



Introduction

To adopt and implement the Budget Act of 2025–26, Governor Gavin Newsom signed a package of budget bills and budget trailer bills on June 27, 2025. This publication summarizes key provisions relating to TK-12 public education in the Budget Act.

The bills referred to in this update include the following:

- Assembly Bill (“AB”) 126. Education omnibus budget trailer bill.
- AB 181. Education governance.

We omit citations to budget bills that are not trailer bills. All further statutory references are to the Education Code unless otherwise indicated.

Fiscal & Budget

Proposition 98

- Projects state revenues will increase Proposition 98 levels by approximately **\$28 billion** over the three-year budget period, relative to the Budget Act of 2025.
- Calculates the Proposition 98 Minimum Guarantee to be **\$124.9 billion in 2024–25, \$125.1 billion in 2025–26 (but see settle-up note below), and \$127.1 billion in 2026–27. This is an increase of approximately \$6.4 billion from January.**
- Repays \$1.9 billion in settle-up from the 2024 Budget Act and creates **\$3.9 billion in new settle-up for 2025–26 (the Governor’s Budget proposed \$5.6 billion in settle-up).** This is intended to hedge against revenue uncertainty as the current year Proposition 98 appropriation impacts future year appropriations. **State law requires that settle-up be repaid to schools in a future budget or budgets.**
- Repays all \$1.9 billion in budgetary deferrals in 2026–27.

- Proposition 98 is Test 1 for 2024–25, 2025–26, and 2026–27.
- Triggers school district reserve caps in 2026–27.

Proposition 98 reserves. The Proposition 98 Rainy Day Fund balance will be **\$10.3 billion—up from \$4.1 billion in the Governor’s Budget—pursuant to discretionary deposits and required deposits or withdrawals.**

Cost-of-living adjustment (“COLA”).

- Establishes the COLA for the Local Control Funding Formula (“LCFF”), county offices of education, and other specified statutory programs to be **2.87 percent, up from 2.41 percent at Governor’s Budget.**
- **An additional \$927 million would be added to create a “super” COLA of 4.31 percent to the LCFF, which is intended to help local education agencies (“LEA”) manage rising costs, offset funding reductions related to declining enrollment, and fund a new requirement to provide pregnancy disability leave (see below).**
- **California State Preschool Program COLA reduced to 2.01 percent, from 2.41 percent at Governor’s Budget, to align with other childcare programs.**

Student Support and Professional Development Discretionary Block Grant. Provides LEAs with **\$5 billion (one-time), up from \$2.8 billion at Governor’s Budget,** to provide fiscal support to address costs. This block grant was established last year and provided a one-time appropriation of \$1.7 billion in the Budget Act of 2025. While funds are discretionary, they may be used for priorities identified by the state:

- (1) Professional development for teachers on the English Language Arts/English Language Development Framework and the Literacy Roadmap, with a focus on strategies to support literacy for English learners;
- (2) Professional development for teachers on the Mathematics Framework;
- (3) Teacher recruitment and retention strategies;

- (4) Professional development for Transitional Kindergarten (“TK”) teachers and site administrators on the principles and guidelines of developmentally appropriate TK instruction; and,
- (5) Career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.

Necessary Small Schools. Amends funding to Necessary Small Schools by \$30.7 million (ongoing Proposition 98).

Learning Recovery Emergency Block Grant. Appropriates \$757.3 million (one-time Proposition 98) as part of the state’s final payment to the program, which has totaled \$7.2 billion in past budgets.

L.A. County school wildfire recovery. Supports LEA recovery from the January 2025 wildfires with \$22.9 million (one-time Proposition 98).

State Education Governance

Transfers oversight authority of the management of the California Department of Education and support of LEAs from the State Superintendent of Public Instruction (“SSPI”) to an Education Commissioner appointed by the Governor. The Education Commissioner’s responsibilities include:

- Directing the Department to respond to legislative requests for information, data, and technical assistance in a timely manner.
- Developing findings and recommendations for education governance consolidation and streamlining to be submitted to the Governor and relevant committees of the Legislature by October 1, 2027. These findings and recommendations must include: (a) input from the Legislature, SSPI, and interest holders; (b) identification of public education support entities and programs operating outside of the Department, including county offices of education (“COE”); (c) actions and activities necessary for the consolidation; (d) recommendations, in collaboration with the

SSPI, for refining the scope of responsibilities of the Office of the SSPI, including a long-term fiscal plan to provide the Office with adequate staffing and resources.

- Commencing January 1, 2027, the Education Commissioner is vested with all grant and contract approval authority, replacing the authority of the executive director of the State Board.

Encourages the Governor to appoint an Education Commissioner with demonstrated experience running a large public or private organization who has experience in public education leadership or its equivalent.

Establishes the Office of the Superintendent of Public Instruction. Shift \$1.5 million (ongoing General Fund) in 2026–27 and \$3 million (ongoing General Fund) starting in 2027–28, from the Department of Education to the new Office of the Superintendent of Public Instruction.

Curriculum & Instruction

Literacy Coaches and Reading Specialists Grant Program. Provides \$428.8 million to extend the funding encumbrance date for all grantees to June 30, 2031, and provides \$11.2 million for the Literacy Coaches and Reading Specialists Educator Training Competitive Grant.

Reading difficulties screening.

- Provides \$40 million (one-time Proposition 98) to support continued implementation of student reading difficulties screenings.
- For the purpose of identifying students at risk of a reading difficulty pursuant to this requirement, LEAs may not administer a screening instrument to a kindergarten pupil before the 91st schoolday in the school year and shall not administer this screening instrument to a pupil in grade 1 or 2 before the 46th schoolday in the school year. In general, however, LEAs may screen students more frequently than once per year.
- Appropriates \$5 million (ongoing Proposition 98) to the Sacramento County Office of Education to partner with the University of California, San Francisco Dyslexia Center to support the ongoing

use of the Multitudes screener statewide at no cost to local education agencies and to expand the number of languages supported by the screener.

Mathematics Professional Learning Partnership.

Administered by the Kern County Superintendent of Schools, this initiative will receive an additional \$60 million (one-time Proposition 98) to expand its reach to more LEAs and operate beyond the current expiration date of June 30, 2029.

Curriculum-Embedded Performance Tasks for Science. Provides \$890,000 (ongoing Proposition 98) to maintain performance task resources at the Los Angeles County Office of Education in support of inquiry-based science instruction and the state's Next Generation Science Standards.

Holocaust and Genocide Education Grant Program.

Allocates \$10 million (one-time Proposition 98) to the Marin County Office of Education to contract with the California Teachers Collaborative for Holocaust and Genocide Education to create instructional materials, professional development, and related costs pursuant to Chapter 761, Statutes of 2025 (Senate Bill 472).

Long-term English learners. Revises the definition of an "English learner at risk of becoming a long-term English learner" to mean a pupil who has not attained English language proficiency within five years of initial classification (instead of six years). **By June 30, 2027, the Department of Education must issue additional guidance.**

California Educators Together. Entity to contract with a COE to establish an online repository that curates resources for educators, students, and LEAs on various subjects (\$6 million, ongoing Proposition 98).

Students & Programs

Community schools.

- Appropriates \$1 billion (ongoing Proposition 98) to expand on prior investments in community schools and expand the model to more school sites with large concentrations of low-income families and youth.

- Reappropriates the \$485 million (one-time Proposition 98) currently slated for extension grants to the following:
 - One-time planning and implementation grants (\$401 million)
 - Middle and high school redesign grants (\$50 million)
 - State Transformational Assistance Center ("STAC") (\$15 million)
 - Requiring the STAC to develop and implement the certification process and long-term accountability structure (\$13 million)
 - Continuing the Transforming Together initiative that is supported by the Children and Youth Behavioral Health Initiative and Community Schools Partnership Program to strengthen collaboration between county offices of education and community partners (San Bernardino and Sacramento COEs) (\$6 million)
- Requires COEs to embed coordination for community schools into Universal and Targeted Assistance grants (see below) once the one-time coordination grants expire.

Special education.

- Provides COLA and then further increases special education base rates by approximately \$2.3 billion (ongoing Proposition 98), which is \$1.8 billion more than in the Governor's Budget. This results in a new statewide base rate of \$1,340 per average daily attendance for all Special Education Local Plan Areas.
- **Inclusive College Technical Assistance Center.** Includes \$25 million (one-time) for the Inclusive College Technical Assistance Center which facilitates collaboration between local education agencies and higher education institutions to expand inclusive college opportunities for students with intellectual and developmental disabilities. This allocation designates the

California Center for Inclusive College as the administrator for newly proposed grants to institutions of higher education that are implementing new inclusive college programs.

School nutrition programs. Increases the Universal School Meals program by \$2.8 million (ongoing Proposition 98) for 2026–27.

Expanded Learning Opportunities Program (“ELOP”). Guarantees \$1,800 per pupil for Tier 2 LEAs with \$62.4 million (ongoing Proposition 98), stabilizing the Tier 2 rate. This brings the total program funding to \$4.7 billion (Proposition 98).

Students experiencing homelessness. Provides \$30 million (one-time Proposition 98) to supplement the federal McKinney-Vento Children and Youth grant program. Funding would expand identification of students experiencing homelessness and improve their access to services and support. Grants would be awarded to LEAs through a competitive, three-year grant process aligned with the federal Education for Homeless Children and Youth program application process established under the McKinney-Vento Homeless Assistance Act.

Early Learning

Childcare. Provides a reduced COLA of 2.01 percent for childcare programs administered by the Department of Social Services. An additional increase of \$28 million (one-time federal funding) for childcare infrastructure, targeted toward communities impacted by the 2023 and 2024 natural disasters, and \$65.1 million General Fund to increase allowable in-contract administration costs for alternative payment program agencies by 1.5 percent

California State Preschool Program (“CSPP”). Reduces the COLA to 2.01 percent, from 2.41 percent at Governor’s Budget, to align with other childcare programs.

CSPP enrollment-based funding. Shifts to funding based on enrollment in 2026–27. The hold harmless that has applied for the last few years since the COVID-19 pandemic expires on June 30, 2026.

Program eligibility portability. Allows the 24-month period for CSPP eligibility to include a transfer to another

state preschool program or when a child voluntarily disenrolls for any period of time.

Quality Rating and Improvement System (QRIS). Allocates an additional \$20 million (ongoing Proposition 98) to the state’s QRIS which provides assessment, technical assistance, and fiscal support for improving the quality of early education programs.

Charter schools

Charter school accountability. Proposes new requirements for charter schools to address fraud and improve accountability and oversight. The proposal:

- Provides for the use of verified data in the charter school renewal process until June 30, 2028
- Adds new audit requirements and procedures
- Requires auditors complete LEA-specific continuing education units and quality control reviews
- Requires audits to include expanded supplementary schedules on enrollment and attendance trends, large payments, related parties, pupil-teacher ratios, among others
- Expands authorizer monitoring and reporting requirements
- Requires authorizers review audit exceptions and corrective plans, conduct site visits, attend board meetings, review board agendas, and monitor changes in attendance and enrollment
- Extends the timeline for new charter authorizer oversight requirements to take effect from July 1, 2026, to July 1, 2027.
- Establishes new contracting requirements for all LEAs effective July 1, 2027.

Accountability

Universal and Targeted Assistance. Replaces current differentiated assistance funding formula with a \$132 million (ongoing Proposition 98) formula. In 2026–27, a hold-harmless to 2025–26 levels will apply. COEs must provide universal and targeted support to school districts and charter schools, including those eligible for differentiated assistance.

- While these services are free of cost to LEAs, COEs may continue to enter into agreements with LEAs for a fee, subject to conditions.
- This funding is intended to align with updates to LEA assistance and intervention performance criteria that the SBE will adopt pursuant to the Budget Act of 2025. (See § 52064.5.)
- This funding must be used to provide community schools coordination services.

Differentiated assistance criteria.

- Moves all LEAs to a 3-year identification and support cycle for DA and a minimum of a 3-year support cycle for DTA.
- Removes various statutory components of identification in anticipation of eligibility changes by the State Board of Education. The Board may adopt unique criteria for different LEA types.
- Clarifies that a county superintendent must provide California Longitudinal Pupil Achievement Data System differentiated assistance for a minimum of one year.
- Phases out differentiated assistance by a geographic lead agency after the completion of the 2026–27 school year.

Multi-tiered systems of support. Provides \$50 million (one-time Proposition 98) to the Orange County Department of Education to continue this initiative.

Facilities & Operations

Proposition 2 bond funds. Allocates \$1.5 billion in Proposition 2 funds to support school construction projects in 2026–27.

K-12 High Speed Network. Appropriates \$629,000 (ongoing Proposition 98) to support the K-12 High Speed Network program.

Home-to-school transportation. Appropriates \$322 million (one-time Proposition 98) and \$239.2 million (ongoing Proposition 98) to reflect higher costs in the Home-to-School Transportation program.

Kitchen infrastructure and training. Amends award allocations and appropriates \$100 million (one-time Proposition 98) for kitchen equipment, infrastructure, and training to support school meals.

Menstrual products mandate. Appropriates \$1.7 million (ongoing Proposition 98) for the Public School Restrooms: Menstrual Products mandated program.

Master Plan for Career Education

The Governor's Budget proposes:

- \$100 million (one-time) to expand college and career pathways for high school students, including dual enrollment and dual credit opportunities.
- Provides an additional \$50,000 for LEAs expanding dual enrollment opportunities for justice-involved youth in county-operated facilities.
- Reduces the full day of attendance to 180 minutes for students participating in early college, middle college, dual enrollment, or College and Career Access Pathways programs.
- Expands dual enrollment partnerships to include Regional Occupational Centers and Programs.
- Allows LEAs to use unexpended funds for professional development to support dual enrollment instruction.
- These efforts are highlighted as discretionary priorities in the Student Support and Professional Development Block Grant.
- Expands the definition of "work-based learning" to include registered youth apprenticeship programs.

Workforce & Personnel

Mandatory paid pregnancy disability leave. Requires public school employers to provide up to 14 weeks of paid pregnancy leave to an employee experiencing pregnancy, miscarriage, childbirth, termination of pregnancy, or recovery from those conditions. Additional LCFF funding is provided for this purpose (see above).

Teacher preparation and professional development. Invests in multiple strategies to address the teacher shortage:

- \$30 million (one-time Proposition 98) to extend supports provided by the statewide teacher residency technical assistance center through 2034.
- \$16.2 million ongoing (federal special education) and \$1.6 million one-time (federal Title II funds) to continue the Golden State Teacher Grant Program.
- \$15 million (one-time Proposition 98) for the 21st Century California School Leadership Academy program for professional learning for school leaders.
- Establishes a statewide process for teacher candidates to use their college coursework to prove their subject matter competency, rather than relying on subject matter competency exams. Fees to renew the clear teaching credential are increased by \$25 for this purpose, and \$5 million (one-time Proposition 98) is provided to the Commission on Teacher Credentialing to develop the statewide system.
- Professional development for teachers on the English Language Arts/English Language Development Framework and Literacy Roadmap.
- Professional development for TK teachers and site administrators on the principles and guidelines of developmentally appropriate TK instruction.
- Teacher recruitment and retention strategies.

Educator residency programs. Proposes \$250 million (one-time Proposition 98) to continue the educator residency programs through 2029–30.

Computer Science Supplementary Authorization Incentive Grant Program. Extends program encumbrance date and increases award amount to \$6,000.

Additional majors for subject matter competency. Establishes majors for early childhood education specialist credentials.

Student Support and Professional Development Discretionary Block Grant. As is discussed in the Fiscal & Budget section of this document, the Student Support and Professional Development Block Grant provides LEAs discretionary funding of \$2.8 billion (one-time Proposition 98). The proposal highlights statewide priorities which may be funded using the grant: