TK-12 EDUCATION

California provides instruction and support services to roughly 5.7 million students in grades transitional kindergarten (TK) through twelve in nearly 10,000 schools throughout the state. A system of 58 county offices of education, almost 1,000 local school districts, and more than 1,200 charter schools provide instruction in English, mathematics, history, science, and other core competencies to provide students with the skills they will need upon graduation to enter the workforce and pursue higher education.

The Budget includes total funding of $151.4 billion ($91.1 billion General Fund and $60.3 billion other funds) for all TK-12 education programs. The Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the Local Control Funding Formula (LCFF), special education, educator workforce, and preschool.

PROPOSITION 98

Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for TK-12 schools and community colleges (collectively referred to as TK-14 schools). The Proposition 98 minimum guarantee (Guarantee), which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline. The LCFF is the primary mechanism for distributing these funds to support students attending TK-12 public schools in California.

At budget enactment, the revised Guarantee for TK-14 schools is calculated to be $124.9 billion in 2024-25, $125.3 billion in 2025-26, and $128.1 billion in 2026-27. These revised Proposition 98 levels represent an increase of approximately $29.2 billion over the three-year period relative to the 2025 Budget Act, and an increase of approximately $1.2 billion from May Revision.

The Guarantee is in a Test 1 for all years 2024-25 through 2026-27. This means that the funding level of the Guarantee in these years is equal to roughly 40 percent of General Fund revenues, plus local property tax revenues. Pursuant to the Proposition 98 formula, this percentage of General Fund revenues is not reduced to reflect enrollment adjustments, which further increases per pupil funding.

In addition, the Proposition 98 formula requires an $8.3 billion maintenance factor payment in 2024-25, which will be paid in addition to the Guarantee level and accounts for much of the increase in the Guarantee in that fiscal year. This payment will fully retire the Proposition 98 maintenance factor balance.

To mitigate against potential future reductions in revenues and manage General Fund resources, the Budget maintains a $3.9 billion settle-up amount in the 2025-26 fiscal year. In spring 2027, if revenues remain at the same or higher levels for the 2025-26 fiscal year, the Legislature is statutorily required to pay this amount back to TK-14 schools and will need to schedule its payment in the 2027 Budget Act, either from funds available in that budget or scheduled across multiple budget years. To augment this statutory requirement, the Budget includes language that allocates 33 percent of new General Fund revenues over 2026 Budget Act projections, as calculated at the 2027 May Revision, to pay down any settle-up balance that remains for the 2025-26 fiscal year.

Finally, the Budget also maintains a settle-up payment of $1.9 billion in 2024-25—completely paying off the settle-up owed to the Guarantee in that fiscal year.

PROPOSITION 98 RAINY DAY FUND

The Budget projects mandatory Proposition 98 Rainy Day Fund deposits across the three-year budget window totaling $8.7 billion. To provide additional long-term budget stability, the Budget includes a discretionary deposit of $500 million in 2025-26, leaving the final balance in the Fund at $9.2 billion. The balance of $9.2 billion in 2025-26 triggers school district reserve caps beginning in 2026-27.

REBENCH FOR NON-LOCAL EDUCATIONAL AGENCY STATE PRESCHOOL PROGRAM

Historically, California State Preschool Program contractors that are not local educational agencies have received non-Proposition 98 General Fund and local educational agency contractors have received Proposition 98 General Fund. To reduce programmatic complexity, the Budget changes the funding source for non-local educational agency State Preschool providers to Proposition 98 General Fund.

To allow for this transition without negatively impacting Proposition 98 General Fund supported programs, the Budget "rebenches" Proposition 98 by expanding it in proportion to the size of the incoming program. Specifically, the Budget shifts $813 million from the General Fund to the Proposition 98 General Fund and increases the Proposition 98 Guarantee Test 1 percentage from 39.3 percent to 39.6 percent.

LOCAL CONTROL FUNDING FORMULA

The Budget includes a statutory LCFF cost-of-living adjustment (COLA) of 2.87 percent, which, when combined with population growth adjustments, will result in an increase of approximately $1.1 billion in discretionary funds for local educational agencies as compared to the 2025 Budget Act.

Additionally, the Budget includes $1.1 billion to further increase funding for the LCFF. This discretionary investment, commonly referred to as a "super COLA," results in a total (statutory plus discretionary) COLA of 4.31 percent. These additional funds will help local educational agencies manage rising costs and help offset funding reductions related to declining enrollment, as well as fund a new requirement to provide paid pregnancy disability leave (see below).

Finally, the Budget includes an ongoing increase of $31.3 million Proposition 98 General Fund to provide a 20-percent increase in LCFF funding for Necessary Small Schools, which is the funding formula for the smallest schools in the state. These schools are the most heavily impacted by enrollment declines and attendance fluctuations; this additional funding will help them maintain instructional programming when student population fluctuates.

STATE EDUCATION GOVERNANCE

For over 100 years, every major study and legislative review of California's governance system has regularly identified the same structural flaw in the governance of California's TK-12 education system. According to the Legislature's 2002 report, California's Master Plan for Education, "California's TK-12 education system is governed by a fragmented set of entities with overlapping roles that sometimes operate in conflict with one another, to the detriment of educational services offered to students." This concern was reinforced in a December 2025 report, "TK-12 Education Governance in California," from Policy Analysis for California Education (PACE), an independent, non-partisan research center led by faculty directors at Stanford University, the University of California Berkeley, the University of California, Davis, the University of California, Los Angeles, and the University of Southern California.

The Budget implements the 2002 Master Plan recommendation to move oversight authority of the management of the California Department of Education and support of local educational agencies under the State Board of Education. The Budget further provides the State Superintendent of Public Instruction the ability to strengthen coordination and alignment among the bodies setting policy from early childhood through postsecondary education. These changes will strengthen governance of California's education system to provide coherence and meaningful accountability to address the needs of students, parents, teachers, school staff, and administrators.

Further, the Budget reflects the addition of two new State Board of Education appointees, one appointed by each house of the Legislature, as well as the replacement of one gubernatorial appointee with the Superintendent of Public Instruction, bringing the total number of State Board members to 13. The Budget also requires the new Education Commissioner, who will be appointed by the Governor, to oversee the Department of Education, to be confirmed by the State Senate.

SPECIAL EDUCATION

The Budget reflects the state's ongoing commitment to invest in and improve instruction and services for students with disabilities, providing an unprecedented increase of $2.4 billion in special education funding, or 43 percent over the 2025 Budget Act. These new funds will allow all local educational agencies in the state to receive special education funding at the same rate and will increase the per-student rate to $1,340.

Additionally, the Budget includes an ongoing allocation of $80 million for the special education extraordinary cost pool, which provides reimbursements to special education local plan areas for students with specified high-cost service needs, and the low-incidence disabilities add-on, which provides additional funding to support students with rare, highly specialized needs. The Budget also provides a one-time increase of $30 million for the Supporting Inclusive Practices Project, which provides resources to schools and educators to expand access to the general education environment for students with disabilities.

Further, the Budget includes a one-time increase of $25 million for the Inclusive College Technical Assistance Center. The Center facilitates collaboration between local educational agencies and institutions of higher education to expand inclusive college opportunities for students with intellectual and developmental disabilities, help those students develop life skills, and model inclusive postsecondary education communities.

Finally, the Budget provides a one-time investment of $10 million to develop resources and provide technical assistance to support the implementation of alternative pathways and alternative means to a high school diploma for students with disabilities.

STUDENT SUPPORT AND PROFESSIONAL DEVELOPMENT DISCRETIONARY BLOCK GRANT

The Budget provides $5 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block. These funds will provide local educational agencies with additional fiscal support to address rising costs, as well as fund statewide priorities including:

- Professional development for teachers on the English Language Arts/English Language Development (ELA/ELD) Framework and the Literacy Roadmap, with a focus on strategies to support literacy for English learners;
- Professional development for teachers on the Mathematics Framework;
- Professional development for TK-3 teachers and elementary school site administrators on the principles and guidelines of developmentally appropriate instruction;
- Teacher recruitment and retention strategies;

- Career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education;
- Community school and promising neighborhood partnerships; and
- Deferred maintenance of school facilities.

PAID PREGNANCY DISABILITY LEAVE

Comprehensive benefits, including paid pregnancy disability leave, can improve recruitment and retention of employees while prioritizing the health and well-being of workers and their families during pregnancy. To this end, the Budget requires all TK-14 local educational agencies, to provide all employees with up to 14 weeks of paid pregnancy disability leave beginning on January 1, 2027. This new benefit will support educators who want to start or expand their families and provide protections when pregnancy results in temporary disability. Costs of the benefit are absorbable within the funding allocated to local educational agencies for the discretionary LCFF "super COLA."

COMMUNITY SCHOOLS

Community schools partner with education, county, and nonprofit entities to provide integrated health, trauma-informed mental health, social services, and academic supports alongside high-quality, supportive instruction. In addition to these integrated student supports, community schools offer expanded learning time, active family and community engagement, and collaborative leadership practices.

The Budget includes $1 billion ongoing Proposition 98 General Fund to expand the community school model to more school sites that have large concentrations of students from low-income families, English learners, and youth in foster care. Community schools receiving these funds will partner with community-based organizations and Promise Neighborhood lead agencies to provide whole child services in the school setting. The Budget also supports the following investments intended to complement the new ongoing community schools program:

- $50 million to expand on the state's recent work to redesign middle and high schools, in the context of community schools, to better serve the needs of secondary students, improve student outcomes, and better integrate postsecondary college and career opportunities.

- $15 million to the State Transformational Assistance Center and Regional Transformational Assistance Centers to support the statewide transformation of new community schools.
- $13 million to the State Transformational Assistance Center to develop and implement: (1) the ongoing process to certify that community schools are implemented with fidelity and, (2) the long-term accountability structure.
- $6 million for the continued implementation of Transforming Together, an initiative supported by the Children and Youth Behavioral Health Initiative and California Community Schools Partnership Program that aims to strengthen collaboration between county offices of education and community partners to better meet the behavioral health needs of students and families.

Additionally, the Budget includes intent language to provide $20 million ongoing beginning in 2030-31 for county offices of education to continue regional community schools coordination services, extending existing one-time multi-year funding after it concludes.

LITERACY AND MATH INSTRUCTION

Over the past seven years, the state has made many high-leverage investments in evidence-based literacy instruction and professional learning to support the implementation of the ELA/ELD Framework. Of these investments, $715 million has been invested in the Literacy Coaches and Reading Specialists Grant Program. Using evidence-based practices, this program funds high-poverty schools to train and hire literacy and reading specialists and coaches; to support educators in developing their practices; strengthen and expand school literacy programs, including comprehensive English language development and dual language immersion programs, and other programs for multilingual learners; and to design interventions for students with disabilities, including dyslexia, through one-on-one and small group tutoring.

Depending on when participating local educational agencies first received a grant, funding for this program expires on either June 30, 2027, June 30, 2028, or June 30, 2029. To continue this critical support for literacy instruction in the state's neediest communities, the Budget includes a one-time increase of $350 million to extend funding for Literacy Coaches and Reading Specialists Grant Program for all grantees until June 30, 2031.

The state has also made several important investments in mathematics instructional supports in recent years to support the implementation of the new Mathematics Framework. For example, the 2025 Budget Act included $30 million for the Mathematics Professional Learning Partnership. This initiative, administered by the Kern County Superintendent of Schools, supports educator training and mathematics coaching across the state, with a prioritization for rural and high-need schools.

The Budget builds on this investment by providing an additional $50 million one-time Proposition 98 General Fund to allow the work of the Mathematics Professional Learning Partnership to expand its reach to more local educational agencies and extend its impact beyond its current expiration date of June 30, 2029.

TEACHER PREPARATION AND PROFESSIONAL DEVELOPMENT

Staffing shortages in TK-12 education have persisted for many years in California. However, promising gains to offset those shortages have been made in recent years due to billions of dollars of investments in educator recruitment and training. In order to continue making progress, it is imperative that barriers to teaching are removed for qualified teacher candidates, and that existing teachers are provided with the training they need to be successful.

The Budget includes nearly three-quarters of a billion dollars in new investments to accelerate the state's progress in addressing teacher shortages, including:

- An additional $408 million one-time Proposition 98 General Fund for the Student Teacher Stipend Program to extend the program and provide an additional $5,000 stipend for student teachers pursuing a credential in a high-need field.
- $250 million one-time Proposition 98 General Fund to continue educator residency programs through 2029-30. Educator residencies provide high-quality, clinically rich preparation for teachers and school counselors, with residency program participants having higher program completion and workforce retention rates than non-residency prepared teachers.
- $30 million one-time Proposition 98 General Fund for the statewide teacher residency technical assistance center, extending its ability to support local

educational agencies in implementing, expanding, and sustaining teacher residency programs and other teacher recruitment and retention through 2034.

- $16.2 million ongoing federal special education (IDEA) funds and $1.6 million one-time federal Title II funds to continue the Golden State Teacher Grant Program (GSTG). See the Higher Education Chapter for more information. Additionally, the Budget provides $10 million one-time General Fund for GSTG to support awards for students applying in the 2027-28 year to prepare to teach in shortage fields.
- $15 million one-time Proposition 98 General Fund to expand and enhance offerings through the 21st Century California School Leadership Academy (21CSLA) program for school leaders. 21CSLA provides no-cost, high-quality professional learning to support California's education leaders and administrators in improving student outcomes and implementing initiatives like universal transitional kindergarten.
- $10 million one-time Proposition 98 General Fund for the Pathways to Bilingual Teaching Program to provide competitive grants up to $600,000 to local educational agencies to create pathways that will increase the number of teachers qualified to teach in bilingual settings.
- $10 million one-time Proposition 98 General Fund for the Classified School Employee Teacher Credentialing Program to provide grants up to $24,000 to local educational agencies to support classified employees pursuing teaching credentials.

The Budget also provides $5 million one-time Proposition 98 General Fund to build and validate a system for statewide college transcript review by the California Commission on Teacher Credentialing. Transcript review allows teacher candidates to use their college coursework to prove their subject matter competency. By creating a free, statewide system for reviewing the college transcripts of teacher candidates, the Budget creates a viable alternative to examinations, saving teacher candidates hundreds of dollars in examination fees.

Additionally, to support the expansion in transcript review, the Budget includes a modest increase of $25 in the fee that teachers pay to renew their clear teaching credential. Currently, California teachers pay $100 every 5 years to renew their clear credential, so this change represents an increase of $5 per year. Revenues from this fee increase will support costs to the Commission on Teacher Credentialing related to establishing and maintaining the statewide transcript review process.

SUPPORTS FOR IMMIGRANT STUDENTS

The Budget provides several new investments to support the state's TK-12 immigrant and newcomer students. These investments include:

- $100 million one-time Proposition 98 General Fund for the Department of Education, in consultation with the Department of Social Services, to establish the California's New Americans in Schools (CalNAS) program to provide supportive services for newcomer pupils, English learners, and immigrant families. This program will supplement the existing California Newcomer Education and Well-Being program administered through the Department of Social Services. Allowable uses of funds include: (1) professional development and resources for staff to effectively support immigrant pupils and families; (2) academic and social services supports for newcomer pupils; and (3) contracting with immigration legal service providers to support outreach or immigration-related legal and other support services. Of the amount allocated, $10 million will be available for one or more local educational agencies to provide statewide technical assistance for CalNAS.
- $75 million one-time Proposition 98 General Fund to establish Dream Resource Centers at high schools serving grades 9-12. Funds are intended to support pupils with social services, state-funded immigration legal services, academic opportunities, and parent and family workshops.

EARLY EDUCATION

To strengthen the state's early education programs, the Budget includes the following investments:

- $250 million one-time Proposition 98 General Fund for the Universal Prekindergarten Planning & Implementation Grant, which supports the expansion of high-quality State Preschool and Transitional Kindergarten programs for two-, three-, and four-year-old students throughout the state.
- $51.4 million ongoing Proposition 98 General Fund to provide increased monthly cost of care plus payments for California State Preschool Program (CSPP) contractors in 2026-27.
- $33.6 million ongoing Proposition 98 General Fund to increase the number of CSPP professional development days from 2 days to 5 days in 2026-27.

- $20 million in additional ongoing Proposition 98 General Fund for the state's Quality Rating and Improvement System, which provides assessment, technical assistance, and fiscal support for improving the quality of early care and education programs.

OTHER TK-12 EDUCATION ISSUES

SIGNIFICANT BUDGET ADJUSTMENTS

- **Learning Recovery Emergency Block Grant**—$757.3 million one-time Proposition 98 General Fund to support the Learning Recovery Emergency Block Grant, which provides funds to local educational agencies to establish learning recovery initiatives through the 2027-28 school year. This investment is the final payment to this program, which has received multi-year investments totaling $7.2 billion in past budgets to support schools in learning recovery efforts related to the COVID-19 Pandemic.
- **Kitchen Infrastructure and Training**—$500 million one-time Proposition 98 General Fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.
- **Support for Students Experiencing Homelessness**—$116 million one-time Proposition 98 General Fund to provide three-year grants to local educational agencies to increase identification of and improve educational outcomes for students experiencing homelessness. These funds will supplement existing federal McKinney Vento Children and Youth grant program funds to expand access to the program.
- **Dual Enrollment**—$100 million one-time Proposition 98 General Fund to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities.
- **Reading Difficulties Risk Screening**—$40 million one-time Proposition 98 General Fund to support continued implementation of student reading difficulties screenings. The 2023 Budget Act required local educational agencies to begin screening students in kindergarten through second grade, for risk of reading difficulties, including dyslexia, beginning in the 2025-2026 school year.
- **Holocaust and Genocide Education**—$10 million one-time Proposition 98 General Fund for the Holocaust and Genocide Education Grant Program to support

professional development and provide resources on Holocaust and genocide education.

- **Charter School Accountability**—The Budget includes new requirements for charter schools to ensure that public funds are properly utilized, address fraud and malfeasance, and improve accountability and oversight. It also provides for the use of verified data in the charter school renewal process until June 30, 2028.