

2023-24 California State Final Budget Trailer Bill Summary: Early Learning and Care Investments

The following summarizes the relevant Early Learning and Care investments included in the trailer bill language for the final budget agreement of the Governor's 2023-24 State Budget.

- **Governor's Final Budget Overview Summary:**
<https://ebudget.ca.gov/2023-24/pdf/Enacted/BudgetSummary/K-12Education.pdf>
- **AB 102 - Budget Bill Jr:**
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB102
- **AB 116 - Early Childcare & Education TBL:**
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB116
- **SB 114 - K-12 Omnibus TBL:**
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB114

Transitional Kindergarten (TK)

- **\$954 million** ongoing Proposition 98 General Fund to support the first and second years of expanded eligibility for TK.
- **\$448 million** Proposition 98 General Fund to support the first and second year of adding one additional certificated or classified staff person to every TK class.
- Will require 10:1 ratios by the 2025–26 school year and expresses Legislative intent to fund those lower ratios.
- Extends until August 1, 2025, the deadline for a credentialed teacher first assigned to a TK classroom after July 1, 2015, to meet statutory criteria, including 24 units of Early Childhood Education and/or Child Development.
- Allows local educational agencies (LEAs) to enroll children whose fourth birthday falls between June 2nd and September 1st, or early enrollment children, as long as classrooms meet a 1:10 adult-to-pupil ratio with maximum class sizes of 20 students, and to the extent possible, employ teachers have earned 24 units or its equivalent or a child development teacher permit or an ECE specialist credential.
- Prohibits the state board from waiving all or part of certain laws relating to kindergarten and TK admission.
- Delays \$550 million for the Preschool, TK, and Full Day Kindergarten Facility Grant program until fiscal year 2024-25.

California State Preschool Program (CSPP)

- Allocates the following funding amounts to support reimbursement rate adjustments for preschool providers, subject to a ratified agreement:
 - Fiscal Year 2022-23: **\$343.1 million** Proposition 98 General Fund and **\$20,000** non-Proposition 98 General Fund.

- Fiscal Year 2023-24: **\$369.3 million** Proposition 98 General Fund and **\$126.1 million** General Fund.
- Fiscal Year 2024-25: **\$445.7 million** Proposition 98 General Fund and **\$186.5 million** General Fund.
- Consistent with this approach, the Budget suspends the annual cost-of-living adjustment applicable to CSPPs in fiscal years 2023-24 and 2024-25.
- Streamlines state preschool eligibility determination, and requires the 3rd priority for services to be given to eligible 3- and 4-year-old children who are not enrolled in a state-funded TK program, and revises the remaining priorities accordingly.
- Changes the child care and preschool family fee structure, and prohibits family fees from being based on the cost of care or amount of subsidy payment.
 - Authorizes the forgiveness of family fees that accrued but were uncollected prior to October 1, 2023.
 - Commencing October 1, 2023, prohibits family fees from exceeding 1 percent of the family's monthly income and prohibits a family with an adjusted monthly family income below 75 percent of the state median family income from being assessed a family fee.
 - Appropriates **\$56 million** from the General Fund to the Department of Social Services (DSS) for family fees waived or reduced for preschool and child care programs.
- Delays the implementation state preschool special needs service set-aside increases by 2 years, so that at least 7.5 percent of funded enrollment would be required to be reserved for children with exceptional needs commencing July 1, 2025, to June 30, 2026, inclusive, and at least 10 percent of funded enrollment would be required to be reserved for children with exceptional needs commencing July 1, 2026.

Child Care

- **\$2.8 billion** General Fund for temporary reimbursement rates increases for all subsidized child care and preschool providers, conditioned upon the ratification of the collective bargaining between the state and Child Care Providers United (CCPU).
 - With this investment, the Budget suspends the annual COLA for the reimbursement rate and states the Legislature's intent that any adjustment in the 2023–24 and 2024–25 fiscal years related to reimbursement for programs funded pursuant to these provisions be subject to a ratified agreement and subject to future legislation.
- Require DSS, in collaboration with the California Department of Education (CDE), to develop and conduct an alternative methodology to set reimbursement rates for state-subsidized child care and development services.
 - Requires the department to develop and conduct a survey of market rates for child care services if the alternative methodology is not approved by the United States Department of Health and Human Services, Administration for Children and Families.

- As stated in the Preschool section, the Budget prohibits family fees for subsidized child care from exceeding 1 percent of a family's monthly income beginning October 1, 2023, and forgives family fees that have been accrued but uncollected until that point. Fees won't be applied to families with an adjusted monthly family income below 75 percent of the state median family income.
- Temporarily extends the hold harmless provision requiring contracting agencies operating child care and development programs and preschool programs to be reimbursed the lesser of 100 percent of the contract maximum reimbursable amount or net reimbursable program costs to September 30, 2023.
- Requires the DSS to promote full utilization of child care and development program funds and match available unused funds with identified service needs, and to arrange interagency adjustments between different contractors with the same type of contract when both agencies mutually agree to a temporary transfer of funds for the balance of the fiscal year.
- Relieves license-exempt child care providers from submitting rate sheets to DSS. Providers will be reimbursed at a similar applicable category on the providers rate sheet, whichever results in a higher reimbursement.

Other Relevant Investments and Allocations

- **Expanded Learning Opportunities Program (ELOP)**
 - Specifies the ELOP license-exempt status.
 - Requires current license holders under the Community Care Licensing Division at DSS to continue to maintain its license if it provides expanded learning services until June 30, 2024.
 - Requires the CDE, in consultation with DSS, to establish a process and timeline for LEAs with third-party contracted providers who operate ELOP and CSPP programs to submit programmatic information to DSS.
- **Developmental Screenings**
 - **\$1 million** to require an expert panel to approve a list of screening instruments to assess pupils from kindergarten to 2nd grade for risk of reading difficulties.
 - Require LEAs serving kindergarten through second grade students to screen pupils for risk of reading difficulties using the instruments from the approved list no later than the 2025-26 school year.
- **TK-12 Accountability System**
 - Requires LEAs that have the lowest performing pupil subgroups to provide specific actions to address those subgroups, along with focused goals.
 - Establishes equity leads in the statewide system of support.
 - Requires a mid-year update at a public meeting on the progress with the local control and accountability plan.
 - Provides opportunity for struggling school districts to work with county offices of education to improve pupil outcomes, along with technical assistance.

- **\$20 million** Proposition 98 General Fund one-time for the Bilingual Teacher Professional Development Grant.
- **\$10 million** to establish the Diverse Education Leaders Pipeline Initiative, a program to train, place, and retain diverse and culturally responsive administrators in TK-12. Inclusive, to improve pupil outcomes and meet the needs of the education workforce.
- **\$250 million** to expand Literacy Coaches and Reading Specialists Grant Program, and makes clarifying amendments to the existing Literacy Coaches and Reading Specialists Grant program.
- **\$1 million** to establish the Literacy Roadmap to help educators apply the state's curriculum framework to classroom instruction, navigate the resources and professional development opportunities available to implement effective literacy instruction, and improve literacy outcomes for all pupils with a focus on equity.
- **\$7 million** to support LEAs opting to implement Restorative Justice best practices that will be developed and posted on the CDE's website by June 1, 2024.
- Allows CTC to waive teaching performance assessments for educators unable to meet the requirement during the pandemic if they've completed an induction program or two years of satisfactory evaluations.
- Makes clarifying and technical amendments to the Teacher and School Counselor Residency Grant Program.
- Allows participants of the Golden State Teacher Grant program to allow participants to serve at preschools.
- Extends the state's Universal Preschool Workgroup's recommendations to the Legislature deadline from January 15, 2023 to March 31, 2024.