

CAC Legislative Update August 19, 2026

2026–27 California State Budget

The Legislature broke for a month-long summer recess on July 2, 2026, after passing the 2026–27 state budget package, and returned on August 3rd for the final month of the two-year legislative session. This is Governor Newsom’s last budget, as he terms out at the end of the year and the final budget reflects continuity and in some instances expansion of his longstanding commitments. For public education, the budget delivers a historically high level of funding — the Proposition 98 guarantee reaches a record \$128.1 billion in 2026–27 — along with the greatest shift in the governance of California’s TK–12 public education system in a century. The Governor has signed the budget and its trailer bills, including the TK–14 education trailer bill (AB 126) on July 9th and the education governance bill (AB 181) on July 10th.

Key Budget Investments — Attention to the Whole Child and Student Support, with Local Decisions on Implementation

Several of the budget’s largest investments align directly with priorities of adequate funding for special education and related services and comprehensive school-based supports for the whole child. Highlights include:

- **Special education funding.** The budget provides a \$2.4 billion ongoing increase to special education base rates under the AB 602 formula — the largest ongoing increase in recent memory — bringing per-average daily attendance funding to approximately \$1,340 (on top of the 2.87% COLA), plus \$40 million each for the low-incidence and extraordinary cost pools. This far exceeds the Governor’s January proposal to raise base rates to \$999 per student.
- **Community Schools — ongoing funding.** The budget establishes a \$1.0 billion ongoing apportionment for community schools, replacing the prior time-limited grant approach. Eligibility is based on schoolsite demographics of at least 65 percent of students in the “unduplicated pupil” group — students from low-income families, English learners, and foster youth. Community schools integrate academics with connections and services that support students’ mental and behavioral health, physical well-being, and other wraparound supports for students and families. **Eligible LEAs must opt in for the funding by November 1, 2026.**
- **Student Support and Professional Development Discretionary Block Grant.** A one-time \$5.0 billion block grant flows to every local educational agency on a per-average daily attendance basis — estimated at roughly \$940 per pupil — with funds available through June 30, 2032. Suggested uses include professional development in ELA/ELD literacy, mathematics, and developmentally appropriate transitional kindergarten instruction, but the funds are also available for LEAs to meet rising costs such as operations, transportation, and employee health care. How to use the funds is a local decision. Conditions of the funding include that no fees can be charged to employees for professional development or services, e.g., beginning teacher induction.
- **Educator Workforce.** The package invests approximately \$733 million one-time across the educator pipeline, comprising the items below.

- **Student Teacher Stipend.** Extended through 2031–32 with a \$408 million one-time appropriation; the base stipend remains \$10,000 (annual program authority raised from \$100 million to \$125 million), and beginning July 1, 2027 LEAs must provide an additional \$5,000 stipend to candidates in high-need fields (up to \$15,000 total; \$27.5 million annually).
- **Teacher Residency Grant Program.** Increased by \$250 million one-time and extended through 2029–30; the Teacher Residency / National Board technical-assistance center is extended through 2034 with \$30 million one-time.
- **Golden State Teacher Grant.** Increased by \$10 million General Fund and restructured, administered by the California Student Aid Commission. AB 126 authorizes use of ongoing federal IDEA funds for special education teacher applicants, raises the special education teacher grant to \$20,000 per candidate, and restores grant priority for high-need fields.
- **21st Century California School Leadership Academy.** Provides \$15 million to extend this program, administered by the California Collaborative for Educational Excellence. (SB 112.)
- **Other pipeline items.** \$10 million one-time for a new Bilingual Teacher Pathway Program (LEA–IHE consortia) and \$10 million one-time to extend the Classified Employees Teacher Credentialing Program through 2028. A credential renewal fee increase (to \$125 every five years) offsets ongoing policy changes.

The budget also includes \$40 million in one-time funding to support LEAs’ implementation of the required K–2 reading difficulties risk screenings.

Big Changes Coming to the State’s Governance of TK–12 Education – should lead to better coordination and alignment between state policy and implementation and guidance from the CDE

Since January, the Governor has championed a structural change to the state’s system for administering TK–12 public education. The proposal was considered throughout the spring — including the Assembly Education Committee informational in April — and was passed by the Legislature as **AB 181**, signed by the Governor on July 10th and effective immediately.

AB 181 creates a Governor-appointed, Senate-confirmed **Education Commissioner** who will assume the executive and administrative functions of the California Department of Education and serve as the State Board of Education’s executive officer — the role historically held by the elected State Superintendent of Public Instruction (SPI). The SPI remains an independently elected constitutional officer with a redefined role focused on coordinating education policy from early childhood through postsecondary education, housed in a new Office of the SPI, with voting seats on an expanded 13-member State Board and the Community Colleges Board of Governors. Key transition dates arrive quickly: the Commissioner’s authorities and the reconstituted State Board take effect January 1 and January 15, 2027, and the durable Commissioner appointment is expected to fall to the Governor elected this November.

The law requires the Commissioner to develop a second phase of governance consolidation — with an interim report due June 30, 2027, and final recommendations due October 1, 2027 — and to gather input from legislators, the SPI, and affected interest holders.