

Governor's FY 2025-26 Proposed Budget



Board of Trustees Meeting
January 13, 2025

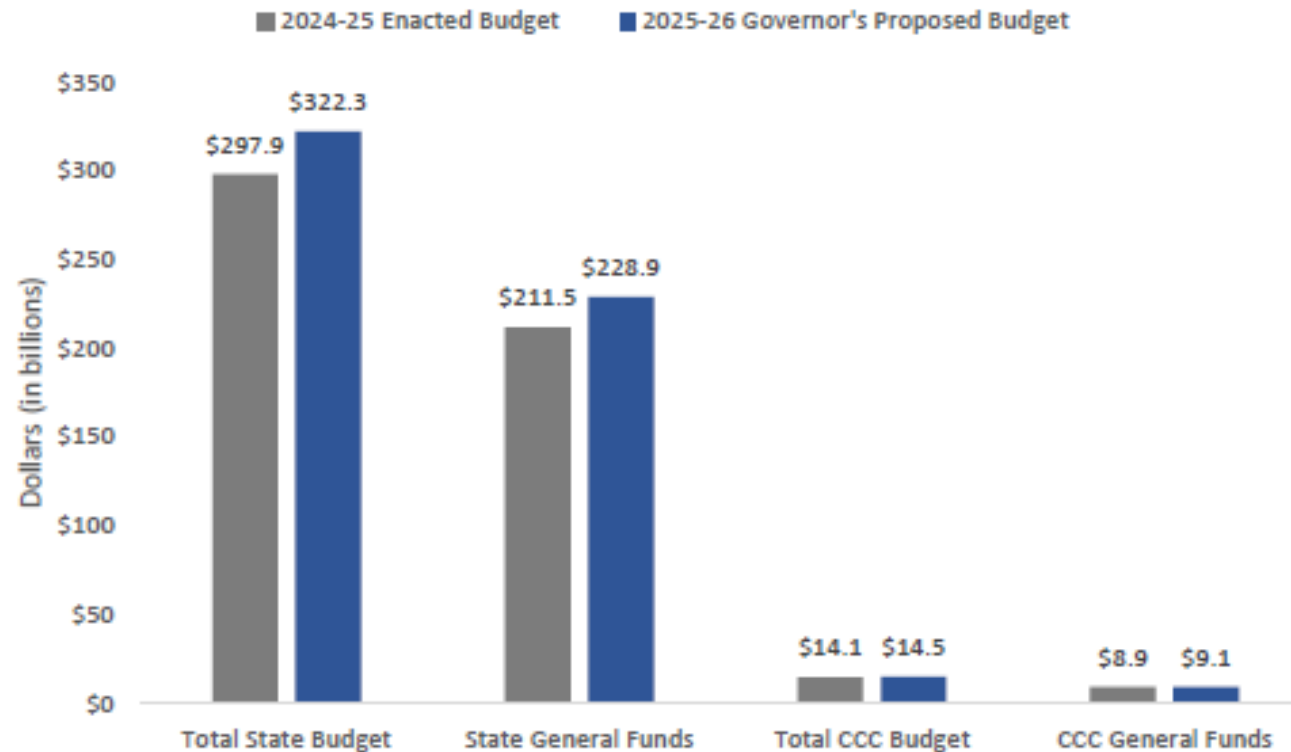
Iris Ingram, Vice Chancellor, Business Services

Governor's 2025-26 Budget Proposal

- Anticipated **balanced budget**
 - Revenues are \$16.5B above FY 2024-25
 - Total spending of \$322.2B
 - \$228.9B from General Fund
 - Surplus of \$363M (based upon 2024-25 budget agreement)
- **Revenues** are still considered “volatile”
 - Dependence on progressive tax system (high income earners)
 - Behavior of stock market
- Contributions to **Reserves** of \$16.9B
 - Budget Stabilization Account (Rainy Day Fund) - \$10.9B
 - Special Fund for Economic Uncertainties (SFEU) -\$4.5B
 - Prop 98 Reserve - \$1.5B

Summary of Key Changes

Figure 1: Proposed 2025-26 budget reflects increase of about \$24 billion from 2024-25 (dollars in billions).



Source: Joint Analysis: Governor's January Budget, January 10, 2025

Higher Education Funding

- Prop 98 guarantee calculated to be \$117.6B
- Increase of \$7.5B over 3 years since FY 2023-24, but a small reduction in FY2025-26
- Funding for CCC of \$21.1B
- COLA of \$230.4M or 2.43% applied to SCFF, apportionment funding, and selected categorical programs (\$16M)
- Enrollment Growth funded at 0.5%
- Prop 2 fund \$51.5M (one-time) allocated for critical infrastructure, facility modernization and enrollment growth projects for 28 colleges
- No funding for Deferred Maintenance
- \$168M for Statewide Technology Transformation
- \$162.5M for Statewide Common Data Platform
- \$100M (one time), \$7M (ongoing) for Expanded Credit for Prior Learning
- \$30M for Rising Scholars Program

Higher Education Expenditures
(Dollars in Millions)

	2023-24	2024-25	2025-26	Change from 2024-25	
				Dollars	Percent
University of California					
Ongoing General Fund	4,717.3	4,984.6	4,984.6	\$0.0	0.0%
One-Time General Fund	143.0	4.0	-	-\$4.0	
Total Funds ^{1/ 4/}	\$10,602.9	\$10,947.4	\$11,162.5	\$215.1	1.9%
California State University					
Ongoing General Fund	5,391.2	5,600.7	5,642.7	\$42.0	0.7%
One-Time General Fund	35.5	5.0	0.3	-\$4.7	
Total Funds ^{1/ 4/}	\$8,807.8	\$9,158.5	\$9,359.8	\$201.3	2.2%
California Community Colleges					
General Fund & Property Taxes ^{4/}	12,303.4	13,938.0	14,789.1	\$851.1	6.1%
Total Funds ^{3/}	\$21,336.2	\$21,524.3	\$21,160.6	-\$363.7	-1.7%
California Student Aid Commission					
General Fund ^{2/ 4/}	2,875.5	3,135.3	2,802.3	-\$333.0	-10.6%
Total Funds	\$3,304.0	\$3,557.3	\$3,222.7	-\$334.6	-9.4%
General Fund	\$24,829.8	\$27,660.3	\$28,393.9	\$733.7	2.7%
Total Funds	\$44,050.9	\$45,187.5	\$44,905.5	-\$282.0	-0.6%

^{1/} These totals include tuition and fee revenues and other funds the universities report as discretionary.

^{2/} General Fund expenditures for the Cal Grant program are offset by reimbursements, including approximately \$400 million in federal Temporary Assistance for Needy Families (TANF) funds received through an agreement with the Department of Social Services.

^{3/} Withdrawals from the Public School System Stabilization Account are reflected in this row.

^{4/} Savings resulting from Section 4.05 and/or Section 4.12 of the 2024 Budget Act are currently recorded as an unallocated statewide set-aside. As a result, this General Fund expenditure amount may reflect overstated expenditures.

Revenue Sources & Prop 98 Funding Growth

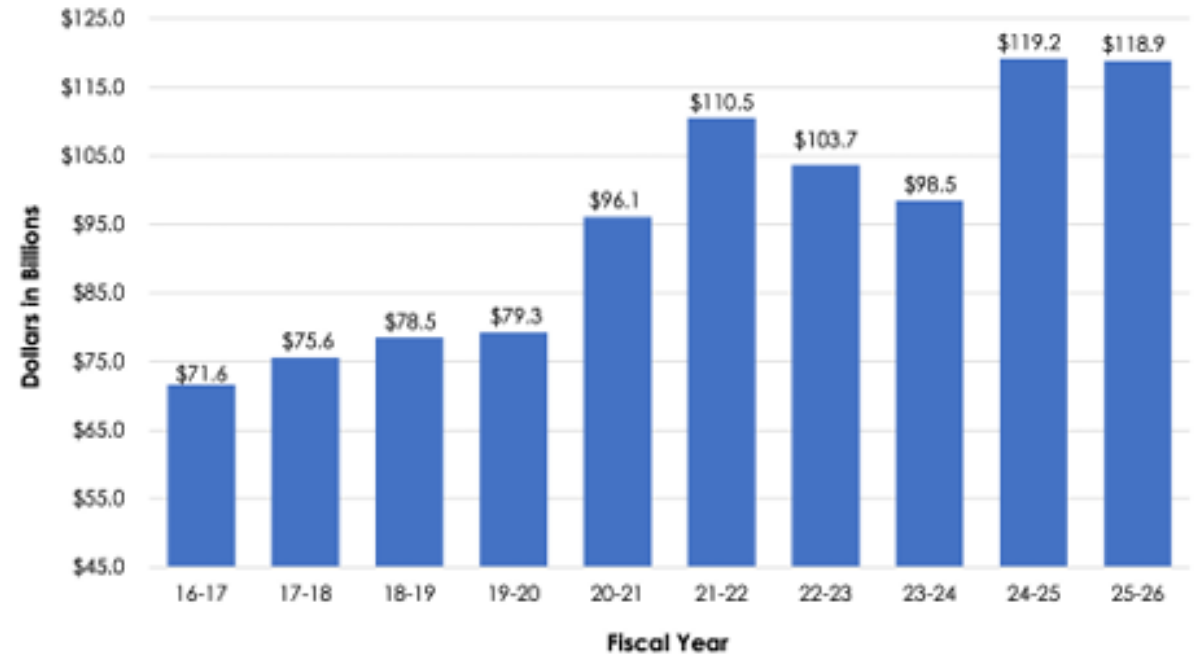
2025-26 Revenue Sources

(Dollars in Millions)

	General Fund	Special Funds	Total	Change From 2024-25
Personal Income Tax	\$133,685	\$3,586	\$137,271	\$12,933
Sales and Use Tax	35,121	15,994	51,115	1,403
Corporation Tax	37,697	-	37,697	-5,502
Highway Users Taxes	-	9,484	9,484	70
Insurance Tax	4,341	-	4,341	277
Alcoholic Beverage Taxes and Fees	428	-	428	5
Cigarette Tax	35	1,210	1,245	-42
Motor Vehicle Fees	46	12,632	12,678	351
Other	6,642	47,699	54,341	-3,597
Subtotal	\$217,995	\$90,605	\$308,600	\$5,898
Transfer to/from the Budget	7,100	-7,100	-	-
Stabilization Account/Rainy Day Fund				
Total	\$225,095	\$83,505	\$308,600	\$5,898

Note: Numbers may not add due to rounding.

Proposition 98 Funding 2025-26 Governor's Budget



What's Next?

- Hearings and meetings in February – March
 - Senate Budget Subcommittee
 - Assembly Budget Subcommittee
- **May Revise**
- June 9, 2025 - Tentative Budget approval by RSCCD Board of Trustees
- June 15, 2025 - deadline for Legislature to approve State Budget