



April 2, 2025

Dear Cerritos College Campus Community,

I am writing to provide an overview of the latest developments regarding California's state budget for the 2025-2026 fiscal year and its implications for community colleges, particularly in relation to Proposition 98 funding.

#### **Proposition 98 Funding Overview**

Proposition 98 establishes a minimum funding guarantee for K-14 education, which includes both K-12 schools and community colleges. For the 2025-2026 fiscal year, the Governor's budget estimates the Proposition 98 guarantee at \$118.9 billion, reflecting a \$3.6 billion increase from the prior year. This increase is attributed to higher General Fund revenues and adjustments based on economic indicators.

#### **Details from Recent Budget Hearings and Implications for Community Colleges**

In recent weeks, both the Assembly Budget Subcommittee No. 3 on Education Finance and the Senate Budget and Fiscal Review Subcommittee No. 1 on Education have held hearings to examine Governor Newsom's 2025-26 budget proposal for education.

Key topics discussed with implications for community colleges include:

##### **1. Enrollment and Funding Equity**

- Legislators expressed concern over continued enrollment declines in the community college system, prompting questions about how funds should be distributed—especially to colleges serving disproportionately impacted student populations.
- The Governor's budget proposes 0.5% enrollment growth funding, but some legislators suggested reevaluating how this growth is allocated based on actual demand and recovery trajectories across districts.

##### **2. Apportionments and COLA**

- The 2.43% COLA (Cost of Living Adjustment) was broadly supported, but there were calls to ensure this increase is sufficient given rising inflation and regional cost disparities.
- Testimony from the Chancellor's Office emphasized that while COLA is welcome, rising operational costs are outpacing COLA adjustments.

##### **3. One-Time Investments in Technology**

- There was discussion about proposed one-time funds for systemwide infrastructure projects, including a \$168 million allocation for the Common Enterprise Resource Planning System and \$134 million for a shared Cloud Data Platform.
- Some legislators raised concerns about whether local colleges would have enough say in statewide tech initiatives and whether implementation timelines are realistic.

##### **4. Deferrals and Budget Stability**

- Several lawmakers in both houses asked about contingency plans in case of revenue shortfalls. Although no major deferrals are currently proposed, there is concern that economic volatility could lead to delays in disbursement or cuts in future years.

- The LAO and Department of Finance both flagged this budget year as one of caution, with the need for flexibility due to uncertain revenue outlooks.

## **5. Adult Education and Workforce Training**

- Legislators highlighted the growing importance of noncredit and short-term credential programs. Questions were raised about whether the budget adequately funds adult education consortia and community colleges' role in workforce development.

Please let me know if you have any questions,

Jose

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