

## 2025-26 ENACTED CA BUDGET SUMMARY

The Legislature approved the final 2025-26 California state budget package and forwarded it to Gov. Gavin Newsom for his signature. Below is a summary of the major provisions impacting the TK-12 portion of the budget and relevant priorities.

### EDUCATION FUNDING OVERVIEW

#### PROPOSITION 98

For 2024-25, the minimum guarantee is calculated at \$119.9 billion, with \$118 billion appropriated, resulting in a withholding amount of \$1.9 billion. The budget also includes a \$1.9 billion deferral from June to July 2026, with the intention of using the withholding amount to pay off the deferral as part of the 2026-27 budget. The budget appropriates \$114.6 billion for TK–14 education under Proposition 98 in 2025–26 and maintains the suspended Proposition 98 level of \$98.5 billion in 2023-24.

#### COST-OF-LIVING ADJUSTMENT

The Budget Act of 2025-26 fully funds the 2.3 percent cost-of-living adjustment for the Local Control Funding Formula (LCFF) and categorical programs such as the adult education block grant, child nutrition, foster youth programs, mandates block grant, special education, American Indian Education Centers, and American Indian Early Childhood Education Program.

#### DISCRETIONARY BLOCK GRANT (BLOCK GRANT)

The Budget Act of 2025-26 allocates \$1.7 billion on a one-time basis, based on ADA. While the Student Support and Professional Development Block Grant outlines priority areas for spending, districts are not required to use the funds in these ways—the funding is fully discretionary. Funds are available until June 30, 2029, with a final report due September 30, 2029, to the State Department of Education.

#### UNIVERSAL TRANSITIONAL KINDERGARTEN (UTK)

The Budget Act of 2025-26 continues to implement UTK as planned, rebenching the Prop. 98 Guarantee to account for the additional students UTK implementation brings into the public school system. The budget provides the following related to UTK:

- \$2.1 billion ongoing in funding for the final year of UTK implementation;
- \$1.2 billion ongoing for 10:1 UTK child-to-staff ratios;
- \$10 million one-time funding for an English language proficiency screener for TK students; and
- \$7.5 million in supplemental and concentration grant funds to mitigate reductions resulting from recent English language assessment policy changes.

Additionally, the Budget Act of 2025-26 funds the cost of UTK enrollment outside of the Proposition 98 split between TK-12 education and the California Community Colleges beginning 2025-26.

### **EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELOP)**

The Budget Act of 2025-26 makes several changes to ELOP, including:

- Lowering the threshold for Rate 1 from 75% unduplicated pupil percentage (UPP) to 55% UPP starting on July 1, 2025;
- Raising the minimum grant award from \$50,000 to \$100,000; and
- Starting in 2025-26, when local educational agencies (LEAs) transition from Rate 2 to Rate 1, they will be audited for compliance, for one year only, based on their prior-year, Rate 2 requirements.

Lowering the UPP threshold from 75% to 55% allows districts that were previously in Rate 2 to qualify for Rate 1, which provides \$2,750 per unit of average daily attendance.

### **PROPOSITION 98 RAINY DAY FUND**

The Budget Act of 2025-26 withdraws \$405.3 million from the Public School System Stabilization Account (also known as the Proposition 98 Rainy Day Fund) to cover costs for the LCFF. Due to this allocation, in addition to the withdrawal for community colleges, the Proposition 98 General Fund will be fully depleted after 2025-26.

### **FAILURE TO ADOPT A LOCAL CONTROL ACCOUNTABILITY PLAN (LCAP) PENALTY**

The Budget Act of 2025-26 introduces new financial penalties for LEAs that fail to adopt a LCAP or update their LCAP by July 1. The financial penalty would be 20% of an LEA's second principal apportionment LCFF entitlement. It would increase by 1% for each additional business day of noncompliance, up to a maximum of 80%, with exceptions for specified emergencies, including, but not limited to, fires, floods, epidemics, and earthquakes.

### **LEARNING RECOVERY EMERGENCY (LRE) BLOCK GRANT**

The Budget Act of 2025-26 allocates \$378.6 million for the LRE Block Grant. Due to the Cayla J. lawsuit settlement, districts using new LRE Block Grant funds, starting in the 2025-26 school year, must perform a new student needs assessment and include the recommended actions, supported by the grant and based on the needs assessment, in their LCAP. The allowable uses and apportionment method remain the same.

### **EDUCATOR PIPELINE AND PROFESSIONAL DEVELOPMENT**

Several initiatives are funded to support the teacher pipeline and enhance professional development. The budget includes the following:

- \$300 million one-time funding for the Student Teacher Stipend Program;
- \$70 million one-time for the Teacher Residency Grant Program;
- \$30 million one-time to mathematics professional learning; and
- \$30 million one-time to the National Board for Professional Teaching Standards Certification Incentive Program, with \$3 million dedicated to cover fees for first-time candidates.

Additionally, the Budget Act of 2025-26 will consolidate educator-related programs under the Commission on Teacher Credentialing, and a universal application portal will be created to improve access to educator incentives.

### **LITERACY INSTRUCTION**

The Budget Act of 2025-26 includes multiple proposals to support LEAs in providing evidence-based literacy instruction.

- \$200 million one-time for literacy instruction professional development;
- \$215 million one-time for the Literacy Coaches and Reading Specialists Grant Program; and
- \$40 million one-time funds to cover essential costs, including purchasing screening materials and training educators to conduct literacy screenings for students in kindergarten through second grade, as the requirement starts in the 2025-26 school year.

### **CAREER TECHNICAL EDUCATION (CTE)**

The Budget Act of 2025-26 reserves \$150 million one-time for pending CTE legislation, but if not enacted by Jan. 1, 2026, it would instead allocate these funds to the California Career Technical Education Incentive Grant Program. Additionally, the Budget requires the Superintendent and the Chancellor of the California Community Colleges to assess and report on the feasibility of streamlining CTE grant applications and reporting into a single system.

### **CALIFORNIA YOUTH BEHAVIORAL HEALTH INITIATIVE (CYBHI) FEE SCHEDULE BRIDGE PROGRAM**

The Budget Act of 2025-26 appropriates \$20 million one-time to ensure that services and staffing are not disrupted as the CYBHI fee schedule continues to be implemented.

### **UNIVERSAL MEALS**

The Budget Act of 2025-26 fully funds universal meals and allocates \$160 million one-time to create a Universal School Meals Implementation Support Grant, with \$10 million dedicated to recruiting and retaining food service staff. Additionally, \$43.8 million in ongoing Proposition 98 General Fund and Federal Funds is appropriated for the local implementation of the SUN (Summer EBT) Bucks program.

### **ETHNIC STUDIES**

The Budget Act of 2025-26 does not appropriate funds for the purposes of enacting AB 101 (Medina, Chapter 661, Statutes of 2021). LEAs are not mandated to provide a semester-long ethnic studies course for their high school students, but have the option to offer the course locally.

### **SURPLUS LANDS ACT**

The Budget Act of 2025–26, through provisions in the housing trailer bill, eliminates exemptions previously granted to LEAs under the Surplus Lands Act.

The full budget summary can be found [here](#).