



**First 5 Association of California (F5AC)
Overview of Governor's Proposed January Budget FY 2022-23
January 12, 2022**

On January 10, Governor Newsom unveiled his initial budget proposal for the 2022-23 fiscal year, a \$286.4 billion total spending plan that features a \$45.7 billion budget surplus. After accounting for statutorily required reserves, the proposed budget includes \$20.6 billion in discretionary funds available for allocation by the Governor and Legislature. The Governor emphasized that the state's financial picture is likely to change again by the May Revision, with revenues likely to rise if economic activity increases and the stock market continues to break records, and as the state receives additional federal funds.

The Governor set forth a blueprint, and nearly \$10 billion in new spending, to address what he called California's biggest challenges: COVID-19, climate change, homelessness, inequality, and safe streets.

The breadth of the Governor's blueprint puts at the center of this year's budget deliberations the importance of policy and budget choices that promote whole child, whole families, and whole communities. F5AC will work closely with members and partners to raise up the F5 experience and expertise in these areas, and to underscore the opportunity for the state to continue building toward these goals in partnership with the First 5 network.

The proposal also builds on and expands programs for children and families included in or created through the Governor's previous budgets. For example, the proposed budget includes funding to expand the California Home Visiting Program, strengthen the state's public health and behavioral health systems, train providers on Adverse Childhood Experiences (ACEs), pay for developmental screenings, hire additional community health workers, support initial implementation of dyadic care services for children and families, and continue the California Advancing and Innovating Medi-Cal (CalAIM) reforms.

F5AC is still analyzing the budget details but here are highlights from the Governor's proposal organized by the priority policy platforms of the F5AC strategic plan.

RESILIENT FAMILIES

Home Visiting

\$50 million ongoing General Fund for the Department of Public Health (CDPH) to expand the California Home Visiting Program and the California Black Infant Health Program, serving approximately 6,000 additional families over five years, in addition to 3,700 currently served by the Home Visiting Program and 1,650 served by the Black Infant Health Program. The budget proposes greater flexibility for current home visiting models to meet the diverse needs of families across the state, expands home visiting services to additional counties, and makes the services accessible to families with the highest needs.

Child Poverty

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- ❏ \$200.7 million in 2022-23, to support 7.1-percent increase to CalWORKs Maximum Aid Payment levels, funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund.
- ❏ Expansion of the Young Child Tax Credit (YCTC), created in the 2019 state budget, to include households with zero earned income. Proposes to index the YCTC for inflation starting in the 2022 tax year. This credit provides \$1,000 to every household that otherwise qualifies for the Earned Income Tax Credit and has a child aged 5-years old or younger. The Franchise Tax Board estimates that about 55,000 parents would newly qualify for the tax credit under the proposal.

Food Security

- ❏ Combined Proposition 98 dedicated General Fund and other General Fund revenues of over \$500 million primarily one-time funding to expand access to nutrition support for children, such as funding for two meals per day to any student who requests it at all public schools, regardless of income eligibility, school site upgrades to kitchen infrastructure and equipment, and enhancements to farm to school programs and related educational programs.
- ❏ \$50 million one-time General Fund for the CalFood program to mitigate increases in food needs among low-income and food-insecure populations throughout the state.

QUALITY EARLY LEARNING

Early Literacy

\$10 million General Fund to expand early literacy efforts by developing a partnership between CDPH and First 5 California to administer a statewide program to provide multilingual books and early literacy programming for families with young children in collaboration with other state programs such as home visiting, childcare, early childcare centers, and foster care.

Early Care and Education (ECE) Programs

- ❏ \$823.7 million for 36,000 additional subsidized childcare slots. When combined with the slots funded in the 2021 Budget Act, this brings the total to over 145,000.
- ❏ \$373 million to support a full year of rate increases for childcare providers, building on investments made in last year’s budget.
- ❏ \$25 million to fund the Child Care Initiative Project through June 30, 2023, to address areas underserved by childcare providers, increase childcare slots, and support providers who want to become licensed.
- ❏ \$10.6 million for the California Infant and Early Childhood Mental Health Consultation program focused on the behavioral health needs of children, families, and childcare providers.
- ❏ \$308.4 million to ensure that the California State Preschool Program (CSPP) meets the needs of students with disabilities and dual language learners. CSPP providers must serve at least 10 percent students with disabilities and provide additional supportive services for dual language learners. Additionally, all students participating in CSPP will maintain continuous eligibility for 24 months (increased from 12 months) once eligibility is confirmed, children with an individualized

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education program will be categorically eligible to participate in the program, and providers that have served only eligible three- and four-year-olds will now be allowed to serve two-year-old children.

- ❑ \$1 billion to implement the first year of universal transitional kindergarten with full implementation by 2025-26, including:
 - \$639.2 million General Fund to expand eligibility for transitional Kindergarten, from all children turning five-years-old between September 2 and December 2 to all children turning five-years-old between September 2 and February 2, beginning in the 2022-23 school year.
 - \$383 million Proposition 98 General Fund to add an educator to every transitional kindergarten class, reducing student-to-adult ratios to align with the CSPP more closely.
- ❑ \$65.5 million (\$45 million general fund) to strengthen the transition process for three-year-old children with intellectual and/or developmental disabilities moving from the Early Start program (Part C of the federal Individuals with Disabilities Education Act (IDEA)) to special education (Part B of IDEA).
- ❑ \$4.8 million General Fund to support infrastructure, planning, and initial design of a childcare data system and information technology solution, referred to as California Supporting Providers and Reaching Kids (CalSPARK), as part of the Brilliant Beginnings data initiative to facilitate data-driven decisions, enhance family-provider experience, and streamline state administration of the programs.
- ❑ \$3.1 million in funding from the Preschool Development Grant Birth through Five Renewal from 2020 to 2023 to support the Brilliant Beginnings data initiative and the single verification hub.

Early intervention services through the state’s Regional Center system:

- ❑ \$1.2 million (\$1 million General Fund) to improve California’s statewide early intervention system, known as Early Start, through more inclusive services, streamlined intake processes and alignment, and increased collaboration between the Departments of Social Services and Education.
- ❑ \$3.2 million (\$2.2 million General Fund) to establish Individuals with Disabilities Education Act (IDEA) specialists at every state Regional Center, to provide expertise on available services and offer other technical support.
- ❑ \$51 million (\$31.9 General Fund) in 2022-2023 and \$68.1 million (\$42.6 million General Fund) on-going to reduce Regional Center service coordinator caseloads to 1:40 for children through age 5-years old.
- ❑ \$10 million for Special Education supports for pre-school aged children, to better promote inclusion in pre-school for 3- and 4-year-olds served by Regional Centers.

COMPREHENSIVE HEALTH & DEVELOPMENT

Medi-Cal

- ❑ \$819.3 million to expand Medi-Cal to all income-eligible adults aged 26 through 49 regardless of immigration status, no sooner than January 1, 2024, building on coverage expansions over the last decade for children, young adults, and older adults 50 years and over,

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- ❓ \$53.2 million (\$18.9 million General Fund) in 2022-23 and \$89 million (\$31 million General Fund) annually to reduce Medi-Cal premiums for approximately 500,000 pregnant women, children, and disabled working adults who pay a monthly share because their incomes are marginally above Medi-Cal eligibility levels.
- ❓ \$400 million (\$200 million General Fund) one-time for Medi-Cal provider payments focused on advancing equity and improving quality in children’s preventive, maternity, and integrated behavioral health care.
- ❓ \$350 million General Fund to recruit, train, and certify 25,000 new community health workers (CHWs) by 2025. Last year’s budget created CHWs as a support through the Medi-Cal program, and DHCS plans to make them available to Medi-Cal enrollees starting on July 1.
- ❓ \$176 million in additional funding to support access to women’s health services, and developmental and Adverse Childhood Experiences (ACEs) screenings. Providing payments through Proposition 56 to providers for conducting these early childhood screenings was a benefit first created through the 2020 state budget, and in 2022-23, these Medi-Cal supplemental payments are projected to exceed revenue by \$176 million, necessitating this additional funding.
- ❓ \$135.1 million over a three-year period to extend Medi-Cal provider training for conducting ACEs screenings.

Mobile Crisis Medical Response – Federal American Rescue Plan Act (ARPA) funding authorized 85-percent federal matching funds for a Medicaid mobile crisis response services benefit, available for 12 quarters during a five-year period starting April 1, 2022. Department of Health Care Services (DHCS) will add multi-disciplinary mobile response services for crises related to mental health and substance use disorders as a new Medi-Cal benefit as soon as January 1, 2023.

Children and Youth Behavioral Health Initiative

- ❓ \$87 million (\$41 million General Fund) to implement Dyadic Services effective January 1, 2023. Dyadic Care Services provide integrated physical and behavioral health screening and services to the whole family, help increase access to preventive care, improve the coordination of care and maternal mental health, and strengthen child social-emotional health and safety.

Public Health

- ❓ \$5.5 million to support initiatives aimed at improving maternal and infant health outcomes in California, including in-depth case reviews and data collection and publishing of findings regarding pregnancy-related deaths, severe maternal morbidity, and infant deaths.
- ❓ \$100 million General Fund to strengthen the state’s public health infrastructure and improve collaboration between state and local government entities, building on an additional \$300 million for public health infrastructure provided in the 2020-21 state budget. The funding will support the establishment of an Office of Policy and Planning to lead efforts to understand emerging public health threats, expand the public health workforce and enhance communication and public education efforts to combat mis- and disinformation.