

Fall Forecast Work Session

FY 2026-27 Budget Information

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Topics for November Forecast Work Session

- Forecast
 - Updated Forecast from Spring
 - Impacts from State Economic Forecast
 - Updated Forecast w/ new assumptions built in
 - Scenarios to balance the updated Forecast
- Budget directions
 - Developing scenarios for reductions
 - Involvement for BAS in Fall and Spring
- Budget what's next
 - December budget principles
 - February Tuition/fees 1st read

Forecast Overview/Headline Points

- FY 2025-26 Adopted Budget included \$2.35 million in ongoing reductions, leaving \$650,000 of the structural deficit to address by June 2026.
- Every Fall, the college updates its forecast for upcoming fiscal years- the forecast is a planning tool for current & future fiscal years that is presented to the Board twice a year (Fall & Spring)
- The revenue and expense assumptions are updated to include our recent financial audit and incorporate any new information
- State Economic Forecast updated due to Federal impacts, domino effects to CCC

Update of Forecast since Spring

- Impact of revenue shortfalls on the remaining structural deficit result in an increase from the existing \$650,000 target to \$1.1 million
 - Property tax levy for 2025-26 is only 3.5%, which is 1% less than forecast
 - The state funding model froze FTE enrollment growth funding, thus any enrollment gains made over the last year do not translate to State resources in the CCSF for this biennium
 - Enrollment is not as strong, and the assumptions for enrollment growth are forecast at 9% over the next three years
 - Prior year underspending for personnel services was forecast to be 5% and actual underspending is less than 3%. The amount of underspending in the prior year is considered a forecasted trend in revenue for the future year
 - New forecast factors in the increased costs in materials, services and software licenses

Impact of State Revenue Forecast

- State economist updated the State forecast in September to reflect new H.R.1 tax bill
 - Link between the State of Oregon and Federal Income tax generates \$888M or -2.5% gap
- The State is asking agencies to model -5% reductions.
 - In part to meet current deficit
 - In part to have legislative options for future SNAP and Medicaid impacts

H.R. 1 Adjustments: LRO Estimates Factored Into the September Revenue Forecast

Personal Tax Provisions	2025-27	2027-29	2029-31
Overtime Exclusion	-\$221.3	-\$157.4	\$0.0
Tips Exclusion	-\$77.7	-\$52.6	\$0.0
SALT Cap Increase	-\$83.7	-\$82.9	-\$27.2
Car Loan Interest	-\$68.0	-\$79.5	-\$6.7
Bonus Depreciation (Both)	-\$182.9	-\$100.1	-\$46.4
All Other Scored Provisions	\$47.1	\$117.3	\$104.0
TOTAL PIT Adjustments	-\$586.4	-\$355.3	\$23.7
Corporate Tax Provisions	2025-27	2027-29	2029-31
R&D Expensing	-\$141.8	-\$33.8	-\$9.2
Bonus Depreciation (Tangible)	-\$81.1	-\$17.8	-\$9.1
Bonus Depreciation (Real)	-\$48.2	-\$53.0	-\$23.7
All Other Scored Provisions	-\$30.6	-\$8.1	\$7.7
TOTAL PIT Adjustments	-\$301.8	-\$112.8	-\$34.3
Total GF Revenue Adjustments	-\$888.2	-\$468.1	-\$10.6

Prior Forecast Changes w/ State 5% Reduction

General Fund Forecast (Millions)	FY 2024-25 Actual	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
		Revised Forecast	Forecast	Forecast	Forecast
Revenues (Ongoing)	\$70,851	\$74,430	\$74,094	\$79,113	\$81,671
Expenses (on-going)	\$75,029	\$77,310	\$79,131	\$81,571	\$84,654
One-time Funds (expire mid 26-27)	\$4,178	\$2,880	\$1,989		
Annual Operating Deficit	\$(4,178)	\$ (2,880)	\$ (5,037)	\$ (2,458)	\$ (2,983)

Result is a deficit of at least \$1.1 million and up to \$3 million based on a 5% reduction in State funds

- Assumes a full 5% reduction in State resources
- Increases leftover (glide path) from \$650,000 to \$1.1 million as a best-case scenario
- Assumes traditional assumptions of projected CPI for employees' cost of living increases
- Maintains 10% ending fund balance reserves per Board policy
- Maintains position counts and staffing at current 2025-26 levels, despite increased growth

Change to Forecasting Assumptions

- Historical point in time: State budget reductions being requested for the first time since 2009. This updated forecast now assumes a disinvestment in community colleges of 5% by the State until more is known in spring of 2026
- As there are no contractual COLA agreements after July 1, 2026, the forecast will start with a baseline assumption of 0% COLA for 2026-27
 - Although it is understood that we will enter into good faith bargaining next spring
- Assumptions will still include all other step increases and maintain all other benefits in current employee agreements

General Fund Forecast w/ State 5% Reduction & 0% COLA

General Fund Forecast (Millions)	FY 2024-25 Actual	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
		Revised Forecast	Forecast	Forecast	Forecast
Revenues (Ongoing)	\$70,851	\$74,430	\$74,094	\$79,113	\$81,671
Expenses (on-going)	\$75,029	\$77,310	\$77,587	\$79,974	\$82,995
One-time Funds (expire mid 26-27)	\$4,178	\$2,880	\$1,989		
Annual Operating Deficit	(\$4,178)	(\$2,880)	(\$3,493)	(\$861)	(\$1,323)
Ending Fund Balance	\$0	\$0	(\$1,470)	(\$2,834)	(\$4,413)

Even with the revised forecast assumptions, a \$1.3 million gap is left, and ending fund balances in FY 2026-27 are \$1.5M below 10% policy.

- Additional Scenarios are needed to balance should a full 5% reduction be required by the State
- The College still has the original \$1.1 million structural deficit even if the State didn't require reductions

Additional Budget Reduction Scenarios for 5% Reductions

- All 17 colleges are collectively providing information to the State to express the extreme concerns due to recent cuts nearly all colleges have made in the past few years. Colleges have been providing scenarios to show the impacts of a 5% reduction
 - One collective approach nearly all colleges are using is to present scenarios of tuition and fee increases showing that if the State disinvests in higher education, that structurally shifts the burden to students as colleges cannot cut deeper
- For CCC, a blend of options could provide levers to choose from
 - IE – Tuition at 8% instead of 3%, General Student Fee increased by \$1/credit, and College Services Fee increase from \$30 to \$45/term generates **\$1.35 million** in revenues
- The College also will continue working through the \$1.1M structural budget reductions with additional options, eliminating services, positions and/or programs

Timing of Information for Community College Support Fund (CCSF)

Impact of Legislative Session timing

Fall 2026 Forecast models' scenarios to include options for 95% Current Service Level (CSL) allocation of CCSF and an Option for 100% CSL allocation of CCSF

Final CCSF will not be known until Spring of 2026

October

- HECC requests Impact Statements on 5% reductions

February 2026

- Legislative Short Session begins (state revenue forecast)

April 2026

- Spring Forecast

November

- Initial Fall Forecast

March 2026

- 35 day Short Session ends 3/9/26 (CCSF should be known)

Budget Process and Planning for FY 2026-27

Incorporation of forecast into budget process

Financial pressures within the General Fund

Timelines

Building a Process With What We Know Now



The college will use the information as best available to college leadership from Fall of 2025, which now includes high potential for the state allocation to be reduced mid-biennial cycle

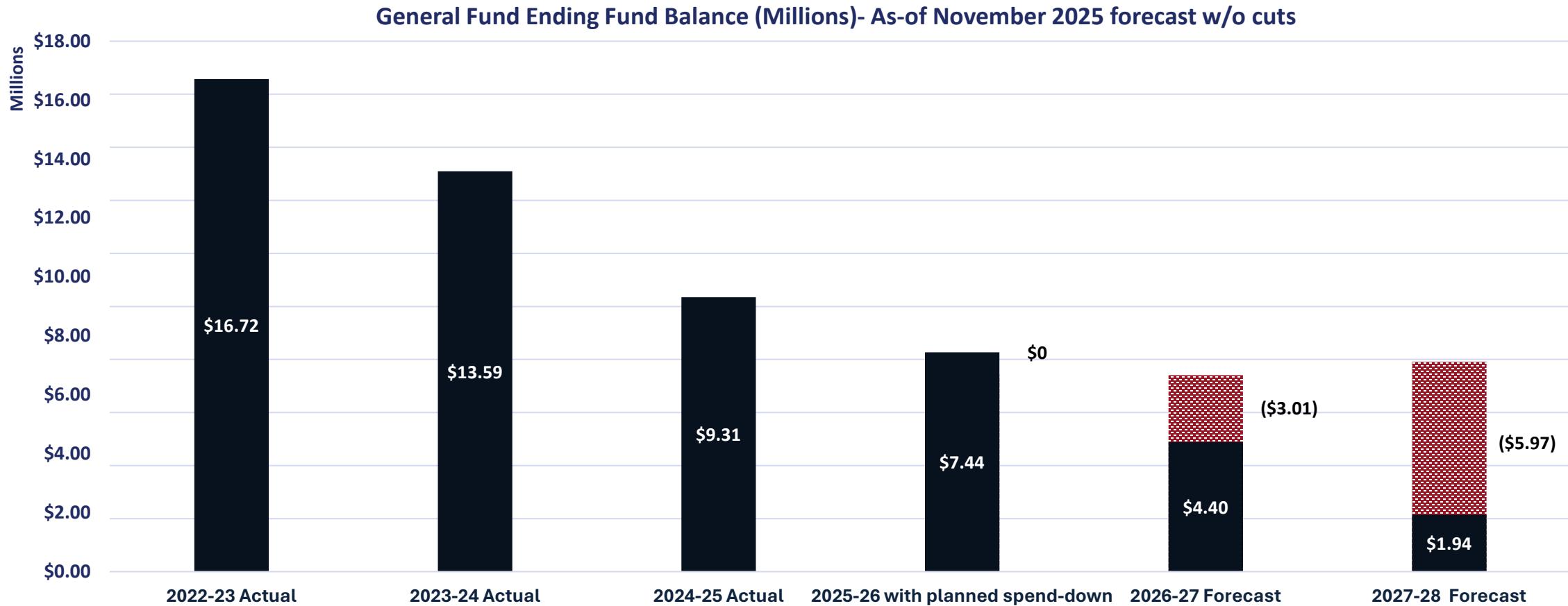


Timelines for developing scenarios is short- the General Fund no longer has the flexibility to utilize reserves in support of ongoing operations.



The budget process will focus on closing the structural deficit & having reduction options if revenues are lowered by the state. Work to establish criteria for reductions is currently underway.

Rate of the Depletion of General Fund Contingency/Reserves risks going below Board policy starting in FY 2026-27 without reductions

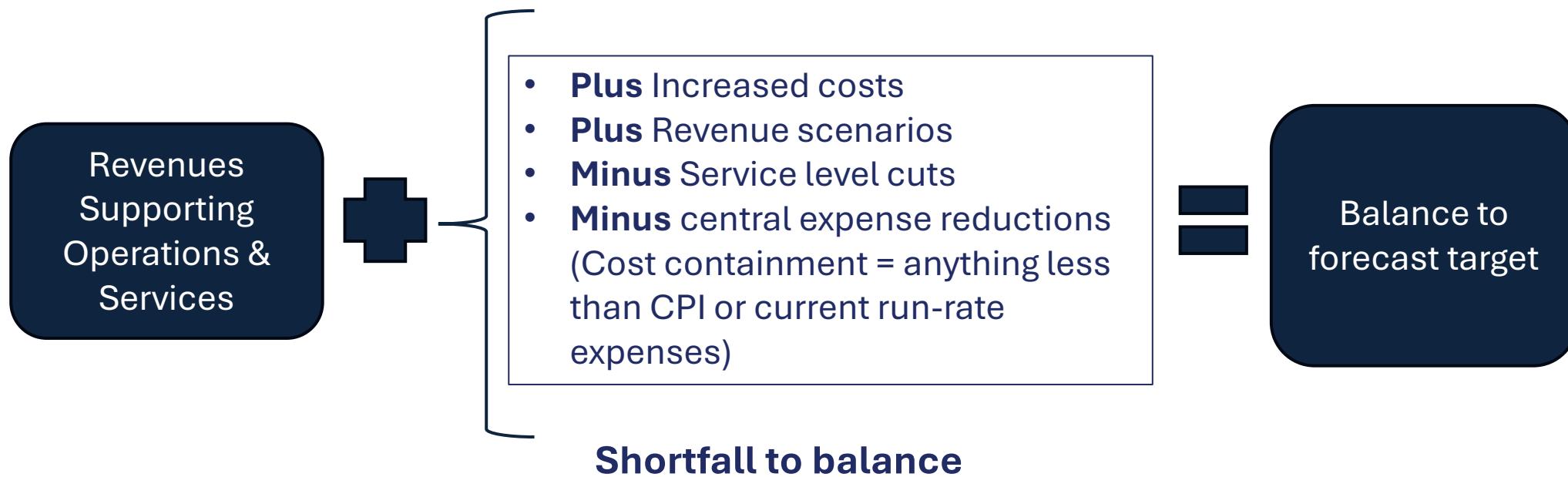


- FY 2022-23 to FY 2025-26 draw-down represents the planned spending of Federal One-time dollars during post-pandemic recovery.

Building Scenarios

Bringing the budget and forecast into alignment

- Setting criteria for the development of reductions, assessment of costs and impacts.
- Mix of scenarios and understanding trade-offs



FY 2026-27 Budget Development Calendar Overview

Remaining Fall Term:

- Process Improvement Work
- Reduction criteria established

January-March 2026:

- Reduction options identified and feedback loop works through BAS

May 1, 2026:

- Proposed Budget available

June 25, 2025:

- Budget is Adopted

December 2025 Board Meeting:

- Budget Principles for FY 2026-27 Budget Development

February-March 2026:

- Tuition and Fees before Board for adoption

May 14 & 21, 2026:

- Budget Committee Meetings

Discussion and Questions