



2025-2026 Tentative Budget Presentation

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Agenda

Budget Cycle

State Fiscal Outlook

Proposition 98

CCC Funding

Budget Overview & Assumptions

Future Considerations

BUDGET CYCLE

Fall Planning

System funding requests collected and assembled into formal advocacy request



Legislative Analyst Office (LAO) Advocacy



January

Release of Governor's Budget

May

May Revise



June

Signed Budget

Trailer Bill Language



September

Adopted Budget approved by Board of Trustees



State Fiscal Outlook



- **Economic Environment:** California remains the 4th largest economy in the world. However, economic forecasts have been downgraded due to federal tariffs, stricter immigration policies, and rising healthcare costs. The state is experiencing a "growth recession" that will likely lead to slow economic growth (1.7% average GDP) through 2028.
- **Budget Shortfall:** The state faces a \$12 billion budget deficit in 2025–26 due to lower revenues and rising expenditures.
- **Federal Impacts:** Anticipated federal policy changes, including possible reductions in federal education funds, create further uncertainty.





General Fund and Prop 98



- **Revenue Trends:**

- The “Big Three” revenue sources (personal income tax, sales tax, and corporate tax) are collectively down by \$4.8 billion compared to January projections. Long-term, a \$22.7 billion reduction is expected from 2026–27 through 2028–29.

- **Proposition 98 Minimum Guarantee:**

- Reduced by \$4.6 billion across three years (2023–24 through 2025–26).
- For 2025–26, the K–14 guarantee is now \$114.6 billion, down \$4.3 billion from January.
- There is a proposed reallocation that increases the TK–12 share by \$492.4 million and reduces the community college share accordingly.

- **Public School System Stabilization Account (PSSSA):**

- \$8.4 billion will be fully withdrawn by June 2025.
 - A further \$540 million deposit in 2025–26 will also be fully withdrawn within the year.
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CCC FUNDING



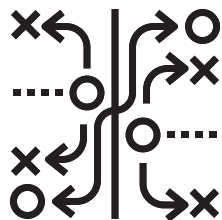
✓ COST OF LIVING ADJUSTMENT

- Statutory 2.30% COLA is fully funded for the Student Centered Funding Formula (SCFF)
 - LBCC receives \$4.1 million from the COLA.
- \$104.7 million ongoing increase to fully fund SCFF in 2025–26.
- A 2.35% enrollment growth funding is proposed statewide, increasing LBCC's growth funding to \$439,000 with a projected 0.56% growth rate.

✓ CATEGORICAL PROGRAMS

- Most programs remain unchanged.
- COLA of 2.30% applies to: DSPS, EOPS, CARE, CalWORKs, Mandated Cost Block Grant, Adult Education.
 - LBCC receives approximately \$520,000 for these programs

CCC FUNDING



✓ PROPOSITION 51 AND 2 CAPITAL FUNDING:

- \$68.5 million total, including funds for 29 new projects.
 - LBCC's Building B Replacement Project is included in a total project cost of \$51.6 million

✓ DEFFERALS

- Apportionment revenue deferred from 2025-26 to 2026-27 - \$531.6 million
 - 13.7 million for LBCC

✓ OTHER

- No Block grant funding in 2025-26 for Deferred Maintenance or Instructional Equipment

Considerations

A variety of information influences the budget preparation process



Revenue sources (Federal, State, Local)



Expenses (CalPERS/STRS, Health & Welfare, inflation)



Forecasting data - internal & external sources (enrollment, FON, unemployment, stock market performance, housing, etc...)



Apportionment Calculators



Multi-year Projections*

*includes personnel costs and maintenance considerations for robust construction program

Budget Overview







Budget Assumptions & Best Practices

Assumptions:

- There will be potential budget redirections in response to both the State's budget impact and the priorities as identified by the College Planning Committee (CPC).
- FTES total resident target is 20,224.
- A 0.5% deficit factor is budgeted based on past experience.
- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.

Best Practices:

- Board Policy 6200 aligns with Chancellor's Office Recommended Goal of 16.67% reserves – \$35.0 million
 - Two months of Total General Fund operating expenses, equal to no less than 16.67% of Unrestricted General Fund expenditures
 - Aligned with Budgeting Best Practices published by the Government Finance Officers Association (GFOA).
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2025-26 List of Funds: Expenditures & Other Outgo (in millions)

	2024-25 Adopted Budget	2024-25 Estimated Actual	2025-26 Tentative Budget
Unrestricted General Fund	\$207.40	\$205.70	\$210.00
Restricted General Fund	89.4	61.6	84.1
Associated Students Body Fund	1.3	1.2	1.4
Capital Projects Fund	36.7	15.3	22
Child & Adult Development Fund	4.5	4.3	4.7
Economic Development Fund	1.8	0.3	1.4
Equity Award Fund	4	1.1	3.2
Event & Filming Services Fund	2.3	2.6	2.4
General Obligation Bond Fund 2008 Measure E	137	0	137
General Obligation Bond Fund 2016 Measure LB	563.9	70.4	493.4
General Obligation Bond Fund 2024 Measure AC	0	0.9	901.3
Retiree Health Fund	2.5	1.9	2.3
Self-Insurance Fund	2	2.9	2
Student Financial Aid	80	82.4	79.2
Student Representation Fund	0.1	0.1	0.1
Workforce Development Fund	0	0	0.2
Total	\$1,132.90	\$450.70	\$1,944.70

Unrestricted General Fund Overall Summary

	Estimated Actual 2024-25	Tentative Budget 2025-26	*Change Increase/ (Decrease)
Beginning Fund Balance	\$74,570,583	\$69,720,519	\$ (4,850,064)
Revenues and Other Financing Sources	200,807,957	200,479,391	(328,566)
Expenditures and Other Outgo	205,658,021	210,063,963	4,405,942
Surplus/(Deficit)	(4,850,064)	^(9,584,572)	(4,734,508)
Ending Fund Balance	69,720,519	60,135,947	(9,584,572)

*Change is comparison between 2024-25 Estimated Actual and 2025-26 Tentative Budget.

^\$9.6 million includes \$1.3 million business process reviews in planned one-time expenses.

Future CCC Considerations

System request to fully fund enrollment growth - \$68.37 million ongoing.

Provide Additional Funding for Financial Aid Office Administration - \$10 million ongoing

Modification of SCFF calculation to recognize credit FTES at the higher of the 3-year average or amount reported in the current year - \$5.24 million ongoing.

Inflationary adjustments for all categorical programs. Cost TBD.

Deferred maintenance funding

A host of advocacy requests on rising scholars, sustainability, financial aid, credit for prior learning, and part-time faculty health benefits.

