

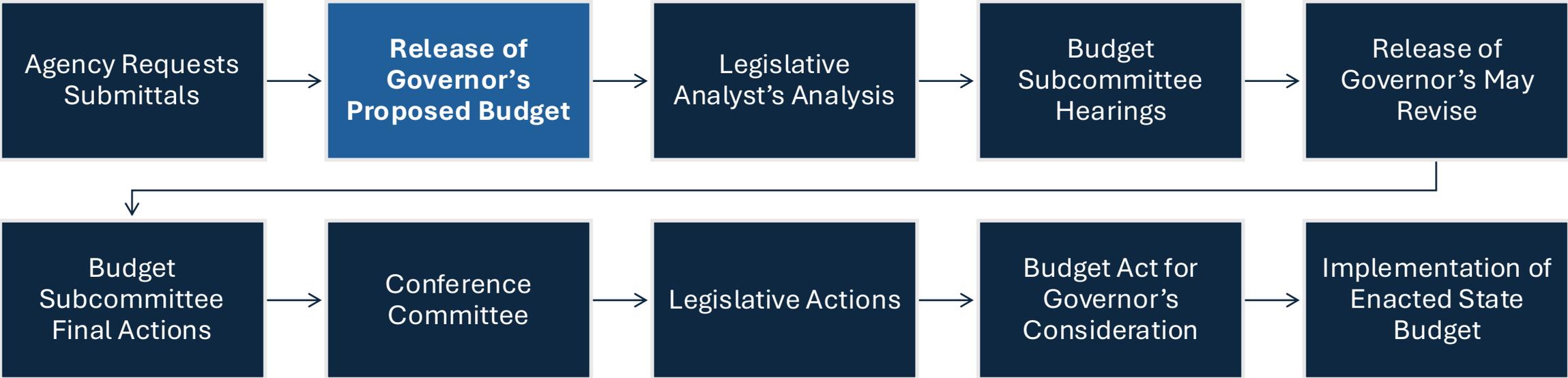
Governor's Proposed 2026-27 Budget

Mt. San Jacinto
Community College
District

Budget Committee

February 5, 2026

State Budget Development Process



2026 Budget Act Window



- Finalize
 - Actual Revenues
 - Actual Expense
 - Actual Ending Balance
- Actual Beginning Balance
- Midyear Changes/Revisions
 - Projected Revenue
 - Projected Expense
 - Projected Ending Balance
- Projected Beginning Balance
- Projected Revenue
- Projected Expense
- Projected Ending Balance



Budget Benefit, Cost, & Challenge

[1, p. 1]

Benefit:

Surge in state revenues in 2025 boosting overall revenue outlook

Cost:

Federal tax legislation, higher tariffs, & restrictive immigration policy

Challenge:

Balancing the budget for the coming fiscal year & following year



Budget Overview

[1, p. 2]

- **General Fund revenues higher by more than \$42B over budget window than projected by 2025 Budget Act**
- **Projected shortfall of \$2.9B**
 - Constitutional funding requirements
 - Need for adequate discretionary budget reserve
 - Higher program costs
- **Budget does not include new significant spending – focuses on continued implementation of previous investments**

Economic Forecast

[1, pp. 168-172]

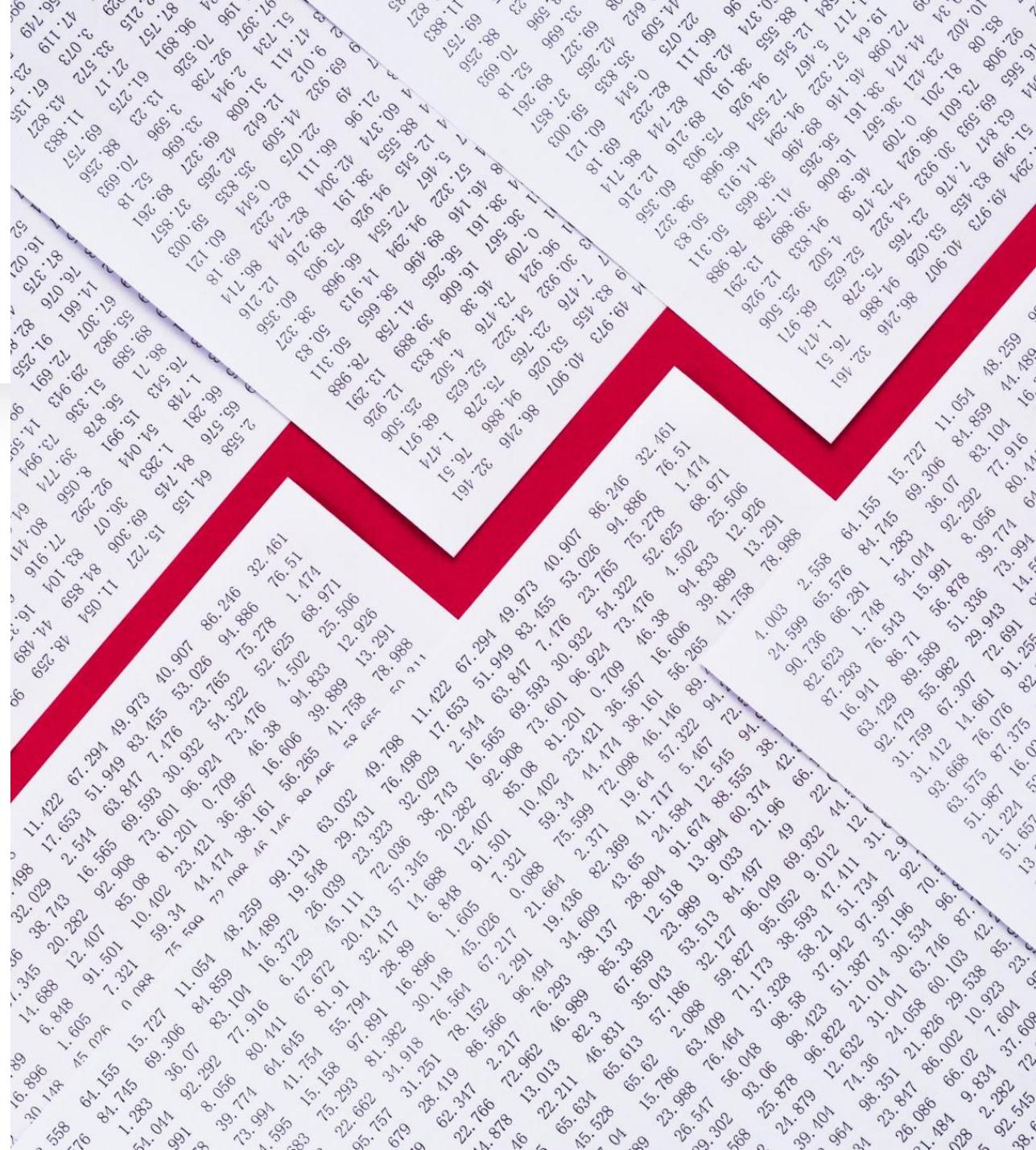
- **Upward revision to near term economic growth while maintaining moderate growth in outyears**
- **Inflation revised lower but projected to remain above 2%**
- **No payroll job growth through 2026 followed by marginal increases in 2027 through 2030**



Budgetary Risks

[1, pp. 2-3]

- **Stock market & asset price declines**
- **Unpredictable federal policies & associated impact on inflation, labor market, & overall demand**
 - Tariffs
 - Immigration

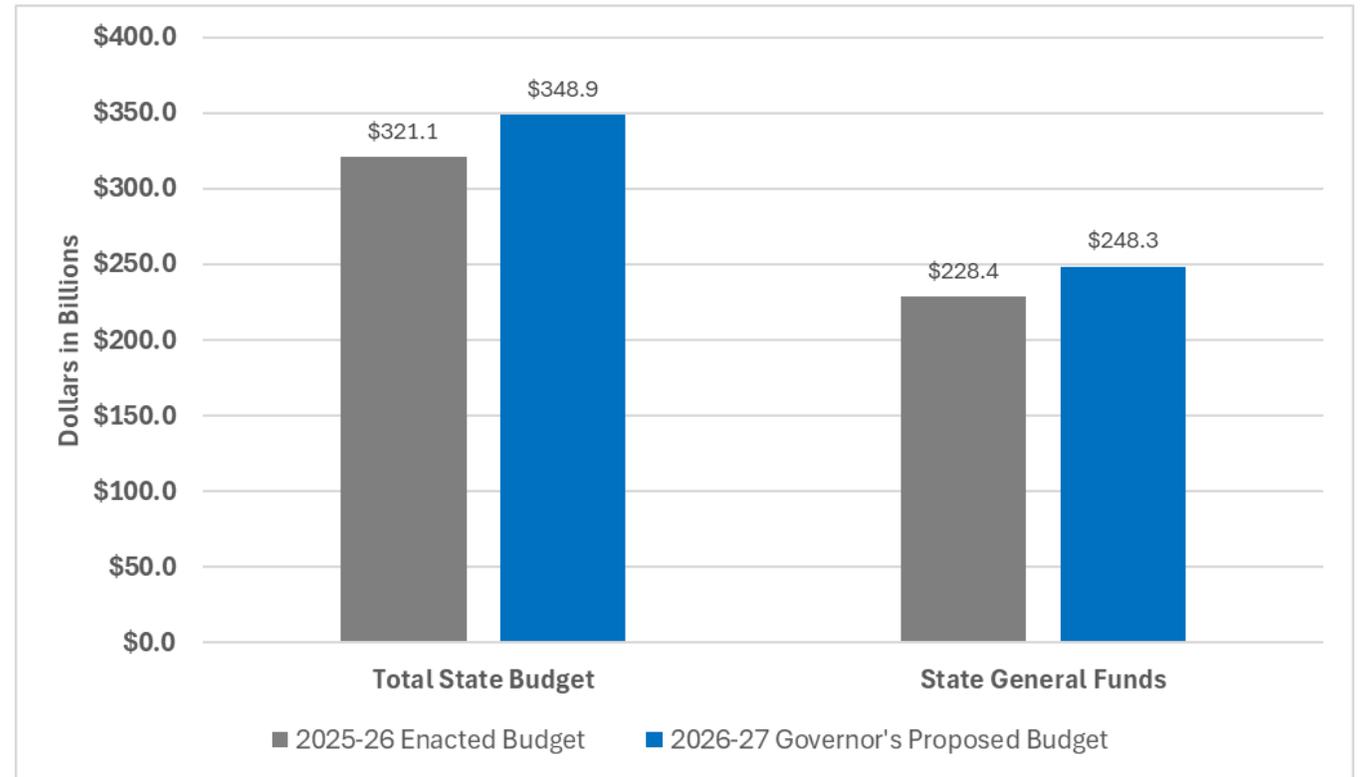


Federal Policy Changes [1, p. 3]

- **H.R. 1 of 2025**
 - Changes to HHS programs projected to result in \$1.4B in costs to General Fund for 2026-27
 - Adds nearly \$300M in costs to CalFresh
 - These costs are in addition to the natural growth in program cost & caseload since 2025 Budget Act

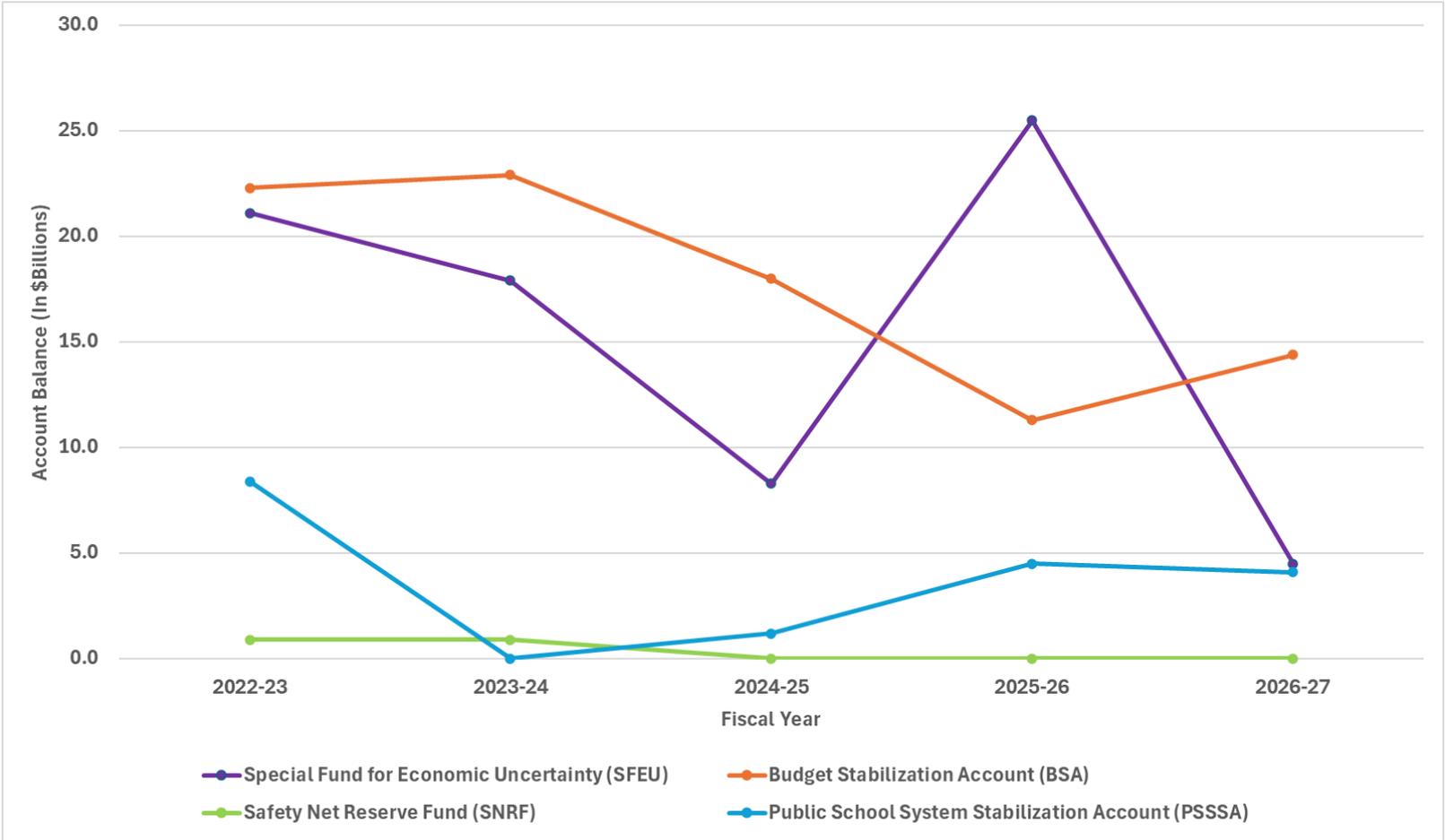


2026-27 Proposed
vs.
2025-26 Enacted
State Budget
[2, p. 3]

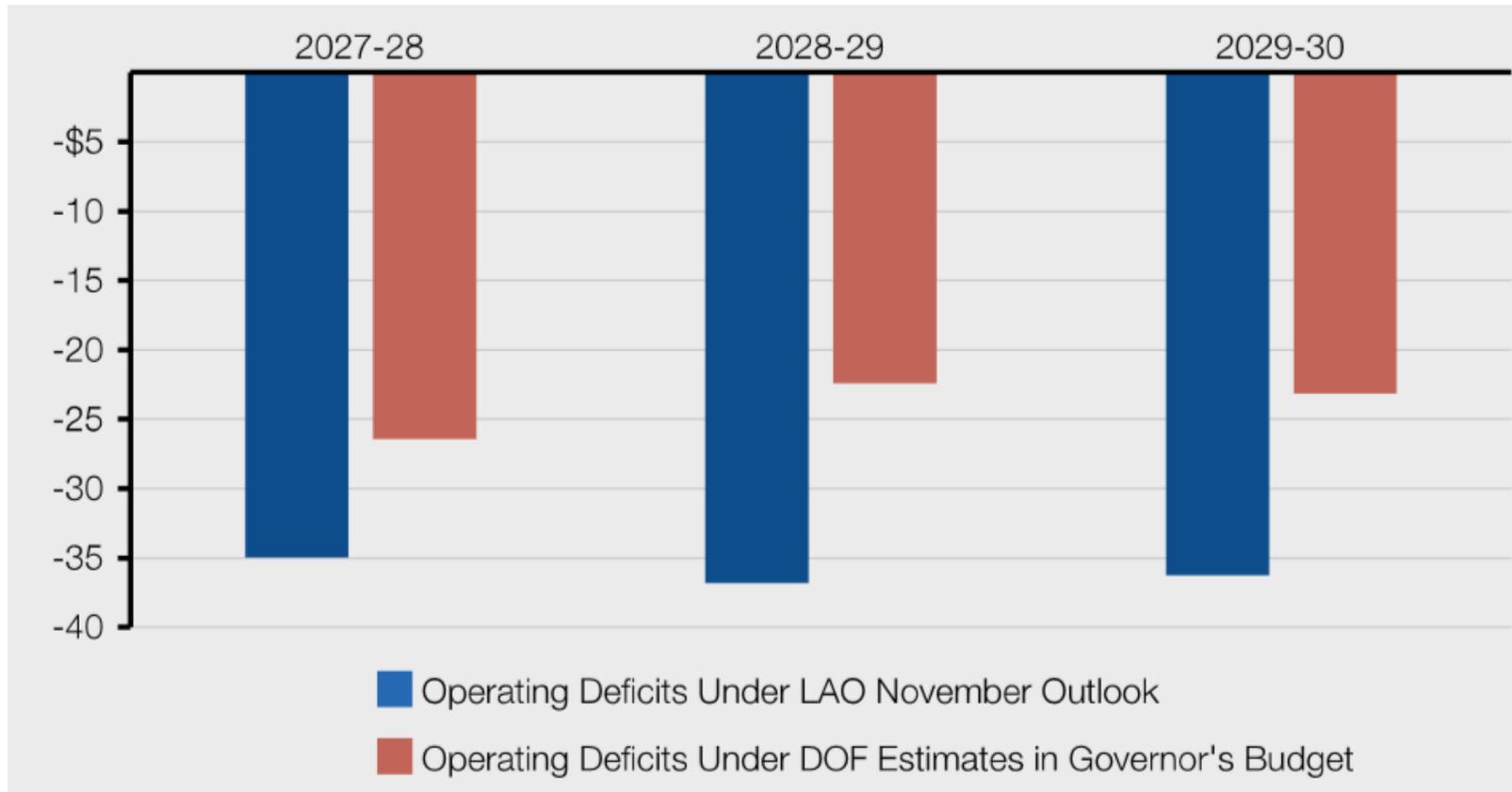


Budgetary Reserves in 2026-27 [1, pp. 3-4]

Total reserves of approximately \$23B



Chronic Multiyear Budget Deficits [3, p. 8]



Balancing for Two Budget Years [1, p. 2]

“The Administration intends to build on this budget proposal in May with a revised plan – reflecting updated revenue and spending data – that balances the Budget in both the 2026-27 and 2027-28 fiscal years with adequate budget reserves.”

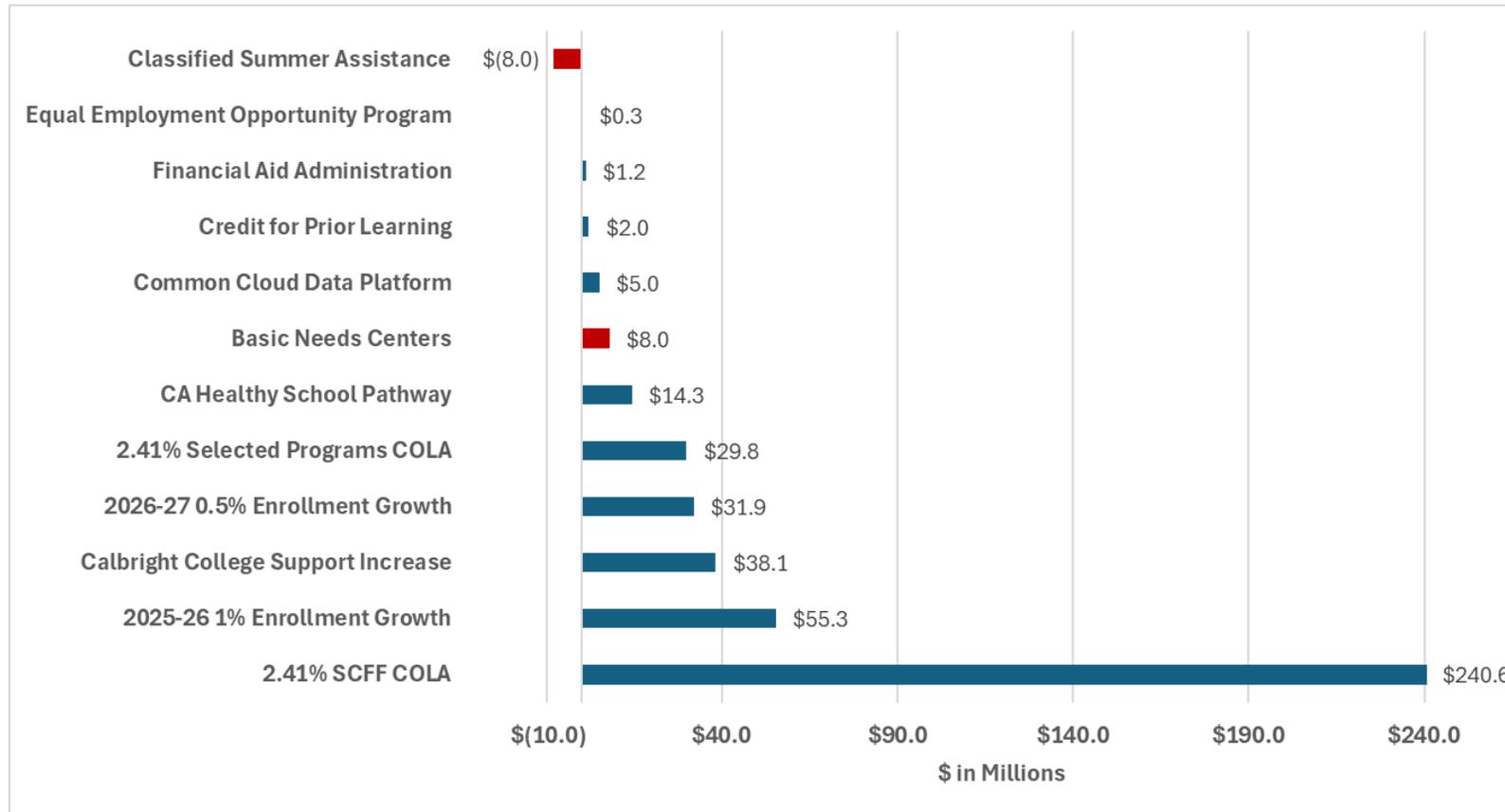


Proposition 98 Funding [2, p. 6]

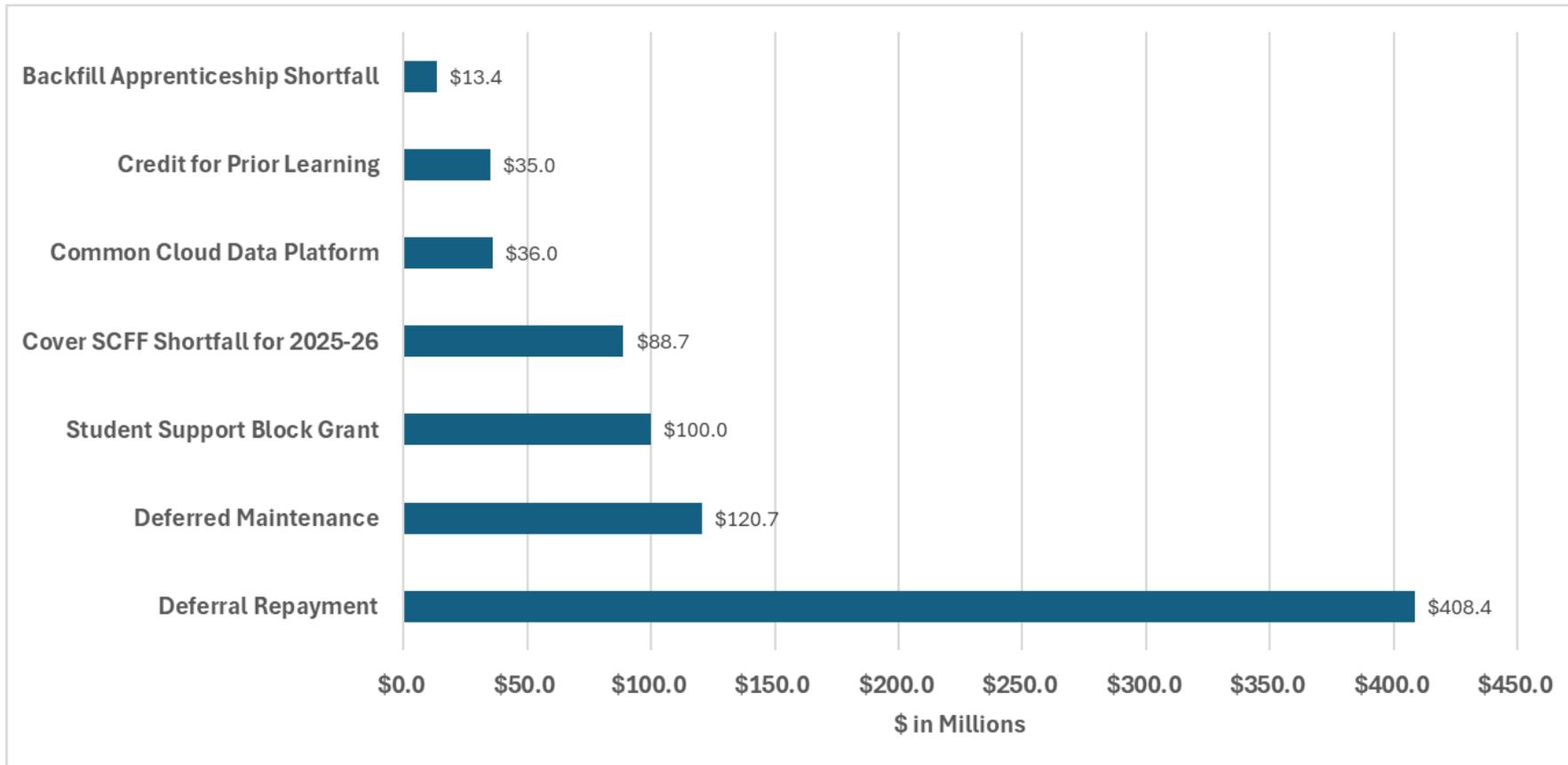
| Source | 2024-25 Revised | 2025-26 Revised | 2026-27 Proposed | Change from 2025-26 (Amount) | Change from 2025-26 (Percent) |
|---|--------------------|--------------------|---------------------|------------------------------------|-------------------------------------|
| ALL PROPOSITION 98 PROGRAMS (\$ in Millions) | | | | | |
| General Fund | \$91,197 | \$87,473 | \$89,877 | \$2,404 | 2.7% |
| Local Property Tax | \$32,636 | \$33,947 | \$35,604 | \$1,657 | 4.9% |
| Totals | \$123,833 | \$121,420 | \$125,481 | \$4,061 | 3.3% |
| COMMUNITY COLLEGES ONLY (*) (\$ in Millions) | | | | | |
| General Fund | \$9,794 | \$8,441 | \$9,326 | \$885 | 10.5% |
| Local Property Tax | \$4,335 | \$4,558 | \$4,785 | \$227 | 5.0% |
| Totals | \$14,129 | \$12,999 | \$14,111 | \$1,112 | 8.6% |

(*) CCC totals include resources that go to the K-12 system via the Adult Education, Apprenticeship, & K-12 Strong Workforce programs.

Ongoing Adjustments, \$418.1M [2, p. 8]



One-Time Adjustments, \$802.2M [2, p. 8]





Questions?

Sources

[1] Newsom, Gavin; Governor. Governor's Budget Summary: 2025-26

<https://ebudget.ca.gov/2026-27/pdf/BudgetSummary/FullBudgetSummary.pdf>

[2] CCC, ACBO, ACCCA, CCLC Joint Analysis – Governor's January Budget

https://www.cccco.edu/-/media/CCCCO-Website/docs/budget/2026_Joint-Analysis-Governors-Budget.pdf

[3] Petek, Gabriel; Legislative Analyst. Overview of the Governor's Budget

https://lao.ca.gov/reports/2026/5101/2026-27_Budget_Overview_011226.pdf