



2025-2026
District Budget Advisory Committee (DBAC)

Meeting Agenda - Tuesday, May 26, 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 - 1:50	Review APs and BPs	Dela Rosa / Puentes-Griffith
1:50 - 2:10	FY2025-26 DRAFT Third Quarter Report	Dela Rosa / Puentes-Griffith
2:10 - 2:30	Review Governor's 2026-27 May Revision Budget Summary	Dela Rosa / Puentes-Griffith
2:30 - 2:50	Revenue Assumptions for the FY2026-27 Tentative Budget	Dela Rosa / Puentes-Griffith
2:50 - 3:00	Other and Q&A	

Handouts: [Additional BPs and APs for DBAC Review](#)
 Link to Governor's Budget Summary page:
<https://ebudget.ca.gov/budget/m/2026-27/BudgetSummary>
 Joint Analysis Governor's 2026-27 May Revision

Schedule: The next scheduled meeting will be on June 16, 2026.
[District Budget & Advisory Committee agenda page](#)

Joint Analysis

Governor's 2026-27 May Revision

May 14, 2026



California Community Colleges



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ASSOCIATION OF CALIFORNIA
COMMUNITY COLLEGE ADMINISTRATORS



COMMUNITY COLLEGE
LEAGUE OF CALIFORNIA

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Purpose of Report

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

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

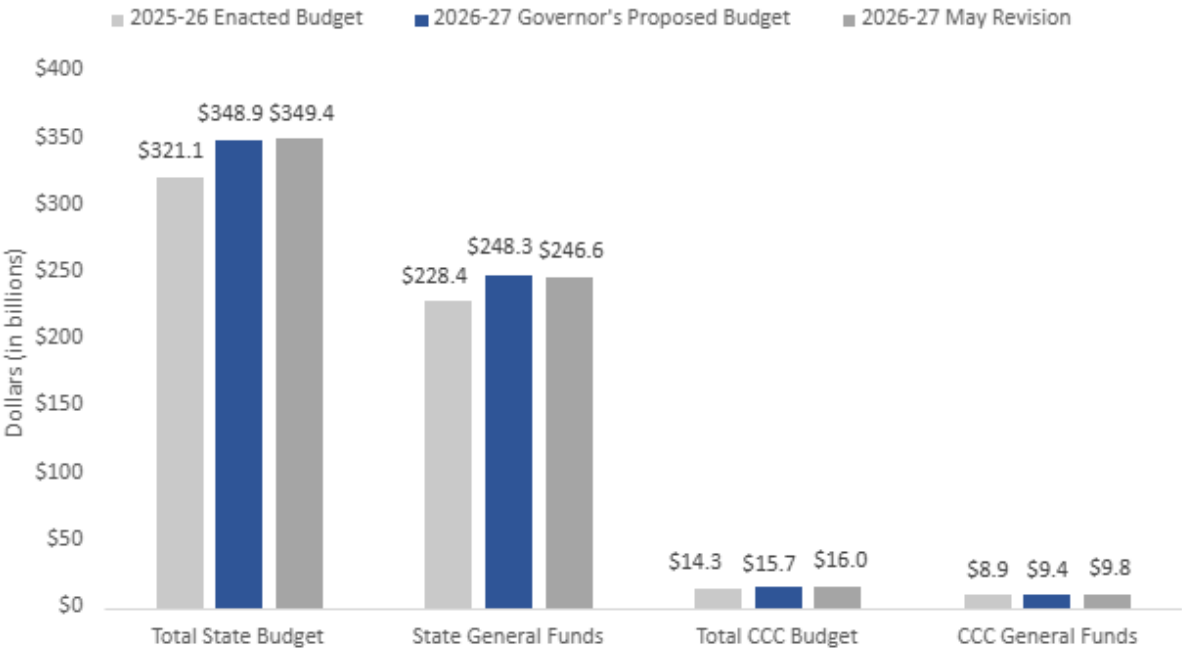
Its purpose is to provide information about the Governor’s May Revision as a common resource for each organization’s further analyses and advocacy efforts. Over the next couple of months, updated analyses will describe any proposed trailer bills and the enacted budget.

Summary of Key Budget Changes

On Thursday, May 14, Governor Newsom released his May Revision budget proposal for the 2026-27 fiscal year. Following are some key changes in the proposal compared to the enacted budget for 2025-26 and the Governor’s Budget for 2026-27 released in January.

- Under the May Revision, the overall state budget would be slightly higher than proposed in January and higher than the 2025-26 enacted budget, increasing by about 8.8% to \$349.4 billion. General Fund spending would increase by about \$18 billion (8%) over the current year to \$246.6 billion.

Figure 1: May Revision for 2026-27 budget reflects increased revenues, most directed to reserves (dollars in billions).



- The budget proposal for the California Community Colleges reflects a focus on maintaining base funding stability and continued investment in priorities toward achieving Vision 2030 and Roadmap goals.
- The revised proposal for ongoing spending includes about \$438 million for a 4.31% cost-of-living adjustment (COLA) for community college apportionments, some of it for a discretionary COLA above the statutorily authorized COLA of 2.87%. This is about \$198 million more than the Governor’s January proposal included for a COLA of 2.41%. As a condition for receiving the discretionary portion of the COLA, districts must implement the provisions of Assembly Bill 65 and provide employees with up to 14 weeks of paid pregnancy disability leave.
- It includes \$36.7 million for COLAs and adjustments to certain categorical programs. The proposal continues to include funding for systemwide enrollment growth of 1.5% over two years that was previously proposed.
- The revised proposal maintains the one-time spending proposals included in the January budget and adds one-time funds to continue and scale an adult learner demonstration project.
- The revised proposal continues to include \$736.9 million in capital outlay funding from Proposition 2 to support the working drawings and construction phases for 29 continuing projects and the preliminary plans and working drawings of 10 new projects.

Changes in Overall Budget Framework

REVISED BUDGET PROPOSAL PLANS FOR STRUCTURAL DEFICITS

In January, the Administration projected \$42.3 billion in revenues above expectations in the 2025 Budget Act related to a stronger-than-expected stock market, leaving a relatively modest deficit of about \$3 billion to address. The Governor’s May Revision reflects even higher revenue expectations compared to the Governor’s Budget and a balanced budget for 2026-27. The Legislative Analyst’s Office (LAO) recently updated its [forecast](#) of revenues from the state’s three largest taxes (income, corporation, and sales), estimating a \$25 billion upgrade across the 3-year budget window (prior year, current year, budget year) related to a stock market boom that reflects investor enthusiasm around artificial intelligence. However, the LAO cautioned that these revenues are likely unsustainable and the state still faces structural deficits in future years.

The Administration’s new proposal acknowledges the risks of revenue volatility and outlines significant increases in costs, particularly in health and human services programs like Medi-Cal and CalFresh related to federal [policy changes](#), that are contributing to structural imbalances. The May revision begins to address these structural budget shortfalls through some new revenues (limiting business credit use, taxation of software),

spending reductions (Medi-Cal asset tests and increased monthly premiums), and deposits to reserves. The proposal is aimed at balancing budgets for both 2026-27 and 2027-28, consistent with the Administration’s intent for the state to focus on two-year budget planning.

PROPOSAL AIMS TO BUILD BUDGET RESERVE RESILIENCY

The Governor’s revised proposal reflects \$29.9 billion in total reserves at the end of 2026-27, up from the \$23 billion estimated in January. This includes:

- \$15.1 billion in the Budget Stabilization Account (BSA, or “Rainy Day Fund”);
- \$10.3 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). The May Revision includes a transfer of \$9.7 billion into this account to support a positive operating balance in 2027-28. 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. As in the Governor’s Budget, the May Revision proposes to suspend the “true up” for 2025-26 (now \$5.4 billion) but make a small “true-up” for 2024-25 and a deposit of about \$3.6 billion for 2026-27.

Changes to California Community Colleges Funding

In this section, we detail changes to proposals included in the Governor’s Budget (and described in our January analysis) and describe new proposals presented as part of the May Revision.

PROPOSITION 98 ESTIMATES ADJUSTED UPWARD

Minimum Guarantee for Community Colleges Increases

The Governor’s Budget in January adjusted Proposition 98 estimates for the current and prior years upward based on revenues that were running ahead of projections. The May Revision projects that the minimum guarantee will increase by about \$28 billion over the three-year window, an increase of over \$6 billion relative to expectations in the Governor’s Budget. Table 1 shows the Department of Finance’s estimates of the minimum guarantee for the current and budget years as of the May Revision. The minimum guarantee for 2026-27 is now estimated at \$127.1 billion, higher than what was expected in January (\$125.5 billion) based on revenues running even further above projections.

Consistent with the Governor’s Budget in January, the May Revision proposes to pay off the \$1.9 billion settle-up created in 2024-25 but continues to create a new settle-up obligation of \$3.96 billion for 2025-26 related to ongoing fiscal uncertainty, an amount that is reduced from the \$5.6 billion that was proposed in January but is in contrast to the [Senate](#) and [Assembly](#) budget blueprints that pledged not to withhold funding from

schools and community colleges. The May Revision maintains the proposal to pay off the \$408.4 million deferral from 2025-26. Consistent with intent specified in the 2025 Budget Act, transitional kindergarten expansion is funded outside of the Proposition 98 “split.”

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

Source	2025-26 Revised	2026-27 Governor's Budget (GB)	2026-27 May Revision	Change From GB (Amount)	Change From GB (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$87,601	\$89,877	\$91,997	\$ 2,120	2.4%
Local property tax	\$33,574	\$35,604	\$35,140	\$(464)	-1.3%
Totals ^a	\$121,175	\$125,481	\$127,137	\$1,656	1.3%
COMMUNITY COLLEGES ONLY^b					
General Fund	\$8,148	\$9,326	\$9,629	\$303	3.2%
Local property tax	\$ 4,444	\$4,785	\$4,661	\$(124)	-2.6%
Totals	\$12,592	\$14,111	\$14,290	\$179	1.3%

^a Revised amount for 2025-26 does not include the \$3.96 billion settle-up.

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

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. Per trailer bill language from the Administration, the funding protection also does not include the discretionary COLA provided for paid family leave implementation.

Deposit to Public School System Stabilization Account (PSSSA)

Proposition 2, approved by voters in November 2014, created the PSSSA, a state reserve for schools and community colleges that receives funding 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. Increased state revenues are reflected in a revised reserve deposit of \$5.3 billion for 2024-25 and 2025-26 in the May Revision. Based on conditions and projections in January, the Governor’s Budget included a \$407.1 million mandatory withdrawal for 2026-27, with \$44.5 million earmarked for community college apportionment. The May Revision removes this mandatory withdrawal related to the state’s higher revenues. The proposal instead projects a balance of \$10.3 billion in the PSSSA at the end of the current year resulting from mandated deposits across the three-year budget window of \$8.7 billion and a discretionary deposit of \$1.6 billion, tied to lowering the 2025-26 settle-up obligation from \$5.6 billion to \$3.96 billion.

CALIFORNIA COMMUNITY COLLEGES FUNDING ADJUSTED UPWARD

The May Revision adjustments to funding for the California Community Colleges are higher by about \$249 million compared to the Governor’s Budget, as reflected in Table 2. The system would receive about \$635.0 million in ongoing funding, higher than proposed in January, and \$815.1 million for one-time programs and initiatives, somewhat higher than what was proposed in January.

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

	Governor's Budget	May Revision	Change from Governor's Budget
POLICY ADJUSTMENTS			
Ongoing (Proposition 98)			
SCFF statutory COLA (2.87%)	\$240.6	\$291.9	\$51.3
SCFF discretionary COLA (1.4%)	\$0.0	\$146.4	\$146.4
SCFF growth 2025-26 (1.0%)	\$55.3	\$55.3	\$0.0
Increase in support for Calbright College	\$38.1	\$38.1	\$0.0
SCFF growth 2026-27 (0.5%)	\$31.9	\$33.9	\$2.0
Adult Ed COLA (2.87%)	\$16.1	\$19.2	\$3.1
California Healthy School Pathway Program	\$14.3	\$14.3	\$0.0
Student housing lease revenue bond payments	\$11.1	\$11.1	\$0.0
Reallocate funds to Basic Needs Centers	\$8.0	\$8.0	\$0.0
Common Cloud Data Platform	\$5.0	\$5.0	\$0.0
Extended Opportunity Programs and Services (EOPS) COLA (2.87%)	\$4.6	\$5.4	\$0.8
Disabled Student Programs and Services (DSPS) COLA (2.87%)	\$4.3	\$5.1	\$0.8
Credit for Prior Learning	\$2.0	\$2.0	\$0.0

Mandates Block Grant COLA (2.87%) and enrollment-based adjustments	\$1.6	\$1.7	\$0.2
CalWORKs Student Services COLA (2.87%)	\$1.4	\$1.6	\$0.3
Financial aid administration adjustments	\$1.2	\$1.5	\$0.3
Apprenticeship (community college districts RSI) COLA (2.87%) and enrollment-based adjustments	\$0.9	\$1.0	\$0.1
Cooperative Agencies Resources for Education (CARE) COLA (2.87%)	\$0.8	\$1.0	\$0.2
Equal Employment Opportunity Program	\$0.3	\$0.3	\$0.0
Childcare Tax Bailout COLA (2.87%)	\$0.1	\$0.1	\$0.0
Reallocate funds from the Classified Employee Summer Assistance Program	-\$8.0	-\$8.0	\$0.0
Subtotal Ongoing (Proposition 98) Policy Adjustments	\$429.42	\$635.00	\$205.58
One-Time (Proposition 98)			
Deferral Repayment	\$408.4	\$408.4	\$0.0
Deferred Maintenance	\$120.7	\$120.7	\$0.0
Student Support Block Grant	\$100.0	\$100.6	\$0.6
Cover SCFF shortfall for 2025-26	\$88.7	\$88.7	\$0.0
Common Cloud Data Platform	\$36.0	\$36.0	\$0.0
Credit for Prior Learning	\$35.0	\$35.0	\$0.0
Backfill Apprenticeship Funding Shortfall	\$13.4	\$16.0	\$2.6
Adult Learner Demonstration Project	\$0.0	\$9.7	\$9.7
Subtotal One-Time Policy Adjustments	\$802.16	\$815.12	\$12.96
TECHNICAL ADJUSTMENTS			
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth) ^a	-\$11.2	\$19.4	\$30.6
Subtotal Technical Adjustments	-\$11.20	\$19.40	\$30.60
TOTAL CHANGES	\$1,220.38	\$1,469.52	\$249.14

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

* Any adjustments related to deferrals are not displayed.

The estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by \$491.6 million from \$10.2 billion to \$10.7 billion. This reflects a proposed COLA of 4.31% (\$438.3 million) and \$33.9 million for FTES growth of 0.5% and modified estimates for hold harmless 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 May Revision proposal):

- Property tax revenues are estimated to decrease by \$122.8 million from \$4.78 billion to \$4.66 billion.
- Enrollment Fee revenues are estimated to decrease by \$5.2 million from \$433.5 million to \$428.3 million.

- Education Protection Account funding is estimated to decrease by \$114.4 million from \$1.65 billion to \$1.54 billion.

Table 3 reflects the final SCFF rates for 2024-25 and 2025-26, along with the projected rates for 2026-27, as modified by COLA.

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

Allocations	2025-26 Rates*	Proposed 2026-27 Rates	Estimated Change from 2025-26 (Amount)	Estimated Change from 2025-26 (Percent)
Base Credit*	\$5,416.20	\$5,649.63	\$233.44	4.31%
Incarcerated Credit*	\$7,595.29	\$7,922.65	\$327.36	4.31%
Special Admit Credit*	\$7,595.29	\$7,922.65	\$327.36	4.31%
CDCP	\$7,595.29	\$7,922.65	\$327.36	4.31%
Noncredit	\$4,567.26	\$4,764.11	\$196.85	4.31%
Supplemental Point Value	\$1,280.76	\$1,335.96	\$55.20	4.31%
Student Success Main Point Value	\$755.21	\$787.76	\$32.55	4.31%
Student Success Equity Point Value	\$190.49	\$198.70	\$8.21	4.31%
Single College District				
Small College	\$6,658,143.47	\$6,945,109.45	\$286,965.98	4.31%
Medium College	\$8,877,528.70	\$9,260,150.18	\$382,621.49	4.31%
Large College	\$11,096,910.43	\$11,575,187.27	\$478,276.84	4.31%
Multi College District				
Small College	\$6,658,143.47	\$6,945,109.45	\$286,965.98	4.31%
Medium College	\$7,767,836.95	\$8,102,630.73	\$334,793.77	4.31%
Large College	\$8,877,528.70	\$9,260,150.18	\$382,621.49	4.31%
Designated Rural College	\$2,117,699.79	\$2,208,972.65	\$91,272.86	4.31%
State Approved Centers	\$2,219,381.74	\$2,315,037.09	\$95,655.35	4.31%
Grandparented Centers				
Small Center	\$277,424.68	\$289,381.68	\$11,957.00	4.31%
Small Medium Center	\$554,845.87	\$578,759.73	\$23,913.86	4.31%
Medium Center	\$1,109,690.00	\$1,157,517.63	\$47,827.64	4.31%
Medium Large Center	\$1,664,535.87	\$1,736,277.36	\$71,741.50	4.31%
Large Center	\$2,219,381.74	\$2,315,037.09	\$95,655.35	4.31%

* Ten districts receive higher credit FTE rates, as specified in statute.

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 revised 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 as reflected in the May Revision.

MAJOR POLICY DECISIONS AIM FOR STABILITY AND CONTINUATION OF RECENT PRIORITIES

Overall, the May Revision maintains the Governor's core investments as specified in the January proposal. The revised proposal includes higher funding for a larger COLA and funding for the same enrollment growth proposals contained in the Governor's Budget. One-time funds are increased from the January proposal, with one new investment.

Provides 4.31% COLA for Apportionments and 1.5% Growth

The proposal includes an increase of nearly \$197.7 million **ongoing** above the \$240.6 million included in the Governor's Budget to support a larger COLA of 4.31% for apportionments, bringing the total proposed increase for the SCFF to \$438.3 million. Of that amount, \$291.9 million is for a statutory COLA of 2.87% and \$146.4 million is for an additional discretionary COLA of 1.4%. The proposed statutory COLA is slightly higher than the 2.41% proposed in January. As a condition of receiving the discretionary COLA, community college districts would be required to implement the provisions of [Assembly Bill 65](#) (Aguiar-Curry) to provide paid family leave. Trailer bill [language](#) specifies that community colleges incurring costs related to providing employees with up to 14 weeks of paid pregnancy disability leave use the discretionary COLA funds to reimburse those costs. Another \$36.7 million **ongoing** would support a COLA of 2.87% for selected categorical programs and the Adult Education program, \$6.1 million higher than proposed in January for the same programs.

The May Revision maintains the Governor's Budget proposal to fund an additional 1% enrollment growth in 2025-26, along with \$33.9 million to fund 0.5% growth in 2026-27 (an increase of \$2 million from Governor's budget due to the revised COLA). 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 May Revision does not propose ongoing funds for deferred maintenance as requested by the system to begin tackling the estimated needs that exceed \$2 billion, it does maintain the January proposal for \$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.

According to trailer bill language, the funds could be used until June 30, 2031 for scheduled maintenance and special repairs of facilities; hazardous substances abatement; projects related to seismic retrofit and Americans with Disabilities Act

compliance; water conservation and energy efficiency projects; childcare facility repair and maintenance; and replacement of instructional equipment and library materials.

Invests in Common Cloud Data Platform

Responding to the system's budget request, the May Revision maintains the proposal for 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.

According to trailer bill language, the Common Cloud Data Platform will allow role-appropriate access to real-time data for administrators, faculty, staff, and students to support data driven decision-making and facilitate student success and transfer across institutions and systems. The Chancellor's Office must submit a progress report to the Legislature by March 31, 2027. A final report due January 31, 2029 must also summarize the impact on student outcomes and systemwide efficiencies.

Provides Additional Funds to Institutionalize Credit for Prior Learning

Also responding to the system's budget request and building on prior investments, the May Revision continues to include \$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.

Under the initiative, colleges are required to evaluate prior learning of all incoming students as part of education planning, and to accept transcribed credit for prior learning from other campuses as transfer credit, including for general education and major

preparation. The system's budget request emphasizes the goal of implementing 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 May Revision for 2026-27 instead continues to include an additional \$100.6 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 (an increase of \$607,000 over the \$100 million proposed in January).

As specified in trailer bill language, districts can use block grant funds until June 30, 2030 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 (beginning December 31, 2027), with the Chancellor's Office reporting to the Legislature on December 31, 2028 and December 31, 2031.

Increases Funding for Calbright

The Governor's Budget proposal included an additional \$38.1 million **ongoing** for California Statewide Community Colleges (Calbright College), with an ongoing COLA, which is carried over to the May Revision. The increased funding is intended 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.

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 Healthy 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 Budget for 2026-27 proposed an additional \$14.3 million **ongoing** in community colleges for this program, and the May Revision maintains this proposal.

Supports Adult Learner Demonstration Project

The 2024 Budget Act earmarked \$5 million of Strong Workforce Program funds to support a demonstration project creating statewide education pathways for low-income workers. These funds were used to support the United Domestic Workers (UDW) Education Pathways Project, a pilot project to create pathways to living wage careers for domestic workers, a population comprising largely low-income women of color. The May Revision includes a new proposal for \$9.7 million **one-time** over three years for adult learner demonstration projects aimed at continuing and expanding the UDW initiative. While the 2024 investment involved use of Strong Workforce funds, the current proposal involves new money and would not reduce Strong Workforce funding.

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 May Revision 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 May Revision maintains the Governor’s Budget proposal 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 was not included in the Governor’s Budget, the May Revision continues to include \$100 million one-time for dual enrollment activities under the K-12 side of the budget, to expand grants to local educational agencies (LEAs) for middle/early college high schools or programs or CCAP partnerships. According to the trailer bill language, LEAs are permitted to use grant funds to support professional development of educators to meet minimum standards to teach dual enrollment courses and to collaborate with partner community colleges to allow dual enrollment students to access advising and support services. The funds are particularly aimed at supporting grants for LEAs that do not have any dual enrollment programs as well as those that have higher than average populations of low-income, homeless, foster, or justice-involved students, higher dropout or suspension/expulsion rates, or lower A-G completion rates.

Specifies Requirements for Workforce Pell

[Trailer bill](#) language released with the May Revision specifies that the California Student Aid Commission (CSAC) will consult with the California Workforce Development Board (CWDB) prior to approving short-term programs as meeting the requirements to award Workforce Pell Grants. Colleges seeking a determination from CSAC that a program meets the requirements must submit a Workforce Pell Grant program participation agreement and documentation to support that the program meets all federal requirements and regulations, meets the hiring requirements of employers in the relevant sectors or occupations, leads to a recognized postsecondary credential that is stackable and portable, and prepares students to pursue one or more certificates or degrees by ensuring the credits are accepted toward meeting program requirements. Colleges must also provide specified program-level and student-level data for the short-term programs to the Office of Cradle-to-Career Data. Short-term programs must have been offered by the college for at least one year before submitting a request for determination of eligibility for Workforce Pell. CSAC must make a determination of eligibility within 90 days. Pending legislation ([Assembly Bill 1534](#), Irwin) incorporates these requirements and also specifies that short-term programs must maintain completion and job placement rates of 70% for each federal aid award year to remain eligible.

Outlines Consolidation of Student Housing Reports

Trailer bill language specifies that the two annual reports required on campus student [housing](#) and on the Higher Education Student Housing Grant [Program](#) are to be provided together by February 1 of each year, consolidating the timelines for these reports.

Makes Changes to Education Governance

The May Revision continues to include 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. Pending legislation ([Assembly Bill 2117](#), Alvarez and Patel) would implement the proposal to restructure the roles of the SPI and a new Education Commissioner to be appointed by the Governor. For the community colleges, this would include adding the SPI to the Board of Governors. The Administration's proposal would require the Education Commissioner to establish a task force of education interest-holders to develop recommendations for a second phase of education governance consolidation and streamlining and further refinement of the responsibilities of the SPI. Reforming education governance has long been recommended in [legislative](#) and [independent](#) reports and, along with [Assembly Bill 1098](#) (Chapter 446, Statutes of 2025) that established the California Education Interagency Council, 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 4 shows proposed local assistance funding by program for the current and budget years as of the May Revision. As the table shows, most categorical programs received level or workload funding in the Governor’s revised proposal, with certain programs receiving cost-of-living adjustments consistent with recent practices. Decreases in funding are related to revised estimates of underlying factors.

Table 4: 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	\$ 10,201.21	\$ 10,692.83	\$ 491.61	4.82%	COLA, growth, SCFF technical adjustments.
Adult Education Program – Main ^b	\$674.16	\$693.34	\$19.18	2.84%	2.87% 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%	Includes \$60 million for nursing through 2028-29
Part-time faculty health insurance	200.49	200.49	\$0.00	0.00%	
Extended Opportunity Programs and Services (EOPS)	189.30	194.73	\$5.43	2.87%	COLA
Disabled Students Programs and Services (DSPS)	178.69	183.81	\$5.13	2.87%	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 the Common Cloud Data Platform
California College Promise (AB 19)	91.21	91.21	\$0.00	0.00%	
Financial aid administration	83.73	85.22	1.49	1.78%	Waived fees and per unit adjustment
CalWORKs student services	56.92	58.56	1.64	2.87%	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	254.00%	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	40.90	1.74	4.44%	COLA and updated enrollment adjustment
Mathematics, Engineering, Science Achievement (MESA)	39.42	39.42	\$0.00	0.00%	
Apprenticeship (community college districts RSI)	35.62	36.62	1.00	2.81%	COLA and updated enrollment adjustment
Cooperative Agencies Resources for Education (CARE)	34.61	35.61	\$0.99	2.87%	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%	
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 Virtual Campus	20.00	20.00	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%	Increased funding
Lease revenue bond payments	12.77	12.86	0.09	0.69%	Increased funding
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	Lease revenue debt service for community college housing projects
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	
Foster Parent Education Program	6.15	6.15	0.00	0.00%	
Childcare tax bailout	4.42	4.55	0.13	2.87%	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	\$ 13,780.02	\$ 14,379.23	\$599.21	4.35%	

^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 5 shows proposed one-time local assistance funding by program for 2025-26. The few one-time investments for the community colleges are primarily related to initiating key provisions of the Master Plan for Career Education.

Table 5: 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	100.6	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

Adult Learner Demonstration Project	0.0	9.7	Adds one-time funds
Backfill Apprenticeship Funding Shortfall	6.3	16.0	Adds one-time funds
Total	\$93.33	\$815.12	

CAPITAL OUTLAY INVESTMENTS HIGHER THAN CURRENT YEAR

The Governor’s May Revision proposes the same capital outlay funding as outlined in the Governor’s Budget. The proposed \$736.9 million from Proposition 2 is considerably more than the \$68.5 million provided in the 2025 Budget Act. The funding is to support the construction phase for 29 projects and the preliminary plans and working drawings of 10 new projects, as listed in Table 6.

Table 6: Proposed 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 initiatives like Guided Pathways, reforms to remedial education and transfer, and the Student Centered Funding Formula, as well as the statewide components of 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 May Revision continues to include the proposal put forth in the Governor’s Budget for \$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 May Revision keeps level the additional \$12.2 million the Chancellor’s Office receives in special funds and reimbursements for its operations.

Next Steps

Following release of the Governor’s May Revision, the budget process moves very quickly. LAO typically publishes analyses of the May Revision within a few days. Budget subcommittees convene to review the proposals and often take action on both January and May proposals within about a week. Subcommittees report their recommendations to full committees, which in turn report to their respective houses. The state constitutional deadline for the Legislature to approve a budget is June 15. (See Appendix A for a more complete overview of the state budget process.)

For more information throughout the budget process, 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.

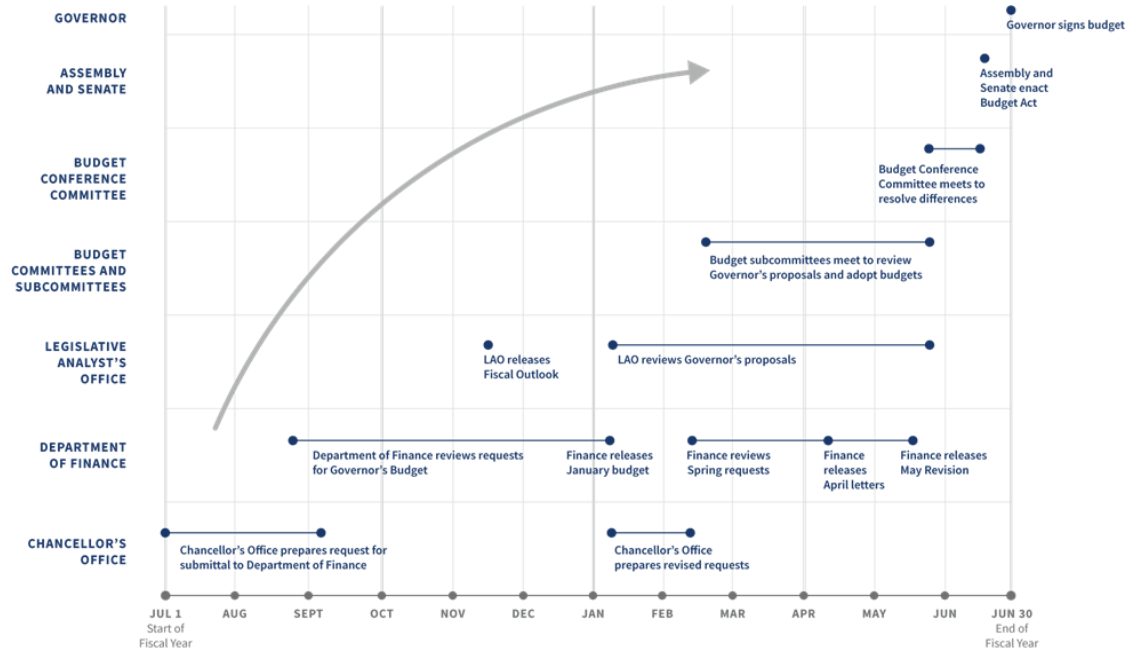
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can 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 May Revision

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 May Revision
Ongoing Investments	
<p>Core Resources. Funds to ensure operational resources keep pace with evolving demands</p> <ul style="list-style-type: none"> • Expeditionary 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 \$291.9 million for a COLA of 2.87% to general apportionments and \$36.7 million for the same COLA to selected categorical programs; also provides \$146.4 million for an additional discretionary COLA of 1.4% (for a total apportionments COLA of 4.3%) • Provides \$33.9 million for 0.5% enrollment growth in 2026-27 and \$55.3 million for 1% growth in 2025-26 (for a total of \$89.2 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 • \$7.5 million to sustain and scale the United Domestic Workers (UDW) Education Pathways Project • \$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 investments for the Student Support Block Grant and Adult Learner Demonstration Project
<p>Partnerships and Coordination. Funds to strengthen cross-sector partnerships and coordination</p>	<ul style="list-style-type: none"> • Provides \$2 million for Credit for Prior Learning Initiative • See one-time investment for RSI

<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 	
<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 \$100.6 million for the Student Support Block Grant • Provides \$100 million to K-12 for dual enrollment initiatives • Provides \$9.7 million over three years to support Adult Learner Demonstration Project
<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 	<ul style="list-style-type: none"> • Provides \$35 million for Credit for Prior Learning Initiative • Includes \$16 million to address RSI funding shortfalls

<ul style="list-style-type: none"> • \$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 • \$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

Financial Aid. \$1.1 billion in additional support for the statewide lease revenue bond approach to allowing construction of affordable student housing projects	Not included
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Appendix C: Local Budgets and State Requirements

BUDGET PLANNING AND FORECASTING

Based on the information used in developing the May Revision, 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 2025-26 Budget

Factor	2024-25	2025-26	2026-27
Cost-of-living adjustment (COLA)	1.07%	2.43%	2.87%
State Lottery funding per FTES ^a	\$273	\$272	TBD
Mandated Costs Block Grant funding per FTES	\$35.64	\$36.46	\$37.51
RSI reimbursement per hour	\$10.05	\$10.32	\$10.61
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%

^a 2026-27 estimate not available, will be updated when 2026-27 budget bill is complete.

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: Financial Reporting Deadlines 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 purpose 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.