2025 - 2026 Tentative Budget Shami S. Brar, VP Administrative Services June 9, 2025





TOPICS

- State Budget Process
- Timeline
- Reporting Deadlines
- Governor's May Revision Highlights
- Student Centered Funding Formula
- 2024-2025 Estimated Actuals
- Budget Assumptions
- 2025-2026 Tentative Budget

Navigating the State Budget Process

Each year the Governor and Legislature work to craft the state's spending plan. While the January-to-June period gets the most attention, the process of crafting the budget is an ongoing enterprise, giving Californians ample opportunity to stay engaged and involved year-round.

The Governor

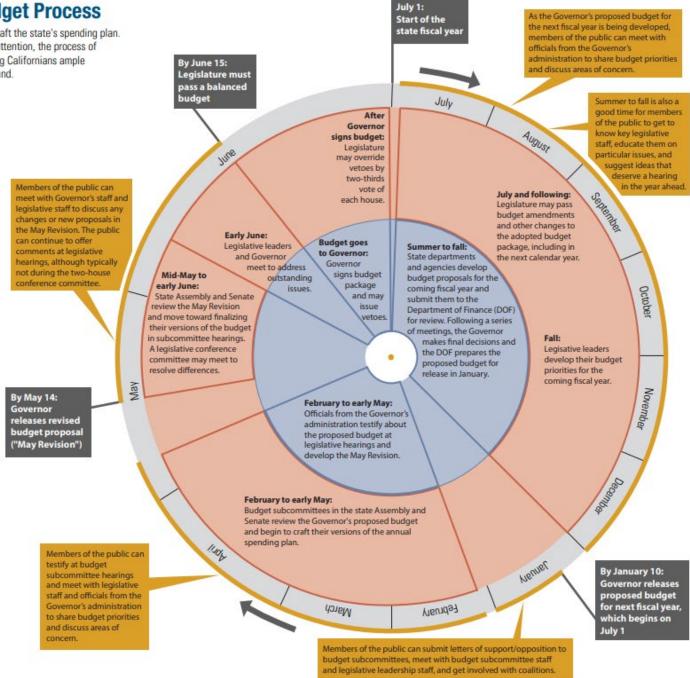
The Governor has the lead role in developing the state budget. Each year, the Governor proposes a spending plan, which is introduced as the budget bill in the Legislature. The Governor can sign or veto the budget bill passed by legislators as well as other bills in the budget package that make policy changes related to the budget. The Governor can also reduce or eliminate individual appropriations using the line-item veto.

The Legislature

The Legislature – made up of the Assembly and Senate – reviews the Governor's proposed budget and crafts its own version of the spending plan. The Legislature can maintain, modify, or reject the Governor's proposals, with review occurring through each house's budget committee and related subcommittees. The Legislature must pass the budget bill, but not other bills in the budget package, by June 15. The Legislature can override a Governor's veto by a two-thirds vote of each house.

The Public

The public has various opportunities for input during the budget process. Members of the public can meet with officials from the Governor's administration and with legislators and their staffs, testify before budget committees and subcommittees, and write letters of support and opposition. Through individual engagement or as part of coalitions, members of the public can express their budget priorities and areas of concern.



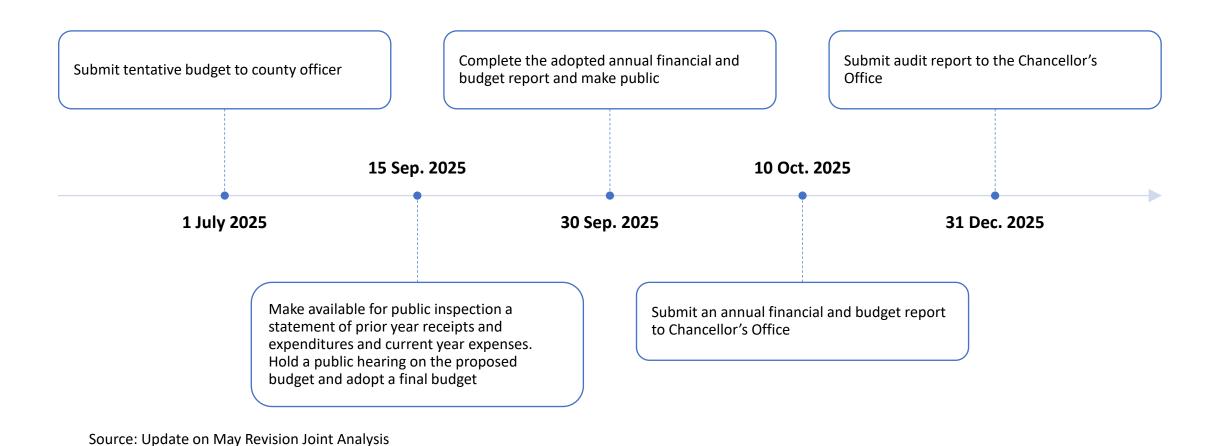
AVC BUDGET DEVELOPMENT TIMELINE

April/May	April/May	June	July/August	August/Sept
Meetings	Analysis & Communication	Board Presentation	Closing the Books	Preparing the Final Budget Report
Solicit input from Departments and Budget Managers	Update Projections and Communicate with Strategic Planning & Budget Committee	Tentative Budget With Estimated Actuals	Year-End Close	Adopted Budget with Unaudited Actuals





Financial Reporting Deadlines 2025-2026

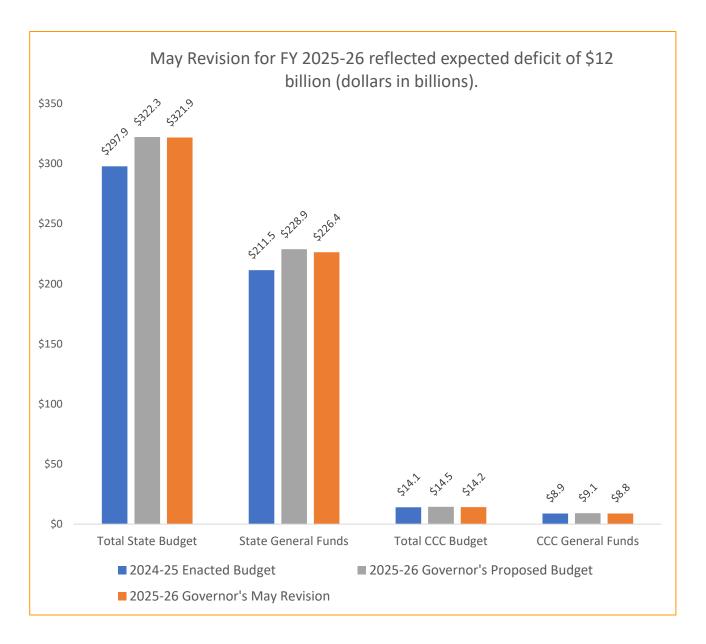


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GOVERNOR'S MAY REVISION HIGHLIGHTS

- The overall state budget under the May Revision is slightly lower than proposed in January but still higher than the 2024-25 enacted budget, increasing by about 8% to \$321.9 billion, with a projected budget deficit of about \$12 billion. General Fund spending would increase by about \$15 billion (7%) to \$226.4 billion.
- The Governor's May Revision reflects reduced revenue expectations compared to the January budget, due to stock market volatility and tariffs. To address these challenges, the proposal includes program reductions, fund shifts, and borrowing.
- The LAO anticipates that "Big Three" tax revenues across 2023-24 and 2024-25 will be over \$5 billion above Governor's Budget projections, while 2025-26 revenues will be nearly \$8 billion below the January projections. The state may not be able to backfill federal cuts to critical health or other programs given the challenges in funding existing state programs.
- In January, the Governor's Budget proposed deposits of about \$1.2 billion for 2024-25 and \$376 million for 2025-26 in the Public School System Stabilization Account (PSSSA) to support Student Centered Funding Formula resources. The May Revision eliminates those deposits related to the state's reduced revenues. The proposal projects a balance of \$540 million in the PSSSA at the end of the current year but withdraws that amount for 2025-26, leaving no remaining funds in the account at the end of the budget year.





GOVERNOR'S MAY REVISION HIGHLIGHTS

- The May Revision projects \$114.6 billion for Proposition 98 which is down from the January Governor's Budget of \$118.9 billion but still slightly up from what was received in 2024-25.
- Provides \$210.1 million one-time to fully fund the SCFF in the current year.
- Provides \$104.7 million ongoing to fully fund the SCFF in 2025-26.
- Provides \$311 million one-time towards 2024-25 deferral repayment.
- Defers \$531.6 million from the SCFF for 2025-26 to 2026-27 (for May and June 2026).
- Provides \$3.8 million one-time in the current year and \$8 million in 2025-26 for community colleges impacted by the Los Angeles wildfires.

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

Source	20	24-25 Revised	20			25-26 Governor's May Revision	Change from Governor's Budget		Percent Change
ALL PROPOSITION 98 PROGR	RAMS								
General Fund	\$	86,620	\$	84,603	\$	80,747	\$	(3,856)	-4.6%
Local property tax		32,317		34,321		33,821		(500)	-1.5%
Totals	\$	118,937	\$	118,924	\$	114,568	\$	(4,356)	-3.7%
COMMUNITY COLLEGES ONL									
General Fund	\$	9,036	\$	9,041	\$	8,472	\$	(569)	-6.3%
Local property tax		4,232		4,538		4,438		(100)	-2.2%
Totals	\$	13,268	\$	13,579	\$	12,910	\$	(669)	-4.9%





- The Governor's budget plan for California Community Colleges prioritizes stability and advances the Master Plan for Career Education, including the creation of a "Career Passport" to support students throughout their academic and career paths. Overall, funding levels are largely unchanged from the current enacted budget.
- The proposal allocates about \$217.5 million for a 2.3% COLA to community college apportionments—\$12.9 million less than the January proposed budget based on a 2.43% rate. An additional \$27.7 million is provided for COLAs and adjustments to categorical programs. Enrollment growth funding increases significantly to \$139.9 million, up from \$30.4 million previously proposed.
- The May Revision removes one-time funding for the Statewide Technology Transformation and reduces proposed investments for a Systemwide Common Data Platform, expanded Credit for Prior Learning, and the Career Passport.
- The revised budget includes \$68.5 million in capital outlay from Propositions 51 and 2 for one continuing project and early-phase work on 29 new projects including allocating \$24.6 million for the AVC Gymnasium replacement project.



- 2.30% cost of living adjustment (COLA) for Adult Education, EOPS, CARE, DSPS, Apprenticeship, CalWORKS, and Child Care Tax Bailout.
- \$10 million (a reduction of \$20 million) to expand the Rising Scholars Network which provides educational opportunities to students impacted by the criminal justice system.
- \$0 (a reduction of \$29 million) for the creation of a systemwide common data platform.
- \$5 million (a reduction of \$2 million) for the creation and expansion of credit for prior learning policies.
- \$0 (a reduction of \$168 million) for completion of the Statewide Technology Transformation project which will streamline and standardize data collection across the system and create a cloud-based common enterprise system for use by all districts.
- \$12 million (a reduction of \$121.5 million) for the development of a common cloud data platform across the community college system.
- \$40 million (a reduction of \$53 million) to expand the existing credit for prior learning policies.

Proposed 2025-26 Changes to Proposition 98 Funding for the System (In Millions)

Program Areas	Governor's Budget	Governor's May Revision	Change from Governor's Budget
POLICY ADJUSTMENTS	Duaget	Revision	Buaget
Ongoing (Propositions 98)			
Provide 2.3% COLA for SCFF	\$230.39	\$217.49	-\$12.90
Provide for 2.35% enrollment growth	\$30.44	\$139.94	\$109.50
Ensure no deficit in SCFF for 2025-26	\$0.00	\$104.70	\$104.70
Provide 2.3% COLA for Adult Education Program	\$15.87	\$15.02	-\$0.85
Expand Rising Scholars Network	\$30.00	\$10.00	-\$20.00
Expand Credit for Prior Learning	\$7.00	\$5.00	-\$2.00
Provide 2.3% COLA for Extended Opportunity Programs & Services (EOPS)	\$4.50	\$4.26	-\$0.24
Provide 2.3% COLA for Disabled Student Programs and Services (DSPS)	\$4.24	\$4.02	-\$0.22
Adjustments for financial aid administration	\$1.70	\$3.31	\$1.61
Student housing lease revenue bond payments	\$0.00	\$2.47	\$2.47
Provide 2.3% COLA for CalWORKs student services	\$1.35	\$1.28	-\$0.07
Provide 2.3% COLA for Apprenticeship (community college districts RSI)	\$0.85	\$0.81	-\$0.04
Provide 2.3% COLA for Cooperative Agencies Resources for Education (CARE)	\$0.82	\$0.78	-\$0.04
Provide 2.3% COLA and an enrollment-based adj. for Mandated Block Grant and reimbursements	\$0.95	\$0.36	-\$0.59
Provide 2.3% COLA for Childcare tax bailout	\$0.11	\$0.10	-\$0.01
Create Common Cloud Data Platform	\$29.00	\$0.00	-\$29.00
Lease revenue debt service adjustments	\$2.44	-\$0.03	-\$2.47
Decrease in available funds from Equal Opportunity Fund	-\$1.11	-\$1.11	\$0.00
Subtotal Ongoing Policy Adjustments	\$358.55	\$403.70	\$149.85
One-Time (Proposition 98)			
Ensure no deific in SCFF for 2024-25	\$0.00	\$210.10	\$210.10
Develop Career Passport	\$50.00	\$25.00	-\$25.00
Systemwide Common Cloud Data Platform	\$133.50	\$12.00	-\$121.50
Statewide technology transformation	\$168.02	\$0.00	-\$168.02
Expand Credit for Prior Learning	\$43.00	\$15.00	-\$28.00
Fire-related property tax backfill for 2025-26	\$0.00	\$8.00	\$8.00
Reappropriate funds to expand e-Transcript California	\$0.00	\$6.60	\$6.60
Fire-related property tax backfill for 2024-25	\$0.00	\$3.80	\$3.80
Subtotal One-Time Policy Adjustments	\$394.52	\$280.50	-\$114.02
TECHNICAL ADJUSTMENTS			
Student Centered Funding Formula (SCFF) other base adjustments (aside from COLA and Growth)	\$29.00	-\$118.00	-\$147.00
Subtotal Technical Adjustment	\$29.00	-\$118.00	-\$147.00
TOTAL CHANGES	\$782.07	\$566.20	-\$111.17



2025-26 Student Centered Funding Formula Rates (rounded)

Allocations	2024-25 Rates	Proposed 2025-26 Rates	Estimated Change from 2024-25	% Change
Base Credit	5,294	5,416	122	2.30%
Incarcerated Credit	7,425	7,596	171	2.30%
Special Admit Credit	7,425	7,596	171	2.30%
CDCP	7,425	7,596	171	2.30%
Noncredit	4,465	4,568	103	2.31%
Supplemental Point Value	1,252	1,281	29	2.32%
Student Success Main Point Value	738	755	17	2.30%
Student Success Equity Point	186	190	4	2.15%
Single College District				
Small College	6,508,449	6,658,143	149,694	2.30%
Medium College	8,677,936	8,877,529	199,593	2.30%
Large College	10,847,420	11,096,911	249,491	2.30%
Multi College District				
Small College	6,508,449	6,658,143	149,694	2.30%
Medium College	7,593,194	7,767,837	174,643	2.30%
Large College	8,677,936	8,877,529	199,593	2.30%
Designated Rural Collee	2,070,088	2,117,700	47,612	2.30%
State Approved Centers	2,169,484	2,219,382	49,898	2.30%

Student Centered Funding Formula (SCFF)

Current split, 70/20/10, is set in statute. No plans to change.

SCFF Oversight Committee will make recommendations but not on split.

Rates will be adjusted annually by any enacted COLA.

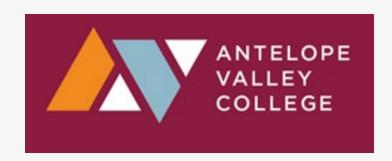
SCFF hold harmless provision is active through 2024-25.*

2024-25 funding will be the new floor for SCFF hold harmless provision. No automatic adjustments to reflect cumulative COLA over time, only if provided in budget act language.*

Starting in 2025-26, districts will be funded at their SCFF generated amount for that year or their "floor" (2024-25 funding amount).

*Source: Update on May Revision Joint Analysis



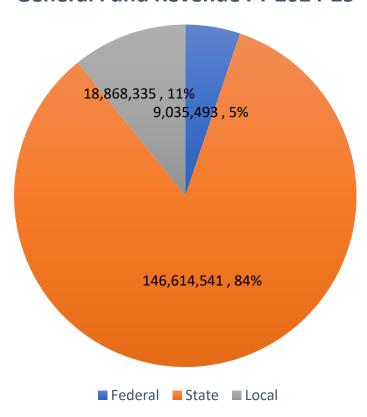


2024-2025 ESTIMATED ACTUALS

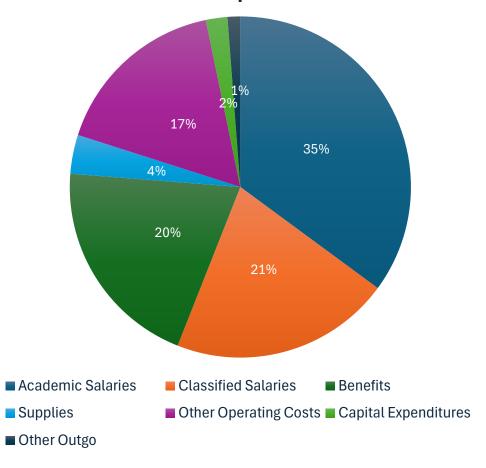
UNRESTRICTED GEN	NERAL FUND	2024-2025 ESTIMATED ACTUALS
BEGINNING FUND	BALANCE	69,798,929
REVENUE		
8100-8200 Fee	deral	4,896
8600-8700 Sta	ate	93,210,181
8800-8900 Loc	cal/Incoming Transfers	16,998,347
TOTAL REVENUE		110,213,424
REVENUE PLUS BEG	INNING FUND BALANCE	180,012,353
EXPENDITURES		
1100-1400 Ac	ademic Salaries	40,199,762
2100-2400 Cla	ssified Salaries	20,531,351
3100-3800 Em	ployee Benefits	22,325,841
4100-4700 Su	pplies	1,291,491
5100-5800 Ot	her Operating Costs	15,370,806
6100-6700 Ca	pital Expenditures	363,027
TOTAL EXPENDITUR	RES	100,082,277
7100-7900 Ot	her Outgo	(26,633
TOTAL EXPENDITUR	RES & OTHER OUTGO	100,055,645
SURPLUS / (DEFICIT)	10,157,779
ENDING FUND BAL	ANCE	79,956,708
Assigned Aside for (Categorical Salaries + Benefits	(750,000)
CPOS Student Supp	ort	(500,000)
Capital Projects		(18,000,000
DEI Initiatives & Tra	ining	(500,000)
IT Phone Replaceme	ent	(2,000,000)
IT Refresh		(3,000,000)
Leave Payoff		(500,000)
Cafeteria Support		(350,000)
Professional Develo	pment	(50,000)
Reserve for Emerge	ncies (AP 6305)	(500,000)
Reserve for Pension	Stabilization (BP 6250)	(7,300,000)
Schedule Maintena	nce Reserve - 1%	(1,000,556)
Supplemental Prote	ection	(6,000,000)
Resource Allocation	- One-Time	(1,500,000)
UNASSIGNED ENDI	NG FUND BALANCE	38,006,152
Unassigned Reserv	e %	38.3%



General Fund Revenue FY 2024-25



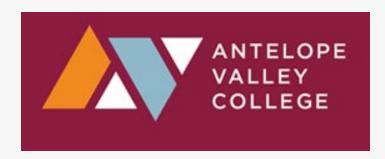
General Fund Expenditures FY 2024-25





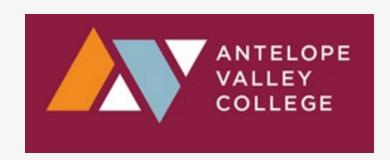
2024-25 ESTIMATED ACTUALS

Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Assigned Reserves	Surplus/ (Deficit)	Unrestricted Balance After Assignments	Reserve	% of Overall Budget
	General Fund									
10	Unrestricted	69,798,929	110,213,424	100,055,645	79,956,708	(41,950,556)	10,157,779	38,006,152	38.3%	42.32%
12 (13 & 14)	Restricted	3,518,436	60,230,604	27,682,042	36,066,998		32,548,562			11.71%
21	Bond Interest & Redemption	16,261,571	20,039,727	20,451,124	15,850,174		(411,397)			8.65%
33	Child Development Center	299,566	1,351,794	748,794	902,566		603,000			0.32%
41	Capital Outlay Fund	25,890,696	2,180,122	4,647,071	23,423,747		(2,466,949)			1.97%
42	Revenue Bond Construction	64,178,014	52,384,246	27,734,916	88,827,345		24,649,331			11.73%
52	Cafeteria	259,595	301,244	477,252	83,587		(176,008)			0.20%
72	Student Rep	374,244	41,143	50,203	365,184		(9,060)			0.02%
74	Financial Aid	1,374,532	54,072,125	53,945,705	1,500,952		126,420			22.81%
75	Scholarships & Loan	37,167	667,235	661,124	43,278		6,111			0.28%
Estimated Actuals		181,992,750	301,481,663	236,453,874	247,020,539		65,027,789			100.00%



2025-2026 BUDGET ASSUMPTIONS

- Revenue Budget Assumptions:
- Student Centered Funding Formula (SCFF) Funding is Based on Prior Year SCFF Stability Total Computational Revenue (TCR) + COLA
- SCFF COLA 2.3%
- FTES FY 2024-25 P2 10,765.16
- TCR Deficit 3.00%
- Expenditure Budget Assumptions:
- Vacancies are included
- Step & Column Increases
- Pension Rate Increases
 - CalPERS Up from 27.05% in 2024-25 to 27.40% in 2025-26
 - CalSTRS No change 19.10% in 2025-26
- California CPI 2.92%
- Inflationary factor of 3.0% for most Supply and Operating Expenses
- Unemployment Insurance Rate 0.05%
- Resource Allocation Funding Proposed
- Long Term Commitments
- On-going District Obligations

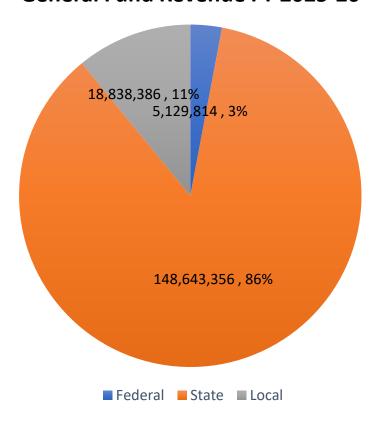


2025-2026 TENTATIVE BUDGET

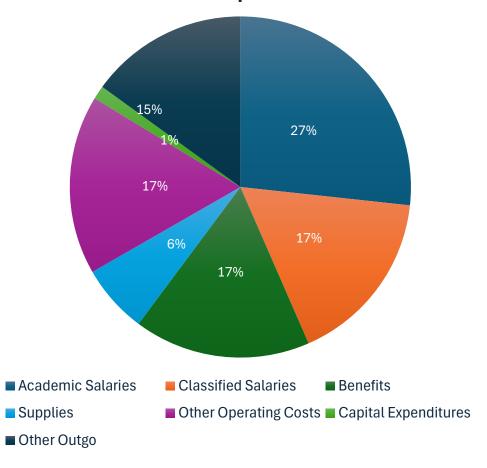
UNRESTRICTED	GENERAL FUND	2025-2026 TENTATIVE BUDGET
BEGINNING FUI	ND BALANCE	79,956,708
REVENUE		
8100-8200	Federal	4,896
8600-8700	State	95,545,852
8800-8900	Local/Incoming Transfers	16,998,347
TOTAL REVENUE	<u> </u>	112,549,095
REVENUE PLUS	BEGINNING FUND BALANCE	192,505,803
EXPENDITURES		
1100-1400	Academic Salaries	41,563,386
2100-2400	Classified Salaries	22,267,595
3100-3800	Employee Benefits	24,906,986
4100-4700	Supplies	2,436,369
5100-5800	Other Operating Costs	20,050,743
6100-6700	Capital Expenditures	212,529
TOTAL EXPENDI	TURES	111,437,608
7100-7900	Other Outgo	1,049,422
TOTAL EXPENDI	TURES & OTHER OUTGO	112,487,030
SURPLUS / (DEFICIT)		62,065
ENDING FUND E	BALANCE	80,018,773
Assigned Aside j	for Categorical Salaries + Benefits	(1,500,000)
CPOS Student St	upport	(1,000,000)
Capital Projects		(18,000,000)
DEI Initiatives &	Training	(500,000)
IT Phone Replac	ement	(2,000,000)
IT Refresh		(4,500,000)
Leave Payoff		(500,000)
Cafeteria Suppo	rt	(700,000)
Professional Dev	velopment	(50,000)
Reserve for Eme	rgencies (AP 6305)	(500,000)
Reserve for Pens	sion Stabilization (BP 6250)	(7,300,000)
Schedule Mainte	enance Reserve - 1%	(1,124,870)
Supplemental Pi	rotection	(6,000,000)
Resource Alloca	tion - One-Time	(1,500,000)
UNASSIGNED EN	NDING FUND BALANCE	34,843,903
Unassigned Res	erve %	34.8%



General Fund Revenue FY 2025-26



General Fund Expenditures FY 2025-26





	2025-26 TENTATIVE BUDGET									
Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Assigned Reserves	Surplus/ (Deficit)	Unrestricted Balance After Assignments	Reserve	% of Overall Budget
	General Fund									
10	Unrestricted	79,956,708	112,549,095	112,487,030	80,018,773	(45,174,870)	62,065	34,843,903	34.8%	36.4%
12 (13 & 14)	Restricted	36,066,998	60,474,087	60,479,210	36,061,875		(5,123)			19.6%
21	Bond Interest & Redemption	15,850,174	20,175,073	20,329,811	15,695,436		(154,738)			6.6%
33	Child Development Center	902,566	1,363,036	1,277,137	988,465		85,899			0.4%
41	Capital Outlay Fund	23,423,747	2,180,122	3,468,595	22,135,275		(1,288,473)			1.1%
42	Revenue Bond Construction	88,827,345	2,193,998	53,300,684	37,720,658		(51,106,686)			17.3%
52	Cafeteria	83,587	304,000	490,208	(102,621)		(186,208)			0.2%
72	Student Rep	365,184	44,900	69,000	341,084		(24,100)			0.0%
74	Financial Aid	1,500,952	56,198,009	56,058,009	1,640,952		140,000			18.2%
75	Scholarships & Loan	43,278	677,486	677,468	43,296		18			0.2%
Tentative										
Budget		247,020,540	256,159,806	308,637,152	194,543,193		(52,477,346)			100.0%



FY 2025-26 Outlook

- COLA 2.3%
- Deferrals
- Potential for reductions in Federal programs and funding
- Uncertain economic outlook due to Federal actions
- Increasing Operational Costs Inflation could increase due to tariffs
- Ending Fund Balance Provides Short-Term Stability
- Can't use one-time dollars to fix an ongoing challenge

Questions?