

HIGHER EDUCATION

The Budget reflects a continued focus on achieving the goals of the multiyear compacts with the University of California (UC) and the California State University (CSU), and the multiyear roadmap with the California Community Colleges (CCCs), which outline shared goals to increase access to the UC and CSU, improve student success while advancing equity, increase the affordability of higher education, increase intersegmental collaboration, and support workforce preparedness and high-demand career pipelines.

The Budget proposes total funding of \$50.1 billion (\$31.6 billion General Fund and local property tax and \$18.5 billion other funds) for the higher education segments and the California Student Aid Commission.

UNIVERSITY OF CALIFORNIA

The UC offers formal undergraduate and graduate education. The UC is authorized to independently award doctoral degrees and is designated as the state's primary academic agency for research. The UC's 10 campuses enroll approximately 300,000 students and the UC extension centers additionally register more than 332,000 participants in continuing education programs. In 2024-25, the UC awarded more than 89,000 degrees, including nearly 66,000 undergraduate degrees.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Base Funding Adjustment**—\$254.3 million ongoing General Fund, representing a 5-percent base increase for the fifth and final year payment of the Compact. The Budget also provides \$96.3 million ongoing General Fund to partially fund the fourth year Compact payment as scheduled in the 2025 Budget Act.
- **Compact Funding Deferral**—Maintains a \$240.8 million one-time General Fund deferral of the 2025-26 Compact payment, representing a 5-percent base increase in the fourth year of the Compact, to 2027-28.
- **Extends One-Time Base Deferral**—Extends the deferral of a \$129.7 million one-time General Fund repayment of a one-time 3-percent base decrease included in the 2025 Budget Act from 2026-27 to 2027-28. To mitigate the impacts of this delay, the Budget provides UC with the authority for a cash flow loan in 2026-27, which will allow UC to repay and retire its existing 2025-26 cash flow loan.
- **Nonresident Student Replacement Deferral**—Maintains a planned \$31 million one-time General Fund deferral to offset revenue reductions associated with the replacement of the 902 nonresident undergraduate students enrolled at three campuses with an equivalent number of California resident undergraduate students from 2025-26 to 2027-28.
- **One-Time Support for Targeted Programs**—\$110.9 million one-time General Fund to support 21 programs and activities across the UC. Notable programs receiving funding include:
 - \$20 million to support Student Basic Needs, Housing, and Disability Services
 - \$15 million to support Journalism Fellowships
 - \$10 million to support the Climate Change Research Institute
 - \$9 million to support the Cal-Bridge Program
 - \$5 million to support UC Degree Plus
 - \$1.5 million to support First Star Academy Youth Cohorts at UC campuses

CALIFORNIA STATE UNIVERSITY

The CSU provides undergraduate and graduate instruction generally up to the master's degree. The CSU's 22 campuses enroll more than 471,000 undergraduate and graduate students. In 2024-25, the CSU awarded more than 123,000 degrees. The CSU also

provides opportunities for residents to enroll in professional and continuing education programs.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Base Funding Adjustment**—\$264.8 million ongoing General Fund, representing a 5-percent base increase for the fifth and final year payment of the Compact. The Budget also provides \$100.9 million ongoing General Fund to partially fund the fourth year Compact payment as scheduled in the 2025 Budget Act.
- **Compact Funding Deferral**—Maintains a \$252.3 million one-time General Fund deferral of the 2025-26 Compact payment, representing a 5-percent base increase in the fourth year of the Compact, to 2027-28.
- **Extends One-Time Base Deferral**—Extends the deferral of a \$143.8 million one-time General Fund repayment of a one-time 3-percent base decrease included in the 2025 Budget Act from 2026-27 to 2027-28. To mitigate the impacts of this delay, the Budget provides CSU with the authority for a cash flow loan in 2026-27, which will allow CSU to repay and retire its existing 2025-26 cash flow loan.
- **California-Mexican Initiative for New Opportunities (CAMINO) Program**—\$5.4 million one-time General Fund for the CAMINO Program, which facilitates student and faculty exchanges and other partnerships between California and Mexico.

CALIFORNIA COMMUNITY COLLEGES

The CCCs are the largest system of higher education in the country, serving roughly one out of every four of the nation's community college students, or approximately 2.2 million students. The CCCs provide basic skills, vocational, undergraduate-transfer education, and several independent bachelor's degrees with 73 districts, 116 campuses, and 83 educational centers. In 2024-25, the CCCs awarded over 154,000 certificates and 209,000 degrees.

SIGNIFICANT STUDENT-CENTERED FUNDING FORMULA (SCFF) BUDGET ADJUSTMENTS

- **Payment of 2025 Budget Act Deferrals**—\$408.4 million one-time Proposition 98 General Fund to fully repay deferrals for the SCFF.
- **SCFF Cost-of-Living Adjustment (COLA)**—\$440.5 million ongoing Proposition 98 General Fund to support a 4.31-percent COLA, of which 1.44 percent is discretionary. The Budget also includes \$13.3 million ongoing Proposition 98 General

Fund to adjust hold harmless funding levels by 1.44 percent. This discretionary COLA is available to support any costs related to providing all employees with up to 14 weeks of paid pregnancy disability leave beginning January 2027.

- **SCFF Base Adjustment**—\$141 million one-time Proposition 98 General Fund to fully fund the SCFF in 2025-26.
- **SCFF Growth Adjustment**—\$97.8 million ongoing Proposition 98 General Fund to fund 1.5 percent enrollment growth in the SCFF in 2026-27. The Budget also includes \$55.3 million ongoing Proposition 98 General Fund to fund an additional 1 percent enrollment growth in 2025-26. It is the Administration's expectation that the net effect of these two enrollment growth investments support a combined growth percentage of 2.5 percent in 2026-27.
- **SCFF Calculation: Use of Current Year Full-Time Equivalent Students**—\$47.7 million ongoing Proposition 98 General Fund to allow the greater of the three-year rolling average or the current year full-time equivalent students to be incorporated into SCFF apportionment calculations.

OTHER SIGNIFICANT BUDGET ADJUSTMENTS

- **Community College Facilities**—\$736.9 million one-time Proposition 2 bond funds to finance 10 new projects and 29 continuing projects at the community colleges.
- **Local Property Tax Adjustments**—\$120.6 million ongoing Proposition 98 General Fund as a result of decreasing offsetting local property tax revenues.
- **Student Support Block Grant**—\$147.2 million one-time Proposition 98 General Fund for a flexible Student Support Block Grant for the community college system.
- **Deferred Maintenance**—\$120.7 million one-time Proposition 98 General Fund to address deferred maintenance needs.
- **Dreamer Resource Grant Program**—\$71.1 million one-time Proposition 98 General Fund for community colleges to support Dreamer Resource Centers.
- **Calbright College**—\$53.1 million ongoing Proposition 98 General Fund to support Calbright College base operations as it transitions out of its startup capacity.
- **Common Cloud Data Platform**—\$41 million Proposition 98 General Fund, of which \$5 million is ongoing, for further scaling of the Common Cloud Data Platform across the community college system. This platform will leverage existing local districts' student data systems to provide near real-time data reporting.

- **Credit for Prior Learning**—\$37 million Proposition 98 General Fund, of which \$2 million is ongoing, to support and build upon the Credit for Prior Learning Initiative. This initiative is part of the Administration's investments in the Master Plan for Career Education.
- **Categorical Programs COLA**—\$36.9 million ongoing Proposition 98 General Fund to provide a 2.87-percent COLA to select categorical programs and the Adult Education Program.
- **California Indian Nations College**—\$42.6 million one-time Proposition 98 General Fund available over three years to support the California Indian Nations College.
- **Student Equity and Achievement Program**—\$30.1 million ongoing Proposition 98 General Fund for the Student Equity and Achievement Program.
- **LGBTQ+ Resource Centers**—\$30 million one-time Proposition 98 General Fund to support LGBTQ+ Resource Centers.
- **Strong Workforce Program**—\$15.8 million one-time Proposition 98 General Fund to support the Strong Workforce Program.
- **Future of Creative Industries Pilot Project**—\$15 million one-time Proposition 98 General Fund to support the Future of Creative Industries Pilot Project.
- **California Healthy School Food Pathways Program**—\$14.3 million ongoing Proposition 98 General Fund to support the California Healthy School Food Pathway program, which strengthens the school food service workforce through apprenticeship and training programs.
- **California Early College Demonstration Initiative**—\$10 million one-time Proposition 98 General Fund to establish and support the California Early College Demonstration Initiative. This initiative is a regional pilot focused on developing partnerships between local educational agencies and community college districts to expand and sustain equitable dual enrollment and early college opportunities.
- **Financial Aid Administration Support**—\$10 million one-time Proposition 98 General Fund for Community College Financial Aid Administration Offices.
- **Adult Learner Demonstration Project**—\$9.7 million one-time Proposition 98 General Fund, available for use over three years, to support the Adult Learner Demonstration Project. This program provides comprehensive services to assist low-income adult workers to move into stable and higher-paying jobs.

- **College Family Resource Centers**—\$5 million one-time Proposition 98 General Fund to support the Pierce College Family Resource Center.
- **Southwestern Community College Pharmacy Tech and UCSD Transfer Pathways**—\$3 million one-time Proposition 98 General Fund to support the Southwestern Community College Pharmacy Tech and UCSD Transfer Pathways Program.
- **Cal-Bridge First Academic Scholar Training Program**—\$1.2 million one-time Proposition 98 General Fund to support the Cal-Bridge First Academic Scholar Training Program.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers California's state-funded postsecondary financial aid programs, primarily the Cal Grant program. The Cal Grant program is estimated to provide nearly 584,000 new and renewed financial aid awards to students who meet specified eligibility criteria in fiscal year 2026-27.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Cal Grant Program Caseload Adjustments**—Estimates Cal Grant expenditures of approximately \$2.5 billion in 2024-25, \$2.9 billion in 2025-26, and \$3.2 billion in 2026-27 based on the latest estimates of enrollment of Cal Grant-eligible students. These estimates reflect an increase of \$4.8 million one-time General Fund in 2025-26 and \$31.5 million ongoing General Fund in 2026-27.
- **Middle Class Scholarship Program (MCS)**—\$41 million one-time General Fund for the remaining payment to support the 2025-26 MCS awards, which reimburses up to 35 percent of a student's remaining financial need as authorized in the 2025 Budget Act. This brings the total General Fund cost for 2025-26 MCS awards to \$959 million. The Budget also increases the 2026-27 MCS award coverage amount from 17.5 percent to 23 percent of a student's remaining financial need. As MCS awards are paid in arrears, the Budget includes \$166.9 million one-time General Fund to pay for the higher award coverage percentage in 2027-28.
- **Cal Grant Transfer Entitlement Program**—A total of \$100.6 million in one-time General Fund over five years to expand the state Cal Grant Transfer Entitlement program to students aged 29 to 30 for new and renewal awards for five years. As awards are paid one-year in arrears, the total amount provided is allocated as follows:

\$13.5 million for 2027-28, \$22.2 million in 2028-29, \$23.5 million in 2029-30, \$25 million in 2030-31, and \$26.5 million in 2031-32.

- **Golden State Teacher Grant (GSTG) Program**—\$16.2 million in ongoing federal special education (IDEA) funds for grant awards to prospective special education teachers of up to \$20,000. The Budget also provides \$1.6 million one-time federal Title II funds for 2026-27 grant awards and \$10 million one-time General Fund for 2027-28 grant awards of up to \$10,000 to prospective teachers in high-need fields of study.
- **Workforce Pell Grant Program Implementation**—\$644,000 one-time General Fund to support Commission implementation activities to enable California to participate in the new federal Workforce Pell Grant Program as authorized under the House of Representatives (H.R.) 1 of 2025.

COLLEGE OF THE LAW, SAN FRANCISCO

College of the Law, San Francisco is affiliated with the UC system but is governed by its own Board of Directors. Located in San Francisco, it primarily serves students seeking a Juris Doctor degree but also offers programs leading to Master of Laws; Master of Studies in Law; and Master of Science, Health Policy and Law degrees. In 2025-26, College of the Law, San Francisco enrolled 1,138 full-time equivalent students. Of these, 1,064 were Juris Doctor students.

SIGNIFICANT BUDGET ADJUSTMENT

- **Campus Safety and Security Resources**—\$1 million ongoing General Fund to support campus public safety and security programs.