



California Association for Bilingual Education

January 2026 Legislative Advocate Report

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Governor Releases 2026-27 Budget Proposal

The Governor released his 2026-27 budget proposal, which includes an overall budget of close to \$349 billion, including \$248.3 billion in General Fund expenditures, \$23 billion in reserves, and \$125.5 billion for Proposition 98. The budget projects a modest shortfall of close to \$3 billion, much lower than the projected shortfall of close to \$18 billion as projected by the Legislative Analyst's Office.

While a balanced budget proposal is presented for 2026-27, a \$22 billion shortfall is projected for 2027-28, with an additional two years of shortfalls projected. The Governor has stated the May Revision will include an updated fiscal plan that would address these projected shortfalls, along with providing budget reserves, and will address the continued increase in ongoing baseline costs, which are continuing to increase above projections.

Education

Proposition 98: The Proposition 98 Guarantee for 2026-27 is calculated at \$125.5 billion, with previous fiscal years revised to \$121.4 billion in 2025-26, and \$123.8 billion in 2024-25. The cumulative increases over these years total \$21.7 billion. The local control funding formula includes a 2.41 percent cost-of-living adjustment, which results in an increase of approximately \$2 billion in funding. The budget proposal includes a \$5.6 billion deferral of funds owed to Proposition 98 due to the 2024-25 suspension.

Master Plan: The budget proposal would implement the 2002 Master Plan recommendation to shift oversight authority of the California Department of Education, which provides support to local education agencies (LEAs), to the State Board of Education. The Superintendent of Public Instruction would be responsible for the coordination and alignment among the bodies creating policy from early childhood education through postsecondary education. Additional details will be provided in the budget trailer bill language, which will be released in early February.

LAO Reviews Governor's Budget Proposal

The Legislative Analyst's Office (LAO) issued [The 2026-27 Budget: Overview of the Governor's Budget](#), which indicates that a roughly balanced budget in the near term has been presented. This is largely because it assumes stronger revenue growth than the LAO considers likely, particularly from volatile personal income tax sources tied to the stock market.

While the Governor projects only a small short-term deficit, the LAO warns that significant structural deficits remain in the out years, potentially exceeding \$20 billion annually, and that the budget relies on optimistic revenue assumptions rather than durable solutions. The plan includes a mix of one-time and ongoing budget actions to improve the bottom line, modest new discretionary spending, and higher constitutionally required funding for K-14 education under Proposition 98, with some payments deferred to future years.

Although the budget would maintain sizable reserves by the end of 2026-27, the LAO emphasizes that these reserves could be quickly eroded if revenues fall short and urges the Legislature to take a more cautious approach by adopting conservative revenue estimates and making decisions that better address the state's long-term fiscal imbalance.

LAO Releases Enrollment-Based Funding Report

The LAO report "[Assessing a Shift to Enrollment-Based School Funding](#)" was released earlier this month. The report examines the potential impacts and costs of changing California's school funding system from the current attendance-based model, which allocates funds based on average daily attendance, to one that uses enrollment counts instead. Under state law, the LAO was required to estimate what such a shift would cost without reducing funding for any local educational agency. The report notes that basing the Local Control Funding Formula and three other ongoing programs on enrollment rather than attendance would increase annual state costs by more than \$6 billion, with the largest increases going to districts with lower attendance rates and higher proportions of high-need students. The report also suggests that moving to an enrollment-based system could weaken incentives for districts to improve student attendance over time, since funding would no longer be directly tied to daily attendance rates. The methodology of the analysis uses recent data and assumes existing per-student funding rates are applied to Census Day enrollment, noting that attendance remains below pre-pandemic levels and is a strong predictor of student outcomes. Overall, the LAO highlights significant fiscal implications and potential effects on district behavior in considering a shift to enrollment-based funding.

It is too early to know whether the Legislature will act upon the report or the considerations. This issue has been an ongoing policy and fiscal discussion as various ways to fund schools have been considered over the years.

LAO Analyzes Revenue Trends

The LAO issued a report this month: [California's Strong Revenue Trends Mask Looming Budget Risk](#), which conveyed that California is enjoying unusually strong tax revenue, primarily due to rapid growth in personal income tax receipts driven by a booming stock market rather than widespread economic strength. However, this pattern of strong revenues may be hiding deeper fiscal problems, as happened in the late 1990s when markets later fell, and revenues collapsed. The LAO finds that the Governor's budget forecast does not fully account for the risk of a stock market downturn, leading to a much smaller estimated deficit than the LAO's own forecast. Because state revenue is so tied to stock market performance, ignoring downturn risk can leave the budget vulnerable. Both the LAO and the Department of Finance agree that the state faces a large structural deficit that will persist even if markets remain strong. The report suggests it would be prudent to build reserves and incorporate economic risk into revenue assumptions to avoid repeating past fiscal stress.

Bill Review Process Begins

Members of the Legislature immediately began gutting and amending two-year bills, as well as introducing new legislation when they returned on the 5th. So far, approximately 135 bills have been gutted and amended. Of the 224 bills that have been introduced thus far, solely one is related to CAFE

priorities. As bills are introduced or amended that would impact CAFE, I will review them individually and will provide a recommendation. Once a position is finalized, I will communicate this position to the Legislature and stakeholders as appropriate. I will continue this communication throughout the legislative process. Please keep a lookout for bill updates in future monthly reports as this process solidifies for this year.

Senate Committee Chairs and Committee Members Announced

Senate Pro Tempore Limón announced Senate leadership and committee members. The following represent areas most influential regarding CAFE priorities:

Appropriations Committee: Senator Sabrina Cervantes (D-Riverside), Chair; Senator Kelly Seyarto (R-Murrieta), Vice-Chair; Senator Christopher Cabaldon (D-Yolo); Senator Megan Dahle (R-Bieber); Senator Tim Grayson (D-Concord); Senator Laura Richardson (D-San Pedro); Senator Aisha Wahab (D-Silicon Valley)

Budget & Fiscal Review: Senator John Laird (D-Santa Cruz), Chair; Senator Roger Niello (R-Fair Oaks), Vice-Chair; Senator Catherine S. Blakespear (D-Encinitas); Senator Christopher Cabaldon (D-Yolo); Senator Steven Choi (R-Irvine); Senator Maria Elena Durazo (D-Los Angeles); Senator Lena Gonzalez (D-Long Beach); Senator Shannon Grove (R-Bakersfield); Senator Melissa Hurtado (D-Bakersfield); Senator Jerry McNerney (D-Pleasanton); Senator Caroline Menjivar (D-San Fernando Valley); Senator Rosilicie Ochoa Bogh (R-Yucaipa); Senator Sasha Renée Pérez (D-Pasadena); Senator Eloise Gómez Reyes (D-Colton); Senator Laura Richardson (D-San Pedro); Senator Kelly Seyarto (R-Murieta); Senator Lola Smallwood-Cuevas (D-Los Angeles); Senator Akilah Weber Pierson (D-San Diego).

Budget Subcommittee #1 on Education: Senator Lena Gonzalez (D-Long Beach), Chair; Senator Rosilicie Ochoa Bogh (R-Yucaipa); Senator Sasha Renée Pérez (D-Pasadena).

Education: Senator Sasha Renée Pérez (D-Pasadena), Chair; Senator Rosilicie Ochoa Bogh (R-Yucaipa), Vice-Chair; Senator Christopher Cabaldon (D-Yolo); Senator Steven Choi (R-Irvine); Senator Dave Cortese (D-San Jose); Senator Lena Gonzalez (D-Long Beach); Senator Eloise Gómez Reyes (D-Colton).

Assembly Speaker Changes Committee Chairs/Committee Assignments

Assembly Speaker Rivas recently made a number of changes to Assembly Committee assignments. The most notable change impacts Assembly Member Muratsuchi, who has been removed from the following committees: Appropriations, Education, and the Budget Subcommittee No. 3 on Education Finance. Asm. Muratsuchi was the Chair of the Assembly Education Committee. The new Chair is Asm. Darshana Patel.

CAFE-Supported/Opposed Bills: Two-Year Bills Eligible to be Heard Prior to January 31st:

Two-year bills must pass through their house of origin by January 31st to continue to move forward. Some measures have already achieved this goal and may continue to be eligible to move forward. The authors of these bills may or may not decide to move a bill forward for a number of reasons. It is additionally possible that some bills may be held, despite the authors' attempts to move them forward.

As bills fail to move forward, I will remove them from updates to solely include measures that continue to progress.

Oppose

AB 1121 (Rubio): Would restructure California's reading literacy policies using a single method over a balanced approach, focusing attention away from comprehension, vocabulary, writing, and critical thinking. An alternative bill, AB 1454 (Rivas), was moved forward instead of this measure. While this measure is not likely to be considered in its current form, it is possible the author may consider gutting and amending it should she wish to use the bill as a vehicle for another issue. The measure has failed to move forward and has died in the Assembly Education Committee.

Support

AB 857 (Gipson): Would require the State Department of Education to create an online cultural competency training program and curriculum by 2027 and require local education agencies to provide training to all school employees on this new curriculum. The measure has failed to move forward and has died in the Assembly Appropriations Committee.

AB 1194 (Muratsuchi): Requires the State Board of Education to adopt instructional materials regarding ELA/ELD prior to 2027. This measure was used as a placeholder for conversations related to what became AB 1454 (Rivas). The measure has failed to move forward and has died in the Assembly Education Committee.

SB 12 (Gonzalez): Would create the Immigrant and Refugee Affairs Agency, headed by a secretary appointed by the Governor, subject to Senate confirmation, and whose purpose is to reduce obstacles and enhance immigration integration into California. The measure has failed to move forward and has died in the Senate Appropriations Committee.

Legislative Calendar

February 20 – Last day for bills to be introduced.

March 26 – Legislative Spring Recess.

April 6 – Legislature reconvenes from Spring Recess.

April 24 – Last day for policy committees to hear bills that are fiscal.

April 21 – CAFE Lobby Day.

May 1 – Last day for policy committees to hear non-fiscal bills.

May 8 – Last day for policy committees to meet prior to June 1.

May 15 – Last day for fiscal committees to hear bills introduced in their house. Last day for fiscal committees to meet prior to June 1.

May 25-29 – Floor session only.

May 29 – Last day for each house to pass bills introduced in that house.

June 1 – Committee hearings may resume.

June 15 – Budget bill must be passed by midnight.

June 25 – Last day for a legislative measure to qualify for the November election.

July 2 – Last day for policy committees to meet. Legislative Summer Recess begins.

August 3 – Legislature reconvenes from Summer Recess.

August 14 – Last day for fiscal committees to meet.

August 17-31 – Floor Session only.

August 31 – Last day for each house to pass bills. Final recess begins upon adjournment.

September 31 – Last day for Governor to sign or veto bills.