

The May Revision builds on the framework adopted in the Governor's Budget to promote a healthy start for all young children to improve their life outcomes and immediately reduce the impacts of poverty. It also recognizes the need for California to create a Master Plan for Early Learning and Care by investing in the building blocks needed to expand the state's existing system and plan for an integrated and comprehensive early learning system that will provide opportunities for the youngest Californians for years to come.

MASTER PLAN FOR EARLY LEARNING AND CARE

The Governor's Budget included \$10 million for a long-term strategic plan that will provide a road map for a more well-aligned comprehensive early learning and care system. The Master Plan for Early Learning and Care will build on recent work by the Legislature and the California Department of Education. The Master Plan will recommend next steps to achieve universal preschool, as well as improved access to and quality of subsidized child care. It will include strategies to address facility capacity, a trained workforce, and revenue options to support the Plan. The Plan will reflect the principle of shared responsibility and outline the appropriate role for parents, government, and business in meeting child care needs to ensure California has a comprehensive plan from birth through elementary school.

INCREASING ACCESS TO CHILD CARE

The May Revision includes several new investments to increase access to subsidized child care for low-income families. These proposals expand the number of child care vouchers funded by the state, provide families receiving CalWORKs subsidies with additional continuity and stability in their access to subsidized child care, and provide options for emergency child care for families in crisis. Specifically the May Revision includes:

- \$80.5 million Cannabis Fund to subsidize child care for school-age children from income-eligible families. These funds are continuously appropriated.
- \$40.7 million General Fund in 2019-20 and \$54.2 million ongoing General Fund to allow CalWORKs recipients to receive Stage 1 child care for up to 12 months. This will provide CalWORKs clients consistent child care access while their work activities stabilize.

- \$12.8 million federal funds to pilot a program to allow alternative payment agencies to offer emergency child care vouchers to families on the waiting list who are in crisis and in need of temporary assistance.
- \$2.2 million ongoing federal funds to improve child care quality through Quality Counts California.

Additionally, the May Revision increases funding for CalWORKs Stages 2 and 3 child care by \$38.2 million ongoing General Fund, for a total of \$157.5 million in additional funding in 2019-20, reflecting an increase of almost 14,000 children in these programs (a 13.4 percent increase). This large increase in caseload is likely associated with recent policy changes increasing the income ceilings for program eligibility and allowing for 12-month eligibility.

UNIVERSAL PRESCHOOL

It is a priority of the Administration that all children have access to a high-quality preschool program before they begin kindergarten. Consistent with this priority, the Governor's Budget proposed increasing access to the existing State Preschool program by providing 30,000 full-day, full-year State Preschool slots for all eligible low-income four-year-olds.

To align the release of the proposed slots with the application process required to identify providers and to enter into contracts, the May Revision moves the release date for the first 10,000 slots to April 1, 2020. Given lower projected revenues over the forecast period, the May Revision postpones the release of the final 20,000 slots. Providing universal access to preschool for all four-year-olds remains a top priority for the Governor, and the Administration looks forward to recommendations from the proposed Master Plan for Early Learning and Care on how to balance the costs of increasing access to State Preschool with available state resources.

FULL-DAY KINDERGARTEN EXPANSION

The Governor's Budget included \$750 million in one-time non-Proposition 98 General Fund to assist schools in constructing or retrofitting facilities to expand access to full-day kindergarten programs. The May Revision adjusts the proposal to \$600 million one-time non-Proposition 98 General Fund.

The May Revision proposes several revisions to the program so funding is better targeted at expanding access to full-day kindergarten programs. First, the May Revision makes

funding available over a three-year period, but with eligibility limited during the first two years to schools that will convert from part-day to full-day kindergarten programs.

Additionally, to provide a greater fiscal incentive and support for districts to participate in the program, the May Revision also increases the state share of the facility grant from 50 percent to 75 percent for schools converting from part-day to full-day kindergarten. The program will continue to prioritize available grants toward school districts with high rates of students receiving free and reduced price meals and enable eligible school districts to qualify for financial hardship funding similar to the traditional K-12 facilities program.

REDUCING CHILDHOOD POVERTY

TRAUMA AND DEVELOPMENTAL SCREENINGS

The Governor's Budget included funding for developmental screenings and screenings for trauma for Medi-Cal beneficiaries. The May Revision recognizes the need to train providers who will be administering screenings for trauma for children and adults, and proposes \$25 million in 2019-20, \$20 million in 2020-21, and \$15 million in 2021-22 (all Proposition 56 funds) for this purpose.

The Trauma Screening Advisory Workgroup, as required by Chapter 700, Statutes of 2017 (AB 340), has provided recommendations to the Department of Health Care Services on the screening tools that should be offered to Medi-Cal providers for screening children.

The May Revision also includes technical adjustments to the Governor's Budget proposals on trauma and developmental screenings to reflect cash-based accounting in Medi-Cal.

HOME VISITING

The May Revision includes an additional \$10.7 million General Fund and federal Temporary Assistance for Needy Families block grant funds to reflect updated projections of CalWORKs cases eligible for home visiting services. This increase brings total funding in 2019-20 for the program to \$89.6 million, which is expected to serve approximately 18,500 CalWORKs cases.

The May Revision also includes \$34.8 million to reflect reimbursements from the Department of Health Care Services for Medicaid-eligible activities previously not reflected in the Governor's Budget. Of this amount, \$22.9 million will support the California Home Visiting Program and \$12 million will support the Black Infant Health Program, including the Perinatal Equity Initiative. These funds will allow the Department of Public Health to increase and improve participation in both programs. The reimbursements leverage \$30.5 million General Fund proposed in the Governor's Budget to expand the California Home Visiting and Black Infant Health Programs.

PAID FAMILY LEAVE

California's Paid Family Leave program, a component of the State's Disability Insurance program, currently allows workers to take up to six weeks of paid leave annually to care for a seriously ill family member or to bond with a newborn or newly adopted child, with wage replacement of up to 70 percent of salary based on income level. The Paid Family Leave program is funded through state-required employee payroll deductions. The contribution rate is adjusted each year based on a statutory formula designed to collect revenues sufficient to fund benefits and program administration, as well as to maintain a reserve to accommodate fluctuations in fund revenue or disbursements.

The Governor's Budget committed to expanding California's Paid Family Leave program with the goal that all newborns and newly adopted babies could be cared for by a parent or close family member for the first six months. Research has shown a strong connection between providing this duration of care with positive health and educational outcomes for children and enhanced economic security for parents. Further, given the high cost of infant child care, making it possible for children to be with their parents during this period of time is cost-effective for both families and taxpayers.

As a down payment on this commitment, the Administration proposes to expand the maximum duration of a Paid Family Leave benefit claim from six weeks to eight weeks for all bonding and care-giving claims, effective July 1, 2020. This expansion adds an additional month of paid leave for two-parent families—allowing up to a combined four months of leave after the birth or adoption of their child. The proposal will also allow claimants to take a full eight weeks to assist a family member for military deployment, pursuant to Chapter 849, Statutes of 2018 (SB 1123), when that bill takes effect on January 1, 2021.

To deliver this expanded benefit, the minimum reserve in the Disability Insurance Fund will be reduced by 15 percent, which still maintains an adequate reserve. This new reserve amount will be sufficient to absorb fluctuations in revenues due to future economic downturns as well as increased use of benefits. The reserve rate change is effective beginning July 1, 2019.

The Administration will soon convene a task force to consider different options to phase-in and expand Paid Family Leave to meet the Administration's goal that all babies can be cared for by a parent or a close relative for up to six months. The task force will also evaluate important policy considerations such as alignment of existing worker protections and non-retaliation protections for employees' use of the program, as well as adjustments to the wage replacement rate. By November, the task force will issue recommendations for consideration in the 2020-21 Governor's Budget.

CHILD SAVINGS ACCOUNTS

The Governor's Budget proposed \$50 million one-time General Fund for Child Savings Account pilot programs to support and encourage families to build assets for their children's post-secondary education. As referenced in the Higher Education Chapter, the May Revision identifies the California Student Aid Commission, in consultation with First 5 California, as the administrator of the pilot programs.