



LAUSD
UNIFIED



San Diego Unified
SCHOOL DISTRICT



Fresno Unified
School District

Preparing Career Ready Graduates



LONG BEACH
UNIFIED • SCHOOL • DISTRICT



OAKLAND UNIFIED
SCHOOL DISTRICT
Community Schools, Thriving Students



SFUSD
SAN FRANCISCO
PUBLIC SCHOOLS



March 24, 2026

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: URBAN SCHOOL DISTRICTS' RESPONSE TO THE 2026-27 JANUARY STATE BUDGET PROPOSAL

Dear Governor Newsom,

As leaders of large urban districts in California, serving over fifteen percent of California's students, we write to urge your attention to the following budget priorities and recommendations as your administration works over the coming month to update the 2026-27 budget proposals in the May Revise.

Thank you for your continued support for California's students, their families and communities, and the educators and school site staff who support them. We cannot afford to take a step back from the progress our students have made to date, and we look forward to continuing to partner with your administration to ensure that all children receive the support they need to thrive.

Oppose the \$5.6 Billion Proposition 98 Funding Withholding and Request the State to Fully Fund the Proposition 98 Guarantee

We strongly oppose the proposed withholding of \$5.6 billion in Proposition 98 funds and urge your administration to fully appropriate Proposition 98 education funding to invest in the success of California's students by empowering locally-responsive investments. While we recognize the fiscal challenges faced by the overall General Fund, our schools are relying on the Proposition 98 guarantee to be fully funded to sustain the existing transformative investments and meet the needs of students.

Beyond the immediate availability of Proposition 98 and other General Fund resources in the 2026-27 State Budget, we urge the Legislature to work with your and future Administrations to provide more stable, adequate, and predictable increased funding for public education. This includes examining how funding formulas respond to enrollment changes, ensuring that special education and other mandated services are fully funded, and aligning resources with the real costs of operating schools.

Fund the Annual Cost of Living Adjustment (COLA) Above the Statutory Level

With uncertainty in federal education funding, ongoing increases for employee health care, pension and insurance costs that run far ahead of inflation, and existing negotiated agreements with our labor partners, providing increased investments in the LCFF are critical. Further, most districts are experiencing declining enrollment, which is depleting the impact of the statutory COLA. With the projected surge in state revenues above the Governor's January Budget Proposal, we request you fund COLA higher than the minimum required by statute or put the funds towards a higher Discretionary Block Grant if the surge in revenues are considered one-time in nature.

Strong Support for Funding the Learning Recovery Emergency Block Grant and \$1.9 Billion Settle-Up

We strongly support the proposal to repay the \$1.9 billion settle-up from prior years and fully fund the \$757 million remaining for the Learning Recovery Emergency Block Grant (LREBG). These proposals provide stability by enabling our districts to sustain successful LREBG-funded programs and respond to evolving local needs.

Strong Support for \$2.8 Billion Discretionary Block Grant to Support Local Priorities to Serve Students

We strongly support the proposed \$2.8 billion Discretionary Block Grant. Our districts are laser focused on closing gaps in achievement and bringing cohesion to these efforts at the local level. Funding to sustain successful programs at the local level is critical to continue the statewide momentum towards improving student outcomes. Discretionary funding allows districts to implement programs and approaches tailored to the local context and our school communities, while also leveraging funds to address the fiscal realities we face due to the impacts of immigration on student attendance, declining enrollment, higher utility costs and salaries and benefits of our workforce.

Strong Support for \$1 Billion Ongoing for Community Schools in Manner that Sustains Existing Sites and Allows Additional Sites

Community schools have been transformative in supporting our ongoing efforts to improve student attendance and strengthening holistic student services. We urge that this ongoing funding be allocated in a manner that adequately supports baseline community schools staffing costs and does not diminish funding for existing community schools. The proposed tiered allocation methodology based on school site enrollment would result in less funding, particularly those under 300 students, despite the cost of paying for staff remaining the same. Additionally, we urge funding for school sites near the threshold for eligibility, or the threshold between funding tiers to be stabilized so they can engage in long-term planning and investments needed to sustain the community schools strategy.

Strong Support for the \$509 Million Ongoing Funds to Increase the Special Education Base Rates

We strongly support the proposal to increase the Assembly Bill 602 base rates to help offset the significant costs associated with providing services for students with disabilities. We urge the full \$509M to be used for this purpose, even if this raises base rates above the \$999 per student estimated in the January Budget. However, it is important to acknowledge that the existing AB 602 funding model does not account for the increasing share of students with disabilities, nor does it provide supplementary funding for students whose needs require greater investments. Within the growing population of students with disabilities, the diagnosis of moderate and severe special needs is increasing as a percentage of the overall student population, and as a percentage of the overall students with disabilities. The services and support needed to provide students with moderate and severe disabilities with a high-quality public education are some of the costliest special education services to provide. We urge the State to commit to addressing these growing costs that disproportionately impact on those of our districts who serve this student population.

Request One-Time Allocation for Early Learning Behavioral Supports and Early Interventions

Across the state, the number of students requiring special education services continues to rise even as overall enrollment declines. In many districts, behavioral needs emerging in early grades – and in particular, in transitional kindergarten – are contributing to an increase in identification of students for special education services. TK has been a transformational investment for California's youngest learners, but it has also surfaced the need for more robust behavioral supports and early interventions in the early grades. State investments in timely, age-appropriate behavioral and learning support would benefit all students and help to ensure the IEP process is reserved for cases in which short-term, targeted interventions are not sufficient. Given the year over year higher revenue projections in 2025-26, we urge a one-time investment to support

these early learning behavioral supports and interventions allocated on a per ADA basis of TK-3 in a local educational agency that would be in addition to and separate from the \$2.8 billion or higher Discretionary Block Grant.

Request the TK-12 Grade Mandate Block Grant Amounts Be Adjusted with Recently Approved Mandates

We request the Mandate Block Grant amounts be augmented with a cost-of-living adjustment (COLA). We also request that the Administration incorporate the Commission on State Mandates approved menstrual products mandate test claim into the Mandate Block Grant at the May Revision, as well as request that the Administration provide ongoing funding through the Mandate Block Grant for the new mandate requiring local educational agencies to annually screen students in grades TK-2 for reading difficulties. Doing so would be an important recognition that any increased level of activity or new mandate from the state through the enactment of new legislation has fiscal implications on our budgets that are already stretched thin.

Thank you for your consideration of these important issues. We look forward to ongoing conversations on how to continue progress towards making the California Dream a reality for all.

Sincerely,

Andres E. Chait

Acting Superintendent
Los Angeles Unified School District

Dr. Fabiola Bagula

Superintendent
San Diego Unified School District

Misty Her

Superintendent
Fresno Unified School District

Jill Baker, Ed.D.

Superintendent
Long Beach Unified School District

Dr. Maria Su

Superintendent
San Francisco Unified School District

Dr. Denise Saddler

Interim Superintendent
Oakland Unified School District

Mauricio Arellano

Superintendent
San Bernardino City Unified School District

cc: The Honorable Tony Thurmond, State Superintendent of Public Instruction
The Honorable John Laird, Chair, Senate Budget and Fiscal Review Committee
The Honorable Sasha Renée Pérez, Chair, Senate Budget Subcommittee No. 1 on Education
The Honorable Jesse Gabriel, Chair, Assembly Budget Committee
The Honorable David Alvarez, Chair, Assembly Budget Subcommittee No. 3, Education Finance
Joe Stephanshaw, Director, Department of Finance
Jessica Holmes, Program Budget Manager on Education, Department of Finance
Brooks Allen, Executive Director, State Board of Education
Nichole Munoz Murillo, Deputy Legislative Secretary, Office of Governor Gavin Newsom
Elisa Wynne, Staff Director, Senate Budget Committee
Yong Salas, Education Consultant, Senate Budget Subcommittee No. 1 on Education
Christian Griffith, Chief Consultant, Assembly Budget Committee
Erin Gabel, Education Consultant, Assembly Budget Committee