



FOOTHILL-DE ANZA
Community College District

2024-2025

District Budget Advisory Committee (DBAC)

Meeting Agenda - Tuesday, May 27, 2025

Location: Via Zoom

<https://fhda-edu.zoom.us/j/86910400721?pwd=eJnPjJhFo7zaaVOblprELaaBraCFvA.1>

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

Note Taker: Trena O'Connor

	Agenda Topic	Discussion Leader
1:30 - 1:50	Non-resident Tuition (Board Policy 5020 and Administrative Procedure 5020)	Dela Rosa / Eileen O'Hare-Anderson, Liebert Cassidy Whitmore
1:50 - 2:10	2024-2025 DRAFT Third Quarter Report (<i>Information</i>)	Dela Rosa / Puentes-Griffith
2:10 - 2:20	Review Governor's 2025-26 May Revision (<i>Information</i>)	Dela Rosa / Puentes-Griffith
2:20 - 2:35	SCFF Projections - P2 (<i>Information</i>)	Dela Rosa / Puentes-Griffith
2:35 - 2:50	2025-2026 Tentative Budget Intro (<i>Information</i>)	Dela Rosa / Puentes-Griffith
2:50 - 2:55	DBAC Charge	Dela Rosa
2:55 - 3:00	Other and Q&A	Dela Rosa / Puentes-Griffith

- Handouts:
- Non-Resident Tuition Board Policy 5020 and Administrative Policy 5020
<https://go.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TUVDS7F671A>
<https://go.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9UVQ8S670EDD>
 - 2024-2025 DRAFT Third Quarter Report
 - Governor's 2025-26 May Revision Budget Summary
<https://ebudget.ca.gov/budget/2025-26MR/#/BudgetSummary>
 - 05/15/2025 Joint Analysis Governor's 2025-26 May Revision

Schedule: The next scheduled meeting will be on June 17, 2025.

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

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

FY 2024-25 THIRD QUARTER FISCAL REPORT

FOOTHILL – DE ANZA COMMUNITY COLLEGE DISTRICT

PRESENTED TO THE BOARD OF TRUSTEES

June 9, 2025

Lee D. Lambert, J.D.
Chancellor

Christopher F. Dela Rosa, D.M.
Vice Chancellor, Business Services

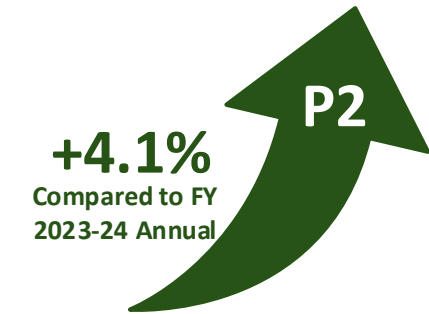
Raquel Puentes-Griffith
Executive Director, Fiscal Services

Sirisha Pingali
Director, Budget Operations

FY 2024-25 – RESIDENT ENROLLMENT UPDATE

(P2 REPORT)

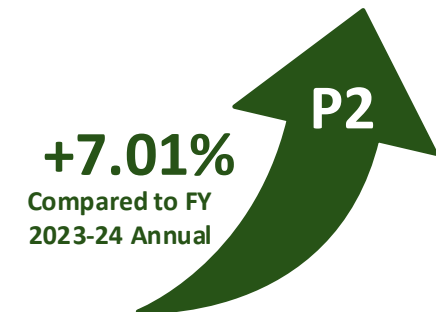
RESIDENT FTES	FY 2023-24 P2	FY 2024-25 P2	FY 2023-24 ANNUAL
CREDIT FTES	19,627.93	20,378.06	19,446.15
INCARCERATED CREDIT	-	-	15.51
SPECIAL ADMIT CREDIT	1,517.40	1,525.68	1,554.81
CDCP FTES	284.17	457.29	386.20
NONCREDIT FTES	146.96	126.32	199.95
TOTAL	21,576.46	22,487.35	21,602.62
CHANGE FROM PRIOR YEAR		910.89	



Not including adjustment due to SAAM.

FY 2024-25 – NONRESIDENT ENROLLMENT UPDATE (P2 REPORT)

NONRESIDENT FTES	FY 2023-24 P2	FY 2024-25 P2	FY 2023-24 ANNUAL
TOTAL NONRESIDENT FTES	2,423.59	2,646.02	2,472.59
CHANGE FROM PRIOR YEAR		222.43	



UNRESTRICTED GENERAL PURPOSE FUND (FUND 14)

Q2 vs Q3 REVISED BUDGET

	FY 2024-25 Q2 Revised	FY 2024-25 Q3 Revised	Changes
Total Revenue	\$ 235,742,499	\$235,763,474	\$20,975
Total Expenses & Net Transfers	\$ 236,587,551	\$236,678,525	\$90,974
Net Activity	(\$ 845,052)	(\$915,051)	(\$69,999)
Beginning Fund Balance	\$ 36,044,701	\$36,044,701	-
Ending Fund Balance	\$ 35,199,649	\$35,129,650	(\$69,999)

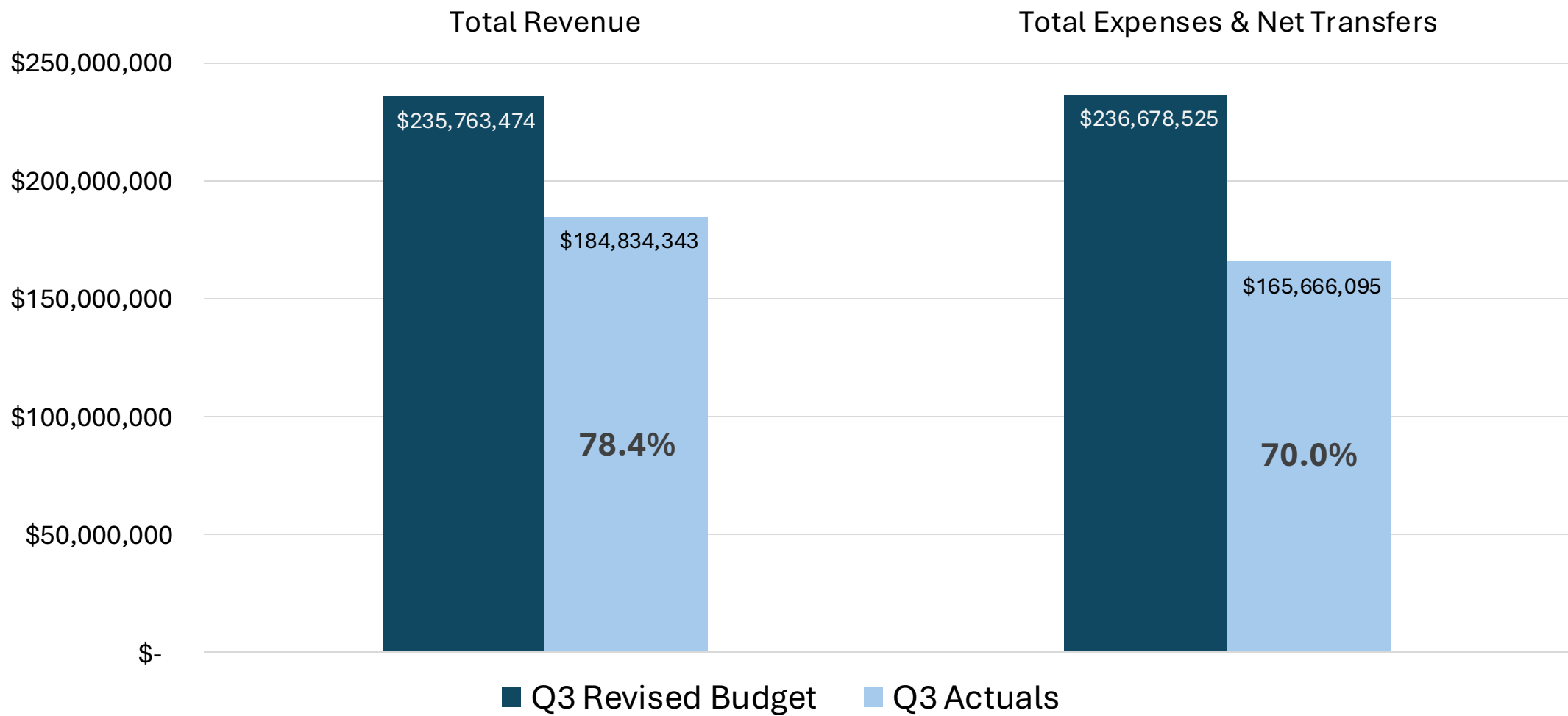
TOTAL UNRESTRICTED GENERAL FUND - FUND 14 & 15

Q2 vs Q3 REVISED BUDGET

	FY 2024-25 Q2 Revised	FY 2024-25 Q3 Revised	Changes
Total Revenue	\$ 247,077,123	\$247,098,099	\$20,976
Total Expenses & Net Transfers	\$ 244,972,814	\$246,151,789	\$1,178,975
Net Activity	\$ 2,104,309	\$946,310	(\$1,157,999)
Beginning Fund Balance	\$ 51,630,418	\$51,630,418	-
Projected Ending Fund Balance	\$ 53,734,727	\$52,576,728	(\$1,157,999)
% of Fund Balance to Expenses	21.93%	21.36%	

Revised Budget – changes that resulted in revisions within a formal budget resolution presented for board approval during the current reporting period

Q3 REVISED BUDGET TO ACTUALS - FUND 14



UNRESTRICTED GENERAL PURPOSE FUND – FUND 14

Q2 vs Q3 PROJECTED ACTUALS

	FY 2024-25 Q2 Projected	FY 2024-25 Q3 Projected	Changes
Total Revenue	\$ 239,342,499	\$242,213,474	\$2,870,975
Total Expenses & Net Transfers	\$ 235,702,600	\$242,211,685	\$6,509,085
Net Activity	\$ 3,639,899	\$1,789	(\$3,638,110)
Beginning Fund Balance	\$ 36,044,701	\$36,044,701	
Projected Ending Fund Balance	\$ 39,684,600	\$36,046,490	(\$3,638,110)
Assigned To:			
Carryforwards	\$ 10,978,045	\$ 10,978,045	
FT Faculty Hiring Support*	\$ 1,540,000	\$ 1,540,000	
5% Reserve	\$ 11,785,130	\$ 12,110,674	\$325,544
Stability Fund	\$ 15,381,425	\$ 11,417,771	(\$3,963,654)

***** Any surplus due to increased revenue or from savings on expenditures are assigned to the Stability Fund.**

Projected Actuals – a preliminary calculation of what the end-of-the-year financials may look like based on current information not yet reflected in the financial statements.

** Amount that exceeds the annual State FTF Hiring Allocation.*

TOTAL UNRESTRICTED GENERAL FUND – FUND 14 & 15

Q2 vs Q3 PROJECTED ACTUALS

	FY 2024-25 Q2 Projected	FY 2024-25 Q3 Projected	Changes
Total Revenue	\$ 250,677,123	\$253,548,098	\$2,870,975
Total Expenses & Net Transfers	\$ 244,087,863	\$251,684,948	\$7,597,085
Net Activity	\$ 6,589,260	\$1,863,150	(\$4,726,110)
Beginning Fund Balance	\$ 51,630,418	\$51,630,418	
Projected Ending Fund Balance	\$ 58,219,678	\$53,493,568	(\$4,726,110)
% of Fund Balance to Expenses	23.85%	21.25%	

***Projected Actuals** – a preliminary calculation by Business Services of what the end-of-the-year financials may look like based on current information that may change due to several factors not yet reflected in the financial statements.*

THANK YOU!



UPDATE ON THE GOVERNOR'S STATE BUDGET MAY REVISION

IMPLICATIONS FOR CALIFORNIA COMMUNITY COLLEGES

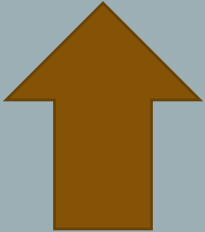
PROPOSED CALIFORNIA STATE BUDGET



\$400 Million from January Proposed Budget



\$24 Billion from FY24-25 Adopted Budget



8% increase from last year's budget



\$12 Billion deficit

PROPOSED BUDGET FOR COMMUNITY COLLEGES



- Maintaining stability
- Implementation of the Master Plan for Career Education



- 2.3% COLA for the Student Centered Funding Formula (SCFF)
- 2.3% COLA on select categorical programs



- \$14.1 Billion in FY2024-25
- \$14.2 Billion in FY2025-26
- With \$8.8 Billion from State General Funds

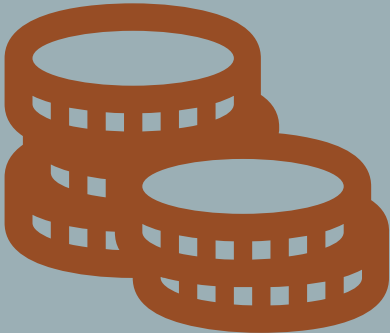


- 2.35% Growth Funding
- Up from 0.5% Growth Funding in FY2024-25

STUDENT CENTERED FUNDING FORMULA



- Hold Harmless Funding ends in FY2024-25
- Funding Floor starts in FY 2025-26



- A – By the SCFF formula
- B – **Stability** (previous year SCFF plus current year COLA)
- C – **Funding Floor** (FY2024-25 funding)

The greatest of A, B, and C is the funding for a district.

A NEW HORIZON IN COMMUNITY COLLEGES FUNDING



Maximize efficiency
and align with SCFF
metrics



Sustain enrollment
recovery efforts and
outreach



Leverage existing
reserves cautiously



Align local planning to
SCFF incentives

NEXT STEPS IN THE STATE BUDGET PROCESS



- LAO reviews Governor's budget proposal
- Legislature subcommittees continue hearings
- Assembly and Senate reconciles their versions of the budget
- Conference Committee resolves differences
- Governor signs the adopted budget

Joint Analysis

Governor's 2025-26 May Revision

Updated May 15, 2025



California Community Colleges



ACBO.ORG
ASSOCIATION OF CHIEF BUSINESS OFFICIALS



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).

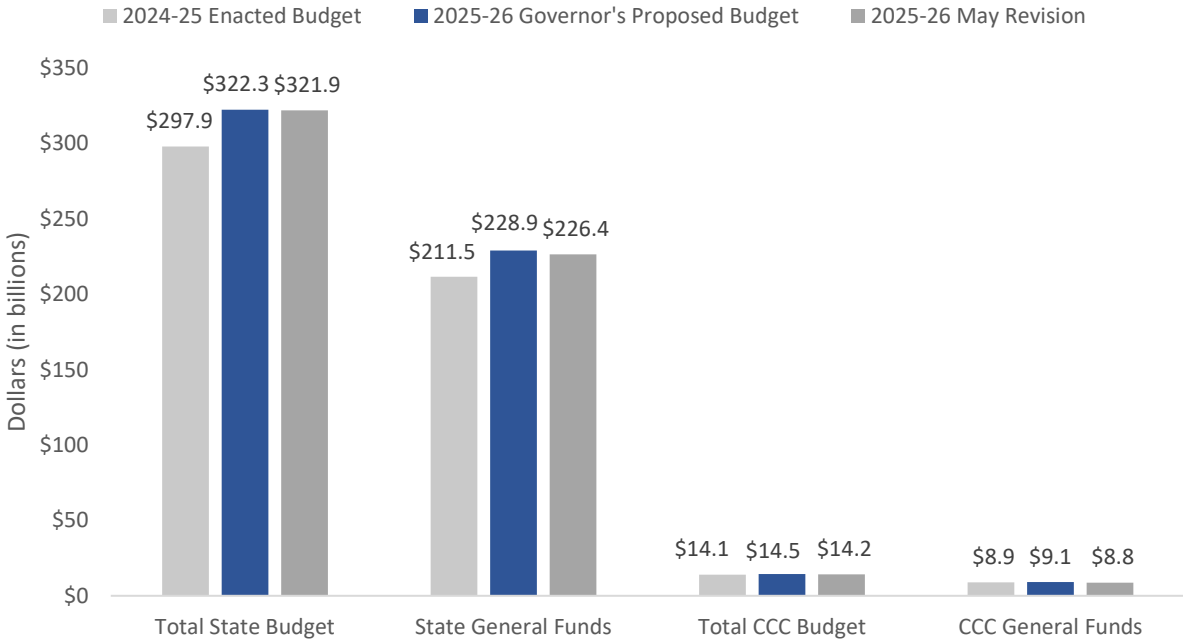
Its purpose is to provide information about the Governor’s May Revision as a common resource for each organization’s further analyses and advocacy efforts. Over the next couple of months, updated analyses will describe any proposed trailer bills and the enacted budget.

Summary of Key Budget Changes

On Wednesday, May 14, Governor Newsom released his May Revision budget proposal for the 2025-26 fiscal year. Following are some key changes in the proposal compared to the enacted budget for 2024-25 and the Governor’s Budget for 2025-26 released in January.

- Under the May Revision, the overall state budget would be slightly lower than proposed in January but still higher than the 2024-25 enacted budget, increasing by about 8% to \$321.9 billion, with a projected budget deficit of about \$12 billion rather than the roughly balanced budget expected in January. General Fund spending would increase by about \$15 billion (7%) to \$226.4 billion.

Figure 1: May Revision for 2025-26 budget reflects expected deficit of \$12 billion (dollars in billions).



- The budget proposal for the California Community Colleges reflects a focus on maintaining stability and taking steps toward implementation of the Master Plan for Career Education, including a vision of a Career Passport that would follow a student’s educational journey. Overall, funding is about flat compared to the current-year enacted budget.
- The revised proposal for ongoing spending includes about \$217.5 million for a 2.3% cost-of-living adjustment (COLA) for community college apportionments, about \$12.9 million less than the Governor’s January proposal included for a COLA of 2.43%. It includes an additional \$27.7 million for COLAs and adjustments to certain categorical programs. The proposal includes \$139.9 million to fund 2.35% enrollment growth, a substantial increase over the \$30.4 million for systemwide enrollment growth of 0.5% that was previously proposed.
- The revised proposal eliminates one-time funding previously proposed for the Statewide Technology Transformation, and reduces the funding proposed for the establishment of a Systemwide Common Data Platform, scaling up Credit for Prior Learning, and developing a Career Passport.
- The Governor’s revised proposal includes \$68.5 million in capital outlay funding from Proposition 51 and Proposition 2 to support the working drawings and construction phases for one continuing project and the preliminary plans and working drawings of 29 new projects. Consistent with the agreement included in Assembly Bill 176 (2024), the revised proposal provides \$4.2 million in capital outlay funding from Proposition 2 to address life-safety concerns for the Davies Hall project at American River College.

Changes in Overall Budget Framework

REVISED BUDGET PROPOSAL REFLECTS REVENUE SLOWDOWN

In January, the Administration projected a roughly balanced budget for 2025-26 based on the two-year budget planning process in the 2024 Budget Act that addressed a projected deficit of over \$30 billion for 2025-26. However, the Governor’s May Revision reflects reduced revenue expectations compared to the Governor’s Budget, related to stock market volatility and the impact of tariffs, and now projects a budget deficit of about \$12 billion. The Administration’s new proposal also describes significant increases in costs in some areas, particularly for Medi-Cal, that are expected to continue at higher rates than projected in January and contribute to the structural imbalance in future years. The May revision addresses the budget shortfall through a combination of program reductions (largely related to health care), revenues and borrowing, and fund shifts.

MUTED EXPECTATIONS RELATED TO FEDERAL UNCERTAINTY

The Legislative Analyst's Office's (LAO) updated [revenue outlook](#) supports the caution expressed by the Administration due to economic uncertainty. The LAO anticipates that "Big Three" tax revenues across 2023-24 and 2024-25 will be over \$5 billion above Governor's Budget projections, while 2025-26 revenues will be nearly \$8 billion below the January projections. The higher revenues LAO estimates for the prior and current year are related to higher-than-expected income tax collections, but stock-market driven tax collections may not be sustainable in the current environment. The state's economy has been stagnant, with no job growth in 2025 so far. Consumer spending has declined, impacting sales tax collections, conditions that could weigh down income and corporate tax collections. In addition, federal policy turbulence around tariffs and declining consumer sentiment increases the risks to the state's revenue outlook. With larger deficits anticipated in future years, actions to begin lowering those deficits are needed this year, according to the LAO. The state may not be able to backfill federal cuts to critical health or other programs given the challenges in funding existing state programs.

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 ESTIMATE FOR BUDGET YEAR ADJUSTED DOWNWARD

Minimum Guarantee for Community Colleges Drops

The Governor's Budget in January adjusted Proposition 98 estimates for the current year upward based on revenues that were running somewhat ahead of projections. 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 May Revision approximately maintains that revised estimate for the current year, as a significant drop in property taxes negated any benefit from higher-than-expected income tax receipts, with an overall estimate of \$118.9 billion (compared to \$119.2 billion estimated in January). The minimum guarantee for 2025-26 is now estimated at \$114.6 billion, lower than what was expected in January based on revenues running behind projections. The May Revision maintains the settle up proposal from the Governor's Budget in January, but the amount has been lowered from \$1.6 billion to \$1.3 billion.

Consistent with the Governor's Budget in January, the May Revision indicates that the deferrals included in the 2024-25 State Budget are repaid in 2025-26. The May Revision defers \$531.6 million from 2025-26 to 2026-27 and adjusts the state funding sources for the 2024-25 Student Centered Funding Formula (SCFF) to include payment from the Rainy Day Fund. To address current expectations for Proposition 98, the May Revision does the following:

- Provides \$210.1 million one-time to fully fund the SCFF in the current year.
- Provides \$104.7 million ongoing to fully fund the SCFF in 2025-26.
- Provides \$311 million one-time towards 2024-25 deferral repayment.
- Imposes a \$59 million one-time reduction to offset apportionment deferrals to be covered with funds from the Public School System Stabilization Account (see below).
- Defers \$531.6 million from the SCFF for 2025-26 to 2026-27 (for May and June 2026).
- Provides \$3.8 million one-time in the current year and \$8 million in 2025-26 for community colleges impacted by the Los Angeles wildfires.

The revised budget proposal also makes a change to the Proposition 98 split. The Transitional Kindergarten expansion fund recalibration has been pulled out because the total cost of the program is all on the K-12 side of the split. This action impacts community college funding in the amount of \$492 million, of which \$230 million is ongoing.

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

Source	2024-25 Revised	2025-26 Governor's Budget (GB)	2025-26 May Revision	Change From GB (Amount)	Change From GB (Percent)
ALL PROPOSITION 98 PROGRAMS					
General Fund	\$86,620	\$84,603	\$80,747	\$(3,856)	-4.6%
Local property tax	32,317	34,321	33,821	\$(500)	-1.5%
Totals	\$118,937	\$118,924	\$114,568	\$(4,356)	-3.7%
COMMUNITY COLLEGES ONLY ^a					
General Fund	\$9,036	\$9,041	\$8,472	\$(569)	-6.3%
Local property tax	4,232	4,538	4,438	\$(100)	-2.2%
Totals	\$13,268	\$13,579	\$12,910	\$(669)	-4.9%

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

Provides Districts with a Funding Floor

The 2021 Budget Act extended the SCFF’s hold harmless provision through the current year, 2024-25, under which districts will earn at least their 2017-18 total computational revenue (adjusted by COLA each year). The 2022 Budget Act extended the revenue protections in a modified form beginning in 2025-26, with a district’s 2024-25 funding representing its new “floor.” Starting in 2025-26, districts will be funded at their SCFF generated amount that year or their “floor” (2024-25 funding amount), whichever is higher. This revised hold harmless provision will no longer include adjustments to reflect

cumulative COLAs over time, as is the case with the provision in effect through 2024-25, so a district’s hold harmless amount would not grow.

Withdrawal from 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. Based on conditions and projections in January, the Governor’s Budget proposed deposits of about \$1.2 billion for 2024-25 and \$376 million for 2025-26 to support Student Centered Funding Formula resources. The May Revision eliminates those deposits related to the state’s reduced revenues. The proposal projects a balance of \$540 million in the PSSSA at the end of the current year but withdraws that amount for 2025-26, leaving no remaining funds in the account at the end of the budget year.

CALIFORNIA COMMUNITY COLLEGES FUNDING ADJUSTMENTS DOWN

The May Revision adjustments to funding for the California Community Colleges are lower by about \$111 million compared to the Governor’s Budget, as reflected in Table 2. The system would receive about \$508 million in ongoing funding and base adjustments, higher than proposed in January, and \$280 million for one-time programs and initiatives, lower than what was proposed in January.

Table 2: Proposed 2025-26 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)			
Provide 2.3% COLA for SCFF	\$230.39	\$217.49	-\$12.90
Provide for 2.35% enrollment growth	\$30.44	\$139.94	\$109.50
Ensure no deficit in SCFF for 2025-26	\$0.00	\$104.70	\$104.70
Provide 2.3% COLA for Adult Education Program	\$15.87	\$15.02	-\$0.85
Expand Rising Scholars Network	\$30.00	\$10.00	-\$20.00
Expand Credit for Prior Learning	\$7.00	\$5.00	-\$2.00
Provide 2.3% COLA for Extended Opportunity Programs and Services (EOPS)	\$4.50	\$4.26	-\$0.24
Provide 2.3% COLA for Disabled Students Programs and Services (DSPS)	\$4.24	\$4.02	-\$0.22
Adjustments for financial aid administration	\$1.70	\$3.31	\$1.61
Student housing lease revenue bond payments	\$0.00	\$2.47	\$2.47
Provide 2.3% COLA for CalWORKs student services	\$1.35	\$1.28	-\$0.07

Provide 2.3% COLA for Apprenticeship (community college districts RSI)	\$0.85	\$0.81	-\$0.04
Provide 2.3% COLA for Cooperative Agencies Resources for Education (CARE)	\$0.82	\$0.78	-\$0.04
Provide 2.3% COLA and an enrollment-based adjustment for Mandates Block Grant and reimbursements	\$0.95	\$0.36	-\$0.59
Provide 2.3% COLA for Childcare tax bailout	\$0.11	\$0.10	-\$0.01
Create Common Cloud Data Platform	\$29.00	\$0.00	-\$29.00
Lease revenue debt service adjustments	\$2.44	-\$0.03	-\$2.47
Decrease in available funds from Equal Opportunity Fund	-\$1.11	-\$1.11	\$0.00
Subtotal Ongoing (Proposition 98) Policy Adjustments	\$358.55	\$508.40	\$149.85
One-Time (Proposition 98)			
Ensure no deficit in SCFF for 2024-25	\$0.00	\$210.10	\$210.10
Develop Career Passport	\$50.00	\$25.00	-\$25.00
Systemwide Common Cloud Data Platform	\$133.50	\$12.00	-\$121.50
Statewide technology transformation	\$168.02	\$0.00	-\$168.02
Expand Credit for Prior Learning	\$43.00	\$15.00	-\$28.00
Fire-related property tax backfill for 2025-26	\$0.00	\$8.00	\$8.00
Reappropriate funds to expand e-Transcript California	\$0.00	\$6.60	\$6.60
Fire-related property tax backfill for 2024-25	\$0.00	\$3.80	\$3.80
Subtotal One-Time Policy Adjustments	\$394.52	\$280.50	-\$114.02
TECHNICAL ADJUSTMENTS			
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth) ^a	\$29.00	-\$118.00	-\$147.00
Subtotal Technical Adjustments	\$29.00	-\$118.00	-\$147.00
TOTAL CHANGES	\$782.07	\$670.90	-\$111.17

^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 \$239.4 million from \$9.74 billion to \$9.98 billion. This reflects a proposed COLA of 2.3% (\$217.5 million) and \$139.9 million for FTES growth of 2.35% 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 2024-25 Budget Act to the 2025-26 Governor’s May Revision proposal):

- Property tax revenues are estimated to increase by \$142.1 million from \$4.30 billion to \$4.44 billion.
- Enrollment Fee revenues are estimated to increase by \$32.4 million from \$406.1 million to \$438.5 million.

- Education Protection Account funding is estimated to increase by \$251.1 million from \$1.05 billion to \$1.3 billion.

Table 3 reflects the final SCFF rates for 2023-24 and 2024-25, along with the projected rates for 2025-26, as modified by COLA.

Table 3: Proposed 2025-26 Student Centered Funding Formula Rates (rounded)

Allocations	2024-25 Rates*	Proposed 2025-26 Rates	Estimated Change from 2024-25 (Amount)	Estimated Change from 2024-25 (Percent)
Base Credit*	\$5,294	\$5,416	\$122	2.30%
Incarcerated Credit*	7,425	7,596	171	2.30%
Special Admit Credit*	7,425	7,596	171	2.30%
CDCP	7,425	7,596	171	2.30%
Noncredit	4,465	4,568	103	2.30%
Supplemental Point Value	1,252	1,281	29	2.30%
Student Success Main Point Value	738	755	17	2.30%
Student Success Equity Point Value	186	190	4	2.30%
Single College District				
Small College	6,508,449	6,658,143	149,694	2.30%
Medium College	8,677,936	8,877,529	199,593	2.30%
Large College	10,847,420	11,096,911	249,491	2.30%
Multi College District				
Small College	6,508,449	6,658,143	149,694	2.30%
Medium College	7,593,194	7,767,837	174,643	2.30%
Large College	8,677,936	8,877,529	199,593	2.30%
Designated Rural College	2,070,088	2,117,700	47,612	2.30%
State Approved Centers	2,169,484	2,219,382	49,898	2.30%
Grandparented Centers				
Small Center	271,187	277,424	6,237	2.30%
Small Medium Center	542,371	554,846	12,475	2.30%
Medium Center	1,084,741	1,109,690	24,949	2.30%
Medium Large Center	1,627,112	1,664,536	37,424	2.30%
Large Center	2,169,484	2,219,382	49,898	2.30%

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

Appendix B compares the Governor’s May Revision to the 2025-26 Board of Governors’ budget request. Below we update information on the administration’s more significant policy decisions and related information.

MAJOR POLICY DECISIONS REFLECT GOAL OF STABILITY

The revised budget proposal continues to include funding for a COLA and more substantial enrollment growth than has typically been provided. One-time funds have been significantly reduced compared to the January proposal.

Provides 2.3% COLA for Apportionments and 2.35% Growth

The proposal includes an increase of nearly \$140 million **ongoing** to fund 2.35% enrollment growth and about \$217.5 million **ongoing** to support a COLA of 2.3% for apportionments. The enrollment growth funding is \$109.5 million dollars more than what was proposed in the Governor’s Budget for 0.5% growth. The proposed COLA is slightly lower than the 2.43% proposed in January, but larger than the 1.07% provided last year. Another \$27.2 million **ongoing** would support a COLA of 2.3% for selected categorical programs and the Adult Education program.

Scales Back Investment in Common Data Platform and Technology Transformation

The Governor’s Budget proposed an investment of \$133.5 million one-time and \$29 million ongoing to fund the process to create a systemwide Common Cloud Data Platform that would integrate a suite of Technology tools, including e-Transcripts, the Mapping Articulated Pathways platform, and Program Pathways Mapper. It also included \$168 million one-time to complete the Statewide Technology Transformation to standardize and streamline data collection. The May Revision rescinds the proposed funding for the Statewide Technology Transformation and dramatically reduces the funding for the Common Cloud to \$12 million **one-time** and rescinds ongoing funding for this purpose.

Adds Funds for e-Transcript California

The 2024-25 State Budget provided \$12 million one-time for expanding use of e-Transcript California, of which \$6.6 million was from reappropriated funds. Those reappropriated funds did not materialize as envisioned, so the May Revision adds \$6.6 million **one-time** consistent with the intent of last year’s action, to maintain the full \$12 million investment in e-Transcript implementation.

Reduces Proposals for Credit for Prior Learning and Career Passport

The Governor’s Budget included \$93 million one-time and \$7 million ongoing toward efforts related to the Master Plan for Career Education, including scaling up credit for prior learning (\$43 million one-time and \$7 million ongoing) and development of a state-sanctioned Career Passport (\$50 million one-time) to combine traditional academic records with verified skills and credentials earned outside the classroom. The May Revision reduces these proposed investments to \$15 million **one-time** and \$5 million

ongoing for expanding credit for prior learning, and \$25 million **one-time** for the Career Passport.

According to trailer bill language, the Credit for Prior Learning Initiative would build on the Mapping Articulated Pathways Initiative to provide credit for prior learning opportunities at every college through maintenance of systemwide processes and a technology infrastructure for analyzing and validating relevant prior learning and facilitating the award and documentation of credit. Colleges would be 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.

Trailer bill language clarifies that the California Career Passport Program is intended to accomplish at least three goals: (1) enabling the linkage and monitoring of validated information on a person's academic and third-party records of education, training, and skills; (2) ensuring the information is kept secure and private; and (3) providing individuals access to their information at no cost for use in applying for employment and training. The funds could be used until June 30, 2030 for costs related to technology infrastructure, data security, and outreach to promote awareness and use of the Career Passport.

Increases Support for Rising Scholars, But by a Lesser Amount

The May Revision provides an increase of \$10 million **ongoing** to the Rising Scholars Network, rather than the \$30 million hike proposed in January, bringing total funding for the program to \$35 million annually. Rising Scholar programs serve justice-involved students on college campuses and in federal or state prisons, county jails, juvenile facilities, or other correctional institutions. Current statute limits the number of institutions that may participate in Rising Scholars to 65 colleges, but trailer bill language removes that limitation and allows any number of colleges to enter into agreements with the Chancellor's Office to receive program funds. Beginning in 2025-26, the Board of Governors may prioritize funding applications that demonstrate positive student outcomes.

Continues Some Multi-Year Investments

As in the Governor's Budget, the May Revision proposes to continue for a second year the earmarking of \$60 million of Strong Workforce Program funds to nursing program expansion via the Rebuilding Nursing Infrastructure Grant Program, a provision of the 2024 Budget Act intended to be continued for five years. The governor's proposal also includes the third and final allocation of \$10 million for the LGBTQ+ student support pilot program originally funded in the 2023 Budget Act for three years.

Aligns Certain Reporting Requirements

Trailer bill language updates reporting requirements for specified programs. The Chancellor's Office must submit annual reports to the Legislature on the implementation of the Hire UP pilot program on or before March 1 through 2029. The reports summarize

information on participants’ outcomes, based on information participating colleges must provide for the evaluation. For the Native American Student Support and Success Program, an annual report is required on or before September 1 through 2027, summarizing information provided by colleges receiving grants on the services they provide and the progress and outcomes of supported students. Instead of submitting annual reports through 2030, the Chancellor’s Office will submit an intermittent report in 2027 and a final report by September 1, 2030. Lastly, the May Revision updates the reporting requirement for the Institutional Effectiveness and Partnership Initiative to require triennial reporting rather than annual.

Rescinds Funding for Education Coordination

The Governor’s Budget proposal in January included \$5 million in ongoing funding to establish the California Education Interagency Council as a mechanism to streamline education and workforce systems, ensure better coordination across segments and agencies, and maximize the impact of state investments in education. The May Revision withdraws that proposal as part of efforts to address the projected deficit.

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	2024-25 Revised	2025-26 Proposed	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$9,737.46	\$9,976.86	\$239.40	2.46%	COLA, growth, SCFF technical adjustments.
Adult Education Program – Main ^b	\$659.14	\$674.16	\$15.02	2.30%	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%	\$60 million to Rebuilding Nursing Infrastructure Grant Program annually for 5 years through 2028-29

Part-time faculty health insurance	200.49	200.49	\$0.00	0.00%	
Extended Opportunity Programs and Services (EOPS)	185.04	189.30	\$4.26	2.30%	COLA
Disabled Students Programs and Services (DSPS)	174.67	178.69	\$4.02	2.30%	COLA
Full-time faculty hiring	150.00	150.00	\$0.00	0.00%	
California College Promise (AB 19)	91.21	91.21	\$0.00	0.00%	
Integrated technology	89.50	89.50	0.00	0.00%	
Financial aid administration	80.42	83.73	3.31	4.12%	Waived fees and per unit adjustment
CalWORKs student services	55.64	56.92	1.28	2.30%	COLA
NextUp (foster youth program)	54.11	54.11	0.00	0.00%	
Basic needs centers	43.29	43.29	0.00	0.00%	
Mathematics, Engineering, Science Achievement (MESA)	39.42	39.42	\$0.00	0.00%	
Mandates Block Grant and reimbursements	38.80	39.16	0.36	0.94%	COLA and updated enrollment adjustment
Apprenticeship (community college districts RSI)	34.69	35.62	\$0.93	2.69%	COLA
Rising Scholars Network	25.00	35.00	10.00	40.00%	Add base funding to expand network
Cooperative Agencies Resources for Education (CARE)	33.84	34.61	0.78	2.30%	COLA
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%	
Homeless and Housing Insecurity Program ("Rapid Rehousing")	20.56	20.56	0.00	0.00%	
Economic and Workforce Development	22.93	22.93	0.00	0.00%	
California Virtual Campus	20.00	20.00	0.00	0.00%	
California Online Community College (Calbright College)	15.00	15.00	0.00	0.00%	
Nursing grants	13.38	13.38	0.00	0.00%	
Puente Project	13.33	13.33	0.00	0.00%	
Equal Employment Opportunity Program	13.88	12.77	-1.11	-7.99%	Decrease in available Equal Opportunity Fund
Lease revenue bond payments	12.79	12.77	-0.03	-0.20%	Lease Revenue Debt Service Adjustments
Dreamer Resource Liaisons	11.60	11.60	0.00	0.00%	
Veterans Resource Centers	10.82	10.82	0.00	0.00%	
Immigrant legal services through CDSS	10.00	10.00	0.00	0.00%	
Classified Employee Summer Assistance Program	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%	
Foster Parent Education Program	6.15	6.15	0.00	0.00%	
Credit for Prior Learning Policies	0.00	5.00	5.00	N/A	Expand Credit for Prior Learning Policies

Childcare tax bailout	4.32	4.42	0.10	2.30%	COLA
Rising Scholars Network- Textbooks/Digital Course Content for Inmates	3.00	3.00	0.00	0.00%	
Student housing lease revenue bond payments	0.00	2.47	2.47	N/A	Lease revenue debt service for community college housing projects
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	\$13,272.35	\$13,558.14	\$285.79	2.15%	

^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	2024-25 Revised	2025-26 Proposed	Explanation of Change
Develop Career Passport	0.0	25.0	Adds one-time funds
Scale up Credit for Prior Learning	6.0	15.0	Additional one-time funds added
Common Cloud Data Platform	0.0	12.0	Adds one-time funds
LGBTQ+ Student Support	10.0	10.0	Third and final year of one-time funds from 2023 Budget Act
Property tax backfill for colleges impacted by Los Angeles wildfires	3.8	8.0	Adds one-time funds
Expand e-Transcript California	5.4	6.6	Adds one-time funds to make up for unrealized reappropriated funds in 2024-25 allocation.
Total	\$25.20	\$51.60	

CAPITAL OUTLAY INVESTMENTS HIGHER THAN CURRENT YEAR

The Governor’s May Revision includes \$68.5 million in capital outlay funding from Propositions 51 and 2, less than proposed in the Governor’s Budget and considerably more than the \$29 million provided in the 2024 Budget Act. The funding is to support the construction phase for 1 project and the preliminary plans and working drawings of 29 additional projects, as listed in Table 6. Consistent with the agreement included in Assembly Bill 176 (2024), the revised proposal provides \$4.3 million in capital outlay funding from Proposition 2 to address life-safety concerns for the Davies Hall project at American River College for the initial project phases. The \$2.469 million included in the January Governor’s Budget to cover the lease revenue debt service for selected community college housing projects has been shifted to non-Proposition 98 resources, but there are no other changes to student housing.

Table 6: Proposed Capital Outlay Projects in the California Community Colleges (In Millions)

District, College	Project	2025-26 State Cost	2025-26 Total Cost	All Years State Cost	All Years Total Cost
NEW PROJECTS - Proposition 2					
Antelope Valley, Antelope Valley College	Gymnasium Replacement	\$1,622,000	\$3,374,000	\$24,601,000	\$46,711,000
Citrus, Citrus College	New Career Technical Education Building	\$3,226,000	\$8,025,000	\$47,520,000	\$116,852,000
Coast, Golden West College	Gym Replacement	\$2,002,000	\$4,128,000	\$29,421,000	\$57,790,000
Coast, Orange Coast College	Skills Lab Replacement	\$1,110,000	\$2,018,000	\$13,418,000	\$26,435,000
El Camino, El Camino College	Hydronic Line Replacement	\$813,000	\$1,084,000	\$9,155,000	\$12,206,000
Foothill-De Anza, De Anza College	Physical Education Complex Renovation	\$3,386,000	\$4,485,000	\$41,090,000	\$54,422,000
Hartnell, Hartnell College	Buildings F, G & H (Gymnasium) Replacement	\$1,764,000	\$3,177,000	\$19,603,000	\$38,310,000
Imperial, Imperial Valley College	Gym Modernization	\$1,039,000	\$2,078,000	\$12,798,000	\$25,677,000
Kern, Bakersfield College	Center for Student Success	\$1,934,000	\$3,869,000	\$28,786,000	\$56,256,000
Long Beach, Liberal Arts Campus	Building B Replacement	\$382,000	\$874,000	\$24,782,000	\$51,641,000
Los Angeles, Los Angeles City	Kinesiology Replacement	\$1,294,000	\$3,069,000	\$17,592,000	\$41,958,000
Los Angeles, Pierce College	Sewer Utility Infrastructure Replacement	\$692,000	\$923,000	\$7,385,000	\$9,847,000
Los Angeles, Los Angeles Trade-Technical College	Advanced Transportation & Manufacturing Replacement	\$6,047,000	\$14,849,000	\$91,161,000	\$219,471,000
Los Angeles, Valley College	Sewer Utility Infrastructure Replacement	\$591,000	\$788,000	\$5,885,000	\$7,845,000
Los Rios, American River College	Davies Hall	\$4,329,000	\$5,772,000	\$61,033,000	\$81,143,000
Mendocino-Lake, Willis Center	Willis Center, Phase 2	\$1,343,000	\$2,066,000	\$14,609,000	\$28,647,000
Merced, Merced College	Music, Art, Theater Complex	\$1,469,000	\$3,915,000	\$24,379,000	\$48,009,000
Mt. San Antonio, Mt. San Antonio College	Library Replacement	\$3,896,000	\$10,871,000	\$57,958,000	\$160,190,000
North Orange, Fullerton College	STEM Vocational Center	\$1,922,000	\$3,844,000	\$27,496,000	\$56,417,000
Peralta, Merritt College	Buildings E & F, Kinesiology and Physical Training	\$1,676,000	\$3,997,000	\$22,834,000	\$54,805,000

Rio Hondo, Rio Hondo College	Business & Art Building Replacement	\$1,594,000	\$3,187,000	\$23,233,000	\$45,813,000
Riverside, Ben Clark Training Center	Ben Clark Training Center: Education Building 2 Phase 1	\$1,335,000	\$3,185,000	\$16,246,000	\$39,489,000
Riverside, Moreno Valley College	Library Learning Resource Center (LLRC)	\$2,997,000	\$7,343,000	\$44,420,000	\$106,322,000
Riverside, Norco College	Library Learning Resource Center & Student Services	\$2,512,000	\$6,038,000	\$34,340,000	\$82,749,000
Riverside, Riverside City College	Cosmetology Building	\$1,617,000	\$3,844,000	\$20,196,000	\$48,782,000
San Mateo, Skyline College	Boiler Plant Replacement	\$454,000	\$605,000	\$6,087,000	\$8,077,000
Shasta-Tehama-Trinity, Shasta College	Life Sciences (Building 1600) Renovation	\$680,000	\$1,433,000	\$8,569,000	\$16,832,000
State Center, Clovis College	Kinesiology & Wellness Center	\$1,682,000	\$3,364,000	\$24,374,000	\$48,607,000
State Center, Reedley College	Modernization of Agriculture Instruction Complex	\$1,295,000	\$2,590,000	\$16,806,000	\$32,405,000
CONTINUING PROJECTS - Proposition 51					
Peralta, College of Alameda	Aviation Complex Replacement	\$13,836,000	\$50,071,000	\$14,889,000	\$52,178,000
Total		\$68,539,000	\$164,866,000	\$790,666,000	\$1,675,886,000

REDUCTION TO STATE OPERATIONS

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 in the 2024-25 State Budget to apply administrative efficiency reductions to all state agencies, the May Revision continues to apply a reduction to the Chancellor’s Office operational budget of \$2.14 million (6% reduction) in the current year and \$1.2 million ongoing (3.4% reduction) to reflect targeted operational efficiencies and funding associated with currently vacant positions.

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.

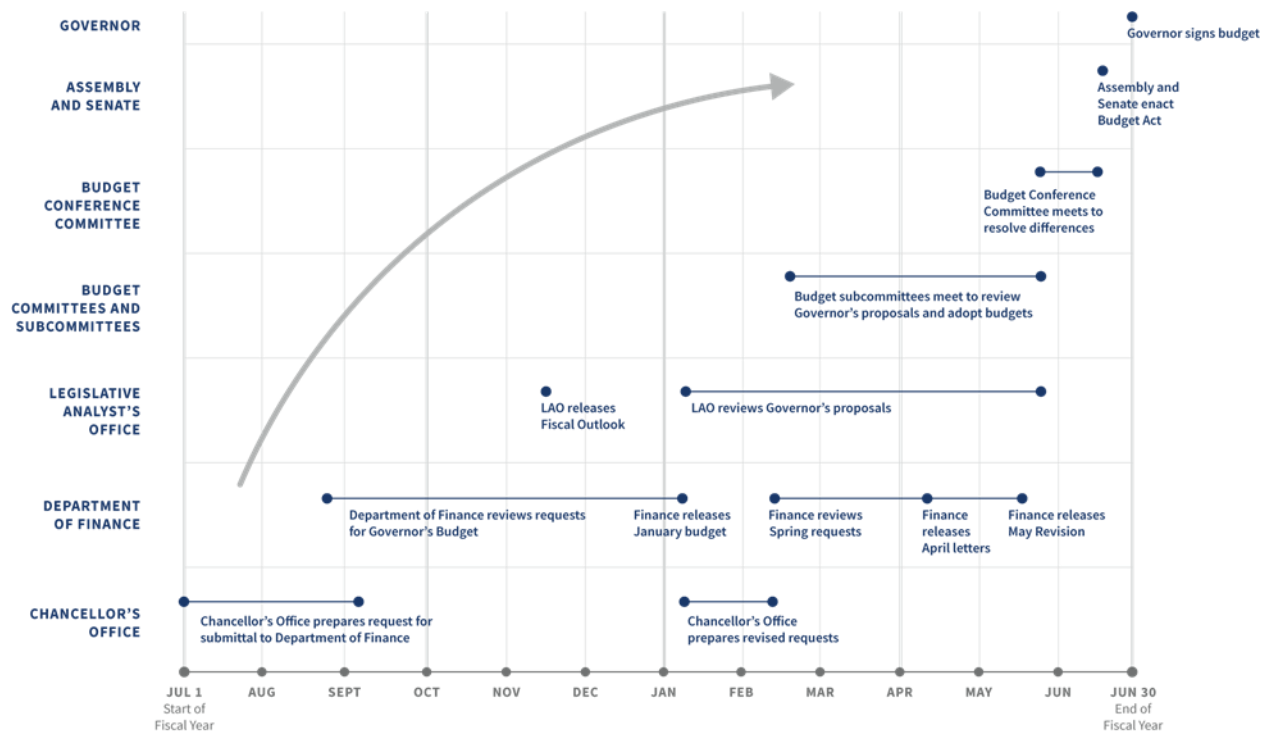
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can 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 considered needs over multiple years to achieve *Vision 2030* and Roadmap goals, and support students’ economic mobility.

Board of Governor’s Request	May Revision Proposal
Ongoing Investments	
Foundational Resources. \$69 million to fully fund enrollment growth. Requests inflationary adjustments for all categorical programs, elimination of the 10% cap on FTES growth, funding for minimum 1.5% growth annually, and modification of the SCFF calculation to recognize credit FTES at the higher of the three-year average or the current year amount.	Provides \$217.5 million for a COLA of 2.3% to general apportionments, \$X million for the same COLA to selected categorical programs, and \$139.9 million for 2.35% enrollment growth. No change made to the FTES growth cap or the calculation of credit FTES.
Pathways and Student Supports. \$60 million to expand career pathways through the California Apprenticeship Initiative; \$10 million increase for financial aid office administration; \$10 million to expand Rising Scholars Network; \$7 million to expand Credit for Prior Learning; \$875,000 to increase support for burden-free instructional materials.	Provides \$10 million to expand Rising Scholars and \$5 million to expand Credit for Prior Learning.
Faculty Supports. Unspecified amount to be determined to increase support for part-time faculty health insurance program.	Not included.
Technology and Data Sharing. \$29 million to launch Phase 1 of Common ERP transition and unspecified multi-year request to complete Phase 2.	Not included.
One-Time Investments	
Pathways and Student Supports. \$50 million to expand Credit for Prior Learning policies.	Provides \$15 million to expand Credit for Prior Learning, and \$25 million to develop a Career Passport.
Technology and Data Sharing. \$162.5 million for Phase 1 of Common ERP transition.	Provides \$6.6 million for expanding use of e-Transcript California.
Non-Proposition 98 Investments	
Capacity to Support the System. \$9 million to exempt the Chancellor’s Office from funding reduction to state agencies and build capacity.	Not included.
Financial Aid. Unspecified amount to commence initial implementation of the Cal Grant Equity Framework.	Not included.

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	2023-24	2024-25	2025-26
Cost-of-living adjustment (COLA)	8.13%	1.07%	2.30%
State Lottery funding per FTES ^a	\$249	\$273	TBD
Mandated Costs Block Grant funding per FTES	\$35.37	\$35.64	\$36.46
RSI reimbursement per hour	\$8.82	\$10.05	\$10.32
Financial aid administration per College Promise Grant	\$0.91	\$0.91	\$0.91
Public Employees' Retirement System (CalPERS) employer contribution rates	26.68%	27.05%	26.81%
State Teachers' Retirement System (CalSTRS) employer contribution rates	19.10%	19.10%	19.10%

^a 2025-26 estimate not available, will be updated when 2025-26 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 2025-26

Activity	Regulatory Due Date	Title 5 Section
Submit tentative budget to county officer.	July 1, 2025	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15, 2025	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	September 15, 2025	58301
Complete the adopted annual financial and budget report and make public.	September 30, 2025	58305(d)
Submit an annual financial and budget report to Chancellor's Office.	October 10, 2025	58305(d)
Submit an audit report to the Chancellor's Office.	December 31, 2025	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.



SCFF Update as of P2
2024-25

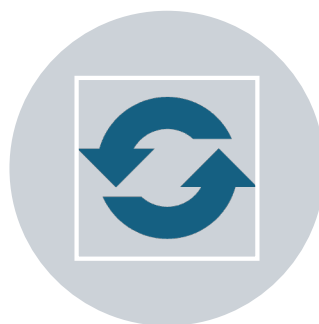
District Budget Advisory Committee

May 27, 2025

Discussion Topics



SCFF PROJECTIONS
SCENARIOS BASED ON P2
2024-25



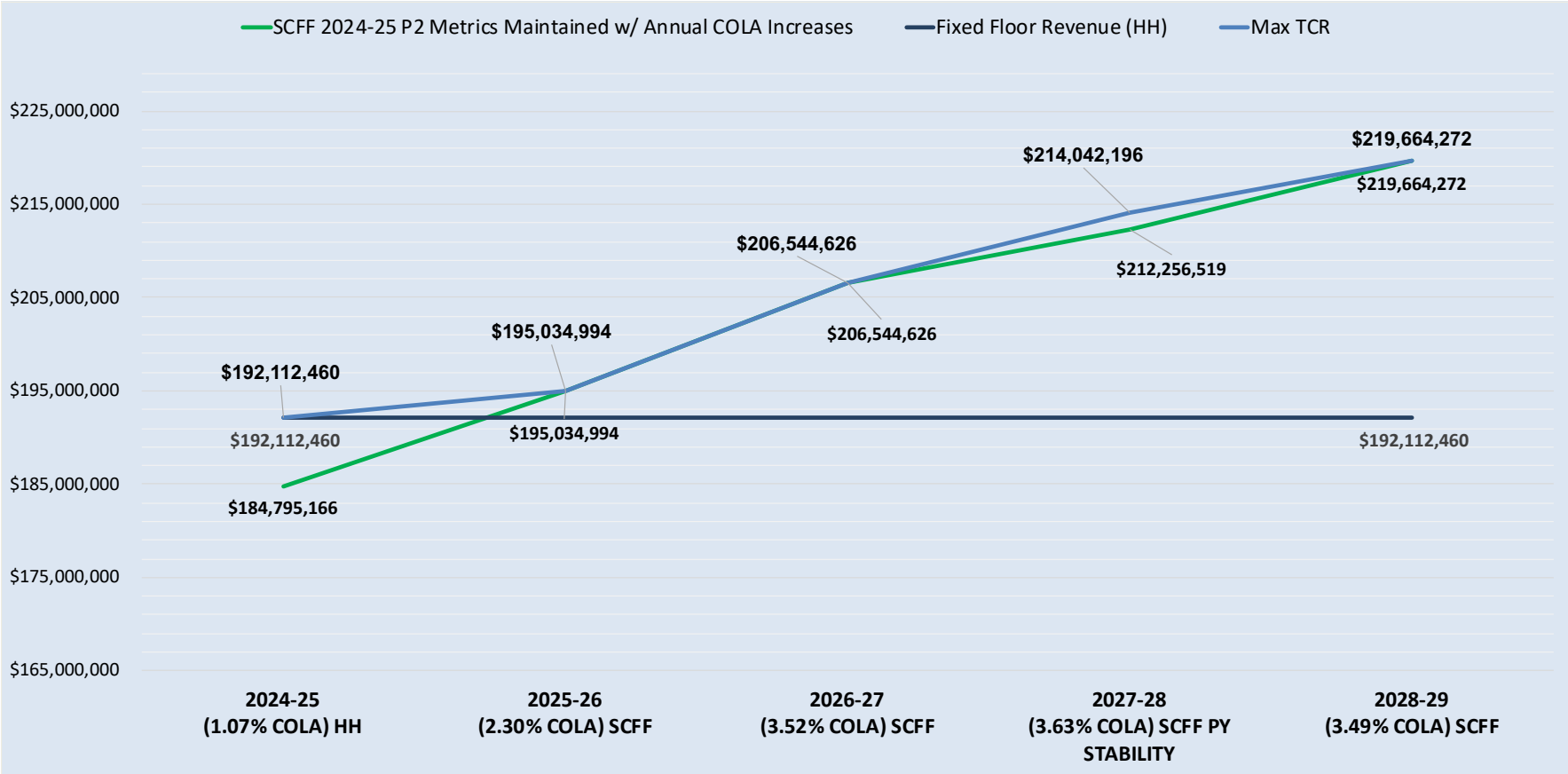
REVISIT RESTORATION AND
CONSTRAINED GROWTH



RESULTS AND IMPACT ON
FUNDING

SCFF Projections – P2 2024-25 Scenario I

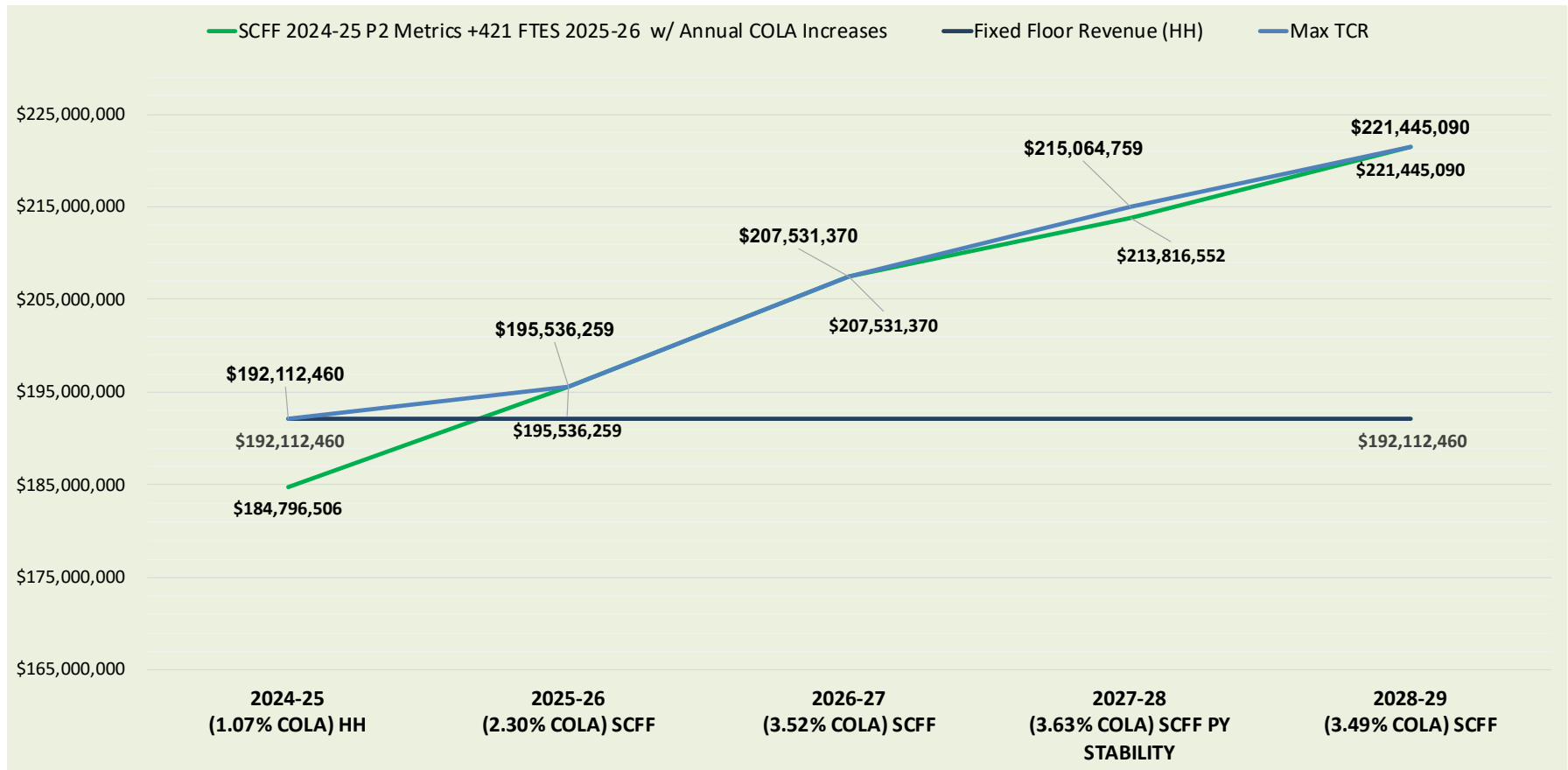
- Resident FTES 22,487.35; Increase of 884.73, so a portion of the 2021-22 FTES Loss balance was restored to our funding.
- Assumes flat FTES in out years and Annual COLA increases



SCFF Projections – P2 2024-25

Scenario II

- Resident FTES 22,487.35; Increase of 884.73, so a portion of the 2021-22 FTES Loss balance was restored to our funding.
- Assumes 421 FTES restoration in 2025-26 and out years and Annual COLA increases



Restoration vs. Constrained Growth



Restoration Authority – Available for districts to restore FTES declines in subsequent 3-yrs; the FTES values are adjusted by COLA and therefore based on equivalent maximum value not exact FTES counts.



When Restoration Authority is not available, a district can only grow to the extent growth funding is available systemwide through the State Budget.



Growth is constrained at the state level, not at the district level.



If a district grows more than there is growth funding available, then a district will have unfunded FTES.

2024-25 FTES Restoration Beginning Value

The District had Restoration Authority from two prior fiscal year's FTES Losses:

- 2021-22 - 1,581.53 FTES (2024-25 is the final year 3rd year available)
- 2022-23 – 420.54 (2025-26 is the final 3rd year available)

The total dollar value is ~\$9.2M which is the max value of FTES values that can be restored plus minimal growth.

Restoration and Growth Authority 24-25

Set 24-25 Growth Authority Target
0.11701

Restoration Authority						Growth Authority					
District	FTES Category	21-22	22-23	23-24	Total Value	District	FTES Category	23-24 Appl #3	Target (%)	Growth FTES	Total Value
FOOTHILL-DEANZA	Credit	1,664.96	982.01	-0.00	\$14,080,598	FOOTHILL-DEANZA	Credit	19,446.15	0.12	22.75	\$121,038
	Incarcerated Credit	-0.42	-15.09	-0.00	\$-115,762		Incarcerated Credit	15.51	0.12	0.02	\$135
	Special Admit Credit	16.22	-381.32	-0.00	\$-2,725,007		Special Admit Credit	1,554.81	0.12	1.82	\$13,578
	CDCP	-128.15	-167.78	-0.00	\$-2,197,141		CDCP	386.20	0.12	0.45	\$3,355
	Noncredit	28.92	2.72	-0.00	\$141,259		Noncredit	199.95	0.12	0.23	\$1,045
	Total	Total	1,581.53	420.54	0.00		\$9,183,947	Total	Total	21,602.62	0.00

2025-26 FTES Restoration Beginning Value

If the P2 2024-25 FTES Restoration amount was all that could be captured, then in 2025-26 only the 420.54 FTES is available with a max value of ~\$1M plus very limited growth of 26.31 FTES at \$148,127.

Restoration and Growth Authority 25-26

Set 25-26 Growth Authority Target
0.11701

Restoration Authority						Growth Authority					
District	FTES Category	22-23	23-24	24-25	Total Value	District	FTES Category	24-25 Appl #3	Target (%)	Growth FTES	Total Value
	Credit	982.01	-0.00	-0.00	\$5,343,965		Credit	20,378.06	0.12	23.84	\$129,756
	Incarcerated Credit	-15.09	-0.00	-0.00	\$-115,218		Incarcerated Credit	0.00	0.12	0.00	\$0
FOOTHILL-DEANZA	Special Admit Credit	-381.32	-0.00	-0.00	\$-2,911,529	FOOTHILL-DEANZA	Special Admit Credit	1,525.68	0.12	1.79	\$13,630
	CDCP	-167.78	-0.00	-0.00	\$-1,274,338		CDCP	457.29	0.12	0.54	\$4,064
	Noncredit	2.72	-0.00	-0.00	\$12,423		Noncredit	126.62	0.12	0.15	\$677
Total	Total	420.54	0.00	0.00	\$1,055,303	Total	Total	22,487.65	0.00	26.31	\$148,127

2025-26 FTES Restoration Impact of 421 FTES

25-26 FTES Calculations

Restoration, Decline, Growth and Adjustments. This table shows the calculation methodology for adjusting FTES and displays the rate for each FTES category. Note in districts with rates that are set in statute the funding rate will not match the overall system rate. This table matches the display on Exhibit C on the Apportionments website.

District	FTES Category	23-24 Appl #3	24-25 Appl #3	Restoration	Decline	Adjustment	25-26 Appl #1	25-26 Appl #2	Growth	25-26 Funded	Rate	Growth Revenue	Total Revenue
FOOTHILL-DEANZA	Credit	19,446.15	20,378.06	193.92	0.00	0.00	20,571.98	20,132.06	27.22	20,159.28	\$5,441.86	\$148,128	\$109,704,092
	Incarcerated Credit	15.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$7,635.39	\$0	\$0
	Special Admit Credit	1,554.81	1,525.68	0.00	0.00	0.00	1,525.68	1,525.68	0.00	1,525.68	\$7,635.39	\$0	\$11,649,169
	CDCP	386.20	457.29	0.00	0.00	0.00	457.29	457.29	0.00	457.29	\$7,595.29	\$0	\$3,473,251
	Noncredit	199.95	126.32	0.00	0.00	0.00	126.32	126.32	0.00	126.32	\$4,567.26	\$0	\$576,937
	Total FTES	21,602.62	22,487.35	193.92	0.00	0.00	22,681.27	22,241.35	27.22	22,268.57		\$148,128	\$125,403,448
Total Value		\$126,593,995	\$1,055,303	\$0	\$0								

If we attempt to restore all 421 FTES with a value of \$1,055,303....because the value of the FTES is higher (impact of COLA) in 2025-26, we could only restore 193.92 and grow by the constrained amount of 27.22 FTES.

As a result, we would be in an unfunded FTES situation of ~199 FTES.

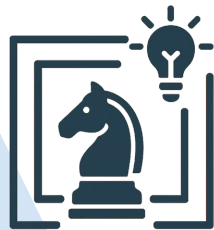
25-26 Unfunded FTES	25-26 Unfunded FTES Value
199.40	\$1,085,091
0.00	\$0
0.00	\$0
0.00	\$0
0.00	\$0
199.40	\$1,085,091

In Summary...

SCFF



**We are no longer in
hold harmless next
year!**



**Strategic moderate growth by aligning our
resources to areas of priority.**



**Enrollment planning is critical as we enter the
phase of constrained growth.**

PRELIMINARY ASSUMPTIONS FOR THE TENTATIVE BUDGET FY 2025-26

DISTRICT BUDGET ADVISORY COMMITTEE
May 27, 2025



PRELIMINARY REVENUE ASSUMPTIONS



SCFF

Projects SCFF revenues are based on the formula. No more hold harmless!



Anticipates about 10% decline in nonresident units earned compared to current year



Anticipates slight increase in interest income



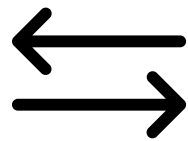
PRELIMINARY EXPENDITURES ASSUMPTIONS



Projects an increase in operating expenses such as insurance and utilities



Projects an increase in salary and payroll driven benefits including steps/column increases



Shifts PY DEMC support to ongoing health benefits

