SEP **1 3** 2022

To the Members of the California State Assembly:

I am returning Assembly Bill 92 without my signature.

This bill would make changes to the family fee schedule for the California State Preschool Program and child care and development services. This bill would change the current family fee schedule by prohibiting family fees from exceeding 1 percent of a family's monthly income and exempting families with an adjusted monthly income below 75 percent of the state median family income from paying a family fee.

The author's advocacy for Calfifornia's working families is commendable. Like the author, expanding access to high quality early learning and care programs for babies and toddlers is a priority of my Administration. That's why the 2022 Budget Act included significant investments in preschool and childcare including family fee waivers for the 2022-23 fiscal year, an income threshold increase for the State preschool program from 85 percent to 100 percent of state median income, and funding to allow providers to stay open even if enrollment is down due to COVID-19.

While the intent of this bill is consistent with our previous budget actions, it creates costs in the tens of millions of dollars not currently accounted for in the state's fiscal plan. With our state facing lower-than-expected revenues over the first few months of this fiscal year, it is important to remain disciplined when it comes to spending, particularly spending that is ongoing. We must prioritize

existing obligations and priorities, including education, health care, public safety and safety-net programs.

The Legislature sent measures with potential costs of well over $20 billion in one-time spending commitments and more than $10 billion in ongoing commitments not accounted for in the state budget. Bills with significant fiscal impact, such as this measure, should be considered and accounted for as part of the annual budget process. For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom