CALIFORNIA COUNTY SUPERINTENDENTS

The Common Message

2026-27 Adopted Budget
45-Day Budget Revision

BASC

Business and Administration Services Committee

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Sources

Association of California School Administrators
Ball/Frost Group, LLC
California Association of School Business Officials
California Collaborative for Educational Excellence
California Department of Education
California Department of Finance
California Public Employees' Retirement System
California State Teachers' Retirement System
California State Board of Education
California School Boards Association
California School Information Services
Capitol Advisors
Fiscal Crisis and Management Assistance Team
K-12 High Speed Network
National Forest Counties and Schools Coalition
School Services of California
Small School Districts' Association
Statewide Local Educational Consortium Co-Chairs
WestEd

Background

Since May 2008, county office of education (COE) chief business officials (CBOs) have collaborated to develop common messages to guide districts in crafting assumptions for their budget and interim reports. The Business and Administration Services Committee (BASC) supports this endeavor by providing COE CBOs with a uniform common message based on assumptions used by the California Department of Finance (DOF).

BASC would like to thank the DOF, State Board of Education (SBE), California Department of Education (CDE), Fiscal Crisis and Management Assistance Team (FCMAT), and our colleagues listed in the "Sources" section of this message for providing BASC and our local educational agencies (LEAs) with the most up-to-date information at the time of writing.

Key Guidance Based on the 2026-27 Enacted State Budget

Governor Gavin Newsom signed several budget and trailer bills to adopt and implement the 2026-27 State Budget (AB 109, SB 111, AB 112, AB 126, AB 150, AB 181). The enacted state budget maintains most of the proposals that were included in the May revision with a few changes.

The abbreviated 45-Day Budget Revision Common Message focuses on key differences between the 2026-27 May revision and the enacted state budget, which are as follows:

- Like the May revision, the Proposition 98 minimum guarantee for TK-14 schools is funded under Test 1 in all three years. The table below shows the guarantee amounts.

Fiscal Year	May Revision	Enacted
2024-25	$124.9 billion	$124.9 billion
2025-26	$125.1 billion*	$125.3 billion*
2026-27	$127.1 billion	$128.1 billion**

*The amount appropriated for 2025-26 is $3.9 billion less than the guarantee.
**The 2026-27 year reflects an adjustment related to shifts of non-LEA preschool into Proposition 98, often called a re-bench.

- The enacted budget creates a $3.9 billion settle-up for 2025-26 because the guarantee exceeds the amount appropriated. This is similar to the May revision proposal; however, the enacted budget includes a formula to begin paying on the settlement (into the Proposition 98 rainy day fund) if 2027-28 May revision revenues exceed 2026-27 enacted budget revenues.

- The enacted budget reflects a $500 million discretionary deposit into the Proposition 98 rainy day fund (a decrease from the $1.6 billion proposed in the May revision). With mandatory deposits of $8.7 billion across the three-year budget window, the reserve balance is projected to reach $9.2 billion by the end of 2026-27. The reserve cap remains

triggered for 2026-27. If this projected balance materializes, the reserve cap will be triggered for 2027-28 as well.

- As proposed in the May revision, all TK-12 LEAs and community colleges are required to provide eligible employees with up to 14 weeks of paid pregnancy disability leave. However, the requirement begins January 1, 2027 instead of July 1, 2026 as proposed in the May revision. Further, additional language was added to specify that LEAs that have elected to participate in State Disability Insurance (SDI) may count SDI benefits in partial satisfaction of the new requirement. To pay for the cost of providing the new benefit to employees, the budget act provides a 1.44% LCFF base grant adjustment in addition to the statutory COLA.

- The final package provides $5 billion in one-time funding for the Student Support and Professional Development Discretionary Block Grant as proposed in the May revision, but adds two conditions of apportionment:

    1) A school district or charter school with an existing declining enrollment or projected declining enrollment in the next five years shall hold a public hearing on their plans to address the declining enrollment's impacts on the local educational agency, including, but not limited to, school site closures or consolidations.

    2) Ensure that none of their employees are charged a fee for professional services, including, but not limited to, beginning teacher induction program costs and professional development costs, during the grant period (until June 30, 2032).

  Allocations for each LEA is estimated to be roughly $930 per ADA as reported for the 2025-26 second principal apportionment.

- For special education, the enacted budget adds ongoing funding of $40 million toward the extraordinary cost pool and $40 million toward low-incidence disability services in addition to enacting the May revision proposal to increase the special education base rates to $1,340 per ADA.

- For the Literacy Coaches and Reading Specialists Grant Program, the enacted budget appropriates $350 million in one-time funds (from $428 million in the May revision) to extend the program, extends the period when funds are available for previously appropriated dollars (until June 30, 2031), and adds a reporting requirement for grant recipients.

- Includes a one-time increase of $50 million (from $60 million proposed in the May revision) to expand the Mathematics Professional Learning Program beyond its current expiration date of June 30, 2029.

- Appropriates $200 million in one-time funds for the California Prekindergarten Planning and Implementation Grant Program, as well as $50 million in one-time funds for California's Universal Preschool Planning Grant Program for existing local educational agency grantees or new grants for new local education agency consortia lead agencies.

- Provides $116 million in one-time funds for grants to local educational agencies to increase identification of and improve outcomes for students experiencing homelessness (an increase from the $30 million proposed in the May revision).

- Increases the one-time appropriation for the Kitchen Infrastructure and Training program to $500 million (from the $100 million proposed in the May revision) and makes changes to how the funds are to be awarded.

- Provides one-time funds for teacher pipeline and professional development programs, which include:
    - $408 million to extend the Student Teacher Stipend Program and expand the program for high-need fields.
    - $10 million to create the Pathways to Bilingual Teaching Program.
    - $10 million to extend the Classified Employees Teacher Credentialing Program through 2032.

- Includes $100 million (one-time) for the new California's New Americans in Schools Program (CalNAS) and $75 million (one-time) for the Dream Resource Center Grant Program, both competitive grants.

Planning Factors for 2026-27 and Multiyear Projections

Key planning factors for LEAs to include in their 2026-27 adopted budgets and multiyear projections (MYPs) based on the latest information available at the time of writing.

Planning Factor	2026-27	2027-28	2028-29
Cost-of-Living Adjustment (COLA)			
Local Control Funding Formula (LCFF) Statutory COLA	2.87%	3.30%	3.09%
Additional Base Grant Adjustment	1.44%	N/A	N/A
Special Education COLA/Rate	Base Rate $1,340	3.30%	3.09%
Employer Benefit Rates			
CalSTRS	19.10%	19.10%	19.10%
CalPERS-Schools	26.40%	26.80%	25.90%
State Unemployment Insurance	0.05%	0.05%	0.05%
Lottery			
Unrestricted per average daily attendance (ADA)	$190	$190	$190
Proposition 20 per ADA	$84	$84	$84
Minimum Wage	$17.40[1]	$18.00[2]	$18.50[3]
Universal TK/ADA LCFF add-on	$5,704	$5,892	$6,074
Mandate Block Grant			
School Districts			
Grades K-8 per ADA	$40.41	$41.74	$43.03
Grades 9-12 per ADA	$79.27	$81.89	$84.42
Charter Schools			
Grades K-8 per ADA	$21.31	$22.01	$22.69
Grades 9-12 per ADA	$60.48	$62.48	$64.41

[1]Effective January 1, 2027, [2]Effective January 1, 2028, [3]Effective January 1, 2029.

Summary

This edition of the Common Message provides LEAs with data and guidance for the 45-Day Budget Revision and related information for board presentations. The budget was signed on June 29, which means that the 45-day revision window ends on August 13, 2026.

The state budget continues to face uncertainty and heightened fiscal risk, which may affect both revenues and expenditures. LEAs must navigate short- and long-term challenges, including volatility in the state revenue forecast, declining enrollment and attendance trends, rising pension costs, and ongoing inflationary pressures. Because each LEA's funding, program structure, and local conditions are unique, it remains essential that LEAs regularly assess their fiscal outlook, collaborate closely with their respective county offices, and develop comprehensive strategies to maintain long-term fiscal solvency while preserving the quality and integrity of their educational programs.