

# Budget Cycle

MSJC
MANAGEMENT
LEADERSHIP
MEETING

09/11/2026

# Budget Cycle



# Budget Preparation



# Ongoing vs. One-time Funds

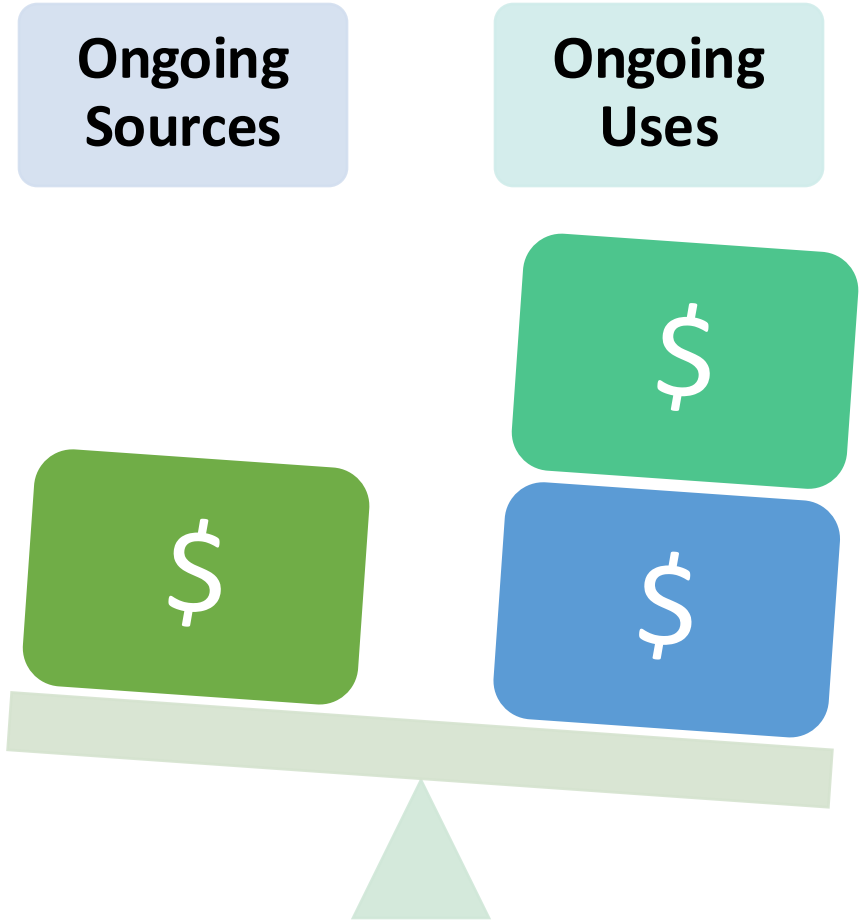
**Ongoing Funds** are funds projected to continue into the foreseeable future

Examples: property taxes; state general apportionment; local fees; permanent staffing; supplies/equipment; utilities; insurance

**One-time Funds** are funds projected to be discontinued in the foreseeable future

Examples: beginning fund balance; salary savings; grant funding; bond revenues; temporary staffing expenses; construction project expense

# Definition of Structural Budget Deficit



# 50% Law

"There shall be expended during each fiscal year for payment of **salaries of classroom instructors** by a community college district, 50 percent of the district's **current expense of education**."

(EDC §84362(d); Emphasis Added to Terms Defined in 5 CCR §59204)



# 50% Law: Wrong Side v. Right Side Spending



**Wrong Side**

- Insurance
- Legal, Election, & Audit
- Utilities
- Services
- Rents, Leases, & Maintenance
- Non-Classroom Personnel Compensation
- Faculty Release Time
- Conferences, Travel
- Consultants
- Supplies, Materials, & Printing

**Right Side**

- Classroom Instructor/IA Compensation

$\geq 50\%$



# Failure to Comply with 50% Law

Failure to comply may result in deduction from apportionments made to the district an amount equal to the amount by which the district failed to comply.

(5 CCR §59214)

# 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]

# State Enacted Budget 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 discretionary COLA [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



# Projecting Revenue

# Student Centered Funding Formula (SCFF)

**Three components reflecting access, equity, and success.**

## I. Base Allocation

- Basic Allocation: *District Configuration*
- *FTES (**greater of** 3-year average **or current year** for credit)*

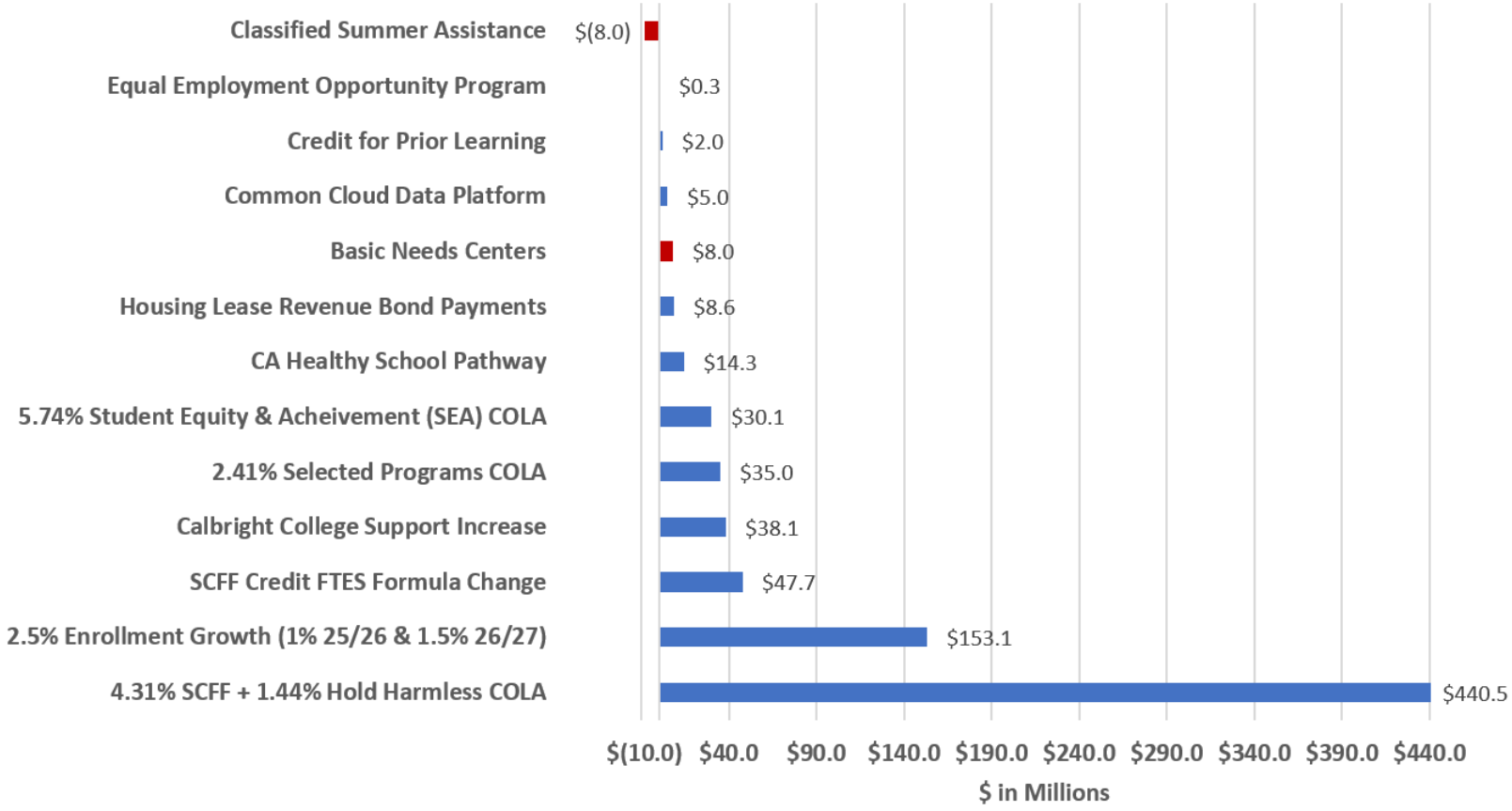
## II. Supplemental Allocation

- *Prior year headcounts* for AB540, Pell Grant, & Promise Grant students

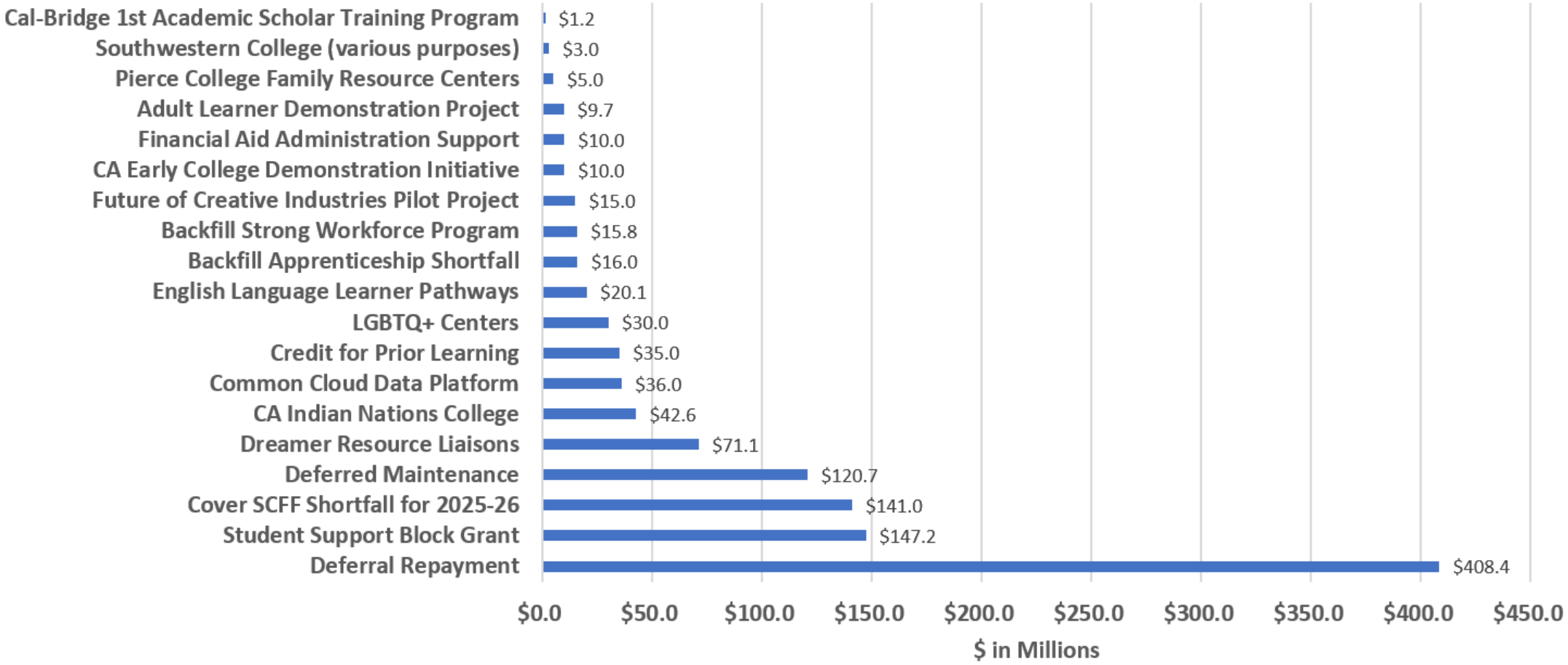
## III. Success Allocation

- *Prior 3-year average headcounts* for all students, Pell Grant recipients, and Promise Grant recipients who complete/acquire:
  - degrees, certificates, or transfer-level math/English courses
  - transfer to 4-year university
  - 9 or more CTE units
  - regional living wage

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



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



# Budget Approval



# 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

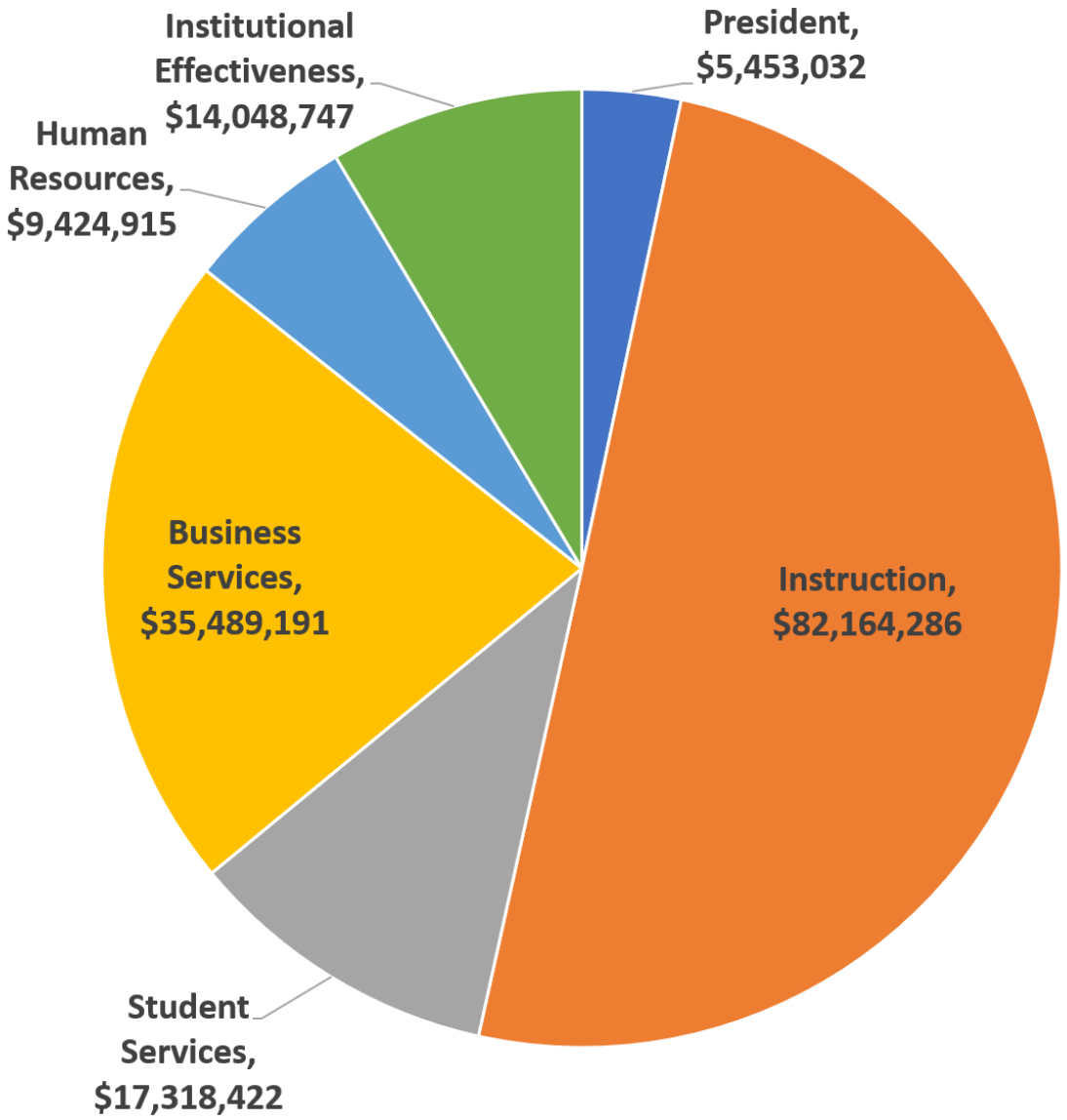
| Unrestricted Revenues & Beginning Fund Balance | Ongoing | One-Time | Combined |
|---|---|---|---|
| **Unaudited Beginning Balance** | **$ -** | **$ 42,916,880** | **$ 42,916,880** |
| **FY 2026-2027 Projected Revenue** | | | |
| Apportionment Entitlement | $ 142,328,559 | $ - | $ 142,328,559 |
| Less 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** |

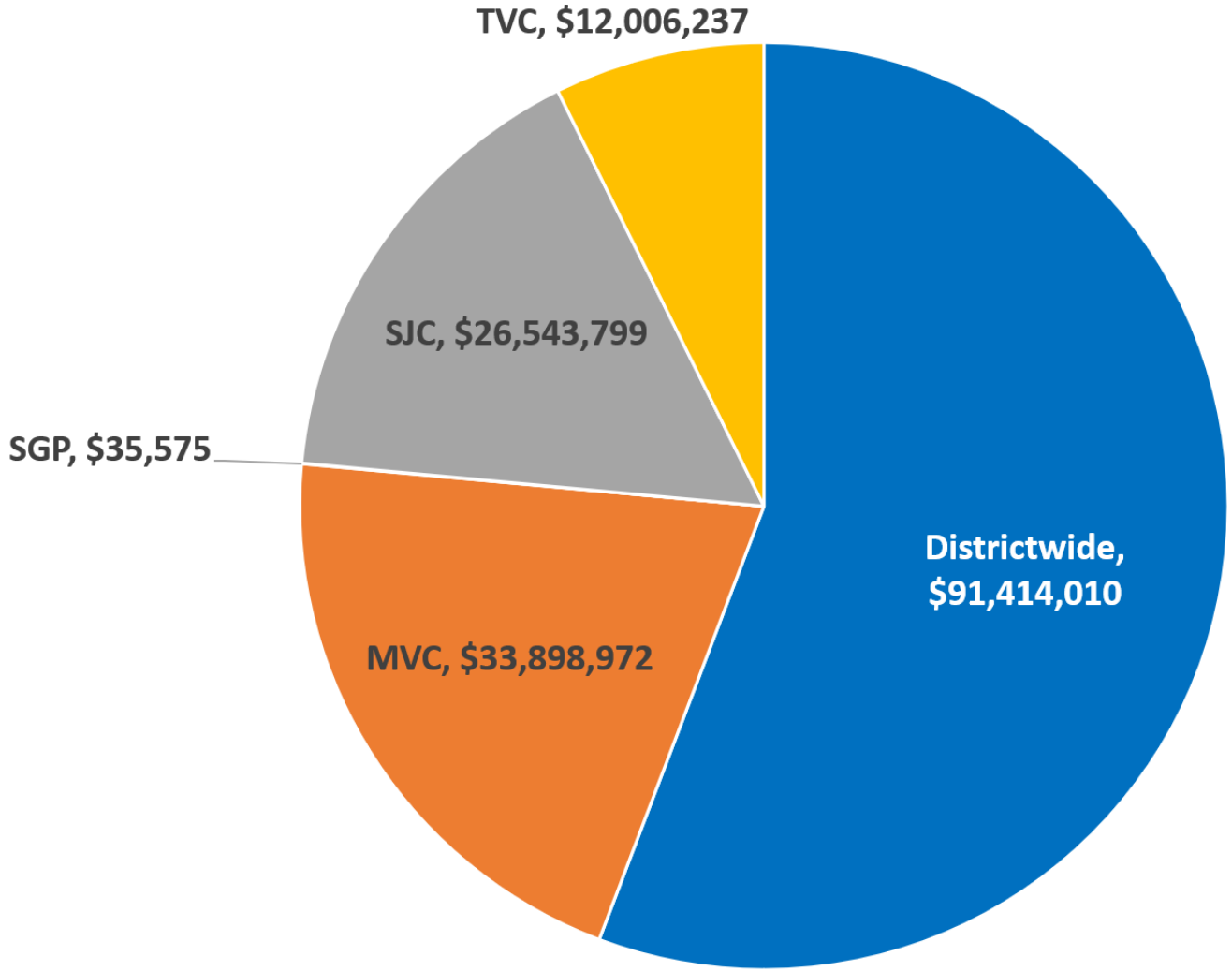
# 2026-27 MSJC Adopted Budget Expenditures by Division

***Unrestricted General Fund – Expenditure Budget***



# 2026-27 MSJC Adopted Budget Expenditures by Location

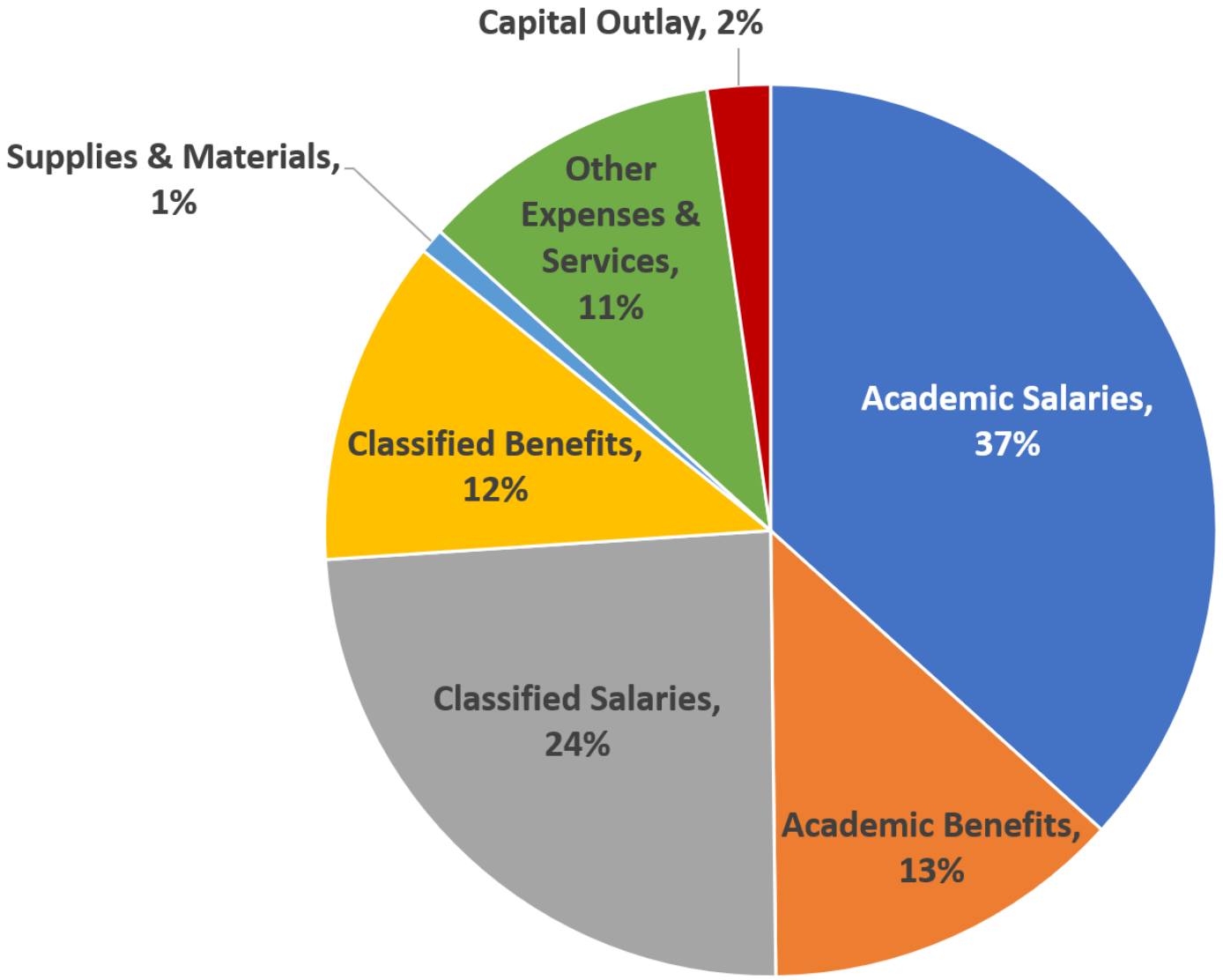
***Unrestricted General Fund – Expenditure Budget***



# 2026-27 MSJC Adopted Budget Expenditures by Percent

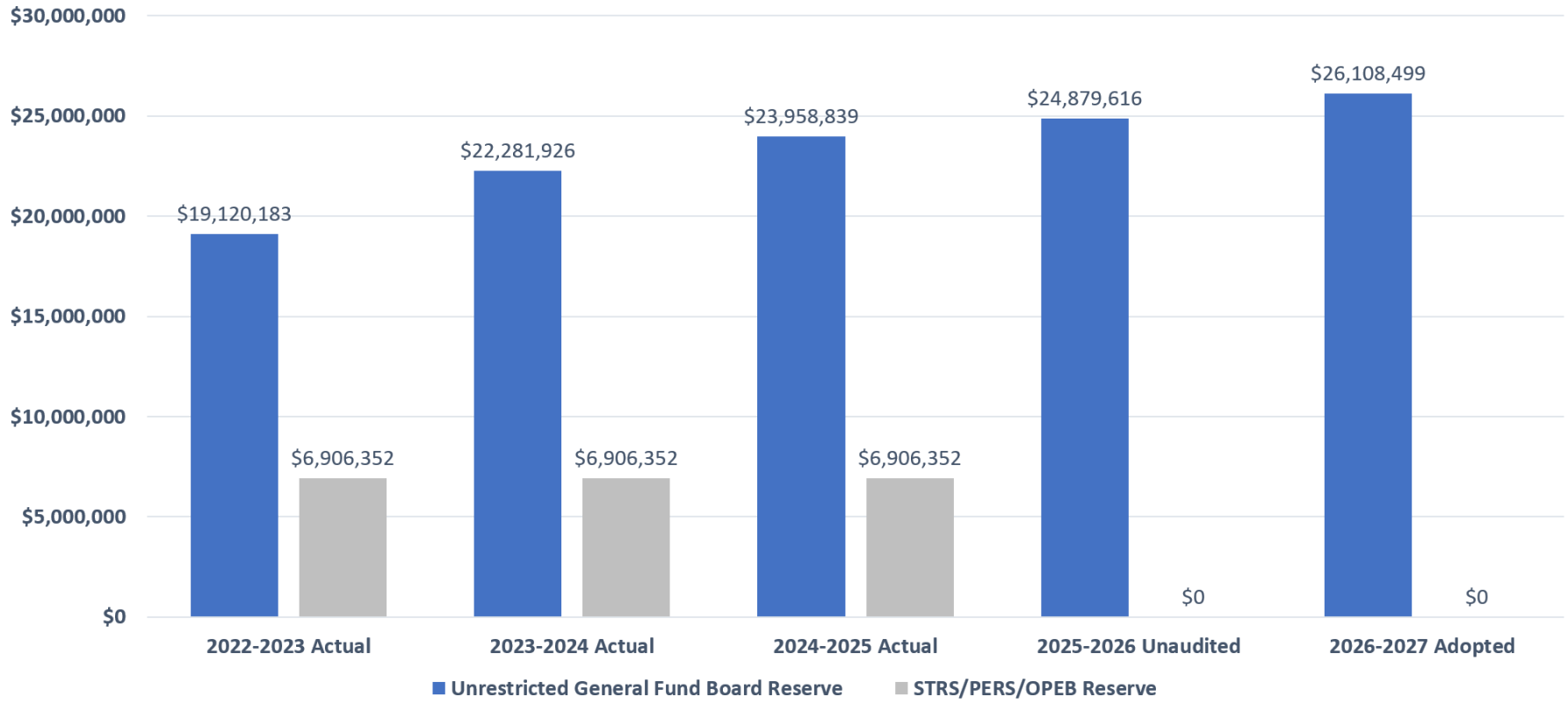
***Unrestricted General Fund Expenditure Budget***

***<u>86% Salary/Benefits</u>***



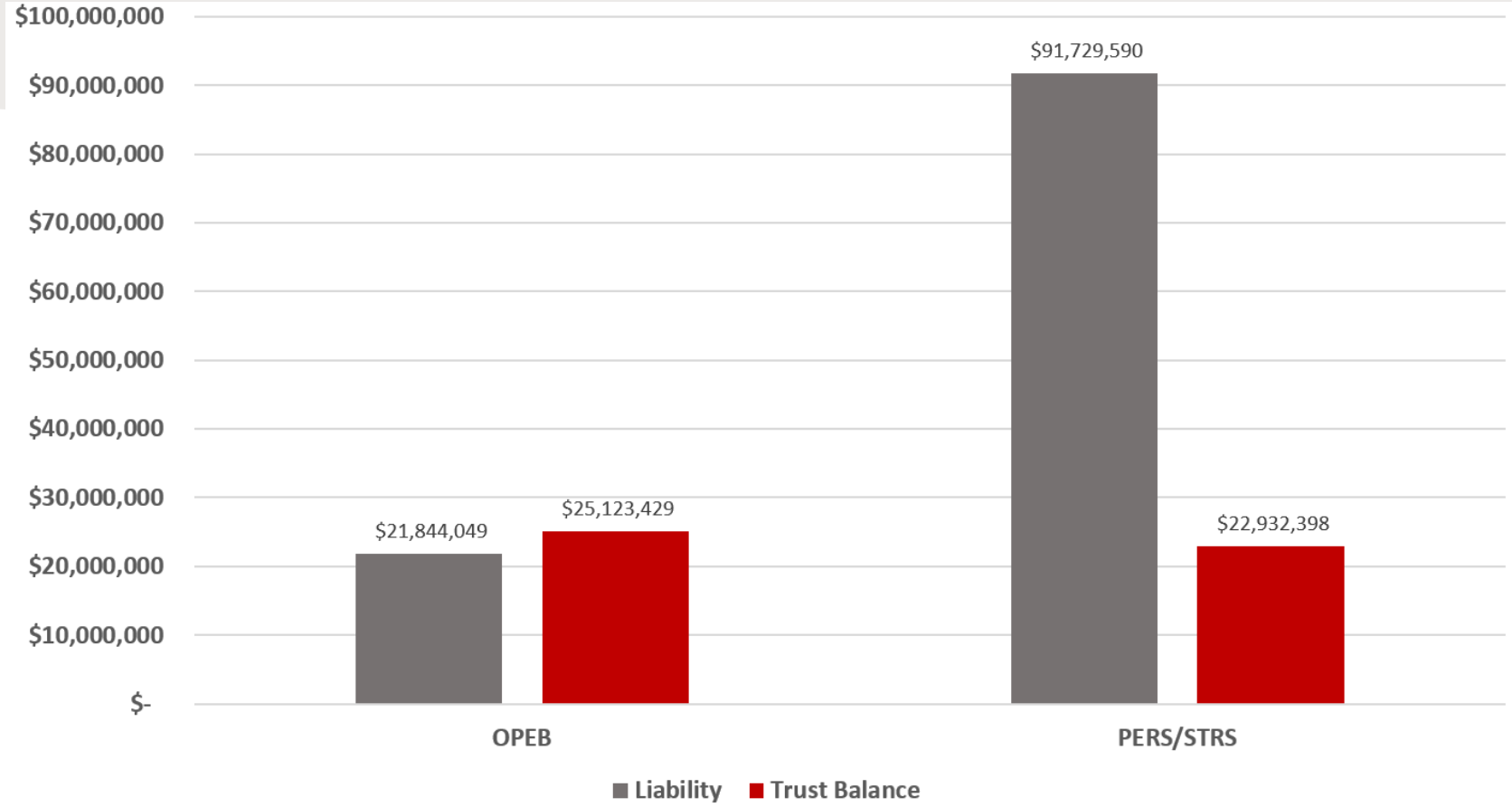
# Board of Trustees Special Reserve Fund

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




| | Unrestricted General Fund Board Reserve | STRS/PERS/OPEB Reserve |
|---|---|---|
| 2022-2023 Actual | $19,120,183 | $6,906,352 |
| 2023-2024 Actual | $22,281,926 | $6,906,352 |
| 2024-2025 Actual | $23,958,839 | $6,906,352 |
| 2025-2026 Unaudited | $24,879,616 | $0 |
| 2026-2027 Adopted | $26,108,499 | $0 |

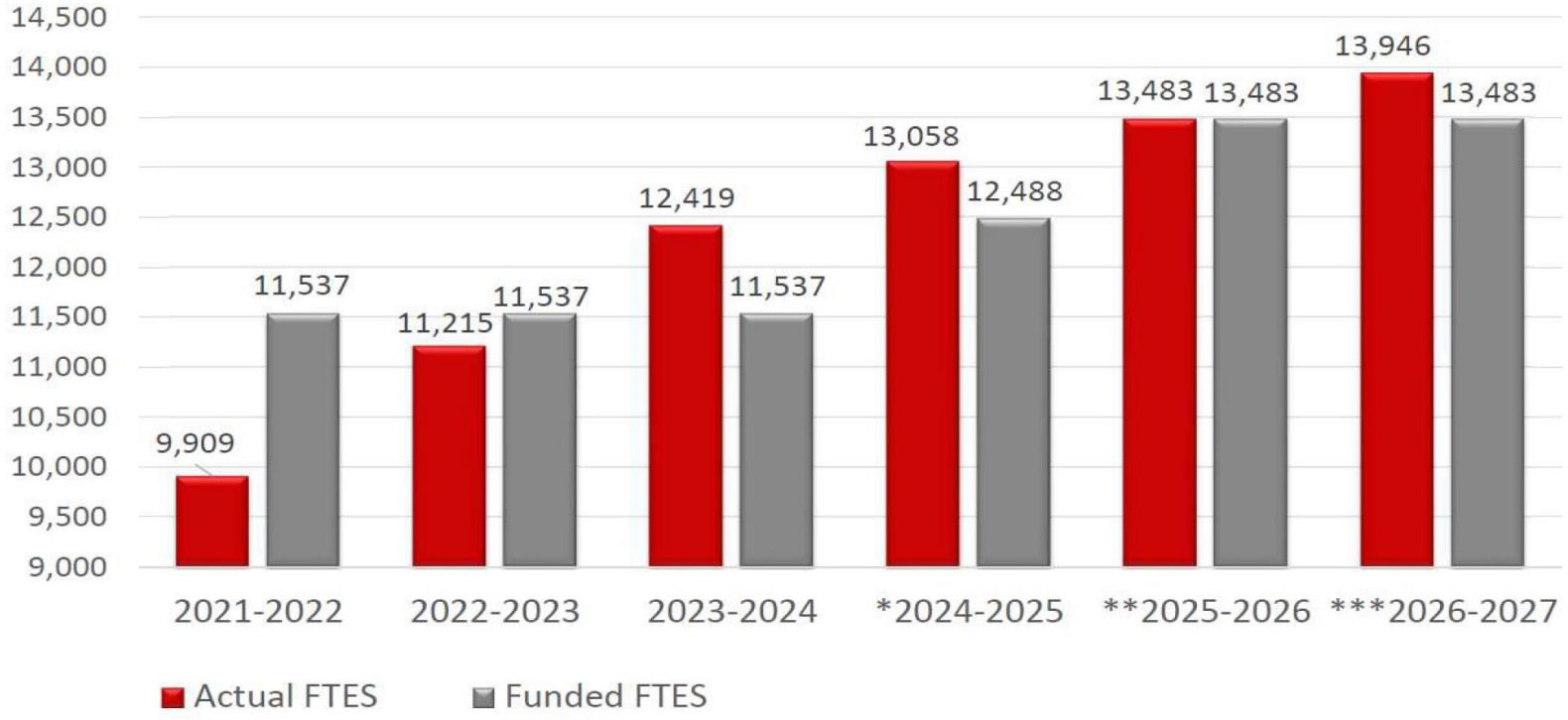
# Post Employment Benefit Trusts Balances vs. Liabilities




| | OPEB | PERS/STRS |
|---|---|---|
| Liability | $21,844,049 | $91,729,590 |
| Trust Balance | $25,123,429 | $22,932,398 |

# Credit FTES: Actual vs. Funded

| | Actual FTES | Funded FTES |
|---|---|---|
| 2021-2022 | 9,909 | 11,537 |
| 2022-2023 | 11,215 | 11,537 |
| 2023-2024 | 12,419 | 11,537 |
| 2024-2025* | 13,058 | 12,488 |
| 2025-2026** | 13,483 | 13,483 |
| 2026-2027*** | 13,946 | 13,483 |

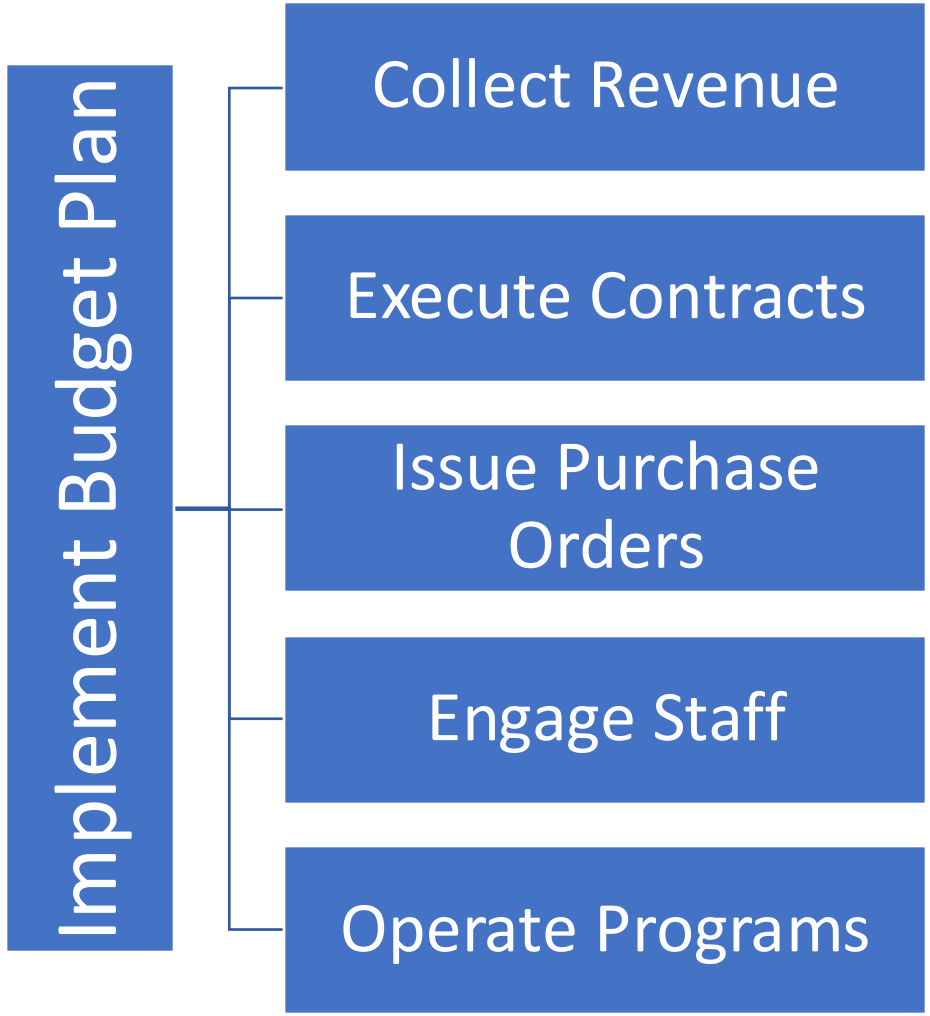



*Based on the Chancellor's Office 2024-25 R1 report released on 2/5/26
**Based on the Chancellor's Office 2025-26 R1 report released on 7/15/26
***FY 2026-2027; actuals based on projected FTES, funded based on budgeted FTES

# Budget Implementation



Budget Implementation



# Budget Accounting & Reporting



# Budget Accounting & Reporting

- **Track All Transactions**
  - *Revenues*
  - *Encumbrances*
  - *Expenditures*

- **Periodic Interim Reporting**
  - *311 Quarterly Reports*

- ***NEW: Interim Budget Review Workshops!!!***

- **Fiscal Year End Reporting**
  - *Comprehensive financial report of each fund audited for its accuracy*

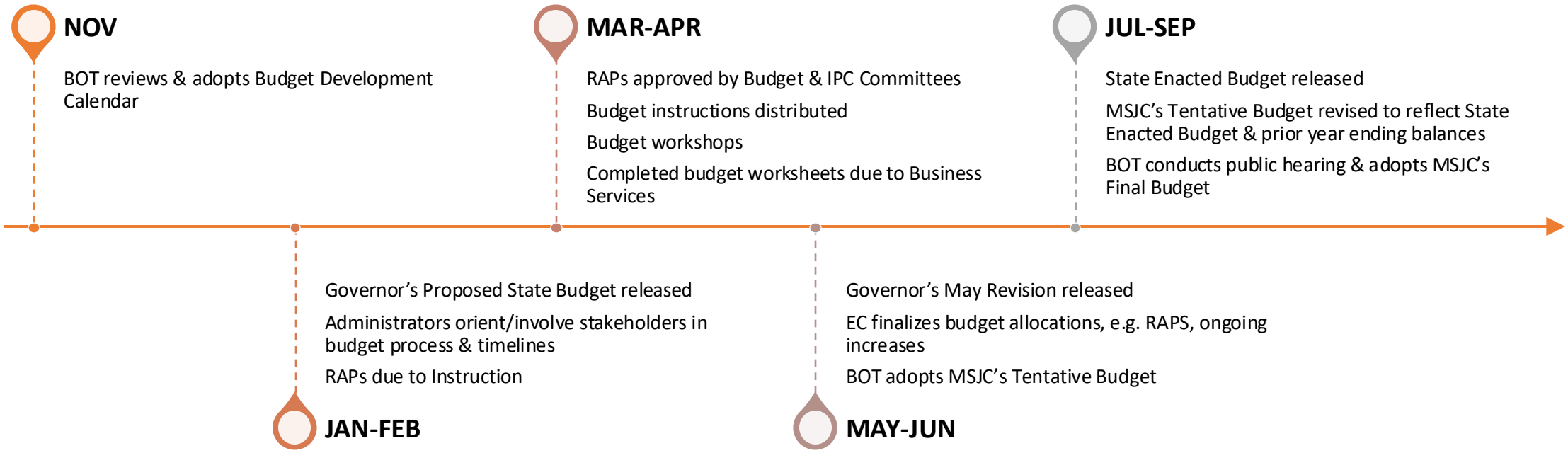


# Budget Preparation 2027-28






# MSJC's Budget Preparation Process



# Questions?



# References


[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