

The 2023-24 California State Budget

Key Implications for Early Learning and Care

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Presentation Goals

- Provide key context on the 2023-24 Budget Act
- Highlight major early learning and care investments included in the budget agreement
- Engage in Q&A
- Share important provisions not included (or delayed) 2023-24 Budget Act



Key Context for 2023-24 Budget



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The 2023-24 Budget & Policy Process

- **January 2023:** Governor Newsom released the draft budget
- **May 2023:** Governor Newsom released the revision to the January budget.
- **June 15, 2023:** The California Senate and Assembly passed their Budget Agreement, containing several suggested changes to the Governor's May Revision.
- **June 27, 2023:** The Governor signed the Budget Agreement, reflecting negotiations with the legislature.
- **September 14, 2023:** Deadline for each house to pass bills (*including budget-related trailer bills and budget bill juniors*).
- **October 14, 2023:** Last day for the governor to sign or veto bills passed by the legislature.



The Overall Budget Amounts to Approximately \$310 Billion

- **Protects the Safety Net Reserve**
- **Does not include ongoing cuts to core programs**
- **Includes a reserve of nearly \$38 billion**



The Budget Agreement Projects a \$30.7 Billion Shortfall

Shortfall Estimate Is Up from \$22.5 Billion in January

- Estimated shortfall reflects downgraded revenue estimates due to **lower-than-expected current-year tax collections** and economic conditions, including higher interest rates and a weaker stock market
- The budget agreement projection **does not assume a recession**
- Legislative Analyst's Office estimates the shortfall is likely to be **\$6 billion higher** than the administration's estimate



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The 2023-24 Budget Act Enacts Major Reform to Family Fees

Addresses Inequitable Fees Many Families with Low Incomes Pay for Subsidized Care

- Under the new structure and beginning on **October 1, 2023**:
 - Families **below 75 percent** of State Median Income (SMI) will not pay fees
 - Fees for families **at or above 75 percent** of SMI will be capped at one percent of monthly income (*75% SMI for a family of 4 is \$84,969*)
- Fees prior to October 1, 2023 will be forgiven
- Appropriates **\$78.4 million** to reimburse providers for family fees waived or reduced



It's time for a long-term solution for child care family fees in the #CABudget!

"If family fees return I will have to pay \$600 a month, making me choose between taking my daughter out of the program or keep her in and take it out of our food budget.

I don't want to go back to opening the fridge and seeing empty shelves."

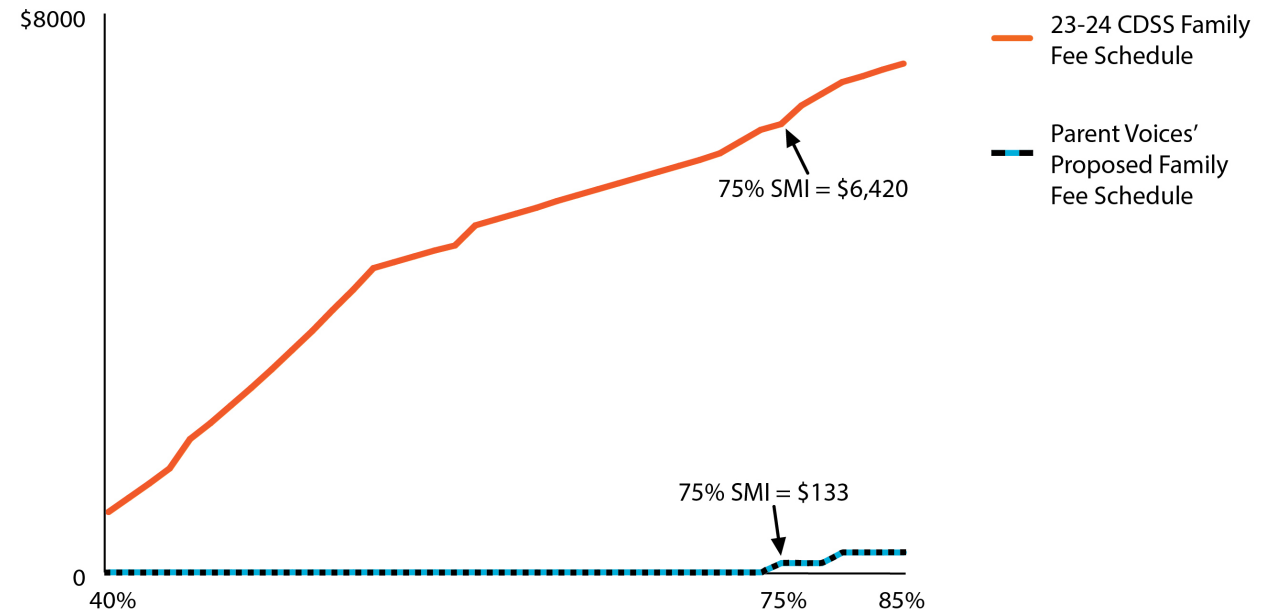
With that additional \$6,766 per year, Karina can buy nearly **10 months** of groceries, keep her daughter in child care, and continue pursuing her educational goals.

Karina
Parent Leader, Sonoma



A More Equitable Family Fee Schedule Would Help Many Families Save Thousands of Dollars in Child Care Fees

Annual Fees for a Family of Two by Percent of State Median Income (SMI)



Note: Annual fees are based on full-time care
Source: Parent Voices and California Department of Social Services



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Budget Agreement Includes One-Time Rate Increases for Providers

Details on the Rate Increase Included in Collective Bargaining Agreement

- Provides up to **\$2.8 billion in one-time funds** for reimbursement rate increases for child care and preschool
- Requires CDSS to **develop an alternative methodology** for a more equitable reimbursement rate system

Highlights from the **agreement with Child Care Providers United**:

- Extends payment by enrollment (not attendance) for two years
- Includes \$80 million for a first-of-its-kind retirement fund and continued funding the Health Care Reimbursement Fund
- Lowered hours per week to qualify for full time reimbursement (*changed from 30 to 25 hours per week*)

The CCPU Agreement is subject to ratification by the Legislature and Governor's signature



What Was Not Included in the 2023-24 Enacted Budget

The Budget Act delays funding and continues to rely on one-time funding.

- Ongoing funding for provider reimbursement rate increases not included, only one-time funding.
- Funding for the planned 20,000 new child care slots delayed to July 1, 2024.
- Ensuring that 7.5% of enrollment in CSPP is reserved for children with exceptional needs delayed to July 1, 2025.
- Deadline for TK teachers to satisfy permit/credentialing requirements delayed to August 2025.
- \$550 million in 2023-24 State Preschool, Transitional Kindergarten, Full Day Kindergarten facility funding delayed to the 2024-25 Budget.



Questions



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