

*Senate Budget and Fiscal Review—John Laird, Chair*

# **SUBCOMMITTEE NO. 1**

# **Agenda**

**Senator Sasha Renée Pérez, Chair**  
**Senator Bob Archuleta**  
**Senator Rosilicie Ochoa Bogh**



**Wednesday, May 20, 2026**  
**1:30 p.m.**  
**1021 O Street, Room 2100**

Consultant: Yong Salas

<b>6100</b>	<b>Department of Education .....</b>	<b>2</b>
	Issue 1: Proposition 98 Overview .....	2
	Issue 2: May Revision Proposals .....	4
<b>6360</b>	<b>Commission on Teacher Credentialing.....</b>	<b>7</b>
	Issue 3: May Revision Proposals .....	7

## **Public Comment**

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**6100 DEPARTMENT OF EDUCATION****Issue 1: Proposition 98 Overview****Panel.**

- Alex Shoap, Department of Finance
- Ken Kappahn, Legislative Analyst's Office

**May Revision**

**Proposition 98 - Changes to the Minimum Guarantee.** The May Revision reflects an overall increase of approximately \$6.4 billion in Proposition 98 funding from the Governor's January budget for the three-year period of 2024-25 to 2026-27. More specifically, the May Revision estimates the Proposition 98 guarantee for the 2024-25 through 2026-27 fiscal years at \$124.9 billion, \$125.1 billion, and \$127.1 billion, respectively. In the Governor's January budget, the Proposition 98 guarantee for the 2024-25 through 2026-27 fiscal years were estimated to be \$123.8 billion, \$121.4 billion, and \$125.5 billion, respectively.

The May Revision proposes to decrease the settle-up amount in the 2025-26 Proposition 98 fiscal year from \$5.6 billion at Governor's budget to \$3.9 billion. This means that the May Revision proposes to appropriate \$121.2 billion, instead of the currently calculated level of \$125.1 billion.

The revised levels reflect the estimated increases in General Fund revenues over the three-year period in comparison with the Governor's January budget proposal. The Proposition 98 Guarantee is in Test 1 for all three years in the budget window for 2024-25, 2025-26, and 2026-27 and continues to be calculated under Test 1.

**Public School System Stabilization Account.** The May Revision eliminates the mandatory withdrawal that was included in the Governor's budget from the Proposition 98 Reserves and instead includes mandatory deposits across all three years in the budget window totaling \$8.7 billion. The May Revision also maintains a discretionary deposit, and increases this deposit from \$240 million proposed at the Governor's budget to \$1.6 billion at the May Revision. The balance of the Public School System Stabilization Account at the end of 2026-27 is proposed to be \$10.3 billion.

**The Senate Plan.**

The Senate released its 2026-27 State Budget Plan earlier this year, which proposed to fully appropriate Proposition 98 guarantee. The Senate Plan projected to appropriate \$11.6 billion, which included the unappropriated settle-up amount and the additional revenues. A portion of these appropriations would use the Department of Finance (DOF) Accrual accounting method to spread the General Fund impact over future years.

Additionally, the Senate Plan would unify the California State Preschool Program under Proposition 98, and re-bench Proposition 98 to increase the minimum guarantee to accommodate the new cost. The Senate Plan would also streamline enrollment requirements for California State Preschool Programs to maximize enrollment for eligible children.

**Staff Recommendation.** Hold open.

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**Issue 2: May Revision Proposals**

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**Panel.**

- Melody Jimenez, Department of Finance
- Edgar Cabral, Legislative Analyst's Office
- Kimberly Rosenberger, Department of Education

**Background.**

**Local Control Funding Formula.** The May Revision includes a Local Control Funding Formula cost-of-living adjustment (also known as a “Super COLA”) of 4.31 percent, which is above the statutory COLA of 2.87 percent for the May Revision. The 4.31 percent COLA provides an increase of approximately \$2.21 billion Proposition 98 General Fund.

**Student Support and Professional Development Discretionary Block Grant.** The May Revision increases the one-time Proposition 98 General Fund available for this block grant from \$2.8 billion to \$5 billion.

**Special Education.** The May Revision proposes a total increase of \$2.4 billion in special education funding, which reflects a 43 percent increase over the 2025 Budget Act.

**Paid Pregnancy Leave.** The May Revision includes statutory changes that 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. The May Revision proposes that costs are absorbed by the increased COLA for the Local Control Funding Formula.

The May Revision re-appropriates \$485 million from the existing California Community Schools Partnership Program for the following initiatives:

- **Community Schools Planning and Implementation Grants.** \$401 million in one-time grants for eligible schools to support planning and implementation of the community schools model, including the implementation of the Children and Youth Behavioral Health Initiative Fee Schedule.
- **Middle and High School Redesign.** \$50 million in one-time grants to expand the redesign pilot program in the context of community schools.
- **Community School State Transformational Assistance Center.** A total of \$28 million for the Community School State Transformational Assistance Center, of which \$15 million is to support the statewide level activities for the Statewide Technical Assistance Center, and \$13 million to develop and implement an ongoing process to certify that community schools are implemented with fidelity and the long-term accountability of this program.

- **Transforming Together.** \$6 million toward the Transforming Together campaign to strengthen collaboration between county offices of education and community partners to better meet the behavioral health needs of students and families.

**Multi-Tiered System of Support.** The May Revision includes \$50 million one-time Proposition 98 General Fund to support the state’s Multi-Tiered System of Support framework.

**Support for Students Experiencing Homelessness.** The May Revision proposes \$30 million in one-time Proposition 98 General Fund for grants to local educational agencies to increase identification of and improve outcomes for students experiencing homelessness.

**Literacy Coaches and Reading Specialists Grants.** The May Revision proposes \$428.8 million to extend funding for the Literacy Coaches and Reading Specialists Grant program for all grantees until June 30, 2031.

**Literacy Coaches and Reading Specialists Educator Training Competitive Grant.** The May Revision proposes \$11.2 million for a competitive grant to train and support new and existing literacy coaches.

**University of California, San Francisco Dyslexia Center and the Multitudes Screener.** The May Revision proposes \$5 million ongoing Proposition 98 General Fund for Sacramento County Office of Education to partner with the University of California, San Francisco (UCSF) Dyslexia Center to support the Multitudes screener.

**Mathematics Professional Learning Partnership.** The May Revision proposes \$60 million for the Mathematics Professional Learning Partnership, administered by Kern County Office of Education.

**21<sup>st</sup> Century California School Leadership Academy.** The May Revision proposes \$15 million one-time Proposition 98 General Fund for the 21<sup>st</sup> Century California School Leadership Academy to provide support in implementing initiatives.

**Pupil Nutrition and Food Assistance.** The May Revision proposes \$2.8 million in additional ongoing Proposition 98 General Fund to fully fund the universal school meals program in 2026-27.

**Cost-of-Living Adjustments.** The May Revision proposes \$261 million ongoing Proposition 98 General Fund to reflect growth adjustments and fund a 2.87 percent COLA for the LCFE Equity Multiplier and specified categorical programs.

**Preschool Cost-of-Living-Adjustment.** The May Revision reduces the COLA for California State Preschool Programs from 2.41 percent to 2.01 percent.

**Quality Rating and Improvement System.** The May Revision proposes \$20 million ongoing Proposition 98 General Fund for the state’s Quality Rating and Improvement System, which

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

**Holocaust and Genocide Education.** The May Revision propose \$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.

**Menstrual Products Mandate Costs.** The May Revision includes \$1.7 million ongoing Proposition 98 General Fund to reimburse mandate costs related to the menstrual products mandate.

**Save the Children.** The May Revision includes \$5 million one-time General Fund for Save the Children to operate after school education and safety programs in rural school districts.

**Museum of Tolerance.** The May Revision includes \$1 million ongoing Proposition 98 General Fund to increase the annual appropriation for the Museum of Tolerance.

**Office of the Superintendent of Public Instruction.** The May Revision proposes an ongoing shift of \$1.5 million 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.

**Staff Recommendation.** Hold open.

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**6360 COMMISSION ON TEACHER CREDENTIALING****Issue 3: May Revision Proposals****Panel.**

- Audrey Bazos, Department of Finance
- Liz Mai, Department of Finance
- Dylan Hawksworth-Lutzow, Legislative Analyst's Office
- Erin Skubal, Commission on Teacher Credentialing
- Adam Ebrahim, Commission on Teacher Credentialing

**Background.**

**Legal Staffing.** The May Revision includes five additional legal staffing positions, one of which is intended to implement provisions of Senate Bill 848, and the rest to address the Commission's increase in educator misconduct caseload.

**Statewide College Transcript Review for Teacher Candidates.** The May Revision proposes \$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.

**Teacher Fee Increase.** The May Revision proposes to increase the fee that teachers pay to renew their clear teaching credential from \$100 to \$125. This fee is paid every five years. Revenues from this fee increase will backfill lost testing revenues from the subject matter competency exam exemption.

**Statewide Teacher Residency Technical Assistance Center.** The May Revision provides \$30 million one-time Proposition 98 General Fund for the statewide teacher residency technical assistance center to support teacher residency programs, National Board for Professional Teaching Standards Certification Incentive Program, and other grow-your-own educator preparation programs through 2034.

**Staff Recommendation.** Hold open.