

GOVERNOR'S BUDGET 2016-17

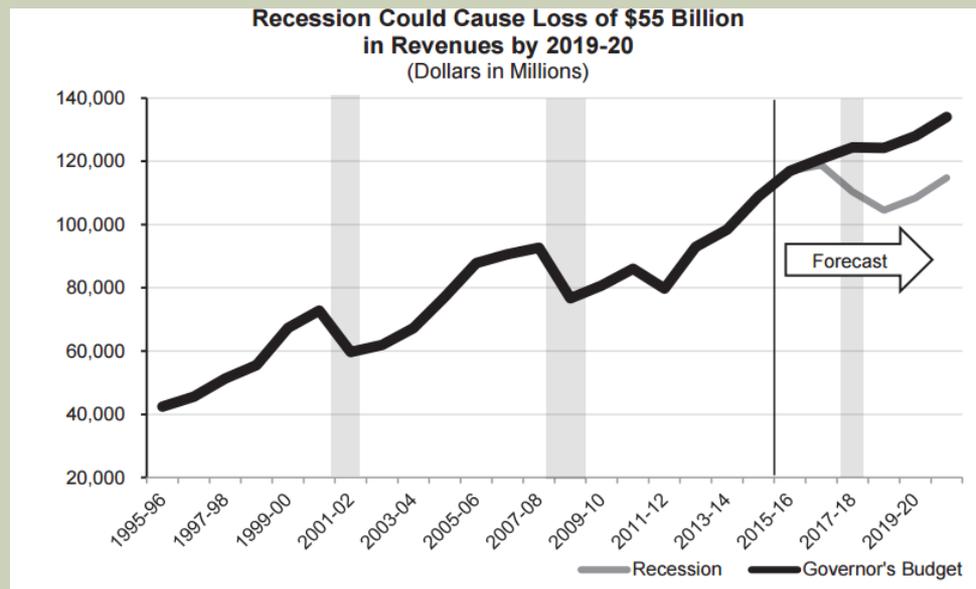
**EARLY LEARNING AND
CHILD CARE**

**Jessica
Holmes**

**Budget Analyst
CA Department
of Finance**

ECONOMIC OUTLOOK

- Overall Positive Outlook: General Fund revenues projected to increase in 2016-17 by \$7.5 billion over 2015-16 Budget Act
- However, according to Standard and Poor's:
 - California's revenues remain prone to cyclicality
 - Large new spending commitments now could undermine state's capacity to withstand weaker conditions in the future



STATEWIDE FISCAL PRESSURES

- Prop. 98 – \$3.2 Billion Increase Over 2015-16 Budget Act
- LCFF Target Growth
- State Infrastructure – Deferred Maintenance Backlog of \$77 Billion
- Increasing Costs of Health Care Reform and Expansion
- Pension Costs
- Statutory Growth and COLA
- Prop. 2 Reserve and Recession Planning

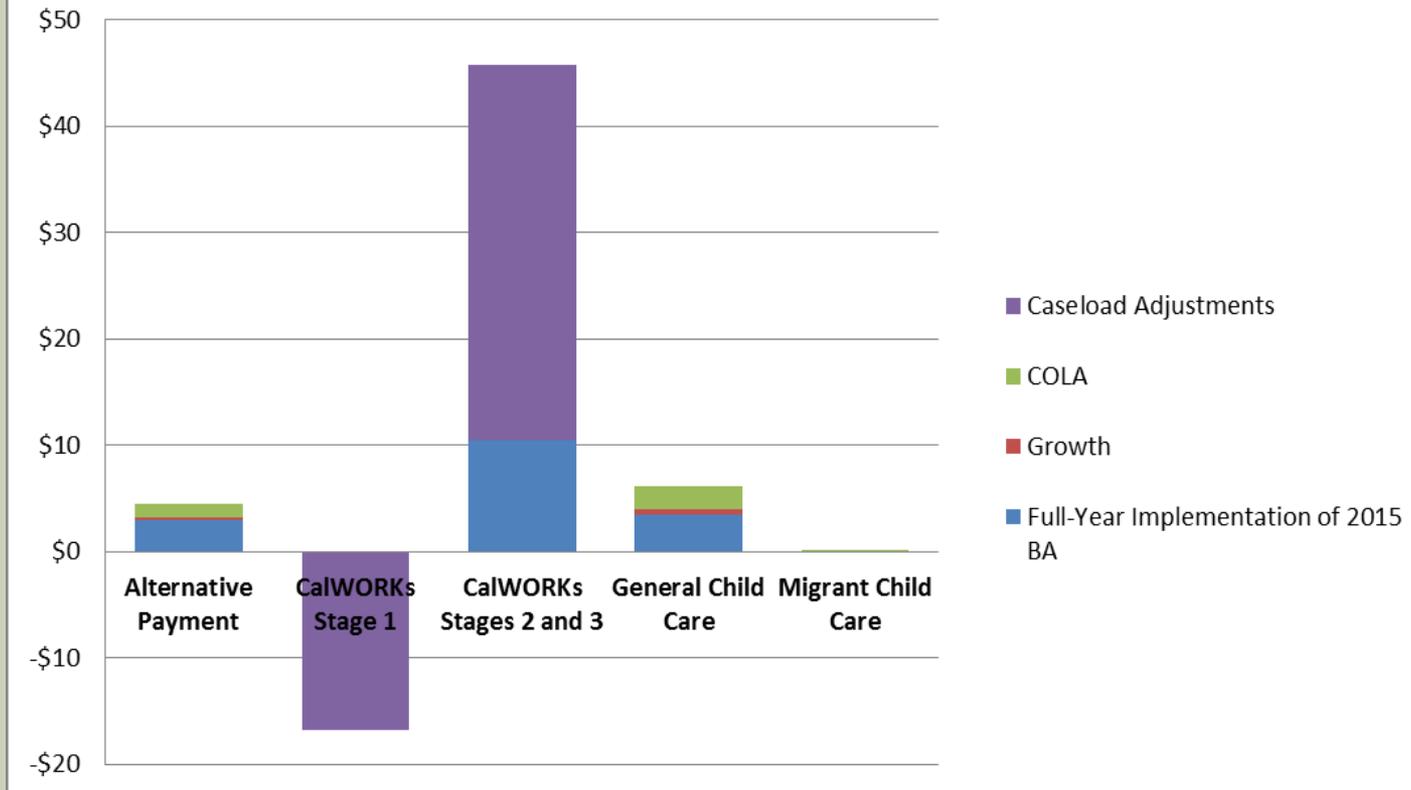
2016-17 PROPOSED CHILD CARE BUDGET

- **Augmentations:**
 - \$17 million for full-year implementation of the 2015 Budget Act
 - \$3.5 million for COLA
 - \$1 million for growth
 - \$29 million in total CalWORKs Stages 1-3 caseload and cost-of-care adjustments
- **CalWORKs Child Care Trends:**
 - Stage 1 projected caseload increases not materializing
 - Caseload largely flat in Stages 2 and 3
 - Cost-of-care slightly down in Stage 1, up in Stages 2 and 3
 - Stage 3 has the most volatile cost-of-care, making it difficult to budget for
- **Request for CDE to Develop a Plan Exploring a Voucher-Only Subsidy System**

2016-17 PROPOSED CHILD CARE BUDGET

2016-17 GB Child Care Spending by Program

(dollars in millions)



2016-17 PROPOSED EARLY LEARNING BUDGET

■ Augmentations:

- \$37.4 million for full-year implementation of the 2015 Budget Act
- \$4.3 million for COLA
- \$1.2 million for growth

■ Early Education Block Grant:

- Consolidates transitional kindergarten funding, State Preschool funding, and State Preschool QRIS funding into a single block grant for LEAs
- Focuses funding and services on low-income, at-risk young children
- Provides more efficiency in program management and greater local control
- Allows for a reimagining of the subsidized pre-kindergarten education system, dependent on substantial public input

BLOCK GRANT STAKEHOLDER PROCESS

Please provide comments by March 15th, 2016

- Via Email: earlyeducation@dof.ca.gov

- Via Letter: CA Dept. of Finance, Education Systems Unit
Attn: Early Education Block Grant
915 L Street
Sacramento, CA 95814

- **Friday, February 19th, 9 am to 12 pm**
CA Dept. of Finance, Redwood Room, 915 L Street, Sacramento

- **Monday, February 29th, 1 pm to 4 pm**
CA Dept. of Education, Room 1101, 1430 N Street, Sacramento

- **March Stakeholder Input Session**
TBD

LOOKING FORWARD TO MAY

- Inclusion of Stakeholder Input in the Early Education Block Grant Proposal
- Continued Work on CCDBG Reauthorization Implementation
- Release of Report and Recommendations of the Workgroups on Administrative Efficiencies (AB 104) and Consideration for Inclusion in the May Revision
- Growth and COLA Updates
- CalWORKs Child Care Caseload and Cost-of-Care Updates
- Ongoing Budget Hearings and New/Continuing Legislation