



**GOVERNOR
GAVIN NEWSOM**

California 2026-27 Budget

Balanced Budget. Lower Costs. Stronger California.

NO deficit THIS YEAR OR NEXT YEAR.

\$0

CALIFORNIA'S DEFICIT

TODAY - JULY 2028

Governor Newsom's 2026-27 balanced budget protects families, lowers costs, and invests in the future. This fiscally disciplined plan cuts the long-term deficit by more than half and tightens Sacramento's belt — while supporting our most vulnerable Californians amid the President's unrelenting attacks on our state. As Donald Trump continues to go after our working families, California is protecting essential services while advancing fiscal responsibility and affordability.

Key Announcements

Building a stronger California

- Balances the budget while protecting education, health care, housing, and public safety.
- Reduces long-term spending commitments and keeps California on stable fiscal footing.
- Continues responsible budgeting that protects families today while preparing for tomorrow.

Keeping healthcare more affordable

- **\$300 million to lower health care costs for California families.**
- Keeps **\$0 monthly health plans** available for many lower-income Californians.
- Helps offset higher premiums caused by the expiration of enhanced federal ACA subsidies.

Helping small businesses grow

- **50% tax cut** on LLC taxes for hundreds of thousands of new small businesses over the next three years.
- Continues making California the nation's leader in new business creation.

Limiting corporate tax breaks

- Prevents the largest corporations from using unlimited tax credits.
- Protects tax incentives while ensuring profitable companies contribute to schools, public safety, and health care.

Supporting students and teachers

- **Record investment in California schools.**
- **\$5 billion** to support students, strengthen the educator workforce and fund local priorities.
- Creates up to **14 weeks of paid pregnancy leave** for TK-12 school and community college employees.
- **\$400 million** to expand literacy coaches and math support in high-need schools.
- **Improves school support and accountability** by moving management of the Department of Education into the Executive Branch and strengthens the State Superintendent's role to foster alignment of education policies across public education from TK through college.

Historic investment in students with disabilities

- **Largest special education investment in California history.**
- **\$2.4 billion in ongoing funding—a 43% increase.**
- Helps schools provide better services for students with disabilities as federal support stalls.

Making housing more affordable

- Cuts unnecessary local fees that increase the cost of affordable housing.
- Modernizes the state housing finance system to streamline funding and accelerate affordable housing production.
- Expected to save **tens of thousands of dollars per affordable home** and free up hundreds of millions of dollars to build more affordable housing with existing resources.
- Invests \$500M for Low Income Housing Tax Credits and \$200M for the Multi-Family Housing Program.

Helping families rebuild after disasters

- **\$100 million Disaster Rebuilding Fund.**
- Helps homeowners rebuild after disasters when insurance isn't enough.
- Expands access to affordable construction financing and lowers rebuilding costs.

Safeguarding and speeding up elections

- \$29 million for increased staffing, technology and equipment upgrades and purchases for counties **to speed up counting.**
- \$5 million for voter outreach and education at the county level.
- \$5 million for voter outreach and education at the statewide level via Secretary of State
- \$750,000 to support statewide efforts to combat mis- and disinformation.