COS

COLLEGE OF THE SEQUOIAS

VISALIA HANFORD TULARE

Sequoias Community College District

Fiscal Year 2026-27
Final Adopted Budget

September 14, 2026

Topics

- FY 2025-26 General Fund Summary
  - Year-end Close
  - Fund Balance (aka Reserve)

- FY 2026-27 Final Adopted Budget
  - State and District Budget Assumptions

- Fiscal Solvency Plan
  - Current Fiscal Year plus 2 out Fiscal Year

FY 2025-26 Fiscal Recap (Examples)

- Provided a 3.3% Salary Increase (1% above Funded COLA)
  - FT & PT Faculty, Staff and Administrators
- Capital Projects Funding
  - Districtwide Classroom & Office Remodels
  - Scheduled Maintenance Projects
- Other Post Employment Benefits (OPEB)
  - Fully Funded - $17.4M up from $11.0M (June 2020)
- Maintain Prudent Fiscal Reserves
  - $34.5M

Other Post Employment Benefits (OPEB)

Balanced Fund (50% Fixed Income, 50% Equity)

Measure Date	Portfolio Value	Increase/Decrease	Percentage Change	Overall Percentage Increase over June 30, 2020
June 30, 2026	$17,397,412	$1,908,912	12.32%	57.67%
June 30, 2025	$15,488,500	$1,486,231	10.61%	
Jun 30, 2024	$14,002,269	$1,434,782	11.42%	
June 30, 2023	$12,567,487	$924,749	7.94%	
June 30, 2022*	$11,642,738	($1,619,602)	(12.21%)	
June 30, 2021*	$13,262,340	$2,227,934	20.19%	
June 30, 2020	$11,034,406	N/A	N/A	

*2020-21 & 2021-22, Stock market volatility due to COVID-19

*Overall increase of 57.67%; $6,363,006

Summary - FY 25-26 *(GFU Only)*

Description	FY 2025-26 Close
State Allocation – Est. early R1(.3341% Deficit-$374,469) $7M deferral to FY 26-27 (July or August), 3.29% growth, 11,024.69 funded FTES, 280.52 unfunded FTES	111,705,427
Other Revenue	10,594,876
Total Revenue	122,500,303
Total Expenditures/Transfers	(119,034,576)
Structural Surplus/(Deficit)	3,465,727

California Community College
Reserve Funds

- Auditor of the State of California (Report 2025-18) – August 6, 2026
  - https://www.auditor.ca.gov/reports/2025-108/#introduction
  - Antelope Valley CCD, Butte CCD, Calbright, Kern CCD, Mt San Jacinto CCD, and San Francisco CCD

- Findings/Recommendations:
  - Revise how California Community Colleges calculate reserve percentages,
  - Chancellor's Office to develop policies and procedures for monitoring districts' reserves,
  - enhance fiscal oversight,
  - districts to establish reserve policies and plans to spend excess reserves to improve student support and outcomes.

California Community College
Reserve Funds

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- In February 2022, the Chancellor's Office recommended that districts adopt policies and practices consistent with the GFOA's budgeting best practices and that districts maintain sufficient unrestricted reserves with a suggested minimum of two months of total general fund operating expenditures, which equals about 17 percent.

  - Original calculation:
    - Unrestricted Fund Balance (numerator) divided by <u>Unrestricted Fund Operating Expenditures</u> (denominator)

  - Revised calculation:
    - Unrestricted Fund Balance (numerator) divided by <u>Total (Unrestricted & Restricted) Operating Expenditures</u> (denominator)

COS Board Policy 6250
Budget Management

The budget shall be managed in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. Budget revisions shall be made only in accordance with these policies and as provided by law.

The Sequoias Community College District's ("District") unrestricted general fund reserves shall be no less than an average of <u>two months of total unrestricted and restricted general fund operating expenditures</u> as recommended by the California Community Colleges Chancellor's Office and the District's annual percentage target is established through the adoption of Board Priorities.

Reference: Title 5 Sections 58307, 58308, 58311; Chancellor's Office FS 22-03 Fiscal Forward Portfolio and Budget Architecture and Development Recommendations

Adopted: December 10, 2007; Revised: December 11, 2017; Revised: December 12, 2022

Fund Balance Reserve *(GFU Only)*

Description	FY 2025-26 Close
FY 2024-25 Adjusted Beginning Fund Balance	31,071,276
FY 2025-26 Year-End Surplus (Fallout)	3,465,727
FY 2026-27 Beginning Fund Balance (Reserve)	34,537,003

Fund Balance Reserve Percentage

Fiscal Year	Total GF Expenditures	Unrestricted GF Ending Balance	Reserve Percentage	Months of Reserves
2024-25	**143,893,300 (TGF)**	31,071,276 (GFU)	**21.60% (TGF)**	**4.63 (TGF)**
	114,959,651 (GFU)		27.03% (GFU)	3.7 (GFU)
2025-26	**147,945,784 (TGF)**	34,537,003 (GFU)	**23.34% (TGF)**	**4.28 (TGF)**
	119,034,575 (GFU)		29.01% (GFU)	3.4 (GFU)

- Source:
    - California Community College Financial Statement (CCFS) 311
    - State average reserve level = 25% (State Audit Report 2015-08)

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Apportionment (Payment) Cycle

Advance (AD)

- Certified in July
- Exhibit R, Exhibit A

July	8%	November	9%
August	8%	December	5%
September	12%	January	8%
October	10%		

First Principal (P1)

- Certified in February
- Exhibit C, Exhibit A

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

Second Principal (P2)

- Certified in June
- Exhibit C, Exhibit A

June 8%

Recalculation (R1)

- Certified in February
- Exhibit C, Exhibit D

Governor's Budget Act of 2026

- Prudent Fiscal Planning
  - Overall state General Fund spending
    - $251.5 billion
    - 10% increase over 2025-26
- Balanced budgets for both 2026-27 and 2027-28
- Proposition 98 Funding System (minimum guarantee)
  - State general fund revenues and local property taxes
  - TK-12, County Offices of Education = 88.6%
  - Community Colleges = 11.4%
- Fiscal Restraint, Long-term Stability, Future Economic Volatility

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California Community College

- Community College Budget Framework
  - Maintaining base funding stability and continued investment in priorities aimed at achieving Vision 2030 and Roadmap goals.
  - Advance equity, student success and the system's ability to prepare students for California's future.
- Reduce structural deficits
- Investments focus on protecting core programs,
- One-time deferred maintenance needs and special repairs of facilities
- Apportionment funding based upon the higher of 3-year credit FTES or reported FTES in current year

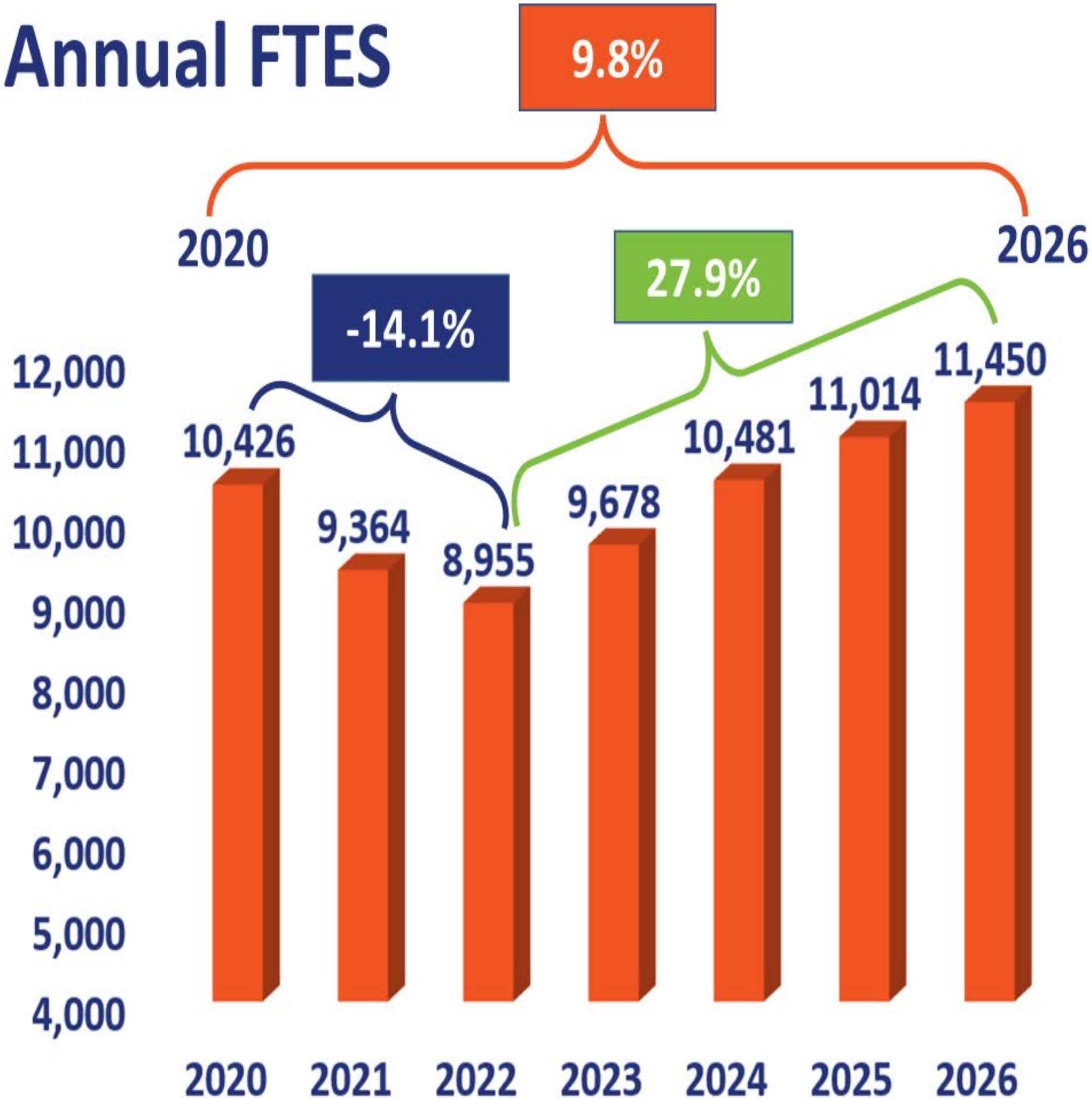
Community College System Impact

Program	January Budget	May Revision	Final Budget Adoption
SCFF Cost of Living Allowance (Statutory COLA)	• 2.41%	• 2.87%	• 2.87%
SCFF Discretionary COLA (Paid Pregnancy Disability Leave)	• 0.00%	• 1.44%	• 1.44%
SCFF Enrollment Growth • FY 2025-26 • FY 2026-27	• 1.0% • 0.5%	• 1.0% • 0.5%	• 1.0% • 1.5%

Community College System Impact

Program	January Budget	May Revision	Final Budget Adoption
COLA – Various Categoricals • EOPS, DSPS, CalWorks, CARE, Apprenticeship • Student Equity & Achievement Program (SEA)	• 2.41% • 0.00%	• 2.87% • 0.00%	• 2.87% • 5.74%
Deferred Maintenance – • Energy Projects • Instructional & Computer Equipment	• $1.2M	• $1.2M	• $1.2M

Annual FTES



CCFS 320 Reporting

COVID-19 Emergency Conditions Allowance (Year 2020: 10,426)

COS

RESEARCH, PLANNING, & INSTITUTIONAL EFFECTIVENESS

Community College System Impact

SCFF Base Allocation	FY 25-26	FY 26-27	Amount Change	Percent Change
Medium College (10,000 – 20,000 FTES)	8,877,529	9,260,150	382,621	4.31%
State Approved Centers (1,000 FTES)	2,219,382	2,315,037	95,655	4.31%

COS Basic Allocation	FY 25-26	FY 26-27	Change
Medium College	8,877,529	9,260,150	382,621
2 - State Approved Centers	4,438,764	4,630,074	191,310
Totals	13,316,293	13,890,224	573,931

Community College System Impact

SCFF Base Funding	FY 25-26	FY 26-27	Amount Change	Percent Change
ACCESS Credit	5,416	5,650	234	4.31%
CDCP	7,595	7,923	328	4.31%
Non-Credit	4,567	4,764	197	4.31%
EQUITY Supplemental Point Value	1,281	1,336	55	4.31%
SUCCESS Student Success Main Point Value	755	788	33	4.31%
Student Success Equity Point Value	190	199	9	4.31%

Student Centered Funding Formula (SCFF)
GFU Final Adopted Budget $119,806,054

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Estimated Deficit Factor 1.0341% = ($1,238,923)

Final Adopted Budget (SCFF + 4.31% COLA) = $118,567,131

70% Base Allocation $80,572,937

- Basic Allocation (Medium District + 2 Education Centers)
  - $13,890,225
- FTES Revenue
  - 11,393.92 Funded FTES
  - 1.94% Growth
  - 57 Unfunded FTES
  - $66,682,712

Access

20% Supplemental $23,861,531

- Pell Grant recipients
- CA Promise (BOG) Grant
- AB540 Students
- (Prior Year)

Equity

10% Student Success $15,371,586

- ADT, AA/AS
- Credit Certificates
- Transfers to 4-yr institution
- 9-CTE units Completers
- Regional living wage
- Transfer level math and English
- (Average of 3 years)

Success

District Budget Assumptions – Expenditures (GFU Only)

On-going Expenditures	$11.233M
Negotiated Salary Increases • COLA 4.31% plus 1% = 5.31%	$4.187M
Step & Column Advances	$1.332M
Health & Welfare Benefit Increase • Negotiated (50% / 50% Split)	$497,706
16 Faculty – 9 New and 7 Replacements	$1.317M

Base Budget Augmentations
• Operational - $796,143
• Staffing New - $613,187
    • 6 classified and 1 manager
• Staffing Reallocated - $1,739,426
    • 12 classified, 2 managers, 3 FT faculty
	$3.148M

STRS/PERS (2-years), WC, Payroll Increases	$752,175

Tentative vs. Adopted Budget
(GFU Only)

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Categories	FY 2026-27 Tentative Budget	FY 2026-27 Final Adopted	Changes
Revenue Limit	116,327,458	118,567,131	2,239,673
Other Revenue	5,225,974	5,245,634	19,660
Total Revenue	**$121,553,432**	**$123,812,765**	**$2,259,333**
Academic Salaries	46,710,120	46,458,001	(252,119)
Classified Salaries	24,799,250	24,618,233	(181,017)
Benefits	28,757,321	28,600,558	(156,763)
Supplies	1,635,104	1,635,104	0
Services	10,725,916	10,713,525	(12,391)
Capital Outlay	1,696,529	1,696,529	0
Other Outgo	5,088,950	5,096,949	7,999
Total Expenditures	**$119,413,190**	**$118,818,899**	**($594,291)**
Surplus/(Deficit)	**$2,140,242**	**$4,993,866**	**$2,853,624**

Tentative vs. Adopted Budget
(GFU and Restricted Funds)

Categories	FY 2026-27 Tentative Budget	FY 2026-27 Final Adopted	Changes
Revenue Limit	116,327,458	118,567,131	2,239,673
Other Revenue	31,918,410	34,233,848	2,315,438
Total Revenue	**$148,245,868**	**$152,800,979**	**$4,555,111**
Academic Salaries	49,983,471	50,124,490	141,019
Classified Salaries	32,809,314	32,669,016	(140,298)
Benefits	33,734,201	33,715,605	(18,596)
Supplies	3,477,881	4,4182,160	704,279
Services	14,244,092	14,712,078	467,986
Capital Outlay	2,447,498	2,806,349	358,851
Other Outgo	9,409,169	9,597,415	188,246
Total Expenditures	**$146,105,626**	**$147,807,113**	**$1,701,487**
Surplus/(Deficit)	**$2,140,242**	**$4,993,866**	**$2,853,624**

Fiscal Solvency Plan (GFU) – Budget, Plus Two

- **FY 2026-27**
  - Revenue
    - SCFF + COLA 4.31%, Growth 1.94%, Deficit Factor 1.0341%, Funded FTES 11,393
  - Expenditure
    - Salary Increase 5.31% & 50% Health & Welfare Increase (all units)
    - Step & Column, STRS/PERS, Budget Augmentations
- **FY 2027-28 (Estimates Only)**
  - Revenue
    - SCFF + COLA 3.06%, Growth .55%, Deficit 1.0341%, Funded FTES 11,449
  - Expenditure
    - Step & Column, STRS/PERS
    - Other increases (TBD – Budget Augmentations, H&W)
- **FY 2028-29 (Estimates Only)**
  - Revenue
    - SCFF + COLA 3.34%, Growth 0%, Deficit 1.0341%, Funded FTES 11,449
  - Expenditure
    - Step & Column, STRS/PERS
    - Other increases (TBD – Budget Augmentations, H&W)

Fiscal Solvency – Budget Year + Two
(GFU Only)

Categories	FY 2026-27 Final Adopted Budget	FY 2027-28 Estimate Only	FY 2028-29 Estimate Only
Revenue Limit	118,567,131	123,259,720	127,376,595
Other Revenue	5,245,634	5,245,634	5,245,634
Total Revenue	**$123,812,765**	**$128,505,354**	**$132,622,229**
Academic Salaries	46,458,001	47,458,001	48,583,001
Classified Salaries	24,618,233	25,018,233	25,443,233
Benefits	28,600,558	29,000,558	29,400,558
Supplies	1,635,104	1,635,104	1,635,104
Services	10,713,525	10,913,525	11,113,525
Capital Outlay	1,696,529	1,696,529	1,696,529
Other Outgo	5,096,949	5,096,949	5,096,949
Total Expenditures	**$118,818,899**	**$120,818,899**	**122,968,899**
Surplus/(Deficit)	**$4,993,866**	**$7,686,455**	**$9,653,330**

Special Thanks

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QUESTIONS / COMMENTS?

FINAL ADOPTED BUDGET PRESENTED FOR BOARD APPROVAL