

2025-26 California State Final Budget and Trailer Bill Summary: Early Learning and Care

The following summarizes the relevant Early Learning and Care policy changes included in the final 2025-26 state budget.

- AB 121 - [TK-12 Education Trailer Bill](#)
- SB 120 - [Early Childhood Education Trailer Bill](#)

Transitional Kindergarten (TK)

- **Full Implementation of Universal Transitional Kindergarten (UTK)** — Combined with previous investments to support TK expansion, provides \$2.1 billion to fund the final year of UTK implementation statewide.
- **10:1 Ratios for UTK Classrooms** — Allocates \$1.2 billion in ongoing funding to support implementation of a 10:1 student-to-staff ratio in UTK classrooms.
 - Beginning in the 2025–26 school year, Local Educational Agencies (LEAs) and charter schools must maintain an average of one adult for every ten students in TK classrooms at each school site.
 - Authorizes the California Department of Education (CDE) to withhold a portion of the Local Control Funding Formula (LCFF) apportionment for failure to meet TK classroom size, staffing ratios, and teacher qualification requirements.
- **Expanded Learning Opportunities Program (ELOP)** — Increases funding by \$525.5 million to support expanded ELOP services for all TK–6 students in all LEAs. Reduces the unduplicated pupil percentage threshold for Rate 1 eligibility from 75% to 55%. Raises the minimum grant amount from \$50,000 to \$100,000 per LEA, effective January 1, 2026. Increases funding for ELOP by \$525.5 million in Proposition 98 funds to expand services for all TK-6 students in LEAs with an unduplicated pupil percentage of at least 55%. Raises the minimum grant amount from \$50,000 to \$100,000 per LEA.
- **TK Multilingual Learner (ML) Screening** — Provides \$10 million one-time Proposition 98 funding to the CDE to identify a developmentally appropriate screener to identify MLs in TK. Authorizes the State Superintendent of Public Instruction to adopt a screening instrument for children ages 3-4 enrolled in TK classrooms. Provides \$10 million in one-time Proposition 98 funds for the State Superintendent to select a list of, and acquire, developmentally appropriate English language screening instruments for TK students, along with related training materials and provide them to LEAs at no cost. Beginning in 2027-28, requires LEAs to administer a selected screening instrument to enrolled TK students whose Home Language Survey indicates that their home language is a language other than English.

- **TK English Learner (EL) LCFF Backfill** — Backfills LCFF funding in 2025–26 and 2026–27 for LEAs impacted by AB 2268 (Muratsuchi, 2024), which prohibits administration of the English Language Proficiency Assessment of California (ELPAC) to TK students. For 2025-26 and 2026-27, requires the CDE to use a LEA's kindergarten EL count to calculate supplemental and concentration grant funding.
- **California Prekindergarten Planning and Implementation Grant Program Extension** — Extends by 2 years the expenditure and encumbrance periods for previously allocated funds to support LEAs with costs related to credentialing, permitting, and professional development for California State Preschool Program, TK, and kindergarten teachers. Includes training focused on inclusive classrooms and Dual Language Learners (DLLs).
- **Universal School Meals Support Grant** — Establishes the Universal School Meals Implementation Support Grant Program providing \$160 million in one-time Proposition 98 funding, \$145 million for training and meal preparation, and \$10 million to support food service worker recruitment and retention, and \$5 million for a study of school meal standards.

Mixed-Delivery System of Early Learning and Care

- **Extended Eligibility Period** — Allows families already enrolled in subsidized child care programs who add a child, to be continuously eligible for at least 12 months before redetermination.
- **Daily Rate Reimbursement Adjustment** — Reduces the required documented need for daily rate reimbursement from six hours to five hours per occurrence to expand access for families with irregular schedules.
- **Cost of Care Plus Rate Extension** — Extends the cost of care plus rate payments for family childcare homes, centers, and licensed providers through June 30, 2026. Monthly payments for each subsidized child will be adjusted by a percentage to be determined by the Department of Finance, beginning July 1, 2025.
- **Provider Rate Increase in Lieu of Statutory Cost-of-Living Adjustment** — Suspends the 2025–26 statutory cost-of-living adjustment (COLA) for child care and development programs. Redirects \$70 million in COLA funds to support rate increases for all subsidized child care and preschool providers, which will serve as the basis for establishing a new cost-of-living adjustment for child development programs.
- **Alternative Methodology Implementation: Preparation and Reporting** — Requires CDSS and CDE to implement a unified reimbursement methodology and provide quarterly updates to the Legislature and LAO through July 1, 2027. Includes intent to eliminate the use of regional market rate surveys and adopt a statute-based, per-child

rate structure. Provides \$25.5 million in one-time state and federal funds for administrative preparation, contingent upon notification to the Joint Legislative Budget Committee.

- **Contractor Reimbursement** — From July 1, 2025, through June 30, 2026, reimbursement for child care contractors will be based on the lesser of: the contract maximum, actual program costs, or starting in 2026, the number of certified child enrollment days multiplied by the contract rate.
- **Enrollment-Based Reimbursement** — Appropriates \$88.55 million in General Fund (GF) to transition local alternative payment programs to an enrollment-based reimbursement model beginning July 1, 2025.
- **Prospective Payments and Implementation** — Provides \$128.2 million in local assistance funds to support the implementation of prospective payments based on enrollment, starting July 1, 2026. Requires CDSS to provide quarterly progress updates from October 1, 2025, through July 1, 2027.
- **Child Care Slots** — Maintains 2024-25 Enacted Budget commitments to expand subsidized child care by 146,000 slots, with a goal of reaching 200,000 by 2028, as codified in law.
- **Collective Bargaining and Payment Costs** — Allocates \$114.8 million in one-time funding to support collective bargaining agreements, including payments tied to “Cost of Care Plus” and union-related administrative costs.
- **Emergency Child Care Bridge Program** — A \$30 million reduction in both 2024–25 and 2025–26. Provides \$63.7 million GF to continue supporting local assistance and state operations for the program.