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THIRD READING

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Bill No: AB 121  
Author: Committee on Budget  
Amended: 6/24/25 in Senate  
Vote: 21

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SENATE BUDGET & FISCAL REVIEW COMMITTEE: 13-0, 6/25/25  
AYES: Wiener, Allen, Blakespear, Cabaldon, Durazo, Laird, McNerney,  
Menjivar, Pérez, Richardson, Smallwood-Cuevas, Wahab, Weber Pierson  
NO VOTE RECORDED: Niello, Choi, Grove, Ochoa Bogh, Seyarto

ASSEMBLY FLOOR: 53-17, 3/20/25 - See last page for vote

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**SUBJECT:** Education finance: education omnibus budget trailer bill

**SOURCE:** Author

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**DIGEST:** This bill provides for statutory changes necessary to enact the TK-12 related statutory provisions of the Budget Act of 2025.

**ANALYSIS:** This bill:

- 1) Adopts the following for the Proposition 98 Guarantee:
  - a) Appropriation level of \$114.6 billion (TK-14) in 2025-26, and calculates the Minimum Guarantee level of \$120 billion in 2024-25 with an appropriation level of \$118 billion, creating a settle-up amount for 2025-26 of approximately \$1.9 billion, which will be dedicated to supporting ongoing costs for TK-12 and community college programs and paying down deferrals, and appropriated as part of the 2026-27 budget development. The specific uses for this funding will be presented to the Legislature as part of the Governor's January 10, 2026 budget proposals. The budget maintains the suspended Proposition 98 level of \$98.5 billion in 2023-24.
  - b) Funding for the cost of Transitional Kindergarten enrollment from the Local Control Funding Formula outside of the Proposition 98 split

between TK-12 Education and California Community Colleges starting in 2025-26, shifting approximately \$233 million from the community colleges to TK-12.

- 2) Fully funds the Local Control Funding Formula and funds a 2.3 percent cost-of-living-adjustment.
- 3) Withdraws \$405.3 million from the Public School System Stabilization Account (or the Proposition 98 Rainy Day Fund) to pay for Local Control Funding Formula costs.
- 4) Creates a June to July deferral in 2026 of \$1.9 billion, to be paid off in 2026-27, with up to \$100 million available for deferral exemptions, and makes technical adjustments to past year deferrals that were included in the 2024 Budget Act.
- 5) Establishes the Student Support and Professional Development Discretionary Block Grant, and appropriates \$1.7 billion one-time Proposition 98 General Fund for this purpose.
- 6) Augments the Learning Recovery Emergency Block Grant by \$378.6 million one-time Proposition 98 General Fund.
- 7) Appropriates \$200 million one-time Proposition 98 to support evidenced-based professional learning for elementary school teachers aligned with the English Language Arts/English Language Development Framework; and establishes a process for approval of criteria and guidance for the selection or development of professional development programs for use statewide and a list of programs deemed to meet those criteria.
- 8) Appropriates \$160 million one-time Proposition 98 General Fund to establish a Universal School Meals Implementation Support Grant. Of this amount, \$145 million will be used for kitchen infrastructure upgrades, training, procurement of local food products, and nutrition planning equipment to determine nutritional content of menu items; \$10 million is appropriated for nutrition staff recruitment and retention; and \$5 million is appropriated for a study of the particularly harmful foods.

- 9) Appropriates \$215 million one-time Proposition 98 General Fund for the Literacy Coaches and Reading Specialists Grant Program, of which \$15 million is used for training.
- 10) Appropriates \$150 million one-time Proposition 98 General Fund, pending legislation for career technical education and career pathways. If legislation is not enacted by January 1, 2026, the money will be redirected to support the Career Technical Education Incentive Grant program.
- 11) Adds additional accounting codes to the School Accounting Code system to capture transactions made by local educational agencies due to settlements, judgments, or special assessments from claims of childhood sexual assault filed against local educational agencies.
- 12) Appropriates \$300 million one-time Proposition 98 General Fund for the Student Teacher Stipend Program, administered by the Commission on Teacher Credentialing, and creates a streamlined, online application process for candidates to apply for various educator support initiatives administered by the Commission.
- 13) Authorizes an emergency apportionment loan to the Plumas Unified School District of up to \$20 million over a loan term of up to 30 years, and establishes oversight by the Plumas County of Education, in collaboration with the Superintendent of Public Instruction, the president of the State Board of Education or their designee, and the County Fiscal Crisis Management and Assistance Team.
- 14) Makes statutory changes to the local educational agency budget overview process by: (1) updating the county office of education budget approval process to be aligned with the process for school district budget approval process; (2) updating the budget review committee membership reimbursement; and (3) modifying the assessment for budget approval and remedial tools that oversight agencies can exercise over school districts and county offices of education.
- 15) Directs the State Board of Education to, no later than July 15, 2026, update the state adopted performance criteria for local educational agency assistance and intervention.

- 16) Applies fiscal penalties to local educational agencies that fail to adopt a timely local control and accountability plan.
- 17) Clarifies the conditions under which audit extensions are approved for local educational agencies.
- 18) Includes protections for charter schools and school districts that were impacted by the 2025 wildfires in Los Angeles by:
  - a) Protecting funding based on attendance in the Expanded Learning and Opportunities Program.
  - b) Protecting Local Control Funding Formula funding for charter schools impacted by the fires.
  - c) Using savings from Multi-Tiered Systems of Support to support fire-impacted local educational agencies.
  - d) Holding enrollment harmless for purposes of calculating allocations in the Student Support and Professional Development Discretionary Block Grant.
  - e) Appropriating \$9.7 million to backfill property tax losses for basic aid districts impacted by the fires.
  - f) Re-benchmarks the Proposition 98 Guarantee to accommodate a General Fund backfill for property tax losses.
  - g) Extends certain protections for local educational agencies impacted by the 2025 Los Angeles Wildfires that were provided by the Governor's executive order.
- 19) Includes community treatment facilities in the Out-of-Home-Care funding formula.
- 20) Clarifies the eligibility for the Inclusive College for Students with Intellectual Disabilities program.

- 21) Appropriate \$30 million one-time Proposition 98 General Fund to support the Special Olympics of Northern and Southern California for specified purposes.
- 22) Increases the award amount from the Reading and Literacy Supplementary Authorization Incentive Grant Program from \$2,500 to \$6,000, adjusts the grantee match requirement, and allows for the funds to also pursue added authorizations in mathematics.
- 23) Includes \$40 million one-time Proposition 98 General Fund for professional development and instrument acquisition for the implementation of universal literacy screenings in 2025-26, and statutory changes to allow school employees, rather than solely educators, administer the screenings.
- 24) Appropriates \$10 million one-time Proposition 98 General Fund to a county office of education selected to administer the California Dyslexia Initiative to partner with University of California, San Francisco Dyslexia Center to perform various activities to support screening for reading difficulties.
- 25) Extends the availability of funds appropriated as part of the Learning Acceleration System Grants and any interest earned on the funds from June 30, 2026 to January 1, 2028.
- 26) Makes changes to the Kitchen Infrastructure and Training Grant Funds by: (1) extending the deadline for local education agencies to expend the Kitchen Infrastructure and Training funds allocated in the 2022 Budget Act from June 30, 2025 to June 30, 2026; and (2) extending the deadline for local educational agencies to report to the Department of Education on how funds were used to improve the quality of school meals or increase participation in subsidized school meal programs from June 30, 2025 to June 30, 2026, as a result of delays in completing infrastructure upgrades.
- 27) Continues implementation of the Summer-EBT program, also known as SUN Bucks, by: (1) requiring annual eligibility determination using a School Meals Application or the Universal Benefits Application, as specified, for the SUN Bucks Program; and (2) requiring schools that collect either application meet specified verification requirements.

- 28) Includes the SUN Bucks compliant Universal Benefits Application as an option to determine free or reduced-price meals eligibility for inclusion in the unduplicated pupil count.
- 29) Extends the liquidation period for the 2021 investment for the National Board of Professional Teaching Standards Certification Incentive Program from June 30, 2028 to June 30, 2031, and transfers this program to the Commission on Teacher Credentialing in July 2027.
- 30) Appropriates an additional \$30 million one-time Proposition 98 General Fund for the National Board of Professional Teaching Standards Certification Incentive Program, and transfers this program to the Commission on Teacher Credentialing in July 2027.
- 31) Appropriates \$1 million one-time Proposition 98 General Fund and trailer bill language that requires a county office of education to contract with a research or non-profit organization to study and provides recommendations on content standards, curriculum, and instructional materials development and adoption.
- 32) Appropriates \$10 million one-time Proposition 98 General fund to the Superintendent of Public Instruction for the California Collaborative for Educational Excellence to administer a pilot program with select school districts to redesign middle and high schools to better serve the needs of all students and increase student outcomes, including personalizing the learning environment, integrating experiential education and new uses of technology, and supporting deeper learning. Of the funding allocated for this purpose, it is requested that \$1 million be allocated for an evaluation of the pilot program and documentation of successful models.
- 33) Clarifies the instructional materials penalty.
- 34) Appropriates \$1.5 million ongoing Proposition 98 General Fund for ongoing support to the county offices of education that serve as homeless education technical assistance centers.
- 35) Codifies the state level activities set-aside from \$50 million Proposition 98 General Fund to \$10 million Proposition 98 General Fund, which is related to the shift in funding for the Inclusive Early Education Expansion Program in the 2024 Budget Act from \$250 million to \$100 million.

- 36) Includes technical clean up related to funding available for zero-emission school buses in 2024-25 and 2025-26.
- 37) Extends the encumbrance date for funds appropriated in Item 6100-139-8080 from the 2017 Budget Act (Chapter 14 of the Statutes of 2017) until June 30, 2026, for specific instances, including authorizing the Superintendent of Public Instruction to return amounts owed to local educational agencies or to recoup funds owed by local educational agencies.
- 38) Authorizes any returned funds in the Community School Program from implementation grant awards to be reallocated by the Department of Education to support community school extension grants.
- 39) Appropriates \$250,000 one-time Proposition 98 General Fund to develop supplemental guidance for English Language Arts and English Language Development that complements the English Language Arts/English Language Development follow up adoption.
- 40) Appropriates \$20 million one-time Proposition 98 General Fund to the Department of Education to allocate the funds to Sacramento County Office of Education, in partnership with Santa Clara County Office of Education, no later than October 2025. The funds will be administered through the capacity grant infrastructure, as established by the Children and Youth Behavioral Initiative, to local educational agencies to support, in the order of priority: (1) to prevent the disruption of youth mental health services; and (2) to provide technical assistance to local educational agencies for the continued implementation of the statewide fee schedule.
- 41) Updates the authority of the Education Audit Appeals Panel to waive or reduce the reimbursement.
- 42) Allows any remaining funds and any interest earned on those funds in the county school lease-purchase fund for a school district to be used for school construction.
- 43) Corrects an outdated reference for school district collection of developer fees as it relates to the five-year school facilities master plan.

- 44) Provides the State Allocation Board with the authority to provide excessive cost hardship grants under the School Facility Program to school districts demonstrating unusual circumstances beyond their control.
- 45) Updates the definition of "teacher vacancy" for monitoring authorized to the Department of Education and the Commission on Teacher Credentialing.
- 46) Extends the encumbrance period for \$66 million appropriated in the 2022 Budget Act for the Teacher Residency Grant Program to June 30, 2027 and the liquidation period to June 30, 2032, and provides reimbursement authority to the Commission on Teacher Credentialing.
- 47) Allows teacher credential candidates who completed preparation programs that were aligned to the Reading Instruction Competence Assessment to take that assessment on or before October 31, 2025, and allows the Commission on Teacher Credentialing to adopt and administer an off-the-shelf reading instruction competence assessment for certain uses instead of maintaining a commission-adopted assessment in addition to the new literacy performance if the adopted assessment meets the requirements outlined in statute.
- 48) Codifies the standard error of measure for Reading Instruction Competence Assessment subtest scores adopted by the Commission on Teacher Credentialing in October 2024.
- 49) Authorizes candidates to receive a waiver to the Reading Instruction Competence Assessment and to extend the deadline to complete an induction program or two years of service by a year for credential candidates who received a waiver pursuant to Executive Order N-66-20, Section 67 of Chapter 110 of the Statutes of 2020, or Section 120 of Chapter 44 of the Statutes of 2021.
- 50) Excludes average daily attendance generated through the Attendance Recovery program on weekends and intersession from principal apportionment attendance reporting periods.
- 51) Includes technical clean-up for Assembly Bill 938 (2024).
- 52) Appropriates \$70 million one-time Proposition 98 General Fund for the Teacher Residency Grant Program.



- 53) Implements the full implementation of the Expanded Learning Opportunities Program by: (1) adjusting the eligibility of Rate 1 schools from serving 75 percent unduplicated pupils to 55 percent of unduplicated pupils; (2) increases the minimum grant amount from \$50,000 to \$100,000 per local educational agency; and (3) allows newly eligible Rate 1 schools to be audited based on Rate 2 requirements.
- 54) Authorizes the Department of Finance to address any shortfall or excess of local redevelopment agency property taxes for special education programs with General Fund.
- 55) Specifies the fiscal penalties related to transitional kindergarten requirements for exceeding the 1:10 adult-to-pupil ratio requirement, and specifies that the average class enrollment penalty be limited to the average daily attendance that exceeds 24 pupils by schoolsite, beginning in 2025-26.
- 56) Requires the Department of Education, with approval from the executive director of the State Board of Education, to select a list of multilingual learner assessment instruments for students in transitional kindergarten. Starting in 2027-28, local educational agencies will be required to screen transitional kindergarten students for multilingualism. Appropriates \$10 million one-time Proposition 98 General Fund for the selection and acquisition of the statewide instrument, and any necessary training. For purposes of 2025-26 and 2026-27, the English Learner rate for kindergarten students will be applied to the Transitional Kindergarten pupils, for purposes of the Local Control Funding Formula.
- 57) Includes technical clean-up for the personal finance graduation requirements, and clarifies that \$300,000 General Fund is available for state administration at the Department of Education of these requirements.
- 58) Includes the California Kids Investment and Development Savings Program as part of the financial literacy curriculum.
- 59) Establishes Regional English Learner lead agencies by: (1) appropriating an ongoing \$2 million Proposition 98 General Fund to support Regional English Learner lead agencies; and (2) defining the selection criteria and responsibilities of the Regional English Learner lead agencies.

- 60) Extends the encumbrance and expenditure deadline for the funds to support the LGBTQ+ Online Trainings implementation.
- 61) Extends the encumbrance date for funds appropriated in Item 6100-139-8080 from the 2017 Budget Act (Chapter 14 of the Statutes of 2017) until June 30, 2026, for specific instances, including authorizing the Superintendent of Public Instruction to return amounts owed to local educational agencies or to recoup funds owed by local educational agencies.
- 62) Extends the completion of programmatic goals for two years to June 30, 2028 and the encumbrance period to June 30, 2030, and also clarifies the requirement to create occupational pathways.
- 63) Repeals \$4 million for a study on hybrid and remote learning.
- 64) Requires the Superintendent of Public Instruction, in consultation with the California Community Colleges Chancellor's Office, to study the feasibility of creating a universal, integrated application that can be used for the various career technical education programs administered in California.
- 65) Appropriates one-time \$1 million Proposition 98 General Fund for the California Collaborative for Educational Excellence to digitize the state standardized individualized education plan template developed by the Individualized Education Plan (IEP) template workgroup, and appropriates one-time \$1 million Proposition 98 General Fund, only if federal Individuals with Disabilities Education Act funds are not available for this purpose, to translate the digital standardized individualized education plan template.
- 66) Appropriates \$7.5 million Proposition 98 General Fund for the Statewide Literacy Network and the \$7.5 million Proposition 98 General Fund for the Statewide Mathematics Network, administered by the California Collaborative for Educational Excellence.
- 67) Extends the encumbrance deadline for the Universal Prekindergarten Planning and Implementation Grants to June 2028.
- 68) Appropriates \$30 million one-time Proposition 98 General Fund for the Mathematics Professional Learning Partnership.

69) Includes technical amendments to the attendance recovery program.

70) Includes the Free Application for Federal Student Aid notification to students and families in the K-12 Mandates Block Grant.

**FISCAL EFFECT:** Appropriation: Yes Fiscal Com.: Yes Local: Yes

This bill makes various appropriations.

**SUPPORT:** (Verified 6/25/25)

None received

**OPPOSITION:** (Verified 6/25/25)

None received

**ASSEMBLY FLOOR:** 53-17, 3/20/25

**AYES:** Addis, Aguiar-Curry, Arambula, Ávila Farías, Bains, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Jackson, Kalra, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

**NOES:** Alanis, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa

**NO VOTE RECORDED:** Ahrens, Alvarez, Bauer-Kahan, Calderon, Essayli, Hoover, Irwin, Krell, Papan, Wallis

Prepared by: Yong Salas / B. & F.R. / (916) 651-4103  
6/26/25 16:11:28

\*\*\*\* END \*\*\*\*