

This is a message from the California Department of Education (CDE), Early Education Division (EED).

**Subject: Initial Guidance regarding the 2026–27 Budget
Attention: Executive Directors and Program Directors of all
California State Preschool Programs and Early Education
Partners**

Dear California State Preschool Programs Executive Directors, Program Directors, and Other Interested Parties,

The California Department of Education (CDE) Early Education Division (EED) is sharing updates on the Fiscal Year (FY) 2026–27 California Budget package, which was signed in various pieces of legislation between June 29, 2026, and July 10, 2026. This email is lengthy, as there was a lot that happened in the budget! We have done our best to include subject headers for ease of navigation. If you would like to refer to the actual new statutory language, you can find a full list of the budget legislation that has been signed to date at the bottom of this email.

This email also includes information and minimal initial guidance on implementation. The CDE EED understands that this email will not answer all questions contractors will have about implementing these changes in law. The CDE EED will release management bulletins and other guidance in the future but wanted to share information and guidance that is available now to assist California State Preschool Program (CSPP) contractors and early education partners with planning and initial implementation.

Please note: It is common practice for the Legislature and the Governor to consider additional changes to the budget package in August (for example, to address typos). If there are changes to what CDE is sharing in this email, we will share additional information via this email distribution list. If things do change from what is provided in this email, CSPP contractors will not be penalized for implementing the guidance from this email until updated guidance is available.

Major highlights of what the budget includes:

- \$3.5 billion for full universal Transitional Kindergarten (UTK) implementation
- \$2.8 billion for the CSPP
 - \$115 million for enrollment growth due to increased numbers of three-year-old children
 - Significant policy changes for CSPP eligibility, need, and priority
 - Maintains previous budget year's plan to implement funding based on enrollment effective July 1, 2026 (end of hold harmless)
 - CSPP moves fully into Proposition 98
 - CSPP cost-of-living funds added to the Cost of Care Plus Rate
 - Five Professional Development Days for CSPP
 - Decision not to move forward with prospective pay

- \$250 million total for another round of Universal PreKindergarten (UPK) Planning and Implementation Grant and UPK Mixed Delivery grants
- \$20 million augmentation to the CSPP Quality Rating and Improvement System block grant
- Various changes to licensing (see more below)

California State Preschool Program Changes

Fiscal Changes for CSPP

Budget bills, Assembly Bill (AB) 109 (Chapter 19, Statutes of 2026) and Senate Bill (SB) 111 (Chapter 21, Statutes of 2026), included several fiscal changes in fiscal year (FY) 2026–27 for CSPP. The table below identifies the budget change and how CDE plans on implementing those changes.

Change	Implementation Plan/Guidance
Funding for CSPP operated by community-based organizations has been shifted into Proposition 98, and the state rebenches the minimum guarantee in 2026-27 to account for these additional costs.	This is essentially a funding shift that does not change the requirements for how community-based organizations run their classrooms, etc. All contractors affected by this change received a contract amendment to shift the fund source from general funds to Proposition 98 funds on July 6, 2026. No action from the contractor was required as this amendment was issued as an Allocation Letter and immediately executed.
Allocates \$115 million for CSPP contractors for three-year old children enrollment growth.	CDE will release further information on how these funds will be released in September.
Allocates \$51.425 million that otherwise would have gone to a 2.009 percent annual statutory cost-of-living adjustment (COLA) to increase CSPP Cost of Care Plus Rates by an average of 16.39 percent. New Monthly CSPP Cost of Care Plus Rate per child amounts for FY 2026–27 are as follows for each region: • Bay Area: \$268 • Central: \$177 • Los Angeles: \$216 • Northern: \$179 • Southern: \$203	All contractors will not receive their first quarter advance until August 2026. There are 5 family childcare home education network (FCCHEN) contractors who received an email on Friday, July 17 that provided them with the FY 2026–27 monthly per-child amounts and included a reminder of <i>Education Code (EC)</i> Section 8223.5 and the Memorandum of Understanding between the State and the Child Care Providers United requirement to issue cost of care payments to the family childcare providers within 21 days of receiving the daily sign in and out sheets. The CDE provided these 5 FCCHEN contractors with notification to use other allocations as a temporary fund source until the first quarter advance is received.

	Contractors who have to pass the payment on to subcontractors are not subject to the 21-day requirement.
Repeals prospective pay provisions and funding for all CSPPs	Contractors do not need to take any action in response to this change as this was a previously planned change that was never implemented and now, under the 2026–27 final budget, will not be implemented.
Provides funding for the CDE to contract with a vendor to provide direct deposit to CSPP contractors	This funding allows the CDE to continue to provide payment options to CSPP contractors. Contractors can continue to choose their method of payment - direct deposit or paper warrant, with no changes to the process currently in effect.
Provides \$33.635 million for professional development days	Allocations of this funding will be forthcoming in future budget act amendments to CSPP contracts. The CDE will be releasing further guidance in an upcoming Management Bulletin. Until then, CSPP contractors can rely on the process as described in Management Bulletin 19-05. However, please note that the number of professional development days has changed from two to five.

Enrollment, Eligibility, Need for Childcare Services, and Priority

Overall, the budget includes a number of changes that are intended to streamline enrollment in CSPPs and help contractors maximize contracts. Below, we've included a grid that includes both the change and how CDE plans on implementing those changes. All changes are effective immediately.

Change	Implementation Plan/Guidance
Children of local educational agency (LEA) employees have categorical eligibility and can be enrolled in CSPP, regardless of income. Children of LEA employees have fourth priority for enrollment. Authority: <i>EC</i> sections 8208, 8210, and 8211	Both LEA contractors and community-based organization contractors can enroll children of LEA employees. For the purposes of this eligibility category, LEA has the definition found in <i>EC</i> 8205: "Local educational agency' means a school district, a county office of education, a community college district, or a school district acting on behalf of one or more schools within the school district." CDE will be releasing further guidance in an upcoming Management Bulletin. Until the Management Bulletin is posted,

	contractors may begin enrolling in this category and shall request any documentation from parents that demonstrates their employment at an LEA. CDE is modifying both the Child Development Management Information System (CDMIS) and the California Preschool Data Collection (CAPSDAC) starting from the July 2026 submissions and thereafter to include the following options: • CAPSDAC: The EligibilityStatus data field in the Enrollment domain will add the option: 10 – Child of an LEA Employee • CDMIS: The Child’s Eligibility data field in the Family Details of the 801A Report will add the option: 1 – Child of an LEA Employee
Collapses some of the priorities at the end of the list for enrolling children in CSPP. Authority: EC Sections 8210 and 8211	CDE will be releasing further guidance in an upcoming Management Bulletin.
Adds parent participation in a California Work Opportunity and Responsibility to Kids (CalWORKs) program activity as a need for full-day CSPP services. Authority: EC Section 8208	CDE will be releasing further guidance in an upcoming Management Bulletin. Until the guidance is released, parents may begin enrolling with this need for services with proof of their CalWORKs program activity plan. Families may enroll up to 5 days per week and no more than 10 hours per day under this need category. CDE is modifying both the CDMIS and the CAPSDAC starting from the July 2026 submissions and thereafter to include the following options: • CAPSDAC: The HeadofHouseholdNeedforService data field in the Family domain will add the option: 10 – CalWORKs Program Activity ○ Please be advised that this option may only be selected when the CalWORKs

	Recipient field in Family domain is either 01 – Adult(s) and Child(ren) Cash Aid or 03 – Diversion Services • CDMIS: The Child’s Eligibility data field in the Family Details of the 801A Report will add the option: J – CalWORKs Program Activity ○ Please be advised that this option may only be selected when the CalWORKs Recipient field in the Family Details is either 01 – Adult(s) and Child(ren) Cash Aid or 03 – Diversion Services
Expands neighborhood school eligibility by: • Allowing more CSPP sites to become CSPP neighborhood school sites based on either the characteristics of their overall school district <i>or</i> their neighborhood elementary school • Redefining the threshold for qualifying districts/schools to base it on 80 percent unduplicated pupils rather than only students eligible for free- or reduced-price meals. This category includes those children eligible for free- or reduced-price meals as well as children who are in foster care or who are English learners. • Allowing families which have a parent or guardian who is employed within the attendance	The CDE will be releasing a management bulletin that will include the expanded list of which school districts and elementary schools meet the new requirements of 80 percent of students being unduplicated pupils. Until the Management Bulletin is posted, contractors may begin enrolling families who are employed within the qualifying attendance boundaries and shall request any documentation from parents that demonstrates their employment within the attendance boundaries of the qualifying school district or public elementary school. Note: None of the schools that were on the list released in June 2026 will be removed, though some may be eligible under their school district rather than under their elementary school and many more have been added. Because this eligibility category has been significantly expanded, the CDE will be revisiting documentation requirements for

boundary of the qualifying school district or public school in which the CSPP is located to be enrolled under the neighborhood school eligibility provision. (Previously the provision was limited to families living within the attendance boundary.) Authority: <i>EC</i> sections 8208 and 8217	CSPP sites seeking to enroll children in this eligibility category.
Allows for eligibility portability in full-day CSPP during the certification period, which is for no less than 24 months, when a family transfers to another CSPP, or when a child is voluntarily disenrolled for any period of time during eligibility. Authority: <i>EC</i> Section 8208	CDE will be releasing further guidance in an upcoming Management Bulletin.
Removes requirement for families that have established eligibility on the basis of income to report increases in income that exceed the threshold, and removes the requirement for parents in this eligibility category to provide updated income at recertification. Authority: <i>EC</i> sections 8208 and 8213	CDE will be releasing further guidance in an upcoming Management Bulletin.

Family Fees

There were two minor changes to family fees in the budget. Below, we've included a grid that includes both the change and how CDE plans on implementing those changes.

Change	Implementation Plan/Guidance
Specifies that a family receiving child protective services may be exempt from family fees for up to one certification period (previously this was capped at 12 months). Authority: <i>EC</i> Section 8253	Contractors shall issue a notice of action to extend the family fee exemption for the remainder of the certification period for currently enrolled children who have been identified as at risk of abuse or neglect or who are receiving child protective services and have been exempt from paying fees for up to 12 months.
Beginning January 1, 2027, requires CSPP contractors to reimburse providers for the full amount of the certificate or voucher without deducting family fees and to collect family fees. Authority: <i>EC</i> Section 8252	Contractors should make every effort to ensure there is an easily accessible and convenient way for families to pay family fees.

Changes Specific to CSPPs at LEAs

CSPPs operated by LEAs are required to:

- Offer up to 14 weeks of Paid Pregnancy Disability Leave for staff. (Authority: *EC* sections 45193, 45965, 87766 and 88193)
- Only contract with an entity that has a business license or business certificate, where applicable, and has appropriate insurance for the service being offered. Government agencies are not required to have a business license. Note: this will impact family childcare providers in family childcare education networks operated by LEAs. (Authority: *EC* Section 51827)

Universal Transitional Kindergarten

The 2026–27 budget includes \$3.5 billion to continue funding full implementation of Universal Transitional Kindergarten (UTK) for all four-year-old children and additionally:

- Includes a definition of developmentally appropriate curriculum as required for use in UTK in *EC* Section 48000. Specifically, this definition clarifies that developmentally appropriate curriculum includes both of the following:
 - Instructional practices that promote a child’s development and learning through a strengths- and play-based approach to joyful, engaged learning that addresses the domains of development in the department’s California Preschool/Transitional Kindergarten Learning Foundations
 - A cohesive set of principles, learning goals, intentional teaching strategies, activities, experiences, environments, and materials designed to help children learn and thrive in ways that are appropriate to their age and stage of cognitive, social, emotional, and physical development, as well as their individual needs, home languages, and cultural experiences
- Specifies that professional development to teachers and administrators on the principles and guidelines of developmentally appropriate instruction in transitional kindergarten (TK), including developmentally appropriate behaviors and behavior interventions, to improve TK implementation is an allowable use of the new \$5 billion Student Support and Professional Development Discretionary Block Grant. (*EC* Section 44475 and Provision 1 of Item 6100 in Section 137 of SB 111 [Chapter 21, Statutes of 2026])
- Funds and requires up to 14 weeks of paid pregnancy leave for educators through the Local Control Funding Formula

Universal PreKindergarten Supports and System Changes

System and support changes for UPK include:

- \$20 million ongoing increase to the CSPP Quality Rating and Improvement System (QRIS) Block Grant, bringing the total annual appropriation to \$70 million annually and restoring the original purchasing power of the grant.
 - Existing CSPP QRIS Block Grantees will receive grant award amendments that augment their existing 2026–27 awards. The amounts were calculated using existing methodology reflected in the current request for application. The initial payment will be issued when the signed grant award amendment is received.
- Provides \$250 million in one-time supports for UPK implementation:

- Appropriates \$200 million one-time Proposition 98 General Fund for the Universal PreKindergarten Planning and Implementation (UPK P&I) Grants. These funds will be available for spending until June 30, 2032.
 - Per the requirements of *EC* Section 8281.5, CDE will allocate these funds to school districts and charters based on their kindergarten enrollment in 2025–26 and to county offices of education based on the number of LEAs in their county that operate a kindergarten program.
 - CDE is working on the allocation for these funds and will share more details with grantees once those have been completed.
 - Authority: *EC* Section 8281.5
- \$50 million one-time Proposition 98 General Fund for another round of the UPK Mixed Delivery Grant.
 - CDE is working on a process for allocation of these funds and will follow up with more information once the process for allocating the new funds is finalized and ready for implementation.
 - Authority: *EC* Section 8320
- Requires the annual implementation plan for community schools to describe how the LEA’s approach expands services to pupils and leverages and braids funds from existing state initiatives, including the CSPP (Authority: *EC* Section 8903).

Facilities

The budget includes the following provisions related to facilities:

- Allocates \$1.5 billion of Proposition 2 school facility bond funds for TK-12 2026–27 construction projects.
- Prohibits the SBE from waiving all or part of the provisions of the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (Authority: *EC* Section 33050).
- Requires the California Department of Social Services (CDSS) to administer and implement a program for disaster-related infrastructure grants subject to an appropriation made by the Legislature for this purpose. CSPP childcare centers and FCCHENS are eligible to apply.

Teacher Preparation and Professional Development

The budget establishes the Pathways to Bilingual Teaching Program, providing \$10 million to the Commission on Teacher Credentialing to award grants to LEA consortia that expand pathways for bilingual candidates to earn teaching credentials, including the PreKindergarten through Grade Three (PreK-3) Early Childhood Specialist Credential (Authority: *EC* Section 44259.4).

Community Care Licensing

There were also a number of changes to childcare licensing requirements. **The CDE defers to CDSS Community Care Licensing on the implementation of these changes.** Specifically, the budget:

- Requires CDSS, in consultation with the Emergency Medical Services Authority and the CDE to establish an anaphylactic policy for how to prevent and address situations where a child may suffer from anaphylaxis. (Authority: *Health and Safety Code [HSC] Section 1596.7985*)
- Expands flexibilities for family daycare home licensees to be temporarily absent from the facility no more than 20 percent of the facility's operating hours in a calendar month and makes conforming changes. (Authority: *HSC Section 1597.63*)
- Makes changes to licensing requirements regarding the administration of medication, pediatric first aid and Cardiopulmonary Resuscitation (CPR) training, reporting of child abuse and neglect, and emergency and disaster plans. (Authority: *HSC Section 1597.63*)
- Allows electronic signatures and payments for licensing processes. (Authority: *HSC Section 1597.81*)
- Requires licensed facilities to maintain detailed emergency and disaster plans. (Authority: *HSC Section 1596.868*)

Bill Links

For more details, please see the following budget bills:

AB 109, the Budget Act of 2026: [Bill Text - AB-109 Budget Act of 2026](#). Approved by the Governor on June 29, 2026.

SB 111, the Budget Bill Jr.: [Bill Text - SB-111 Budget Act of 2026](#). Budget Act of 2026: Approved by the Governor on June 29, 2026.

AB 126, Education Finance: Education Omnibus Trailer Bill: [Bill Text - AB-126 Education finance: education omnibus trailer bill](#). Approved by the Governor on July 9, 2026.

AB 150, Early Care and Education: [Bill Text - AB-150 Early care and education](#). Approved by the Governor on June 29, 2026.

AB 152, Human Services: [Bill Text - AB-152 Human services](#). Approved by the Governor on June 29, 2026.

AB 181, Education Governance: State Board of Education: Superintendent of Public Instruction: Education Commissioner: State Department of Education: Transfer of Duties: [Bill Text - AB-181 Education governance: State Board of Education: Superintendent of Public Instruction: Education Commissioner: State Department of Education: transfer of duties](#). Approved by the Governor on July 10, 2026.

Resources

In the interim, if you have any **programmatic** questions regarding these changes, please email the California State Preschool Program Central Hub at CSPPCentral@cde.ca.gov. If you have any **fiscal** questions about this guidance, please contact your assigned Early Education and Nutrition Fiscal Services analyst. The fiscal analyst directory can be accessed at <https://www.cde.ca.gov/fg/aa/cd/faad.asp>.

Sincerely,

Early Education Division

California Department of Education



We also encourage you to follow our Universal PreKindergarten communications campaign for updates on these social media platforms:

Instagram: [@cauniversalprek](https://www.instagram.com/cauniversalprek)

Facebook: [@CAUniversalPreK](https://www.facebook.com/CAUniversalPreK)

LinkedIn: [California's Universal PreKindergarten](https://www.linkedin.com/company/california's-universal-prekindergarten)

BlueSky: [@CAUniversalPreK.bsky.social](https://bsky.app/profile/CAUniversalPreK.bsky.social)

X: [@CAUniversalPreK](https://twitter.com/CAUniversalPreK)