

# ***Joint Analysis***

## **Enacted 2025-26 Budget**

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July 9, 2025



**California Community Colleges**



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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).

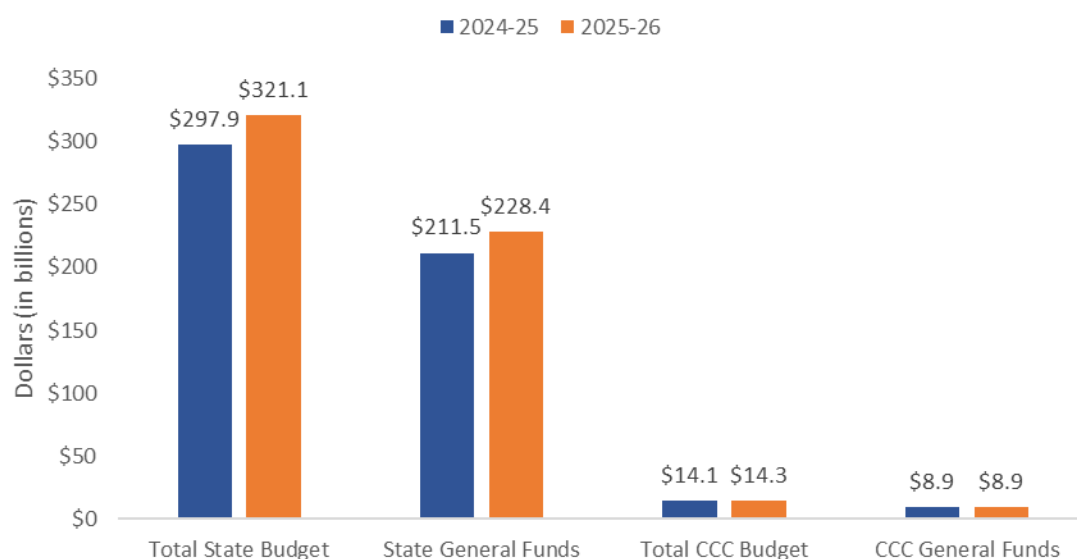
This analysis builds on the May 15, 2025, analysis of the Governor's May Revision budget proposal, and presents details about the 2025-26 budget as enacted by the Governor and Legislature. It focuses on appropriations and policy changes included in Senate Bill 101 as amended by Assembly Bill 102, collectively the Budget Act of 2025; Assembly Bill 121, the education trailer bill; and Assembly Bill 123, the higher education trailer bill.

## Key Features of the 2025-26 Budget

On June 27, 2025, Governor Newsom signed the Budget Act of 2025, which reflects state expenditures of approximately \$321 billion. Below are some key features of the final budget, followed by more detailed discussions of budget adjustments for the community college system.

- The 2025 Budget Act reflects total state expenditures of approximately \$321 billion, a 7.8% increase from the 2024-25 enacted budget. General Fund spending increases by about the same percentage compared to the 2024-25 enacted budget, to \$228.4 billion.

Figure 1: Enacted Budget for 2025-26 reflects increase of about \$23 billion from 2024-25 (dollars in billions).



- The enacted budget for California Community Colleges focuses on maintaining stability in a challenging fiscal environment. It includes no core ongoing reductions to programs or services, with overall funding roughly flat compared to 2024-25.
- The enacted budget includes about \$404 million in ongoing adjustments, including \$217.4 million for a 2.3% cost-of-living adjustment (COLA) to the Student Centered Funding Formula (SCFF) and \$26.8 million for the same COLA for selected categorical programs. The budget also provides nearly \$140 million to cover enrollment growth of 2.35% over two years (\$100 million starting in 2024-25 and \$40 million starting in 2025-26).
- One-time funding in the enacted budget is largely focused on implementation of efforts related to the Master Plan for Career Education and supports for students. Funded efforts include \$60 million for a Student Support Block Grant, \$25 million for developing a Career Passport, \$20 million for emergency financial aid, \$15 million to scale up Credit for Prior Learning, and \$12 million to initiate a systemwide Common Data Platform.
- The Budget Act includes \$68.5 million for capital outlay from Proposition 51 and Proposition 2 to support one continuing project and 29 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 13th, along with other agreed upon changes between the Legislature and Governor. The 2025-26 budget provides total additional resources of more than \$763 million to California Community Colleges apportionments and categorical programs as compared to the 2024 Budget Act (see Table 3).

## BUDGET REFLECTS REVENUE SLOWDOWN AND FEDERAL UNCERTAINTY

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, updated revenue and spending estimates indicated a need to address an additional deficit of approximately \$12 billion for 2025-26. These projected deficits reflect stock market volatility, the potential impact of federal tariffs, significant increases in state costs for certain programs (especially Medi-Cal), and the potential for federal cuts currently under consideration for health and social service programs. The budget problem would have been worse without the steps to address a large portion of the projected 2025-26 deficit in the 2024 Budget Act.

The 2025 Budget Act includes overall state General Fund spending of \$228.4 billion, an increase of nearly 8% compared to the enacted budget for 2024-25, reflecting, in part, the use of reserves and special fund transfers to offset revenue shortfalls. The budget addresses the expected remaining deficit (about \$12 billion) through a combination of

these fund shifts and reserves along with program reductions, revenues and borrowing, and deferrals.

## INVESTMENTS FOCUS ON PROTECTING CORE PROGRAMS

The enacted budget continues to use some of the state's constitutional reserves amassed in recent years to address the budget deficit. Total remaining reserves are estimated to be about \$15.7 billion in 2025-26.

- The budget includes a pre-planned withdrawal of over \$7 billion from the Budget Stabilization Account (BSA, also known as the “rainy day fund”, created in 2014 by Proposition 2), included in the 2024 Budget Act, leaving a remaining balance of \$11.2 billion. 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). As another means of budget stabilization, a proposed constitutional amendment—pending in the Legislature and intended for inclusion on the 2026 ballot—would increase the size of the BSA from 10% to 25% of the state budget, modify required transfer amounts, and exclude deposits from the state appropriations limit (Gann Limit).
- While the enacted budget reflects a withdrawal from the Public School System Stabilization Account (PSSSA), the Administration has indicated that additional statutory authority will need to be adopted in the fall to facilitate the withdrawal.
- The budget includes \$4.5 billion in the Special Fund for Economic Uncertainties (SFEU) in 2025-26; 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 budget makes some cuts to ongoing programs and eliminates or reduces some one-time investments from prior budgets. Some major provisions of the budget include:

- Sets an asset limit of \$130,000 for Medi-Cal eligibility, freezes Medi-Cal enrollment for certain undocumented immigrants starting in January, and establishes premiums of \$30 per month for those provided medical coverage beginning July 2027;
- Reduces \$1 billion over two years from planned spending on greenhouse gas reduction and reverts more than \$300 million in unused funds from past climate and energy investments;
- Sweeps unspent balances of nearly \$32 million from three affordable housing programs;
- Implements prospective pay for subsidized childcare and preschool providers based on expected enrollment rather than attendance as a means of improving cash flow stability and reducing uncertainty;
- Adds \$100 million in one-time funds for counties to begin enforcing Proposition 36;

- Defers some base funding for the University of California and California State University systems until July 2026, giving them permission to seek short-term loans until then, and defers some remaining Compact funding to later years;
- Sets a target for the Middle Class Scholarship Program to cover 35% of students' remaining financial need, and includes intent language to provide \$918 million to cover these costs in 2026-27 and allow the Student Aid Commission to borrow from the General Fund in 2025-26 to support payments to students; and
- Maintains funding for core TK-14 education programs, in part through withdrawing \$455 million from the PSSSA.

## California Community Colleges Funding

The Budget Act of 2025 reflects a slight increase in overall funding for community colleges over 2024-25 levels, based on the use of one-time funds, deferrals, and reserves to soften the impact of the tight state budget. The budget reflects some of the priorities in the System Budget Request, as shown in Appendix B.

### PROPOSITION 98 ESTIMATE LOWER THAN LAST YEAR

Table 1 shows the budget's estimates of the minimum guarantee for 2023-24, 2024-25, and 2025-26. With the suspension of the guarantee for 2023-24, Proposition 98 funds remain set at \$98.5 billion. The minimum guarantee for 2025-26 of \$114.6 billion is down about 4% from 2024-25, where the guarantee is now estimated at \$120 billion. Of the shortfall, \$1.9 billion is scheduled as a "settle up" payment in a future year.

Related to the community colleges, the enacted budget addresses current expectations for Proposition 98 in the following ways:

- Defers \$408.4 million from the SCFF for 2025-26 to 2026-27 (less than the \$531.6 million originally proposed);
- Includes a withdrawal of over \$49 million from the PSSSA, as described previously; and
- Funds transitional kindergarten expansion outside of the Proposition 98 "split" beginning in 2025-26 but does not go back to do the same for 2023-24 and 2024-25 as originally proposed by the Governor, returning \$260 million in ongoing funding to the community colleges.

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

| Minimum Guarantee  | 2023-24      | 2024-25       | 2025-26       | Change From 2024-25 | Percent Change |
|--------------------|--------------|---------------|---------------|---------------------|----------------|
| General Fund       | \$67,014,190 | \$87,628,304  | \$80,737,579  | (\$6,890,725)       | -8%            |
| Local property tax | 31,470,059   | 32,317,340    | 33,820,745    | 1,503,405           | 5%             |
| Totals             | \$98,484,249 | \$119,945,644 | \$114,558,324 | (\$5,387,320)       | -4%            |

## CALIFORNIA COMMUNITY COLLEGES FUNDING DECREASES

Table 2 shows Proposition 98 funding for the California Community Colleges for 2023-24, 2024-25, and 2025-26. Proposition 98 funding for the California Community Colleges decreases in 2025-26 compared to the prior year, related to the expected decline in tax revenues and other issues. The share of Proposition 98 funding for the system is approximately at the traditional share of 10.93% in each of these years.

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

| Source             | 2023-24  | 2024-25  | 2025-26  | Change From 2024-25 | Percent Change |
|--------------------|----------|----------|----------|---------------------|----------------|
| General Fund       | \$7,345  | \$9,242  | \$8,471  | (\$771)             | -8%            |
| Local property tax | 4,135    | 4,232    | 4,438    | 206                 | 5%             |
| Totals             | \$11,480 | \$13,474 | \$12,909 | (\$565)             | -4%            |

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

## New District Funding Floor Takes Effect

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 begins in 2025-26, under which a district's 2024-25 funding level represents its new "floor." Beginning this year, districts will be funded at their SCFF generated amount for the year or their "floor" (2024-25 funding amount), whichever is higher. This funding protection does not include adjustments to reflect cumulative COLAs over time, as was the case with the hold harmless provision in effect through 2024-25, so a district's hold harmless amount will not grow.

## Additional Resources Primarily for COLA

The Budget Act includes about \$763.5 million in policy adjustments compared with 2024-25 expenditure levels (after the impact of technical adjustments). Most notable among the ongoing adjustments, the budget includes \$244 million for a 2.3% COLA for the SCFF and some categorical programs. The changes are summarized in Table 3.

**Table 3: 2025-26 Changes in Proposition 98 Funding for the System (In Millions)**

| Program Areas                   | Adjustments |
|---------------------------------|-------------|
| <b>POLICY ADJUSTMENTS</b>       |             |
| <b>Ongoing (Proposition 98)</b> |             |
| SCFF COLA (2.3%)                | \$217.44    |



|   |                 |
|---|-----------------|
| SCFF Growth 2024-25   | \$100.00        |
| SCFF Growth 2025-26   | \$39.98         |
| Provide 2.3% COLA for Adult Ed  | \$15.02         |
| Expand Rising Scholars Network  | \$10.00         |
| Expand Credit for Prior Learning  | \$5.00          |
| Provide 2.3% COLA for Extended Opportunity Programs and Services (EOPS)                       | \$4.26          |
| Provide 2.3% COLA for Disabled Students Programs and Services (DSPS)                          | \$4.02          |
| Adjustments for financial aid administration  | \$3.31          |
| Provide 2.3% COLA for CalWORKs Student Services   | \$1.28          |
| Provide 2.3% COLA for Apprenticeship (community college district RSI)                         | \$0.93          |
| Provide 2.3% COLA for Cooperative Agencies Resources for Education (CARE)                     | \$0.78          |
| Provide 2.3% COLA and enrollment-based adjustment for Mandates Block Grant and Reimbursements | \$0.36          |
| Provide 2.3% COLA for Childcare Tax Bailout   | \$0.10          |
| Lease revenue debt service adjustments  | -\$0.03         |
| Decrease in available funds from Equal Opportunity Fund                                       | -\$1.11         |
|   |                 |
| <b>Subtotal Ongoing Policy Adjustments</b>  | <b>\$401.34</b> |
| <b>One-Time (Proposition 98)</b>  |                 |
| Student Support Block Grant   | \$60.00         |
| Career Passports Initiative   | \$25.00         |
| Emergency financial aid   | \$20.00         |
| Dreamer Resource Liaisons   | \$15.00         |
| Expand Credit for Prior Learning  | \$15.00         |
| Systemwide Common Cloud Data Platform   | \$12.00         |
| California Healthy School Food Pathway Program  | \$10.00         |
| Emergency Medical Technician and Paramedic Preapprenticeship Training Academies               | \$10.00         |
| Reimburse apprenticeship shortfalls from 2022-23 and 2023-24                                  | \$6.33          |
| Financial aid community outreach  | \$5.10          |
| Workforce recovery career education in Los Angeles region                                     | \$5.00          |
| Santa Rose Junior College Fire Academy Tower  | \$0.13          |
|   |                 |
| <b>Subtotal One-Time Policy Adjustments</b>   | <b>\$183.56</b> |
| <b>TECHNICAL ADJUSTMENTS</b>  |                 |
| Student Centered Funding Formula (SCFF) Technical Adjustments <sup>a</sup>                    | \$176.14        |
| <b>Subtotal Technical Adjustments</b>   | <b>\$176.14</b> |
| <b>TOTAL CHANGES</b>  | <b>\$761.04</b> |

<sup>a</sup>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 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 FOCUS ON STABILITY

The community college system's budget reflects interest in maintaining stability in the context of the state's fiscal challenges. The budget provides a COLA, more substantial enrollment growth than typically funded, and a number of one-time investments to support efforts related to implementing the Master Plan for Career Education.

### Apportionments Receive 2.3% COLA and 2.35% Growth

The Budget Act includes \$217.4 million **ongoing** to support a 2.3% COLA for apportionments, the same COLA provided for K-12. Another \$26.8 million ongoing would support a COLA of 2.3% for selected categorical programs and the Adult Education program. It provides a total of \$140 million across the 2024-25 and 2025-26 budget years to support a combined enrollment growth of 2.35%.

The estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by \$433.6 million from \$9.57 billion at the 2024 Budget Act to \$10 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 2024-25 along with the projected rates for 2025-26, as modified by COLA and other base adjustments. SCFF rates for 2025-26 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: 2025-26 Student Centered Funding Formula Rates (rounded)**

| Allocations                       | 2024-25 Rates | 2025-26 Rates | Change from 2024-25 (Amount) | Change from 2024-25 (Percent) |
|-----------------------------------|---------------|---------------|------------------------------|-------------------------------|
| Base Credit <sup>a</sup>          | \$5,294.42    | \$5,416.20    | \$121.77                     | 2.30%                         |
| Incarcerated Credit <sup>a</sup>  | 7,424.53      | 7,595.29      | 170.76                       | 2.30%                         |
| Special Admit Credit <sup>a</sup> | 7,424.53      | 7,595.29      | 170.76                       | 2.30%                         |
| CDCP                              | 7,424.53      | 7,595.29      | 170.76                       | 2.30%                         |
| Noncredit                         | 4,464.58      | 4,567.26      | 102.69                       | 2.30%                         |
| Supplemental Point Value          | 1,251.96      | 1,280.76      | 28.80                        | 2.30%                         |

|                                    |        |        |       |       |
|------------------------------------|--------|--------|-------|-------|
| Student Success Main Point Value   | 738.23 | 755.21 | 16.98 | 2.30% |
| Student Success Equity Point Value | 186.21 | 190.49 | 4.28  | 2.30% |

<sup>a</sup>Ten districts receive higher credit FTE rates, as specified in statute.

**Table 5: 2025-26 SCFF Rates for Colleges and Centers (rounded)**

| Basic Allocations              | 2024-25        | 2025-26        | Change from 2024-25 (Amount) | Change from 2024-25 (Percent) |
|--------------------------------|----------------|----------------|------------------------------|-------------------------------|
| <b>Single College District</b> |                |                |                              |                               |
| Small College                  | \$6,508,449.14 | \$6,658,143.47 | \$149,694.33                 | 2.30%                         |
| Medium College                 | 8,677,936.16   | 8,877,528.70   | 199,592.53                   | 2.30%                         |
| Large College                  | 10,847,419.78  | 11,096,910.43  | 249,490.65                   | 2.30%                         |
| <b>Multi College District</b>  |                |                |                              |                               |
| Small College                  | 6,508,449.14   | 6,658,143.47   | 149,694.33                   | 2.30%                         |
| Medium College                 | 7,593,193.50   | 7,767,836.95   | 174,643.45                   | 2.30%                         |
| Large College                  | 8,677,936.16   | 8,877,528.70   | 199,592.53                   | 2.30%                         |
| Designated Rural College       | 2,070,087.77   | 2,117,699.79   | 47,612.02                    | 2.30%                         |
| State Approved Centers         | 2,169,483.61   | 2,219,381.74   | 49,898.12                    | 2.30%                         |
| <b>Grandparented Centers</b>   |                |                |                              |                               |
| Small Center                   | 271,187.37     | 277,424.68     | 6,237.31                     | 2.30%                         |
| Small Medium Center            | 542,371.33     | 554,845.87     | 12,474.54                    | 2.30%                         |
| Medium Center                  | 1,084,740.95   | 1,109,690.00   | 24,949.04                    | 2.30%                         |
| Medium Large Center            | 1,627,112.28   | 1,664,535.87   | 37,423.58                    | 2.30%                         |
| Large Center                   | 2,169,483.61   | 2,219,381.74   | 49,898.12                    | 2.30%                         |

## Provides Initial Funds Toward Common Data Platform

The 2025 Budget Act includes \$12 million **one-time** to begin work on creating a systemwide Common Cloud Data Platform that would integrate a suite of technology tools, including e-Transcripts, the Mapping Articulated Pathways (MAPS) platform, and Program Pathways Mapper. The goal is to enhance statewide reporting, data sharing, and analytical ability across districts and the Chancellor's Office. The Chancellor's Office will be required to report to the Department of Technology and the Department of Finance on the project's progress by January 1, 2026, including the scope, schedule, and estimated cost of full implementation. Those departments will provide an assessment of the value of further development and expansion of the platform to relevant policy and fiscal committees of the Legislature.

## Increases Support for Rising Scholars

The enacted budget provides an increase of \$10 million **ongoing** to the Rising Scholars Network, serving justice-involved students on college campuses and in federal or state prisons, county jails, juvenile facilities, or other correctional institutions, bringing total funding for the program to \$35 million annually. The budget also clarifies that 60 percent of the total Rising Scholars Network funding is intended to support juvenile justice-impacted students. Trailer bill language removes the limitation of 65 colleges participating in Rising Scholars, allowing any number of colleges to enter into agreements with the Chancellor's Office to receive program funds.

## Supports Expansion of Credit for Prior Learning

The enacted budget provides \$5 million **ongoing** and \$15 million **one-time** to support the Credit for Prior Learning (CPL) Initiative. The initiative is aimed at:

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

The Chancellor's Office must submit a report on the use of funds and progress of the initiative by March 1, 2026, and 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.

## Establishes Career Passport

The budget also provides \$25 million **one-time** to establish the California Career Passport Program to be administered by the Chancellor's Office in partnership with the Office of Cradle-to-Career Data and the Labor and Workforce Development Agency. The goal is to provide individuals with a secure digital tool that displays their preparation for employment, academic records, and credit for prior learning. The program will leverage existing statewide tools (e.g., e-Transcript, MAPS) and combine relevant information into a Career Passport that can be integrated with employer-based hiring systems. Program funds can 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. The Chancellor's Office must submit quarterly reports throughout 2026 on project timelines, milestones, and progress (by January 1, March 1, July 1, and December 1). The Department of Technology and the Department of Finance will review reporting on the project's scope, schedule, and estimated cost and provide recommendations on further development and expansion of the effort.

## Includes Funds for e-Transcript California

The 2024 Budget Act provided \$12 million **one-time** for expanding the use of e-Transcript California, of which \$6.6 million was from reappropriated funds. Those reappropriated funds did not materialize as envisioned, so the enacted budget for 2025-26 includes \$6.6 million **one-time** consistent with the intent of last year's action, to maintain the full \$12 million investment.

## Invests in Student Supports

The enacted budget includes \$60 million **one-time** to establish the Student Support Block Grant, to be allocated to districts according to a specified formula. Each district will receive a base amount of \$150,000, with remaining funds distributed based on student headcount and the number of students receiving fee waivers and exemptions from nonresident tuition. Districts can use the funds until June 30, 2029 to provide students help with food, housing, transportation, and other basic needs; childcare or other assistance for student parents; academic or financial aid advising; legal and other support services; mental health services; and/or job placement or other employment assistance. Districts will be required to report annually on the use and impact of the funds, with the Chancellor's Office reporting to the Legislature on July 1, 2028 and July 1, 2030.

The budget also includes \$20 million **one-time** to support emergency financial assistance grants to students. Colleges will receive funds based on their share of total California Dream Act Application (CADAA) filers that also received a Cal Grant and can use the funds to provide grants to students who have filed a CADAA (maximum \$1,400 per year). Another \$15 million **one-time** is provided to support Dreamer Resource Liaisons, funds districts can use to deliver student support services and to provide emergency financial assistance to eligible students. Funds will be allocated to colleges based on the current allocation methodology for Dreamer Resource Liaisons.

The budget also includes \$5.1 million **one-time** for financial aid outreach through community-based organizations. To be eligible for funds, organizations must have previously participated in the federal FAFSA Student Support Strategy Initiative. Grantees selected by the Chancellor's Office can use the funds over two years to do outreach and provide support to students in completing FAFSA and CADAA forms.

## Supports First Responder and Firefighting Efforts

The 2025-26 budget includes \$10 million **one-time** for the California Firefighter Joint Apprenticeship Council to conduct Emergency Medical Technician and Paramedic Preapprenticeship Training Academies, available for use through June 30, 2028. It also includes \$6.3 million **one-time** to reimburse apprenticeship shortfalls from 2022-23 and 2023-24, \$125,000 **one-time** for Santa Rosa Junior College for construction of a fire academy tower, and \$5 million **one-time** to assist with workforce recovery efforts and career education in regions impacted by the Palisades and Eaton fires. Community colleges that are members of the Los Angeles Regional Consortium can use these funds for retraining and training efforts and associated wraparound services; to increase the

number of students completing construction pathways programs to ensure a skilled workforce to support the clean-up and reconstruction of impacted communities; and to create supportive services for students enrolled in construction pathways programs (including stipends of \$1,400 or less per student).

### **Continues Certain Multi-Year Investments**

The enacted budget continues for a second 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. The budget also includes the third and final allocation of \$10 million for the LGBTQ+ student support pilot program funded in the 2023 Budget Act.

The 2024 Budget Act revised the Part-time Faculty Office Hours Program to increase the reimbursement rate from 50% to 90% to encourage increased usage of the program by districts and to incentivize spending of the funds but did not increase the total amount of state funding allocated to the program. The 2025 Budget Act also does not include additional funding, so districts' claim reimbursements will continue to be determined based on available funds.

### **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, summarizing participants' outcomes based on information participating colleges must provide for the evaluation. For the Native American Student Support and Success Program, a report is required 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 enacted budget updates the reporting requirement for the Institutional Effectiveness and Partnership Initiative to require triennial reporting rather than annual.

### **Includes Placeholder for Funding Education Coordination**

The Governor's initial 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. In keeping with this proposal, the enacted budget includes placeholder funding of \$1.5 million **ongoing** for the Government Operations Agency to launch an Education and Workforce Development Coordinating Council, pending the passage of legislation to define and establish such a council. The enacted budget also includes placeholder funding of \$150 million **one-time** for career technical education efforts, subject to pending legislation. Both potential investments are aimed at facilitating intersegmental coordination that is aligned with regional workforce demands.

## LOCAL SUPPORT FUNDING IS LARGELY STABLE FOR ONGOING PROGRAMS

Table 6 shows ongoing local assistance funding by program for 2024-25 and 2025-26. 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<sup>a</sup> (In Millions)**

| Program   | 2024-25 Enacted | 2025-26 Enacted | Change Amount | Percent Change | Explanation of Change  |
|---|-----------------|-----------------|---------------|----------------|--|
| Student Centered Funding Formula                  | 9,571.33        | 10,004.89       | 433.56        | 4.53%          | 2025-26 adjusted for COLA, growth, and other base adjustments  |
| Adult Education Program – Main <sup>b</sup>       | 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%          | Of this funding, \$60 million shall be available annually to support the Rebuilding Nursing Infrastructure Grant Program from 2024-25 through 2028-29. |
| Part-time faculty health insurance                | 200.49          | 200.49          | 0.00          | 0.00%          |  |
| Extended Opportunity Programs and Services (EOPS) | 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 enrollment-based 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%  |  |
| Economic and Workforce Development                        | 22.93 | 22.93 | 0.00  | 0.00%  |  |
| Homeless and Housing Insecurity Program 'Rapid Rehousing' | 20.56 | 20.56 | 0.00  | 0.00%  |  |
| California Virtual Campus                                 | 20.00 | 20.00 | 0.00  | 0.00%  |  |
| California Online Community College (Calbright College)   | 15.00 | 15.00 | 0.00  | 0.00%  |  |
| Nursing Program Support                                   | 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 | -8.02% | 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%        |   |
| Classified Employee Summer Assistance Program                                 | 10.00               | 10.00               | 0.00             | 0.00%        |   |
| Immigrant legal services through CDSS   | 10.00               | 10.00               | 0.00             | 0.00%        |   |
| Umoja   | 9.18                | 9.18                | 0.00             | 0.00%        |   |
| AANHPI Student Achievement Program  | 8.00                | 8.00                | 0.00             | 0.00%        |   |
| Foster Care 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                    | 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%        |   |
| Transfer education and articulation (excluding HBCU Transfer Pathway project) | 0.70                | 0.70                | 0.00             | 0.00%        |   |
| FCMAT   | 0.77                | 0.77                | 0.00             | 0.00%        |   |
| <b>Total</b>  | <b>\$ 13,106.22</b> | <b>\$ 13,586.17</b> | <b>\$ 479.95</b> | <b>3.66%</b> |   |

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

<sup>b</sup>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 2024-25 and 2025-26. Despite the state budget deficit, community colleges receive nearly \$212 million in one-time investments, primarily related to initiating key provisions of the Master Plan for Career Education and providing targeted student supports.

**Table 7: California Community Colleges One-Time Funding by Program<sup>a</sup>  
(In Millions)**

| Program   | 2024-25 Revised | 2025-26 Enacted  | Explanation of Change   |
|---|-----------------|------------------|---|
| Student Support Block Grant   | 0.0             | 60.0             | Adds one-time funds   |
| Career Passports Program  | 0.0             | 25.0             | Adds one-time funds   |
| Emergency financial aid assistance  | 0.0             | 20.0             | Additional one-time funds added (provided for FAFSA delay in 2024-25)                     |
| Dreamer Resource Liaisons   | 0.0             | 15.0             | 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   |
| Property tax backfill for colleges impacted by Los Angeles wildfires            | 0.0             | 11.9             | Adds one-time funds   |
| California Healthy School Food Pathway Program                                  | 0.0             | 10.0             | Allocation of one-time funds from 2022 Budget Act   |
| LGBTQ+ Student Support  | 10.0            | 10.0             | Third and final year of one-time funds from 2023 Budget Act                               |
| Emergency Medical Technician and Paramedic Preapprenticeship Training Academies | 0.0             | 10.0             | 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. |
| Reimburse apprenticeship shortfalls from 2022-23 and 2023-24                    | 0.0             | 6.3              | Adds one-time funds   |
| Financial aid community outreach  | 0.0             | 5.1              | Adds one-time funds   |
| Los Angeles region workforce recovery career education                          | 0.0             | 5.0              | Adds one-time funds   |
| Santa Rose Junior College Fire Academy Tower                                    | 0.0             | 0.1              | Adds one-time funds   |
| <b>Total</b>  | <b>\$ 21.40</b> | <b>\$ 211.86</b> |   |

<sup>a</sup> 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 \$68.5 million **one-time** in capital outlay funding from Propositions 2 and 51, up from the \$29 million provided in the 2024 Budget Act. The funding would support the construction phase for one project and the preliminary plans and working drawings for 29 additional projects, as listed in Table 8. Consistent with the agreement included in Assembly Bill 176 (2024), the budget provides \$4.3 million from Proposition 2 to address life-safety concerns for the Davies Hall project at American River College. The lease revenue debt service for selected community college housing projects has been shifted to non-Proposition 98 resources.

**Table 8: Capital Outlay Projects in the California Community Colleges (In Millions)**

| District, College                                | Project                                    | 2025-26<br>State Cost | 2025-26<br>Total Cost | All Years<br>State Cost | All Years<br>Total Cost |
|--|--|-----------------------|-----------------------|-------------------------|-------------------------|
| <b>NEW PROJECTS - Proposition 2</b>              |  |                       |                       |                         |                         |
| 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 &                  | \$6,047,000           | \$14,849,000          | \$91,161,000            | \$219,471,000           |

|   |   |                     |                      |                      |                        |
|---|---|---------------------|----------------------|----------------------|------------------------|
|   | Manufacturing Replacement                               |                     |                      |                      |                        |
| 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           |
| <b>CONTINUING PROJECTS - Proposition 51</b> |   |                     |                      |                      |                        |
| Peralta, College of Alameda                 | Aviation Complex Replacement                            | \$13,836,000        | \$50,071,000         | \$14,889,000         | \$52,178,000           |
| <b>Total</b>                                |   | <b>\$68,539,000</b> | <b>\$164,866,000</b> | <b>\$790,666,000</b> | <b>\$1,675,886,000</b> |

## STATE OPERATIONS FUNDING IS REDUCED

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, basic skills and transfer reforms, and the SCFF, 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 Budget Act to apply administrative efficiency reductions to all state agencies, the enacted budget for 2025-26 applies a reduction to the Chancellor's Office operational budget of \$2.14 million (6% reduction) to reflect targeted operational efficiencies and funding associated with vacant positions. 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.

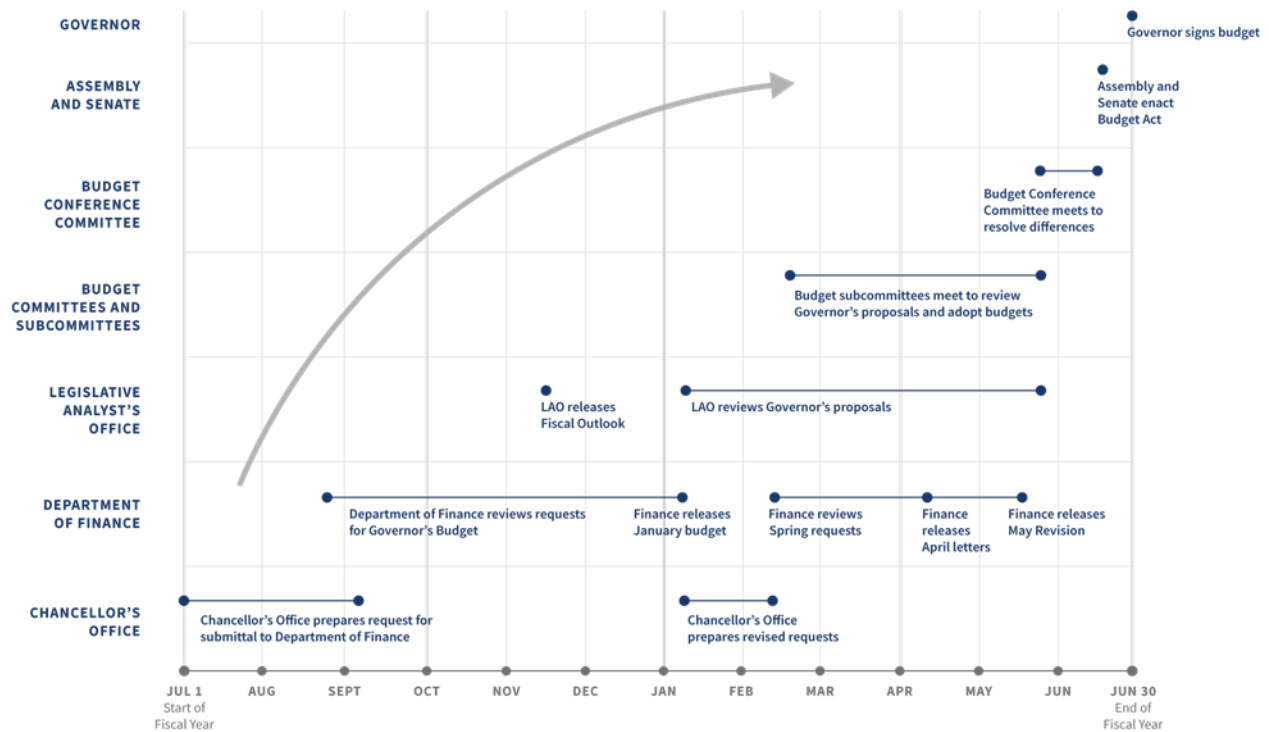
**Legislative Review.** The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee 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 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  |
|---|--|
| <b>Ongoing Investments</b>  |  |
| <b>Foundational Resources.</b> \$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 \$217.4 million for a COLA of 2.3% to general apportionments, \$26.8 million for the same COLA to selected categorical programs, and \$140 million for enrollment growth (\$100 million for 2024-25 and \$39.9 million for 2025-26). No change made to the FTES growth cap or the calculation of credit FTES.   |
| <b>Pathways and Student Supports.</b> \$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.   |
| <b>Faculty Supports.</b> Unspecified amount to be determined to increase support for part-time faculty health insurance program.  | Not included.  |
| <b>Technology and Data Sharing.</b> \$29 million to launch Phase 1 of Common ERP transition and unspecified multi-year request to complete Phase 2.   | Not included.  |
| <b>One-Time Investments</b>   |  |
| <b>Pathways and Student Supports.</b> \$50 million to expand Credit for Prior Learning policies.  | Provides \$60 million for Student Support Block Grant, \$25 million to develop a Career Passport, \$20 million for emergency financial aid, \$15 million to support Dreamer Resource Liaisons, \$15 million to expand Credit for Prior Learning, \$10 million for first responder training academies, \$6.3 million for apprenticeship reimbursements, \$5.1 million for financial aid outreach, and \$5 million for career education/workforce recovery in response to the Los Angeles wildfires. |
| <b>Technology and Data Sharing.</b> \$162.5 million for Phase 1 of Common ERP transition.   | Provides \$12 million for Common Cloud Data Platform and \$6.6 million for expanding use of e-Transcript California.   |

| Non-Proposition 98 Investments  |               |
|---|---------------|
| <b>Capacity to Support the System.</b> \$9 million to exempt the Chancellor’s Office from funding reduction to state agencies and build capacity. | Not included. |
| <b>Financial Aid.</b> 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 2024 enacted budget, it would be reasonable for districts to plan their budgets using information shown in Table C-1 below.

**Table C-1: Planning Factors for Proposed 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 <sup>a</sup>                               | \$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%  |

<sup>a</sup>2025-26 estimate not available

### STATE REQUIREMENTS FOR DISTRICT BUDGET APPROVAL

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

**Table C-2: 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).

**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.