

EARLY CHILDHOOD

Providing children in California with a healthy start is one of the best investments the state can make. A growing body of research points to the link between early childhood interventions and improved outcomes years or even decades into the future, including higher education levels, better health, and stronger career opportunities. Investing in early childhood enables these outcomes in the future while strengthening families and reducing child poverty. The framework adopted last year is continued in this budget and promotes a healthy start in three ways: (1) early access for children to educational and health care services, including services for those with adverse childhood experiences, (2) a two-generation approach that invests in parents so they can invest more in their children, and (3) easing financial pressures on parents so they can escape the cycle of poverty and focus on healthy development of their kids in those critical first five years of a child's life.

INCREASING AND IMPROVING ACCESS TO EARLY LEARNING AND CARE

DEPARTMENT OF EARLY CHILDHOOD DEVELOPMENT

California's early childhood system has evolved iteratively, resulting in multiple programs, providers, funding streams, and levels of quality. The array of regulations, funding mechanisms, program standards, and governance structures can be difficult for families and early childhood providers and agencies to navigate.

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The Budget proposes to establish the Department of Early Childhood Development under the California Health and Human Services Agency (CHHS) effective July 1, 2021, to promote a high-quality, affordable, and unified early childhood system that improves program integration and coordination with other major programs serving young children. Consolidating child care funding streams and programs under a single system of state administration, in partnership with the Department of Education, which will continue to administer the State Preschool Program, and the State Board of Education, will create a coherent system of early childhood administration and maximize investments in high-quality early childhood programs for low-income children, their families, and the workforce.

The Budget includes \$8.5 million General Fund to establish a transition team at CHHS and will support staffing at the Department of Human Resources, CHHS, and the Department of Social Services to carry out child care collective bargaining activities pursuant to Chapter 385, Statutes of 2019 (AB 378).

MASTER PLAN FOR EARLY LEARNING AND CARE

The 2019 Budget Act included \$5 million one-time General Fund for a long-term strategic plan to provide a roadmap to universal preschool and a comprehensive, quality, and affordable child care system. The Master Plan for Early Learning and Care, administered by the Secretary of the Health and Human Services Agency, will examine ways the state can leverage public/private partnerships to fiscally sustain a universal preschool system and expanded child care system, determine high-need child care and preschool areas, contemplate changes to the current reimbursement rate system, and consider the impact of market rate changes on the cost of child care for unsubsidized families.

Final recommendations and findings from the Master Plan will be submitted by October 1, 2020.

In addition, to the Master Plan, the Administration has established the Early Childhood Policy Council, an advisory body that includes parents, providers, and relevant state agencies. The 2019 Budget Act also made major investments in data systems that integrate statewide provider and recipient information for the state's subsidized early learning and care programs.

SUBSIDIZED CHILD CARE

The 2019 Budget Act expanded child care for 9,400 children in the Alternative Payment Program and 3,000 children in the General Child Care Program. The 2019 Budget Act also included major expansions to access in the CalWORKs Stage 1 child care system by determining eligibility for a 12-month period and increasing access to the Emergency Child Care Bridge Program for Foster Children. Additionally, the 2019 Budget Act invested \$440 million to expand and improve child care facilities and invest in workforce development.

Building upon these investments, the Budget proposes the following increases for child care access:

- CalWORKs Stages 2 and 3 Child Care—A net increase of \$53.8 million non-Proposition 98 General Fund to reflect changes in CalWORKs child care cases, specifically a reduction in projected caseload in Stage 2 offset by an increase in projected caseload in Stage 3. Total costs for Stage 2 and 3 are \$588 million and \$583.1 million, respectively.
- General Child Care Slots—\$50 million ongoing funding from the Cannabis Fund to support over 3,000 General Child Care slots previously funded with General Fund, and an additional \$10.3 million Cannabis Fund for an increase of 621 General Child Care slots.

UNIVERSAL PRESCHOOL

An Administration priority is that all children, regardless of family income, have access to a high-quality preschool program before they begin kindergarten. The Budget continues the Administration's commitment to full-day, full-year access to State Preschool for all eligible low-income four-year-olds. Specifically, the Budget proposes an increase of \$31.9 million in 2020-21 and \$127 million ongoing non-Proposition 98 General Fund to support an additional 10,000 State Preschool slots at non-local educational agencies beginning April 1, 2021.

FULL-DAY KINDERGARTEN AND PRESCHOOL FACILITIES EXPANSION

The 2018 and 2019 Budget Acts included a total of \$400 million one-time non-Proposition 98 General Fund for eligible school districts to construct new, or retrofit existing, facilities to expand access to full-day kindergarten programs. Of this amount,

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roughly \$300 million remains available to support the goal of converting existing part-day kindergarten programs to full-day programs. As referenced in the K-12 Education chapter, the Budget proposes dedicating a portion of these funds to support the construction of preschool facilities that increase access to early education for young children on school campuses.

The 2018 and 2019 Budget Acts included a total of \$177 million to support the Inclusive Early Education Expansion Program, which provides funding to local educational agencies to construct or modify preschool facilities to serve students with exceptional needs or severe disabilities. As referenced in the K-12 Education chapter, the Budget also includes \$75 million Proposition 98 General Fund to further support this program.

Chapter 530, Statutes of 2019 (AB 48) placed a \$15 billion general obligation bond—the Public Preschool, K-12, and College Health and Safety Bond Act (Act) of 2020—on the March 3, 2020 ballot for consideration by the voters. AB 48 authorizes school districts to use facilities grant funding to support the construction and modernization of school district operated preschool facilities located on school campuses. If the Act is approved, the Administration will propose statute authorizing the State Allocation Board to provide a new construction or modernization per-pupil grant enhancement to local educational agencies proposing to construct or modernize facilities to expand preschool programs on school campuses. Participants would be required to use the applicable facility to expand the number of preschool students served by the local educational agency consistent with current preschool staffing standards.

EARLY CHILDHOOD HEALTH AND WELLNESS

The 2019 Budget Act included funding for expanded developmental screenings for children, trauma screenings for children and adults, and provider training for trauma screenings. Research shows that individuals who experienced adverse childhood experiences are at greater risk of heart disease, diabetes, and premature death. Identifying cases of trauma in children and adults and providing treatment can lower long-term health costs and support individual and family wellness and healing.

Nearly one-third of the state's population, and approximately 45 percent of new mothers, receive Medi-Cal benefits. In an effort to bolster early childhood supports and reduce health disparities for low-income families, the 2019 Budget Act included a major expansion to the CalWORKs Home Visiting Program, the California Home Visiting Program, and the Black Infant Health Program, including the California Perinatal Equity Initiative.

The Budget builds on the initiatives outlined above through the Medi-Cal Healthier California for All initiative, which is designed to move Medi-Cal to a more consistent and seamless system that focuses on outcomes and prevention. This initiative will improve services to children in the foster care system.

The Budget also includes \$10 million one-time General Fund for the development of an adverse childhood experiences cross-sector training program that will be accredited by the Office of the Surgeon General, as well as a statewide adverse childhood experiences public awareness campaign. The Surgeon General has set a bold goal of cutting adverse childhood experiences and toxic stress in half in a generation through raising awareness and strengthening response networks. The Surgeon General will engage leading experts and consultants to develop a series of trauma-informed trainings specific to key sectors, including early childhood, education, government, and law enforcement. These trainings will incorporate the latest evidence on trauma-informed and trauma-sensitive responses and will be made available statewide.

REDUCING CHILDHOOD POVERTY

The 2019 Budget Act included several major actions to reduce childhood poverty, which is critical to improving outcomes for children. First, it more than doubled the State's Earned Income Tax Credit (EITC) and provided a \$1,000 credit for qualifying families with young children. Second, it restructured the California Work Opportunity and Responsibility to Kids (CalWORKs) grant levels to better assist households where only children are aided. Finally, it established supplemental student financial aid access awards for students with dependent children. This two-generation approach to improving outcomes for children provides new or renewal CalGrant recipients up to \$6,000 for education expenses.

The Budget builds on the 2019 Budget Act to reduce childhood poverty by increasing the amount of child support payments passed through to CalWORKs families. Effective January 1, 2022, child support payments passed through to CalWORKs families will be increased from the current \$50 to \$100 for a family with one child and \$200 for a family with two or more children. This change is anticipated to result in an additional \$34 million annually passed through to approximately 160,000 CalWORKs families, and will reduce annual General Fund revenues by \$17 million. The Budget includes \$1.4 million (\$0.9 million General Fund) for the necessary automation changes needed to implement the proposal in 2021-22.

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The Budget also includes an increase of \$56 million (\$19.1 million General Fund) for Local Child Support Agency administrative costs. This increase represents the second year of a three-year, phased-in implementation of a new budgeting methodology. These resources create more equitable funding across all local agencies, reducing geographic disparities in funding for child support case management. The additional funding strengthens support for families with young children by increasing the ability of local agencies to collect and remit child support payments.

PAID FAMILY LEAVE

Research shows that providing paid parental leave leads to positive health and educational outcomes for children, greater economic security for parents, and less strain on finding and affording infant child care. In response, the 2019 Budget Act increased the Paid Family Leave (PFL) benefit duration from six to eight weeks for workers to bond with a new child or care for an ill family member, beginning July 1, 2020. This increase will move California two-thirds of the way to achieving the goal of six months of paid family leave to support parents bonding with their children. Continuing these efforts, the Budget takes additional steps to increase the use of PFL benefits including statutory changes to align PFL benefits with job protections and resources to support small businesses that extend the PFL benefits to their employees.

CHILD SAVINGS ACCOUNTS

Child savings accounts are accounts designated for a specific child to build assets over time through contributions from family, friends, government, non-governmental organizations, and/or the child. The accounts are generally opened with an initial contribution, or seed money, from a sponsoring organization. Eligible uses of the accounts are for tuition (normally for post-secondary education such as college, vocational, or technical schools), room and board, books, supplies and equipment, and mandatory fees.

The 2019 Budget Act included the following investments: \$25 million one-time General Fund to support grants to local governments and nonprofit organizations that sponsor or create local or regional child savings account program; and \$25 million one-time General Fund to support college savings accounts at the ScholarShare Investment Board for eligible low-income California children born on or after July 1, 2020. The Administration is committed to continuing implementation and further promoting the creation of local programs.