

Legislative Briefing

Governor's May Revise 2022-23

Joint Committee on Legislation

June 16, 2022

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2022-23 Budget Summary

- ▶ On Friday, May 13th, Governor Newsom introduced his May Revise budget for fiscal year 2022-23.
- ▶ General Fund revenues are estimated to be nearly **\$55 billion higher** than January's projections.
- ▶ The May Revision includes \$18.1 billion in direct relief to Californians, as well as \$37 billion in reserves. As of now, we anticipate California having a roughly **\$97 billion budget surplus**.
- ▶ The May Revision includes **\$6.3 billion (2.7 billion General Fund) for child care** programs, including ECE Coalition priorities such as another year of waived family fees, equitable reimbursement for providers based on maximum authorized hours of care, and additional slots.

Extension of Family Fee Waivers

\$157 million (\$136 million one-time federal funds, \$10.8 million Prop. 98, \$10.5 million General Fund) to **temporarily waive** family fees for state-subsidized preschool and child care services through June 30, 2023 and reimburse child care providers'

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Parents do not pay fee for care services

Extension of “Hold Harmless”

\$114 million (\$6 million General Fund, \$108 million federal funds) to **pay providers based on enrollment at the maximum authorized hours of care** (“hold harmless”) through June 30, 2023

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Stabilizes provider compensation caused by variable child attendance

2021 Provider Rate Increase

\$413 million to **annualize a full year of previously agreed upon rate increases** while the state continues to work with partners and stakeholders toward a single reimbursement rate structure

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No new increase for providers continued funding at the 2018 RMR (still too low)

Child Care Infrastructure

- ▶ **\$200.5 million** (\$100 million General Fund, \$100.5 million federal funds) augmentation for the Child Care and Development Infrastructure Grant Program for minor renovation and repair focused on child care deserts and low-income communities.
- ▶ **\$20 million** General Fund in Alternative Payment Program Grants to develop capacity to serve additional slot commitments.
- ▶ A **6.56% Cost of Living Adjustment** on all non-caseload driven programs.

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Grant opportunities to increase child care capacity

CalWORKs

▶ **\$296.2 million** for an 11% increase to CalWORKs Maximum Aid Payment levels

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Cash aids for short-term and ongoing family assistance

Child Care Slots

▶ **\$270 million** 36,000
additional spaces

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*Carryover from previous
budget commitment, no
new slots*

Expanded Learning (CDE)

- ▶ **\$3.8 billion** ongoing Proposition 98 for Expanded Learning Opportunities Program (ELO-P).
- ▶ **\$63 million** one-time Proposition 98 to support ELO-P infrastructure, with a focus on integrating arts and music programming into enrichment options.

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Before/after school & summer school programming for UTK

State Preschool and Transitional Kindergarten (*Budget & Policy Summary*)

- ▶ **5.33%** Cost of Living Adjustment (COLA) for LCFF
- ▶ Proposes re-benching Proposition 98 to accommodate enrollment increases related to the expansion of Transitional Kindergarten.
- ▶ **\$10.8 million** one-time Proposition 98 General Fund and \$10.8 million one-time General Fund to waive family fees for California State Preschool Program (CSPP).
- ▶ Hold harmless for CSPP contractors to receive full funding allocated to them pursuant to their state contracts, regardless of student attendance.
- ▶ State Preschool Program adjustment factors for students with disabilities and dual language learners—Increasing the costs to support revised State Preschool Program adjustment factors for students with disabilities and dual language learners from \$197.8 million Proposition 98 General Fund and \$110.6 million General Fund to **\$201.8 million** Proposition 98 General Fund and **\$140.6 million** General Fund.

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Continuation of budget commitment for UTK

State Preschool and Transitional Kindergarten (Budget & Policy Summary) Cont.

- ▶ Local Assignment Option for Transitional Kindergarten Teachers— to **temporarily increase the pipeline** of qualified transitional kindergarten teachers, allows teachers with preschool teaching permits who hold bachelor's degrees that meet basic skills requirements and are enrolled in coursework leading to be assigned as the teacher of record in a credential to teach transitional kindergarten. This flexibility is proposed to sunset on June 30, 2026.
- ▶ Adjusts costs to **expand eligibility for transitional kindergarten** from all children turning five years old between September 2 and December 2 to **all children turning five years old between September 2 and February 2**, beginning in the 2022-23 school year, from \$639.2 million at the Governor's Budget to **\$614 million** General Fund at the May Revision.

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Policy that will enable an increase in the teachers workforce for UTK

Post-May Revise Update

- ▶ The Assembly and Senate jointly passed **SB 154: Budget Act of 2022**, a budget proposal that aligned with the Senate's budget proposal priorities:
 - ▶ Increase rates for child care providers by \$1 billion
 - ▶ Fully waive family fees through September 2024
 - ▶ Adopt the Senate's preschool expansion proposal
- ▶ The Governor has the deadline of June 30th to sign the budget into law for the next fiscal year
- ▶ In his authority as Governor, he can veto budget line item proposals from the Joint Legislative budget passed by the legislature

Thank you!

Questions & Answers

