



2025-2026 District Budget Advisory Committee (DBAC)

Meeting Agenda - Tuesday, January 20, 2026

Location: Via Zoom

<https://fhda-edu.zoom.us/j/87619775772?pwd=pJYROE6bJNEbTPp3Elvm3tax2bDOx5.1&from=addon>

Time: 1:30-3:00 p.m.

Note Taker: Trena O'Connor

	Agenda Topic	Discussion Leader
1:30 - 2:00	Governor's 2026-27 Proposed Budget (<i>Information</i>)	Dela Rosa / Puentes-Griffith
2:00 - 2:15	Enrollment Update (Information)	Dela Rosa / Puentes-Griffith
2:15 - 2:45	BPs and APs Review - 2nd Reading (<i>Information/Discussion</i>)	Dela Rosa
2:45 - 3:00	Other and Q&A	Dela Rosa / Puentes-Griffith

Handouts: - Governor's Budget Summary 2026-27 (Introduction and Education sections only) <https://ebudget.ca.gov/budget/p/2026-27/BudgetSummary>
 - Joint Analysis Governor's Budget Summary 2026-27
 - Link to BPs and APs for review (2nd Reading)
[2025.12.02 DBAC - BP and AP Review](#)

Schedule: The next scheduled meeting will be on February 17, 2026.

[District Budget & Advisory Committee agenda page](#)

INTRODUCTION

California has led the nation in recent years by making transformative investments that will continue to benefit the state well into the future. Progress is demonstrable—by providing universal access to transitional kindergarten, universal school meals, ensuring all students in kindergarten through second grade are screened for reading difficulties, allowing more college students access to financial aid, providing historic increases to the California State University and the University of California, making unprecedented investments to combat climate change, address housing needs, prevent homelessness, enhance safety net programs, and improve public safety. The future of California is brighter, cleaner, and safer because of the investments made in California, thanks to the work by this Administration and the Legislature.

It is upon this foundation of progress that California begins a new year with a Governor's Budget that reflects a benefit, a cost, and a challenge:

- The benefit of a welcome surge in state revenues in 2025 that reflects a boost in the overall revenue outlook.
- The additional near-term costs imposed on California by federal tax legislation as well as unknown future costs to the state's economy from higher tariffs and restrictive immigration policy.
- The challenge and imperative of balancing the budget not only for the coming fiscal year but for the following year as well.

INTRODUCTION

The Budget forecast reflects General Fund revenues that are higher by more than \$42 billion over the budget window, from 2024-25 through 2026-27, than projected at the 2025 Budget Act—an increase driven by higher cash receipts, higher stock market levels, and an improved economic outlook. At the same time, however, constitutional funding requirements, the need for an adequate discretionary budget reserve, and higher program costs are additional commitments that exceed the level of increased revenues, resulting in a modest projected shortfall of \$2.9 billion. As a result, the Budget does not include new significant spending proposals. Instead, the Budget focuses on the continued implementation of previous investments.

BALANCING FOR TWO BUDGET YEARS

Both during and after the COVID-19 Pandemic, California experienced significant revenue volatility. For example, in 2021, capital gains as a percent of personal income spiked to an all-time high of 11.6 percent, contributing to a surge in General Fund revenues. The following two years saw a significant revenue decline, as capital gains as a percent of personal income dropped to 4.1 percent by 2023. At the same time, this volatility was compounded in 2023 by the disaster-driven delay in income tax filings to November, affecting over 99 percent of California taxpayers.

Coming out of that period, even as revenues increased and approximately \$12 billion in ongoing expenditure reductions were included in the 2025 Budget Act, the state continues to be confronted with structural operating deficits. Given the actions required to address the revenue declines experienced in 2022 and 2023, and the budget pressures and uncertainty caused by the current federal government, the state must take meaningful steps to address the structural imbalance in the budget.

While the Budget is balanced in the 2026-27 fiscal year, with a discretionary reserve of \$4.5 billion, it projects a deficit of roughly \$22 billion in the 2027-28 fiscal year and shortfalls in the two years following. The Administration intends to build on this budget proposal in May with a revised plan—reflecting updated revenue and spending data—that balances the Budget in both the 2026-27 and 2027-28 fiscal years with adequate budget reserves.

RISKS TO THE BUDGET

While the significant revenue increase since the 2025 Budget Act is encouraging, it is important to recognize that much of this surge is attributable to a relatively small

number of technology companies that have experienced a substantial increase in their share prices due to investor enthusiasm in artificial intelligence. Given the outsized effect that technology companies' stocks have on personal income tax revenues, history indicates that these surges cannot be sustained indefinitely at such high levels. As such, the dominant risk to the Budget is stock market and asset price declines—shocks that disproportionately impact high-income earners. Unpredictable federal policies, including continued uncertainty regarding tariffs and immigration, as well as their impact on inflation, the labor market, investment, and overall demand, are another risk to the budget.

FEDERAL POLICY CHANGES

House of Representatives (H.R.) 1 of 2025 included significant federal policy changes for Health and Human Services programs that are projected to result in costs of \$1.4 billion General Fund in 2026-27. Of this amount, \$1.1 billion in additional costs are in Medi-Cal—California's Medicaid program that provides health care services for more than 14 million low-income Californians. In addition, H.R. 1 will add nearly \$300 million in costs to CalFresh—the state's Supplemental Nutrition Assistance Program providing food purchase assistance for adequate nutrition to more than 3 million California households. These costs are in addition to the natural growth in program cost and caseload since the 2025 Budget Act. see the Health and Human Services Chapter for more information.

A BALANCED 2026-27 BUDGET THAT MAINTAINS RESERVES

Since the approval of Proposition 2 in 2014, the Budget Stabilization Account (BSA) has been a key component of budget resiliency, a buffer against revenue volatility, and an insurance policy that has protected core state programs. Also known as the "Rainy Day Fund," it annually receives a deposit of 1.5 percent of General Fund tax revenue as well as a portion of General Fund revenues that result from capital gains.

Over the last two fiscal years, the state has withdrawn approximately \$12.2 billion from the BSA and suspended deposits into the BSA for the 2024-25 and 2025-26 fiscal years. These actions have allowed the state to take a balanced approach by using a portion of these reserves as one component in closing prior budget shortfalls.

Consistent with these actions, the Budget suspends a \$2.8 billion "true-up" deposit into the BSA in 2025-26. However, the Budget reflects a BSA deposit in 2026-27 of approximately \$3 billion and a minor "true-up" for fiscal year 2024-25. After accounting

for these actions, the BSA balance in 2026-27 is \$14.4 billion—an increase compared to the 2025 Budget Act level of \$11.2 billion.

In addition to this reserve amount, the Budget includes \$4.5 billion in the Special Fund for Economic Uncertainties and \$4.1 billion in the Public School System Stabilization Account—bringing the combined amount of reserves in 2026-27 to roughly \$23 billion.

MAJOR ACCOMPLISHMENTS AND HISTORIC PROGRESS

Over the past seven years, the state has made unprecedented investments and enacted transformational policies through various Budget Acts that will benefit Californians for generations to come. These budget investments and accomplishments are included in the following chapters. Highlights include:

- **Child Care Slot Expansion**—Since 2020-21, the state has invested over \$3.6 billion in additional General Fund to increase access to child care and development services, improve affordability for families, support the child care workforce, and strengthen capacity, including funding approximately 125,000 new subsidized child care slots.
- **Pre-K for All**—California has created universal access to free transitional kindergarten for all four-year-olds (over 400,000 children, 300,000 more than in 2021-22), with increased access to the California State Preschool Program for two-, three-, and four-year-olds.
- **Higher Education Compacts**—In spring 2022, the Administration entered into multi-year agreements known as Compacts with the University of California (UC) and the California State University (CSU) and the Roadmap with the CCC. These agreements focus on shared student-focused priorities, especially for resident students, such as increasing access to the UC and CSU, enhancing student success and advancing equity, making higher education more affordable, increasing intersegmental collaboration to benefit students, and supporting workforce preparedness and high-demand career pathways.
- **College Affordability**—Since 2018-19, CSU has increased the number of students graduating without any student loan debt from 53 percent to 65 percent, and UC has increased the number of students graduating without any student loan debt from 54 percent to 65 percent. The number of students receiving state financial aid increased from 429,306 in 2018-19 to 871,292 projected in 2025-26.

- **Climate Change**—\$39.1 billion (\$23.9 billion General Fund) has been dedicated to a portfolio of climate investments that reduce greenhouse gas emissions, including clean energy and transportation projects, and strengthen the state's resilience to the impacts of climate change, such as wildfires, floods, and droughts.
- **Wildfire Surge Capacity**—\$1.5 billion General Fund ongoing has been dedicated and 5,237 positions have been created to expand the state's ability to respond to catastrophic wildfires, including \$770.4 million and 2,457 positions for full implementation of the 66-hour work week in 2028-29.
- **Behavioral Health Continuum**—The state has invested over \$10 billion total funds across various Health and Human Services departments to expand the continuum of behavioral health treatment and infrastructure capacity and transform the system for providing behavioral health services.
- **Developmental Services Rate Reform**—The 2021 Budget Act initiated the phased-in developmental services provider rate reform, with a focus on improving quality of service outcomes and addressing disparities within the system. At full implementation, the Budget is estimated to include approximately \$3.5 billion (\$2.1 billion General Fund) annually.
- **Housing and Homelessness Agency**—The Governor's Reorganization Plan established a dedicated state housing and homelessness agency to institutionalize the state's progress both now and over the long term. The new Agency will integrate housing programs, advance and protect civil rights, and simplify the administration of affordable housing programs.
- **Improving Public Safety**—California has invested approximately \$2.1 billion (\$1.8 billion General Fund and \$300 million special funds) in various public safety efforts since 2021-22—including \$194.6 million in 2026-27—in recognition of the importance of keeping Californians safe.
- **Clean California**—The Clean California program began in July 2021 with \$1.2 billion in one-time funding as a transformative initiative to remove litter, create jobs, and beautify California. Since its implementation, along with clearing more than 3.4 million cubic yards of litter, Clean California has supported local art installations, new or ungraded recreational venues, and aesthetic improvements to shared public spaces.
- **Technology Modernization**—California has invested over \$10 billion to accelerate the digital transformation of services, including Broadband for All, Technology Modernization and Stabilization, Cybersecurity, Generative AI and large scale IT

Project Implementation at the Franchise Tax Board, Department of Motor Vehicles, and Employment Development Department, making government operations more efficient, accessible, and effective for all Californians.

- **California Jobs First**—A total of \$450 million General Fund has been allocated for California Jobs First. This initiative has produced the first statewide economic development strategy in 20 years, supported the development of 13 regional economic development strategies, driven investments into 260 early stage projects, and funded 11 ready-to-go projects that are expected to create upwards of 23,000 well-paying jobs.
- **Support for Small Businesses**—Over \$4.8 billion General Fund has gone to the California Office of the Small Business Advocate (CalOSBA) since January 2019 to support California's 4.3 million small businesses and nonprofit entities.
- **California Earned Income Tax Credit (CalEITC) Expansion and Creation of the Young Child Tax Credit and the Foster Youth Tax Credit**—This Administration significantly expanded the CalEITC program from \$400 million in 2019 and additionally created the Young Child Tax Credit and the Foster Youth Tax Credit to provide over \$1.4 billion in relief by 2024 across the three programs to low-income families, families with young children, and former foster youth.

HIGHER EDUCATION

The Governor's Budget reflects the fifth year of the multi-year compacts with the University of California (UC) and the California State University (CSU), and of a multi-year roadmap with the California Community Colleges (CCCs), that focus on shared priorities benefiting students.

MAJOR HIGHER EDUCATION ACCOMPLISHMENTS

Since 2019, and with the support of the Administration and the Legislature, the higher education segments have been successful in improving student outcomes. Additionally, in spring 2022, the Administration entered into multi-year agreements known as the Compacts with UC and CSU and the Roadmap with the CCC. These agreements focus on shared student-focused priorities, especially for resident students, such as increasing access to the UC and CSU, enhancing student success and advancing equity, making higher education more affordable, increasing intersegmental collaboration to benefit students, and supporting workforce preparedness and high-demand career pathways. Each segment identified goals that were mutually agreed upon to work toward, alongside commitments for year-over-year funding increases with the state. Examples of progress towards these outcomes are outlined below.

UNIVERSITY OF CALIFORNIA

- The UC has increased the number of students graduating without any student loan debt, from 54 percent to 65 percent. For the 2018-19 academic year, 98,800 students graduated debt-free out of a total of 182,945 undergraduates. By the 2023-24 academic year, that figure had grown to about 129,200 debt-free students out of 198,718—an increase of more than 30,000 students graduating without loan debt.
- The UC enrolled its largest cohort of California resident undergraduates in academic year 2024-25, with an increase of 14,774 between 2022-23 and 2024-25. Additionally, from fall 2018 to fall 2024, total enrollment at all UC campuses increased from 280,380 to 299,407—the equivalent of adding an additional campus.
- Since 2016-17, UC increased the number of degrees awarded in science, technology, engineering, and mathematics (STEM) and educational fields by 38 percent, representing 80 percent of the overall growth in degrees awarded.

CALIFORNIA STATE UNIVERSITY

- The CSU has increased the number of students graduating without any student loan debt, from 53 percent to 65 percent. For the 2018-19 academic year, 57,600 students graduated debt-free out of a total of 107,300 undergraduates. By the 2023-24 academic year, that figure had grown to about 67,300 debt-free students out of 103,800—an increase of almost 10,000 students graduating without loan debt.
- Following two years of pandemic-related enrollment declines, the CSU increased total and undergraduate enrollment in both 2024-25 and 2025-26, with total enrollment of 471,451 and undergraduate enrollment of 416,531.
- In January 2022, CSU transitioned its Humboldt campus into a polytechnic campus, making Cal Poly Humboldt the third polytechnic institution in the system. The transition was supported by more than \$458 million General Fund and expands access to postsecondary natural sciences, applied sciences, technology, and engineering programs in Northern California. All programs are projected to be implemented by 2027.

CALIFORNIA COMMUNITY COLLEGES

- Following two years of pandemic-related enrollment declines, the CCCs enrollment levels have recovered to 2.2 million students in 2024-25, and further growth is anticipated in 2025-26 and 2026-27.
- In addition to the CCC's overall enrollment recovery, the CCC's saw:
 - Increased headcount of dual enrollment students to roughly 285,000, which is an increase of 55 percent since 2018-19.
 - Increased number of students completing degrees and certificates to approximately 156,000 in 2024-25, which is an increase of 10 percent from 2018-19.
 - A reduction in the average number of student excess units for associate degrees for transfer to 81 units in 2023-24, which is a decrease of 8 percent from 2018-19.

OTHER NOTABLE HIGHLIGHTS

- The number of students receiving state financial aid more than doubled from 429,306 in 2018-19 to 871,292 projected in 2025-26.
- As a result of recent state investments, it is estimated that by the time all approved projects have completed construction the number of students in state-funded affordable student housing will grow by nearly 12,000 low-income students annually—with heavily subsidized rent across 40 campuses at the UC, CSU, and CCCs. Students benefiting from affordable rent will be required to take a full-time courseload at their respective colleges, with the goal of educational outcomes such as improved time to completion for these students.

The Budget proposes total funding of \$50.4 billion (\$31.4 billion General Fund and local property tax, and \$19 billion other funds) for the three higher education segments and the California Student Aid Commission. The figure on Higher Education Expenditures below displays additional detail about funding for higher education.

Higher Education Expenditures
(Dollars in Millions)

	2024-25	2025-26	2026-27	Change from 2025-26	
				Dollars	Percent
University of California					
Ongoing General Fund	\$4,860.7	\$4,895.1	\$5,386.3	\$491.2	9.1%
One-Time General Fund	3.8	46.7	-	-46.7	-
Total Funds ^{1/}	\$11,179.5	\$11,442.2	\$12,217.3	\$775.1	6.3%
California State University					
Ongoing General Fund	\$5,479.2	\$5,621.8	\$6,191.7	\$569.9	9.2%
One-Time General Fund	5.0	65.8	-	-65.8	-
Total Funds ^{1/}	\$9,028.3	\$9,507.8	\$10,187.7	\$679.9	6.7%
California Community Colleges					
General Fund & Property Taxes	\$14,790.6	\$14,132.8	\$15,409.9	\$1,277.1	9.0%
Total Funds ^{2/}	\$23,037.6	\$23,085.0	\$23,140.9	\$55.9	0.2%
California Student Aid Commission					
General Fund ^{3/}	\$3,532.3	\$3,068.4	\$4,373.1	\$1,304.7	42.5%
Total Funds	\$3,951.3	\$3,487.5	\$4,792.3	\$1,304.9	37.4%
General Fund	\$28,671.6	\$27,830.6	\$31,361.1	\$3,530.4	12.7%
Total Funds	\$47,196.7	\$47,522.5	\$50,338.2	\$2,815.7	5.9%

^{1/} These totals include tuition and fee revenues and other funds the universities report as discretionary.

^{2/} Withdrawals from the Public School System Stabilization Account are reflected in this row.

^{3/} General Fund expenditures for the Cal Grant program are offset by reimbursements, including approximately \$400 million in federal Temporary Assistance for Needy Families (TANF) funds received through an agreement with the Department of Social Services.

UNIVERSITY OF CALIFORNIA

The University of California (UC) offers formal undergraduate and graduate education, is the public segment authorized to independently award doctoral degrees, and is designated as the state's primary academic agency for research. Its ten campuses enroll nearly 299,000 students, and the UC extension centers register an additional 500,000 participants in continuing education programs. In 2024-25, the UC awarded more than 89,000 degrees, including over 65,000 undergraduate degrees.

The Budget proposes \$5.3 billion General Fund for the UC, an increase of almost 50 percent since 2018-19. Specifically, the Budget includes an increase of \$254.3 million ongoing General Fund, representing a 5-percent base increase, for the UC. This reflects the fifth and final payment of the multi-year compact, fully meeting the state's obligation for 2026-27. Further, the Budget also includes an additional base funding

increase of \$96.3 million ongoing General Fund, representing partial funding of the fourth-year compact payment as scheduled in the 2025 Budget Act.

In alignment with the 2025 Budget Act, the Budget also maintains the planned one-time deferral of the 2025-26 fourth-year compact payment of \$240.8 million to 2027-28. Additionally, the Budget maintains the deferral of \$31 million to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students enrolled at three campuses with an equivalent number of California resident undergraduate students, from 2025-26 to 2027-28.

Finally, the Budget extends the deferral of a one-time 3-percent base decrease of \$129.7 million included in the 2025 Budget Act, shifting the repayment from 2026-27 to 2027-28. To mitigate the impacts of this delay, the Budget provides the UC with authority for a cash flow loan in 2026-27, which will allow the UC to repay and retire its existing 2025-26 cash flow loan.

The Administration continues to be committed to the multi-year compact with the UC and expects the segment to continue its efforts to meet the compact goals. This approach enables the UC to continue committing to the compact goals to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. The Administration will continue to monitor the UC's actions toward meeting the compact goals.

CALIFORNIA STATE UNIVERSITY

The California State University (CSU) provides undergraduate and graduate instruction generally up to the master's degree. Its 22 campuses enroll more than 471,000 students. In 2024-25, the CSU awarded approximately 123,000 degrees. The CSU also provides opportunities for residents to enroll in professional and continuing education programs. The CSU provides four-year education in some of the most underserved regions of the state, including the Far North, the Central Valley, and the Inland Empire.

The Budget proposes \$5.6 billion General Fund for the CSU, an increase of almost 53 percent since 2018-19. Specifically, the Budget includes an increase of \$264.8 million ongoing General Fund, representing a five-percent base increase, for the CSU. This reflects the fifth and final payment of the multi-year compact, fully meeting the state's obligation for 2026-27. Further, the Budget also includes an additional base funding increase of \$100.9 million ongoing General Fund, representing partial funding of the fourth-year compact payment as scheduled in the 2025 Budget Act.

In alignment with the 2025 Budget Act, the Budget also maintains the planned one-time deferral of the 2025-26 fourth-year compact payment of \$252.3 million to 2027-28.

Finally, the Budget extends the deferral of a one-time 3-percent base decrease of \$143.8 million included in the 2025 Budget Act, shifting the repayment from 2026-27 to 2027-28. To mitigate the impacts of this delay, the Budget provides the CSU with authority for a cash flow loan in 2026-27, which will allow CSU to repay and retire its existing 2025-26 cash flow loan.

The Administration continues to be committed to the multi-year compact with the CSU and expects the segment to continue its efforts to meet the compact goals. This approach enables CSU to continue committing to the compact goals to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. The Administration will continue to monitor the CSU's actions toward meeting the compact goals.

CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges (CCCs) are the largest system of higher education in the country, serving roughly one out of every five of the nation's community college students, or approximately 2.2 million students. The CCCs provide basic skills, vocational, and undergraduate transfer education with 73 districts, 116 campuses, and 78 educational centers. In 2024-25, the CCCs awarded over 132,000 certificates and 206,000 degrees and transferred over 98,000 students to four-year institutions.

The Budget proposes \$15.4 billion in General Fund and property taxes for the CCCs, which is an increase of almost 50 percent since 2018-19. The Budget reflects a continued focus on the CCC multi-year roadmap, which prioritizes student success and enhances the system's ability to prepare students for California's future.

SIGNIFICANT STUDENT-CENTERED FUNDING FORMULA (SCFF) BUDGET ADJUSTMENTS

- **Payment of 2025 Budget Act Deferrals**—A one-time increase of \$408.3 million to fully repay deferrals for the SCFF in 2026-27.
- **CCC Apportionments Cost-of-Living Adjustment (COLA) and Growth**—An increase of \$240.6 million Proposition 98 General Fund to provide a 2.41-percent COLA for SCFF apportionments and \$31.9 million Proposition 98 General Fund for 0.5-percent enrollment growth. The Budget also includes an increase of \$55.3 million Proposition 98 General Fund to fund additional enrollment growth of 1 percent in

fiscal year 2025-26, and it is the Administration's expectation that the net effect of these two enrollment growth investments support a combined growth percentage of 1.5 percent in 2026-27.

- **SCFF Adjustment in 2025-26**—A one-time increase of \$88.7 million Proposition 98 General Fund to fund increasing SCFF costs in 2025-26.
- **Proposition 98 Rainy Day Fund**—A one-time withdrawal of \$44.5 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2026-27.

OTHER SIGNIFICANT BUDGET ADJUSTMENTS

- **Community College Facilities**—A one-time increase of \$736.9 million Proposition 2 bond funds to finance 10 new projects and 29 continuing projects at the community colleges.
- **Deferred Maintenance**—A one-time increase of \$120.7 million Proposition 98 General Fund to address deferred maintenance needs.
- **Student Support Block Grant**—A one-time increase of \$100 million Proposition 98 General Fund for a flexible block grant for the community colleges system.
- **Common Cloud Data Platform**—An increase of \$41 million Proposition 98 General Fund, \$5 million of which is ongoing, for further scaling of the common cloud data platform across the community college system.
- **Calbright College**—An increase of \$38.1 million Proposition 98 General Fund to support and provide stable funding for Calbright College in its base operations as it transitions out of its startup capacity.
- **Credit for Prior Learning**—An increase of \$37 million Proposition 98 General Fund, \$2 million of which is ongoing, to support and build upon the Credit for Prior Learning Initiative, as mentioned below in the Master Plan for Career Education section.
- **Categorical Program COLA**—An increase of \$30.6 million Proposition 98 General Fund for a COLA of 2.41 percent for select categorical programs.
- **California Healthy School Food Pathways Program**—An increase of \$14.3 million Proposition 98 General Fund for community colleges to support the California Healthy School Food Pathways Program, which strengthens the school food service workforce through apprenticeship and training programs.

- **Apprenticeship Related and Supplemental Instruction (RSI) Costs Backfill**—A one-time increase of \$13.4 million Proposition 98 General Fund to backfill apprenticeship RSI costs in 2024-25 and 2025-26.
- **Local Property Tax Adjustments**—A decrease of \$346.4 million Proposition 98 General Fund due to increased offsetting local property tax revenues.

CALIFORNIA STUDENT AID COMMISSION

The Budget reflects a total financial aid expenditure in 2026-27 of \$4.4 billion, an increase of more than 83 percent over 2018-19. These funds are expected to reach over 925,000 higher education students in the state.

Of this total, \$3.2 billion will be allocated to support Cal Grant. Cal Grant is the state's largest financial aid program and is administered by the California Student Aid Commission. This entitlement program provides financial aid awards to approximately 500,000 students who meet specified eligibility criteria and who attend one of the state's qualifying public and private universities, colleges and vocational schools.

Students who demonstrate financial need, but do not meet all the criteria for entitlement awards, may qualify for one of 19,000 proposed competitive Cal Grant awards. Most of these awards cover the cost of tuition and fees and provide a stipend to cover some living expenses, such as housing, food, and transportation.

The Budget provides \$1.1 billion General Fund for the Middle Class Scholarship, which is the state's second-largest scholarship program, to reimburse the cost of grants up to 35 percent of student need in 2025-26. In 2025-26, approximately 350,000 students are expected to receive a Middle Class Scholarship award. For the 2026-27 school year, the Budget projects available reimbursement of \$513 million General Fund, sufficient to provide grants of up to 17.5 percent of student need.

SIGNIFICANT BUDGET ADJUSTMENT

- **Golden State Teacher Grant Program Reappropriation**—Reappropriation of \$14.4 million General Fund from the 2021 Budget Act to support the Golden State Teacher Grant Program in 2026-27.

STUDENT HOUSING

The 2021 Budget Act established the Higher Education Student Housing Grant Program with the goal of providing affordable housing for students enrolled at UC, CSU, and CCC campuses. The 2023 and 2024 Budget Acts shifted roughly \$2 billion in prior and planned General Fund support for UC, CSU, and CCC affordable student housing grants to: (1) UC- and CSU-issued bonds for approved UC and CSU projects, and (2) state-issued lease revenue bonds under the State Public Works Board for approved CCC projects.

The Budget reflects the Administration's ongoing General Fund commitment to these projects and the affordable housing that will be available to students across all segments, specifically:

- For the UC, more than 7,000 new beds are expected to be available to students by fall 2028, of which more than 3,400 will be subsidized as part of the program's statutory requirements.
- For the CSU, more than 5,000 new beds are expected to be available to students by fall 2027, of which more than 3,700 will be subsidized as part of the program's statutory requirements.
- For the CCCs, more than 5,800 new beds are expected to be available to students by 2029, of which more than 4,800 are projected to be subsidized as part of the program's statutory requirements.

MASTER PLAN FOR CAREER EDUCATION

In April 2025, after extensive statewide stakeholder engagement, the Administration released the state's first Master Plan for Career Education, with the goals of: (1) aligning state education and workforce development programs with the needs of the future economy, (2) better coordinating and streamlining programs regionally and across state agencies, and (3) ensuring that the state's students and adult learners have affordable access to the educational and career preparation opportunities needed to navigate to and obtain good paying jobs that lead to sustained career pathways.

HIGHER EDUCATION

The 2025 Budget Act included investments to begin implementation of the Master Plan, including:

- \$25 million one-time Proposition 98 General Fund for the development of a Career Passport, a secure digital tool that displays an individual's validated skills, credentials, and academic achievements, which is intended to be shared with employers and institutions of higher education to present a skills-based portrait of an individual's education, career, and experience.
- \$15 million one-time and \$5 million ongoing Proposition 98 General Fund for the Credit for Prior Learning Initiative, which builds upon, expands, and embeds processes for awarding credit for prior learning across the community college system. Information on validated skills from credit for prior learning initiatives would be documented in a Career Passport.
- \$1.5 million ongoing General Fund for the Government Operations Agency to establish the California Education Interagency Council to improve planning and coordination between elementary, secondary, and postsecondary education agencies and workforce development agencies and related entities aligned with recommendations of the Master Plan.
- \$1 million one-time General Fund for the Labor and Workforce Development Agency to evaluate how regional coordination models can be expanded to create sustainable forums where educators, workforce training providers, and employers can work to align programs with employer needs.

The Budget proposes the following new investments to implement key provisions of the Master Plan, with additional phases of implementation to be considered in future fiscal years:

- \$100 million one-time Proposition 98 General Fund to increase access to college and career pathways for high school students, including expanding access to dual enrollment. See the TK-12 Education Chapter for more information.
- \$37 million Proposition 98 General Fund, of which \$2 million is ongoing, to further support and expand the Credit for Prior Learning Initiative. These additional funds are intended to provide a fiscal incentive that will allow more community college campuses to participate in the development of credit for prior learning, increasing access to the initiative for more students.

Joint Analysis

Governor's January Budget

January 9, 2026



California Community Colleges



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COMMUNITY COLLEGE ADMINISTRATORS



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Purpose of Report

This analysis was prepared by the California Community Colleges Chancellor's Office (Chancellor's Office) with review and support from the:

- Association of California Community College Administrators (ACCCA),
- Association of Chief Business Officials (ACBO), and
- Community College League of California (League).

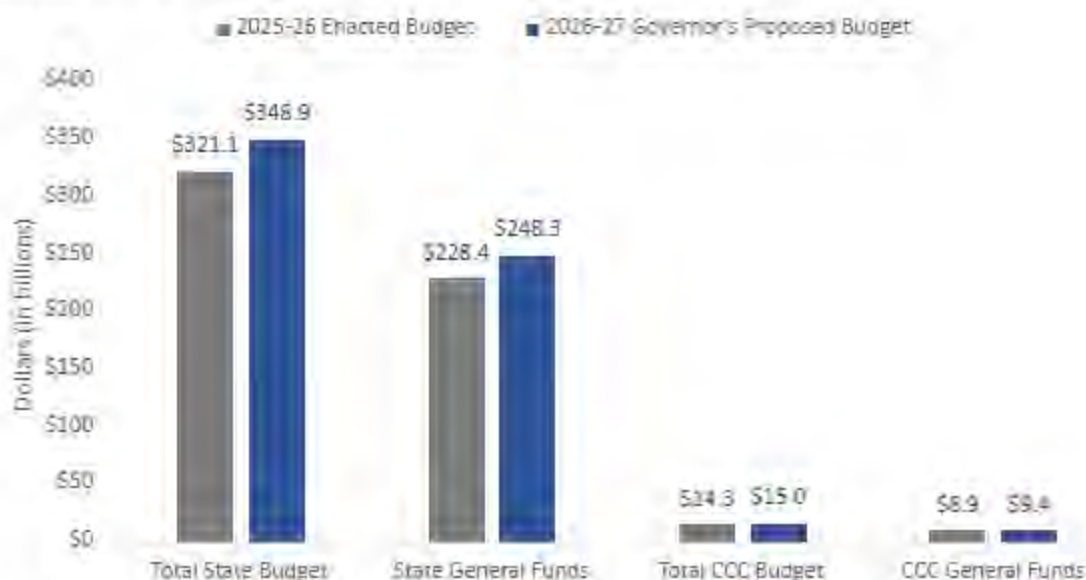
Its purpose is to provide information about the Governor's January budget proposal as a common resource for each organization's further analyses and advocacy efforts. Over the next several months, updated analyses will describe any proposed trailer bills, the Governor's May Revision, and the enacted budget.

Summary of Key Budget Changes

Today, Governor Newsom released his budget proposal for the 2026-27 fiscal year. Following are some key changes in the proposal compared to the enacted budget for 2025-26.

- Under the proposal, the overall state budget would be higher than in 2025-26, increasing by about 8.7% to \$348.9 billion, reflecting higher state receipts driven by stock market gains. General Fund spending would increase by nearly \$20 billion (8.7%) to \$248.3 billion.

Figure 1: Proposed 2026-27 budget reflects increase of about \$27.8 billion from 2025-26 (dollars in billions).



- The budget proposal for the California Community Colleges focuses on maintaining base funding stability and continued investment in priorities aimed at achieving Vision 2030 and Roadmap goals.

- The proposal for additional ongoing spending includes \$240.6 million for a 2.41% cost-of-living adjustment (COLA) for community college apportionments and about \$30.6 million for COLAs and adjustments to certain categorical programs. It also includes \$87.2 million to cover systemwide enrollment growth of 1.5% over two years (\$55.3 million for growth of 1.0% starting in 2025-26 and \$31.9 million for 0.5% growth starting in 2026-27).
- One-time funding in the proposal includes \$120.7 million to address deferred maintenance, \$100 million for another investment in the Student Support Block Grant, \$36 million to fully scale the Common Cloud Data Platform, and \$35 million to scale and institutionalize the Credit for Prior Learning Initiative.
- The Governor’s proposal includes capital outlay funds from Proposition 2 to support 39 projects.

State Budget Overview

The Governor’s Budget proposes some additional ongoing foundational resources for California Community Colleges, along with a few one-time investments.

BUDGET REFLECTS ONGOING FISCAL UNCERTAINTY

The 2025 Budget Act was enacted in the context of an expected budget shortfall in 2026-27 of nearly \$13 billion, making it the fourth year in a row the state had to address budget deficits. The last several budgets used reductions in one-time spending, withdrawing reserves, deferrals, program reductions, and internal fund shifts and borrowing to close annual shortfalls. The Governor’s Budget reflects a workload budget without significant new proposals, addressing a deficit now estimated at \$2.9 billion (rather than the roughly \$13 billion expected in the 2025 Budget Act).

Both Revenues and Costs Running Above Projections

The proposed budget for 2026-27 projects \$42.3 billion in revenues above expectations in the 2025 Budget Act related to a stronger-than-expected stock market and investor enthusiasm surrounding artificial intelligence. The [Legislative Analyst’s Office](#) (LAO) recently projected substantially lower revenues and a higher deficit (about \$18 billion) than the Governor’s proposal assumes, arguing that higher state revenues based on a stock market rally in technology may not be sustainable. The LAO cautioned that high borrowing costs and tariffs are putting cost pressures on families and businesses and noted that payroll job growth and sales of taxable goods have been flat, reflecting consumer pessimism and business uncertainty. Its three-year forecast suggests that, even without a stock market downturn or recession, revenues are unlikely to grow fast enough to catch up to high spending growth. Costs are higher across statewide expenditure categories, particularly in health and human services programs like Medi-Cal and CalFresh that will have further cost pressures related to federal [policy changes](#). The LAO concluded that ongoing structural budget deficits are growing, the state’s budget position is weak,

and its resilience is waning after several years of addressing budget problems primarily with temporary solutions.

The Administration acknowledges the risks posed by significant revenue volatility and cost pressures from federal policy actions and intends to monitor the issues over the next few months to incorporate into its revised proposal in May. The Administration plans to present a proposal for balanced budgets in both 2026-27 and 2027-28 at that time, consistent with its intent to do two-year budget planning.

Budget Reserve Resiliency Waning

The Governor’s budget proposal reflects \$23 billion in total reserves at the end of 2026-27, including:

- \$14.4 billion in the Budget Stabilization Account (BSA, or “Rainy Day Fund”);
- \$4.1 billion in the Public School System Stabilization Account (PSSSA); and
- \$4.5 billion in the Special Fund for Economic Uncertainties (SFEU).

As agreed to following passage of the 2024 budget, Assembly Bill 179 (Chapter 997, Statutes of 2024) created a “temporary holding account” to preserve a portion of any projected surplus for use in future fiscal years (a provision designed as a pilot project scheduled to sunset after 2030, unless extended). Over the last two years, the state has withdrawn \$12.2 billion from the BSA and suspended deposits in the fund, creating “true-up” requirements. The Governor’s Budget proposes to suspend the \$2.8 billion “true up” for 2025-26 but make a small “true-up” for 2024-25 and a deposit of about \$3 billion for 2026-27.

PROPOSITION 98 ESTIMATES ADJUSTED UPWARD

Minimum Guarantee for K-14 Education Increases

Each year, the state calculates a “minimum guarantee” for school and community college funding based on a set of formulas established in Proposition 98 and related statutes. To determine which formulas to use for a given year, Proposition 98 lays out three main tests that depend upon several inputs including K-12 attendance, per capita personal income, and per capita General Fund revenue. Depending on the values of these inputs, one of the three tests becomes “operative” and determines the minimum guarantee for that year. The state rarely provides funding above the estimated minimum guarantee for a budget year. As a result, the minimum guarantee determines the total amount of Proposition 98 funding for schools and community colleges. Though these formulas determine total funding, they do not prescribe the distribution of funding within the segments. The Governor and Legislature have significant discretion in allocating funding to various programs and services, although K-12 is typically allocated roughly 89% of available funds while 11% goes to community colleges.

Table 1 shows the budget’s estimates of the minimum guarantee for the prior, current, and budget years, with Test 1 in effect across all three years, setting the guarantee at roughly 40% of the overall state General Fund.

The community college share of Proposition 98 funding is at the traditional share of approximately 11% in all three years, with the calculated share being 11.26% in 2024-25. As described by the [LAO](#), this traditional split is complicated by different enrollment trajectories in K-12 and community colleges. [Estimates](#) suggest that K-12 enrollment is projected to decline by over half a million students by 2031-32 while community college enrollment is projected to increase. In addition, declining K-12 enrollment can reduce the growth of the overall guarantee under Tests 2 and 3, should those tests become active, potentially resulting in increased competition for limited dollars and politically delicate deliberations in the Legislature over the appropriate allocation of resources between local educational agencies and community college districts. For 2025-26, the Administration’s Proposition 98 package supports \$88.7 million in current-year SCFF costs using prior-year resources for the community colleges.

Table 1: California Community Colleges Proposition 98 Funding by Source (In Millions)

Source	2024-25 Revised	2025-26 Revised	2026-27 Proposed	Change From 2025-26 (Amount)	Change From 2025-26 (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$91,197	\$87,473	\$89,877	\$2,404	2.7%
Local property tax	32,636	33,947	35,604	\$1,657	4.9%
Totals	\$123,833	\$121,420	\$125,481	\$4,061	3.3%
COMMUNITY COLLEGES ONLY ^a					
General Fund	\$9,794	\$8,441	\$9,326	\$885	10.5%
Local property tax	4,335	4,558	4,785	\$227	5.0%
Totals	\$14,129	\$12,999	\$14,111	\$1,112	8.6%

^a CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, and K-12 Strong Workforce programs.

Estimates for Current and Prior Years Have Increased

The estimates of the Proposition 98 minimum guarantee for 2024-25 and 2025-26 increased as compared to projections when the 2025-26 budget was enacted in June of last year. Changes to the estimates can occur if school enrollment, economic growth, or state revenues turn out to be different than expected. Specifically, the revised estimates for the prior and current years are substantially higher than was projected in June because of higher-than-expected revenues and constitutional mandates allocating about 40 cents of each dollar in higher revenues to K-14 education. After accounting for revised cost projections, settle-up funding (based on providing K-14 funding below the estimated guarantee for 2024-25), and the 2025-26 State Budget’s reliance on one-time funds and deferrals to cover ongoing K-14 programs, much of this funding increase is required to support baseline needs in 2026–27. The Governor’s Budget proposes to pay off the \$1.9 billion settle-up created in 2024-25 but creates a new settle-up obligation of \$5.6 billion for 2025-26 related to ongoing fiscal uncertainty (making the funded level of the

guarantee for 2025-26 \$115.9 billion). The Administration will review updated factors for calculating Proposition 98 as part of its May Revision to the budget proposal.

District Funding Floor Remains in Place

While the 2021 Budget Act's hold harmless provision for the Student Centered Funding Formula (SCFF) expired at the end of 2024-25, the modified revenue protections included in the 2022 Budget Act took effect in the current year. Under that provision, a district's 2024-25 funding represents its new "floor." Districts will be funded at their SCFF generated amount for the year or their "floor" (2024-25 funding amount), whichever is higher. This funding protection does not include adjustments to reflect cumulative COLAs over time, as was the case with the hold harmless provision in effect through 2024-25, so a district's hold harmless amount will not grow.

Withdrawal from Public School System Stabilization Account (PSSSA)

Proposition 2, approved by voters in November 2014, created the PSSSA, a state reserve fund for schools and community colleges. Under Proposition 2, transfers are made to this account if several conditions are satisfied. Specifically, the state must have paid off all Proposition 98 debt created before 2014-15, the minimum guarantee must be growing more quickly than per capita personal income, and capital gains revenues must exceed 8% of total revenues. In tight fiscal times, the state must withdraw funding from the reserve to supplement the funding schools and community colleges receive under Proposition 98. The Governor's budget proposal includes a \$407.1 million mandatory withdrawal for 2026-27, with \$44.5 million earmarked for community college apportionment.

Though these transfers change *when* the state spends money on schools and community colleges, they do not directly change the *total amount* of state spending for schools and community colleges across fiscal years. Specifically, transfers to the PSSSA count toward Proposition 98 totals in the year the transfer is made. As a result, appropriations to schools and community colleges in such a year could be lower than otherwise required by Proposition 98. However, in a year when money is spent out of this reserve, as in the proposal for 2026-27, the amount transferred back to schools and community colleges is over and above the Proposition 98 amount otherwise required for that year.

California Community Colleges Funding

The Governor's Budget includes about \$429 million in ongoing policy adjustments for the community college system, compared to 2025-26 expenditure levels, as reflected in Table 2. The system would receive approximately \$1.2 billion in additional funding for one-time and ongoing programs and initiatives, after accounting for technical adjustments.

Table 2: Proposed 2026-27 Changes in Proposition 98 Funding for the System (In Millions)

POLICY ADJUSTMENTS	
Ongoing (Proposition 98)	
SCFF COLA (2.41%)	\$240.6
SCFF growth 2025-26 (1.0%)	\$55.3
Increase in support for Calbright College	\$38.1
SCFF growth 2026-27 (0.5%)	\$31.9
Adult Ed COLA (2.41%)	\$16.1
California Healthy School Pathway Program	\$14.3
Reallocate funds to Basic Needs Centers	\$8.0
Common Cloud Data Platform	\$5.0
Extended Opportunity Programs and Services (EOPS) COLA (2.41%)	\$4.6
Disabled Student Programs and Services (DSPS) COLA (2.41%)	\$4.3
Credit for Prior Learning	\$2.0
Mandates Block Grant COLA (2.41%) and enrollment-based adjustments	\$1.6
CalWORKs Student Services COLA (2.41%)	\$1.4
Financial aid administration adjustments	\$1.2
Apprenticeship (community college districts RSI) COLA (2.41%)	\$0.9
Cooperative Agencies Resources for Education (CARE) COLA (2.41%)	\$0.8
Equal Employment Opportunity Program	\$0.3
Childcare Tax Bailout COLA (2.41%)	\$0.1
Reallocate funds from the Classified Employee Summer Assistance Program	-\$8.0
Subtotal Ongoing (Proposition 98) Policy Adjustments	\$418.1
One-Time (Proposition 98)	
Deferral Repayment	\$408.4
Deferred Maintenance	\$120.7
Student Support Block Grant	\$100.0
Cover SCFF shortfall for 2025-26	\$88.7
Common Cloud Data Platform	\$36.0
Credit for Prior Learning	\$35.0
Backfill Apprenticeship Funding Shortfall	\$13.4
Subtotal One-Time Policy Adjustments	\$802.2

TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth) ^a	-\$11.2
Subtotal Technical Adjustments	-\$11.2
TOTAL CHANGES	\$1,209.3

^a SCFF technical adjustments include DOF's estimates of workload measures including reported FTES, supplemental, and success metrics.

Compared to the 2025 Budget Act, the estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by \$261 million, from \$10.15 billion to \$10.41 billion. This reflects a proposed COLA of 2.41% (\$240.6 million) and FTES growth of 0.5% (\$31.9 million) and modified estimates for the funding floor and other underlying estimation factors. Further, the following adjustments are reflected in associated offsetting revenues (all comparisons are from the 2025-26 Budget Act to the 2026-27 Governor's Budget proposal):

- Property tax revenues are estimated to increase by \$346.4 million from \$4.44 billion to \$4.78 billion.
- Enrollment Fee revenues are estimated to decrease by \$0.9 million from \$433.5 million to \$432.6 million.
- Education Protection Account funding is estimated to increase by \$356 million from \$1.30 billion to \$1.65 billion.

Table 3 reflects the 2025-26 rates, along with the projected rates for 2026-27, as modified by COLA. Table 4 shows the estimated rates for college types and centers.

Table 3: Proposed 2026-27 Student Centered Funding Formula Rates (rounded)

Allocations	2025-26 Rates*	Estimated Proposed 2026-27 Rates*	Estimated Change from 2025-26 (Amount)	Estimated Change from 2025-26 (Percent)
Base Credit*	\$5,416.20	\$5,546.73	\$130.53	2.41%
Incarcerated Credit*	\$7,595.29	\$7,778.34	\$183.05	2.41%
Special Admit Credit*	\$7,595.29	\$7,778.34	\$183.05	2.41%
CDCP	\$7,595.29	\$7,778.34	\$183.05	2.41%
Noncredit	\$4,567.26	\$4,677.33	\$110.07	2.41%
Supplemental Point Value	\$1,280.76	\$1,311.62	\$30.87	2.41%
Student Success Main Point Value	\$755.21	\$773.41	\$18.20	2.41%
Student Success Equity Point Value	\$190.49	\$195.08	\$4.59	2.41%

^aTen districts receive higher credit FTES rates, as specified in statute.

Table 4: SCFF Rates for Colleges and Centers (rounded)

Basic Allocation	2025-26	Proposed 2026-27	Change from 2025-26 (Amount)	Change from 2025-26 (Percent)
Single College District				
Small College	\$6,658,143.47	\$6,818,604.73	\$160,461.26	2.41%
Medium College	\$8,877,528.70	\$9,091,477.14	\$213,948.44	2.41%
Large College	\$11,096,910.43	\$11,364,345.98	\$267,435.54	2.41%
Multi College District				
Small College	\$6,658,143.47	\$6,818,604.73	\$160,461.26	2.41%
Medium College	\$7,767,836.95	\$7,955,041.83	\$187,204.87	2.41%
Large College	\$8,877,528.70	\$9,091,477.14	\$213,948.44	2.41%
Designated Rural College	\$2,117,699.79	\$2,168,736.36	\$51,036.57	2.41%
State Approved Centers	\$2,219,381.74	\$2,272,868.84	\$53,487.10	2.41%
Grandparented Centers				
Small Center	\$277,424.68	\$284,110.62	\$6,685.93	2.41%
Small Medium Center	\$554,845.87	\$568,217.66	\$13,371.79	2.41%
Medium Center	\$1,109,690.00	\$1,136,433.53	\$26,743.53	2.41%
Medium Large Center	\$1,664,535.87	\$1,704,651.18	\$40,115.31	2.41%
Large Center	\$2,219,381.74	\$2,272,868.84	\$53,487.10	2.41%

Appendix B compares the Governor’s proposed funding adjustments for the system in 2026-27 to the Board of Governors’ [budget request](#) for the year. Titled “Powering California’s Economy: Investing in Students, Workforce, and Innovation,” the request advances the system’s commitment to Vision 2030 by seeking targeted investments and policy changes that would provide colleges and students with the tools they need to meet California’s diverse economic and workforce needs. Below, we highlight a few of the Administration’s funding and policy proposals, with some context for how the proposals relate to Vision 2030 goals and the system’s budget request. Later in this analysis, we detail local funding by program, capital outlay funding, and state operations.

MAJOR POLICY DECISIONS AIM FOR STABILITY AND CONTINUATION OF RECENT PRIORITIES

The proposed budget provides funding for a COLA and enrollment growth, with one-time funds again targeted toward improving technology tools to facilitate student progress and movement, expanding credit for prior learning, and providing students with targeted supports. Additional details about some proposals will be included in trailer bill language as the budget process moves forward.

Provides Funds for 2.41% COLA for Apportionments and 1.5% Growth

The proposal includes an increase of \$87.2 million **ongoing** across 2025-26 and 2026-27 to fund 1.5% enrollment growth (\$55.4 million for 1% growth starting in 2025-26 and \$31.9 million for 0.5% growth starting in 2026-27). It includes \$240.6 million **ongoing** to support

a COLA of 2.41% for apportionments and another \$30.6 million **ongoing** to support a COLA of 2.41% for Extended Opportunity Programs and Services, Disabled Students Programs and Services, Apprenticeships, CalWORKs Student Services, and the Adult Education program. The proposal fully repays the \$408.4 million deferral included in the 2025 Budget Act and does not propose additional deferrals. The proposal does not address the system's request for policy changes to eliminate the 10% cap on funded FTES growth and to fund credit FTES at the higher of the three-year average or the amount reported in the current year.

Addresses Facilities Needs

While the Governor's Budget does not provide ongoing funds for deferred maintenance as requested by the system to begin tackling the estimated needs that exceed \$2 billion, the proposal does include \$120.7 million **one-time** for deferred maintenance needs and special repairs of facilities. This would be the first time the system has received funds for deferred maintenance since the 2022-23 Budget Act.

Invests in Scaling Common Cloud Data Platform

Responding to the system's budget request, the Governor's Budget proposes an additional investment of \$36 million **one-time** and \$5 million **ongoing** to scale up the Common Cloud Data Platform that received one-time funds in the 2025 Budget Act. The platform will address the fragmented data infrastructure across the colleges by integrating a suite of technology tools, including e-Transcripts, the Mapping Articulated Pathways (MAP) platform, and Program Pathways Mapper. The system's goal is to enhance statewide reporting, data sharing, and analytical ability across districts and the Chancellor's Office. A shared technology infrastructure will improve institutional performance, strengthen accountability, and improve efficiency to enhance the public's return on investment in community colleges, and the system aims to onboard all districts to a shared infrastructure by 2030. As mandated by the 2025-26 State Budget, the Chancellor's Office will report to the Department of Technology and the Department of Finance on the project's progress by January 15, 2026, including the scope, schedule, and estimated cost of full implementation. Those departments will provide an assessment of the value of further development and expansion of the platform to relevant policy and fiscal committees of the Legislature by March 31, 2026.

Provides Additional Funds to Institutionalize Credit for Prior Learning

Also responding to the system's budget request and building on prior investments, the Governor's proposal includes \$35 million **one-time** and \$2 million **ongoing** for the Credit for Prior Learning (CPL) Initiative. CPL received funding in the 2024 and 2025 state budgets, and is aimed at providing opportunities for veterans, working adults, and apprentices with a jumpstart of up to one year on completing a degree while reducing debt and preserving benefits for higher degree completion. According to trailer bill language accompanying the 2025-26 State Budget, the initiative is:

- Developing systemwide processes to identify and notify students who qualify for degree-applicable or certificate-applicable CPL and a systemwide technology infrastructure to facilitate that effort;
- Convening systemwide faculty workgroups to promote the adoption of systemwide credit recommendations for prior learning; and
- Partnering with system stakeholder groups, workforce agencies, industry organizations, and independent educational institutions to identify and promote CPL opportunities.

The goal, according to the system budget request, is to implement CPL at every college district to ensure equitable access for students and to ensure that job training and college are not treated as mutually exclusive enterprises. While systemwide infrastructure, policy, and technology are increasingly in place, more than half of colleges have yet to begin offering and documenting CPL, so additional investments are intended to further scale and institutionalize the practice.

Extends Investment in Student Support Block Grant

The 2025 Budget Act included \$60 million one-time to establish the Student Support Block Grant, allocated to districts according to a formula that provided each district with a base amount of \$150,000 and distributed remaining funds based on student headcount and the number of students receiving fee waivers and exemptions from nonresident tuition. While the system requested ongoing funding for targeted support for certain learner populations, the Governor’s proposal for 2026-27 instead includes an additional \$100 million **one-time** to enhance existing student support programs through this block grant, which emphasizes skills-based learning, career pathways, and student equity, as detailed in a recent [guidance memo](#) from the Chancellor’s Office.

As specified in the current-year budget, districts can use block grant funds until June 30, 2029 to provide students help with food, housing, transportation, and other basic needs; childcare or other assistance for student parents; academic or financial aid advising; legal and other support services; mental health services; and/or job placement or other employment assistance. Districts are required to report annually on the use and impact of the funds, with the Chancellor’s Office reporting to the Legislature on July 1, 2028 and July 1, 2030.

Increases Funding for Calbright

The budget proposal includes an additional \$38.1 million **ongoing** for California Statewide Community Colleges (Calbright College) to support and provide stable funding in base operations as it transitions out of its startup capacity. The college currently receives \$15 million per year to offer free online programs geared toward helping individuals acquire and improve skills for in-demand jobs, which would increase to \$53.1 million. The Governor’s proposal also includes an ongoing COLA for Calbright.

Provides Additional Funds for Training Food Service Workers

The 2022 Budget Act included \$10 million one-time for the community colleges as part of the California Health School Food Pathway Program, a workforce development program

aimed at training food service workers to prepare healthy meals for K-12 students. The Governor's proposal for 2026-27 invests an additional \$14.3 million **one-time** in community colleges for this program.

Continues Use of Strong Workforce Program Funds for Nursing

The 2024 Budget Act earmarked \$60 million of Strong Workforce Program funds to nursing program expansion via the Rebuilding Nursing Infrastructure Grant Program, intending to expand nursing programs and partnerships over five years via \$60 million allocations each year to support the grant program. While the system requested one-time funds to fully restore the Strong Workforce Program to its base funding level, the Governor's proposal includes this provision for a third year, allocating \$60 million from the Strong Workforce Program for the RNI Grant Program.

Shifts Funds to Support Classified Employee Basic Needs

The Governor's Budget proposes to temporarily shift \$8 million ongoing funds from the Classified Employee Summer Assistance Program to Basic Needs Centers for 2026-27 and 2027-28, to be used for providing classified employees with access to food pantry services. This allocation is consistent with legislative intent in Senate Bill 148 (Chapter 745, Statutes of 2025).

Supports Dual Enrollment Through K-12

The system requested one-time funds for the Chancellor's Office to support a California Community Colleges College and Career Access Pathways (CCAP) Grant Program that would provide a source of funding for all colleges to develop or expand dual enrollment partnerships with local education agencies. While the specific request is not included in the Governor's Budget, the proposal does include \$100 million one-time for dual enrollment activities under the K-12 side of the budget. The Administration has indicated that additional details regarding this investment will be negotiated with the Legislature through the trailer bill process.

Makes Changes to Education Governance

The Governor's Budget includes a proposal to move oversight of the California Department of Education and ultimate responsibility for state oversight and support of local educational agencies under the State Board of Education. The move is intended to reduce fragmentation and streamline accountability for TK-12 education. The [proposal](#) also would expand and strengthen the State Superintendent of Public Instruction's (SPI) role in fostering coordination and alignment of state education policies from early childhood through postsecondary education. For the community colleges, this would include adding the SPI to the Board of Governors. Reforming education governance has long been recommended in [legislative](#) and [independent](#) reports and, along with last year's proposal to establish the California Education Interagency Council (Assembly Bill 95, Fong), represents the Administration's efforts to better align policies and planning and improve student pathways across the state's education and workforce systems.

LOCAL SUPPORT FUNDING IS LARGELY STABLE FOR ONGOING PROGRAMS

Table 5 shows proposed ongoing local assistance funding by program for the current and budget years. As the table shows, most categorical programs received level or workload funding in the Governor’s proposal, with certain programs receiving cost-of-living adjustments. Decreases in funding are related to revised estimates of underlying factors or removal of one-time funds. Table 6 shows one-time spending proposals.

Table 5: California Community Colleges Ongoing Funding by Program^a (In Millions)

Program	2025-26 Revised	2026-27 Proposed	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$10,148.88	\$10,410.22	\$261.34	2.58%	COLA, growth, SCFF technical adjustments
Adult Education Program – Main ^b	674.16	690.26	16.10	2.41%	COLA
Student Equity and Achievement Program	523.98	523.98	0.00	0.00%	
Student Success Completion Grant	412.60	412.60	0.00	0.00%	
Strong Workforce Program	290.40	290.40	0.00	0.00%	Of this funding, \$60 million shall be available annually to support the Rebuilding Nursing Infrastructure Grant Program from 2024-25 through 2028-29.
Part-time faculty health insurance	200.49	200.49	0.00	0.00%	
Extended Opportunity Programs and Services (EOPS)	189.30	193.86	4.56	2.41%	COLA
Disabled Students Programs and Services (DSPS)	178.69	182.99	4.31	2.41%	COLA
Full-time faculty hiring	150.00	150.00	0.00	0.00%	
Integrated technology	89.50	94.50	5.00	5.59%	Ongoing funds added for Common Cloud Data Platform
California College Promise (AB 19)	91.21	91.21	0.00	0.00%	
Financial aid administration	83.73	84.92	1.19	1.42%	Waived fees and per unit adjustment
CalWORKs student services	56.92	58.29	1.37	2.41%	COLA
NextUp (foster youth program)	54.11	54.11	0.00	0.00%	
California Online Community College (Calbright College)	15.00	53.10	38.10		Ongoing funds added

Basic needs centers	43.29	51.29	8.00	18.48%	\$8 million reallocated from the Classified Employee Summer Assistance Program to Basic Needs Centers for FY 2026-27 and FY 2027-28.
Mandates Block Grant and reimbursements	39.16	40.71	1.55	3.96%	COLA and enrollment-based adjustment
Mathematics, Engineering, Science Achievement (MESA)	39.42	39.42	0.00	0.00%	
Apprenticeship (community college districts RSI)	35.62	36.49	0.86	2.41%	COLA
Cooperative Agencies Resources for Education (CARE)	34.61	35.45	0.83	2.41%	COLA
Rising Scholars Network	35.00	35.00	0.00	0.00%	
Student mental health services	32.47	32.47	0.00	0.00%	
CA Apprenticeship Initiative	30.00	30.00	0.00	0.00%	
Institutional effectiveness initiative	27.50	27.50	0.00	0.00%	
Part-time faculty compensation	26.54	26.54	0.00	0.00%	
Part-time faculty office hours	23.63	23.63	0.00	0.00%	
California Virtual Campus	23.00	23.00	0.00	0.00%	
Economic and Workforce Development	22.93	22.93	0.00	0.00%	
Homeless and Housing Insecurity Program ("Rapid Rehousing")	20.56	20.56	0.00	0.00%	
California Healthy School Food Pathway Program	0.00	14.34	14.34	N/A	Ongoing funds added
Nursing grants	13.38	13.38	0.00	0.00%	
Puente Project	13.33	13.33	0.00	0.00%	
Equal Employment Opportunity Program	12.77	13.04	0.28	2.17%	Increase in available Equal Opportunity Fund
Lease revenue bond payments	12.86	12.86	0.00	0.00%	\$88k was added to FY 2025-26 and on an ongoing basis.
Dreamer Resource Liaisons	11.60	11.60	0.00	0.00%	
Student housing lease revenue bond payments	0.00	11.06	11.06	N/A	FY 25-26 was reduced from \$2.47 million to \$0. FY 26-27 was increased to \$11.06 million.
Veterans Resource Centers	10.82	10.82	0.00	0.00%	
Immigrant legal services through CDSS	10.00	10.00	0.00	0.00%	
Umoja	9.18	9.18	0.00	0.00%	
Asian American and Native Hawaiian and Pacific Islander (AANHPI) Student Achievement Program	8.00	8.00	0.00	0.00%	
Credit for Prior Learning Policies	5.00	7.00	2.00	N/A	Ongoing funds added

Foster Parent Education Program	6.15	6.15	0.00	0.00%	
Childcare tax bailout	4.42	4.53	0.11	2.41%	COLA
Rising Scholars Network- Textbooks/Digital Course Content for Inmates	3.00	3.00	0.00	0.00%	
Classified Employee Summer Assistance Program	10.00	2.00	-8.00	-80.00%	\$8 million reallocated from the Classified Employee Summer Assistance Program to Basic Needs Centers for FY 2026-27 and FY 2027-28.
Middle College High School Program	1.84	1.84	0.00	0.00%	
Academic Senate	1.80	1.80	0.00	0.00%	
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.38	1.38	0.00	0.00%	
African American Male Education Network and Development (A2MEND)	1.10	1.10	0.00	0.00%	
FCMAT	0.77	0.77	0.00	0.00%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.70	0.70	0.00	0.00%	
Total	13,730.78	14,093.78	363.00	2.64%	

^a Table reflects total programmatic funding for the system, including amounts from prior years available for use in the years displayed.

^b The Adult Education program total includes resources that go to the K-12 system but are included in the CCC budget. The K-12 Strong Workforce program and K-12 Apprenticeship program are not listed above but are also included in the CCC budget.

Table 6: California Community Colleges One-Time Funding by Program^a (In Millions)

Program	2025-26 Revised	2026-27 Proposed	Explanation of Change
Deferral Repayment	\$0.0	\$408.4	Adds one-time funds to pay off 2025-26 deferral
Deferred Maintenance	0.0	120.7	Adds one-time funds
Student Support Block Grant	60.0	100.0	Additional one-time funds
Cover SCFF Shortfall for 2025-26	0.0	88.7	Adds one-time funds
Common Cloud Data Platform	12.0	36.0	Additional one-time funds

Credit for Prior Learning	15.0	35.0	Additional one-time funds
Backfill Apprenticeship Funding Shortfall	6.3	13.4	Additional one-time funds

CAPITAL OUTLAY INVESTMENTS ARE HIGHER

The Governor’s proposal includes \$736.8 million in capital outlay funding from Proposition 2, up from the \$68.5 million provided in the 2025 Budget Act. The funding is to support the preliminary plans and working drawings for 10 new projects and the construction phase for 29 continuing projects, as listed in Table 7. Over the next few months, as districts obtain State approval of their Preliminary Plans/Working Drawings package, the Governor’s revised budget will likely include them as a continuing project.

Table 7: Capital Outlay Projects in the California Community Colleges (In Millions)

District, College	Project	2026-27 State Cost	2026-27 Total Cost	All Years State Cost	All Years Total Cost
NEW PROJECTS - Proposition 2					
Chaffey, Chaffey College	Theater Building Renovation	\$1,489,000	\$2,143,000	\$17,848,000	\$25,040,000
Coast, Golden West College	Performing Arts Replacement	\$1,542,000	\$3,146,000	\$21,782,000	\$42,824,000
El Camino, El Camino College	New Interdisciplinary Science Center (Replacement)	\$4,259,000	\$9,883,000	\$64,089,000	\$146,927,000
Kern, Bakersfield College	BC Fine Arts Replacement	\$1,861,000	\$3,722,000	\$40,278,000	\$52,925,000
Kern, Porterville College	PC Career Technology Building	\$2,250,000	\$3,541,000	\$26,067,000	\$50,944,000
Los Angeles, LA City College	Communications Building Replacement	\$2,441,000	\$5,566,000	\$36,570,000	\$81,231,000
Merced, Merced College	Gym Complex Replacement	\$2,461,000	\$3,757,000	\$35,626,000	\$50,571,000
Riverside, Riverside City College	Advanced Technology (Applied Technology)	\$4,677,000	\$12,044,000	\$71,925,000	\$178,825,000
Sequoias, Hanford Educational Center	Science Building	\$4,182,000	\$4,182,000	\$51,137,000	\$67,082,000
State Center, Reedley College	Modernize Voc-Tech Complex: Aero, Auto, Welding	\$2,647,000	\$4,073,000	\$34,106,000	\$51,316,000
CONTINUING PROJECTS - Proposition 2					
Antelope Valley, Antelope Valley College	Gymnasium Replacement	\$22,562,000	\$42,553,000	\$24,184,000	\$45,927,000

Citrus, Citrus College	New Career Technical Education Building	\$43,784,000	\$106,862,000	\$47,010,000	\$114,887,000
Coast, Golden West College	PE - Rec (Gym) Replacement	\$26,907,000	\$52,673,000	\$28,909,000	\$56,801,000
Coast, Orange Coast College	Skills Lab Replacement	\$12,086,000	\$23,980,000	\$13,196,000	\$25,998,000
El Camino, El Camino College	Hydronic Line Replacement	\$8,530,000	\$11,373,000	\$9,343,000	\$12,457,000
Foothill-DeAnza, De Anza College	Physical Education Complex Renovation	\$36,999,000	\$49,002,000	\$40,385,000	\$53,487,000
Hartnell, Hartnell College	Building F, G, H (Gymnasium) Renovation	\$17,501,000	\$34,471,000	\$19,265,000	\$37,648,000
Imperial Valley, Imperial Valley College	Gym Modernization	\$11,736,000	\$23,295,000	\$12,775,000	\$25,373,000
Kern, Bakersfield College	BC Center for Student Success	\$26,363,000	\$51,467,000	\$28,297,000	\$55,336,000
Long Beach, Liberal Arts Campus	Building B Replacement	\$24,400,000	\$50,765,000	\$24,782,000	\$51,639,000
Los Angeles, LA City College	Kinesiology South Replacement	\$16,008,000	\$38,201,000	\$17,302,000	\$41,270,000
Los Angeles, LA Pierce College	Sewer Utility Infrastructure Replacement	\$6,576,000	\$8,769,000	\$7,268,000	\$9,692,000
Los Angeles, LA Trade-Tech College	Advanced Transportation & Manufacturing Replacement	\$83,567,000	\$200,960,000	\$89,614,000	\$215,809,000
Los Angeles, LA Valley College	Sewer Utility Infrastructure Replacement	\$5,203,000	\$6,938,000	\$5,794,000	\$7,726,000
Los Rios, American River College	Davies Hall Replacement Health and Safety	\$55,655,000	\$73,977,000	\$59,984,000	\$79,749,000
Mendocino-Lake, Willits Center	Willits Center Phase II	\$13,022,000	\$26,115,000	\$14,365,000	\$28,181,000
Merced, Merced College	Music Art Theater Complex	\$22,604,000	\$43,291,000	\$24,073,000	\$47,206,000
Mt. San Antonio, Mt. San Antonio College	Library Replacement	\$53,066,000	\$146,638,000	\$56,962,000	\$157,509,000
North Orange County, Fullerton College	STEM Vocational Center	\$25,092,000	\$51,627,000	\$27,014,000	\$55,471,000
Peralta, Merritt College	Replace Bldgs E and F - Kinesiology and Physical Training	\$20,769,000	\$49,880,000	\$22,445,000	\$53,877,000

Rio Hondo, Rio Hondo College	Business and Art Building Replacement	\$21,133,000	\$41,829,000	\$22,727,000	\$45,016,000
Riverside, Ben Clark Training Center	Education Center Building 2 at Ben Clark Training Center	\$14,634,000	\$35,659,000	\$15,969,000	\$38,844,000
Riverside, Moreno Valley College	Library Learning Resource Center (LLRC)	\$40,665,000	\$97,285,000	\$43,662,000	\$104,628,000
Riverside, Norco College	Library/Learning Resource (LLRC) and Student Services (SS)	\$31,247,000	\$75,351,000	\$33,759,000	\$81,389,000
Riverside, Riverside City College	Cosmetology Building	\$18,240,000	\$44,145,000	\$19,857,000	\$47,989,000
San Mateo, Skyline College	Boiler Plant Replacement	\$5,519,000	\$7,320,000	\$5,973,000	\$7,925,000
Shasta-Tehama-Trinity Jt., Shasta College	Life Sciences (Building 1600) Renovation	\$7,757,000	\$15,127,000	\$8,437,000	\$16,560,000
State Center, Clovis Community College	Kinesiology and Wellness Center	\$22,251,000	\$44,388,000	\$23,933,000	\$47,752,000
State Center, Reedley College	Modernization of Agriculture Instruction Complex	\$15,204,000	\$29,235,000	\$16,499,000	\$31,825,000
Total		\$736,889,000	\$1,535,233,000	\$1,163,211,000	\$2,345,656,000

STATE OPERATIONS RECEIVES SOME NEW CAPACITY

The Chancellor’s Office provides leadership and oversight to the system, administers dozens of systemwide programs, and manages day-to-day operations of the system. The office is involved in implementing several recent initiatives including Guided Pathways, basic skills reforms, and the Student Centered Funding Formula, as well as Vision 2030. In addition, the Chancellor’s Office provides technical assistance to districts and conducts regional and statewide professional development activities. Consistent with actions taken to apply administrative efficiency reductions to all state agencies, the Chancellor’s Office saw reductions in its operational budget in the 2024 and 2025 Budget Acts, increasing its challenge to oversee the 116 California Community Colleges and the more than 2.1 million students they serve with the smallest staff capacity among California’s higher education system offices.

While the system requested \$5 million ongoing to increase its staff capacity with 27 new positions, the Governor’s proposal includes an additional \$614,000 **ongoing** General Fund to support four new positions and a new unit within the Chancellor’s Office. The funds would support an attorney to monitor changes to federal laws, regulations, and policies to discern the impacts of federal policy adjustments on the system. They would also support a supervisor and two analysts for a Contracts Oversight Unit to prepare, review, and oversee contracting and grant policies and procedures. The governor’s proposal

keeps level the additional \$12.2 million the Chancellor's Office receives in special funds and reimbursements for its operations.

Next Steps

For more information throughout the budget process, including updated versions of this report that may be issued to provide details about proposals that get clarified in trailer bills, please visit the Budget News section of the Chancellor's Office website:

<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News>

Appendix A: Overview of the State Budget Process

The Governor and the Legislature adopt a new budget every year. The Constitution requires a balanced budget such that, if proposed expenditures exceed estimated revenues, the Governor is required to recommend changes in the budget. The fiscal year runs from July 1 through June 30.

Governor’s Budget Proposal. The California Constitution requires that the Governor submit a budget to the Legislature by January 10 of each year. The Director of Finance, who functions as the chief financial advisor to the Governor, directs the preparation of the Governor’s Budget. The state’s basic approach is incremental budgeting, estimating first the costs of existing programs and then adjusting those program levels. By law, the chairs of the budget committees in each house of the Legislature—the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee—introduce bills reflecting the Governor’s proposal. These are called budget bills, and the two budget bills are identical at the time they are introduced.

Related Legislation. Some budget changes require that changes be made to existing law. In these cases, separate bills—called “trailer bills”—are considered with the budget. By law, all proposed statutory changes necessary to implement the Governor’s Budget are due to the Legislature by February 1.

Legislative Analyses. Following the release of the Governor’s Budget in January, the LAO begins its analyses of and recommendations on the Governor’s proposals. These analyses, each specific to a budget area (such as higher education) or set of budget proposals (such as transportation proposals), typically are released beginning in mid-January and continuing into March.

Governor’s Revised Proposals. Finance proposes adjustments to the January budget through “spring letters.” Existing law requires Finance to submit most changes to the Legislature by April 1. Existing law requires Finance to submit, by May 14, revised revenue estimates, changes to Proposition 98, and changes to programs budgeted based on enrollment, caseload, and population. For that reason, the May Revision typically includes significant changes for the California Community Colleges budget. Following release of the May Revision, the LAO publishes additional analyses evaluating new and amended proposals.

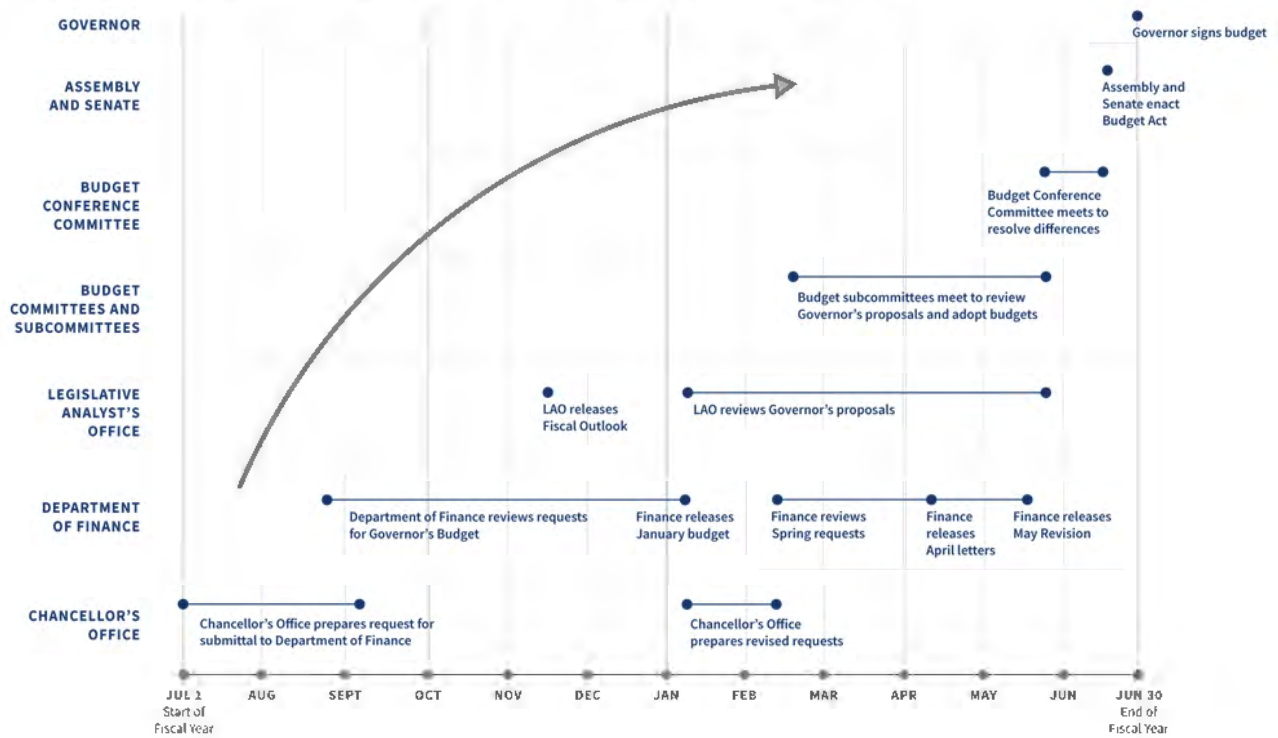
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can adopt, reject, or modify the proposal. Any January proposals not acted on remain in the budget by default. May proposals, in contrast, must be acted on to be included in the budget. In addition to acting on the Governor’s budget proposals, subcommittees also can add their own proposals to the budget.

When a subcommittee completes its actions, it reports its recommendations back to the full committee for approval. Through this process, each house develops a version of the budget that is a modification of the Governor’s January budget proposal.

A budget conference committee is then appointed to resolve differences between the Senate and Assembly versions of the budget. The administration commonly engages with legislative leaders during this time to influence conference committee negotiations. The committee’s report reflecting the budget deal between the houses is then sent to the full houses for approval.

Budget Enactment. Typically, the Governor has 12 days to sign or veto the budget bill. The Governor also has the authority to reduce or eliminate any appropriation included in the budget. Because the budget bill is an urgency measure, the bill takes effect as soon as it is signed.

SEQUENCE OF THE ANNUAL STATE BUDGET PROCESS



Appendix B: Board of Governors’ Budget and Legislative Request Compared to Governor’s Budget Proposal

The system budget request included investments needed to ensure that system programs and activities work together to achieve *Vision 2030* goals and support students’ economic mobility.

Board of Governor’s Request	Governor’s Budget Proposal
Ongoing Investments	
<p>Core Resources. Funds to ensure operational resources keep pace with evolving demands</p> <ul style="list-style-type: none"> • Expeditious repayment of deferrals to ensure fiscal stability • \$62.9 million to fund 1% enrollment growth and full funding of all enrollment growth in current year • \$60 million to reestablish an ongoing Deferred Maintenance and Instructional Materials Program • \$25.3 million to enact policy change eliminating the 10% cap on funded FTES growth • \$24.3 million to enact policy change to modify SCFF formula to fund credit FTES at the higher of the three-year average or the amount reported in the current year (rather than the current policy of using the three-year average) 	<ul style="list-style-type: none"> • Fully repays the \$408.4 million deferral from 2025-26 State Budget • Provides \$240.6 million for a COLA of 2.41% to general apportionments and \$30.6 million for the same COLA to selected categorical programs • Provides \$31.9 million for 0.5% enrollment growth in 2026-27 and \$55.3 million for 1% growth in 2025-26 (for a total of \$87.2 million for 1.5% growth across the two years) • Includes \$38.1 million to increase funding for Calbright College and proposes ongoing COLA • See one-time investment in deferred maintenance
<p>Pathways and Student Supports. Funds to provide supports for students, including specific learner populations</p> <ul style="list-style-type: none"> • \$62.3 million for Student Equity and Achievement Program to meet growing demand and offset inflationary cost pressures • \$15 million increase for Dreamer Resource Liaisons • \$14.2 million for Veterans Resource Centers • \$10 million increase for Immigrant Legal Services • \$10 million increase for Student Financial Aid Administration • \$2.5 million for African American Male Education Network and Development (A2MEND) Program • \$1 million to launch 10 new Umoja programs 	<ul style="list-style-type: none"> • See one-time investment for the Student Support Block Grant
<p>Partnerships and Coordination. Funds to strengthen cross-sector partnerships and coordination</p> <ul style="list-style-type: none"> • \$60 million to expand California Apprenticeship Initiative and \$9 million for Related and Supplemental Instruction (RSI) Program • \$41.1 million to support collaboration to expand sector-based workforce training and connect targeted populations to career education pathways • \$2 million to institutionalize Credit for Prior Learning through outcomes-based funding model 	<ul style="list-style-type: none"> • Provides \$2 million for Credit for Prior Learning Initiative • See one-time investment for RSI

<p>Capacity to Support the System. \$14.3 million through a 1% set-aside from selected categorical programs to establish the Vision 2030 Innovation Catalyst Fund to allow Chancellor’s Office more capacity to evaluate models, seed and scale effective practices, and align resources and policy</p>	Not included
<p>Faculty and Staff Supports.</p> <ul style="list-style-type: none"> • \$55 million to fully fund 90% reimbursement rate for Part-Time Faculty Office Hours Program • \$25 million to ensure faculty and staff have access to professional development that strengthens their capacity to improve student outcomes under Vision 2030 • \$5 million to sustain and scale AI training for educators and partners 	Not included
<p>Technology and Data Sharing.</p> <ul style="list-style-type: none"> • \$10.6 million for COLA for Integrated Technology categorical program • \$9 million to expand the Common Cloud Data Platform (CCDP) • \$3.9 million to support California Virtual Campus (CVC) 	Provides \$5 million to scale the CCDP
<p>One-Time Investments</p>	
<p>Pathways and Student Supports. Funds to provide supports for students, including specific learner populations</p> <ul style="list-style-type: none"> • \$60 million over three fiscal years to restore Strong Workforce Program to its base level from 2023-24 State Budget prior to Rebuilding Nursing Infrastructure grant program carve-out • \$24.2 million to support a dual enrollment grant program • \$2.5 million for the College of Adaptive Arts for adults with intellectual and developmental disabilities at West Valley College 	<ul style="list-style-type: none"> • Includes \$100 million for the Student Support Block Grant • Provides \$100 million to K-12 for dual enrollment initiatives
<p>Partnerships and Coordination. Funds to strengthen cross-sector partnerships and coordination</p> <ul style="list-style-type: none"> • \$35 million to scale Credit for Prior Learning • \$20 million to create pipeline of skilled workers through the Los Angeles Recovery and Rebuild Initiative • \$15 million to address projected RSI shortfalls in 2024-25 and 2025-26 	<ul style="list-style-type: none"> • Provides \$35 million for Credit for Prior Learning Initiative • Includes \$13.4 million to address RSI funding shortfalls

<ul style="list-style-type: none"> • \$3 million to establish Native American Graves Protection and Repatriation Act Compliance Grant Program • \$1.5 million to strengthen Beyond Barriers Demonstration Project partnership with state social services agencies • \$1.2 million for a Rural College Transfer Collaborative to improve access to Associate Degrees for Transfer in high-demand fields 	
<p>Faculty and Staff Supports. \$10 million to launch AI professional development and literacy efforts</p>	Not included
<p>Technology and Data Sharing. \$36 million to expand the CCDP</p>	Includes \$36 million to fully scale the CCDP
<p>Deferred Maintenance.</p>	Provides \$120.7 million to address deferred maintenance and special repairs of facilities
<p>Non-Proposition 98 Investments</p>	
<p>Capacity to Support the System. Funds to support 27 new positions to support implementation of legislative mandates and Vision 2030 priorities.</p> <ul style="list-style-type: none"> • \$813,000 to establish Contracts Oversight Unit with 6 new positions. • \$793,000 for 4 new positions in Educational Service and Support Division. • \$693,000 for 3 new positions to support building out the systems, policies, and practices to advance Vision 2030. • \$692,000 for 3 new positions to assist in building out the technology infrastructure critical to achieving Vision 2030 goals. • \$670,000 for 4 new positions to strengthen the Workforce and Economic Development Division’s support of local programs and grants. • \$607,000 for 4 new positions to establish Office of Civil Rights to ensure compliance with Title IX. • \$551,000 for 2 new attorneys to support colleges with federal policy changes. • \$150,000 for 1 new position to monitor and support compliance with the 50% Law. 	Provides \$614,000 to establish Contracts Oversight Unit with 3 staff and to add one attorney to monitor and support changes to federal laws and regulations
<p>Technology. \$45 million from Proposition 4 to establish a grant program to support microgrids on college campuses</p>	Not included
<p>Financial Aid. \$1.1 billion in additional support for the statewide lease revenue bond approach to allowing construction of affordable student housing projects</p>	Not included

Appendix C: Local Budgets and State Requirements

BUDGET PLANNING AND FORECASTING

Based on the information used in developing the state budget, it would be reasonable for districts to plan their budgets using information shown in Table C-1 below.

Table C-1: Planning Factors for Proposed 2026-27 Budget

Factor	2024-25	2025-26	2026-27
Cost-of-living adjustment (COLA)	1.07%	2.43%	2.41%
State Lottery funding per FTES ^a	\$273	\$272	TBD
Mandated Costs Block Grant funding per FTES	\$35.64	\$36.46	\$37.34
RSI reimbursement per hour	\$10.05	\$10.32	\$10.57
Financial aid administration per College Promise Grant	\$0.91	\$0.91	\$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	27.05%	26.81%	26.40%
State Teachers' Retirement System (CalSTRS) employer contribution rates	19.10%	19.10%	19.10%

^a2026-27 estimate not available.

STATE REQUIREMENTS FOR DISTRICT BUDGET APPROVAL

Existing law requires the governing board of each district to adopt an annual budget and financial report that shows proposed expenditures and estimated revenues by specified deadlines. Financial reporting deadlines are shown in Table C-2.

Table C-2: Standard Financial Reporting Deadlines in Place for 2026-27

Activity	Regulatory Due Date	Title 5 Section
Submit tentative budget to county officer.	July 1, 2026	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2026	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2026	58301
Complete the adopted annual financial and budget report and make public.	September 30, 2026	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2026	58305(d)
Submit an audit report to the Chancellor's Office.	December 31, 2026	59106

If the governing board of any district fails to develop a budget as described, the chancellor may withhold any apportionment of state or local money to the district for the current fiscal year until the district makes a proper budget. These penalties are not imposed on a district if the chancellor determines that unique circumstances made it impossible for the district to comply with the provisions or if there were delays in the adoption of the annual state budget.

The total amount proposed for each major classification of expenditures is the maximum amount that may be expended for that classification for the fiscal year. Through a resolution, the governing board may make budget adjustments or authorize transfers from the reserve for contingencies to any classification (with a two-thirds vote) or between classifications (with a majority vote).

STATE REQUIREMENTS RELATED TO EXPENDITURES

State law includes two main requirements for districts' use of apportionments. The Chancellor's Office monitors district compliance with both requirements and annually updates the Board of Governors.

Full-Time Faculty Obligation

Education Code Section 87482.6 recognizes the goal of the Board of Governors that 75% of the hours of credit instruction in the California Community Colleges should be taught by full-time faculty. Each district has a baseline reflecting the number of full-time faculty in 1988-89. Each year, if the Board of Governors determines that adequate funds exist in the budget, districts are required to increase their base number of full-time faculty over the prior year in proportion to the amount of growth in funded credit full-time equivalent students. Funded credit FTES includes emergency conditions allowance protections, such as those approved for fires and for the COVID-19 pandemic. Districts with emergency conditions allowances approved per regulation will not have their full-time faculty obligation reduced for actual reported FTES declines while the protection is in place. The target number of faculty is called the Faculty Obligation Number (FON). An additional increase to the FON is required when the budget includes funds specifically for the purposes of increasing the full-time faculty percentage. The chancellor is required to assess a penalty for a district that does not meet its FON for a given year.

Fifty Percent Law

A second requirement related to budget levels is a statutory requirement that each district spend at least half of its Current Expense of Education each fiscal year for salaries and benefits of classroom instructors. Under existing law, a district may apply for an exemption under limited circumstances.

Appendix D: Districts' Fiscal Health

The Board of Governors has established standards for sound fiscal management and a process to monitor and evaluate the financial health of community college districts. These standards are intended to be progressive, with the focus on prevention and assistance at the initial level and more direct intervention at the highest level.

Under that process, each district is required to regularly report to its governing board the status of the district's financial condition and to submit quarterly reports to the Chancellor's Office three times a year in November, February, and May. Based on these reports, the Chancellor is required to determine if intervention is needed. Specifically, intervention may be necessary if a district's report indicates a high probability that, if trends continue unabated, the district will need an emergency apportionment from the state within three years or that the district is not in compliance with principles of sound fiscal management. The Chancellor's Office's intervention could include, but is not limited to, requiring the submission of additional reports, requiring the district to respond to specific concerns, or directing the district to prepare and adopt a plan for achieving fiscal stability. The Chancellor also could assign a fiscal monitor or special trustee.

The Chancellor's Office believes that the evaluation of fiscal health should not be limited to times of crisis. Accordingly, the Fiscal Forward Portfolio has been implemented to support best practices in governance and continued accreditation, and to provide training and technical assistance to new chief executive officers and chief business officers through personalized desk sessions with Chancellor's Office staff.

The Chancellor's Office's ongoing fiscal health analysis includes review of key financial indicators, results of annual audit reports, and other factors. A primary financial health indicator is the district's unrestricted reserves balance. **The Chancellor's Office recommends that districts adopt policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of general fund operating expenditures or revenues, consistent with Budgeting Best Practices published by the Government Finance Officers Association.**

Districts are strongly encouraged to regularly assess risks to their fiscal health. The Fiscal Crisis and Management Assistance Team has developed a Fiscal Health Risk Analysis for districts as a management tool to evaluate key fiscal indicators that may help measure a district's risk of insolvency in the current and two subsequent fiscal years.

Appendix E: Glossary

Appropriation: Money set apart by legislation for a specific use, with limits in the amount and period during which the expenditure is to be recognized.

Augmentation: An increase to a previously authorized appropriation or allotment.

Bond Funds: Funds used to account for the receipt and disbursement of non-self-liquidating general obligation bond proceeds.

Budget: A plan of operation expressed in terms of financial or other resource requirements for a specific period.

Budget Act (BA): An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget, amended by the Legislature, and signed by the Governor.

Budget Year (BY): The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

Capital Outlay: Expenditures that result in acquisition or addition of land, planning and construction of new buildings, expansion or modification of existing buildings, or purchase of equipment related to such construction, or a combination of these.

Cost of Living Adjustment (COLA): Increases provided in state-funded programs intended to offset the effects of inflation.

Current Year (CY): The present state fiscal year, beginning July 1 and ending June 30 (in contrast to past or future periods).

Department of Finance (DOF or Finance): A state fiscal control agency. The Director of Finance is appointed by the Governor and serves as the chief fiscal policy advisor.

Education Protection Account (EPA): The Education Protection Account (EPA) was created in November 2012 by Proposition 30, the Schools and Local Public Safety Protection Act of 2012, and amended by Proposition 55 in November 2016. Of the funds in the account, 89 percent is provided to K-12 education and 11 percent to community colleges. These funds are set to expire on December 31, 2030.

Expenditure: Amount of an appropriation spent or used.

Fiscal Year (FY): A 12-month budgeting and accounting period. In California state government, the fiscal year begins July 1 and ends the following June 30.

Fund: A legal budgeting and accounting entity that provides for the segregation of moneys or other resources in the State Treasury for obligations in accordance with specific restrictions or limitations.

General Fund (GF): The predominant fund for financing state operations; used to account for revenues that are not specifically designated by any other fund.

Governor's Budget: The publication the Governor presents to the Legislature by January 10 each year, which includes recommended expenditures and estimates of revenues.

Lease Revenue Bond: Lease-revenue bonds are used in the state's capital outlay program to finance projects. The revenue stream paying the debt service on the bond is created from lease payments made by the occupying entity to the governmental financing entity which constructs the facility or causes it to be constructed.

Legislative Analyst's Office (LAO): A nonpartisan office that provides fiscal and policy advice to the Legislature.

Local Assistance: Expenditures made for the support of local government or other locally administered activities.

May Revision: An update to the Governor's Budget presented by Finance to the Legislature by May 14 of each year.

Past Year or Prior Year (PY): The most recently completed state fiscal year, beginning July 1 and ending June 30.

Proposition 98: A section of the California Constitution that, among other provisions, specifies a minimum funding guarantee for schools and community colleges. California Community Colleges typically receive 10.93% of the funds.

Related and Supplemental Instruction (RSI): An organized and systematic form of instruction designed to provide apprentices with knowledge including the theoretical and technical subjects related and supplemental to the skill(s) involved.

Reserve: An amount set aside in a fund to provide for an unanticipated decline in revenue or increase in expenditures.

Revenue: Government income, generally derived from taxes, licenses and fees, and investment earnings, which are appropriated for the payment of public expenses.

State Operations: Expenditures for the support of state government.

Statute: A law enacted by the Legislature.

Workload Budget: The level of funding needed to support the current cost of already-authorized services.