

May Revision Boosts School Funding, but Familiar Concerns Linger

Sacramento Update | May 15, 2026

Gavin Newsom has released his final May Revision as Governor of California. In it, he recognizes nearly \$20 billion in additional revenue compared to his January budget, and the new revenue flows through to higher Proposition 98 funding across the three-year budget window. For TK-12 schools, the revised plan represents a meaningful improvement over both the January proposal and the 2025 Budget Act, though several Administration policy choices will give district leaders reason to push back.

Top-Line Funding Picture

The Department of Finance estimates the Prop 98 Guarantee will rise about \$6.4 billion above January figures, and roughly \$28 billion higher than assumed in the 2025 Budget Act across the three-year budget window. The May Revision sets the 2024-25 Guarantee at \$124.9 billion, 2025-26 at \$125.1 billion, and 2026-27 at \$127.1 billion.

With this improved revenue picture, the May Revision proposes a 4.31% “super-COLA” for the Local Control Funding Formula – although not without strings attached, which we discuss below. A 2.87% statutory COLA will also apply to other categorical programs including Special Education and Nutrition. Special education receives an additional \$2.4 billion to raise the per-pupil base rate to \$1,340, up from \$999 in January. The Administration also proposes a \$5 billion one-time discretionary block grant (up from \$2.8 billion in January), which translates to more than \$900 per student using 2025-26 statewide ADA. Finally, the Prop 98 Reserve would end the budget year at \$10.3 billion, a significant cushion if growth slows.

Concerns Worth Watching

Two Administration proposals will draw scrutiny. First, the May Revision continues to withhold \$3.9 billion of Prop 98 funding in the current year. While this is lower than the \$5.6 billion proposed in January, this withholding will certainly be one of the main advocacy points for schools as the state looks to finalize the budget by June 15. It is worth noting that both the Assembly and Senate Democratic budget frameworks rejected the original withholding proposal, with the Assembly going so far as to call it unconstitutional. The Governor retains substantial leverage in final negotiations, and school advocates will need to continue to weigh in.

New at the May Revision, the Governor has proposed new trailer bill language requiring TK-12 and community college employers to provide up to 14 weeks of paid pregnancy-related leave, while asserting the cost can be absorbed within the 4.31% LCFF super-COLA, referenced above. The proposal essentially mirrors AB 65 (Aguiar-Curry) from last year. By design, a COLA covers inflationary cost pressures on existing programs, not new mandates. Folding a new

benefit into the super-COLA effectively reduces funding available for collective bargaining and other district priorities. This, too, will be a significant advocacy point for school leaders as we move into June.

Other Notable Investments

Beyond LCFF and special education, the May Revision maintains the Administration's January commitment of \$1 billion ongoing for Community Schools and redirects \$485 million previously appropriated for the program, with \$401 million going to one-time grants supporting planning and implementation. The Governor proposes \$428.8 million to extend the Literacy Coaches and Reading Specialists Grant Program through June 2031, plus \$60 million for the Mathematics Professional Learning Partnership.

Investments in the educator workforce include \$30 million for the statewide residency technical assistance center, \$16.2 million in federal IDEA funds plus \$1.6 million in Title II funds for the Golden State Teacher Grant, and \$15 million to expand the 21st Century California School Leadership Academy. Smaller items include \$50 million one-time for Multi-Tiered Systems of Support, \$30 million one-time for homeless student supports, and \$10 million for the Holocaust and Genocide Education Grant Program.

The May Revision also advances a "second phase" of the Governor's governance proposal, shifting \$1.5 million in 2026-27 (growing to \$3 million in 2027-28) from the California Department of Education to the new Office of the Superintendent of Public Instruction, and signaling a broader review of non-departmental entities supporting preK-12 education.

Political Context and What's Next

Senate and Assembly Democratic leaders have already signaled they intend to fully fund the Prop 98 Guarantee in 2025-26, setting up the withholding question as the central education issue in final budget talks. Expect legislators, particularly in the Assembly, to potentially push for additional restrictions (strings attached) or directed uses for large pots of one-time money, including the \$5 billion block grant.

The Legislature must send a balanced budget to the Governor by June 15 to avoid losing pay, and a final agreement must be in place before July 1.