



## **2024-25 California State Final Budget and Trailer Bill Summary: Early Learning and Care**

The following summarizes the relevant Early Learning and Care policy changes included in the final 2024-25 state budget.

[SB 108](#) - Budget Act of 2024

[SB 153](#) - K-12 Omnibus

[SB 163](#) - Early Learning and Childcare

[AB 161](#) - Human Services

### **Transitional Kindergarten (TK)**

- Provides \$1.5 billion ongoing Proposition 98 General Fund to continue implementation of TK in the 2024-25 school year, expanding age eligibility from all children turning five-years-old between September 2 and April 2 to all children turning five between September 2 and June 2.
- Provides \$515.5 million ongoing Proposition 98 General Fund to continue to support 12:1 student-adult ratios in TK classrooms.
- Cuts the California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program planned 2025-26 General Fund investment of \$550 million that would have supported the California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Program.
- Clarifies that it is the intent of the Legislature that TK curriculum should be aligned to the new California Preschool/Transitional Kindergarten Learning Foundations.
- Clarifies that for commingled TK/CSPP classrooms, teachers need to use the Classroom Assessment Scoring System (CLASS) observation tool.
- Authorizes Expanded Learning Opportunities Program (ELOP) funds to be used to support attendance recovery when attendance recovery is operated by a local educational agency (LEA) on the same school site as its ELOP, and requires those funds, commencing with the 2023–24 fiscal year, to be expended by June 30 of the fiscal year following the fiscal year in which the appropriation is made. Requires any funds that are not expended by an LEA by the end of that period to be returned to the state.
  - For the 2024–25 fiscal year, requires those returned funds to be added to other specified remaining funds and expended. The bill would, commencing with the 2025–26 fiscal year and annually thereafter, require LEAs to annually declare their operational intent to the department to run an ELOP.

### **California State Preschool (CSPP)**

- Includes \$53.7 million General Fund to support reimbursement rate increases previously supported by available one-time federal stimulus funding.

- One-time savings of \$190.7 million General Fund and \$522.3 million Proposition 98 General Fund. These adjustments align with the level of support necessary for CDE to meet preschool collective bargaining agreement requirements.
- Authorizes CSPP providers to serve two-year-old children, in addition to three- and four-year-old children, until June 30, 2027. Starting July 1, 2027, prohibits a contractor from serving any 2-year-old children, unless the contractor was serving those 2-year-old children before July 1, 2027.
  - Until July 1, 2027, requires the adjustment factor for 2-year-old and 3-year-old children to be 1.8. Provides that children enrolled in kindergarten who meet other specified criteria are eligible for a part-day CSPP.
- Maintains that CSPP continues to require providers to reserve 5 percent of funded enrollment for children with disabilities. However, the Budget suspends provisions to increase this requirement to 7.5 percent in 2025-26 and 10 percent in 2026-27.
- Revises the 4th priority category for part-day and full-day CSPP to provide that within the 4th priority category for children from low-income families, after children with exceptional needs are enrolled, three- and four-year-old children without exceptional needs shall be enrolled in income ranking order, as provided. Also establishes a new 4th priority category for certain two-year-old children until July 1, 2027.
- Provides authority for CDE to develop and implement a streamlined request for application process to award new State Preschool slots to existing providers.
- Allows newly formed consortia of current grantees or individual counties who were former members of a consortium through the California Universal Preschool Planning Grant Program to be eligible to apply for a renewal grant.

## **Child Care**

- Funds approximately 11,000 center-based child care spaces that received tentative awards.
- Delays implementation of remaining child care slot expansion by two years, expressing legislative intent to award an additional 44,000 slots in 2026-27 and 33,000 slots in 2027-28 to bring to a total of approximately 206,800 new childcare slots above the slot levels funded during the 2020–21 fiscal year. Specifies that after two years, funding for additional expansion slots are subject to appropriation in the annual budget.
- Requires the Department of Social Services (DSS) to provide the Assembly and Senate Budget Committees and Legislative Analyst’s Office with a report that outlines the implementation components for the approved single rate structure. Requires the report to include the department’s plan to set new reimbursement rates under the alternative methodology by no later than July 1, 2025, and the estimated costs and estimated timelines associated with the implementation components.
  - Requires DSS to, beginning October 1, 2024, until January 1, 2026, provide the Assembly and Senate Budget Committees and the Legislative Analyst’s Office with quarterly updates on the implementation of the new reimbursement rates.
  - Requires the Governor and the Legislature to, by no later than July 1, 2025, establish reimbursement rates based on the alternative methodology.

- If the new reimbursement rates established by the Governor and the Legislature do not take effect on July 1, 2025, the bill would require the department to provide the Legislature with a timeline for transitioning from the rates that are in effect on July 1, 2025, to the new reimbursement rates. Also prohibits the new reimbursement rates established by the Governor and the Legislature, or any temporary reimbursement established by DSS as part of a transition timeline, from being reduced from reimbursement rates that were in effect on June 30, 2024.
- Authorizes DSS to utilize an alternative application process to evaluate the ability and standing of existing contractors in determining allocation methodology and eligibility for funding.
- Requires the DSS to provide, no later than May 14, 2025, and no later than May 14 every year thereafter, specified committees with a proposed list of the quality improvement activities, including funding totals by activity, that will be funded in the next fiscal year with the funds from the federal Child Care and Development Fund.
- Makes a technical change to replace the term “small family childcare homes” with “small family daycare homes.” Revises the provisions described above by instead authorizing the department to disclose specified information relating to small family daycare homes to individuals and entities, including, but not limited to, consumer education internet websites available to the public and parents, legal guardians, and caregivers seeking daycare services for purposes of facilitating the placement of children in small family daycare homes. Authorizes the department to require an individual or entity to maintain the confidentiality of any information provided.

### **Whole Child & Family**

- An increase of \$10.5 million to support a 0.3-percent increase to the CalWORKs Maximum Aid Payment level beginning October 1, 2024. This grant increase is funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund.
- A reversion of \$30 million General Fund in 2023-24, and reduction of \$25 million General Fund in 2024-25 and 2025-26 for the CalWORKs Home Visiting program. The Budget continues to provide \$74.3 million for this purpose.
- Provides an increase of \$9 million one-time General Fund for diaper and wipe distribution to low-income families with infants and toddlers through specified food banks and resource centers across the state.