



## Child Care Funding in the May Revise

We are working toward a future where child care is a civil right. Child care is essential for families. With affordable child care, parents and caregivers can work and go to school.

On May 12, Governor Newsom released his May Revision (“May Revise”) to the State Budget for Fiscal Year (“FY”) 2023-2024. The May Revise proposes \$5,823,451,000 for the Department of Social Services (“CDSS”) Child Care and Development Budget which is less than the amount appropriated during FY 2022-23, over \$7.024 billion.<sup>1</sup>

The May Revise includes temporary stipends for child care providers and extending the waiver of family fees from July 1, 2023 through September 30, 2023.<sup>2</sup> On May 15, 2023, the Governor approved corresponding Early Action Budget Items proposed by the Legislature, implementing these May Revise proposals.<sup>3</sup>

The May Revise is silent on multi-year commitments for child care, falling short in funding permanent policies such as comprehensive rate reform and making publicly-funded child care more affordable for parents. Child care providers implore the Governor to raise their pay immediately and create a new rate structure that guarantees them a living wage. Parents urge the Governor relief from burdensome child care family fees.

The May Revise highlights “The state continues to work with Child Care Providers United – California (CCPU) to negotiate a successor agreement to the current agreement expiring June

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<sup>1</sup>S. Budget & Fiscal Review Subcomm. No. 3 on Hum. Servs., Part B - All Human Services Departments - May Revision at 2 (2023), <https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/05.17.2023%20PART%20B%20CDSS%20Child%20Care.pdf> (May Revise figures are based on California Dep’t of Social Services Detail Tables Cost Comparisons. See Cal. Dep’t of Soc. Servs., “Local Assistance Estimates Detail Tables Cost Comparisons,” at 4 (2023), <https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/2023-24/2023-May-Revision-Table-Details.pdf>. This total includes Prop. 64 funding, CalWORKs Child Care costs, Emergency Child Care Bridge costs, and excludes Child and Adult Care Food Program (CACFP), and CACFP Prop 98 funding. The 2022-23 CDSS Appropriations figures are based on Cal. Dep’t of Social Services Final Appropriations. See Cal. Dep’t of Soc. Servs., “2022-23 FINAL APPROPRIATION,” (2023) <https://www.cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/22-23-Appropriation-Table-1022.pdf> (This total includes Prop. 64 funding, CalWORKs Child Care costs, Emergency Child Care Bridge costs, and excludes Child and Adult Care Food Program (CACFP), and CACFP Prop 98 funding)).

<sup>2</sup> Off. of Gav. Gavin Newsom, May Revision 2023-24 at 58 (2023), <https://ebudget.ca.gov/2023-24/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>.

<sup>3</sup> Press Release, Off. of Gov. Gavin Newsom, Governor Newsom Signs Early Action Bills Including Support for California Hospitals (May 15, 2023), <https://www.gov.ca.gov/2023/05/15/governor-newsom-signs-early-action-bills-including-support-for-california-hospitals/>.

30, 2023.”<sup>4</sup> This signals that some long term solutions could be on the horizon for the final state budget.

*The May Revision Proposals Include the Following Changes from the Governor’s January Budget:*

- **Increase General Fund (GF) and Reduced Federal contribution for Child Care:** **\$2.954 billion GF** for child care funding, an increase from the \$2.711 billion GF in the January Proposal. **2.622 billion federal dollars** for child care, a decrease from \$2.890 billion in the January proposal.<sup>5</sup>
- **Continue Temporary Waiver of Family Fees:** \$29.4 million in federal COVID-19 funds for CDSS child care programs, and \$4.4 million GF and \$5.3 million in Prop 98 for California State Preschool Programs (CSPP) administered by the California Department of Education (CDE).<sup>6</sup>
- **Provide Temporary Stipends to Providers Paid With Child Care Subsidies:** \$169.2 million in federal funds for CDSS child care programs and \$112 million in federal funds for CSPPs.<sup>7</sup>
- **Increase the Cost-of-Living-Adjustment (COLA):** \$183.3 million GF for CDSS child care programs and \$840,000 for the Child and Adult Care Food Program to reflect a statutory COLA of 8.22%.<sup>8</sup>
- **Increase the California Work Opportunity and Responsibility to Kids (CalWORKs) Maximum Aid Payment Rates:** \$111.2 million for a 3.6% increase for payment levels beginning October 1, 2023 compared to the \$87 million for a 2.9% increase proposed in January.<sup>9</sup>
- **CalWORKs Stage 1 Child Care:** \$603.6 million, an increase from the \$524.3 billion in the Governor’s January budget.<sup>10</sup>

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<sup>4</sup> Off. of Gav. Gavin Newsom, “May Revision 2023-24” at 58 (2023),

<https://ebudget.ca.gov/2023-24/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>.

<sup>5</sup> S. Budget & Fiscal Review Subcomm. No. 3 on Hum. Servs., Part B - All Human Services Departments - May Revision at 2 (2023),

<https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/05.17.2023%20PART%20B%20CDSS%20Child%20Care.pdf> (Figures are based on California Dep’t of Social Services Detail Tables Cost Comparisons. See Cal. Dep’t of Soc. Servs., “Local Assistance Estimates Detail Tables Cost Comparisons,” at 4 (2023), <https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/2023-24/2023-May-Revision-Table-Details.pdf>. This total includes Prop. 64 funding, CalWORKs Child Care costs, Emergency Child Care Bridge costs, and excludes Child and Adult Care Food Program (CACFP), and CACFP Prop 98 funding)).

<sup>6</sup> Off. of Gav. Gavin Newsom, “May Revision 2023-24” at 24 & 58 (2023),

<https://ebudget.ca.gov/2023-24/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>.

<sup>7</sup> Off. of Gav. Gavin Newsom, “May Revision 2023-24” at 24 & 58 (2023),

<https://ebudget.ca.gov/2023-24/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf> (Combining proposals for CDSS child care and development programs and CDE State Preschool).

<sup>8</sup> Off. of Gav. Gavin Newsom, “May Revision 2023-24” at 24 (2023),

<https://ebudget.ca.gov/2023-24/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>.

<sup>9</sup> Off. of Gav. Gavin Newsom, “May Revision 2023-24” at 58 (2023),

<https://ebudget.ca.gov/2023-24/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>.

<sup>10</sup> Cal. Dep’t of Soc. Servs., “Local Assistance Estimates Detail Tables Cost Comparisons,” at 31 (2023),

<https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Esti>

- **CalWORKs Stage 2 Child Care:** \$314.5 million, a decrease from \$364.1 billion in the Governor’s January budget.<sup>11</sup>
- **CalWORKs Stage 3 Child Care:** \$574.9 million, a decrease from \$605.8 billion in the Governor’s January budget.<sup>12</sup>
- **Alternative Payment Program:** \$1.925 billion, a decrease from the \$2.101 billion in the Governor’s January budget.<sup>13</sup>
- **General Child Development:** \$1.671 billion, a decrease from the \$1.903 billion in the Governor’s January budget.<sup>14</sup>

### Items not included in the May Revise

- **Comprehensive Rate Reform:** The May Revise refers only to ongoing negotiations with the Child Care Providers United (CCPU).
- **Equitable Family Fee Schedule:** The May Revise does not propose creating a long-term equitable family fee schedule.
- **Release of 20,000 Child Care Spaces:** By not including the release of the 20,000 child care spaces, the May Revise maintains the proposal to halt the release of 20,000 child care spaces promised for FY 2023-24.
- **Paying Providers based on Enrollment and Not Attendance:** The May Revise does not include a proposal to continue the COVID-19 policy to pay providers based on families’ certified need instead of attendance.

### The May Revise K-12 Education Omnibus Trailer Bill

- **Lowering Age for Transitional Kindergarten (TK) Enrollment:** The bill proposes to permit 4-year-olds with summer birthdays to enter TK, so long as they reach their fifth birthday before the start of the next school year. This would allow younger 4-year-olds

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<https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/2023-24/2023-May-Revision-Table-Details.pdf> (Comparing Table 4 “2023-24 May Revision” and Table 4 “2023-24 Governor’s Budget” In. 76).

<sup>11</sup> Cal. Dep’t of Soc. Servs., “Local Assistance Estimates Detail Tables Cost Comparisons,” at 31 (2023), <https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/2023-24/2023-May-Revision-Table-Details.pdf> (Comparing Table 4 “2023-24 May Revision” and Table 4 “2023-24 Governor’s Budget” In. 106).

<sup>12</sup> Cal. Dep’t of Soc. Servs., “Local Assistance Estimates Detail Tables Cost Comparisons,” at 31 (2023), <https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/2023-24/2023-May-Revision-Table-Details.pdf> (Comparing Table 4 “2023-24 May Revision” and Table 4 “2023-24 Governor’s Budget” In. 107).

<sup>13</sup> Cal. Dep’t of Soc. Servs., “Local Assistance Estimates Detail Tables Cost Comparisons,” at 31 (2023), <https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/2023-24/2023-May-Revision-Table-Details.pdf> (Comparing Table 4 “2023-24 May Revision” and Table 4 “2023-24 Governor’s Budget” In. 104).

<sup>14</sup> Cal. Dep’t of Soc. Servs., “Local Assistance Estimates Detail Tables Cost Comparisons,” at 31 (2023), <https://cdss.ca.gov/Portals/9/Additional-Resources/Fiscal-and-Financial-Information/Local-Assistance-Estimates/2023-24/2023-May-Revision-Table-Details.pdf> (Comparing Table 4 “2023-24 May Revision” and Table 4 “2023-24 Governor’s Budget” In. 99).

and depending on the start date of the next school year, older 3-year olds to enroll into TK.<sup>15</sup>

- **Exempting Local Education Agencies (LEA) Operating Expanded Learning Opportunity Programs (ELOP) from Child Care Licensing:** The bill exempts ELOP programs operating on LEA (public school) campuses, including those that serve TK programs, from Health & Safety Code child care facility licensing requirements. This exemption does not extend to non-LEA based ELOP programs that serve children in TK and Kindergarten.<sup>16</sup> LEAs contracting with a third party to operate an ELOP program must ensure the contracted program meets some basic health and safety standards.<sup>17</sup>

We can set up a more equitable child care system in California that embraces child care as a public good. This can address systemic racism, allow families to pay for basic needs like food and bills, and also provide immediate relief to families facing rising inflation. It's time for the Governor and legislature to pass a state budget that funds child care programs at the true cost of care.

For years, there have been little state and local budget investments in child care services and early learning. As a result, providers are vastly underpaid while children are missing out on critical learning and development opportunities.

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<sup>15</sup> Cal. Dep't of Fin., "Education Omnibus Trailer Bill with May Revision Amendments" at 87, (2023) <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/909>.

<sup>16</sup> Cal. Dep't of Fin., "Education Omnibus Trailer Bill with May Revision Amendments" at 24, (2023) <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/909>.

<sup>17</sup> Cal. Dep't of Fin., "Education Omnibus Trailer Bill with May Revision Amendments" at 87, (2023) <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/909>. (amending Cal. Educ. Code § 8483.4).