

Vice Chancellor Nicholas will provide a brief presentation on key elements of the Governor's January Budget Proposal for FY 2026-27 and preliminary analysis of potential impact to our district.

Key elements of the Governor's Budget Proposal include:

High Level Takeaways:

- The Governor's budget is revenue strong, but risk aware, driven largely by volatile capital gains.
- Education funding grows on paper, but the state continues to delay Proposition 98 payments as a cash management strategy.
- Community colleges fare better than other segments, but gains rely heavily on one-time funds, not durable base growth.

CCC Core Funding (SCFF):

- SCFF fully funded in 2026-27
- Statutory COLA: 2.41% (lower than prior assumptions)
  - ~\$240.6M ongoing statewide cost
  - Partially supported by a onetime Prop 98 reserve draw (\$44.5M)
- \$408.3M to fully retire outstanding SCFF deferrals

Enrollment Funding:

- State assumes continued enrollment recovery
- Funded growth:
  - 1.0% growth in 2025-26 (\$55.3M)
  - 0.5% growth in 2026-27 (\$31.9M)
- 1.5% total growth assumption is now embedded in the base

Other Investments:

- \$100M onetime flexible block grant
- \$120.7M onetime for deferred maintenance (first new funding in three years)
- \$736.9M in Proposition 2 bond funds for CCC capital projects
- Targeted augmentations:
  - Common Cloud Data Platform
  - Credit for Prior Learning
  - Apprenticeship RSI backfill
  - California Healthy School Food Pathways
  - \$38.1M ongoing to stabilize Calbright College
- \$346.4M offset from increased local property tax revenues (ongoing)

Summary:

- CCC is relatively favored, but primarily through one-time funding.
- Cash timing risk persists due to ongoing Prop 98 deferrals.
- Enrollment performance matters more than ever under SCFF.
- COLA helps, but structural cost growth outpaces revenue growth.