

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: [Fiscal Resources Committee](#)

Agenda for January 21, 2026

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

Zoom Meeting

1. Welcome
2. State/District Budget Update – Iris Ingram
 - 2026-27 Proposed State Budget report link: <http://www.ebudget.ca.gov>
 - LAO 2026-27 Overview of Governor's Budget link: <https://lao.ca.gov/Budget>
 - Joint Analysis-Governor’s January Budget 2026-2027)
 - SSC – Longest Government Shutdown in U.S. History Ends
 - SSC – Signed Bills Establish Education and Workforce Council
 - SSC – CalPERS Employer Contribution Rate Estimates
 - SSC – October Revenues Continue Upward Trend
 - SSC – LAO Projects \$18 Billion State Deficit
 - SSC – ED Announces Partnership of Six Education Programs with Other Agencies
 - SSC – Minimum Wage Increases Effective January 1, 2026
 - SSC – A Pixelated Economy
 - SSC – Prospects for a “Super COLA”
 - SSC – Governor Newsom Signals Opposition to Billionaire Tax Ballot Proposals
 - SSC – Fourth Quarter Lottery Apportionment 2024-25
 - SSC – BOG Approves FON and Selects 2026 Leadership
 - SSC – State Auditor Releases Report on Higher Education Student Housing
 - SSC – Legislature Gavels in the 2026 Legislative Year
 - SSC – Initial Impressions from Governor Newsom’s 2026-27 State Budget Proposal
 - SSC – Overview of the Governor’s Proposals for the 2026-27 State Budget
 - SSC – LAO Releases Analysis of Governor’s Budget
 - DOF – [Finance Bulletin-December 2025](#)
3. 2026-27 - Budget Calendar Revision
4. Mid-Year Updates
 - Unrestricted General Fund Expenditure Update
 - Final FTES Update for (P1)
 - SCFF Simulation FY 2025-26
5. [Annual External Audit](#)
6. Updated AR 7400 Travel - **ACTION**
7. Standing Report from District Council – Tara Kubicka-Miller
8. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rscdd.edu>
 - Vacant Funded Position List as of January 15, 2026
 - Monthly Cash Flow Summary as of December 31, 2025
 - [SAC Planning and Budget Committee Agendas and Minutes](#)
 - [SCC Budget Committee Agendas and Minutes](#)
9. Approval of FRC Minutes – November 19, 2025
10. Other

Next FRC Committee Meeting: February 18, 2026, 1:30-3:00 pm

The Rancho Santiago Community College District aspires to provide equitable, exemplary educational programs and services in safe, inclusive, and supportive learning environments that empower our diverse students and communities to achieve their personal, professional, and academic goals.

Joint Analysis

Governor's January Budget

January 9, 2026



California Community Colleges



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ASSOCIATION OF CALIFORNIA
COMMUNITY COLLEGE ADMINISTRATORS



COMMUNITY COLLEGE
LEAGUE OF CALIFORNIA

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Purpose of Report

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

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

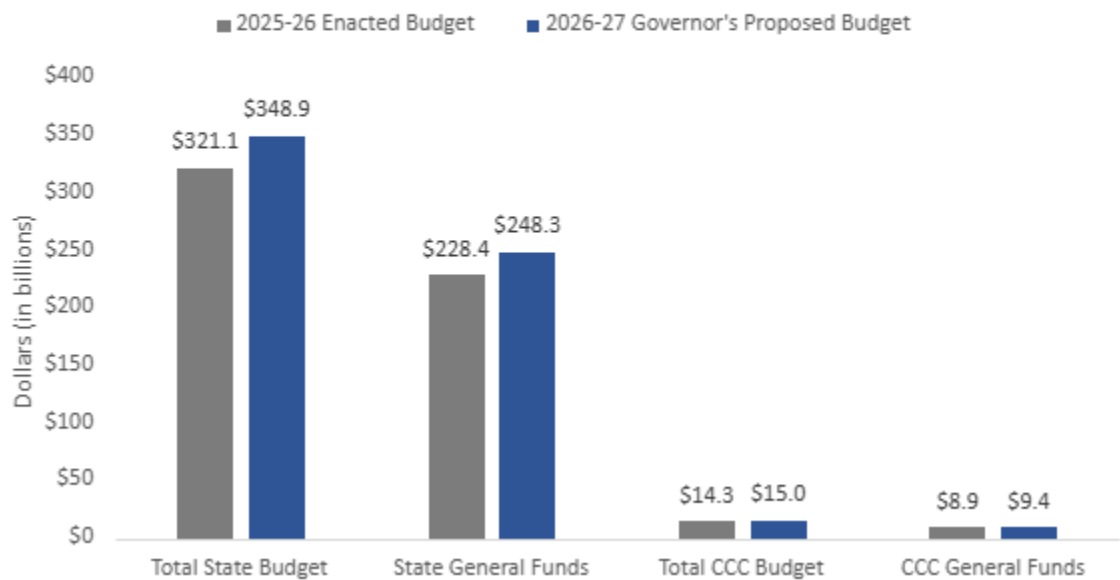
Its purpose is to provide information about the Governor’s January budget proposal as a common resource for each organization’s further analyses and advocacy efforts. Over the next several months, updated analyses will describe any proposed trailer bills, the Governor’s May Revision, and the enacted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

Summary of Key Budget Changes

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

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

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



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

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

State Budget Overview

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

BUDGET REFLECTS ONGOING FISCAL UNCERTAINTY

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

Both Revenues and Costs Running Above Projections

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

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

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

Budget Reserve Resiliency Waning

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

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

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

PROPOSITION 98 ESTIMATES ADJUSTED UPWARD

Minimum Guarantee for K-14 Education Increases

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

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

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

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

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

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

Estimates for Current and Prior Years Have Increased

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

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

District Funding Floor Remains in Place

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

Withdrawal from Public School System Stabilization Account (PSSSA)

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

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

California Community Colleges Funding

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MAJOR POLICY DECISIONS AIM FOR STABILITY AND CONTINUATION OF RECENT PRIORITIES

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

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

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

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

Addresses Facilities Needs

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

Invests in Scaling Common Cloud Data Platform

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

Provides Additional Funds to Institutionalize Credit for Prior Learning

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

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

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

Extends Investment in Student Support Block Grant

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

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

Increases Funding for Calbright

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

Provides Additional Funds for Training Food Service Workers

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

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

Continues Use of Strong Workforce Program Funds for Nursing

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

Shifts Funds to Support Classified Employee Basic Needs

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

Supports Dual Enrollment Through K-12

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

Makes Changes to Education Governance

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

LOCAL SUPPORT FUNDING IS LARGELY STABLE FOR ONGOING PROGRAMS

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

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

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

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

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

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

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

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

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

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

CAPITAL OUTLAY INVESTMENTS ARE HIGHER

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

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

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

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

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

STATE OPERATIONS RECEIVES SOME NEW CAPACITY

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

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

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

Next Steps

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

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

Appendix A: Overview of the State Budget Process

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

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

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

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

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

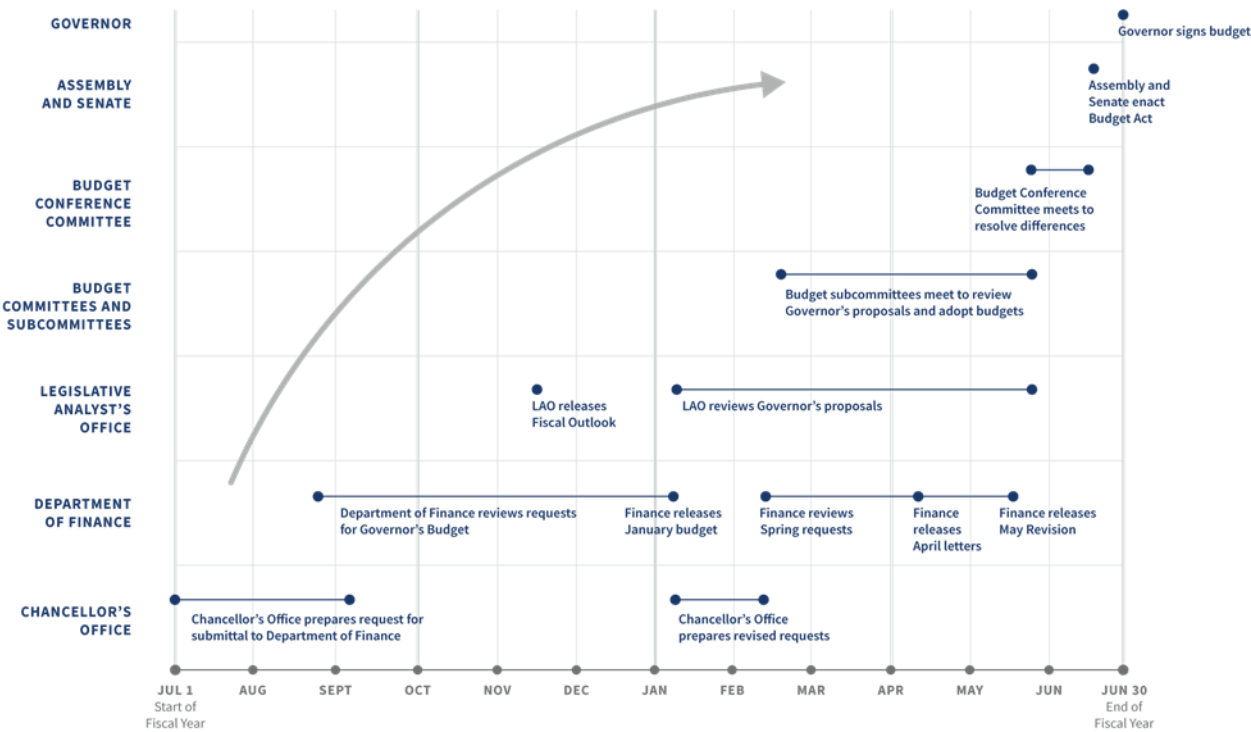
Legislative Review. The budget committees assign the items in the budget to subcommittees, which are organized by areas of state government (e.g., education). Many subcommittees rely heavily on the LAO analyses in developing their hearing agendas. For each January budget proposal, a subcommittee can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

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

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

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

SEQUENCE OF THE ANNUAL STATE BUDGET PROCESS



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

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

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

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

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

Appendix C: Local Budgets and State Requirements

BUDGET PLANNING AND FORECASTING

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

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

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

^a2026-27 estimate not available.

STATE REQUIREMENTS FOR DISTRICT BUDGET APPROVAL

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

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

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

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

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

STATE REQUIREMENTS RELATED TO EXPENDITURES

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

Full-Time Faculty Obligation

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

Fifty Percent Law

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

Appendix D: Districts' Fiscal Health

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

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

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

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

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

Appendix E: Glossary

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

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

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

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

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

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

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

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

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

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

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

Expenditure: Amount of an appropriation spent or used.

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

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

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

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

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

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

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

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

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

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

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

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

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

State Operations: Expenditures for the support of state government.

Statute: A law enacted by the Legislature.

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



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Longest Government Shutdown in U.S. History Ends



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posted November 17, 2025

On Tuesday night, President Donald Trump signed a continuing resolution (CR) that reopens the federal government and restores operations across all agencies. The stopgap measure effectively puts an end to the 43-day shutdown, the longest government shutdown in U.S. history.

Scope of Funding

The CR provides full-year funding for 3 of the 12 annual appropriations bills for fiscal year (FY) 2026:

- Agriculture, Rural Development, Food and Drug Administration (Ag-FDA)
- Military Construction and Veterans Affairs
- Legislative Branch

These departments and agencies will be funded through September 30, 2026—the end of FY 2026. The remaining nine appropriations measures—including the Labor, Health and Human Services, Education, and Related Agencies (LHHS) bill—are temporarily funded through January 30, 2026. This extension gives Congress more time to negotiate full-year appropriations. For colleges and universities, this means that key higher education programs will continue operating at FY 2025 levels until a broader agreement is reached.

Impact on Higher Education Funding

The temporary LHHS extension ensures continued operations for the U.S. Department of Education (ED), including programs that directly affect community colleges. Title IV student aid programs, such as the Pell Grant and Federal Work-Study, remain fully operational, and campuses can continue processing student financial aid without disruption.

For the California Community Colleges (CCC) system, this stopgap funding provides short-term stability but continued uncertainty regarding FY 2026 appropriations. Institutions can expect no immediate change in federal formula allocations or program funding, but the outlook beyond January will depend on congressional negotiations over the LHHS bill.

Workforce and Student Support Programs Continue

Full-year funding for the Ag-FDA measure ensures continued support for the Supplemental Nutrition Assistance Program (SNAP), which benefits many community college students facing food insecurity. Colleges participating in CalFresh student outreach efforts should expect no interruption to federal reimbursements or eligibility processing now that the program is funded through September 30, 2026.

In addition, the return of federal staff to full operation allows the ED and related agencies to resume activities such as grant administration, FAFSA processing, and oversight of Title III and V programs. Campuses that experienced delays in federal correspondence or grant payments during the shutdown should hopefully see normal operations resume in the coming days.

Reductions in Force Reversed

During the shutdown, the ED furloughed hundreds of employees, disrupting key operations such as grant monitoring, financial aid oversight, and program compliance. The CR includes provisions reversing these layoffs and prohibiting further reductions in force. For community colleges awaiting federal review or guidance—particularly those engaged in new grant cycles—this will help restore responsiveness and continuity.

ACA Subsidies Not Extended

The CR does not include an extension of the enhanced Affordable Care Act (ACA) premium tax credits, which had been temporarily increased under prior pandemic-era legislation. Without further congressional action, these enhanced subsidies are still set to expire at the end of the current plan year, likely increasing marketplace premiums for millions of Americans in 2026.

Looking Ahead

While the stopgap measure ends the prolonged shutdown and allows the government to resume full operations, the debate over remaining FY 2026 appropriations is far from settled. Congress must now finalize funding for the nine remaining bills, including the LHHS bill, by January 30, 2026, to avoid another government shutdown.

For the CCC system, the end of the shutdown means resumed coordination with federal partners, more stable financial aid operations, and restored support for students and institutions. Still, the long-term outlook will hinge on whether Congress can reach full-year funding agreements that strengthen higher education access, workforce development, and student success programs nationwide. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Signed Bills Establish Education and Workforce Council



BY KYLE HYLAND

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posted November 18, 2025

On October 7, 2025, Governor Gavin Newsom signed [Assembly Bill \(AB\) 1098](#) (Fong, Statutes of 2025) and [Senate Bill \(SB\) 638](#) (Padilla, Statutes of 2025), a two-bill package that establishes the California Education Interagency Council inside the Government Operations Agency (CalOps).

AB 1098—Council Structure and Membership

AB 1098 creates the California Education Interagency Council (Council). The Council is tasked with aligning education and workforce systems, supporting adult skill development, and addressing the changing nature of work and the economy.

Pursuant to AB 1098, the Council must convene its first meeting by June 30, 2026, produce a statewide strategic plan by November 30, 2027, and report biennially to the Governor and Legislature. The Council consists of the following members:

- President of the State Board of Education
- State Superintendent of Public Instruction
- President of the University of California
- Chancellor of the California State University
- Chancellor of the California Community Colleges
- Director of Consumer Affairs
- Secretary of Labor and Workforce Development
- Director of the Governor's Office of Business and Economic Development
- Director of Finance
- President of the Association of Independent California Colleges and Universities

SB 638—Alignment with Master Plan and CTEIG Reforms

SB 638 expands the Council's scope and codifies its alignment with the Governor's Master Plan for Career Education (Master Plan) by ensuring that recommendations from the Council align with the priorities of the Master Plan (see the article "[Governor Releases the Master Plan for Career Education](#)" in the April 2025 *Community College Update*).

The bill also makes changes to the Career Technical Education Incentive Grant (CTEIG) program, which is a K-12 career technical education program. Current law requires the California Department of Education to consult with several entities, including the California Community College Chancellor's Office (CCCCO) on the development of the request for CTEIG grant applications and consideration for grant applications. However, SB 638 replaces the CCCCCO with the new Council.

Council Funding

The 2025-26 Enacted State Budget includes a \$1.5 million (ongoing, non-Proposition 98) investment in the CalOps budget for an “Education and Workforce Development Coordinating Council.” This investment represents the initial baseline funding to operationalize the Council’s office, with potential future augmentations as its strategic planning and data-sharing roles expand.

Next Steps and Effective Date

Together, AB 1098 and SB 638 formalize the state’s effort to align career education policy across systems and to implement the goals outlined in the Master Plan. As nonurgency bills, both measures will go into effect on January 1, 2026.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

CalPERS Employer Contribution Rate Estimates

BY TEDDI WENTWORTH

BY MICHELLE MCKAY UNDERWOOD

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Last week, the California Public Employees’ Retirement System (CalPERS) released the school employer (which includes California Community Colleges) projected contribution rates for fiscal year 2026-27. Although the actual investment return for fiscal year 2024-25 are not yet known, updated projections were provided in the circular letter, which estimate future employer contribution rates as follows:

| Fiscal Year | Updated: Estimated School Employer Contribution Rate ¹ | Former: Estimated School Employer Contribution Rate ² |
|-------------|-------------------------------------------------------------------|------------------------------------------------------------------|
| 2025-26 | 26.81% (Actual) | 26.81% (Actual) |
| 2026-27 | 26.40% | 26.90% |
| 2027-28 | 26.90% | 27.80% |
| 2028-29 | 26.10% | 27.40% |
| 2029-30 | 25.30% | 27.00% |
| 2030-2031 | 24.20% | 26.20% |

¹As of November 13, 2025
²Prior to November 13, 2025

Across the projection period, the employer contribution rate has improved compared to the prior estimates. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. That makes this the best estimation at this time, but it is still subject to change by the time the 2026-27 rate is adopted by the CalPERS Board in April 2026.

CalPERS employer contribution rates will be included in the next version of our School Services of California Inc. Financial Projection Dartboard to be prepared with the 2026-27 Governor’s Budget proposal in January 2026. The current California State Teachers’ Retirement System (CalSTRS) employer contribution rate of 19.10% is expected to remain the same in fiscal year 2026-27. CalSTRS has not released out-year projections.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

October Revenues Continue Upward Trend

 BY [WENDI MCCASKILL, EDD](#) Copyright 2025 School Services of California, Inc. posted November 19, 2025

The Department of Finance (DOF) released its November 2025 Finance Bulletin yesterday, offering a mixed portrait of the U.S. and California economies amid a federal government shutdown that temporarily halted several major federal data releases. Despite gaps in national Gross domestic product (GDP), labor market, and housing permits data for September and October, the Bulletin highlights notable developments in inflation and California’s General Fund cash receipts as the state approaches the Governor’s January State Budget proposal.

U.S. headline consumer price index (CPI) inflation rose from 2.9% in August to 3.0% in September, marking the fifth consecutive month of accelerating inflation after reaching a low of 2.3% in April. According to the DOF, the recent uptick was largely driven by higher prices for tariff-sensitive goods, including new vehicles, household furnishings, recreation, and education and communication.

Core inflation, which excludes food and energy, slowed slightly, edging down a 0.1 percentage point to 3.0%, led by deceleration in shelter costs. Gasoline prices continued their long downward trend with the 16th consecutive year-over-year decline, though the pace of decrease moderated substantially; gasoline inflation has accelerated by more than 11 percentage points since May, from –12.0% to –0.5%.

California CPI data shows headline inflation increasing from 3.0% in June to 3.3% in August, the highest level since mid-2024. Per the DOF and like national trends, California’s inflation acceleration was concentrated in goods most affected by tariffs. Gasoline prices in the state also remain negative year-over-year but have narrowed significantly, moving from –9.5% in April to –1.4% in August. Shelter inflation in California moderated slightly to 3.4% in August, down from 3.9% the previous December.

The federal government shutdown, which began on October 1 and concluded on November 12, halted operations for several statistical agencies. As a result, no updated federal GDP, labor market, or housing permits data is available for September or October. This temporary gap limits visibility into broader national trends heading into the final quarter of the year.

Preliminary DOF agency cash data shows that October General Fund revenues exceeded Budget Act projections by \$2.2 billion (12.7%), continuing the strong fiscal performance seen since spring 2025. Year-to-date, General Fund agency cash receipts are \$8.6 billion above forecast, including \$2.7 billion attributable to late-arriving receipts from the prior fiscal year.

Personal income tax (PIT) receipts were the principal driver of the October surge, coming in \$2.1 billion above forecast (16.9%). These results reflect a larger-than-anticipated surge in payments from Los Angeles County taxpayers following the October 15 extended filing deadline, which shifted an estimated \$1.5-\$2 billion of receipts into October beyond the amounts assumed in the Budget Act. Corporation tax receipts fell \$75 million short of expectations, and sales and use tax receipts were \$26 million below projections for October.

As displayed in the table below, year-to-date PIT is 14.7% above projected levels. Corporation taxes and sales and use tax receipts are both below forecasted year to date. Cumulatively, through October, the state’s primary revenue sources continue to run above expectations. With a substantial share of this year’s revenue gains tied to timing shifts and taxpayer extensions, the Administration and Legislature will continue evaluating how much reflects ongoing increases in tax liability versus one-time or temporary shifts.

2025-26 Fiscal Year-to-Date “Big Three” Tax Revenues
(In millions)

| | Forecast | Actual | Difference |
|---------------------|----------|----------|------------|
| Personal Income Tax | \$39,209 | \$44,977 | \$5,768 |

| | | | |
|-------------------|----------|----------|---------|
| Corporation Tax | \$6,960 | \$6,699 | -\$261 |
| Sales and Use Tax | \$10,054 | \$9,958 | -\$96 |
| Total | \$56,223 | \$61,634 | \$5,411 |

Source: California Department of Finance

With federal data delayed and inflation trending upward, the November Finance Bulletin highlights both progress and uncertainty in the state’s economic outlook. The Legislative Analyst’s Office is expected to issue its Fiscal Outlook this week, offering its own assessment of California’s fiscal trajectory ahead of budget negotiations.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

LAO Projects \$18 Billion State Deficit

✉ BY MEGAN BAIER

✉ BY PATTI F. HERRERA, EDD

Copyright 2025 School Services of California, Inc. posted November 20, 2025

On Wednesday November 18, 2025, the Legislative Analyst’s Office (LAO) released its annual [Fiscal Outlook](#) report in anticipation of the upcoming budget year. In the report, the LAO evaluates the state’s fiscal condition and makes recommendations for legislators to consider as they build the 2026-27 State Budget.

While state tax receipts have outpaced the Enacted Budget’s projections, the LAO warns that much of the growth, which is concentrated in personal income taxes, may be attributed to an artificial intelligence (AI) bubble. Corporate and sales tax collections have been much weaker and likely reflect the actual economic condition of the state. To reflect the risk of a potential AI bubble, the LAO forecast includes lower income tax collection estimates than current cash trends would otherwise suggest.

The Enacted State Budget did anticipate future deficits, expecting a \$13.0 billion problem in 2026-27 that would continue to grow in the outyears. In the Fiscal Outlook, the LAO estimates the state’s deficit in 2026-27 to be larger, approximately \$18.0 billion.

Over the budget window, revenues are up \$11.0 billion when compared to the Enacted Budget. Much of the growth, approximately \$7.0 billion, will go to TK-12 schools and community colleges as required by Proposition 98. Below we will go into more depth on the Proposition 98 outlook. Much of the remainder of the increased revenues will be dedicated to make constitutionally required reserve deposits and debt payments.

At the same time, the state’s costs are projected to increase by nearly \$6.0 billion due to a variety of factors including increasing costs in retiree health care, pension payments, and the impacts of federal legislation on Medi-Cal and CalFresh, among others.

Under the LAO’s estimates, California’s structural deficit will grow to \$35.0 billion annually beginning in 2027-28. The LAO warns that the state has exhausted many of its budget resiliency tools, such as borrowings, tapping reserves, and utilizing one-time revenues to limit programmatic cuts. Ultimately, the LAO recommends addressing the structural deficit now to strengthen the state’s fiscal condition should the economy weaken.

Proposition 98 Outlook

As noted earlier, a significant share of the state’s unanticipated General Fund revenues is obligated for TK-12 and community college agencies under Proposition 98. The LAO projects that the state must dedicate \$7.0 billion of the \$11.0 billion—63.6%—to address its \$1.9 billion settle-up requirement built into the 2025-26 Enacted Budget adopted in June, a higher maintenance factor payment, and calculated increases to the minimum guarantee across the budget window.

Specifically, the LAO’s *Fiscal Outlook* anticipates upward revisions to the minimum guarantee of \$2.2 billion in 2024-25 and \$3.8 billion in 2025-26 (see Figure 1). The 2026-27 minimum guarantee is projected at \$117.8 billion—\$3.2 billion above the 2025-26 Enacted Budget level, but \$500 million lower than the revised 2025-26 amount. In other words, the LAO projects a year-over-year decline in the Proposition 98 minimum guarantee from 2025-26 to 2026-27.

The modest increase to the funding levels in the prior and current year, combined with year-over-year decline in the Proposition 98 minimum guarantee in the budget year, leaves little margin for the state to fund any new or enhanced ongoing education priorities in 2026-27. According to the LAO, the state could afford to fully fund its estimated 2.51% statutory cost-of-living adjustment (COLA) and little else.

Figure 1. 2024-25 and 2025-26 Minimum Guarantee Revisions (Dollars in billions)

| | 2024-25 | | 2025-26 | |
|--------------------|----------------|----------------|----------------|----------------|
| | Enacted Budget | LAO Outlook | Enacted Budget | LAO Outlook |
| General Fund | \$87.6 | \$89.5 | \$80.7 | \$84.3 |
| Local property tax | 32.3 | 32.6 | 33.8 | 34.0 |
| Total | \$119.9 | \$122.1 | \$114.5 | \$118.3 |

Under its revised assumptions, the LAO expects the required maintenance factor payment for 2024-25 to increase from \$5.5 billion to more than \$6.6 billion. Higher revenues, particularly from stock market gains, also increase the required deposit into the Proposition 98 reserve. In June, the state made a \$455 million deposit for 2024-25, only to withdraw it fully in 2025-26. Now, the LAO projects a \$1.4 billion deposit and a smaller mandatory \$270 million withdrawal, leaving a \$1.1 billion reserve balance at the end of the current year, which the *Fiscal Outlook* assumes would be subject to a mandatory withdrawal, once again depleting the reserve in 2026-27.

While year-over-year total education funding decreases in 2026-27, the upward revisions to the minimum guarantee in 2024-25 and 2025-26 provide nearly \$7.4 billion in one-time revenue for the state to allocate to TK-12 and community college agencies as part of the impending 2026-27 budget (see “Considerations and Recommendations” below).

With respect to the rest of the forecast for education, consistent with its overall economic outlook for California, the LAO assumes that the current revenue boost in Proposition 98 is temporary, fading in 2026-27. The LAO projects “average growth” for the remainder of the forecast period (see Figure 2), which it recognizes is difficult to predict and is subject to considerable risk.

Figure 2. LAO Outlook for TK-12 and Community Colleges (Dollars in billions)

¹ADA: Average Daily Attendance

Considerations and Recommendations

Given the state’s recent reliance on one-time resources to cover ongoing costs within Proposition 98 and a modest revenue forecast, the LAO’s *Fiscal Outlook* paints a picture of lean times ahead. Through 2028-29, Proposition 98 growth would provide sufficient funding to pay for the cost of existing programs, including annual COLAs, with a little left in each year for new or enhanced education investments.

Within this context, the LAO recommends a number of budget approaches that would strengthen Proposition 98 budget resiliency. Specifically, the LAO recommends that the state:

- Use \$2.3 billion of available funding to eliminate the June 2026 deferrals, which would reduce outyear pressure on the education budget
- Provide a \$1.9 billion advance payment in June 2026 that would be attributable to the 2027-28 fiscal year, putting the state on a schedule to provide the same amount a month early each year, creating cushion in the event of an economic downturn
- Accelerate the restoration of the final payment of the Learning Recovery Emergency Block Grant by investing \$757 million, reducing pressure on the 2026-27 minimum guarantee

In January, Governor Gavin Newsom will propose the final State Budget of his tenure and we will see how he approaches managing the state’s budgetary challenges. We will provide an in-depth review and analysis of the Governor’s Budget proposal and its impacts on California’s Community Colleges in the *Community College Update*.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

ED Announces Partnership of Six Education Programs with Other Agencies

 [BY KYLE HYLAND](#)

 [BY MICHELLE MCKAY UNDERWOOD](#)

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posted November 20, 2025

On November 18, 2025, the U.S. Department of Education (ED) [announced](#) six new interagency agreements with four federal agencies—the U.S. Department of Labor (DOL), the U.S. Department of the Interior (DOI), the U.S. Department of Health and Human Services (HHS), and the U.S. Department of State (State). They are part of an initiative to “break up the federal education bureaucracy” and “return education to the states.”

The program partnerships announced are as follows:

- The Office of Postsecondary Education’s (OPE) institution-based grants to the DOL
- On-campus child care support for parents (CCAMPIS) enrolled in college to the HHS
- The Office of Elementary and Secondary Education to the DOL
- International education and foreign language studies programs to the State
- Indian education programs to the DOI
- Foreign medical accreditation to the HHS

This announcement did not include movement for the management of student financial aid, civil rights enforcement, or special education; based on past statements by the Trump Administration, these divisions are likely to be affected as part of the overall plan to eliminate the ED.

The OPE programs that are affected by the DOL interagency agreement include:

- TRIO
- Gaining Early Awareness and Readiness for Undergraduate Programs
- Graduate Assistance in Areas of National Need
- Augustus F. Hawkins Center of Excellence
- Title III Part A Strengthening Institutions Program
- Title III Part B Strengthening Historically Black Colleges and Universities Program
- Master’s Degree Programs at Historically Black Colleges and Universities Program
- Strengthening Historically Black Graduate Institutions
- Howard University
- Higher Education Emergency Relief Fund
- Transition and Postsecondary Programs for Students with Intellectual Disabilities

- Transition Programs for Students with Intellectual Disabilities Coordinating Center
- Fund for the Improvement of Postsecondary Education
- Higher Education Congressionally Funded Community Projects Program

The big question is whether these moves are legal, and for now, the answer to that seems to be a bit murky. While agencies can establish interagency agreements where one agency manages programs on behalf of another, altering the statutory duties of an agency would need congressional approval. The fact sheet outlining the partnership between the ED and DOL maintains that the ED will provide oversight for these programs; however, the DOL will manage grant funds, provide technical assistance, and integrate the ED's postsecondary education programs with the suite of programs that the DOL already administers. It is unknown at this time whether this agreement will lead to the alteration of statutory duties, but if it is interpreted that way, it will likely lead to litigation.

Shifting higher education and TK-12 oversight functions to the DOL could create new administrative and compliance hurdles for local agencies accustomed to ED processes, while the transfer of Indian education programs to the DOI may require new coordination for tribal-serving districts. For community colleges, moving the CCAMPIS program to HHS could significantly affect students who rely on on-campus child care, as changes in priorities or funding structures may limit availability and disrupt supports for parenting students. Taken together, these shifts may introduce meaningful transition challenges for California's community colleges and TK-12 schools as the Trump Administration moves to realign federal education responsibilities.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Minimum Wage Increases Effective January 1, 2026

BY DANYEL CONOLLEY
BY TEDDI WENTWORTH

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California’s minimum wage is projected to increase to \$16.90 per hour effective January 1, 2026. Per Labor Code, the minimum wage rate will be adjusted annually for inflation based on the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Because the CPI-W increased by 2.49%, for the period from July 1, 2024, to June 30, 2025, employees will be guaranteed the \$16.90 rate even if they work for small employers—those employers with 26 employees or less ([Labor Code Section 1182.12\(c\)\(3\)\(A-B\)](#))—and the ongoing increase in the future is caused by [Labor Code Section 1182.12\(c\)\(1\)](#).

Below is a table illustrating minimum wage on an hourly, weekly, monthly, and annual basis. Based on inflation, School Services of California Inc. staff project that the minimum wage will continue to increase by the maximum amount allowed by law through 2030.

| Minimum Wage | Effective Date: > 25 Employees | Effective Date: ≤ 25 Employees | Exempt Minimum Salary (Weekly) | Exempt Minimum Salary (Monthly) | Exempt Minimum Salary (Annually) |
|--------------|-----------------------------------|-----------------------------------|-----------------------------------------|---------------------------------------|----------------------------------------|
| \$16.50/hour | January 1, 2025 | | \$1,320 | \$5,720 | \$68,640 |
| \$16.90/hour | January 1, 2026 | | \$1,352 | \$5,859 | \$70,304 |
| \$17.40/hour | January 1, 2027 | | \$1,392 | \$6,032 | \$72,384 |
| \$17.80/hour | January 1, 2028 | | \$1,424 | \$6,171 | \$74,052 |
| \$18.30/hour | January 1, 2029 | | \$1,464 | \$6,344 | \$76,128 |
| \$18.80/hour | January 1, 2030 | | \$1,504 | \$6,517 | \$78,204 |

The forthcoming increase in the minimum wage highlights important operational considerations to ensure that employers are maintaining their obligation to comply with state and federal laws. Local educational agency human resources departments should review current salary schedules now to identify and remove salary cells that may fall below the scheduled minimum increase in addition to preparing for future increases. This includes inactive salary schedule cells that are no longer in use. Salary schedules are the employer’s communication about employee compensation, and maintaining inactive salaries, or compensation information that is no longer in legal compliance with state law is not recommended. It is important to also note that changes in salary schedules may have bargaining implications and communicating with labor partners about modifications to salary cells by removing them or covering a wage that is no longer legally compliant is recommended practice. Keep in mind that increases in the minimum wage also impact the threshold for exemption from the overtime rules of the [Fair Labor Standards Act \(FLSA\)](#). Exempt workers in California must be paid a salary that is at least twice the state’s minimum wage as well as meeting the duties test under the FLSA. Information on overtime exemptions in California can be found on the [Department of Industrial Relations](#) website.

Remember that the minimum wage, and any local ordinance, is an obligation of the employer and cannot be waived by any agreement, including collective bargaining agreements. So, even if you find yourselves in the middle of negotiations regarding salary, as employers, you are still obligated to comply with the minimum wage rate for the effective year.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

A Pixelated Economy

✉ [BY PATTI F. HERRERA, EDD](#)
✉ [BY WENDI MCCASKILL, EDD](#)

Copyright 2025 School Services of California, Inc. posted December 5, 2025

On December 3, 2025, UCLA Anderson School of Management economists released their final forecast of the year amid persistent uncertainty heightened by the lack of reliable economic data due to the longest federal government shutdown in U.S. history.

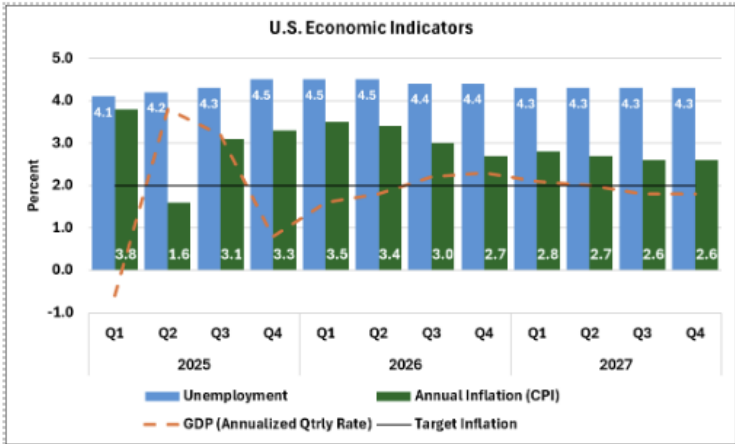
A National Forecast in the Crosswinds

Relative to the national forecast, UCLA economists continued to emphasize the arguably unprecedented level of uncertainty spawned by fluctuating trade relations and challenges to the Federal Reserve’s (Fed) independence, whose mission is to maintain economic stability through apolitical monetary policy intended to control consumer prices and the labor market. The impact of tariffs and the resilience of Fed independence are the biggest risks to the economy.

Forecasters broadly characterize the national climate as one caught in the crosswinds of an economy bustling from an infusion of investments to build needed artificial intelligence (AI) infrastructure while being sobered by an increasing lack of consumer and business confidence stemming from the impacts of the Trump Administration’s new tariff regime.

The Winter 2025 forecast is relatively consistent with UCLA’s Fall forecast, with a modest downward adjustment to 2025 fourth quarter gross domestic product (GDP) due to the 43-day federal government shutdown (Figure 1). This temporary reduction in national productivity rebounds by the first quarter of 2026, picking up through the year as a result of investments in AI and fiscal stimulus included in the One Big Beautiful Bill Act. They predict that economic activity owed to AI will be tempered in 2027 by broader constraints related to energy and transmission capacity, and rapid depreciation of processing chips necessary to run and maintain AI functionality.

Figure 1. U.S. GDP, Consumer Price Index (CPI), and Unemployment



Source: UCLA Anderson Forecast, Winter 2025

The relatively robust GDP trends of 2025—particularly in the second quarter of the year—mask general weakness in the overall economy, warns UCLA. The visible strength is nearly solely attributable to AI capital expenditures and an uptick in spending among affluent consumers. Smaller businesses, non-AI industry sectors, and the vast majority of American consumers are struggling with rising prices.

And while inflation is expected to remain elevated above the Fed's 2.0% target rate—peaking at 3.5% in early 2026 and settling at nearly a percentage point lower by the end of the forecast period—the Fed appears to be weighing troubling labor market trends more than price trends as national employment reaches an important inflection point where there are more job seekers than there are jobs vacancies. Consequently, UCLA economists expect the Fed to continue its monetary easing policies as a way to keep the economy stimulated.

Turning to California, economist Jerry Nickelsburg presented a cautious evaluation of the state's labor conditions. As of August 2025, California's unemployment rate stood at 5.5%, 19 consecutive months above 5%, and was 1.2 percentage points higher than the U.S. rate. Nickelsburg noted that only 0.3 percentage points of this gap are “normal,” with the rest due to job losses in entertainment, technology, durable manufacturing, and courier services.

Although healthcare, education, government, and agriculture added jobs, these sectors are not expected to sustain long-term growth. Forecasters identify headwinds from reforms to Medicaid and the Supplemental Nutrition Assistance Program, as well as heightened immigration enforcement, which will weigh heavily on healthcare, agriculture, construction, retail, nondurable manufacturing, and hospitality. Deportations are progressing more slowly than expected, but are already nudging up unemployment in immigrant-dependent industries.

For California to return to its long-run pattern of outpacing national growth, Nickelsburg and his colleagues argue that both manufacturing and technology employment will need to strengthen meaningfully. The forecast is guardedly optimistic about a rebound in durable manufacturing later in 2026 and 2027, driven by national industrial policy and increased demand for aerospace, satellites, and defense-related equipment, areas where California has an outsized footprint. In tech, job losses in information and professional services appear to be stabilizing.

Nickelsburg also pointed out that investment in AI, data centers, chips, and AI-related services is flowing disproportionately into California, and a growing ecosystem of firms is emerging to “clean up AI slop” and integrate AI into business operations. At the same time, the forecast cautions that tariff uncertainty, immigration restrictions (including potential changes to H-1B visas), and the risk that AI investment is partly bubble driven could dampen the employment impact. The forecast projects modest gains and a gradual decline in the statewide unemployment rate from an average of around 5.5% to the mid 4% range by 2027.

Housing remains one of California's most entrenched challenges. Existing single-family home sales remain at “depression-level” volumes, while median home prices continue to rise. Construction activity is stagnant: building permits have been flat through August 2025, and construction employment continues to decline due to high interest rates, material costs, and deportation-related labor shortages. Although the forecast anticipates increased growth in homebuilding by 2027, this growth begins from a historically low base. It is projected to be insufficient to meaningfully improve housing affordability or ease the state's housing shortage within the forecast horizon.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Prospects for a “Super COLA”

✉ [BY PATTI F. HERRERA, EDD](#)

✉ [BY MEGAN BAIER](#)

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posted December 17, 2025

Since the release of the Legislative Analyst’s Office (LAO) 2026–27 *Fiscal Outlook* report, there has been chatter about the prospects of a “super COLA” in the 2026–27 fiscal year. In essence, educational leaders and key partners have been wondering if the state will have the financial capacity to fund a cost-of-living adjustment (COLA) beyond the calculated statutory amount, which the LAO believes will be 2.51%.

Using the revenue assumptions in the LAO’s 2026–27 *Fiscal Outlook*, we explain why a “super COLA” is improbable for the upcoming fiscal year.

The reason for this is because where the LAO identifies significant funding coming to TK-12 and community college agencies is in *one-time funding* the state owes under its constitutional Proposition 98 minimum funding requirement for 2024–25 and 2025–26 combined. Essentially, the LAO’s updated revenue estimates require a reconciliation of the Proposition 98 books for the current and prior fiscal years, totaling \$7.4 billion across the two years. This reconciliation is commonly referred to as “settle up” (the state settles its Proposition 98 debts as obligated by the California Constitution).

While lawmakers have used one-time Proposition 98 funding for purposes of providing COLA to TK-12 and community college agencies, typically it has done so to *fully fund* the statutory COLA. The 2025–26 Enacted Budget is an example of how the state used \$1.7 billion in one-time funding to ensure that local educational agencies maintained their purchasing power through fully funding the statutory 2.30% COLA.

Today’s economic and Proposition 98 funding picture is different from a few years ago. First, while the amount of available one-time funding is significant, inflation (3.0%) is now closer to historical levels, reducing the need for lawmakers to address economic pressures on educators. Second, and perhaps more importantly, available *ongoing funding* under Proposition 98 is estimated to be just enough to pay for COLA and little else.

Specifically, the LAO estimates that the 2026–27 minimum guarantee will be \$117.8 billion, which is \$3.2 billion higher than the 2025–26 level funded in the Enacted Budget. The first call on these new dollars will be to backfill the expiration of \$1.7 billion in one-time funding used to pay for the 2025–26 COLA, leaving only \$1.5 billion available to cover COLA in the upcoming year. At 2.51%, the LAO estimates that fully funding the 2026–27 COLA would cost \$2.5 billion; thus, remaining ongoing funding will be insufficient to fully fund the statutory amount.

To fully fund COLA next year, the LAO suggests lawmakers could rely on a Proposition 98 reserve withdrawal (\$1.1 billion). This suggestion is consistent with how policymakers used reserve funds this year, but, importantly, they would need to be ready to backfill the expiration of those funds as part of the 2027–28 State Budget.

Given the dearth of new ongoing Proposition 98 funding and more normal inflationary trends, it is unlikely the state will fund a “super COLA” in 2026–27.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Governor Newsom Signals Opposition to Billionaire Tax Ballot Proposal

 [BY KYLE HYLAND](#)

 [BY DAVE HECKLER](#)

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posted December 18, 2025

Governor Gavin Newsom has come out against the proposed “2026 Billionaire Tax Act,” a ballot initiative that would impose a one-time 5% tax on the net worth of approximately 200 California billionaires. Sponsored by the Service Employees International Union, the measure is projected to raise roughly \$100 billion in revenue, with 90% dedicated to health care and 10% allocated to TK-12 education. Health care funding from the tax would serve primarily as an offset for anticipated federal cuts which will impact Medi-Cal funding and to stabilize hospitals and clinics, while the education funding would provide a one-time infusion for TK-12 schools. The proposal *would not* provide funds for higher education, including community colleges.

The proposal does not specify a formula for how the TK-12 funding would be allocated. Instead, 10% of revenues would be placed in a new Education and Food Assistance Account, from which the Legislature could appropriate up to \$2.5 billion annually for education-related purposes. Allowable uses include addressing federal or state funding reductions and making investments in the TK-12 system, with a requirement that the funds do not supplant existing state funds for health care, education, or food assistance programs.

Governor Newsom’s opposition to the tax proposal centers on his concerns that a state-level wealth tax could encourage high-net-worth individuals and investments to leave California, potentially weakening the state’s economic base. He has also raised concerns about revenue instability, noting that a one-time wealth tax does not provide a predictable or sustainable funding source for ongoing state programs. In addition, Newsom has pointed to significant legal and administrative challenges, including the difficulty of valuing non-traded assets and determining taxpayer residency.

The proposal may also influence the political environment surrounding a separate 2026 ballot initiative to permanently extend Proposition (Prop) 30/55 income tax rates on high-income Californians (see the article “[Initiative Launched to Extend Proposition 30](#)” in the September 2025 *Community College Update*). Unlike the Billionaire Tax Act, the Prop 30/55 extension provides ongoing, dedicated funding for TK-12 education and community colleges and helps reduce pressure on the state General Fund during economic downturns. Maintaining this revenue stream has been a key factor in supporting education funding stability and limiting the need for disruptive midyear cuts or budget adjustments.

There is concern that if both the Billionaire Tax Act and the Prop 30/55 extension appear on the same ballot, voters could experience tax-measure fatigue or confusion. Opponents may frame the combined measures as excessive taxation, while education advocates may face challenges clearly communicating that the Prop 30/55 extension—rather than the Billionaire Tax Act—provides stable, long-term funding for schools and community colleges.

To further his opposition to the initiative, Governor Newsom has opened a campaign committee named “Stop the Squeeze” to help persuade voters against this measure, should it make it to the ballot. Governor Newsom is not alone in opposing the proposal as business groups, such as the California Business Roundtable, are forming their own campaign committees to oppose the initiative.

The 2026 Billionaire Tax Act has not yet qualified for the ballot. Proponents have filed the measure with the state and received an official title and summary from the Attorney General. Once title and summary, along with a fiscal analysis from the Legislative Analyst’s Office, is complete, the Secretary of State still needs to approve a signature collection petition before initiative proponents can start collecting the necessary signatures for the measure to qualify for the ballot. The deadline to qualify for the November 2026 ballot is June 25, 2026.

As required for a constitutional amendment, supporters will need to collect nearly 900,000 signatures from registered California voters for the initiative by late May in order for the collected signatures to be verified by the June deadline. Until that threshold is met and signatures are certified by the state, the proposal remains in the initiative phase and is not guaranteed to appear before voters.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Fourth Quarter Lottery Apportionment for 2024-25

 [BY WENDI MCCASKILL, EDD](#)

 [BY MATT PHILLIPS, CPA](#)

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posted December 22, 2025

The State Controller’s Office (SCO) released the 2024-25 fourth quarter Lottery apportionment to community college districts (CCDs). CCDs received \$27.54 per full-time equivalent student (FTES) for the unrestricted Lottery apportionment and \$28.77 per FTES for the Proposition 20 apportionment. The actual fourth quarter apportionment amounts are down from the accrual projections provided in June—\$35.45 per FTES for the unrestricted Lottery apportionment and \$39.00 per FTES for the Proposition 20 apportionment—due primarily to fewer Powerball jackpots exceeding the \$500 million threshold. Final apportionment amounts for the year, excluding any prior-year adjustments, are as follows:

| Quarter | Unrestricted Lottery per FTES | Proposition 20 per FTES |
|---------|-------------------------------|-------------------------|
| First | \$61.42 | — |
| Second | \$64.58 | \$13.56 |
| Third | \$33.93 | \$35.66 |
| Fourth | \$27.54 | \$28.77 |
| Total | \$187.47 | \$77.99 |

At this time, the California State Lottery Commission has not released revised projections for 2025-26. The most recent projections recommend that CCDs budget \$272.00 per FTES (\$190.00 per FTES in unrestricted Lottery revenues and \$82.00 per FTES in Proposition 20 revenues). We expect to see the 2025-26 first quarter Lottery apportionment released at the end of December or early January.

For more information on the Lottery apportionments and projections, visit the California Department of Education's Lottery website [here](#). For the apportionment detail, please visit the SCO website [here](#).



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

BOG Approves FON and Selects 2026 Leadership



BY KYLE HYLAND

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posted December 23, 2025

At its November meeting, the California Community Colleges Board of Governors (BOG) approved an increase to the Full-Time Faculty Obligation Number (FON) and elected its leadership for 2026.

By November 20 of each year, the BOG is required by law to determine whether the most recent State Budget Act provides sufficient funding to support an increase in the number of full-time faculty that community college districts are required to employ for the following fall. This annual determination plays a critical role in advancing instructional quality and stability across the system.

At the November meeting, the California Community Colleges Chancellor's Office (CCCCO) presented its annual analysis and recommended that the Board approve an increase to the FON. According to the analysis, the 2025-26 State Budget Act includes adequate funding to fully implement increases in district full-time faculty hiring obligations for fall 2026.

The CCCCCO report noted that the 2025-26 State Budget prioritizes fiscal stability amid a significant statewide deficit. The budget relies on reserves and operational savings to avoid major reductions to core programs and services while continuing targeted investments in student success and instructional capacity.

Key elements of the budget highlighted in the analysis include a 2.3% cost-of-living adjustment for Student-Centered Funding Formula apportionments and nearly \$40 million in new funding for enrollment growth. This growth funding builds on an additional \$100 million that was provided beginning in the 2024-25 fiscal year. Districts will also continue to receive an ongoing \$150 million General Fund investment dedicated to hiring and retaining additional full-time faculty.

As part of this investment, districts are expected to track progress toward the systemwide goal of having 75% of classroom instruction taught by full-time faculty—a benchmark intended to support student success, program continuity, and institutional stability.

Following discussion, the BOG approved the CCCCCO staff recommendation, formally authorizing the increase to the FON. FON compliance reports and the 2026 Advance FON are available on the Chancellor's Office [website](#).

In addition to budget-related actions, the November meeting marked the final BOG meeting of the calendar year and included elections for BOG leadership. The BOG unanimously reelected Hildegard Aguinaldo as President and Bill Rawlings as Vice President for 2026.

The next BOG meeting will take place on January 13, 2026.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

State Auditor Releases Report on Higher Education Student Housing



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posted December 23, 2025

In October, the California State Auditor released a [report](#) examining how the state’s public higher education systems are responding to the ongoing student housing crisis. While California has identified student housing as a critical factor in college access and student success, the audit found that the state’s public higher education systems have not taken a strong, coordinated leadership role in housing planning.

Instead, the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC) systems rely heavily on individual campuses to plan and deliver housing projects. The audit concluded that this decentralized approach has resulted in limited systemwide planning, insufficient assessment of unmet housing demand, and minimal coordination across campuses.

The report also raised concerns about recent changes to the funding structure of the Higher Education Student Housing Grant Program (Grant Program), noting that these changes—combined with limited long-term monitoring—could put both project delivery and long-term affordability at risk.

Finally, the audit found that many campus websites lack clear, accurate, and accessible information about housing costs, cost-of-attendance calculations, and available housing assistance programs. These information gaps make it difficult for students and families to understand the true cost of housing and identify available supports.

Key Findings

The report identified several major findings:

- **Lack of Systemwide Leadership:** Despite statewide efforts to expand student housing, the UC, CSU, and CCC systems have not assumed a strategic leadership role in housing planning.
- **Funding Challenges:** Progress on some community college projects has stalled due to significant changes made to the funding structure of the Grant Program.
- **Affordability Risks:** Housing projects funded through the Grant Program may not remain affordable after construction because of limited long-term monitoring requirements.
- **Information Gaps:** Several campuses reviewed did not provide accurate or complete information on their websites about cost of attendance or available housing assistance programs.

Key Recommendations

The Auditor’s report makes several recommendations to strengthen statewide housing coordination and accountability:

- **Legislative Oversight:** The Legislature should determine whether the state’s higher education systems should assume stronger oversight in campus housing planning. If so, it should clearly establish in law that system offices are responsible for strategic, systemwide housing coordination.
- **Assessing Unmet Demand:** The Legislature should require each system to develop and implement a biennial process to assess unmet demand for campus housing across its campuses.
- **Ensuring Long-Term Affordability:** Each system should adopt policies to ensure that housing units or rental rates supported by Grant Program funds remain affordable for the life of each project.

- **Improving Transparency:** To ensure that prospective students and their families have access to accurate, reliable information, the three systems should establish procedures to regularly monitor campus websites for accuracy on cost of attendance and housing assistance.

Next Steps

With the release of this audit report, legislators may introduce measures in 2026 to implement these recommendations. The Governor's 2026-27 State Budget proposal, expected by January 10, 2026, could also include proposals inspired by the report's findings.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Legislature Gaveled in the 2026 Legislative Year



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posted January 7, 2026

On Monday, January 5, 2026, the California State Legislature gaveled in for the final year of the 2025-26 legislative session.

While the Assembly floor session was brief and primarily organizational, the Senate's session saw Senator Monique Limón (D-Santa Barbara) be officially sworn-in as the new President pro Tempore (see the article "[Limón Takes over as Senate Leader](#)" in the November 2025 *Community College Update*). Both houses will return on Thursday morning as a joint session to hear Governor Gavin Newsom deliver his State of the State address.

Two-Year Bill House of Origin Deadline

The biggest priority for the Legislature at the beginning of the second year of the session is to consider legislation introduced in 2025 that is not already in the second house. In other words, any bill introduced in 2025 must clear its house of origin by January 31, 2026. For this reason, both the Assembly Higher Education Committee and the Senate Education Committee, chaired by Assemblymember Mike Fong (D-Alhambra) and Senator Sasha Renée Pérez (D-Pasadena), respectively, will meet next week to consider the following bills:

- [Assembly Bill \(AB\) 664](#) (Alvarez, D-San Diego)—**Community Colleges: Baccalaureate Degree Program: Southwestern Community College District**. As amended on January 5, 2026, this bill would authorize the California Community Colleges Chancellor's Office to allow the Southwestern Community College District (CCD) to offer up to four workforce-aligned baccalaureate degree programs. It requires interim and final evaluations by the Legislative Analyst's Office by July 1, 2030, and July 1, 2034, respectively, and repeals the authorization on January 1, 2035.
- [AB 713](#) (Solache, D-Lynwood)—**Public Postsecondary Education: Student Employment**. As amended on January 5, 2026, this bill would prohibit the California Community Colleges, California State University (CSU), and the University of California (UC) from disqualifying students from employment based on lack of federal work authorization, except where required by federal law or grant program conditions. It declares certain federal hiring prohibitions inapplicable to state institutions, authorizes student employment as a permissible benefit under federal law, and requires implementation by January 6, 2027.
- [AB 1171](#) (Patel, D-San Diego)—**Part-Time Community College Faculty Health Insurance Program**. As amended on January 5, 2026, this bill would revise the Part-Time Community College Faculty Health Insurance Program to expand eligibility to part-time and multidistrict part-time faculty, including those who purchase insurance individually, and require CCDs to reimburse those costs. It requires the Chancellor's Office to annually apportion reimbursement funds to districts and would appropriate \$200 million each year to augment part-time faculty health insurance funding.
- [AB 1241](#) (Schiavo, D-San Fernando Valley)—**Student Financial Aid: Pay It Forward, Pay It Back Pilot Program: Study**. As amended on January 5, 2026, this bill would require the Student Aid Commission to study the impacts of a proposed Pay It Forward, Pay It Back pilot program allowing CSU and UC students to attend without upfront costs in exchange for post-enrollment income-based repayments, and to report findings to the Legislature by September 30, 2027.
- [Senate Bill 308](#) (Seyarto, R-Murrieta)—**Community Colleges: Audits: Reports**. As amended on January 5, 2026, this bill would expand reporting requirements for the Board of Governors by requiring reports on district fiscal stability, corrective actions, and enforcement actions to also be submitted to the Joint Legislative Audit Committee. It also would require audit exception reports to be provided to the educational policy and fiscal committees. Beginning in the 2027-28 fiscal year, the bill requires these fiscal condition and audit reports to be combined and submitted together.

2026 Bill Introduction Deadline

The deadline for legislators to introduce new bills for the 2026 session is Friday, February 20, 2026. As we begin this new legislative year, School Services of California Inc. will continue to keep you apprised of all the important legislative news and the implications of key education legislation introduced by lawmakers in subsequent *Community College Update* articles and our "Top Legislative Issues" series. Stay tuned.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Initial Impressions from Governor Newsom's 2026-27 State Budget Proposal



BY SSC TEAM

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posted January 9, 2026

Today, January 9, 2026, Governor Gavin Newsom released his proposal for the 2026-27 State Budget, his final State Budget proposal as California's chief executive.

The purpose of this article is to provide a quick overview of Governor Newsom's assertions regarding the 2026-27 State Budget as they relate to California's community colleges. We address the community college topics highlighted in this morning's press conference, the press release that accompanies the State Budget release, and the high-level State Budget summary, but reserve our commentary and in-depth details for inclusion in our comprehensive *Community College Update* article, to be released later today.

Economic Outlook

General Fund revenue excluding transfers in the Budget is projected to be \$42.3 billion higher over the budget window. The upgrade relative to the 2025 Budget Act forecast is driven primarily by the personal income tax and corporation tax, with the upgrade in the corporation tax due primarily to the extension of the pass-through entity elective tax.

The "Big Three" revenue sources are projected to be higher by \$40 billion over the budget window due to a \$16.4 billion upward revision to the personal income tax forecast, a \$24.6 billion upward revision to the corporation tax forecast, and a \$1.1 billion downward revision to the sales and use tax forecast.

Taken together, these revisions signal a stronger-than-anticipated revenue outlook relative to the 2025 Budget Act, albeit with continued volatility across revenue sources.

Level of Proposition 98 Funding

The minimum guarantee is calculated to be \$123.8 billion in 2024-25, \$121.4 billion in 2025-26, and \$125.5 billion in 2026-27. These revised Proposition 98 levels represent an increase of approximately \$21.7 billion over the three-year period relative to the 2025 Budget Act.

The Governor proposes to fully repay the \$1.9 billion settle-up balance in 2024-25; however, due to persistent uncertainty in revenue projections, the Governor proposes creating \$5.6 billion in settle-up in 2025-26. This means that the funded level of the guarantee in 2025-26 is \$115.9 billion, instead of the calculated amount of \$121.4 billion, with the difference reflected as settle-up obligations to be addressed in future years. Potential adjustments will be made at the May Revision and will not be final until the certification of the 2025-26 guarantee level in spring 2027.

The minimum guarantee continues to be in Test 1 for 2024-25, 2025-26, and 2026-27.

PSSSA

The 2025 Budget Act projected a zero balance in the Public School System Stabilization Account (PSSSA). Adjustments in capital gains revenues revise these amounts in the Budget, requiring an increased deposit of \$3.8 billion in 2024-25, eliminating the mandatory withdrawal in 2025-26 and replacing it with a mandatory deposit of \$424.3 million, and requiring a mandatory withdrawal of \$407.1 million in 2026-27. Additionally, the Budget proposes a discretionary deposit of \$240 million in 2025-26. At the end of the three-year budget window, the total balance in the Proposition 98 Rainy Day Fund is \$4.1 billion.

SCFF, COLA, and Enrollment

Governor Newsom proposes an increase of \$240.6 million ongoing to provide a 2.41% cost-of-living adjustment (COLA) for Student Centered Funding Formula (SCFF) apportionments. The proposal also includes a one-time increase of \$88.7 million to fund increasing SCFF costs in 2025-26 and a one-time withdrawal of \$44.5 million from the PSSSA to support SCFF costs in 2026-27.

The proposal includes \$31.9 million for a 0.5% enrollment growth in 2026-27 and includes \$55.3 million to fund additional enrollment growth of 1.0% in fiscal year 2025-26. It is the Administration's expectation that the net effect of these two enrollment growth investments is intended to support a combined growth percentage of 1.5% in 2026-27.

The Governor proposes to fully repay deferrals for the SCFF in 2026-27.

Categorical Programs

The Governor proposes an increase of \$30.6 million to fund the 2.41% COLA for select categorical programs. Additionally, the Governor's Budget proposal includes the following investments outside of the SCFF:

- \$736.9 million one-time in Proposition 2 bond funds to finance ten new projects and 29 continuing projects at the community colleges
- \$120.7 million one-time to address deferred maintenance needs
- \$100 million one-time for a flexible block grant for the community colleges system
- \$41 million (\$5 million ongoing, \$36 million one-time) for further scaling of the common cloud data platform across the community college system
- \$38.1 million to support and provide stable funding for Calbright College in its base operations as it transitions out of its startup capacity
- \$37 million (\$2 million ongoing, \$35 million one-time) to support and build upon the Credit for Prior Learning Initiative
- \$14.3 million for community colleges to support the California Healthy School Food Pathways Program, which strengthens the school food service workforce through apprenticeship and training programs
- A one-time increase of \$13.4 million to backfill apprenticeship Related and Supplemental Instruction costs in 2024-25 and 2025-26
- \$100 million one-time to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities (this funding is reflected in the TK-12 portion of the Budget, and allocation details for community colleges remain unclear)
- A decrease of \$346.4 million due to increased offsetting local property tax revenues

Summary

This very broad extract of the 2026-27 Governor's Budget proposal is provided to keep you informed. Over the next few hours and days, we will be working to distill the information and make it actionable for community colleges. Stay tuned.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Overview of the Governor's Proposals for the 2026-27 State Budget



BY SSC TEAM

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posted January 9, 2026

As Governor Gavin Newsom prepares to conclude his time as California's leader, his stated goal in the 2026-27 State Budget proposal is to "honor the commitments we have already made—to educate our children, care for the vulnerable, protect public safety—and preserve the long-term health of our finances." The Governor does so on a backdrop of surging—but potentially one-time—revenues, additional costs from federal actions, and the desire to leave the state's finances in a strong position as he moves on from governorship.

Unfortunately, once again, we see the Governor propose to appropriate significantly less in Proposition 98 than his own Administration calculates, delaying a substantial portion of education funding to a future year. This strategy was deployed in January 2025 due to "inherent risk in revenue projections," that was to be addressed at the May Revision but ultimately kept \$1.9 billion from being spent on transitional kindergarten (TK)-14 education within the 2025 Budget Act.

However, there is good news for California Community Colleges (CCC): a funded, steady statutory cost-of-living adjustment (COLA), though marginally lower than estimated last summer; additional funding for enrollment growth; an investment for deferred maintenance; and funding for a flexible block grant.

The Economy and Revenues

By incorporating updated tax revenue and economic data since the May Revision, the Governor's Budget has a higher base in which to project future revenues on. This results in a significant upward revision in the near term while maintaining moderate growth in the out years. The stronger-than-expected economic performance is supported by stronger-than-expected personal income growth, on-going consumer spending, and lower-than-expected impacts due to tariff costs.

The Governor's Budget forecast assumes the U.S. Gross Domestic Product to grow 2.0% in 2025 and 2.2% in 2026, which is an upward revision of 0.7% in each year. In addition, the U.S. Consumer Price Index (CPI) inflation was revised downward from 3.0% to 2.8% compared to the May Revision forecast as tariff impacts on consumer prices are projected to be lower. The May Revision assumed only one rate cut in December 2025; however, the Federal Reserve cut interest rates three times in 2025.

The Governor's Budget assumes that California job growth remains subdued with almost no payroll job growth in 2026, followed by a marginal increase in 2027 of 0.2% before increasing to 0.6% by 2030, which is lower than the May Revision projections of 0.4% and 0.7%. Leisure and hospitality jobs are the primary driver of the downgrade compared to the May Revision forecast due to federal immigration and trade policy.

The Governor's Budget projects more growth in California personal income in the near term. Personal income increased by 5.6% year over year in 2025, which is significantly stronger than the 4.1% projected in the May Revision. The Governor's Budget forecasts California personal income to grow by 5.3%, (up by 1.3%) in 2025 and to an average of 4.6% from 2026 through 2030.

Capital gains revenue is projected to increase 8% in 2025 and 1% in 2026 compared to the 15% decline in 2025 and the flat growth projected in 2026 assumed in the 2025 Budget Act. This is primarily due to the stock market outperforming the budget estimate.

The overall General Fund revenue forecast for the budget window, 2024-25, 2025-26 and 2026-27 is \$42.3 billion higher than the 2025 Budget Act. The primary drivers for the upgrade are in improved personal income tax and corporation tax projections. The improvement in corporation tax is driven primarily due to the extension of the pass-through entity elective tax (PTET). The budget forecast assumes ongoing moderate economic growth with no economic recession.

Regarding risk, the Governor's Budget notes that much of the growth has been disproportionately driven by large market gains by large technology companies benefiting from the artificial intelligence (AI) boom. If a market downturn equivalent to the one experienced in 2022 were to occur, state revenue could be up to \$30 billion below forecast within the budget window. Accompanied by an economic recession, revenue would even be lower.

Proposition 98 Minimum Guarantee and Rainy Day Fund

Proposition 98 Minimum Guarantee

The Governor's Budget's revised estimates of the Proposition 98 minimum guarantee across the three-year budget window increases by approximately \$21.8 billion from the levels adopted in June 2025. Relative to the 2025-26 Enacted Budget, the minimum guarantee increases by \$3.9 billion, \$6.9 billion, and \$11.0 billion in 2024-25, 2025-26, and 2026-27, respectively.

Notably, under the Governor's revised figures, Proposition 98 drops year-over-year between the prior and current fiscal years, before rebounding in the budget year, to \$125.5 billion. Equally noteworthy is the significant difference between the Governor's estimate for the 2026-27 minimum guarantee and the Legislative Analyst's Office (LAO) *Fiscal Outlook* estimates provided in November 2025. In November, the LAO estimated that the budget year guarantee would be approximately \$117.8 billion, or \$7.7 billion lower than the Governor's.

These differences are attributable in part to the additional month of state receipts (November 2025) included in the Governor's assumptions that were unavailable to the LAO when it released its *Fiscal Outlook*. The differences, however, are also attributable to underlying assumptions about the trend and timing of state revenues. Importantly, unlike the Governor's Administration, the LAO assumes that recent revenue gains from artificial intelligence will not sustain through 2026-27.

The unpredictability of state revenues—specifically, revenue generated from capital gains—is once again inspiring Governor Newsom to use last year's novel approach to Proposition 98's settle-up mechanism, or the mechanism used to reconcile Proposition 98 when actual revenue and other factors that determine the minimum guarantee become available. The 2025-26 Enacted Budget included a \$1.9 billion settle up whereby the state refrained from fully appropriating the entire estimated minimum guarantee in 2024-25. At the same time the Governor's Budget proposes to fully appropriate the \$1.9 billion, it creates *a new, much larger* settle up in 2025-26 of \$5.6 billion, or nearly three times the size of last year's settle up!

Proposition 98 Rainy Day Fund

The Governor’s revenue estimates also require updates to the Proposition 98 reserve account in accordance with constitutional requirements. The Governor’s Budget recognizes the state’s obligations to the Proposition 98 rainy day fund in both mandatory deposits and withdrawals. According to revised estimates, the Governor assumes the state is required to make a significantly higher deposit in 2024-25 than assumed last June. The Governor’s Budget makes the following adjustments to the Proposition 98 reserve:

2026-27 Proposition 98 Rainy Day Fund (In Billions)"

SCFF, COLA, and Enrollment

The Governor's Budget proposes to fully fund the Student-Centered Funding Formula (SCFF) in 2026-27, including an estimated statutory COLA of 2.41%. This COLA reflects a decrease of 0.61 percentage points from the 3.02% COLA assumed in the 2025-26 Enacted Budget. The Administration estimates that applying the COLA to the SCFF in 2026-27 will cost \$240.6 million on an ongoing basis; the Governor proposes a one-time withdrawal of \$44.5 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2026-27.

In addition, the Governor's Budget proposal includes a one-time augmentation of \$88.7 million to address increased SCFF costs in 2025-26. The Governor also proposes \$408.3 million to fully retire outstanding SCFF deferrals in 2026-27.

According to the Governor's Budget summary, after two years of pandemic-related enrollment declines, CCC enrollment has rebounded to 2.2 million students in 2024-25, with continued growth anticipated in both 2025-26 and 2026-27. To reflect this trend, the budget proposes \$55.3 million to support 1.0% enrollment growth in 2025-26 and an additional \$31.9 million for 0.5% enrollment growth in 2026-27. Collectively, these investments are intended to support a total enrollment growth assumption of 1.5% entering the 2026-27 fiscal year.

Other CCC Apportionments and Categorical Programs

Other community college programs that are funded outside of the SCFF that would also receive the estimated 2.41% statutory COLA under the Governor's Budget proposal are: Adult Education, Extended Opportunity Programs and Services, Disabled Students Programs and Services, Apprenticeship, CalWORKs Student Services and Cooperative Agencies Resources for Education, Mandates Block Grant and reimbursements, and the childcare tax bailout. The Governor's Budget assumes \$30.6 million ongoing to cover the COLA for the above programs.

Additionally, the Governor's Budget proposal includes the following investments outside of the SCFF:

- \$100 million one-time for a flexible block grant for the community colleges system
- \$41 million (\$5 million ongoing, \$36 million one-time) for further scaling of the common cloud data platform across the community college system
- \$37 million (\$2 million ongoing, \$35 million one-time) to support and build upon the Credit for Prior Learning Initiative

- \$14.3 million for community colleges to support the California Healthy School Food Pathways Program, which strengthens the school food service workforce through apprenticeship and training programs
- A one-time increase of \$13.4 million to backfill apprenticeship Related and Supplemental Instruction costs in 2024-25 and 2025-26
- \$100 million one-time to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities (this funding is reflected in the TK-12 portion of the budget, and allocation details for community colleges remain unclear)
- A decrease of \$346.4 million due to increased offsetting local property tax revenues

The Governor also proposes \$38.1 million to “provide stable funding for Calbright College in its base operations as it transitions out of its startup capacity.”

Facilities and Student Housing

For the first time in three years, the Governor’s Budget proposes new one-time funding for deferred maintenance. Specifically, Governor Newsom proposes \$120.7 million one-time for community colleges to address deferred maintenance needs.

In addition, the Governor proposes \$736.9 million one-time in Proposition 2 (2024) bond funds to support 10 new projects and 29 continuing projects for the CCC system.

While the Governor’s Budget summary highlights prior-year investments in the Higher Education Student Housing Grant Program, the 2026-27 proposal does not include new funding for additional projects under the program. The Administration reports that, as a result of previously funded projects, more than 5,800 new beds are expected to become available to community college students by 2029, with more than 4,800 of those beds projected to be subsidized under the program’s affordability requirements.

Student Aid Commission

The Governor’s Budget allocates \$4.4 billion for financial aid in 2026-27. Of this amount, \$3.2 billion is proposed for the Cal Grant program, the state’s largest financial aid initiative, serving approximately 500,000 eligible students at public and private institutions. The Governor’s Budget proposal also

provides \$1.1 billion for the Middle Class Scholarship in 2025-26, serving about 350,000 students with grants covering up to 35% of need. For 2026-27, projected funding of \$513 million would support grants covering up to 17.5% of need.

The budget proposal also reappropriates \$14.4 million from the 2021 Budget Act to continue supporting the Golden State Teacher Grant Program in 2026-27.

The Rest of Higher Education

The Governor's Budget proposes \$5.3 billion for the University of California (UC) system, nearly 50% higher than 2018-19 levels. It includes \$254.3 million ongoing for a 5% base increase, representing the final payment of the multiyear compact and fully meeting the state's 2026-27 obligation, along with an additional \$96.3 million ongoing toward a prior-year compact commitment.

The budget maintains several previously approved deferrals to 2027-28, including \$240.8 million in compact funding, \$31 million related to replacing nonresident undergraduates with California residents, and \$129.7 million from a one-time base reduction. To manage cash flow, the UC is authorized a 2026-27 loan, while the Administration reiterates its commitment to the compact's goals for access, affordability, equity, and workforce alignment.

The Governor's Budget proposes \$5.6 billion for the California State University (CSU) system, an increase of nearly 53% since 2018-19. It includes \$264.8 million ongoing for a 5% base increase, representing the fifth and final payment of the multiyear compact and fully meeting the state's 2026-27 obligation, along with an additional \$100.9 million ongoing toward a prior-year compact commitment.

The Governor's Budget maintains previously approved deferrals to 2027-28, including \$252.3 million in compact funding and \$143.8 million from a one-time 3% base reduction. To manage cash flow impacts, the CSU is authorized a 2026-27 loan, while the Administration reiterates its commitment to the compact's goals for access, affordability, equity, and workforce alignment, with continued oversight of CSU's progress.

TK-12 Education Proposals

The Governor's Budget also proposes applying the 2.41% COLA to the TK-12 Local Control Funding Formula and categorical programs.

The Governor is also proposing a \$2.8 billion Student Support and Professional Development Discretionary Block Grant to assist TK-12 local educational agencies in managing declines in attendance and enrollment, particularly in light of federal government immigration actions.

Touting reductions in chronic absenteeism and suspensions and improved academic achievement at community schools that have benefitted from the grants, the Governor's Budget proposes \$1 billion in ongoing funds to expand the community school model further.

Additionally, the Governor is proposing \$757.3 million to the Learning Recovery Emergency Block Grant (LREBG). The LREBG was initially established in 2022 but was cut by \$1.1 billion the following year. This repayment brings total LREBG funding to \$7.2 billion and is expected to be the final investment in the program.

In Closing

After years of implementing significant new programs during Governor Newsom's tenure, the education community may find some comfort in the proposal's focus on continued implementation of previous investments. However, with a second year of proposed delays in Proposition 98 settle-up funds, education community members may be leery of once again waiting for the state to provide the funds owed to them, while costs continue to increase locally in real time. We look forward to diving deeper into the Governor's education budget through subsequent *Community College Update* articles.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

LAO Releases Analysis of Governor's Budget



BY [MEGAN BAIER](#)

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posted January 14, 2026

On January 12, 2026, the Legislative Analyst's Office (LAO) released its [analysis](#) of Governor Gavin Newsom's proposed 2026-27 State Budget. The Governor projects a \$3 billion budget deficit, significantly smaller than the \$18 billion deficit estimated by the LAO. This difference largely stems from the Administration's use of more optimistic revenue assumptions, particularly its limited incorporation of the risk of a stock market downturn.

The LAO warns that both its own forecast and the Governor's Budget reflect ongoing multiyear deficits, despite the continued economic and revenue growth in the state. This pattern, the LAO notes, signals that California's fiscal challenges are "structural rather than cyclical." The LAO highlights that while the Governor's Budget includes approximately \$9 billion in budget reductions, it also includes about 60 new spending proposals that total close to \$600 million.

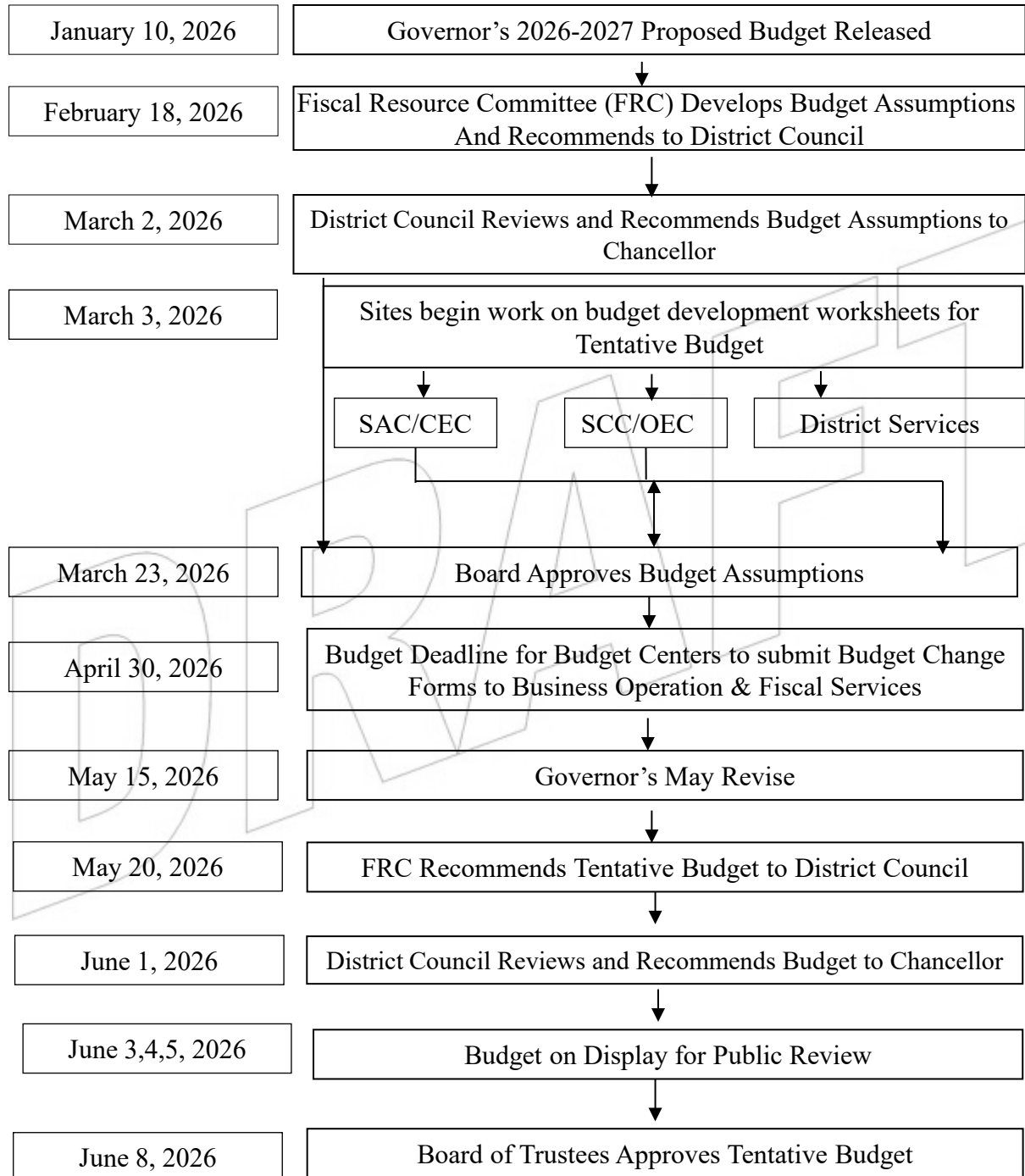
On the education side of the budget, the Governor's proposal reflects an upward revision in the Proposition 98 minimum guarantee over the budget window that totals \$21.7 billion. The majority of this increase is attributed to 2026-27, with smaller portions attributed to 2024-25 and 2025-26. The LAO expresses concern over the "settle-up" proposal that appropriates \$5.6 billion less than the minimum guarantee to Proposition 98 and redirects funds to support other budget commitments.

The LAO advises the Legislature to strengthen budget resiliency by adopting its lower revenue forecast, a step that would require budget reductions. The LAO also recommends developing a plan to cut projected out-year deficits by at least half, which would involve roughly \$10 billion in spending cuts, revenue increases, or a combination of both. Finally, the LAO encourages the Legislature to fully appropriate Proposition 98 and direct the \$5.6 billion settle-up to the Rainy Day Fund.

The Senate and Assembly will respectively hold their first budget hearings next week to review the Governor's Budget, during which we will get our first insights on the Legislature's perspective of the Governor's proposals.

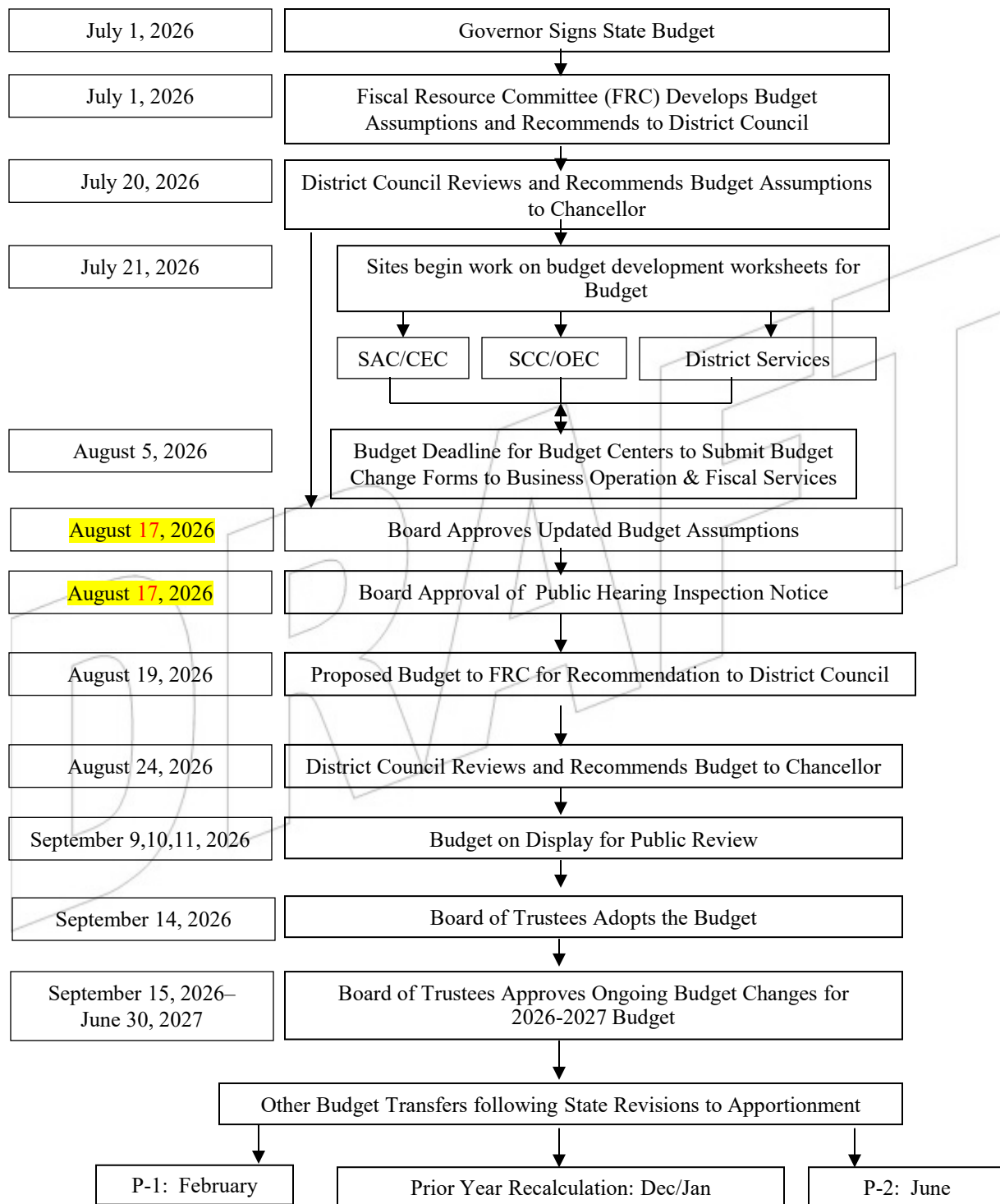
RSCCD Tentative Budget Calendar

Fiscal Year 2026 – 2027
January 6, 2026



RSCCD Adopted Budget Calendar

Fiscal Year 2026 – 2027
January 6, 2026



**MID YEAR EXPENDITURE FOR FUND 11 & 13
COMPARISON BY LOCATION - 12/31/XX**

| | FY 2024-2025 | | | | | FY 2025-2026 | | | | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------|--------------------|--------------------|--------------------|--------------------|---------------|
| | Adopted Budget | YTD Budget | YTD Actual | Available | % Avail | Adopted Budget | YTD Budget | YTD Actual | Available | % Avail |
| Aca Salaries (excl. 1300's) | 41,006,698 | 41,136,210 | 20,116,211 | 21,019,999 | 51.10% | 42,921,760 | 43,633,536 | 21,705,988 | 21,927,548 | 50.25% |
| 1300's | 24,168,159 | 24,168,159 | 16,334,942 | 7,833,217 | 32.41% | 26,101,751 | 27,225,576 | 18,788,252 | 8,437,324 | 30.99% |
| 2 Classified Salaries | 20,565,333 | 20,665,651 | 8,764,306 | 11,901,345 | 57.59% | 21,133,034 | 22,912,038 | 10,310,181 | 12,601,857 | 55.00% |
| 3 Employee Benefits | 35,820,739 | 35,814,835 | 16,293,684 | 19,521,151 | 54.51% | 37,083,022 | 38,095,941 | 18,164,302 | 19,931,639 | 52.32% |
| 4 Supplies & Materials | 796,319 | 995,668 | 268,892 | 726,776 | 72.99% | 990,372 | 1,265,464 | 312,267 | 953,197 | 75.32% |
| 5 Other Operating Exp | 26,550,697 | 25,298,637 | 2,928,192 | 22,370,445 | 88.43% | 19,342,701 | 19,129,399 | 2,662,069 | 16,467,330 | 86.08% |
| 6 Capital Outlay | 403,803 | 595,038 | 58,077 | 536,961 | 90.24% | 164,778 | 703,699 | 63,804 | 639,895 | 90.93% |
| 7 Other Outgo | 1,050,909 | 1,688,459 | 343,121 | 1,345,338 | 79.68% | 6,387,553 | 9,612,535 | 146 | 9,612,389 | 100.00% |
| Santa Ana College | 150,362,657 | 150,362,657 | 65,107,426 | 85,255,231 | 56.70% | 154,124,971 | 162,578,188 | 72,007,008 | 90,571,180 | 55.71% |
| Aca Salaries (excl. 1300's) | 19,669,153 | 19,809,337 | 9,538,118 | 10,271,219 | 51.85% | 20,908,951 | 21,207,989 | 10,285,074 | 10,922,915 | 51.50% |
| 1300's | 9,063,566 | 10,663,754 | 7,021,359 | 3,642,395 | 34.16% | 11,094,009 | 11,094,009 | 7,710,443 | 3,383,566 | 30.50% |
| 2 Classified Salaries | 10,866,028 | 10,873,340 | 4,624,638 | 6,248,702 | 57.47% | 10,775,286 | 11,784,990 | 5,193,936 | 6,591,054 | 55.93% |
| 3 Employee Benefits | 17,205,380 | 17,556,104 | 7,873,034 | 9,683,070 | 55.16% | 18,068,046 | 18,531,092 | 8,685,967 | 9,845,125 | 53.13% |
| 4 Supplies & Materials | 278,009 | 363,213 | 144,999 | 218,214 | 60.08% | 411,592 | 426,492 | 193,159 | 233,333 | 54.71% |
| 5 Other Operating Exp | 11,424,176 | 10,269,554 | 3,286,538 | 6,983,016 | 68.00% | 11,906,455 | 11,843,872 | 2,136,634 | 9,707,238 | 81.96% |
| 6 Capital Outlay | 121,320 | 191,362 | 71,945 | 119,417 | 62.40% | 10,770 | 26,820 | 1,766 | 25,054 | 93.41% |
| 7 Other Outgo | 1,419,693 | 320,661 | - | 320,661 | 100.00% | 3,632,526 | 1,198,985 | 51 | 1,198,934 | 100.00% |
| Santiago Canyon College | 70,047,325 | 70,047,325 | 32,560,631 | 37,486,694 | 53.52% | 76,807,635 | 76,114,249 | 34,207,031 | 41,907,218 | 55.06% |
| 1 Academic Salaries | 430,278 | 430,278 | 215,210 | 215,068 | 49.98% | 448,996 | 485,111 | 224,863 | 260,248 | 53.65% |
| 2 Classified Salaries | 22,072,867 | 22,055,452 | 9,982,566 | 12,072,886 | 54.74% | 22,937,629 | 24,659,576 | 11,322,851 | 13,336,725 | 54.08% |
| 3 Employee Benefits | 12,886,803 | 12,858,491 | 5,645,006 | 7,213,485 | 56.10% | 13,436,741 | 14,055,175 | 6,182,067 | 7,873,108 | 56.02% |
| 4 Supplies & Materials | 389,870 | 429,270 | 127,289 | 301,981 | 70.35% | 384,598 | 389,723 | 125,788 | 263,935 | 67.72% |
| 5 Other Operating Exp | 11,584,291 | 11,394,605 | 5,703,377 | 5,691,228 | 49.95% | 13,095,410 | 13,429,286 | 6,761,128 | 6,668,158 | 49.65% |
| 6 Capital Outlay | 211,504 | 632,017 | 245,040 | 386,977 | 61.23% | 415,268 | 478,868 | 232,351 | 246,517 | 51.48% |
| 7 Other Outgo | | 50,000 | 50,001 | (1) | 0.00% | | - | 1 | (1) | 0.00% |
| District Services | 47,575,613 | 47,850,113 | 21,968,490 | 25,881,623 | 54.09% | 50,718,642 | 53,497,739 | 24,849,049 | 28,648,690 | 53.55% |
| TOTAL FUND 11 and FUND 13 | 267,985,595 | 268,260,095 | 119,636,547 | 148,623,548 | 55.40% | 281,651,248 | 292,190,176 | 131,063,088 | 161,127,088 | 55.14% |

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2025-26 FTES (P1) ESTIMATED ACTUALS COMPARISON TO 2024-25 FTES (RECALC) ACTUALS

FINAL

RG reports as of January 5, 2026

| SUMMER |
|---------------|
| NC |
| NC-IS/DE |
| CDCP |
| CDCP-IS/DE |
| CR |
| SUMMER TOTALS |

| FALL |
|-------------|
| NC |
| NC-IS/DE |
| CDCP |
| CDCP-IS/DE |
| CR |
| IS_DSCH |
| IS_WSCH |
| DSCH |
| Positive |
| WSCH |
| TOTAL CR |
| FALL TOTALS |

| SPRING |
|-------------------|
| NC |
| NC-IS/DE |
| CDCP |
| CDCP-IS/DE |
| CR |
| Jan. intersession |
| IS_DSCH |
| IS_WSCH |
| DSCH |
| Positive |
| WSCH |
| TOTAL CR |
| SPRING TOTALS |

| SUMMER |
|-------------------|
| NC |
| NC-IS/DE |
| CDCP |
| CDCP-IS/DE |
| CR |
| Summer Shift (CR) |
| SUMMER TOTALS |

| COMBINED |
|------------|
| NC |
| NC-IS/DE |
| CDCP |
| CDCP-IS/DE |
| CREDIT |
| TOTAL |

| | | |
|----------------------|--------|--------|
| Non-Credit | 53.47% | 46.53% |
| NC-IS/DE | 61.43% | 38.57% |
| CDCP | 74.94% | 25.06% |
| CDCP-IS/DE | 64.45% | 35.55% |
| Credit | 71.32% | 28.68% |
| Credit-Special Admit | 76.90% | 23.10% |
| Total | 70.01% | 29.99% |

| | | | |
|-----------------------------------------------|----------|----------|--------|
| Special Admit | 1,334.45 | 1,026.14 | 308.31 |
| Non-Resident FTES | 514.49 | 354.23 | 160.26 |
| Non-Credit Inmates in Correctional Facilities | 791.57 | 341.17 | 450.40 |

| 2022-2023 |
|-----------------------------------------------------------|
| (RECALC) with Summer Shift Actuals as of October 17, 2023 |
| TOTAL SAC SCC |
| 119.40 55.67 63.73 |
| 146.75 79.11 67.64 |
| 336.93 223.26 113.67 |
| 855.00 651.78 203.22 |
| 541.51 384.55 156.96 |
| 1,999.59 1,394.37 605.22 |

| |
|-----------------------------|
| 305.20 169.17 136.03 |
| 240.96 174.47 66.49 |
| 1,021.84 782.73 239.11 |
| 1,101.22 710.37 390.85 |
| 1,779.81 1,200.79 579.02 |
| 1,881.49 1,257.59 623.90 |
| 339.39 284.53 54.86 |
| 1,444.75 1,348.84 95.91 |
| 3,107.41 1,993.72 1,113.69 |
| 8,552.85 6,085.47 2,467.38 |
| 11,222.07 7,922.21 3,299.86 |

| |
|-----------------------------|
| 342.82 185.23 157.59 |
| 351.65 202.73 148.92 |
| 1,253.79 937.51 316.28 |
| 1,579.83 919.16 660.67 |
| 910.20 633.65 276.55 |
| 1,699.12 1,218.82 480.30 |
| 1,930.62 1,214.55 716.07 |
| 237.46 210.89 26.57 |
| 1,474.84 1,401.87 72.97 |
| 2,600.96 1,665.53 935.43 |
| 8,853.20 6,345.31 2,507.89 |
| 12,381.29 8,589.94 3,791.35 |

| |
|--------------------------|
| 0.62 0.62 0.00 |
| 3.43 0.00 3.43 |
| 62.67 61.33 1.34 |
| 4.72 0.87 3.85 |
| 55.53 43.01 12.52 |
| 1,564.15 1,096.48 467.67 |
| 1,691.12 1,202.31 488.81 |

| |
|------------------------------|
| 768.04 410.69 357.35 |
| 742.79 456.31 286.48 |
| 2,675.23 2,004.83 670.40 |
| 3,540.77 2,282.18 1,258.59 |
| 19,567.24 13,954.82 5,612.42 |
| 27,294.07 19,108.83 8,185.24 |

| | | |
|----------------------|--------|--------|
| Non-Credit | 53.47% | 46.53% |
| NC-IS/DE | 61.43% | 38.57% |
| CDCP | 74.94% | 25.06% |
| CDCP-IS/DE | 64.45% | 35.55% |
| Credit | 71.32% | 28.68% |
| Credit-Special Admit | 76.90% | 23.10% |
| Total | 70.01% | 29.99% |

| | | |
|----------|----------|--------|
| 1,334.45 | 1,026.14 | 308.31 |
| 514.49 | 354.23 | 160.26 |
| 791.57 | 341.17 | 450.40 |

| 2023-2024 |
|-----------------------------------------------------------|
| (RECALC) Actuals with Summer Shift as of October 14, 2024 |
| TOTAL SAC SCC |
| 159.89 81.89 78.00 |
| 265.61 161.78 103.83 |
| 445.77 357.21 88.56 |
| 953.24 633.05 320.19 |
| 624.39 438.72 185.67 |
| 2,448.90 1,672.65 776.25 |

| |
|-----------------------------|
| 358.10 194.73 163.37 |
| 478.63 347.65 130.98 |
| 1,057.40 774.20 283.20 |
| 1,451.32 938.92 512.40 |
| 1,928.85 1,291.21 637.64 |
| 2,018.58 1,357.45 661.13 |
| 181.37 147.81 33.56 |
| 1,359.65 1,241.22 118.43 |
| 3,311.55 2,183.46 1,128.09 |
| 8,800.00 6,221.15 2,578.85 |
| 12,145.45 8,476.65 3,668.80 |

| |
|-----------------------------|
| 407.68 186.43 221.25 |
| 500.30 447.47 52.83 |
| 1,212.00 867.10 344.90 |
| 1,663.32 1,079.70 583.62 |
| 1,029.13 711.88 317.25 |
| 2,059.71 1,450.31 609.40 |
| 1,980.97 1,273.23 707.74 |
| 294.70 268.29 26.41 |
| 1,632.62 1,584.24 48.38 |
| 2,708.55 1,801.37 907.18 |
| 9,705.68 7,089.32 2,616.36 |
| 13,488.98 9,670.02 3,818.96 |

| |
|----------------------|
| 54.31 0.54 53.77 |
| 46.02 0.00 46.02 |
| 132.80 69.86 62.94 |
| 54.54 18.70 35.84 |
| 26.84 26.32 0.52 |
| 605.00 403.33 201.67 |
| 919.51 518.75 400.76 |

| |
|------------------------------|
| 979.98 463.59 516.39 |
| 1,290.56 956.90 333.66 |
| 2,847.97 2,068.37 779.60 |
| 4,122.42 2,670.37 1,452.05 |
| 19,761.91 14,178.84 5,583.07 |
| 29,002.84 20,338.07 8,664.77 |

| | | |
|----------------------|--------|--------|
| Non-Credit | 47.31% | 52.69% |
| NC-IS/DE | 74.15% | 25.85% |
| CDCP | 72.34% | 27.66% |
| CDCP-IS/DE | 64.78% | 35.22% |
| Credit | 71.75% | 28.25% |
| Credit-Special Admit | 78.16% | 21.84% |
| Total | 70.12% | 29.88% |

| | | |
|----------|----------|--------|
| 1,625.49 | 1,270.48 | 355.01 |
| 605.52 | 419.97 | 185.55 |
| 812.56 | 443.75 | 368.81 |

| 2024-2025 |
|----------------------------------------|
| (RECAL) Actuals as of October 15, 2025 |
| TOTAL SAC SCC |
| 127.91 74.49 53.42 |
| 377.93 328.06 49.87 |
| 358.63 297.26 61.37 |
| 1,263.12 863.86 399.26 |
| 1,955.17 1,449.43 505.74 |
| 4,082.76 3,013.10 1,069.66 |

| |
|-----------------------------|
| 378.78 173.08 205.70 |
| 532.35 482.33 50.02 |
| 1,191.72 837.52 354.20 |
| 1,804.09 1,195.70 608.39 |
| 2,178.70 1,529.37 649.33 |
| 2,027.90 1,378.97 648.93 |
| 179.63 142.50 37.13 |
| 1,406.68 1,374.06 32.62 |
| 3,175.13 2,152.70 1,022.43 |
| 8,968.04 6,577.60 2,390.44 |
| 12,874.98 9,266.23 3,608.75 |

| |
|-----------------------------|
| 415.62 170.99 244.63 |
| 522.24 480.16 42.08 |
| 1,267.04 899.74 367.30 |
| 2,110.44 1,439.18 671.26 |
| 1,192.71 831.64 361.07 |
| 1,961.95 1,318.50 643.45 |
| 1,987.28 1,228.15 759.13 |
| 182.15 162.56 19.59 |
| 1,514.48 1,494.48 20.00 |
| 2,834.91 1,949.47 885.44 |
| 9,673.48 6,984.80 2,688.68 |
| 13,988.82 9,974.87 4,013.95 |

| |
|-------------------|
| 1.32 1.13 0.19 |
| 10.47 7.64 2.83 |
| 17.92 16.61 1.31 |
| 15.52 2.34 13.18 |
| 28.56 28.56 0.00 |
| 0.00 0.00 0.00 |
| 73.79 56.28 17.51 |

| |
|------------------------------|
| 923.63 419.69 503.94 |
| 1,442.99 1,298.19 144.80 |
| 2,835.31 2,051.13 784.18 |
| 5,193.17 3,501.08 1,692.09 |
| 20,625.25 15,040.39 5,584.86 |
| 31,020.35 22,310.48 8,709.87 |

| | | |
|----------------------|--------|--------|
| Non-Credit | 45.44% | 54.56% |
| NC-IS/DE | 89.97% | 10.03% |
| CDCP | 72.34% | 27.66% |
| CDCP-IS/DE | 67.42% | 32.58% |
| Credit | 72.92% | 27.08% |
| Credit-Special Admit | 78.01% | 21.99% |
| Total | 71.92% | 28.08% |

| | | |
|----------|----------|--------|
| 1,673.39 | 1,305.35 | 368.04 |
| 692.87 | 498.46 | 194.41 |
| 806.48 | 330.24 | 476.24 |

| 2025-2026 |
|----------------------------------------------|
| (P1) Estimated Actuals as of January 5, 2026 |
| TOTAL SAC SCC |
| 194.16 67.92 126.24 |
| 496.98 448.96 48.02 |
| 456.11 357.40 98.71 |
| 1,504.04 1,060.60 443.44 |
| 2,728.65 1,993.65 735.00 |
| 5,379.94 3,928.53 1,451.41 |

| |
|-----------------------------|
| 432.79 176.86 255.93 |
| 422.54 344.61 77.93 |
| 1,046.95 769.97 276.98 |
| 2,369.73 1,687.28 682.45 |
| 2,403.91 1,616.43 787.48 |
| 1,974.55 1,361.51 613.04 |
| 151.88 119.09 32.79 |
| 1,503.42 1,450.36 53.06 |
| 3,002.35 2,107.76 894.59 |
| 9,036.11 6,655.15 2,380.96 |
| 13,308.12 9,633.87 3,674.25 |

| |
|------------------------------|
| 492.14 185.69 306.45 |
| 434.17 354.95 79.22 |
| 1,140.12 808.47 331.65 |
| 2,431.44 1,737.90 693.54 |
| 1,175.75 811.22 364.53 |
| 1,870.76 1,315.86 554.90 |
| 1,991.29 1,225.37 765.92 |
| 189.53 172.70 16.83 |
| 1,576.01 1,520.53 55.48 |
| 2,883.31 1,981.30 902.01 |
| 9,686.65 7,026.98 2,659.67 |
| 14,184.52 10,113.99 4,070.53 |

| |
|----------------|
| 0.00 0.00 0.00 |
| 0.00 0.00 0.00 |
| 0.00 0.00 0.00 |
| 0.00 0.00 0.00 |
| 0.00 0.00 0.00 |
| 0.00 0.00 0.00 |
| 0.00 0.00 0.00 |

| |
|------------------------------|
| 1,119.09 430.47 688.62 |
| 1,353.69 1,148.52 205.17 |
| 2,643.18 1,935.84 707.34 |
| 6,305.21 4,485.78 1,819.43 |
| 21,451.41 15,675.78 5,775.63 |
| 32,872.58 23,676.39 9,196.19 |

| | | |
|----------------------|--------|--------|
| Non-Credit | 38.47% | 61.53% |
| NC-IS/DE | 84.84% | 15.16% |
| CDCP | 73.24% | 26.76% |
| CDCP-IS/DE | 71.14% | 28.86% |
| Credit | 73.08% | 26.92% |
| Credit-Special Admit | 76.40% | 23.60% |
| Total | 72.02% | 27.98% |

| | | |
|----------|----------|--------|
| 1,906.05 | 1,456.30 | 449.75 |
| 783.87 | 599.01 | 184.86 |
| 947.46 | 437.99 | 509.47 |

| 2025-2026 |
|----------------------------------------------------------|
| Better (Worse) 2025-26 (P1) vs. 2024-25 (RECALC) Actuals |
| TOTAL SAC SCC |
| 66.25 (6.57) 72.82 |
| 119.05 120.90 (1.85) |
| 97.48 60.14 37.34 |
| 240.92 196.74 44.18 |
| 773.48 544.22 229.26 |
| 1,297.18 915.43 381.75 |

| |
|---------------------------|
| 54.01 3.78 50.23 |
| (109.81) (137.72) 27.91 |
| (144.77) (67.55) (77.22) |
| 565.64 491.58 74.06 |
| 225.21 87.06 138.15 |
| (53.35) (17.46) (35.89) |
| (27.75) (23.41) (4.34) |
| 96.74 76.30 20.44 |
| (172.78) (44.94) (127.84) |
| 68.07 77.55 (9.48) |
| 433.14 367.64 65.50 |

| |
|--------------------------|
| 76.52 14.70 61.82 |
| (88.07) (125.21) 37.14 |
| (126.92) (91.27) (35.65) |
| 321.00 298.72 22.28 |
| (16.96) (20.42) 3.46 |
| (91.19) (2.64) (88.55) |
| 4.01 (2.78) 6.79 |
| 7.38 10.14 (2.76) |
| 61.53 26.05 35.48 |
| 48.40 31.83 16.57 |
| 13.17 42.18 (29.01) |
| 195.70 139.12 56.58 |

| |
|-------------------------|
| (1.32) (1.13) (0.19) |
| (10.47) (7.64) (2.83) |
| (17.92) (16.61) (1.31) |
| (15.52) (2.34) (13.18) |
| (28.56) (28.56) 0.00 |
| 0.00 0.00 0.00 |
| (73.79) (56.28) (17.51) |

| |
|---------------------------|
| 195.46 10.78 184.68 |
| (89.30) (149.67) 60.37 |
| (192.13) (115.29) (76.84) |
| 1,112.04 984.70 127.34 |
| 826.16 635.39 190.77 |
| 1,852.23 1,365.91 486.32 |

NOTE: (F) Factored on primary terms

| Changes in Growth Compared to 2021-22 (RECALC) | | |
|------------------------------------------------|-------|--------|
| Growth Total District | | |
| % (+/-) | 4.16% | |
| Growth Total % | | |
| (+/-) | | |
| by Campus | 6.55% | -1.01% |

| Changes in Growth Compared to 2022-23 (RECALC) | | |
|------------------------------------------------|-------|-------|
| Growth Total District | | |
| % (+/-) | 6.26% | |
| Growth Total % | | |
| (+/-) | | |
| by Campus | 6.43% | 5.86% |

| Changes in Growth Compared to 2023-24 (RECALC) | | | |
|------------------------------------------------|--|---------|-------|
| Growth Total District | | % (+/-) | 6.96% |
| Growth Total % (+/-) | | | |
| by Campus | | 9.70% | 0.52% |

| Changes in Growth Compared to 2024-25 (RECALC) | | |
|------------------------------------------------|-------|-------|
| Growth Total District | | |
| (+/-) | 5.97% | |
| Growth Total % | | |
| (-) | | |
| Campus | 6.12% | 5.58% |

RSCCD SIMULATED REVENUE - DRAFT

SCFF SIMULATION FY 2025-26 WITH FY 2025-26 FTES #'S @ P1 - USING FY 2024-25 SUPPLEMENTAL & STUDENT SUCCESS #'S as of 12-2-25 from CCCCCO

2025-26

% Change

2.30%

\$ 273,850,342

9.89%

214,110,951

COLA EST.

5,731,893

REVISED 25-26

| | Funding Source | REVISED 25-26 | | | |
|-------------------------------------|--------------------------------------------------|---------------|-------------|---------------|--------|
| | | FTES | Rate | Total | Δ % |
| Base | Basic Allocation | | | 22,193,818 | 13.67% |
| | Credit FTES | 18,606.07 | \$ 5,416.19 | 100,774,023 | 4.76% |
| | Non Credit FTES - (Incarcerated Non-Credit FTES) | 2,472.78 | \$ 4,567.27 | 11,293,842 | |
| | CDCP FTES | 8,948.39 | \$ 7,595.29 | 67,965,655 | |
| | Special Admit Credit FTES | 1,906.05 | \$ 7,595.29 | 14,477,010 | |
| | | 79.13% | \$ | 216,704,349 | 9.99% |
| Supplemental | Pell Grant Recipients | 7,640 | \$ 1,280.76 | 9,784,969 | |
| | AB540 Students | 1,705 | \$ 1,280.76 | 2,183,687 | |
| | California Promise Grant Recipients | 16,549 | \$ 1,280.76 | 21,195,216 | |
| | | 3 yr Average | 12.11% | \$ 33,163,872 | 11.41% |
| Student Success | Associate Degrees | 1,298.33 | \$ 2,265.64 | 2,941,553 | |
| | Associate Degrees for Transfer | 1,093.33 | \$ 3,020.86 | 3,302,804 | |
| | Baccalaureate Degrees | 20.00 | \$ 2,265.64 | 45,313 | |
| | Credit Certificates | 1,115.00 | \$ 1,510.43 | 1,684,128 | |
| | Nine or More CTE Units | 4,679.33 | \$ 755.21 | 3,533,876 | |
| | Transfer | 1,274.33 | \$ 1,132.82 | 1,443,589 | |
| | Transfer Level Math and English | 934.33 | \$ 1,510.43 | 1,411,244 | |
| | Achieved Regional Living Wage | 5,991.00 | \$ 755.21 | 4,524,459 | |
| | | 16,406 | \$ | 18,886,967 | 6.71% |
| | Associate Degrees | 609.00 | \$ 857.21 | 522,042 | |
| | Associate Degrees for Transfer | 585.33 | \$ 1,142.96 | 669,011 | |
| | Baccalaureate Degrees | 12.67 | \$ 857.21 | 10,858 | |
| | Credit Certificates | 313.67 | \$ 571.48 | 179,254 | |
| | Nine or More CTE Units | 1,660.00 | \$ 285.73 | 474,319 | |
| | Transfer | 511.33 | \$ 428.61 | 219,161 | |
| | Transfer Level Math and English | 385.00 | \$ 571.48 | 220,019 | |
| | Achieved Regional Living Wage | 666.33 | \$ 285.73 | 190,394 | |
| | | 4,743 | \$ | 2,485,058 | 9.65% |
| California Promise Grant Recipients | Associate Degrees | 957.67 | \$ 571.48 | 547,286 | |
| | Associate Degrees for Transfer | 809.67 | \$ 761.97 | 616,943 | |
| | Baccalaureate Degrees | 18.33 | \$ 571.48 | 10,477 | |
| | Credit Certificates | 515.67 | \$ 380.99 | 196,462 | |
| | Nine or More CTE Units | 2,755.67 | \$ 190.49 | 524,935 | |
| | Transfer | 753.67 | \$ 285.73 | 215,348 | |
| | Transfer Level Math and English | 534.33 | \$ 380.99 | 203,573 | |
| | Achieved Regional Living Wage | 1,549.00 | \$ 190.49 | 295,073 | |
| | | 7,894 | \$ | 2,610,097 | 5.98% |
| | | 8.76% | \$ | 23,982,122 | 6.93% |
| | | | \$ | 273,850,342 | 9.89% |

TOTAL AS CALCULATED BY SCFF

NOTE: State growth CAP for RSCCD = 1.72%. These are estimated numbers assuming Chancellor's Office fully fund FTES growth.

Rancho Santiago Community College District ADMINISTRATIVE REGULATION

Chapter 7 Human Resources

AR 7400 Travel

References:

Education Code Section 87032
2 Code of Federal Regulations Part 200.474

The Chancellor has designated authority for approval of travel requests to the Vice Chancellors and Presidents for employees in each of their respective areas. The travel requests may be for attendance at meetings, workshops, conferences, trainings or conventions that are within the scope of the employee's job assignment. The Chancellor must approve **in advance** all travel outside of the United States.

Employee travel will be reimbursed for actual, necessary, and reasonable expenses up to approved amounts as described in this Administrative Regulation and may be subject to additional limitations established by staff development or other funding sources.

The district retains the right to direct employees to attend relevant conventions or conferences.

Mileage:

Employees required to use their personal automobiles for travel within or outside the district to carry out their job assignments may receive reimbursement for business mileage incurred in accordance with the following guidelines:

1. Reimbursement for such business mileage shall be at the prevailing IRS standard rate.
2. All employees driving on district business shall take the most direct route possible.
3. Actual claimed business mileage driven will be reimbursed. Attach Google Maps or other similar online map printouts to support all mileage claims.
4. Employees requesting reimbursement must certify that their vehicle is covered by automobile insurance as required by district rules and regulations for Public Liability and Property damage.
5. A Mileage Reimbursement Claim form shall be filed with the District's Accounts Payable Department within 15 days following the month the mileage was incurred and only used when no other expenses are associated with the travel except related parking and tolls.
6. If any other travel-related expenses are incurred, the mileage reimbursement should be included on the Conference Request Claim form instead of using the Mileage Reimbursement Form.

Travel:

Employees authorized by the Chancellor, Vice Chancellors or Presidents to attend meetings, workshops, conferences, trainings or conventions may receive reimbursement for expenses incurred in accordance with the following guidelines:

1. A Conference Request Claim form must be completed, signed by the requestor, and required prior authorization signature obtained **before attendance** at any event. For any overnight stays within California, employees should fill out the last page of the form titled Hotel/Motel Transient Occupancy Tax Waiver to present upon check-in. Not all hotels accept the form, but when they do, it provides substantial savings to the district.
2. Allowable expenses associated with travel include only reasonable and necessary expenses: transportation, lodging, registration, meals not covered by conference registration and during the period of travel, car rentals, ground transportation (including Uber, Lyft or other rideshare transportation) fares (including gratuity not to exceed 20% of the fare), parking, mileage and other miscellaneous incidental charges such as minor supplies, postage, reproduction costs, telephone and electronic communication expenses with documentation of the business necessity.
 - a. **All** expenses should be the most economical and must be authenticated by the original itemized receipts, other than meals.
 - b. Transportation expenses must be the lowest economical and class roundtrip airfare using only commercial carriers for travel, or mileage not to exceed lowest economical roundtrip airfare, unless specifically approved **in advance** by the Chancellor, Vice Chancellor or President with documentation of the business necessity.
 - c. As each airline's options differ and are continuously changing, employees shall confirm that the fare booked is the particular airline's lowest economical fare. The district will not cover additional fees such as extra legroom, early check-in fees, exit row upgrades, additional baggage fees over a single checked bag plus a single carry-on bag if applicable, or any other upgraded or additional costs. Any upgraded or additional costs are personal expenses and will not be reimbursed.
 - d. If traveling with supplies, equipment or other heavy materials required for participation in the conference or event, employees should consider the cost of other courier or shipping methods to determine if it is less costly than checking additional bags (Purchasing Services department can assist with these options). In either case, documentation of the business necessity for this additional cost is required.
 - e. No reimbursements shall be made for tips/gratuities other than as noted in this Administrative Regulation, trip insurance, valet parking, personal expenses including telephone calls and entertainment expenses, or the purchase of alcoholic beverages.
 - f. Car rentals must be booked based on the most economical class of vehicle for the number of people traveling together. The District will not reimburse for premium or luxury vehicles or any other upgrades or additional costs.
 - g. Lodging for conferences within 50 miles of the District Office or College site is **not allowable** unless specifically approved **in advance** by the Chancellor, Vice Chancellor or President with documentation of the business necessity.
 - h. Lodging expenses are reimbursed for the actual dates of the approved conference. The night before or the night the conference ends may be

reimbursed if specifically approved **in advance** by the Chancellor, Vice Chancellor or President with documentation of the business necessity.

- i. The district shall not pay for lodging that exceeds the published standard single occupancy room rate for conferences. Most conferences offer a block of rooms at a reduced rate to those who book early, it is recommended that employees plan accordingly to book at the lower rates. Employees should also ask if a government rate is available and less expensive.
 - j. The district does not allow business lodging booked from vacation rental companies such as Airbnb, VRBO, etc.
3. Travel advances may be requested for the following:
- a. Transportation, registration, and lodging payable directly to the third party vendor can be paid in full.
 - b. Cash advances to the employee may **also** be requested **only** for **any** costs that will be incurred **prior** to travel, ~~and are limited to 75% of the total approved estimated expenses, including any expenses paid directly to vendors.~~ Other costs that will be incurred during travel will be reimbursed upon return.
 - c. Travel advances will not be authorized for any employee whose expenses will be reimbursed by outside funding or for any employee who has not reconciled prior travel advances with the district.
 - d. Air travel and lodging expenses are typically arranged on the Internet and charged to the employee's credit card. As an alternative employees may book through the District's authorized travel agency (For more information, see the FAQs on the Accounts Payable website). Booking through the travel agency will increase the total amount by at least \$35 per transaction, the travel agency service fee.
 - e. The district shall not contract with a travel agency owned or partially owned by an employee or a relative of an employee of the district. Further, the district shall not contract with an employee of a travel agency who is also an employee or a relative of an employee of the district.
 - f. Prepayments or advances for conferences paid with grant or categorical funds is not allowable when the payment and conference dates cross fiscal years without documentation of the specific authorization by the grant.
 - g. If using the District's authorized travel agency to book air travel, please submit a purchase requisition in Colleague for the air travel and submit a scanned **copy** of your approved Conference Request Claim form to the District's Purchasing Services Department via email to purchasing@rsccd.edu.
 - h. For all other travel/cash advances, a purchase requisition is not needed. Please submit one (1) **copy** of your approved Conference Request Claim Form to the District's Accounts Payable Department via interoffice mail. Include a copy of the conference agenda. Also include the invoice if requesting a travel advance payable directly to a third party vendor. If requesting a cash advance, include all travel confirmations/documentation **of payment that equals the total estimated expenses.**
 - i. Travel advances must be submitted 15 business days in advance to allow time for processing.

4. In accordance with IRS Publication 463, meal allowances are applicable only when travel requires absence from home or the district overnight during a usual and customary meal period. Meal allowances will not be provided for conferences or meetings where no overnight stay occurs.

For members of Chancellor's Cabinet, reasonable and necessary business meals should be charged to the district-issued credit card and supported by original receipts and proper documentation in accordance with the signed cardholder agreement.

For all other district employees, all meals for which expenses are actually incurred shall be paid at the per diem rate per meal using the current single low-level IRS rate. For fractional parts of a day that do not require overnight travel (i.e. the first day of a conference or the final day of a conference in which there was an overnight stay. For example, a conference ends at noon and you return home by 5 PM, a per diem for dinner would not be allowable), the appropriate meal expenses shall be reimbursed.

- a. The intent of travel meal reimbursement is to cover the incremental expense of having to eat out and not having the ability to eat at home. It is not intended to cover the entire cost of the meal.
 - b. When the cost of meals is included in a registration fee, separate reimbursement for the covered meals is **not allowed**. If the employee decides to purchase a meal instead of the included meal, this is a personal expense and will not be reimbursed.
 - c. No receipts are required for meal reimbursement. The District instead will reimburse employees using the IRS per diem rates as noted above.
5. Within fifteen (15) business days of returning from travel, the original Conference Request/Claim form must be reviewed and approved by the Immediate Management Supervisor to account for all expenses, and submitted via interoffice mail to the District's Accounts Payable Department
 - a. A claim form should include a check payable to RSCCD if the amount of expenses claimed are less than the amount advanced to the employee and should be submitted to the District's Accounts Payable Department within fifteen (15) business days from returning.
 - b. The claims for reimbursement **must include** original itemized receipts for **all** expenses incurred by the employee (except meals) including registration, transportation, lodging, car rental, airport/hotel parking, etc., along with a copy of the conference agenda and memo of explanation for miscellaneous expenses or any exceptions explaining the business necessity with the Immediate Management Supervisor approval.
 - c. Only allowable expenditures up to the amount authorized will be reimbursed.

Responsible Manager: Assistant Vice Chancellor of Fiscal Services

Revised: February 16, 2016
Revised: October 3, 2016
References Updated: November 7, 2016
Revised: July 10, 2017
Revised: April 1, 2019

| | |
|----------|------------------|
| Revised: | March 23, 2020 |
| Revised: | November 1, 2021 |
| Revised: | XXX |

Vacant Funded Positions for FY 2025-26- Projected Annual Salary and Benefits Savings
As of January 15, 2026

[illegible]

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2025-26, 2024-25, 2023-24
YTD Actuals- December 31, 2025

| | FY 2025/2026 | | | | | | | | | | | | |
|------------------------|----------------|------------------|---------------------|-------------------|--------------------|--------------------|-------------------|--------------------|-----------------|-----------------|---------------|----------------|-------------|
| | July Actual | August Actual | September Actual | October Actual | November Actual | December Actual | January Actual | February Actual | March Actual | April Actual | May Actual | June Actual | |
| Beginning Fund Balance | \$101,397,475 | \$118,414,313 | \$103,002,610 | \$102,455,379 | \$83,434,283 | \$82,621,346 | \$105,312,890 | \$105,312,890 | \$105,312,890 | \$105,312,890 | \$105,312,890 | \$105,312,890 | Total |
| Total Revenues | 33,882,478 | 5,192,837 | 21,697,262 | 10,896,331 | 24,110,339 | 47,338,816 | 0 | 0 | 0 | 0 | 0 | 0 | 143,118,063 |
| Total Expenditures | 16,865,640 | 20,604,540 | 22,244,493 | 29,917,426 | 24,923,276 | 24,647,272 | 0 | 0 | 0 | 0 | 0 | 0 | 139,202,648 |
| Change in Fund Balance | 17,016,838 | (15,411,703) | (547,231) | (19,021,096) | (812,937) | 22,691,544 | 0 | 0 | 0 | 0 | 0 | 0 | 3,915,415 |
| Ending Fund Balance | 118,414,313 | 103,002,610 | 102,455,379 | 83,434,283 | 82,621,346 | 105,312,890 | 105,312,890 | 105,312,890 | 105,312,890 | 105,312,890 | 105,312,890 | 105,312,890 | |
| | FY 2024/2025 | | | | | | | | | | | | |
| | July Actual | August Actual | September Actual | October Actual | November Actual | December Actual | January Actual | February Actual | March Actual | April Actual | May Actual | June Actual | |
| Beginning Fund Balance | \$108,927,679 | \$113,085,702 | \$101,086,771 | \$91,653,213 | \$78,119,390 | \$77,033,785 | \$90,289,535 | \$84,911,303 | \$78,359,641 | \$75,133,044 | \$82,781,649 | \$67,396,799 | Total |
| Total Revenues | 19,472,410 | 7,948,041 | 12,511,262 | 8,911,894 | 24,669,507 | 35,190,919 | 15,440,007 | 15,578,467 | 21,020,528 | 30,233,290 | 14,459,329 | 79,548,729 | 284,984,384 |
| Total Expenditures | 15,314,386 | 19,946,973 | 21,944,820 | 22,445,717 | 25,755,112 | 21,935,168 | 20,818,240 | 22,130,129 | 24,247,125 | 22,584,685 | 29,844,179 | 45,548,053 | 292,514,588 |
| Change in Fund Balance | 4,158,023 | (11,998,932) | (9,433,557) | (13,533,824) | (1,085,605) | 13,255,750 | (5,378,232) | (6,551,662) | (3,226,597) | 7,648,605 | (15,384,850) | 34,000,676 | (7,530,204) |
| Ending Fund Balance | 113,085,702 | 101,086,771 | 91,653,213 | 78,119,390 | 77,033,785 | 90,289,535 | 84,911,303 | 78,359,641 | 75,133,044 | 82,781,649 | 67,396,799 | 101,397,475 | |
| | FY 2023/2024 | | | | | | | | | | | | |
| | July Actual | August Actual | September Actual | October Actual | November Actual | December Actual | January Actual | February Actual | March Actual | April Actual | May Actual | June Actual | |
| Beginning Fund Balance | \$69,995,934 | \$71,193,146 | \$61,145,109 | \$63,533,219 | \$60,187,237 | \$59,940,448 | \$71,637,035 | \$71,291,816 | \$63,539,135 | \$77,687,365 | \$84,911,330 | \$75,100,098 | Total |
| Total Revenues | 14,999,379 | 7,247,510 | 21,581,168 | 16,416,147 | 22,719,457 | 32,139,652 | 19,316,041 | 12,651,332 | 35,037,316 | 26,748,556 | 12,047,791 | 64,494,321 | 285,398,670 |
| Total Expenditures | 13,802,167 | 17,295,547 | 19,193,058 | 19,762,128 | 22,966,246 | 20,443,065 | 19,661,260 | 20,404,013 | 20,889,085 | 19,524,592 | 21,859,023 | 30,666,740 | 246,466,925 |
| Change in Fund Balance | 1,197,212 | (10,048,037) | 2,388,110 | (3,345,982) | (246,789) | 11,696,586 | (345,219) | (7,752,681) | 14,148,231 | 7,223,964 | (9,811,231) | 33,827,581 | 38,931,745 |
| Ending Fund Balance | 71,193,146 | 61,145,109 | 63,533,219 | 60,187,237 | 59,940,448 | 71,637,035 | 71,291,816 | 63,539,135 | 77,687,365 | 84,911,330 | 75,100,098 | 108,927,679 | |

Fiscal Resource Committee Via Zoom Video Conference Call

Meeting Minutes for November 19, 2025

FRC Members present:

SAC: Claire Coyne, Bart Hoffman, Joanne Mejia, Tommy Strong

SCC: Alicia Ayers, Sara Gonzalez, Veronica Gonzales, Tara Kubicka-Miller, Arlene Satele

DO: Iris Ingram, Adam O'Connor, Sarah Fisher, Madeline Grant, Noemi Guzman

FRC Members absent: None

Alternates present:

Thao Nguyen, Vaniethia Hubbard

Guests present: Jason Bui, Steven Deeley, Kelvin Leeds, Rasel Menendez, Mark Reynoso

1. Welcome

VC Ingram welcomed all to the meeting of the FRC and called the meeting to order at 1:30pm via zoom upon achieving quorum. Attendee introductions followed.

2. State/District Budget Update – Iris Ingram

- SSC – Ask SSC ... Proposition 50
- SSC – State Revenues Exceeding Expectations
- SSC – California's Affordability Challenge
- SSC – State Revenues Continue to Outpace Projections
- SSC – Initiative to Extend Proposition 30 Analyzed by LAO
- SSC – LAO: California Faces \$22 Billion Wall of Debt
- SSC – PPIC Poll Shows Majority Support for Proposition 50
- SSC – Will Proposition 98 Settle-Up Become a Budget Balancer?
- [DOF – Finance Bulletin – October 2025](#)
- [LAO Fiscal Outlook](#)

VC Ingram mentioned the information provided above and pointed out links provided for the Finance Bulletin and LAO Fiscal Outlook are the most recent pieces of information received.

3. 2024/25 CCFS-320 Recalculation Recap

- FTES Reporting History

O'Connor provided a presentation of the FTES over a 10-year period and recap of the recal for FY24-25 that was reported on the latest 320 report. A recap of the changes between the P3 (annual reporting) and the recal (due by November 1) was presented. SAC P3 reported 22,023 FTES and 22,310 at recal

(increase of ~286 FTES). SCC increased at recal from 8,644 to 8,709 (increase of ~65 FTES) for a total of 352 FTES. This is a split of 71.92 and 28.08 for the final report between the two colleges.

A chart was presented that gives a representation of how the reporting periods work. The first reporting period is in January (P1) which reports 50 percent of the year for which actual FTES is known and a projection of the remaining 50 percent. P2 is done in April. P2 includes actuals to that point in time and estimates for the remainder of the fiscal year. A historical trend example was provided using 2018/19.

An explanation of “summer shift” using 2017/18 and 2018/19 as examples was also provided. The shift was done during this time period because it was the year hold harmless was in effect and it was important to have the highest FTES possible submitted. It is preferable for a shift to be done during P3. This resulted in the recal amount going down. Example charts are included for further reference.

Coyne and Strong had questions about the process for which further explanation was provided.

VC Ingram commented that “summer shift” is used to create advantage at annual report. It was also pointed out that circumstances change yearly. The shift has been done in the past because of hold harmless, which has ended. However, in the future there may be circumstances that would promote another strategy depending on what is occurring with state funding and other factors.

Grant requested the Excel spreadsheet be shared in order to allow members to work with percentages to see how projections are working, how well enrollment management teams are looking at FTES generation, and how that effects schedule builds and expenses. The Excel file for FTES History was posted to the website under other handouts.

4. Faculty Obligation Number (FON)

O'Connor provided a FON update.

FON was reported for current Fall. Required obligation was 315 full-time faculty. The actual number of faculty is 348, well over FON for the current year.

FON is determined by the lower of what the state calculates at advance or P2. The past few years, we have had a significant deficit factor at advance, which lowers the FON obligation. It could be less later, but it does affect the advance and brings the obligation lower than it normally would be if it was not a deficit factor showing at that point in time. That is why the last couple years we have been over obligation, and it is trued up each year. The advance FON for Fall 2026 is 358 full-time faculty (an increase of 10 faculty that will need to be hired for Fall). The total of 348 broken down by college for Fall 2025: 237 at SAC, 111 at SCC – a reduction of 4 faculty each. Percentage between the two: SCC 31.9% with SAC at 68.1%.

VC Ingram shared the FON has been discussed at Chancellor's Cabinet. Two college presidents, based on meetings with their Academic Senates, have agreed upon numbers for each campus and are moving forward. The Cabinet approved their agreements.

Coyne shared that SAC will move forward with 14 hires (two non-FON and one categorical for EOPS counselor). SCC is still in discussions.

Hoffman had a question concerning long-term substitutes. O'Connor provided that with regard to current long-term instructional substitutes that counted toward Fall 2025 FON, these positions would need to be filled as a long-term substitute or a full-time hire.

It was noted that SAC's hires could cover the FON obligation without hires at SCC; however, this does cut it close.

Grant asked for the date after which retirement notification does not impact FON. VC Ingram stated it is sometime in April (exact date not available). O'Connor provided that it is 45-days prior to the Spring term end; therefore, the date changes term-to-term.

5. Updated AR 7400 Travel – ACTION

Kubicka-Miller motioned that the action be tabled as the College Councils have not conducted a second read to bring back the feedback and suggestions. Hoffman seconded the motion. There were no questions or discussion.

Roll call vote was conducted. The motion passed 13 Yes; 1 No
Action has been tabled until the January meeting.

6. Standing Report from District Council – Tara Kubicka-Miller

The last District Council meeting was canceled. No report.

7. Informational Handouts

- District-wide expenditure report link: <https://intranet.rsccd.edu>
- Vacant Funded Position List as of November 3, 2025
- Monthly Cash Flow Summary as of October 31, 2025
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

VC Ingram shared there are informational handouts and encouraged members to review the documents.

8. Approval of FRC Minutes – October 15, 2025

Hoffman motioned to approve the minutes of October 15, 2025 meeting as presented. Second by Kubicka-Miller.

The motion passed: 13 Yes; 1 Abstention

9. Other

Coyne asked whether student success metrics and calculation for determining the split have been discussed as an inclusion to the BAM.

VC Ingram explained success allocations and supplemental allocations is calculate as headcount times the FTES rate.

O'Connor went on to explain it is split by college. Sometimes the numbers are not exactly the same as what the state has for us as a district (they only report numbers according to district). For example, we had 323 students in a particular category, but they have 325. Then the two additional are split between the two colleges. The split between the two campuses is determined based on how the rest of them were earned. The percentage split follows the BAM.

Motion to adjourn was made by Hoffman with second by Coyne.
All in favor logged off the zoom meeting. The meeting concluded at 2:20pm

Next FRC Committee Meeting: January 21, 2026, 1:30-3:00 pm