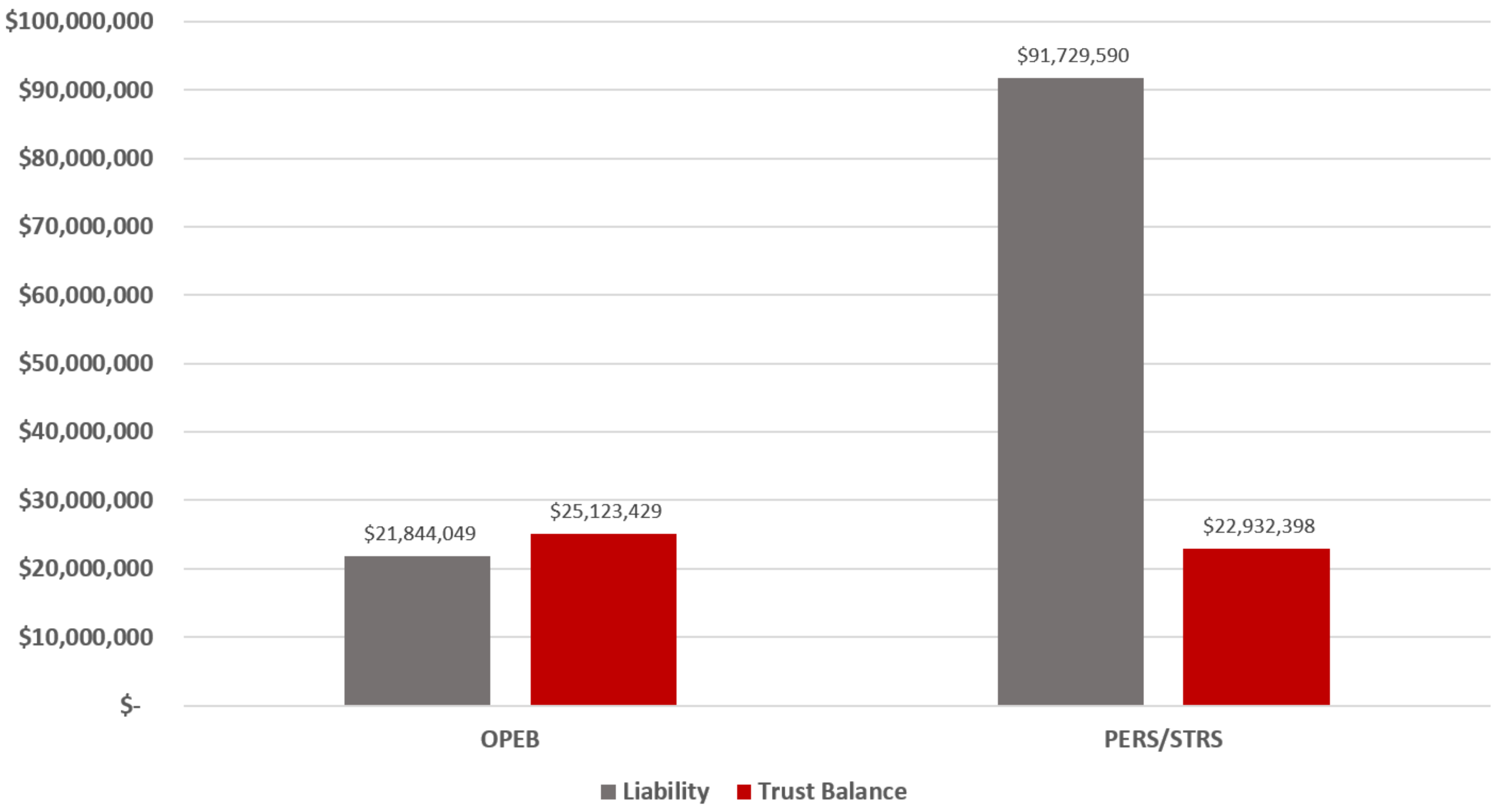


Board of Trustees Special Reserve Fund

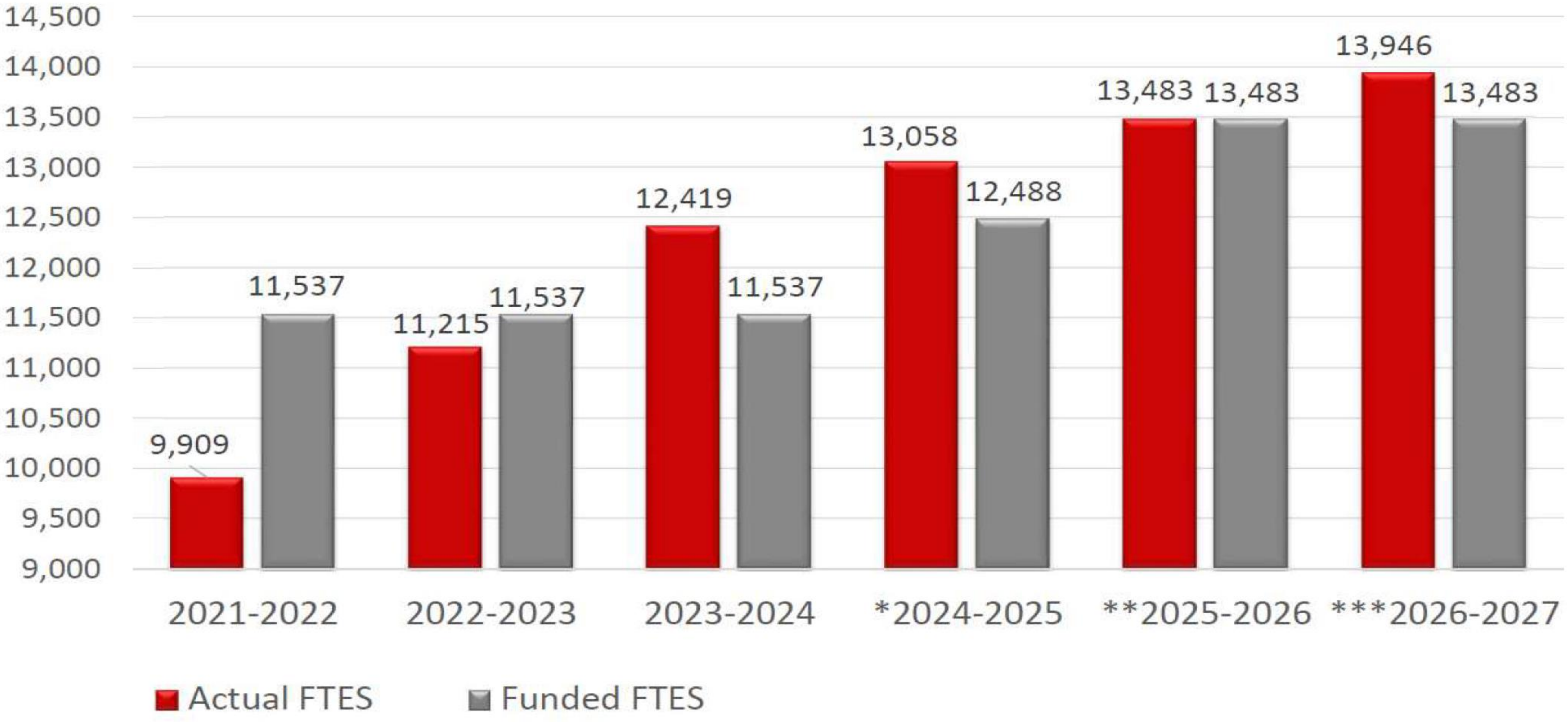


Note: Beginning FY 2025-2026, STRS/PERS/OBEB Reserve was transferred out to prefund liability trusts

Post Employment Benefit Trusts Balances vs. Liabilities



Credit FTES: Actual vs. Funded



**Based on the Chancellor's Office 2024-25 R1 report released on 2/5/26*
***Based on the Chancellor's Office 2025-26 R1 report released on 7/15/26*
****FY 2026-2027; actuals based on projected FTES, funded based on budgeted FTES*

Questions?

Sources

[1] Newsom, Gavin; Governor. California State Budget: 2026-27
https://ebudget.ca.gov/2026-27/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf

[2] CCC, ACBO, ACCCA, CCLC Joint Analysis – Enacted 2026-27 Budget
https://www.cccco.edu/-/media/CCCCO-Website/docs/budget/2026-Joint-Analysis-Enacted-Budget.pdf?la=en&hash=AD7D214F73ADFFD02CD05F60EDF4178DB4C2226E

[3] Petek, Gabriel; Legislative Analyst. The 2026-27 Budget: Overview of the Spending Plan
https://lao.ca.gov/reports/2026/5197/2026-27_Budget_Overview_of_Spending_Plan_082626.pdf