

TK-12 EDUCATION

California provides instruction and support services to roughly 5.7 million students in grades transitional kindergarten (TK) through twelve in almost 10,000 schools throughout the state. A system of 58 county offices of education, more than 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 either enter the workforce or pursue postsecondary education.

The May Revision includes total funding of \$151.6 billion (\$91.3 billion General Fund and \$60.3 billion other funds) for all TK-12 education programs. The May Revision reflects significant increases in Proposition 98 funding that provide ongoing fiscal stability for local educational agencies and enable increased support for core programs such as the Local Control Funding Formula (LCFF) and special education.

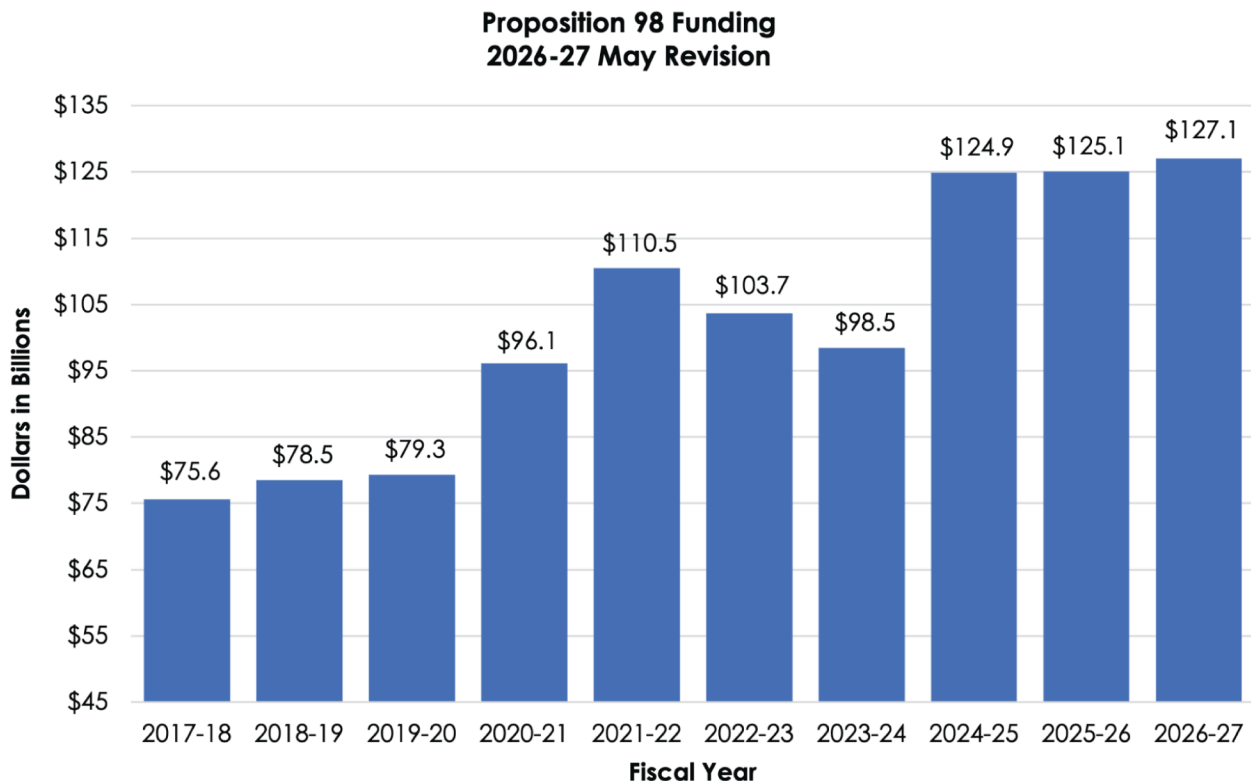
PROPOSITION 98

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 May Revision, the revised estimates of General Fund revenues result in notable adjustments to the Proposition 98 Guarantee. The revised Guarantee for TK-14 schools is calculated to be \$124.9 billion in 2024-25, \$125.1 billion in 2025-26, and \$127.1 billion in 2026-27. These revised Proposition 98 levels represent an increase of approximately \$28 billion over the three-year period relative to the 2025 Budget Act, and an increase of approximately \$6.4 billion from Governor's Budget. As discussed below, much of the funding increase between Governor's Budget and May Revision is required to be deposited in the Proposition 98 Rainy Day Fund and will not immediately be available to TK-12 schools and community colleges.

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 May Revision maintains a \$3.9 billion settle-up amount in the 2025-26 fiscal year. If in spring 2027, 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.

The May Revision 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. With this settle-up payment and the creation of settle-up in 2025-26, additional funding for Proposition 98 compared to the 2025 Budget Act is \$24.3 billion, of which \$12.5 billion is ongoing.

PROPOSITION 98 RAINY DAY FUND

The 2026-27 Governor's Budget projected a total balance of roughly \$4.1 billion in the Proposition 98 Rainy Day Fund, reflecting total mandatory deposits of \$4.3 billion across both 2024-25 and 2025-26, a \$240 million discretionary deposit in 2025-26, and a \$407.1 million mandatory withdrawal in 2026-27. Adjustments in capital gains revenues at May Revision are projected to eliminate the mandatory withdrawal in 2026-27 and require mandatory deposits across the three-year budget window totaling \$8.7 billion. To provide additional long-term budget stability, the May Revision proposes to increase the discretionary \$240 million deposit to \$1.6 billion, leaving the final balance in the Fund at \$10.3 billion.

Notably, of the \$6.4 billion that the overall Proposition 98 Guarantee increases across the three-year window from Governor's Budget to May Revision, \$4.6 billion is required to be allocated to the Proposition 98 Rainy Day Fund.

LOCAL CONTROL FUNDING FORMULA

The May Revision includes a statutory LCFF cost-of-living adjustment (COLA) of 2.87 percent, up from 2.41 percent at Governor's Budget. When combined with population growth adjustments, this will result in an increase of approximately \$1.3 billion

in discretionary funds for local educational agencies as compared to the 2025 Budget Act.

Additionally, the May Revision includes \$906.7 million to further increase funding for 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).

SPECIAL EDUCATION

The number of students with disabilities in California's public schools is growing, and with it, the cost of providing special education services. The May Revision reflects the state's ongoing commitment to invest in and improve instruction and services for students with disabilities, maintaining the \$509 million discretionary increase for special education included at Governor's Budget, and adding an additional ongoing special education base rate investment of \$1.8 billion. In total, this represents a nearly \$2.4 billion increase 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 from \$999 at Governor's Budget to \$1,340 at May Revision. Since 2018-19, funding for special education has increased by \$4.5 billion, or 237 percent, and has included investments in more intervention-focused special education programs, including for early intervention for pre-K and kindergarten students, to improve student outcomes.

Additionally, the May Revision 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.

STUDENT SUPPORT AND PROFESSIONAL DEVELOPMENT DISCRETIONARY BLOCK GRANT

The May Revision updates the amount of one-time Proposition 98 General Fund available for the Student Support and Professional Development Discretionary Block Grant to \$5 billion (from \$2.8 billion at Governor's Budget). These funds will provide local educational agencies with additional fiscal support to address rising costs, as well as fund statewide priorities including: (1) 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; (2) professional development for teachers on the Mathematics Framework; (3) professional development for TK-3 teachers and elementary school site administrators on the principles and guidelines of developmentally appropriate instruction; (4) teacher recruitment and retention strategies; and (5) career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education.

PAID PREGNANCY LEAVE

Comprehensive benefits can improve recruitment and retention of employees. To this end, the May Revision requires all TK-12 local educational agencies, and community colleges, to provide all employees with up to 14 weeks of paid pregnancy disability leave beginning in 2026-27. This new benefit will support educators that want to start or expand their families and provide protections when pregnancy results in temporary disability. Costs of the benefit are absorbable within the 1.4-percent discretionary LCFF 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 Governor's Budget included \$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. The May Revision builds on this investment by reappropriating \$485 million from the existing California Community Schools Partnership Program, previously set aside for extension grants, for all of the following purposes:

- \$401 million in one-time grants for eligible schools to support planning and implementation of the community schools model, including providing professional development, implementing social emotional learning and restorative practices, strengthening behavioral health care supports (including implementation of the Children and Youth Behavioral Health Initiative Fee Schedule), leveraging partnerships to provide integrated supports for students and staff, and supporting secondary community schools in redesigning their instructional programming to better meet the needs of students.
- \$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 all students, improve student outcomes, and better integrate postsecondary college and career opportunities.
- \$15 million to the State Transformational Assistance Center 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 May Revision includes a one-time increase of \$50 million to continue support for the state's Multi-Tiered Systems of Support (MTSS) framework, which is a key foundational support to the state's community schools initiative. MTSS focuses on aligning initiatives and resources within an educational organization to address the needs of all students.

LITERACY AND MATH INSTRUCTION

Over the past seven years, the state has made many high-leverage investments in evidence-based literacy 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 and to design interventions for students with the greatest need, including 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 May Revision includes a one-time increase of \$428.8 million to extend funding for Literacy Coaches and Reading Specialists Grant Program for all grantees until June 30, 2031. The May Revision also includes \$11.2 million for the Literacy Coaches and Reading Specialists Educator Training Competitive Grant, which provides training and support to new and existing literacy coaches.

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 May Revision builds on this investment by providing an additional \$60 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 May Revision includes the following investments to accelerate the state's progress in addressing teacher shortages:

- \$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, National Board for Professional Teaching Standards Certification Incentive Program, and other grow-your-own educator preparation programs 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. Currently, family empowerment centers and work related to supporting inclusive practices are supported with the IDEA funds, however these programs are being shifted to ongoing Proposition 98 General Fund to allow the IDEA funds to be used for GSTG.
- \$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.

The May Revision also proposes to reduce barriers into the teaching profession by expanding access to college transcript review for teacher candidates. Currently, teacher candidates must prove their competency in the subject matter (e.g., mathematics, English language arts, etc.) of the credential they apply for. They may do this in multiple ways, but for many, the only practical option is a costly and time-consuming examination process.

The May Revision includes \$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 May Revision creates a viable alternative to examination, saving teacher candidates hundreds of dollars in examination fees.

Additionally, to support the expansion in transcript review, the May Revision 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 backfill lost testing revenues from the subject matter competency exam exemption and will support costs to the Commission on Teacher Credentialing related to establishing and maintaining the statewide transcript review process.

OTHER TK-12 EDUCATION ISSUES

Below are additional adjustments in the May Revision that add to, reduce, or amend proposals from the Governor's Budget.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Local Property Tax Adjustments**—\$265.6 million in additional General Fund for school districts and county offices of education in 2025-26, and an increase of \$344.4 million ongoing General Fund for school districts and county offices of education in 2026-27, resulting from decreased offsetting property taxes.
- **Cost-of-Living Adjustments**—\$261 million in additional ongoing Proposition 98 General Fund (up from \$230.1 million at Governor's Budget) to reflect growth adjustments and a 2.87-percent cost-of-living adjustment for the LCFF Equity Multiplier and specified categorical programs, including Special Education, Child Nutrition, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.
- **County Offices of Education**—\$48.3 million in additional ongoing Proposition 98 General Fund over the amount provided in the Governor's Budget to reflect average daily attendance changes applicable to the county office of education LCFF and a 4.31-percent cost-of-living adjustment.
- **Supplemental Funding for Students Experiencing Homelessness**—\$30 million one-time Proposition 98 General Fund for grants to local educational agencies to increase identification of and improve 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.
- **Quality Rating and Improvement System (QRIS)**—\$20 million in additional ongoing Proposition 98 General Fund for the state's QRIS, which provides assessment,

technical assistance, and fiscal support for improving the quality of early care and education programs.

- **California State Preschool Program**—The May Revision reduces the cost-of-living adjustment for the California State Preschool Program from 2.41-percent at Governor's Budget to 2.01-percent, in alignment with other childcare and development programs.
- **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.
- **Multitudes Literacy Screener**—\$5 million ongoing Proposition 98 General Fund 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 educational agencies and expand the number of languages supported by Multitudes.
- **Nutrition**—\$2.8 million in additional ongoing Proposition 98 General Fund to fully fund the universal school meals program in 2026-27.
- **Menstrual Products Mandate**—\$1.7 million in additional ongoing Proposition 98 General Fund for the Public School Restrooms: Menstrual Products mandated program.
- **Office of the Superintendent of Public Instruction**—An ongoing shift of \$1.5 million non-Proposition 98 General Fund in 2026-27, growing to \$3 million beginning in 2027-28, from the Department of Education to the new Office of the Superintendent of Public Instruction. This fiscally neutral funding shift is related to the education governance proposal included in the Governor's Budget.