Joint Analysis

Enacted 2026-27 Budget

July 9, 2026

California Community Colleges

ACBO
Association of Chief Business Officials

acca
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).

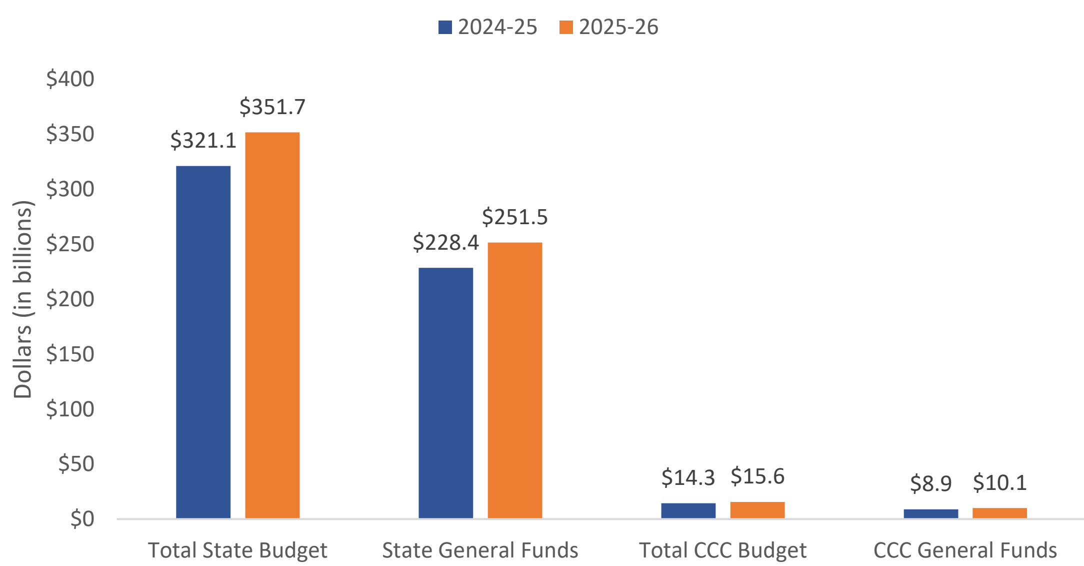
This analysis builds on the May 14, 2026, analysis of the Governor's May Revision budget proposal, and presents details about the 2026-27 budget as enacted by the Governor and Legislature. It focuses on appropriations and policy changes included in Assembly Bill 109, as amended by Senate Bill 111, collectively the Budget Act of 2026; Assembly Bill 126, the education trailer bill; and Senate Bill 135, the higher education trailer bill.

Key Features of the 2026-27 Budget

On June 29, 2026, Governor Newsom signed the Budget Act of 2026, which reflects state expenditures of nearly $352 billion. Below are some key features of the final budget, followed by more detailed discussions of budget adjustments for the community college system.

- The 2026 Budget Act reflects total state expenditures of approximately $351.7 billion, a 9.5% increase from the 2025-26 enacted budget. General Fund spending increases by 10.1% compared to the 2025-26 enacted budget, to $251.5 billion.

Figure 1: Enacted Budget for 2026-27 reflects increase of about $30 billion from 2025-26 (dollars in billions).



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

- The enacted budget includes about $775 million in ongoing adjustments, including $292 million for a 2.87% cost-of-living adjustment (COLA) to the Student Centered Funding Formula (SCFF) and $31 million for the same COLA for selected categorical programs. It provides $159.7 million for an additional discretionary COLA of 1.44%, for all districts receiving general apportionment. The budget also includes $153.1 million to cover enrollment growth of 2.5% over two years ($55.3 million starting in 2025-26 and $97.8 million starting in 2026-27). It modifies the SCFF formula to fund credit FTES at the higher of the three-year average or the amount reported in the current year (rather than using the three-year average), providing $47.7 million to adopt that policy change.

- One-time funding in the enacted budget for 2026-27 of $1.1 billion is largely focused on implementation of efforts related to Vision 2030, supports for students, and collaborative pathways projects. One-time investments include an additional $147.2 million for the Student Support Block Grant, $120.7 million for deferred maintenance, $71.1 million for Dreamer Resource Liaisons, another $35 million to scale up Credit for Prior Learning, and $36 million to scale a systemwide Common Cloud Data Platform.

- The Budget Act includes $736.9 million for capital outlay from Proposition 2 to support 29 continuing projects and 10 new projects.

Budget Overview

The Budget Act includes components of the Governor's May Revision and additions or modifications adopted by the Legislature on June 15th, along with other agreed upon changes between the Legislature and Governor. The 2026-27 budget provides total additional resources of more than $2.1 billion to California Community Colleges apportionments and categorical programs as compared to the 2025 Budget Act (see Table 3).

BUDGET REFLECTS HIGHER REVENUES, CONCERNS ABOUT STRUCTURAL DEFICITS

In January, the Administration projected a shortfall of $2.9 billion for 2026-27 amid increasing costs for Medi-Cal and CalFresh related, in part, to federal policy changes. Since then, tax revenues have grown faster than projected related to investor enthusiasm surrounding artificial intelligence, and the enacted budget reflects no deficit in 2026-27 or 2027-28. While concerns about ongoing structural deficits continue, the budget includes some efforts to plan for the risks of revenue volatility and federal policy changes through new revenues, deposits to state reserves, and delayed spending. The 2026 Budget Act includes overall state General Fund spending of $251.5 billion, an increase of approximately 10% compared to the enacted budget for 2025-26. The budget is aimed at balancing the budgets for both 2026-27 and 2027-28, consistent with the Administration's commitment to two-year budget planning, and delays many of the planned healthcare cuts to 2027.

INVESTMENTS FOCUS ON PROTECTING CORE PROGRAMS AND ENSURING BUDGET RESILIENCE

The enacted budget reflects an estimated $28.7 billion in total reserves at the end of 2026-27, which includes:

- $15 billion in the Budget Stabilization Account (BSA, also known as the "rainy day fund", created in 2014 by Proposition 2). Over the last two years, the state has withdrawn $12.2 billion from the BSA and suspended required deposits in the fund, creating future constitutional "true-up" obligations. The 2026 Budget Act eliminates the first true-up for 2025-26, provides a $305 million second true-up for 2024-25, and makes a $3.6 billion constitutionally required deposit into the BSA for 2026-27. 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 enacted budget includes a transfer of more than $6 billion into this account to support a positive operating balance in 2027-28. As another means of budget stabilization, the Legislature approved the Save for California's Future Act (ACA 20, Gabriel, Chapter 130, Statutes of 2026). This measure will place a constitutional amendment on the November 2026 ballot to increase the size of the BSA from 10% to 20% of the state budget, modify required transfer amounts, and exclude deposits from the state appropriations limit (Gann Limit).
- $9.2 billion in the Public School System Stabilization Account (PSSSA), a state reserve for schools and community colleges created by Proposition 2 in November 2014 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 mandatory deposit of $8.7 billion and an additional discretionary deposit of $500 million for 2025-26.
- $4.5 billion in the Special Fund for Economic Uncertainties (SFEU); this discretionary reserve is equal to the difference between General Fund resources and General Fund spending and provides the state with flexibility to adapt to unexpected changes in revenues or spending needs during the year.

The enacted budget includes some new tax revenues, postpones some education spending, and delays some planned cuts to ongoing programs. Some major provisions of the budget include:

- Authorizes several tax measures, including applying a sales tax to computer software, capping business tax credits, and raising the tax rate on private health insurance providers;
- Enacts significant reforms to education governance, primarily affecting who is responsible for administering K-12 schools, transferring many duties to a new governor-appointed commissioner;
- Delays most cuts and changes to Medi-Cal until 2027, temporarily backfilling coverage for certain immigrant populations restricted by federal policy changes, and preserves funding for in-home care for low-income residents that had been targeted for cuts in previous budget proposals;
- Allocates funds to support designated public hospitals and to augment CalFresh administration to mitigate threats from federal cuts;
- Adds 22,700 state-funded child care slots and backfills additional spaces previously funded with federal dollars;
- Taps climate funding for electric vehicle incentives and to backfill state fire services; and
- Increases TK-12 special education funds by $2.4 billion (43%) and provides a $5 billion block grant equal to $937 per student.

California Community Colleges Funding

The Budget Act of 2026 reflects an increase in overall funding for community colleges over 2025-26 levels and includes many of the core priorities in the System Budget Request, as shown in Appendix B.

PROPOSITION 98 ESTIMATE HIGHER THAN LAST YEAR

Table 1 shows the budget's estimates of the minimum guarantee for 2024-25, 2025-26, and 2026-27. The minimum guarantee for 2026-27 of $128 billion is up about 6% from 2025-26, where the guarantee is now estimated at $121.3 billion. The enacted budget:

- Pays off the $1.9 billion "settle up" created in 2024-25;
- Creates a new settle-up obligation of $3.96 billion for 2025-26 related to ongoing fiscal uncertainty, but requires that one-third of non-Proposition 98/non-Proposition 2 General Fund tax revenues be used to pay off Proposition 98 obligations;
- Pays off the $408.4 million deferral from 2025-26, applying it toward the minimum funding requirement for the 2024-25 fiscal year rather than 2026-27;
- Shifts non-Proposition 98 General Fund state preschool programs under Proposition 98 and "rebenches" the guarantee;
- Excludes costs for transitional kindergarten after calculation of the TK-12/CCC "split", consistent with intent specified in the 2025 Budget Act;
- Adjusts the split percentage to be 88.9% for TK-12 and 11.1% for community colleges (from 89.1%/10.9%), providing an additional $217.7 million ongoing for community colleges to address a structural deficit that was created when the 2025 Budget Act shifted TK costs outside of the split.

Table 1: Estimates of the Proposition 98 Minimum Guarantee (In Millions)

Minimum Guarantee	2024-25	2025-26	2026-27	Change From 2025-26	Percent Change
General Fund	$93,316	$87,746	$92,931	$5,185	6%
Local property tax	32,614	33,574	35,140	1,566	5%
Totals	$125,930	$121,320	$128,071	$6,751	6%

California Community Colleges Funding Increases

Table 2 shows Proposition 98 funding for the California Community Colleges for 2024-25, 2025-26, and 2026-27. Proposition 98 funding for the California Community Colleges increases by 15% in 2026-27 compared to the prior year, related to the increase in tax revenues and other issues. The share of Proposition 98 funding for the system is 11.4% in 2026-27, reflecting the adjustment to the split.

Table 2: California Community Colleges Proposition 98 Funding by Source (In Millions)

Source	2024-25	2025-26	2026-27	Change From 2025-26	Percent Change
General Fund	$ 9,238	$ 8,288	$ 9,941	$ 1,653	20%
Local property tax	4,339	4,444	4,664	220	5%
Totals	$ 13,577	$ 12,732	$ 14,605	$ 1,873	15%

[a]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

The SCFF's hold harmless provision enacted in the 2021 Budget Act expired at the end of 2024-25. As specified in the 2022 Budget Act, a modified form of revenue protections began in 2025-26, under which a district's 2024-25 funding level 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 does not grow.

Additional Resources Primarily for COLA

The Budget Act includes about $2.1 billion in policy adjustments compared with 2025-26 expenditure levels (after the impact of technical adjustments). Most notable among the ongoing adjustments, the budget includes $323 million for a 2.87% COLA for the SCFF and some categorical programs, and $159.7 million for an additional discretionary COLA for apportionments of 1.44%. The changes are summarized in Table 3.

Table 3: 2026-27 Changes in Proposition 98 Funding for the System (In Millions)

Program Areas	Adjustments
POLICY ADJUSTMENTS	
Ongoing (Proposition 98)	
SCFF statutory COLA (2.87%)	$280.8
SCFF discretionary COLA (1.44%)	$146.4
SCFF Hold Harmless discretionary COLA (1.44%)	$13.3
SCFF growth 2026-27 (1.5%)	$97.8
SCFF growth 2025-26 (1.0%)	$55.3
Adopt policy change for higher of actual enrollment or 3-year average	$47.7
Increase support for Calbright College	$38.1
Student Equity and Achievement Program COLA (5.74%)	$30.1
Adult Ed COLA (2.87%)	$19.2
California Healthy School Pathway Program (increase of $4.3 million compared to 2025)	$14.3
Student housing lease revenue debt service adjustments	$8.6
Reallocate funds to Basic Needs Centers	$8.0
Extended Opportunity Programs and Services (EOPS) COLA (2.87%)	$5.3
Disabled Student Programs and Services (DSPS) COLA (2.87%)	$5.1
Common Cloud Data Platform	$5.0
Credit for Prior Learning	$2.0
Mandates Block Grant COLA (2.87%) and enrollment-based adjustments	$1.7
CalWORKs Student Services COLA (2.87%)	$1.6
Apprenticeship (community college districts RSI) COLA (2.87%) and enrollment-based adjustments	$1.0
Cooperative Agencies Resources for Education (CARE) COLA (2.87%)	$1.0
Equal Employment Opportunity Program special fund increase.	$0.3
Childcare Tax Bailout COLA (2.87%)	$0.1
Lease revenue bond payments; debt service adjustments	$0.1
Reallocate funds from the Classified Employee Summer Assistance Program	-$8.0
Subtotal Ongoing Policy Adjustments	**$774.72**
One-Time (Proposition 98)	
Deferral repayment	$408.4
Student Support Block Grant	$147.2
Cover SCFF shortfall for 2025-26	$141.0
Deferred Maintenance	$120.7
Dreamer Resource Liaisons	$71.1
California Indian Nations College	$42.6
Common Cloud Data Platform	$36.0
Credit for Prior Learning	$35.0
LGBTQ+ Centers	$30.0
Backfill Apprenticeship funding shortfall	$16.0
Backfill Strong Workforce Program	$15.8
Future of Creative Industries Pilot Project	$15.0
California Early College Demonstration Initiative	$10.0
Financial Aid Administration Support	$10.0
Adult Learner Demonstration Project	$9.7
Pierce College Family Resource Centers	$5.0

Southwestern College (various purposes)	$3.0
Cal-Bridge First Academic Scholar Training Program	$1.2
One-Time (non-Proposition 98)	
English Language Learner Pathways	$20.1
Subtotal One-Time Policy Adjustments	**$1,137.74**
TECHNICAL ADJUSTMENTS	
Student Centered Funding Formula (SCFF) Technical Adjustments	$212.36
Subtotal Technical Adjustments	**$212.36**
TOTAL CHANGES	**$2,124.82**

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

Appendix B compares the enacted budget to the 2026-27 Board of Governors' budget request. Below we update information on the administration's more significant policy decisions and related information.

MAJOR POLICY DECISIONS FOCUS ON STABILITY AND CONTINUED INVESTMENT IN RECENT PRIORITIES

The community college system's budget reflects interest in maintaining stability and ensuring continued focus on recent priorities. The budget provides a COLA, more substantial enrollment growth than typically funded, and some one-time investments.

Apportionments Receive 4.31% COLA and 2.5% Growth

The Budget Act includes $291.9 million **ongoing** to support a 2.87% COLA for apportionments, the same COLA provided for K-12. Another $31 million **ongoing** supports a COLA of 2.87% for selected categorical programs and the Adult Education program. It provides $159.7 million **ongoing** for an additional discretionary COLA for apportionments of 1.44%, to be used for offsetting districts for the cost of providing paid pregnancy disability leave for academic and classified employees (with $13.3 million allocated for hold harmless districts). Districts would be required to provide up to 14 weeks of paid pregnancy disability leave, not to be deducted from other leaves of absence, and to maintain group health coverage, retirement contributions, and service credit accumulation during this leave period, with the requirement to become operative on January 1, 2027. Any funding in excess of actual pregnancy leave costs is authorized for other purposes at the district's discretion.

The enacted budget provides a total of $153.1 million **ongoing** across the 2025-26 and 2026-27 budget years to support a combined enrollment growth of 2.5% ($55.3 million for an additional 1% growth in 2025-26 and $97.8 million for 1.5% growth in 2026-27). As requested by the Chancellor's Office in its system budget request, the 2026 Budget Act provides $47.7 million **ongoing** to modify the SCFF formula to fund credit FTES at the higher of actual enrollment or the three-year average beginning in 2026-27, rather than using the three-year average.

The estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by $798 million from $10 billion at the 2025 Budget Act to $10.8 billion in the enacted budget. This reflects the COLA and growth funding and modified estimates for hold harmless and other underlying estimation factors.

Table 4 reflects the final SCFF rates for 2025-26 along with the projected rates for 2026-27, as modified by COLA and other base adjustments. SCFF rates for 2026-27 are estimates and final rates will be provided at the Advance Apportionment. The distribution of funds across the three allocations (base, supplemental, and student success) is determined by changes in the underlying factors. Table 5 shows the estimated rates for college types and centers.

Table 4: 2026-27 Student Centered Funding Formula Rates (rounded)

Allocations	2025-26 Rates	2026-27 Rates	Change from 2025-26 (Amount)	Change from 2025-26 (Percent)
Base Credit[a]	$ 5,416.20	$ 5,649.63	$ 233.44	4.31%
Incarcerated Credit[a]	$ 7,595.29	$ 7,922.65	$ 327.36	4.31%
Special Admit Credit[a]	$ 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%

[a]Ten districts receive higher credit FTE rates, as specified in statute.

Table 5: 2026-27 SCFF Rates for Colleges and Centers (rounded)

Basic Allocations	2025-26	2026-27	Change from 2025-26 (Amount)	Change from 2025-26 (Percent)
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%

Addresses Facilities Needs

While the enacted budget 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 provide $120.7 million **one-time** for deferred maintenance needs and special repairs of facilities, largely through reappropriated funds. This is 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.

Provides Additional Funds for Common Data Platform

Responding to the system's budget request, the 2026 Budget Act includes an additional investment of $36 million **one-time** and $5 million **ongoing** to scale up the Common Cloud Data Platform that received one-time start-up 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 (MAPS) 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 enacted budget provides $2 million **ongoing** and $35 million **one-time** to support 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.

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.

The Chancellor's Office must submit a report on the outcomes and impact of the initiative by January 31, 2028, including the numbers and characteristics of students awarded credit for prior learning and the impact of those credits on completion outcomes.

Extends Student Support Block Grant and Makes Other Investments in Student Support

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 2026 Budget Act instead provides an additional $147.2 million **one-time** to enhance existing student support programs through this block grant, which emphasizes skills-based learning, career pathways, and student equity, as detailed in a recent guidance memo from the Chancellor's Office.

As specified in 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, 2026), with the Chancellor's Office reporting to the Legislature on December 31, 2028 and December 31, 2031. Expenditure and reporting deadlines for districts have not changed from those adopted in the 2025 budget, as specified in guidance provided by the Chancellor's Office.

The 2026 Budget Act also includes other targeted investments in student support programs, including:

- $71.1 million **one-time** for Dreamer Resource Liaisons, with $36.1 million eligible for up to 3% set aside for state administrative operations and technical assistance;

- $30.1 million **ongoing** for a 5.74% COLA for the Student Equity and Achievement Program;
- $30 million **one-time** for LGBTQ+ Centers;
- $10 million **one-time** to increase funding for financial aid administration; and
- $5 million **one-time** for the Pierce College Family Resource Centers.

Increases Funding for Calbright

The Governor had proposed an additional $38.1 million ongoing for California Statewide Community Colleges (Calbright College) with an ongoing COLA, intended to support and provide stable funding in base operations as it transitions out of its startup capacity. The college has been receiving $15 million per year to offer free online programs geared toward helping individuals acquire and improve skills for in-demand jobs.

The enacted budget maintains the Governor's proposal to provide $38.1 million **ongoing** for Calbright College. Trailer bill language indicates that future funding decisions will be determined following review of required data and reports. The budget requires the Chancellor's Office, by October 1, 2028, to develop recommendations for equating enrollment in competency-based education programs at all community college districts, including Calbright, to FTES for the purposes of generating funding, and to convene a workgroup of experts to support their development. It also requires the Chancellor's Office to develop standardized credit for prior learning recommendations for all districts, including Calbright, by July 1, 2027. Calbright must implement data reporting and public outcome dashboards using comparable data elements applicable to noncredit programs at other community college districts.

Supports Academic and Career Pathways and Programs

The 2026 Budget Act includes several investments that support academic and career pathways projects and programs:

- $42.6 million **one-time** for California Indian Nations College ($14.2 million per year for three years).
- $20.1 million **one-time** non-Proposition 98 funds to support the English Language Learner Pathways program.
- $16 million **one-time** to backfill Related and Supplemental Instruction (RSI) instruction hours for 2024-25 and 2025-26.
- $15 million **one-time** to support a Future of Creative Industries Pilot Project, a five-year initiative focused on AI-related job displacement and workforce adaptation in the creative economy sectors consistent with pending state legislation (AB 2504, Bauer-Kahan).
- $14.3 million **ongoing** for 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. This expands on the $10 million one-time provided for this program in the 2022 Budget Act, making the funding ongoing with a requirement that 80% of funds support direct program costs. The Chancellor's

Office will be required to submit a report to the Department of Finance and Legislature on program outcomes by February 1, 2027 and annually thereafter.

- $9.7 million **one-time** over three years to continue and expand an investment in the 2024 Budget Act, which 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. Unlike the 2024 investment, the current funding involves new money and does not reduce Strong Workforce funding.
- $3 million **one-time** to Southwestern College for pharmacy technician and transfer pathways.
- $1.2 million **one-time** to support the Cal-Bridge First Academic Scholar Training (FAST) Program, a statewide intersegmental partnership with California State University and University of California to increase diversity in the state's STEM faculty and workforce.

Continues Use of Strong Workforce Program Funds for Nursing

The enacted budget continues for a third year the earmarking of $60 million of Strong Workforce Program funds for nursing program expansion via the Rebuilding Nursing Infrastructure Grant Program, a provision of the 2024 Budget Act intended to be continued for five years. While the system requested one-time funds to fully restore the Strong Workforce Program to its base funding level, the 2026 Budget Act includes this provision for a third year, allocating $60 million from the Strong Workforce Program for the RNI Grant Program. The enacted budget does, however, include $15.8 million **one-time** to supplement the Strong Workforce Program, partially covering this allocation.

Shifts Funds to Support Classified Employee Basic Needs

The enacted budget temporarily shifts $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).

Modifies Part-Time Faculty Health Insurance

The Part-Time Faculty Health Insurance Program has defined "health insurance benefits" for purposes of the program to include medical benefits, excluding dental and vision benefits from coverage. The enacted budget authorizes reimbursement of dental and vision benefits under the program going forward.

Supports Dual Enrollment

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. Instead, the enacted budget includes $10 million **one-time** to establish and support the California Early College Demonstration Initiative, a regional pilot focused on implementing and scaling comprehensive dual enrollment and early college systems through partnerships between local educational agencies and community college districts. The initiative will give priority to efforts serving the Counties of Kern, San Bernardino, San Diego, and Riverside.

The enacted budget also provides $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 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 and/or Modifies Some Financial Aid Requirements

The 2026 Budget Act clarifies or modifies several policies related to financial aid:

- ***Federal Workforce Pell Grant Program:*** Budget language 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.
- ***Cal Grant Community College Transfer Entitlement:*** Budget language temporarily increases the eligibility from age 28 to age 30 commencing with the 2026-27 award year through the 2030-31 award year.
- ***Middle Class Scholarship Program:*** Budget language prohibits scholarship displacement for current and former foster youth receiving a MCSP award.
- ***Nonresident Tuition Exemption:*** Budget language requires community college governing boards participating in the cross-border nonresident tuition exemption (AB 91) to jointly develop and implement a policy for administering a shared FTES

exemption cap. It limits the exemption to a total of 1,350 FTES in any academic year.

Consolidates Several Reporting Requirements

The enacted budget amends current law to require both the Higher Education Student Housing Grant Program and Campus-Owned Housing reports to be provided together by February 1 of each year, consolidating the timelines for these two reports. It also consolidates the Nursing Enrollment Growth and Retention, nursing multicriteria screening, allied health multicriteria screening, and allied health program outcomes legislative reports, and requires that all four reports be submitted by December 31, 2026, and triennially thereafter. Finally, it clarifies that the Chancellor's designee may satisfy the requirement to provide the Title IX budget public hearing presentation.

Makes Changes to Education Governance

The enacted budget moves 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, with a new Education Commissioner to be appointed by the Governor. The move is intended to reduce fragmentation and streamline accountability for TK-12 education. It redefines the State Superintendent of Public Instruction's (SPI) role toward fostering coordination and alignment of state education policies from early childhood through postsecondary education and engaging in advocacy and evaluation of programs. For the community colleges, this includes adding the SPI to the Board of Governors. 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 an effort to clarify accountability, 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 6 shows ongoing local assistance funding by program for 2025-26 and 2026-27. As the table shows, some categorical programs receive cost-of-living adjustments while most others receive level or workload-based funding. Decreases in funding are related to removal of one-time funds or revised estimates of underlying factors.

Table 6: California Community Colleges Ongoing Funding by Program[a] (In Millions)

Program	2025-26 Enacted	2026-27 Enacted	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	10,004.89	10,803.24	798.35	7.98%	2026-27 adjusted for COLA, growth, Credit FTES policy change, and other base adjustments.

Adult Education Program – Main	674.16	693.34	19.18	2.87%	COLA
Student Equity and Achievement Program	523.98	554.08	30.10	5.74%	COLA
Student Success Completion Grant	412.60	412.60	-	0.00%	
Strong Workforce Program	290.40	290.40	-	0.00%	Of this funding, $60 million shall be available annually to support the Rebuilding Nursing Infrastructure Grant Program from 2024-25 through 2028-29. See table 7 for additional one-time funding for this program.
Part-time faculty health insurance	200.49	200.49	-	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%	
California College Promise (AB 19)	91.21	91.21	-	0.00%	
Integrated technology	89.50	94.50	5.00	5.58%	Adds $5 million in ongoing funding for the Common Cloud Data Platform.See table 7 for additional one-time funding for this program.
Financial aid administration	83.73	85.41	1.68	2.01%	Waived fees and per unit adjustment. See table 7 for additional one-time funding for this program.
CalWORKs student services	56.92	58.56	1.63	2.87%	COLA
NextUp (foster youth program)	54.11	54.11	-	0.00%	
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.

Mathematics, Engineering, Science Achievement (MESA)	39.42	39.42	-	0.00%	
Mandates Block Grant and reimbursements	39.16	40.90	1.74	4.44%	COLA and enrollment-based adjustment
Apprenticeship (community college districts RSI)	35.62	36.62	1.00	2.87%	COLA
Rising Scholars Network	35.00	35.00	-	0.00%	
Cooperative Agencies Resources for Education (CARE)	34.61	35.61	0.99	2.87%	COLA
Student mental health services	32.47	32.47	-	0.00%	
CA Apprenticeship Initiative	30.00	30.00	-	0.00%	
Institutional effectiveness initiative	27.50	27.50	-	0.00%	
Part-time faculty compensation	26.54	26.54	-	0.00%	
Part-time faculty office hours	23.63	23.63	-	0.00%	
Economic and Workforce Development	22.93	22.93	-	0.00%	
Homeless and Housing Insecurity Program 'Rapid Rehousing'	20.56	20.56	-	0.00%	
California Virtual Campus	20.00	20.00	-	0.00%	
California Online Community College (Calbright College)	15.00	53.10	38.10	254.00%	Ongoing increase of $38.1 million.
California Healthy School Food Pathway Program	10.00	14.34	4.34	43.37%	New funding is ongoing; prior years, including 2025, were one-time.
Nursing Program Support	13.38	13.38	-	0.00%	

Puente Project	13.33	13.33	-	0.00%	
Equal Employment Opportunity Program	12.77	13.04	0.28	2.17%	Increase in available Equal Opportunity Fund.
Lease revenue bond payments	12.77	12.86	0.09	0.69%	Lease Revenue Debt Service Adjustments
Dreamer Resource Liaisons	11.60	11.60	-	0.00%	See table 7 for additional funding for this program.
Veterans Resource Centers	10.82	10.82	-	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.
Immigrant legal services through CDSS	10.00	10.00	-	0.00%	
Umoja	9.18	9.18	-	0.00%	
AANHPI Student Achievement Program	8.00	8.00	-	0.00%	
Foster Care Education Program	6.15	6.15	-	0.00%	
Credit for Prior Learning Policies	5.00	7.00	2.00	40.00%	Ongoing increase of $2 million
Childcare tax bailout	4.42	4.55	0.13	2.87%	COLA
Rising Scholars Network - Textbooks/Digital Course Content	3.00	3.00	-	0.00%	
Student housing lease revenue bond payments	2.47	11.06	8.59	348.04%	Lease Revenue Debt Service Adjustments
Middle College High School Program	1.84	1.84	-	0.00%	
Academic Senate	1.80	1.80	-	0.00%	

Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.38	1.38	-	0.00%	
African American Male Education Network and Development (A2MEND)	1.10	1.10	-	0.00%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.70	0.70	-	0.00%	
FCMAT	0.77	0.77	-	0.00%	
Total	$ 13,596.17	$ 14,519.92	$ 923.76	6.79%	

[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 programs are not listed above but are also included in the CCC budget.*

Table 7 shows one-time local assistance funding by program for 2025-26 and 2026-27. New one-time investments for the community colleges are primarily related to initiating key provisions of the Master Plan for Career Education, initiating academic and workforce pathway efforts, and increasing student supports.

Table 7: California Community Colleges One-Time Funding by Program[a] (In Millions)

Program	2025-26 Revised	2026-27 Enacted	Explanation of Change
Deferral Repayment	0.0	408.4	Adds one-time funds
Student Support Block Grant	60.0	147.2	Additional one-time funds added
Cover SCFF shortfall for 2025-26	0.0	141.0	Adds one-time funds
Deferred Maintenance	0.0	120.7	Adds one-time funds
Dreamer Resource Liaisons	15.0	71.1	Additional one-time funds added. See table 4 for additional funding for this program.
California Indian Nations College	0.0	42.6	Adds one-time funds
Common Cloud Data Platform	12.0	36.0	Additional one-time funds added. See table 4 for additional funding for this program.
Credit for Prior Learning	15.0	35.0	Additional one-time funds added
LGBTQ+ Centers	10.0	30.0	Additional one-time funds added
English Language Learner Pathways	0.0	20.1	Adds one-time funds (non-Proposition 98)

Backfill Apprenticeship Funding Shortfall	6.3	16.0	Adds one-time funds
Strong Workforce Program Backfill	0.0	15.8	Adds one-time funds to supplement ongoing Strong Workforce Program. See table 4 for additional funding for this program.
Future of Creative Industries Pilot Project	0.0	15.0	Adds one-time funds
California Early College Demonstration Initiative	0.0	10.0	Adds one-time funds
Financial Aid Administration Support	0.0	10.0	Adds one-time funds to supplement ongoing Financial Aid Administration. See table 4 for additional funding for this program.
Adult Learner Demonstration Project	0.0	9.7	Adds one-time funds
Pierce College Family Resource Centers	0.0	5.0	Adds one-time funds
Southwestern College (various purposes)	0.0	3.0	Adds one-time funds
Cal-Bridge First Academic Scholar Training Program	0.0	1.2	Adds one-time funds
Total	$ 118.33	$ 1,137.7	

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

CAPITAL OUTLAY INVESTMENTS HIGHER THAN LAST YEAR

The Budget Act includes $736.9 million **one-time** in capital outlay funding from Proposition 2, a considerable increase over the $68.5 million provided in the 2025 Budget Act. The funding would support the construction phase for 29 projects and the preliminary plans and working drawings for 10 additional projects, as listed in Table 8. The lease revenue debt service for selected community college housing projects will be covered by non-Proposition 98 resources.

Table 8: 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	$4,259,000	$9,883,000	$64,089,000	$146,927,000

	Science Center (Replacement)				
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

While the system requested $5 million ongoing to increase its staff capacity with 27 new positions, the final budget 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 support an attorney to monitor changes to federal laws, regulations, and policies to discern the impacts of federal policy adjustments on the system. They also support a supervisor and two analysts for a Contracts Oversight Unit to prepare, review, and oversee contracting and grant policies and procedures. The enacted budget keeps level the $12.2 million in special funds and reimbursements for Chancellor's Office operations.

Conclusion

The Appendices contain additional information as follows:

- Appendix A: Overview of the State Budget Process
- Appendix B: Board of Governors' Budget and Legislative Request Compared to Enacted Budget
- Appendix C: Local Budgets and State Requirements
- Appendix D: Districts' Fiscal Health
- Appendix E: Glossary

Although the budget has been enacted, the Governor and Legislature could make changes to the budget in "clean-up" legislation over the summer or later this year. The Chancellor's Office will post updates concerning any changes made to the budget on the Budget News section of the website.

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 Legislative Analyst's Office (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.

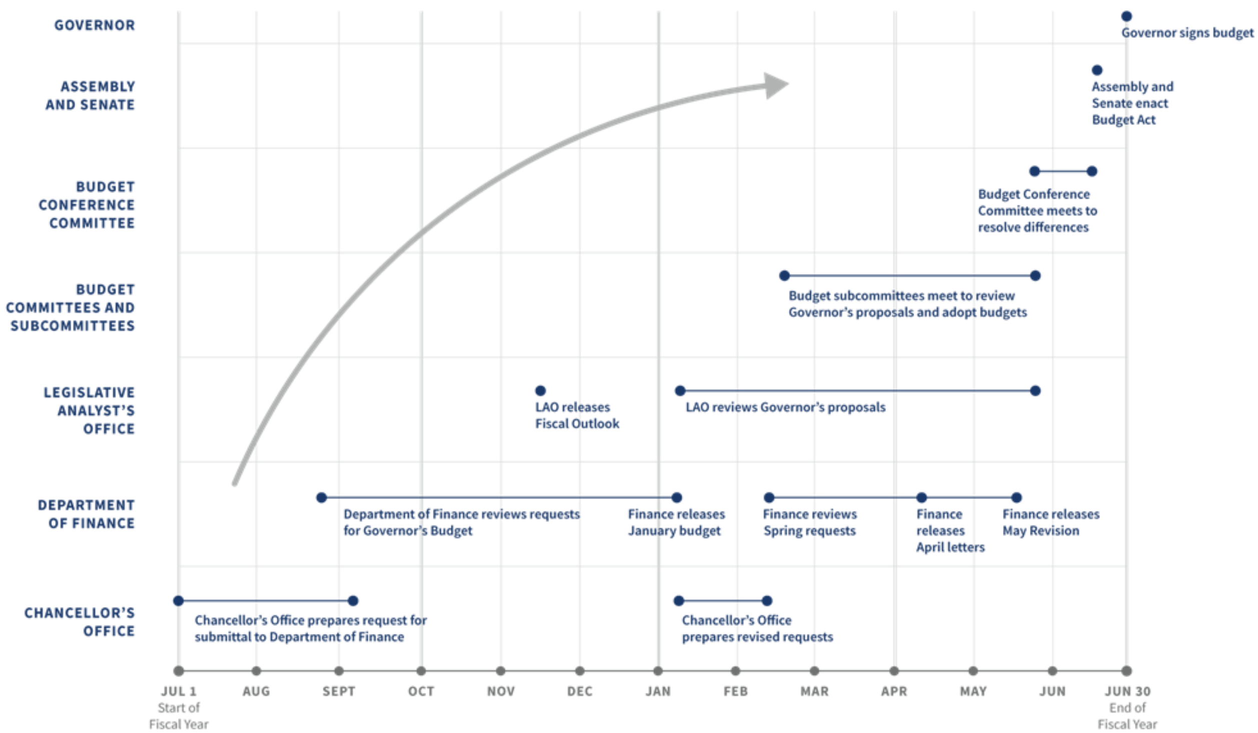
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can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

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	Enacted Budget
Ongoing Investments	
Core Resources. Funds to ensure operational resources keep pace with evolving demands • Expeditious repayment of deferrals to ensure fiscal stability • $62.9 million to fund 1% enrollment growth and full funding of all enrollment growth in current year • $60 million to reestablish an ongoing Deferred Maintenance and Instructional Materials Program • $25.3 million to enact policy change eliminating the 10% cap on funded FTES growth • $24.3 million to enact policy change to modify SCFF formula to fund credit FTES at the higher of the three-year average or the amount reported in the current year (rather than the current policy of using the three-year average)	• 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 $159.7 million for an additional discretionary COLA of 1.44% (for a total apportionments COLA of 4.31%) • Provides $97.8 million for 1.5% enrollment growth in 2026-27 and $55.3 million for 1% growth in 2025-26 (for a total of $153.1 million for 2.5% growth across the two years) • Provides $47.7 million to fund the higher of the three-year average or the amount reported in the current year • Includes $38.1 million ongoing to increase funding for Calbright College • See one-time investment in deferred maintenance
Pathways and Student Supports. Funds to provide supports for students, including specific learner populations • $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	• Provides $30.1 million for a COLA of 5.74% to the Student Equity and Achievement Program • See one-time investments for the Student Support Block Grant, Dreamer Resource Liaisons, Adult Learner Demonstration Project, financial aid administration, and several other pathway and student support programs

Partnerships and Coordination. Funds to strengthen cross-sector partnerships and coordination • $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	• Provides $2 million for Credit for Prior Learning Initiative (and additional one-time) • See one-time investments for RSI and other partnership efforts
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	Not included
Faculty and Staff Supports. • $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
Technology and Data Sharing. • $10.6 million for COLA for Integrated Technology categorial 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
One-Time Investments	
Pathways and Student Supports. Funds to provide supports for students, including specific learner populations • $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	• Provides $10 million for Student Financial Aid Administration • Includes $147.2 million for the Student Support Block Grant • Provides $100 million ***to K-12*** for dual enrollment initiatives • Provides $71.1 million for Dreamer Resource Liaisons • Provides $30 million for LGBTQ+ Center • Includes $15.8 million to supplement the Strong Workforce Program • Provides $9.7 million over three years to support Adult Learner Demonstration Project

	• Includes $5 million for Pierce College Family Resource Centers
Partnerships and Coordination. Funds to strengthen cross-sector partnerships and coordination • $35 million to scale Credit for Prior Learning • $20 million to create pipeline of skilled workers through the Los Angeles Recovery and Rebuild Initiative • $15 million to address projected RSI shortfalls in 2024-25 and 2025-26 • $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	• Provides $42.6 million for California Indian Nations College • Provides $35 million for Credit for Prior Learning Initiative • Includes $16 million to address RSI funding shortfalls • Provides $15 million for the Future of Creative Industries Pilot Project • Includes $10 million for California Early College Demonstration Initiative • Provides $3 million to Southwestern College for transfer pathways and other efforts • Includes $1.2 million for the Cal-Bridge First Academic Scholar Training (FAST) Program
Faculty and Staff Supports. $10 million to launch AI professional development and literacy efforts	Not included
Technology and Data Sharing. $36 million to expand the CCDP	Includes $36 million to fully scale the CCDP
Deferred Maintenance.	Provides $120.7 million to address deferred maintenance and special repairs of facilities
Non-Proposition 98 Investments	
Capacity to Support the System. Funds to support 27 new positions to support implementation of legislative mandates and Vision 2030 priorities. • $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.	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

• $150,000 for 1 new position to monitor and support compliance with the 50% Law.	
Pathways and Student Supports.	Includes $20.1 million for English Language Learner pathways
Climate and Energy. $45 million from Proposition 4 to establish a grant program to support microgrids on college campuses	Not included
Student Housing. $1.1 billion in additional support for the statewide lease revenue bond approach to allowing construction of affordable student housing projects	Not included

Appendix C: Local Budgets and State Requirements

BUDGET PLANNING AND FORECASTING

Based on the information used in developing the 2024 enacted budget, it would be reasonable for districts to plan their budgets using information shown in Table C-1 below.

Factor	2024-25	2025-26	2026-27
Cost-of-living adjustment (COLA)	1.07%	2.43%	2.87%
State Lottery funding per FTES	$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%

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).

Deferrals: Late payments to districts when the state cannot meet its funding obligations. Deferrals allow districts to budget for more money than the state will provide in a given year. A district is permitted to spend as if there is no deferral. Districts typically rely on local reserves or short-term loans (e.g., TRANS) to cover spending for the fiscal year.

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.