

## **Budget Update: Governor Brown Signs Budget Act of 2017**

Governor Brown, signed into law the Budget Act of 2017 on June 27, 2017. Below is a summary and additional information regarding the implementation of early care and education budget provisions. These provisions align closely with the priorities and goals of the California State Superintendent of Public Instruction, and make tremendous strides in improving both access for children and families and the quality of early education and support programs administered by the CDE.

The Budget Act of 2017, effective July 1, 2017, unless otherwise specified, provides a phased-in implementation for many of these needed provisions. This will require the CDE to issue guidance related to these provisions in the coming weeks and months, primarily in the format of management bulletins. Given that many of these changes will have a significant impact on how programs are administered by contractors and programs, and on the children and families utilizing these programs, the CDE is committed to releasing timely guidance and providing technical assistance.

### **Highlights**

#### **State Median Income**

The State Median Income (SMI) ceilings will be revised to reflect the most current census data as calculated by the California Department of Finance. The family fee schedule will be revised accordingly. Income eligibility thresholds are revised as follows:

- Initial Certification: families will be income-eligible when the total adjusted income is at or below 70 percent of SMI.
- Recertification: families will remain income-eligible when the total adjusted income is at or below 85 percent of SMI.

#### **Graduated Phase-Out (Recertification)**

The ongoing income eligibility ceiling will be established at 85 percent of the SMI, adjusted for family size. The family fee schedule will be adjusted to reflect fees for incomes up to 85 percent of SMI.

#### **12-Month Eligibility**

New child care eligibility, increase to income eligibility ceilings, and reporting requirements must be applied to all currently and newly-enrolled families in the state-administered Child Care and Development Programs. These amendments to California *Education Code* sections 8263, 8263.1, and 8273.1 and California *Welfare and*

*Institutions Code* Section 11323.2 are found on the Assembly Bill 99, 2017–2018 Education Omnibus Budget Trailer Bill Web page at [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180AB99](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB99).

Once a family establishes eligibility and need, they will remain eligible for not less than 12 months, with the following exceptions:

- Families with incomes above 85 percent of SMI
- Families who voluntarily report changes, reduce family fees, or increase service schedule
- Families certified as seeking employment eligibility shall receive services for not less than six months.

The CDE will be providing guidance on implementation in the near future. Any questions about continued eligibility should be directed to your assigned field services consultant from the EESD. A list of consultants is available on the EESD Consultant Regional Assignments Web page at <http://www.cde.ca.gov/sp/cd/ci/assignments.asp>. Fiscal questions should be directed to your assigned fiscal apportionment analyst from the Child Development and Nutrition Fiscal Services Office at <http://www.cde.ca.gov/fg/aa/cd/faad.asp>.

### **Standard Reimbursement Rate**

The Standard Reimbursement Rate (SRR) will be increased as follows:

- General child care programs increased to \$45.44 per child day of enrollment
- California State Preschool Programs (CSPP) increased as follows:
  - Part-day CSPP \$28.32 per child day of enrollment
  - Full-day CSPP \$45.73 per child day of enrollment

### **Regional Market Rate**

Effective January 1, 2018, the Regional Market Rate (RMR) ceiling will be increased to the greater of either:

- The 75<sup>th</sup> percentile of rates based on the 2016 RMR Survey, or
- The RMR ceiling for that region as it existed on December 31, 2017.

Funds appropriated to implement the RMR increase will be distributed based on estimates of how the contractor's reimbursement will increase due to the new rate ceilings.

### **California State Preschool Programs**

- The Budget Act of 2017:
  - Allows part-day CSPP to enroll age-eligible children with exceptional needs without regard to income, once all otherwise eligible children have been enrolled, and
  - Provides funding to expand full-day CSPP for local educational agencies.

### **Definition of Homeless Children and Youth**

The definition of homeless children and youth has been updated to align with the federal McKinney-Vento Homeless Assistance Act.

### **Digital Forms**

All contractors are allowed to use digital forms to enroll families.

### **After School Education and Safety Program**

The budget package provides an increase of \$50 million in ongoing Proposition 98 funding to the After School Education and Safety Program.

The EESD is in the process of updating the *California Code of Regulations*, Title V, related to the early education programs administered by the CDE. Changes made by the Budget Act of 2017 will be incorporated into those regulatory revision efforts.