

Senate Budget and Fiscal Review—John Laird, Chair

SUBCOMMITTEE NO. 1

Agenda

Senator Sasha Renée Pérez, Chair
Senator Bob Archuleta
Senator Rosilicie Ochoa Bogh



Thursday, March 19, 2026
9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 2100

Consultants: Diego Emilio J. Lopez

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Public Comment

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6120 CALIFORNIA STATE LIBRARY

Issue 1: Imagination Library Update

Staff Comments. This is an update to the oversight discussion on the California State Library’s administration of the Imagination Library that was held in this subcommittee at its March 12, 2026 meeting.

Staff Recommendation. Informational Item Only.

6870 BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES**Issue 2: System Overview and Title IX Update****Panel.**

Sonya Christian, Chancellor, California Community Colleges

Background. The Chancellor of the California Community Colleges will provide a systemwide overview and update, including a report on the systemwide activities as they relate to Title IX.

Title IX. Assembly Bill (AB) 2326 (Chapter 827, Statutes of 2024) requires the Chancellor of the Community Colleges, Chancellor of the California State University system and the President of the University of California to make a presentation, at the budget subcommittees of the Assembly and Senate, on how the systems are addressing and preventing discrimination and sexual harassment.

Interrelatedly, AB 2048 (Fong, Chapter 694, Statutes of 2024), directed the Chancellor's office to convene a Gender Equity Workgroup to evaluate Title IX and gender equity implementation across the colleges and recommend improvements. Major conclusions of the workgroup, include:

- Inconsistent policies and practices across colleges due to complex and sometimes conflicting requirements
- Insufficient Title IX staffing and infrastructure, limiting prevention, compliance, and timely case resolution
- Uneven access and response for students and employees across districts
- Barriers to reporting and reduced trust in institutional processes
- Limited capacity for prevention, with most resources focused on compliance and response

Core recommendations from the workgroup involve a coordinated, system-level approach, that includes:

- Establish baseline systemwide policy standards to improve clarity and consistency
- Strengthen campus Title IX infrastructure, including minimum staffing and training support
- Create a statewide External Resolution Authority (ERA) to provide consistent, timely investigation and resolution services
- Expand system-level leadership and training coordination within the Chancellor's Office
- Align and streamline state requirements to reduce conflicting mandates
- Invest in prevention and campus climate efforts

Staff Recommendation: Informational Item Only

Issue 3: Student Centered Funding Formula Update

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Phillip Osborn, Department of Finance
Jessica Holmes, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

Student Centered Funding Formula. All community college districts (except the statewide online Calbright College) receive funding from apportionments. According to February estimates from the Chancellor's Office, community college districts collectively received \$10.1 billion in apportionment funding in 2025-26. Apportionments account for about 70 percent of total Proposition 98 CCC funding.

Historically, districts received apportionment funding based almost entirely on student enrollment. In 2018-19, the state adopted a new formula called the Student Centered Funding Formula (SCFF). This formula is intended to create stronger incentives for colleges to enroll lower-income students and improve student outcomes for them and overall. Under SCFF, districts receive apportionment funding for regular credit courses based on three components:

- 1) A base allocation linked to enrollment.
- 2) A supplemental allocation linked to low-income student counts.
- 3) A student success allocation linked to specified student outcomes.

These three components account for about 70 percent, 20 percent, and 10 percent of apportionment funding, respectively. Districts continue to receive apportionment funding for noncredit courses, as well as credit courses for dual enrollment students and incarcerated students, based entirely on enrollment. According to the Chancellor's Office, 47 districts are estimated to be on SCFF, excluding six basic aid district, who do not receive state funds under SCFF, because property tax and enrollment fee revenues exceed calculated funding provided through the formula. At this time last year, the Chancellor's Office estimated 19 districts, excluding 4 basic aid districts, to be on SCFF in 2025-26 based on 2024-25 First Principal Apportionment (P1) data.

Hold Harmless Provisions. When the state adopted SCFF, it created a temporary funding protection called "Hold Harmless" for those districts that would have received more funding under the previous apportionment formula. This provision was intended to provide time for those districts to ramp down their budgets to their new SCFF-calculated amounts or find ways to increase the amount they generate through SCFF (such as by enrolling more low-income students or improving student outcomes).

Under this provision, districts receive whatever they generated in 2017-18 under the old formula, adjusted for any subsequent Cost-of-Living Adjustments (COLAs) provided by the state through 2024-25. Districts are funded according to this provision if their hold harmless amount exceeds

both their SCFF-calculated amount and the stability amount discussed below. More than 25 districts were on hold harmless in each year from 2018-19 through 2021-22, before declining to only 12 districts in 2022-23. (The decline in 2022-23 was related to a \$600 million augmentation the state provided to increase SCFF base funding rates, thereby decreasing the number of districts whose hold harmless amount exceeded their SCFF-calculated amount.)

According to the Chancellor's Office, 12 districts are estimated to be on the Hold Harmless provision in 2026-27, excluding one basic aid district. The figure below outlines their estimated SCFF calculated revenues, Hold Harmless calculated revenue, and the adjustment amount as a result of the Hold Harmless. At this time last year, the Chancellor's Office estimated 18 districts, excluding three basic aid districts, to be on the Hold Harmless provision in 2025-26 based on 2024-25 P1 data.

Community College Districts on Hold Harmless in 2026-27

Count	District	SCFF Calculated Revenue TCR A	Hold Harmless TCR C	Hold Harmless Protection Adjustment
1	Citrus CCD	88,165,296	92,894,198	4,728,902
2	Coast CCD	237,335,541	240,439,794	3,104,253
3	Contra Costa CCD	226,954,617	229,941,714	2,987,097
4	Napa Valley CCD (Basic Aid)	35,209,368	41,068,935	5,859,567
5	Palomar CCD	129,262,921	140,984,442	11,721,521
6	Peralta CCD	138,375,273	148,941,102	10,565,829
7	Rio Hondo CCD	112,475,211	117,191,959	4,716,748
8	San Francisco CCD	146,133,667	166,711,708	20,578,041
9	Santa Barbara CCD	101,730,592	103,850,709	2,120,117
10	Santa Clarita CCD	132,189,875	132,474,133	284,258
11	Siskiyou Joint CCD	23,341,510	23,574,800	233,290
12	Sonoma County CCD	127,137,125	138,789,322	11,652,197
13	West Kern CCD	33,460,233	35,853,204	2,392,971
	Totals - Hold Harmless Only	\$1,531,771,229	\$1,612,716,020	\$80,944,791

Source: California Community College Chancellor's Office – February 2026

Stability Provision. State law also creates a second funding protection called “Stability.” This provision allows a district to receive its SCFF-calculated amount in the previous year adjusted for COLA. Districts are funded according to stability if the associated funding exceeds both their SCFF-calculated amount for that year and their hold harmless amount. The number of districts on stability has fluctuated over the past few years. In 2023-24, 26 districts were on stability, with these districts receiving \$70 million in apportionment funding above their SCFF-calculated amount. Like districts on hold harmless, districts on stability tended on average to receive more funding per student than districts that received their SCFF-calculated amount. The per-student apportionment funding level was \$9,390 across districts on stability in 2023-24.

According to the Chancellor's Office, 4 districts are estimated to be on the Stability provision in 2026-27, excluding two basic aid districts. The figure below outlines their estimated SCFF calculated revenues, Stability calculated revenue, and the adjustment amount. At this time last year, the Chancellor's Office estimated 26 districts, excluding two basic aid districts, to be on the Stability provision in 2025-26 based on 2024-25 P1 data.

Community College Districts on Stability in 2026-27

Count	District	SCFF Calculated Revenue TCR A	TCR Stability TCR B	Stability Protection Adjustment
1	Compton CCD	\$ 45,643,047	\$ 50,146,232	\$ 4,503,185
2	MiraCosta CCD (Basic Aid)	89,076,460	92,276,882	3,200,422
3	San Joaquin Delta CCD	146,030,933	146,425,970	395,037
4	San Jose-Evergreen CCD (Basic Aid)	98,357,818	100,515,277	2,157,459
5	San Luis Obispo County CCD	74,947,585	75,207,204	259,619
6	Yuba CCD	79,387,999	79,447,991	59,992
	Totals -Stability Only	\$ 533,443,842	\$ 544,019,556	\$ 10,575,714

Source: California Community College Chancellor's Office – February 2026

Governor's Budget.

Increased Current Year Apportionment Costs. The Governor's budget proposes \$89 million Proposition 98 General Fund for increased apportionment costs in 2025-26 than projected at budget enactment. Under SCFF, apportionment costs can come in higher than projected for a number of reasons, including higher low-income student counts, better student outcomes, or enrollment adjustments other than growth. Regardless of whether this proposal is approved, the current-year revisions carry forward into ongoing apportionment costs in 2026-27.

Cost-of-Living Adjustment for Apportionments. The Governor's budget proposes \$241 million ongoing Proposition 98 General Fund to provide for a 2.41 percent Cost-of-Living-Adjustment for apportionments. This is the same COLA rate the Governor proposes for the Local Control Funding Formula for school districts.

Legislative Analyst's Office (LAO).

Assessment

Covering Higher Apportionments Costs in 2025-26 Is Reasonable. Although the state is not required to increase current-year apportionments funding when costs come in higher than projected, providing such an increase is a reasonable way to help districts address their core operating costs. If the state does not provide an increase, then each district would see its apportionments prorated downward to fit within the previously enacted funding level. Under the administration's apportionments cost estimates at the Governor's budget, each district's apportionments would be reduced by less than 1 percent. The administration typically updates its apportionments cost estimates at the May Revision to reflect more recent data from districts. Any

updates would in turn affect the amount of the current-year funding increase proposed for apportionments.

Districts Will Continue to Face Basic Cost Increases in 2026-27. Similar to nearly all local and state entities, districts will likely face continued salary pressures in 2026-27. In addition, district administrators report that health care premiums are continuing to grow faster than normal. Districts will see less pressure, however, from their pension costs, as the employer contribution rate is projected to remain flat at 19.1 percent of payroll for CalSTRS and decrease slightly to 26.4 percent of payroll for CalPERS (0.4 percentage points lower than in 2025-26). Beyond these employee compensation costs, districts generally are expecting increases in other costs, such as utilities and insurance.

Providing a COLA for Apportionments Helps Districts Cover Cost Increases. Although the state is not statutorily required to provide a COLA for apportionments, it has a long-standing practice of doing so when Proposition 98 funds are available. (In contrast, the state is statutorily required to provide a COLA for the LCFF for school districts.) The Legislature has historically made this a top CCC budget priority because it helps districts address increases in their core operating costs and, in turn, maintain the quality of their instructional programs. Because districts have broad discretion over how to spend apportionments, providing a COLA also gives districts the flexibility to address local spending priorities.

Proposed COLA Rate Could Change by May. The Governor's proposed COLA rate is based on a federal price index that reflects the cost of goods and services purchased by state and local governments. Due to the fall 2025 federal government shutdown, some of the data typically used to estimate this rate was not available in time for the Governor's budget this year. As a result, the proposed COLA rate is more uncertain and potentially subject to larger changes than usual. Based on updated data released in late February, we estimate the COLA rate is 2.68 percent—slightly higher than estimated under the Governor's budget. This higher rate would cost \$27 million more than the amount included in the Governor's budget. The federal government is expected to release the last round of data used in the calculation in late April, in time to inform an updated COLA rate at the May Revision.

Recommendation

Prioritize Apportionments Proposals Within Available Funds. We recommend the Legislature treat covering current-year apportionments costs and providing an apportionments COLA as priorities for available funds. Prioritizing apportionments helps districts address their core operating costs, while allowing them some flexibility in making their spending decisions. We recommend deciding on the COLA rate after better information is available this spring. By the May Revision, the Legislature will have finalized data on the price index typically used to calculate the COLA rate. At that time, it will also have better information on state revenues, which will in turn affect the amount of funding available for ongoing Proposition 98 augmentations.

Staff Recommendation. Hold Open.

Issue 4: Enrollment Update & Governor's Budget Proposal

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Phillip Osborn, Department of Finance
Jessica Holmes, Department of Finance
Lisa Qing, Legislative Analyst's Office

Background.

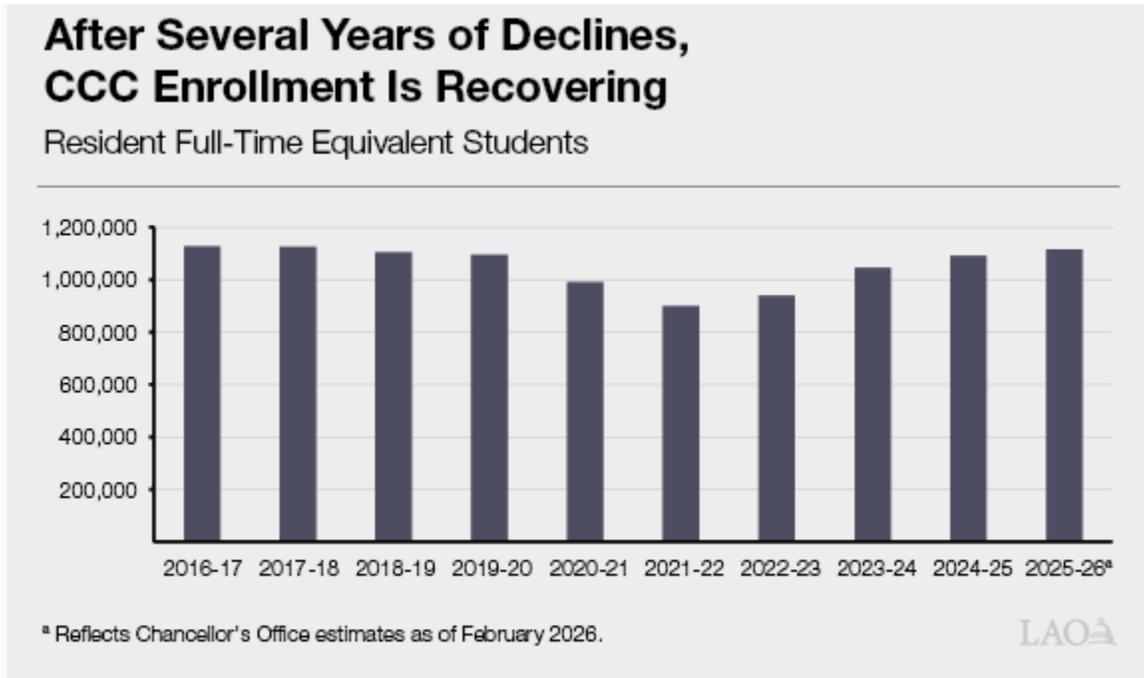
State Sets Enrollment Growth Targets for CCC. The state decides how much systemwide enrollment growth to fund in a given year through the budget process. Historically, the state has considered several factors in making this decision, including changes in the adult population, the unemployment rate, recent enrollment trends, and the availability of Proposition 98 funding. To meet the state's growth targets, districts may use various enrollment management strategies. For example, districts may expand outreach and program offerings in response to a higher target, or they may reduce course sections in response to a lower target. In last year's budget, the state set a systemwide enrollment growth target of 0.57 percent for 2025-26. In a departure from historical practice, the state also revised the systemwide enrollment growth target for 2024-25 from 0.5 percent to 2.28 percent.

State Funds Enrollment Growth at a Per-Student Rate. The state provides funding for enrollment growth at a per-student rate that varies by enrollment type. In 2025-26, the base rate for regular credit enrollment is \$5,416 per FTE student, with districts generating additional funding on top of this rate for enrolling students who are low income or for attaining specified student outcomes. Beyond regular credit enrollment, community colleges also enroll dual enrollment students, incarcerated students, and noncredit students. In most cases, the base rate for these other enrollment types is higher (\$7,595 per FTE student), as districts do not earn additional funding based on these students' income level or outcomes.

State Has Certain Rules for Allocating Enrollment Growth Funds Across Districts. State law directs the Chancellor's Office to allocate enrollment growth funding across districts using a formula that accounts for several local factors. These factors include the number of individuals within the district's service area who do not have a college degree, are unemployed, or are in poverty. If a district does not fully use its enrollment growth funding, then the remaining funding is redistributed to other districts that are growing beyond their initial growth target. State law caps the total amount of enrollment growth funded at any given district at 10 percent annually.

CCC Enrollment Has Recovered From Pandemic Declines. As the figure below shows, CCC enrollment dropped notably during the pandemic, declining by about 204,000 FTE students (18 percent) from 2018-19 to 2021-22. These declines likely reflect a number of factors related to the public health emergency, including the abrupt shift to online instruction and increased child care responsibilities for student parents. Enrollment has rebounded over the past four years. Based on February 2026 estimates from the Chancellor's Office, enrollment increased by about 215,500

FTE students (24 percent) from 2021-22 to 2025-26. With these recent increases, just over half of districts are estimated to be back at or above their pre-pandemic enrollment levels in 2025-26.



Source: Legislative Analyst's Office - The 2026-27 Budget: California Community Colleges

Several Factors Are Likely Contributing to Recent Enrollment Increases. In addition to regional demographic growth, several other factors are likely contributing to the recent rebound in community college enrollment. One key factor is the state's unemployment rate, which has generally increased over the past three years, from 3.8 percent in August 2022 to 5.5 percent as of December 2025. Historically, increases in unemployment have generally been accompanied by increases in community college enrollment, with more individuals returning to school while the labor market is weak. Beyond this, districts are also pursuing a variety of growth strategies. These strategies include expanding high school partnerships, reengaging students who recently dropped out of college, and offering courses on more flexible schedules.

Mix of Enrollment Types Is Shifting. Though the overall enrollment level is recovering, the mix of enrollment has changed compared to before the pandemic. In 2025-26, regular credit enrollment is estimated to be 30,440 FTE students (3 percent) lower than in 2018-19, as the figure below shows. This decrease was more than offset by increases in other enrollment types, most notably dual enrollment for high school students. Dual enrollment at CCC has increased from 37,370 FTE students in 2018-19 to an estimated 65,620 FTE students in 2025-26—a 76 percent increase in just six years. During this time frame, enrollment also increased among noncredit students and incarcerated students, though at slower rates (19 percent and 4 percent, respectively).

Dual Enrollment Is Growing Much Faster Than Other Types of Enrollment

Full-Time Equivalent Students

Enrollment Type	Description	2018-19	2025-26 ^a	Change	
				Number	Percent
Regular Credit	Students generally enrolled in lower-division academic or CTE courses.	990,925	960,485	-30,440	-3%
Noncredit	Adult students enrolled primarily in precollegiate basic skills, ESL, or CTE courses.	70,300	83,795	13,495	19
Dual Enrollment	High school students enrolled in credit-bearing community college courses.	37,370	65,620	28,250	76
Incarcerated Students	Students currently incarcerated enrolled in credit-bearing community college courses.	4,697	4,863	166	4
Totals		1,103,292	1,114,763	11,471	1%

^aReflects reflect Chancellor's Office estimates as of February 2026.
 CTE = career technical education and ESL = English as a second language.

Source: Legislative Analyst's Office - The 2026-27 Budget: California Community Colleges

Governor's Budget.

Enrollment Growth Funding in 2025-26. The Governor's budget proposes \$55 million Proposition 98 General Fund for an additional one percent systemwide enrollment growth in 2025-26, increasing the current year growth target from 0.57 percent to 1.57 percent. This equates to an estimated 10,970 additional Full-Time Equivalent (FTE) students.

Enrollment Growth Funding in 2026-27. The Governor's budget proposes \$32 million ongoing Proposition 98 General Fund for systemwide enrollment growth of 0.5 percent in 2026-27. This equates to an estimated 5,484 FTE students in 2026-27. The proposed budget-year growth rate is the same rate that has been included in the Governor's budget every year from 2020-21 onward.

The combined effect of these two actions would equate to about 1.5 percent enrollment growth.

Legislative Analyst's Office.

Assessment

Revising Current-Year Enrollment Target Creates Poor Fiscal Incentive. In setting a growth target, the state signals to districts how much enrollment it has deemed it can afford. Districts can manage toward the target by adjusting the course sections they offer, among other actions. Providing additional funding when districts exceed the target creates an incentive for districts to enroll more students than the state has committed to supporting, potentially leading to cost pressures that the state might not be able to cover within available resources. Prior to the *2024-25 Budget Act*, the state typically did not increase CCC's current-year growth target when districts exceeded those targets. Instead, it typically expected districts that exceeded their targets to absorb the costs in the current year, then apply the additional students toward any growth targets in the budget year.

Demographic Trends Are Not Likely to Create Statewide Enrollment Pressure. In setting growth targets for the budget year, demographic trends are one key factor to consider. In 2026-27, these trends are not likely to generate significant statewide enrollment pressure among either traditional college-age students (age 18-24) or working-age students (age 25-64). Regarding the former

group, the number of public high school graduates in California recently peaked. The administration projects that high school graduates will decline by 1.4 percent in 2025-26, which could lead to a smaller incoming class of college students in 2026-27. Under the administration's projections, California's working-age population—which accounts for about one-third of FTE students at CCC—is also expected to decline slightly (0.6 percent) in 2026-27.

Population Growth Could Lead to Enrollment Pressure in Certain Regions. Though demographic trends are not likely to lead to significant enrollment pressure statewide, they could lead to heightened pressure in certain parts of the state. Under the administration's projections, the adult population (ages 18-64) is expected to continue growing in the Central Valley, Inland Empire, and North/Far North regions in 2026-27. This could lead to continued enrollment pressure in these regions, where enrollment growth has already been concentrated over the past several years. Under current law, the Chancellor's Office will account for local demographic factors when allocating new enrollment growth funding among districts.

Labor Market Trends Could Continue to Generate Enrollment Pressure. Economic factors can also contribute to enrollment pressure at CCC. California's labor market has been weak over the past few years, with the unemployment rate generally increasing over this period. Under our office's projections, unemployment continues to increase from an estimated 5.8 percent in 2025-26 to 6.3 percent in 2026-27. This trend could lead more individuals to enroll in college while the labor market remains weak.

Dual Enrollment Is Creating a New Kind of Enrollment Pressure. Beyond demographic and economic factors, some of the recent enrollment pressure at CCC is due to the state's efforts to expand college access to new populations—most notably high school dual enrollment students. This enrollment pressure is likely to continue into 2026-27. School and community college districts have a fiscal incentive to expand a particular model of dual enrollment called College and Career Access Pathways (CCAP), as both segments can generate funding for participating students. Over the years, the Legislature has enacted several bills further facilitating the expansion of CCAP, including most recently Chapter 789 of 2024 (SB 1244, Newman) allowing community college districts to establish partnerships with school districts outside their service area. (The Governor's budget includes \$100 million one-time Proposition 98 General Fund for school districts to expand dual enrollment partnerships. We discuss this proposal in [The 2026-27 Budget: K-12 Proposals](#).)

Recommendation

Prioritize Funding Enrollment Growth Beginning in 2026-27. Given that many districts are already exceeding their current-year growth targets and that certain factors could generate further enrollment pressure in the budget year, we recommend the Legislature treat enrollment growth as a priority for ongoing Proposition 98 funding. Depending on the amount of ongoing funding available, the Legislature could consider supporting a higher or lower amount of growth than the Governor proposes. Regardless of the amount of growth, we recommend the Legislature begin providing the funds in 2026-27. Revising the 2025-26 growth target as the Governor proposes could create an incentive for districts to disregard the state's enrollment targets in the future, potentially leading to growth beyond the level the state can support.

Staff Recommendation. Hold Open.

Issue 5: Calbright College

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office
Ajita Talwalker Menon, President, Calbright College
Edward Lee, Chief Financial Officer, Calbright College
Phillip Osborn, Department of Finance
Jessica Holmes, Department of Finance
Lisa Qing, Legislative Analyst's Office

Proposal. The Governor's budget includes \$38 million ongoing Proposition 98 General Fund to support the college's operating costs as it transitions out of its startup period. The Administration further indicates that it intends to provide an annual COLA for the college beginning in 2027-28. There is no provisional or trailer bill language associated with this proposal.

Background.

State Funding. The Budget Act of 2018 established an online community college district overseen by the systemwide Board of Governors, consisting of one college, now known as Calbright College. Under statute, Calbright's objective is to provide flexible online programs that lead to industry-valued credentials, particularly for working adults not currently accessing higher education. Statute also directs Calbright to use competency-based education, a model in which students progress through programs at their own pace according to how quickly they master the content. Statute expresses legislative intent that Calbright "create unique content and deliver it in a manner that is not duplicative of programs offered at other local community colleges.

As part of the budget actions taken to establish Calbright College, the state provided \$100 million one-time Proposition 98 General Fund for startup activities and \$20 million ongoing. One-time funds were intended for various purposes including developing a business plan, establishing administrative processes, preparing for accreditation and scaling efforts. Ongoing funds were intended to support employee salaries and benefits, professional development, technology licensing and maintenance, and other operating expenses. In 2020-21, in response to a projected decrease in state revenues at the start of the pandemic, the state reduced funding for Calbright. Specifically, it lowered Calbright's ongoing funding level to \$15 million, while also sweeping \$40 million in unspent funds previously allocated to the college.

Seven-Year Startup Period. Statute established various milestones for Calbright to meet during this startup period, which was scheduled to last from 2018-19 through 2024-25. Most notably, these milestones included enrolling students by the last quarter of 2019; designing and validating at least 16 programs by July 1, 2023; and receiving accreditation by April 1, 2025. Calbright is required to report by August 1 annually on its progress toward these milestones. In addition, statute directs the Board of Governors to submit an independent evaluation of the college by January 1, 2026, shortly after the completion of the start-up period. The Chancellor's Office overlooked this deadline and is currently working to get a contract in place for the evaluation to begin.

Calbright Received Accreditation in 2023. In July 2023, Calbright received accreditation from the Distance Education Accrediting Commission (DEAC), an organization that specializes in accrediting primarily online institutions. DEAC accredits 18 other institutions in California, all of which are private for-profit or nonprofit institutions. (The other community colleges are accredited by the Accrediting Commission for Community and Junior Colleges.)

Calbright Currently Offers Ten Noncredit Certificate Programs. As the figure below shows, these programs are primarily in the information technology (IT) and business sectors. The programs are designed to be short term. For each program, Calbright provides an estimated time to completion that generally ranges from between 8 weeks to 34 weeks, assuming ten hours per week of study. Students, however, may set their own pace, as long as they complete within a maximum of three years. Upon completion, students receive a noncredit certificate. Although statute does not limit Calbright to noncredit programs, all of the programs it currently offers are noncredit. In addition to the ten current programs, Calbright indicates it has designed and validated eight other programs that it plans to launch over the next couple of years.



Source: Legislative Analyst’s Office - The 2026-27 Budget: California Community Colleges

Enrollment Has Increased Notably Over Past Few Years. Calbright enrolled its first students in October 2019. As Figure 11 shows, Calbright got off to a somewhat slow start, but student headcount has ramped up in recent years. On June 30, 2025, Calbright enrolled 7,660 students—an increase of 67 percent over the previous year. Currently, the state does not have reliable data on the number of FTE students at Calbright. While other districts report their FTE student counts based on established attendance accounting methods used for budgetary purposes, Calbright does not submit such data. (Although the Chancellor’s Office’s DataMart platform includes estimated FTE student counts for all districts, including Calbright, those reflect only estimates. These estimates are based on a different methodology that might yield different results from established attendance accounting methods, particularly for noncredit asynchronous online programs.)

Calbright's Enrollment and Completions Ramped During Startup Period

	2020	2021	2022	2023	2024	2025
Student headcount ^a	545	487	1,076	2,875	4,582	7,660
Award completions ^b	33	43	109	248	639	1,019

^aReflects students enrolled on June 30 of each year, as reported in Calbright's annual milestone reports.

^bReflects data for each calendar year, based on data provided by Calbright in February 2026.

Source: Legislative Analyst's Office - The 2026-27 Budget: California Community Colleges

Legislative Analyst's Office.

Assessment

Calbright Has Made Progress Toward Statutory Goals. The state created Calbright to provide more flexible higher education options for working adults. During its startup period, the college generally made progress toward this objective, meeting key milestones related to enrolling students, designing and validating programs, and receiving accreditation. It also has seen substantial increases in enrollment and completions over the past few years.

Certain Questions Remain Around Calbright's Programs, Enrollment, and Outcomes. Although statute requires that Calbright not duplicate programs at local community colleges, its offerings are similar in some ways. Some of its largest programs (including IT support and data analysis) are in subject areas commonly taught at local community colleges and often taught online. In these cases, the main factor differentiating Calbright's programs is their competency-based format, which remains uncommon at other colleges. Regarding Calbright's students, the evidence is mixed as to how well the college is reaching its target population of working adults not already accessing higher education. While the college is primarily enrolling working-age students, many of these students already have bachelor's degrees. Furthermore, it is difficult to assess student outcomes. Although Calbright collects data on completion rates, employment, and earnings, its metrics are not comparable to those reported by other community colleges.

Questions Also Remain Around Calbright's Cost-Effectiveness. It is also difficult to assess the cost-effectiveness of Calbright's model, as we cannot determine how much the college is spending per student without a reliable FTE student count. We can, however, use systemwide data on certificates and degrees awarded to estimate how much the college is spending per award completed. In 2024-25, we estimate that Calbright spent about \$53,000 per award completed, compared to about \$35,000 across other community colleges. (These amounts include spending from both ongoing and one-time funds.) Spending per award was notably higher at Calbright, even though its awards are shorter term. This raises questions about Calbright's cost-effectiveness, at least at its current scale and completion rates.

Proposed Funding Level Lacks Clear Rationale. Under the Governor’s budget, Calbright’s proposed ongoing funding level is \$53 million. Calbright indicates the amount is based on its estimates of the ongoing operating costs needed to maintain its core functions, including instruction, student support, research and development, and administrative activities. The proposed funding level, however, is high relative to Calbright’s recent spending. Specifically, it is 23 percent higher than Calbright’s current-year spending level (and 16 percent higher than its prior-year spending level, before it made any budget reductions).

Proposed Funding Approach Lacks Accountability and Incentives. Under the Governor’s proposal, the state would provide Calbright with funding that is not tied to any specific expectations, beyond the college’s original statutory objectives. Importantly, the Governor’s proposal does not link Calbright’s funding to an enrollment target. Thus, Calbright would have no incentive to maintain or increase enrollment under the proposed approach. Its funding level moving forward would remain the same (aside from any COLA) regardless of how many students it serves. Similarly, the administration’s proposal does not link funding to student outcomes, such that Calbright would have no fiscal incentive to improve these outcomes. This approach is much less transparent and provides less accountability than the state’s approach to funding other community college districts, which generate funding through SCFF. Additionally, while there was some initial justification for providing Calbright with categorical funding to account for the unique cost structure of a startup institution, the justification is less clear now that Calbright’s startup period has ended.

Recommendations

Recommend Transitioning Calbright to SCFF. Now that Calbright’s startup period has ended, we recommend beginning to fund the college through SCFF, as statute originally envisioned. Such an approach links funding with enrollment, provides a known funding rate per student, and treats Calbright consistently with other districts. While this approach would lead to a different funding level than the Governor proposes, we cannot provide a reliable estimate without better data on Calbright’s FTE student count. To give the Chancellor’s Office time to work through this attendance accounting issue and other implementation barriers, the Legislature could adopt trailer bill language specifying that Calbright shall be funded under SCFF beginning in 2027-28. In the meantime, if the Legislature wishes to maintain Calbright’s current service level in 2026-27, it could consider providing one-time funding for this purpose. Sustaining Calbright’s current-year spending level for another year would require \$28 million in one-time funding, on top of existing ongoing funding. This is somewhat less than the \$38 million ongoing increase the Governor proposes.

Consider Revisiting Noncredit Funding Approach Under SCFF. Unlike funding for credit courses, funding for noncredit courses is based entirely on enrollment under SCFF. Given that all of Calbright’s programs are currently noncredit, funding Calbright through SCFF still would not create any incentives for the college to improve student outcomes. In the future, the Legislature may wish to consider revisiting this broader approach to noncredit funding. In particular, we encourage the Legislature to link a portion of noncredit funding to performance, as we discuss in [Redesigning California’s Adult Education Funding Model](#). Doing so would improve incentives for all colleges, including Calbright, to improve student outcomes in noncredit programs.

Continue to Monitor Calbright. Though Calbright met key statutory milestones during its startup period, the Legislature likely will want to continue closely monitoring the college's enrollment, program offerings, spending, and outcomes over the next few years. Whether the Legislature chooses to fund Calbright through SCFF or through other means, it will have an opportunity to review the college annually as part of the regular budget process. In particular, statute indicates the Legislature is to make Calbright enrollment growth decisions as part of the annual budget process. The Legislature also will be better positioned to assess the college's cost-effectiveness once a consistent methodology is applied to its attendance accounting. In addition, the Legislature likely will have better information on the college's student outcomes and overall performance once the statutorily required independent evaluation of Calbright has been completed. Continued monitoring will help determine whether Calbright is providing cost-effective service to its target population.

Staff Recommendation. Hold Open.

Issue 6: Student Housing Grant Program Update

Panel.

Chris Ferguson, California Community Colleges Chancellor's Office

Ethan Schroeder, Department of Finance

Ali Wildman, Department of Finance

Lisa Qing, Legislative Analyst's Office

Background. The Budget Act of 2021 established the Higher Education Student Housing Grant Program to support the planning and construction of affordable student housing across the three public higher education segments and provided colleges and universities the opportunity to apply for student housing grants.

The Budget Act of 2022 provided California Community Colleges with \$564.5 million for construction grant and \$17.9 million for planning grants. This funded 70 planning grants and identified 12 construction projects for state funding, which include 11 housing projects at community college campuses and one intersegmental project between the CCCs and California State University. In addition, trailer bill legislation transitioned administrative oversight of the program to the California Community Colleges Chancellor's Office (Chancellor's Office).

The Budget Act of 2023 identified four projects to be constructed on community college campuses and three intersegmental housing grants with University of California (UC) campuses. Overall, the budget provided \$463.8 million for these projects. In addition, the budget act shifted construction grant funding sourced from the General Fund to lease-revenue bond funding. Under this new framework, intersegmental student housing projects are designated to be funded through revenue bonds issued by UC or California State University's (CSU) system offices.

Subsequent amendments to the Budget Act of 2023 provided the following:

- Ongoing annual rental subsidies for the provision of affordable student housing rental rates for approved community college projects.
- A commitment to identify a statewide lease revenue bond or other statewide financing or fiscal approach be developed and included to support California community college affordable student housing projects.

The Budget Act of 2024 established a Statewide Lease Revenue Bond (SLRB) as the financing framework to support selected affordable student housing projects. It authorized the California State Public Works Board to issue \$804.7 million through the SLRB for thirteen student housing projects identified in the previous two budgets. The four intersegmental student housing projects are funded through revenue bonds issued by UC or CSU's system offices. Due to the advanced status of the development of Napa Valley College and Santa Rosa Junior College's housing projects, they received state funding, but the projects are not included in the SLRB. The budget also included trailer bill language for the SLRB, which details the roles of the State Public Works Board, CCC Board of Governors, and the district participating in the program as well as the requirement of operating agreements to be developed between these entities for each project.

The Budget Act of 2025 maintained the financing structure of the SLRB, however it transitioned one intersegmental project between the Cabrillo Community College District and University of California, Santa Cruz to utilize Proposition 2 bond funds.

California Community Colleges Student Housing: Bed Counts and Project Status

District	Campus	Total Bed Count	Affordable Bed Count	Construction Completion Date
Cabrillo CCD	Cabrillo College	624	376	7/31/2027
Cerritos CCD	Cerritos College	396	396	5/5/2028
Compton CCD	Compton College	250	250	4/15/2027
Imperial Valley CCD	Imperial Valley College	40	40	7/31/2026
Lake Tahoe CCD	Lake Tahoe Community College	100	100	Complete
Los Rios CCD	Cosumnes River College	147	147	TBD
Merced CCD	Merced College	488	191	11/30/2026
Napa Valley CCD	Napa Valley College	588	135	Complete
Redwoods CCD	College of the Redwoods	181	181	4/1/2028
Riverside CCD	Riverside City College	1,553	326	Complete
San Mateo County CCD	College of San Mateo	312	310	8/1/2027
Sierra Jt. CCD	Sierra College	348	348	10/1/2025
Siskiyou Jt. CCD	College of the Siskiyous	161	161	12/27/2027
Sonoma County JCD	Santa Rosa Junior College	350	70	Complete
State Center CCD	Fresno City College	350	350	6/30/2028
Ventura County CCD	Ventura College	290	290	7/31/2027
	Total	6,178	3,671	

Source: California Community College Chancellor's Office – December 2025

As of the writing of this agenda, San Diego Community College District and Santa Clarita Community College District have taken formal actions to withdraw their projects from the program, with Kern Community College District indicating they are in the process of determining their potential withdrawal.

According to the Administration and the Community College Chancellor's Office, a total of \$218.2 million in project bond financing authority remains unallocated in the program, with an additional \$60.2 million being made available if Kern Community College District withdraws from the program. This is due to \$81.3 million being previously never allocated and \$61.9 million and \$75 million being made available from the withdrawals of the San Diego and Santa Clarita Community College Districts, respectively.

Staff Comment. Given that unallocated bond authority remains within the Higher Education Student Housing Grant Program for Community Colleges, the subcommittee may wish to consider utilizing those unallocated funds for expansion of the program.

Staff Recommendation. Informational Item Only.

Issue 7: Governor’s Budget Proposals

Panel.

Chris Ferguson, California Community Colleges Chancellor’s Office
 Phillip Osborn, Department of Finance
 Jessica Holmes, Department of Finance
 Lisa Qing, Legislative Analyst’s Office

Background. The Governor’s budget includes various proposals for one-time and ongoing Proposition 98 General Fund spending related to California Community Colleges. Those are detailed below.

COLA for Select Categorical Programs. The Governor’s Budget proposes \$31 million ongoing Proposition 98 General Fund to provide seven CCC categorical programs with a 2.41 percent COLA.

Governor’s Budget Includes Increases for Select Categorical Programs
Reflects Funding for 2.41 Percent COLA (In Millions)

Program	Cost
Adult Education Program	\$16.1
Extended Opportunity Programs and Services	5.4
Disabled Student Programs and Services	4.3
Apprenticeship programs	2.4
CalWORKs student services	1.4
Mandates Block Grant	1.0
Campus child care support	0.1
Total	\$30.6

COLA = cost-of-living adjustment.

Healthy School Foods Pathway Program. The Governor’s budget proposes \$14 million ongoing Proposition 98 General Fund to support the Healthy School Foods Pathway (HSFP) program.

In 2022, a nonprofit organization called the Chef Ann Foundation launched HSFP to train K-12 school food service staff in “scratch cooking,” or preparing meals using fresh, unprocessed ingredients. The initiative has three main components: (1) a 7-week pre-apprenticeship program that introduces participants to scratch cooking, (2) a 9-month apprenticeship program for pre-apprenticeship completers interested in furthering their skills, and (3) a 13-month fellowship program for experienced school food professionals interested in leadership skills. Each program involves a combination of paid hands-on learning at a host school district, as well as online courses provided by the nonprofit and a partnering research institute. Both the pre-apprenticeship and

apprenticeship programs are approved by DAS. As the figure below shows, more than 1,400 California participants have enrolled in the three programs to date, with the majority enrolling in the pre-apprenticeship program.

Most HSFP Participants Are in Pre-Apprenticeship Program

Number of California Participants

	2022-23	2023-24	2024-25	2025-26	Total
Pre-apprenticeship program	47	255	500	294 ^a	1,096
Apprenticeship program	3	16	81	180	280
Fellowship program	13	11	12	12	48
Totals	63	282	593	486^a	1,424

^aPre-apprenticeship data reflects fall 2025 cohort. A second cohort is expected in spring 2026.

HSFP = Healthy School Food Pathways.

The Budget Act of 2022 provided \$45 million one-time Proposition 98 General Fund to the CCC for the program. Provisional language specified that the funds were intended to support HSFP costs over a three-year period.

The Budget Act of 2025 provided an additional \$10 million one-time Proposition 98 General Fund for HSFP. Based on data provided by the administration, these appropriations are the primary funding source for HSFP. The fellowship program has also received about \$1 million in other state funds, primarily through a grant from the California Workforce Development Board’s High Road Training Partnerships initiative. In addition, HSFP is receiving a small amount of reimbursements through federal workforce development programs.

Legislative Analyst’s Office.

Assessment

Rationale for Designating Funding for HSFP Is Weak. Although there is some evidence of high vacancy and turnover among school food service staff, it is unclear whether the root cause of those problems is insufficient training, as opposed to other factors such as low wages or part-time hours. Moreover, if additional training is needed, the administration has not provided justification for selecting this particular set of programs. Notably, the state typically does not designate ongoing funding for specific pre-apprenticeship and apprenticeship programs in the budget. Instead, other programs apply for funding through competitive processes (as under the CAI) or as reimbursement for services provided (as under the RSI program).

HSFP Has Unusually High State Costs. Based on data provided by the administration, \$26 million in state funding for HSFP has been spent to date. As the figure below shows, the majority of this spending has gone toward contracted services, management, and indirect costs. Curriculum and training costs account for a small share (less than 10 percent) of the reported expenses. Across all expense types, we estimate the state cost per HSFP participant has been about

\$13,700 for pre-apprentices and about \$32,900 for apprentices. For comparison, state costs are much lower under CAI, which in recent rounds has provided grantees with a maximum of \$2,500 per pre-apprentice and \$15,000 per apprentice. State costs are even lower in the RSI program, which under the current reimbursement rate would provide only \$1,486 per apprentice for a program comparable to HSFP.

Bulk of HSFP Spending Is Related to Program Administration

Proposition 98 General Fund (In Millions)^a

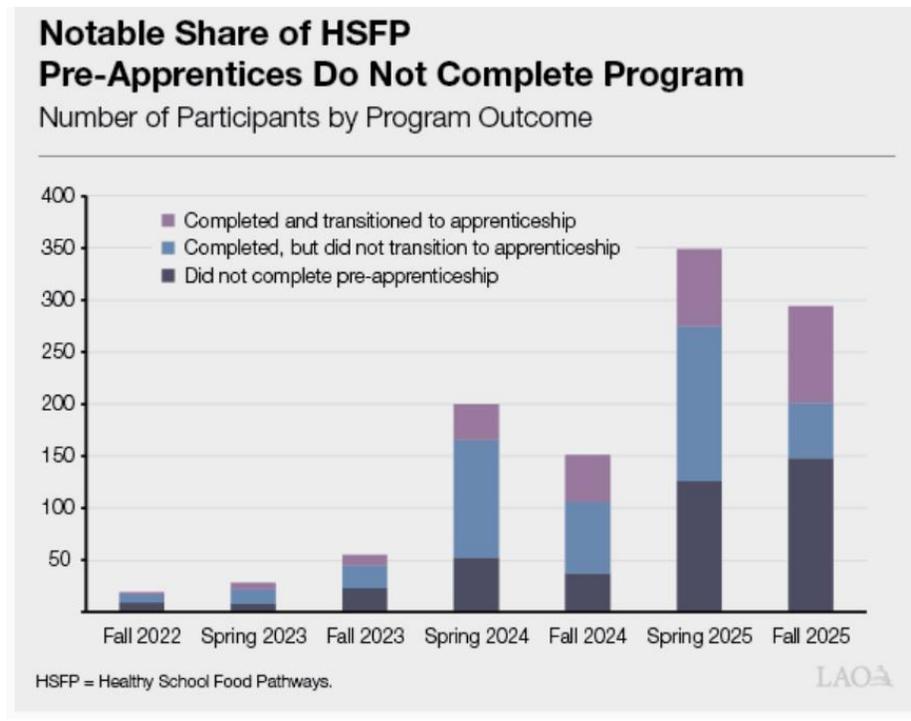
Expense Type	Amount
Contracted services ^b	\$10.4
Management	7.3
Indirect costs	3.5
Curriculum, training, and engagement	2.2
Participant wages and support	2.0
Program evaluation	0.4
Total	\$25.8

^aReflects spending from the 2022-23 Budget Act allocation for this program, as of February 2026.

^bIncludes marketing campaign, recruitment, technology, and other expenses.

HSFP = Healthy School Food Pathways.

HSFP Outcomes Are Mixed. The figure below shows the outcomes of California participants who enrolled in the HSFP pre-apprenticeship program since fall 2022, based on data provided by the administration. Across the seven cohorts, 63 percent of those who enrolled in the seven-week pre-apprenticeship program went on to complete it. This is somewhat lower than the statewide completion rate across all pre-apprenticeship programs, which has fluctuated between 64 percent and 76 percent over the past four years, based on DAS data. Only 38 percent of those who completed the HSFP pre-apprenticeship program subsequently transitioned to the HSFP apprenticeship program. (Comparable data on transition rates is not available for other California programs.) Relative to the HSFP pre-apprenticeship program, the HSFP apprenticeship program has a higher completion rate of 72 percent. This is somewhat higher than the statewide completion rate across all apprenticeship programs, which was 63 percent across the past five-year period, based on DAS data. (The DAS data includes programs of longer duration, such that the completion rates are not exactly comparable.)



Evaluation of HSFP Is Underway. A research organization called the Food Insight Group is currently evaluating HSFP in California. In April 2025, it released an interim report based on surveys of participants and host school districts. Due to its timing, the report primarily focuses on short-term outcomes, such as program satisfaction and self-reported knowledge gains. Regarding workforce outcomes, 77 percent of pre-apprentice respondents and 71 percent of apprentice respondents reported being employed in school food service at the time of the alumni survey (which for most respondents was less than one year after program completion). The administration anticipates that a more comprehensive final report will be completed at the end of 2026.

Previous Funding Remains Available. As of February 2026, a combined \$27 million across the two previous allocations for HSFP remains unspent. (Of the original 2022-23 appropriation, \$1.8 million was reappropriated for other purposes in the 2025-26 budget.) The administration indicates that an estimated \$6 million will be spent this spring, leaving \$21 million available for expenditure in future years. This amount could fully cover program costs in 2026-27, making additional funding unnecessary in the budget year.

Recommendation

Reject Proposal. Given the issues above, we recommend rejecting the Governor’s proposal to provide ongoing funding for HSFP. The information currently available on HSFP raises questions about whether it is likely to be an efficient and effective way to address school food service staffing challenges. Furthermore, previous funding remains available to cover HSFP costs in the budget year.

Common Cloud Data Platform. The Governor’s Budget proposes \$36 million one-time Proposition 98 General Fund, and \$5 million ongoing Proposition 98 General Fund for the Common Cloud Data Platform. This proposal includes trailer bill language codifying the project as well as requiring the Chancellor’s Office to submit an interim report on the project by March 31, 2027 and a final report on January 31, 2029.

In October 2023, the Chancellor’s Office launched a project called the Common Cloud Data Platform. The goal of the project is to develop a platform through which the Chancellor’s Office and participating districts could share student data on a “near real-time” basis. By making the sharing of student data easier, the project is intended to streamline systemwide reporting processes. In addition, by providing access to data that is more timely and more complete (spanning multiple districts), the Chancellor’s Office suggests the project could improve decision-making and student support.

In 2023-24, the Chancellor’s Office launched the Common Cloud Data Platform. Using \$10 million Proposition 98 General Fund set aside from the Student Equity and Achievement Program. (Statute authorizes the Chancellor’s Office to designate up to 5 percent of funding for that program for systemwide activities each year.)

The Budget Act of 2025 provided an additional \$12 million one-time Proposition 98 General Fund for the Common Cloud Data Platform. It also included reporting requirements that direct the Chancellor’s Office to submit a report containing an implementation update on the platform and a plan for its further development and expansion by January 15, 2026. They further direct CDT and the Department of Finance to review that report and submit associated recommendations to the Legislature by March 31, 2026. As of this writing, the first report has been submitted, and the second report is in progress.

Legislative Analyst’s Office.

Assessment

Activities From Second Round Are Still in Early Stages. The Chancellor’s Office recently began spending the funds provided in last year’s budget for the Common Cloud Data Platform. These funds are intended to support activities through 2027 28. At this early stage, the outcomes of the activities are uncertain. For example, the Chancellor’s Office has not yet determined whether the reporting functionalities supported by these funds are viable for systemwide deployment. According to the January 2026 report, it intends to make this determination at the end of 2026 27, based on the results of the testing that is underway with the first two cohorts of participating districts.

Notable Uncertainty Around Whether All Districts Will Participate. In addition to technical viability, another source of uncertainty currently facing the project is district participation. This could have a large impact on the project’s benefits, as the new platform can only replace existing systemwide reporting processes if all districts participate. This would require expanding the platform from the 13 districts in the first two cohorts to all 73 districts systemwide. At this time, the Chancellor’s Office indicates seven additional districts have expressed interest in participation.

Some districts, however, have expressed concerns around the workload or other operational costs associated with participating in the project.

Scope and Cost of Additional Activities Are Not Yet Known. At this stage of the project, certain key details relating to the proposed third round of funding are still being determined. Broadly, the Chancellor's Office indicates the funding would be used for several purposes, including maintaining project infrastructure, enhancing reporting and analytics capabilities, and integrating additional technology tools. Based on the January 2026 report, the specific scope of activities will be confirmed after additional project milestones are completed. Relatedly, the cost of these activities is still being determined, with the Governor's budget proposal based on preliminary estimates. The Chancellor's Office indicates it will refine these estimates as the project progresses and more information becomes available on final deliverables, vendor pricing, and ongoing operational needs.

Need for Ongoing State Funding Is Unclear. Several of the project's objectives, including streamlining administrative processes and improving districts' stewardship of resources, are likely to lead to ongoing savings across the system. Without better information quantifying these savings, it is unclear whether any ongoing augmentation is needed for the project. Instead, districts and the Chancellor's Office could redirect their savings toward covering all or part of the ongoing maintenance of the platform.

Recommendation

Reject Proposal at This Time and Strengthen Reporting Requirements. Given the concerns above, it would be premature to provide a third round of funding for the Common Cloud Data Platform at this time, particularly if it contains ongoing funding. The second round of funding provided in last year's budget could support the project through 2027-28, at which point more information will be available on the project's outcomes to date and the additional costs of completing it. Based on that information, the Legislature could consider a future funding request for 2028-29. To inform this decision, we recommend extending the reporting requirements from last year's budget for two more years while the second round of funding is being spent. Under this approach, the Chancellor's Office would submit implementation updates by January 15, 2027 and January 15, 2028, and CDT and the Department of Finance would submit their associated recommendations by March 31 of both years. Compared to the reporting requirements in the proposed trailer bill, this approach would provide the Legislature with more frequent and timely updates on the project as well as the benefits of external oversight.

Credit for Prior Learning. The Governor's budget proposes \$35 million one-time Proposition 98 General Fund and \$2 million ongoing Proposition 98 General Fund to support Credit for Prior Learning (CPL). It also includes trailer bill language to codify the program. The Chancellor's Office indicates the proposed ongoing funds, when combined with the 2025-26 ongoing funds, would fully cover operating costs for the systemwide CPL initiative. If approved, one-time funds from 2025-26 and 2026-27 would be used to additional local implementation grants to colleges allocated based on attainment of CPL-related outcomes.

CPL refers to the awarding of college credit for skills learned outside of college courses. This typically consists of skills learned through work or military experience, though it may also include skills learned in other academic settings (such as high school Advanced Placement courses). Some research has found that students who receive CPL are more likely to complete certificates or degrees and do so in less time, compared to their peers. Accordingly, CPL is often presented as a way to accelerate degree completion and reduce costs for students.

Under systemwide regulations, all community college districts are required to have a policy for students to earn CPL. Nonetheless, the Chancellor’s Office indicates that CPL has not been implemented at scale at most colleges in the system. The Chancellor’s Office does not have reliable data, however, on the amount of CPL awarded. Colleges are currently reporting this data in two different platforms, yielding two very different data sets that are both likely incomplete. Based on one data set, colleges awarded CPL to a total of about 40,900 students, of whom 2,100 (5 percent) were military or veteran students, in 2024-25. Based on the other data set, colleges awarded CPL to a total of about 17,500 students, of whom 8,100 (46 percent) were military or veteran students, in that same year. In both data sets, students earned on average about five to seven units through CPL—roughly the equivalent of two typical college courses.

Legislative Analyst’s Office.

Assessment

Proposal Might Not Address Key Barriers to Expanding CPL. Each year, hundreds of thousands of new students enter the CCC system with prior learning from many types of work experiences. Currently, the system does not have consistent rules for equating each type of experience to certain course credit. Though some faculty work groups have been established, their recommendations for translating students’ prior learning into college credit are still under development. Moreover, the extent to which colleges will in turn adopt these recommendations remains to be seen. Under the current plan, faculty at each college will make these decisions locally, very likely resulting in inconsistent implementation across colleges. Furthermore, colleges interested in implementing recommendations might not have the staff or technological capacity to do so. This could limit their ability to proactively identify students eligible for CPL or respond to student requests for CPL. It is unclear whether providing small amounts of largely one-time funding for CPL can resolve the underlying barriers to bringing this practice to scale across the system.

Outcomes of Previous Rounds of Funding Are Not Yet Known. In the report due January 31, 2028, the Chancellor’s Office is expected to discuss the extent to which the CPL initiative is meeting its objectives—including implementing systemwide credit recommendations, designing systemwide processes to identify eligible students, and developing a systemwide technology infrastructure to facilitate the awarding of credits. This information would help the Legislature better understand how well the initiative is addressing the barriers to scaling CPL. In the meantime, the Legislature has little information on the initiative’s outcomes. It does not yet have complete and accurate data on the awarding of CPL across the CCC system. Moreover, it does not know whether CPL is having the intended policy impacts, including increasing completion rates and reducing time to degree. The Chancellor’s Office indicates it is working with districts to improve data collection around these topics. This data is also expected to be part of the 2028 report.

Existing Funding Remains Available to Support CPL. Under the Chancellor’s Office spending plan for CPL funds, the previous rounds of funding could cover the systemwide initiative’s operating costs through 2029-30. In addition, these previous rounds are supporting local implementation grants that will be available to colleges through 2027-28. Beyond this targeted funding for CPL, the state provides funding for broader categorical programs that colleges could use to further support CPL efforts. These include the Student Equity and Achievement Program, which provides \$524 million ongoing for student support services, and the Strong Workforce Program, which provides \$290 million ongoing for career technical education. Notably, Strong Workforce Program statute explicitly encourages colleges to develop workforce training that applies CPL. Given these various existing fund sources, there is not justification for additional funding for this purpose in 2026-27.

Recommendation

Reject Proposal at This Time. Given the concerns above, we recommend rejecting the Governor’s proposal to provide additional funding for CPL. The Legislature will have better information on the outcomes of previous funding rounds after the Chancellor’s Office submits the report due by January 31, 2028. We think it would be premature to provide additional funding for this purpose before that information is available. Upon receiving the statutorily required report, the Legislature could reassess the likelihood that the initiative could be taken to scale successfully, and, if so, how much additional funding for CPL to provide. Even with no additional funding over the next few years, the system would continue to implement its CPL efforts using previous rounds of funding.

Deferred Maintenance. The Governor’s Budget proposes \$121 million one-time Proposition 98 General Fund to support deferred maintenance needs at the California Community Colleges. According to the 2026-27 Five-Year Capital Outlay Plan published by the Chancellor’s Office in October 2025, the CCC has a \$2.2 billion backlog of systemwide deferred maintenance needs over the five-year period from 2025-26 through 2028-29.

Student Support Block Grant. The Governor’s budget proposes an additional \$100 million one-time Proposition 98 General Fund to support the Student Support Block Grant established as part of the Budget Act of 2025. Allowable uses of block grant funds include:

- Assistance to students with food, housing, transportation, and other basic needs.
- Childcare subsidies or other assistance for student parents.
- Financial aid advising or academic counseling.
- Legal and other support services.
- Mental health services.
- Job placement, work-based learning, or reemployment support.

Consistent with the formula established in the Budget Act of 2025, the following calculations would be used in determining each district’s allocations:

1. Base Allocation: \$150,000 per college within each district

2. Remaining funds distributed based on equal weighting of the following two measures for the most recent fiscal year in which the data is considered final (2023-24):
 - a. Total student headcount
 - b. Combined count of students receiving:
 - California College Promise Grant (fee waivers under Ed Code §76300)
 - Exemptions from nonresident tuition (under Ed Code §68130.5)

Apprenticeship Related and Supplemental Instruction (RSI) Costs Backfill. The Governor’s budget includes \$13.4 million one-time Proposition 98 General Fund to backfill apprenticeship RSI costs in 2024-25 and 2025-26. The RSI Hourly Reimbursement program utilizes Proposition 98 funding to reimburse apprenticeship programs for the hours of RSI they provide to apprentices. Related and Supplemental Instruction (RSI) refers to the classroom instruction associated with an apprenticeship.

2024-25 Proposition 98 Funding Shift. The Governor’s budget includes a one-time shift of \$391 million Proposition 98 General Fund to the Community Colleges and away from TK-12 schools in 2024-25. Under this proposal, the percentages would be 11.26 percent for community colleges and 88.74 percent for TK-12 schools. Historically, the state has allocated 10.93 percent for community colleges and 89.07 percent for TK-12 schools.

TK-12/CCC Proposition 98 Split			
(Dollars in Millions)			
	2024-25	2025-26	2026-27
Total P98 GF Appropriations and Property Taxes	123,833	121,420	125,480
Less: TK-14 - Adult Education	-659	-674	-690
Less: Prop 28	-907	-1,045	-1,067
Less: Transitional Kindergarten ^{1/}	0	-1,941	-2,157
Less: Public School System Stabilization Account	-3,845	-664	0
Less: Settle-Up	0	-5,560	0
Less: TK-12 Strong Workforce	-164	-164	-164
Less: Other Agencies	-92	-98	-100
Less: Adults in Correctional Facilities	-9	-9	-9
Total Proposition 98 Used for Split	118,156	111,264	121,293
CCC - GF Appropriations	8,971	7,603	8,473
CCC - Local Revenues	4,335	4,558	4,785
Total CCC	13,306	12,161	13,257
CCC Share	11.26%	10.93%	10.93%
TK-12 - GF Appropriations	77,456	69,714	77,217
TK-12 - Local Revenues	28,302	29,389	30,819
Total TK-12	105,758	99,103	108,035
TK-12 Share	88.74%	89.07%	89.07%
<small>1/ The 2025 Budget Act removes transitional kindergarten rebench funding from the 2025-26 split calculation.</small>			

Source: Department of Finance: TK-14 Facts and Figures – 2026-27 Governor’s Budget

According to the Administration, this alteration of the historical split percentages is proposed to repay community college deferrals and fund all other community college spending proposals.

Staff Comment: Staff notes the Community College portion of the Proposition 98 budget is constricted in part due to ongoing cost pressures related to enrollment growth and actions in the 2025 Budget Act that shifted costs related to Transitional Kindergarten outside of the split of Proposition 98 funds that are distributed to the TK-12 system and the California Community Colleges. This effectively shifts more funds to TK-12 schools and less to California Community Colleges within the Proposition 98 Guarantee on an ongoing basis. Community Colleges are receiving \$235.8 million less in 2026-27 as a result of that action. Over a five-year period, beginning in 2025-26 through 2029-30, Community Colleges will have lost about \$1 billion in total funding.

Staff Recommendation. Hold Open.