

Los Rios Community College District
2026-27 Tentative Budget
June 10, 2026

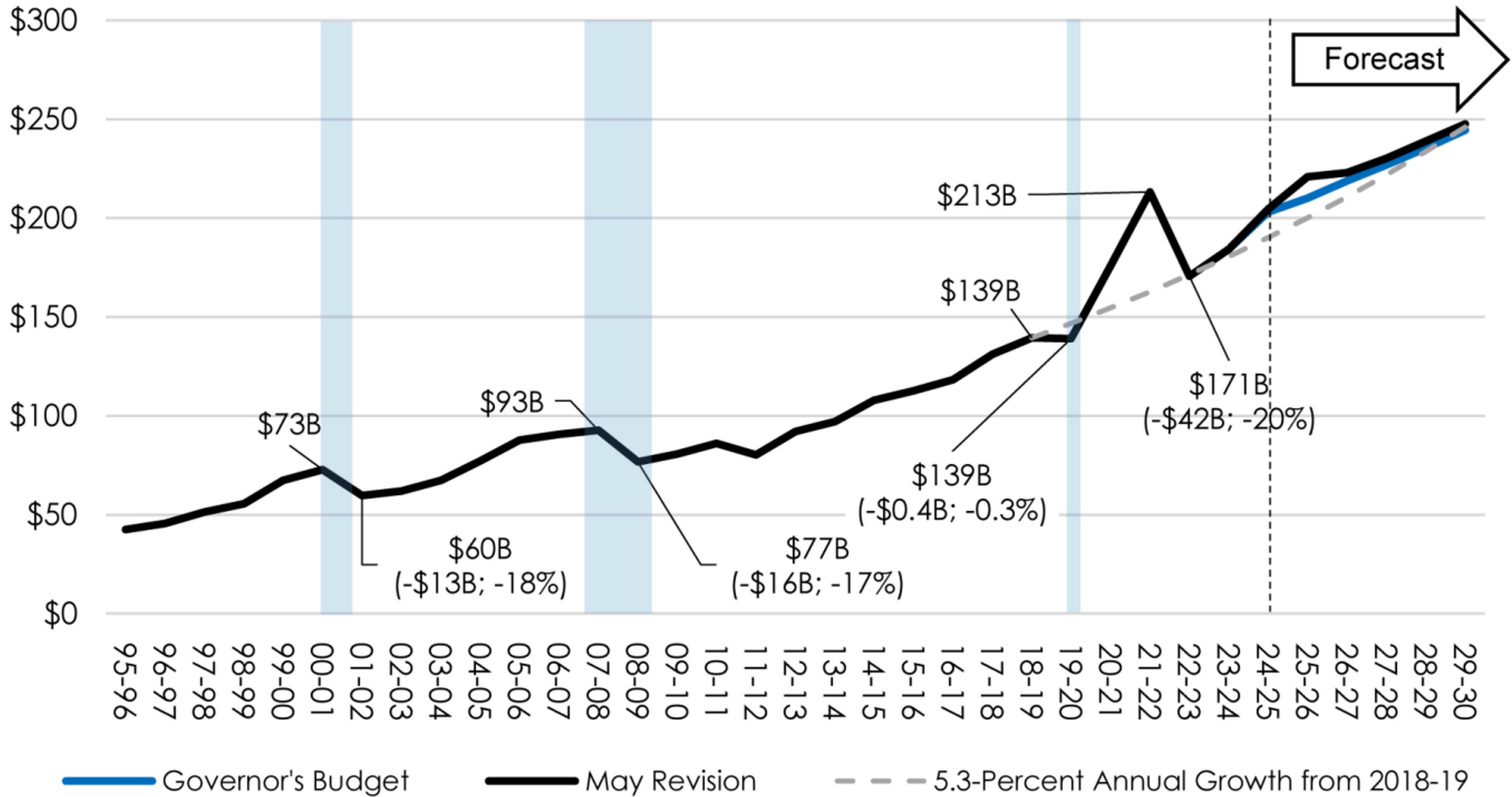
State Budget

Economic Forecast

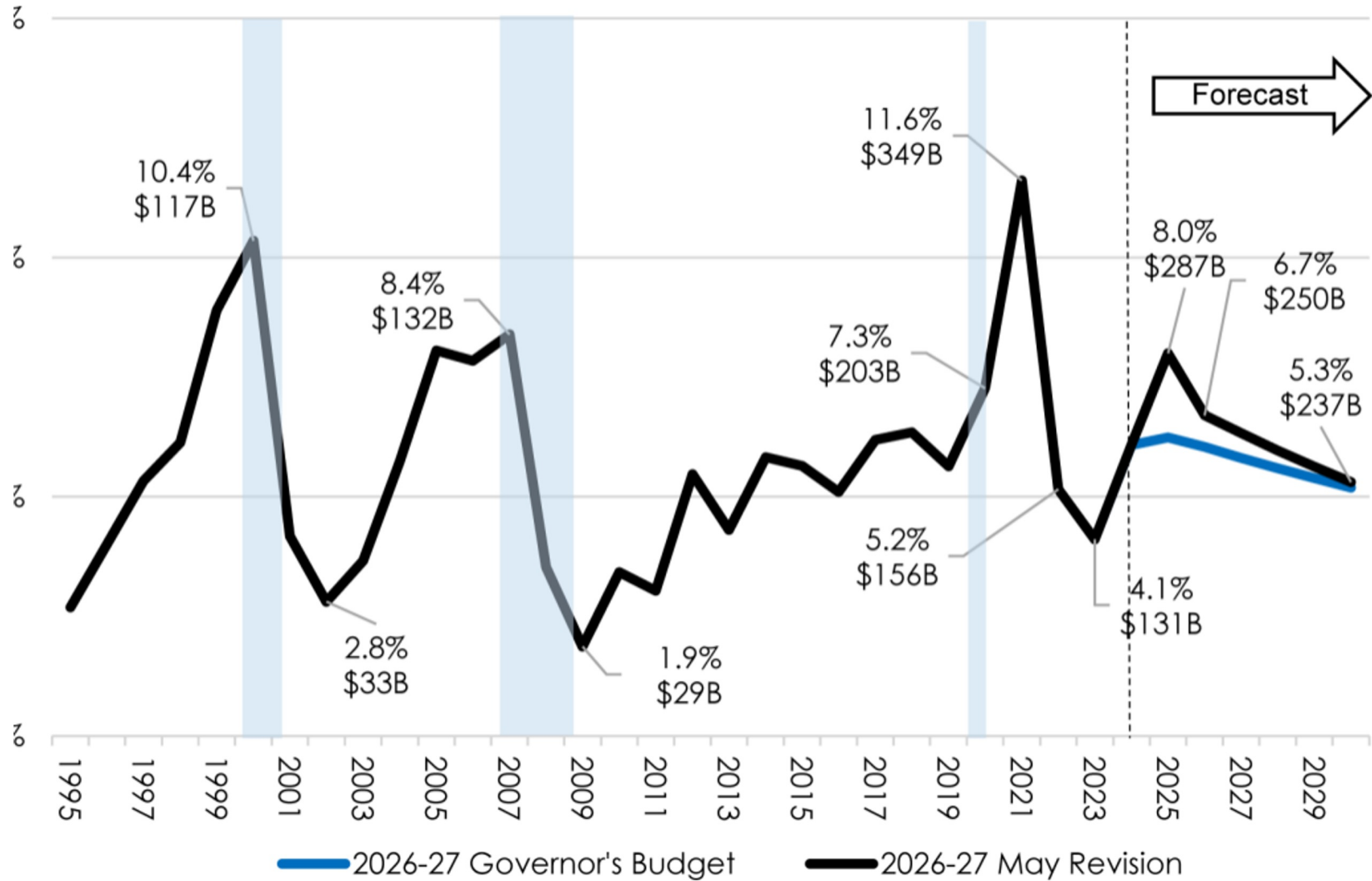
- Weaker near-term economic outlook despite stronger-than-expected 2025 performance
 - U.S. real GDP projected to grow 2.1% in 2026, with growth expected to slow during the year
 - Higher energy prices, tariff-related costs, and uncertainty may reduce consumer purchasing power and business investment
 - California personal income growth projected to slow to 4.1% in 2026
 - California nonfarm payroll employment projected to be essentially flat
 - California inflation projected to rise to 4.1%, creating pressure on households, employers, and state revenues
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Big Three Revenues Long-Term Trajectory

(Dollars in Billions)



Capital Gains Realizations Levels and as a Share of Personal Income



Proposition 98 Outlook

- 2026-27 Proposition 98 guarantee projected at approximately \$127.1 billion
 - Reflects a 1.3% increase from the January proposal
 - Community colleges projected to receive approximately \$14.3 billion in Proposition 98 funding
 - Budget includes full repayment of the \$408.4 million community college apportionment deferral from 2025-26
 - Education reserve balances remain significantly reduced after recent budget actions
 - Bottom Line:
 - The Proposition 98 outlook improved, but future funding remains sensitive to economic performance and state revenue collections
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California Community College Proposals

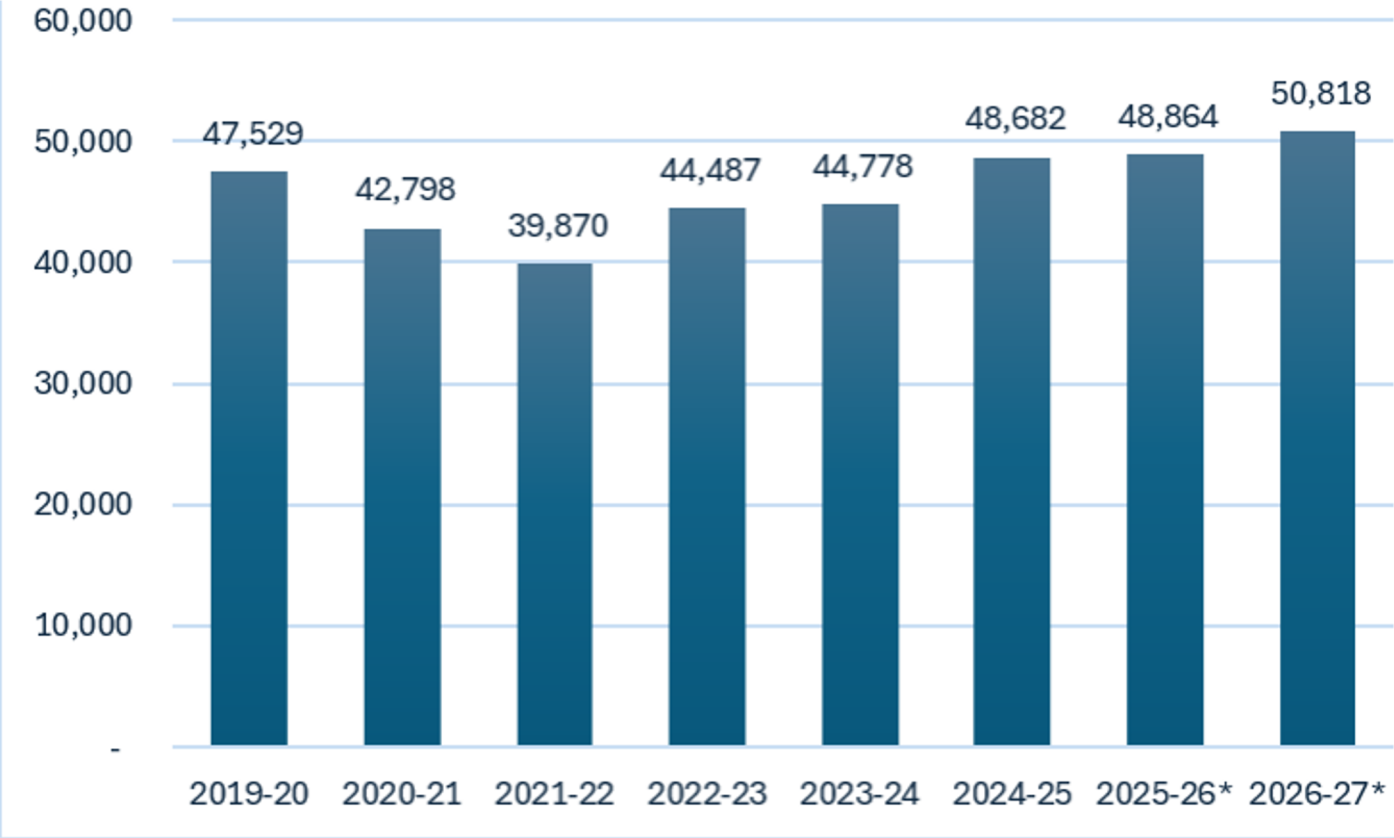
- Student-Centered Funding Formula
 - 4.31% “effective” COLA for SCFF
 - Includes statutory COLA (2.87%) plus additional discretionary augmentation (1.44%) connected to paid pregnancy disability leave
 - \$438 million statewide for SCFF COLA
 - Enrollment Growth
 - 1% enrollment growth funding for 2025-26
 - 0.5% growth in 2026-27
 - Categoricals and One-Time Investments
 - 2.87% COLA for select categorical programs
 - \$120.7 million one-time for deferred maintenance and special repairs
 - \$100.6 million one-time Student Support Block Grant
 - \$100 million for K-12 college and career pathway partnerships
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May Revision Implications for Los Rios

- The May Revision provides meaningful new resources, but funded growth still does not match Los Rios enrollment growth
 - District projected enrollment growth continues to exceed the funded allocation
 - Some FTES will remain unfunded in 2026-27
 - FTES above the funding cap does not generate apportionment revenue
 - Unfunded FTES also does not count toward the funded three-year FTES average under SCFF
 - Unnecessary to increase instructional program until the state increases growth funding
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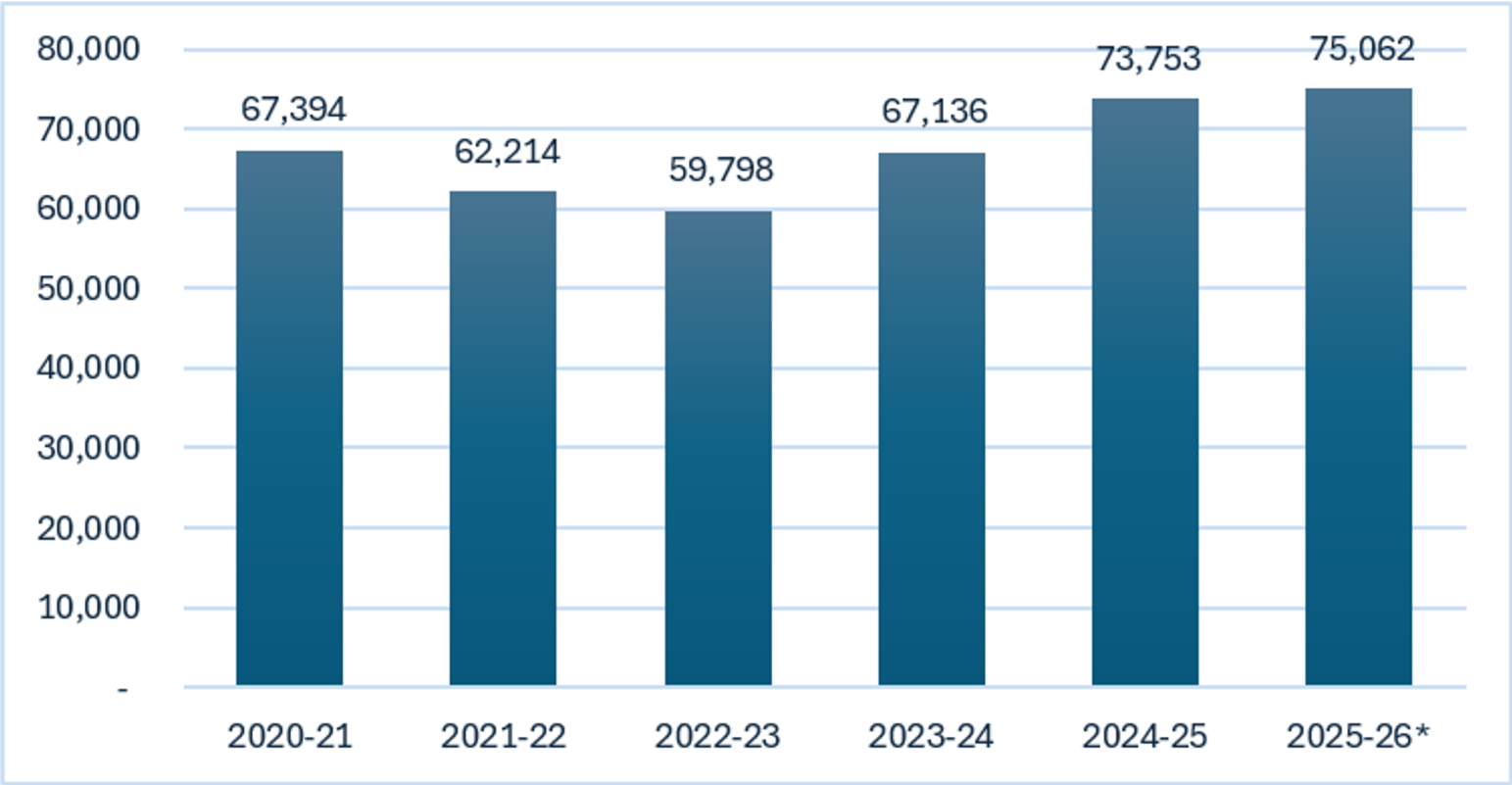
District Budget

Growing Credit FTES



*Projected

Growing Supplemental Funding (AB40, Pell, & Promise Students Counts)



*Projected

X, Y, Z Budget Assumptions

- X Budget assumes flat enrollment from 2025-26
 - Y Budget assumes additional 2% growth
 - Z Budget assumes additional 4% growth
 - Increased program held flat
 - 4.31% COLA for SCFF
 - 2.41% for the “statutory COLA”
 - 1.40% for implementation of 14 weeks of paid pregnancy disability leave
 - 4.5% decrease in Pell Grant students
 - 5.6% increase in Promise Grant students
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Future Concerns

- Revenue Volatility
 - Much of the state revenue improvement is tied to personal income tax and capital gains
 - State revenues remain highly sensitive to the stock market and high-income taxpayers
 - Unfunded Growth
 - Los Rios growth continues to exceed funded statewide allocation
 - FTES above the funding cap creates a structural revenue issue
 - Rising Costs
 - Inflation, utilities, insurance, benefits, and operating costs continue to pressure the budget
 - Policy Changes
 - Paid pregnancy disability leave and other statewide requirements may have long-term fiscal and operational impacts
 - Federal and Economic Uncertainty
 - Tariffs, interest rates, geopolitical instability, and federal policy changes could affect students, programs, and state revenues
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Fiscal Health

- Reserves/contingency in-line with best practices
 - Roughly two months of expenses
 - Fully funded OPEB trust
 - Annual payments to keep with increased cost estimates
 - No short or long term liabilities that impact operations
 - Vacation balances, workers compensation, self insurance fund, etc.
 - Plan for pension cost increases through 2029-30
 - Rolling 5-year plan that we annually fund
 - Strong ratings and reviews from outside agencies
 - Ratings agencies, CCCCO, and ACCJC
 - FCMAT Fiscal Health Risk Analysis score of 4.1% (very low risk)
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Questions?

