

Federal Budget

On January 7, 2024, Congress announced it struck a \$1.66 trillion deal to fund 2024 federal government spending. However, it is still unclear whether an agreement will be finalized to avoid a partial government shutdown by January 19, 2024.¹

The agreement includes an \$886.3 billion increase in Pentagon spending and keeps non-defense spending flat at \$772.7 billion. The deal does not include child care and early learning program increases that were included in the Senate LHHS Fiscal Year 2024 Appropriations Bill.

Advocates continue to urge Congress to support proposals from President Biden and Senate and House Democrats to include \$16 billion for child care and early learning in any domestic supplemental budget.

Child Care Development Fund State Plan FFY 2025-2027

The Child Care Development Fund (CCDF) is the largest source of federal funding for child care distributed to states. CCDF funding ensures families with the lowest incomes have affordable, publicly-funded child care. To receive CCDF funding, states must submit a state plan every three years to the federal Administration for Children and Families (ACF) Office of Child Care, outlining how they will meet the CCDF requirements and use the funds to best support families, children, and child care providers.

The State Plan is an opportunity for advocates to weigh in on important issues like improving child care health and safety requirements, the calculation for how child care providers are paid and the amount, and child care subsidy eligibility rules. The state lead agency responsible for developing the plan and administering the funds is the California Department of Social Services (CDSS).

Based on past years, we expect ACF to issue the updated CCDF state plan template (called the “pre-print”) for states to fill out by March 1, 2024. As the lead agency, CDSS must fill out all sections of this template with updated instructions and guidelines for states to follow.

CDSS conducted state plan input sessions throughout the state to gather feedback in anticipation of the 2025-2027 state plan. CDSS will also invite public comment on its draft plan before submitting it to ACF by July 1, 2024.

¹ The following appropriations bills expires on Jan. 19, 2024: Agriculture, Energy-Water, Military Construction-VA, and Transportation-HUD. The second set of appropriations bills expire on Feb. 2, 2024: Commerce-Justice-Science, Defense, Financial Services-General Government, Homeland Security, Interior-Environment, Labor-HHS-Education, Legislative Branch, and State-Foreign Operations bills. The measure also includes several policy extensions through Jan. 19 for certain health care programs and a farm bill extension through FY 2024. See <https://www.govinfo.gov/content/pkg/BILLS-118hr6363ih/pdf/BILLS-118hr6363ih.pdf>.

Governor's January California State Budget FY 2024-25

On January 10th, 2024, Governor Newsom announced his proposed 2024-25 budget, a [\\$291.5 billion spending plan](#). He reports a [\\$37.9 billion budget shortfall](#), while the Legislative Analyst's Office estimates a [\\$58 billion budget problem](#).

The Governor [plans to cover the shortfall](#) by dipping into state reserves or “rainy day funds” (\$18.8 billion), internally borrowing and shifting funds (\$9.1 billion), reducing funding in programs (\$8.5 billion), and delaying and deferring funding (\$7.2 billion).²

Child Care Programs

The Governor's proposal includes [\\$6.6 billion \(\\$4.6 billion in General Funds\)](#) for child care and development programs. He does not propose budget cuts to these programs.

A Fair Wage for Enriching Care

Governor Newsom's proposed state budget does not include the funds necessary to pay child care providers a fair wage. The State agreed to use a new, cost-based formula (“alternative methodology”) by 2025 so that child care providers are paid a higher wage based on the true cost of providing enriching care to our youngest children. In order to realize the terms of rate reform in the [Agreement Between the Child Care Providers United \(CCPU\) and State of California](#), significantly more dollars must be allocated in the state budget.

While his [proposal references the state's next steps](#) to implement this cost-based formula, Governor Newsom did not dedicate new funding for this transformative shift to paying child care providers a higher, just wage. It is an antiracist policy that is essential and long overdue.

After the state submits its CCDF state plan by July 1, 2024 and ACF approves it, contract negotiations related to subsidy rates will reopen between CCPU and the state.

Affordable Child Care for Families

For the second year in a row, the Governor delays the vital affordable child care California families need. In 2021, [the Governor promised 200,000 new child care spaces by 2025-26](#):

I'm proud to sign this legislation lifting up women and working families while supporting our dedicated early childhood professionals...With 200,000 new child care slots to help meet the needs of parents as they balance the demands of work with raising a family, and increased compensation and supports for child

² “The portion from the BSA includes dollars that would normally be deposited into that account — a transfer that the governor proposes to suspend.” Cal. Budget & Policy Center, *First Look: Understanding the Governor's 2025-25 State Budget Proposal* 8 (2023), <https://calbudgetcenter.org/resources/first-look-understanding-the-governors-2024-25-state-budget-proposal/#h-proposed-budget-makes-significant-cuts-to-calworks-support-services>.

care and preschool providers, this package will help reinvigorate our essential care economy and invests in the health and well-being of families across the state. – Governor Newsom, *Signed Budget Bill Announcement, July 2021*.

This year’s proposal from the Governor **does not increase the child care spaces** over the **current 146,000** that the state has already allocated since 2021. Additionally, it officially moves the deadline for the Governor’s 200,000 spaces back one year to **2026-27**.

Affordable child care spaces ensure families have flexible, dependable child care with maximum choice. Without this care, thousands of parents, especially women of color, are forced to choose between working to provide for their families and caring for their children.

California Budget and Policy Center estimates show that 2.16 million children are eligible for these affordable child care spaces and a majority are children of color.³ Their estimates also show that *only 10.6%* of children are actually receiving these child care services.⁴

California State Preschool Program and Transitional Kindergarten

The Governor proposes to **maintain current funding** for the one-time payment increases in state preschool outlined in last year’s budget. The budget proposal also **continues funding TK expansion** through this year, extending eligibility to children who turn five years old between April 2 and June 2.

The California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program supports the construction of new school facilities and retrofitting of existing school facilities. The Governor **delays the 2023 Budget Act’s \$550 million** for this program from 2024-25 to 2025-26.

CalWORKs

The CalWORKs program, California’s version of the federal Temporary Assistance for Needy Families Program (TANF), provides modest cash assistance and support services to the state’s families with the lowest incomes to help meet their very basic needs.

Under state law, the Safety Net Reserve must be “utilized...for the purpose of maintaining existing program benefits and services for the Medi-Cal and CalWORKs programs during economic downturns.” Despite **withdrawing the full \$900 million** from this reserve, the Governor proposes to **effectively eliminate** two critical CalWORKs programs:

³ This estimate is for Cal. Dep’t of Social Services child care programs and is based on 2022 American Community Survey data. The California Budget and Policy Center (CBPC) plans to publish these figures later this quarter.

⁴ This estimate is based on the number of children 0-12 enrolled in Cal. Dep’t of Social Services child care programs (not including “Handicapped and Community College Stage 2” program enrollment) in October 2022. Cal. Budget & Policy Center plans to publish these figures later this quarter.

- Family Stabilization (provides assistance to families experiencing crisis, such as drug treatment and emergency housing): Reverts \$55 million GF from 2023-24 and reduces \$71 million GF beginning 2024-25 and ongoing.
- Expanded Subsidized Employment (assists CalWORKs participants with procuring jobs): Reverts \$134.1 million GF in 2023-24 and reduces \$134.1 million GF in 2024-25 and ongoing.

The Governor also makes cuts to Employment Services Intensive Case Management, reducing \$47 million GF in 2024-25 and ongoing. These severe cuts will particularly hurt families of color, pushing them into deeper poverty.

As required under state law, the budget proposal includes an approximate .8-percent CalWORKs grant increase which is tied to projected tax revenues and grant costs. The increase will be updated in the Governor's May Revision and will begin October 1, 2024.

Other Vital Programs for Children and Families

- **California Earned Income Tax Credit (CalEITC):** The CalEITC program provides vital economic support to families and individuals with the lowest incomes and is available to people without regard to their immigration status. The proposal includes no new funding for the CalEITC and proposes only \$10 million for tax credit outreach, education and free tax preparation, a reduction from \$20 million for the program from last year.
- **Food Assistance for Families:** With rising inflation and more families living in deep poverty, ensuring children and adults are well-nourished is more critical than ever. The budget continues to support key programs by extending California Food Assistance Program eligibility for undocumented individuals over age 55 starting October 2025; funding the CalFresh benefit pilot program; phasing in the Summer EBT program for students eligible for reduced-price meals; and fully funding the universal school meals program in 2024-25 (\$122.2 million increase).

The Governor maintains \$1.8 million from previous allocations, but reverts \$33.2 million from the California Nutrition Incentive Program which gives monetary incentives to CalFresh, WIC, and Senior Farmers Market Nutrition Program participants when they purchase fresh produce.

- **Critical Supports for Immigrant Families:** The Governor advances the health and well-being of immigrant families by expanding Medi-Cal Eligibility to income-eligible undocumented immigrants ages 26-49 starting January 1, 2024. He also maintains the grant increase for the Cash Assistance Program for Immigrants (equivalent to the SSI/SSP grant), a program for individuals with low incomes with disabilities, including children and adults, and individuals aged 65 and older who are ineligible for SSI/SSP because of their immigration status.

California Policy Legislation Affecting Families and Children

Legislative Bills in their Second Year (2024-25)

[AB 596](#) (Gómez Reyes) and [SB 380](#) (Limón) implement comprehensive rate reform; develop an alternative methodology based on the true cost of care.

[AB 310](#) (Arambula) is a CalWORKs Reform Bill aimed to better serve families and reduce sanctions.

[AB 518](#) (Wicks) expands Paid Family Leave for chosen family members.

[AB 51](#) (Bonta) requires the California Department of Social Services and California Department of Education consider adopting regulations that mitigate the impacts of TK expansion on child care providers, expand navigation and referral services for early learning and care programs and TK, and requests the University of California to study the impacts of TK on the early child care and education ecosystem.

[AB 679](#) (Wicks) increases the reimbursement rate to 100% for meals served in a family child care home.

[SB 9](#) (Cortese) creates a three-year pilot program in at least three counties to extend foster care services to non-minor dependents up to 22 years old if they are experiencing or at reasonable risk of homelessness.