



2025 Budget Act Summary

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The Legislature and the Governor have finalized the Budget Act of 2025, which utilizes [SB 102 \(Wiener\)](#) as a primary vehicle. This vehicle, as well as numerous budget trailer bills, are eligible and will likely be heard on Friday, prior to the start of the July 1st fiscal year.

Included in the budget conversation is the recognition of a budget shortfall caused primarily by the recent federal tariffs and economic policies, systemic increases in Medi-Cal that have grown faster than predicted, and the recent Los Angeles wildfires and their resulting economic impact upon the state.

The budget includes \$321.1 billion in total spending, including \$228.4 billion in General Fund spending. The budget includes a total of \$15.7 billion in reserves, which includes \$11.2 billion in the Rainy Day Fund and \$4.5 billion in the overall reserve.

TK-12 Education

A total of \$114.6 billion is provided for Proposition 98 in 2025-26, and \$118 billion for 2024-25, and \$98.5 billion for 2023-24. Within 2024-25 and 2025-26, a total settle-up amount of \$1.9 billion is created for 2025-26, which will be used for ongoing costs as well as addressing deferrals. These funds will be appropriated with the budget development of 2026-27 and will be provided to the Legislature when the Governor releases his 2026 budget on January 10th.

A total of \$406.3 million is withdrawn from the Public School System Stabilization Account to cover costs associated with the local control funding formula (LCFF). The LCFF includes a 2.3 percent cost-of-living-adjustment. A deferral of \$1.9 million is created from July 2025-26 to 2026-27, which will be fully paid in 2026-27. Further, the budget reverts \$177.5 million General Fund for a one-time statutory appropriation from the 2023 Budget Act for the School Facility Program.

Significant Adjustments Include:

- \$1.7 billion Proposition 98 General Fund for the Student Support and Discretionary Block Grant;
- \$378 million Proposition 98 General Fund for the Learning Recovery Emergency Block Grant;
- Fully implements the Expanded Learning Opportunities Program (ELOP) in 2025-26, increasing the minimum grant award to \$100,000;
- \$300 million one-time Proposition 98 General Fund appropriation for the Student Teacher Stipend Program;
- \$160 million Proposition 98 General Fund for the Universal School Meals Implementation Support Grant;
- \$200 million Proposition 98 General Fund for Literacy Instruction Professional Development and support;

- \$150 million one-time Proposition 98 General Fund pending legislation regarding career technical education and career pathways;
- \$43.8 million ongoing Proposition 98 General Fund and Federal Funds for the local implementation of the SUN Bucks program;
- Extends the encumbrance deadline for the Universal Pre-Kindergarten Block Grant;
- Modifies the Governor's proposal for \$30 million Proposition 98 General Fund for the Special Olympics;
- \$20 million Proposition 98 General Fund appropriation for a California Youth Behavioral Health Initiative Fee School Bridge Program;
- \$1.8 million appropriation to assist with the 2025 Los Angeles Wildfires;
- Creates school accounting codes regarding financial reporting of local educational agencies (LEAs) related to judgments, settlements, and special assessments related to childhood sexual assault;
- Up to \$20 million emergency apportionment loan authority for the Plumas Unified School District over 30 years;
- \$70 million one-time Proposition 98 General Fund appropriation for the Teacher Residency Grant Program;
- \$30 million one-time Proposition 98 General Fund appropriation for the Mathematics Professional Learning Partnership;
- Provides protections for charter schools impacted by the Los Angeles wildfires by:
 - Protects funding based upon attendance for ELOP;
 - Protects LCFF funding;
 - Utilizes savings from the Multi-Tiered Systems of Support to provide support to fire-impacted LEAs;
 - Holds enrollment harmless for the calculation of the Student Support and Professional Development Discretionary Block Grant;
 - \$9.7 million appropriation to backfill property tax losses for basic aid districts;
 - Re-benchs the Proposition 98 Guarantee to accommodate a General Fund backfill for property tax losses.

Higher Education

The Budget Act of 2025 modifies the Governor's deferral of the California Community Colleges apportionment funding from 2025-26 to 2026-27 by reducing the amount to \$408 million. It also reduces the Collaborative Enterprise Resource Planning project by \$168 million Proposition 98 and reduces the Common Cloud Data Platform investment by \$150.5 million Proposition 98.

Furthermore, the budget act rejects the Governor's proposal to reduce community college funding by \$260 million from 2023-24 and 2024-25 by funding transitional kindergarten outside of the Proposition 98 split, and instead provides this funding in 2025-26.

Significant Adjustments Include:

- Removes award uncertainty around the Middle-Class Scholarship for lower- and middle-income students, the CSU, UC, and Student Aid Commission which will include an appropriation when the exact amounts of the awards are known;
- \$20 million one-time Proposition 98 for flexible emergency financial aid to community college students;
- \$100 million one-time Proposition 98 for 2024-25 community college enrollment growth;
- \$60 million one-time Proposition 98 for the Student Support Block Grant for community colleges;
- \$6.3 million one-time Proposition 98 for Firefighter Apprenticeship reimbursements for community colleges;
- \$15 million one-time Proposition 98 for Dream Resource Liaisons;
- \$5.1 million one-time Proposition 98 for Financial Aid Community Support for community colleges;
- \$5 million one-time Proposition 98 for career technical education grants for community colleges in response to the Los Angeles wildfires;
- \$25 million one-time Proposition 98 for Career Passports Initiative at community colleges.

Health/Human Services

The Budget continues the Medi-Cal Asset Limit at \$130,000, which includes \$45 million in savings in 2025-26, \$343 million in 2026-27, as well as \$510 million ongoing. The Budget approves the Governor's proposal to exclude specialty drug coverage for weight loss, which includes \$85 million in savings for 2025-26 while growing to \$680 million in savings by 2028-29. The Budget increases the Governor's \$3.4 billion loan payment delay for the Medi-Cal program by \$1 billion.

The Governor's Medi-Cal enrollment freeze proposal regarding undocumented individuals 19 years of age and older is modified, beginning in 2026 to note that there is not an "age out", while further creating a six-month re-enrollment grace period for individuals falling off the rolls. This proposal will save approximately \$86.5 million in 2025-26, \$857.5 million in 2026-27, \$2 billion in 2027-28, as well as \$3.3 billion ongoing. The Budget delays the Governor's proposal to cut \$1.1 billion from Health Centers and Rural Health Clinics until July of 2026.

The Budget modifies the Governor's proposal to pass In Home Support Services (IHSS) reassessment late penalties to counties, with the state sharing penalty costs for 2025-26, and then counties fully funding penalties beginning in 2026-27, resulting in \$41 million in savings.

The Budget rejects the Governor's proposal to cap overtime hours for IHSS providers, as well as his proposal to eliminate IHSS for undocumented residents.

Significant Adjustments Include:

- \$52 million restoration to the CalFood program;
- \$36 million for the CalFresh Fruits and Vegetables program;
- \$45 million restoration for the Housing and Disability Advocacy Program for housing services for seniors and people with disabilities.