Shasta College

BUDGET COMMITTEE

May 13, 2026 - 2:30 –3:30 p.m.

In Person – Board Room 154

APPROVED MINUTES

X	Becky McCall (Chair)	X	Jackie Parker (Co-Chair)	X	Stacey Bartlett	X	Kevin Christ
X	Scott Gordon	X	Jim Harrell		Rob McCandless	X	Jennine Meier
X	Juanne Van Der Linde	X	Courtney Zimbardo	X	Student Rep Evelyn Degutis		

Guests: Angela Simonis, Matt Gallmeister, Sara Holmes, Heidi Diaz, Angela Navis, Kris Marquez, Jon Amacker, Jenny Beckman, Will Brietbach, Destinee Ecklin, Heidi Loftus, Tim Johnston,

1. **CALL TO ORDER**

2. **APPROVAL OF MINUTES –** April 29, 2026 Minutes
   It was moved by Stacey Bartlett and seconded by Courtney Zimbardo to approve the minutes of April 29, 2026, all approved, no abstentions.

3. **PUBLIC COMMENTS:** This portion of the meeting is reserved for persons wishing to address the Budget Committee on any matter not on the agenda. No action will be taken. Speakers are limited to three minutes.

4. **REPORTS**

5. **DISCUSSION ITEMS**

   A) Budget Updates from the State (if applicable)
   The May revise is scheduled to be released tomorrow, May 14th.
   Becky distributed an updated handout called Shasta College Budget Update/Highlights. The original document that was created and shared in March 2026. All updates are italicized.

   Stacey asked about the possibility of adding COLA to SEA. She asked if we had any further information. Becky replied not at this time.

GROUP REMINDERS:
Honest Communication
Transparency, No Hidden Agendas
Listen to Each Other
Do What We Say We Will Do

The group discussed the recent data security incident experienced by Canvas and how this may affect our campus. There was discussion surrounding the possibility of increased cost in future to maintain security over data and what role the Chancellors Office plays.

6. **OTHER:**
   Membership:
   Becky reviewed the committee membership and discussed which members are terming out this year. Scott Gordon will term out as Faculty. Becky will reach out to Cathy Anderson in Academic Senate to either appoint a replacement or extend Scott's appointment. Stacey Bartlett (Administrator) will term out this year, and the President will appoint an administrative member from Student Services. Evelyn Degutis, Student Senate Treasurer, was appointed for one year so will term out. Becky will reach out to Student Life and ask them to have Student Senate appoint another representative for 2026-2027.

7. **ANNOUNCEMENTS**

8. **ADJOURNMENT** – Motion to adjourn by Courtney Zimbardo and seconded by Stacey Bartlett at 2:58 pm.

9. **NEXT MEETING:** TBD

Attachment 1

Shasta College Budget Update/Highlights
May 14th 2026
RE: 2026-2027 Governor's Proposed Budget, Things to Watch for in the May Revise & SCFF Updates (FY25, FY26 & FY27)

2026-2027 Governor's Proposed Budget: Things to watch in the "May Revise"

The May Revise will be a critical checkpoint for understanding whether the Administration is beginning to structurally realign ongoing expenditures with more volatile and uncertain revenues. For local governments, higher education, and state-supported programs, the outlook suggests continued budget pressure, heightened risk management, and limited capacity for new ongoing commitments.

1. Revenue Estimates and Volatility:

- The Governor's Department of Finance (DOF) and the Legislative Analyst's Office (LAO) currently differ by approximately $30 billion in revenue estimates across 2024-25 through 2026-27.
- The LAO cautions that stock market performance poses a significant downside risk to revenue projections, particularly given California's heavy reliance on capital gains and high-income earners.
- Recent revenue growth has been driven in part by investor enthusiasm around artificial intelligence and emerging technologies, which the Governor has acknowledged may be temporary and not sustainable.
- *The "BIG THREE" taxes have been coming in higher than projected in the Governor's current enacted budget. There is concern that they are one time increases due to AI.*

2. Multi-Year Structural State Deficits:

- The LAO projects ongoing structural deficits ranging from $20 billion to $35 billion annually from 2027-28 through 2029-30.
- According to the LAO, California has transitioned from cyclical deficits to structural imbalances, where ongoing expenditures exceed ongoing revenues.
- The LAO draws parallels to two prior periods:
    - Post dot-com bust
    - Post Great Recession

    "Nearly four years ago—on the heels of the pandemic and two years of extraordinary revenue growth and historic surpluses—revenues fell sharply, posting double-digit declines. Since then, revenues resumed growing, even above historic averages, but not fast enough to catch up with the state's spending level… Without action to realign ongoing expenditures with ongoing revenues, the risk of repeating history looms large." — LAO

3. Governor's Acknowledgment of Fiscal Challenges

- The Governor's January proposal includes a $2.9 billion budget shortfall, acknowledging near-term fiscal pressure.
- The Administration has stated that recent revenue strength is partly driven by temporary market dynamics, increasing the likelihood of downward revisions in future forecasts.
- The May Revise is expected to more fully incorporate projected multi-year deficits, particularly beyond the budget window.

4. External Risk Factors and Economic Uncertainty

- Ongoing federal policy uncertainty, including potential changes to tax, trade, and spending policy, remains a risk to California's economy.
- Geopolitical instability, including heightened tensions in the Middle East, may contribute to:
- Broader risks include inflationary pressures, the potential for economic slowdown or recession, and disruptions to global supply chains.

What to watch in May:

- Whether the May Revise narrows or widens the DOF–LAO revenue gap
- One-time versus ongoing solutions, such as use of reserves and deferrals

- *COLA- Initially COLA was at 2.41%, now it is looking more like 2.87% (determined by a federal formula driven cost of living adjustment). The formula doesn't come close to covering districts actual expenses.*
- *$25B surplus of general fund revenue, $10B allotted for education spending -surging income tax and capital gains from AI investments. So really $15.6B including the $5.6 initially withheld.*
- *Rainy Day Fund- Projections to put some back into the rainy day fund as it is depleted.*

Shasta College General Fund 11 Student Centered Funding Formula (SCFF) Revenue Updates:

2024-2025 SCFF Recalc:

- R1 Exhibit C February 2026- Rebuild Funding Floor – Min. Guarantee = $67,079,846 moving forward
    - TCR Estimates=Adopted Budget $65,706,220 to Recalc $67,079,846 (2% increase)—accounted for in the 2026-2027 Tentative in FY26 as PY adjustment
        - *Largely attributed to the Enrollment Growth that was funded in 2026-2027 Governors Proposed Budget*
- COLA=1.07%
- Deficit=0%
- Deferrals= Paid (one month deferred to July)

2025-2026 SCFF Estimated Actuals P1:

- P1 Exhibit C February 2026- Stability
    - TCR CY Estimate for 2025-2026 is based on 2024-2025 R1 Exhibit C TCR, plus CY COLA
        - $67,079,846 (2024-2025 R1 Exhibit C TCR)+ 2.3% (CY COLA)=$68,622,682 (2% increase from adopted budget)

**Largely attributed to the Enrollment Growth that was funded in 2026-2027 Proposed budget, included funding for 24/25- boosted floor*

- COLA=2.3%
- Deficit= 3.0364% (Adopted Budget 1.5% or $1M; P1 Exhibit C 3.0364% or $2M)
- Deferrals=$3.3M (two months, paid out in July 2026)

2026-2027 SCFF Key Projections/Risks:

- 2026-2027 SCFF-Goals/Strategy
    - Maximize FTES Reporting:
        - Tehama Center Status -Grow Tehama
        - Report with both summers included (SU26, FA26, SP27 & SU27)
        - Capture more growth funding (1.5% in proposed budget)
    - Projected Estimate: $70.2M
- 2026-2027 Risks:
    - Enrollment decline, goal not reached could put us into the Funding Floor TCR calculation as that would be the highest out of the three methods. The last two years our enrollment has steadily been increasing, and we do not anticipate this, however we need to be aware of this as a risk factor when doing projections.
        - Here is an explanation as to why we could go into the funding floor status with an enrollment decline:
            - Reporting Fall-25 & Fall-26 our Calculated SCFF for 2025/2026 is going to be in a decline, which puts us into the Prior Year SCFF plus current year COLA for the TCR calculation for 2025/2026. For 2026/2027, prior year calculated SCFF plus current year COLA will be less than our funding floor set in 2024/2025. If we fall back to

funding floor, the revenue loss from FY26 to FY27 would be $1.5M

- Deficit Factor Estimate= 1.5%
- COLA=2.41%--maybe 2.87?

2026-2027 Tentative Budget Development Next Steps:

- **May Revise- 5/14/2026**
  - *Note: We will not make any changes to Tentative Budget until the final enacted State Budget goes into effect in mid-June. We will then update our start working on our Final Budget to incorporate any required changes.*
- **June 10th 2026 to Board of Trustees**
- **Enacted State Budget Signed into Law no later than June 14th 2026**

Resources:

- https://ebudget.ca.gov/home
- https://lao.ca.gov/Budget
- https://edsource.org/2026/california-schools-could-get-billions-more-in-newsoms-may-budget-revision/758112

Definitions:

Apportionment= the allocation of state, federal and local property tax funds to California Community College Districts, primarily calculated by the SCFF.

SCFF=Student Centered Funding Formula

- Budget Act appropriates funds through the SCFF, which includes specific metrics in the calculation including FTES (70% enrollment), Student Success (10% performance outcomes), and Supplemental (20% equity).

TCR= Total Computational Revenue

- Calculation that determines each District's State General Fund, Education Protection Act (EPA) and local revenue sources.
- There are three different methods to determine which TCR Calculation is used for funding. Districts will received whichever method is the highest in the given year:
    - Current Year (CY) Calculated SCFF
    - Prior Year (PY) SCFF-
        - Prior Year Calculated SCFF plus Current Year (CY) COLA
    - Stability/Hold Harmless- Funding Floor set in 2024/2025
        - This would have to be legislatively changed to reset the floor

FTES=Full Time Equivalent Student

- Workload measure for state funding. One FTES equals 525 contact hours, or total student contact hours for a course divided by 525 to determine the number of FTES per course. Includes Credit, Non-Credit, & Special Admit (Dual Enrollment/Concurrent Enrollment)

Deficit= Fiscal Shortfall, no guarantee of payment

Deferral= Fiscal delay in receiving funds and no guarantee on timing

COLA=Cost of Living Adjustment

CY=Current (Fiscal) Year

FY=Future Year

FFY=Future, Future Year

AD-Advanced Apportionment -receive in end of July for upcoming Fiscal year

P1-First Principal Apportionment- received in February which includes updates from last fiscal year's recalc and current year updates with those incorporated

P2- Second Principal Apportionment- received at end of June for current fiscal year, includes May Revise updates and Spring Semester reporting-can still change after this but getting closer

R1= Apportionment Recalculation- can receive updates throughout the current year. The last one received will be in February for the prior fiscal year.