

Summary: 2025-2026 California State Budget

General Budget Overview

On June 27th, the Governor signed [AB 102](#) (Gabriel), completing the adoption of a balanced budget. This budget cycle was marked by complicated finances, economic uncertainty, complications regarding the impacts of federal policy, and the January fires. All told, the State needed to work to close a significant budget deficit that was highlighted as part of the May Revision. In sum, [SB 101](#) (Wiener) and AB 102 mark a budget agreement that includes more than \$226 billion in general fund spending and more than \$88 billion in spending from special funds. More detail can be found [HERE](#).

In order to address the nearly \$12 billion funding shortfall, the budget relies on a series of cuts, deferrals, and use of the rainy-day fund to preserve budget stability. Specifically, they reduced healthcare spending and spending on other programs by \$2.8 billion in the budget year which will grow over time. Additionally, fund shifts and borrowing were utilized to reduce budget impacts by another \$7.8 billion. With \$7.1 billion used from the Rainy-Day fund, the level of available funds is at \$15.1 billion across two Rainy-Day accounts.

With regard to apprenticeships, the state continued to prioritize investments in workforce training. In 2025-2026, the hourly reimbursement rate is set at \$10.32 per hour for both schedule (2) and Schedule (3). As outlined in more detail below, the budget also includes more than \$5 million in funding to address underfunded hours in Schedule 3 from 2022 -2023 and 2023-2024. Finally, the state made specific investments in pre-apprenticeship and other workforce training programs outlined below.

All told, the Legislature and Governor needed to make difficult decisions to close a budget gap created by problematic economic conditions. The impacts of federal legislation are still being assessed and discussed, and while these could necessitate amendments to this 25-26 budget or have impacts on the 26-27 budget, it is too early for a definitive assessment of those impacts.

Proposition 98

The Budget revised estimates of General Fund revenues resulting in notable adjustments to the Proposition 98 Guarantee. The revised Guarantee for TK-14 schools is calculated to be \$98.5 billion in 2023-24, \$119.9 billion in 2024-25, and \$114.6 billion in 2025-26. These revised Proposition 98 levels represent an increase of approximately \$3.9 billion over the three-year period relative to the 2024 Budget Act.

Due to the inherent risk in revenue projections, the Budget appropriates the 2024-25 Guarantee at \$118 billion, instead of the currently calculated level of \$119.9 billion. The difference between the appropriated and the calculated levels is \$1.9 billion, which is referred to as “settle-up.” This is intended to mitigate the risk of potentially appropriating more resources to the Guarantee than are ultimately available in the final calculation for 2024-25. The 2024-25 Guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout 2026.

Proposition 98 remains in Test 1.

California Community College Funding

The California Community College adopted budget includes \$14,346,484,000 in total funds, including more than \$9 billion in state funds. The following includes several highlights of the CCC budget that are included in the budget overview linked above.

CCC Budget Adjustments

- **Student Centered Funding Formula (SCFF) Growth Adjustment**—An ongoing increase of roughly \$40 million Proposition 98 General Fund to fund 0.57-percent enrollment growth in the SCFF in 2025-26. The Budget also includes an increase of \$100 million Proposition 98 General Fund to fund enrollment growth of 2.28 percent in fiscal year 2024-25, and it is the Administration's expectation that the net effect of these two enrollment growth investments support a combined growth percentage of 2.35 percent in 2025-26.
- **SCFF and Categorical Program Cost-of-Living Adjustment (COLA)**—To reflect a COLA of 2.3 percent, the Budget includes an ongoing increase of \$217.4 million Proposition 98 General Fund for apportionments and an ongoing increase of \$30.1 million Proposition 98 General Fund for select categorical programs.
- **SCFF Base Adjustment**—A one-time increase of \$210.2 million Proposition 98 General Fund to fully fund the SCFF in 2024-25 and an ongoing increase of \$104.7 million Proposition 98 General Fund to fully fund the SCFF in 2025-26.
- **SCFF Deferral**—To fully fund the SCFF and maintain the level of 2025-26 apportionments, the Budget defers \$408.4 million Proposition 98 General Fund in apportionment funding from 2025-26 to 2026-27. Budgetary deferrals of \$243.7 million for the CCCs from the 2024 Budget Act are fully repaid in the three-year budget window.
- **Proposition 98 Rainy Day Fund**—To fully fund the SCFF, the Budget uses \$49.7 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26.
- **Local Property Tax Adjustments**—An ongoing decrease of \$142.1 million Proposition 98 General Fund due to increased offsetting local property tax revenues.
- **Fire-Related Property Tax Backfill**—A one-time fire-related property tax backfill of \$3.8 million Proposition 98 General Fund in 2024-25 and \$8.1 million Proposition 98 General Fund in 2025-26 for impacted community colleges.
- **Career Passport and Credit for Prior Learning**—An increase of \$25 million one-time Proposition 98 General Fund for the development of a Career Passport, and \$15 million one-time and \$5 million ongoing Proposition 98 General Fund for the Credit for Prior Learning Initiative. These proposals are part of the Administration's investments in the Master Plan for Career Education. See the Labor and Workforce Development and General Government and Statewide Issues Chapters for more information on investments in the Master Plan for Career Education.
- **Common Cloud Data Platform**—An increase of \$12 million one-time Proposition 98 General Fund for the Common Cloud Data Platform, which will leverage existing local districts' student data systems to provide near real-time data reporting.
- **Rising Scholars**—An increase of \$10 million ongoing Proposition 98 General Fund for the Rising Scholars Network.
- **Student Support Block Grant**—An increase of \$60 million one-time Proposition 98 for a flexible Student Support Block Grant for the community colleges system.

- **Dreamer Resource Liaisons**—An increase of \$15 million one-time Proposition 98 for community colleges to support Dreamer Resource Liaisons. Districts may use the funds to provide additional student support services
- **Emergency Financial Assistance Grants**—An increase of \$20 million one-time Proposition 98 to provide emergency financial aid assistance to specified student populations.
- **EMT and Paramedic Pre-apprenticeship**—An increase of \$10 million one-time Proposition 98 for community college support to the California Firefighter Joint Apprenticeship Council to conduct Emergency Medical Technician and Paramedic Pre-apprenticeship Training Academies.
- **California Healthy School Food Pathways Program**—An increase of \$10 million one-time Proposition 98 General Fund for community colleges to support the California Healthy School Food Pathway program, which strengthens the school food service workforce through apprenticeship and training programs.
- **Community Support for Financial Aid Applications**—An increase of \$5.1 million one-time Proposition 98 for a community college district to develop grants for organizations providing financial aid outreach and application assistance supporting current and prospective community college students.
- **Los Angeles Career Technical Education Workforce Development**—An increase of \$5 million one-time Proposition 98 for community colleges in the Los Angeles Regional Consortium to assist with workforce recovery efforts and career technical education workforce development associated with the Los Angeles region's recovery from the Palisades and Eaton fires.
- **Prop 98 Funding Shift**
 - The Budget includes a shift in how TK expansion funds are distributed between TK-12 schools and community colleges. Specifically, beginning in the 2025-26 fiscal year, the Budget shifts the full amount of funding for TK expansion to the TK-12 education side of the Proposition 98 budget, reducing resources for community colleges by \$232.9 million ongoing. For more information about the Proposition 98 funding split and TK expansion, see the TK-12 Education Chapter.

California Labor and Workforce Development Agency

The 2025-2026 Budget contains \$ 2.1 billion in state funding for the Labor and Workforce Development Agency, with \$927 million allocated to the Department of Industrial Relations. This adopted Budget includes investments to upgrade and modernize information technology systems, enact a garment worker pilot program, apprenticeship investments and other priorities. Specifically, regarding apprenticeships and workforce training the budget includes the following provisions that are taken from the budget summary linked above:

- **DIR Apprenticeship Training Grant Expansion**—\$18.2 million one-time from the Apprenticeship Training Contribution Fund to support apprenticeship training in construction and related trades.
- **California Workplace Outreach Project**—\$13 million one-time Labor and Workforce Development Fund to DIR for the California Workplace Outreach Project, which promotes awareness and education for labor protections for California workers.

- **Helping Justice-Involved Reenter Employment (HIRE) Program**—\$10 million one-time General Fund for the California Workforce Development Board for the HIRE Program, which provides grants to eligible organizations to support formerly incarcerated and justice-involved individuals in accessing employment opportunities, workforce training programs, and supportive services.
- **Supporting Los Angeles Area Fire Recovery**—\$5 million one-time General Fund to the California Workforce Development Board to support workforce development in Los Angeles and Ventura Counties.
- **Regional Coordination for Career Education and Training**—\$1 million one-time General Fund for the Labor and Workforce Development Agency to evaluate how regional coordination models can be expanded to create sustainable forums where educators, workforce training providers, and employers can work to align programs with employer needs. Additionally, this work will be aligned with the State Economic Blueprint and 13 regional plans. This proposal is part of the investments in the Master Plan for Career Education. See the General Government and Statewide Issues Chapter for more information on investments in the Master Plan for Career Education.

Final Adopted Budget: AB 102 (Gabriel)—Apprenticeship Line Item

AB 102, which amends SB 101, represents the final 2025-2026 California State Budget. The bill includes the elements described above. In addition, below is the specific line item (6870-101-0001) that includes apprenticeship funding. Please note that the portions below includes schedules (2) and (3) and the implementing budget bill language but not the entire line item.

SEC. 193.

Item 6870-101-0001 of Section 2.00 of the Budget Act of 2025 is amended to read:

6870-101-0001—For local assistance, Board of
Governors of the California Community Colleges
(Proposition 98) 5,848,337,000

Schedule:

- | | |
|--|---------------|
| (1) 5670015-Appportionments
..... | 3,580,708,000 |
| (2) 5670019-Apprenticeship
..... | 65,622,000 |
| (3) 5670023-Apprenticeship Training
and Instruction | 62,485,000 |

3. (a) (1) The funds appropriated in Schedule
(2) shall be available pursuant to
Article 3 (commencing with Section
79140) of Chapter 9 of Part 48 of
Division 7 of Title 3 of the
Education Code. Funds appropriated
pursuant to this subdivision shall be

available for encumbrance or expenditure until June 30, 2028.

(2) Pursuant to Section 79149.3 of the Education Code, the reimbursement rate shall be \$10.32 per hour.

(b) Of the funds appropriated in Schedule (2), \$30,000,000 shall be used for the California Apprenticeship Initiative pursuant to Section 79148.1 of the Education Code. Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2031.

4. (a) The funds appropriated in Schedule (3) shall be available pursuant to Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code. Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2028.

(b) Pursuant to Section 8152 of the Education Code, the reimbursement rate shall be \$10.32 per hour.

AB 123 (Gabriel)—Higher Education Budget Trailer Bill

The Higher Education Budget Trailer bill made several adjustments to the prior budget acts and allocated one time spending to various higher education programs, including some adjustments to apprenticeship funding. Specifically, AB 123 amended the 2023 budget act to provide reimbursements for underfunded hours in Schedule 3 that occurred in 2022-2023 and 2023-2024, as outlined below. Further, the budget trailer bill includes funding for EMT and Paramedic pre-apprenticeships.

The following highlights the adjustment to the 2023 budget act to address underfunded hours. The provisions below are parts of the line item, and the full line item can be viewed at the link above.

SEC. 16.

Item 6870-101-0001 of Section 2.00 of the Budget Act of 2023 is amended to read:

6870-101-0001—For local assistance, Board of
Governors of the California Community Colleges
(Proposition 98)

5,192,817,000

Schedule:

(1) 5670015-Appportionments	2,970,989,000
.....	
(2) 5670019-Apprenticeship	
.....	64,343,000
(3) 5670023-Apprenticeship	
Training and Instruction	
.....	65,431,000

4 (a) The funds appropriated in Schedule (3) shall be available pursuant to Article 8 (commencing with Section 8150) of Chapter 1 of Part 6 of Division 1 of Title 1 of the Education Code. Of the funds appropriated in Schedule (3), \$819,000 is available for allocation for related and supplemental instruction hours for the 2022–23 fiscal year, and \$5,514,000 is available for allocation for related and supplemental instruction hours for the 2023–24 fiscal year. Funds appropriated pursuant to this subdivision shall be available for encumbrance or expenditure until June 30, 2026.

Summary

The final budget reflects difficult decisions that were a result of a changing economic situation. Prior to the Los Angeles Fires and federal policy impacts on the budget, the budget looked to be balanced. However, the May Revision identified a nearly \$12 billion budget deficit that the Governor and Legislature worked to address in the final budget. As noted above, policy makers continue to analyze ongoing economic changes and changes in federal funding due to HR 1. When those impacts are clearer, future budget adjustments may be needed. You can find a detailed overview of the enacted 2025-2026 State Budget [HERE](#).