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First 5: Governor Newsom’s 2023–24 Budget Proposal Continues Support of California’s Youngest Children and Families

SACRAMENTO, CA (January 11, 2023) – Governor Newsom released his proposed budget plan Tuesday, which continues to demonstrate his commitment to provide for the needs of young children and their families and continuing to build toward an improved early childhood system.

“We are heartened to see Governor Newsom’s continued support for our youngest Californians and their families,” said Jackie Thu-Huong Wong, First 5 California Executive Director. “Governor Newsom’s measured approach with his thoughtful and equitable investments have helped with the long-term investments necessary to provide systemic change and equity for all Californians. As we move forward in fulfilling our whole child, whole family, whole community approach, we are excited to continue to work with the administration and the legislature to invest in programs and policies that further strengthen the goal of providing safe, stable, nurturing relationships and environments for our children and families.”

The Governor’s proposed budget seeks to address the persistent challenge of adequate compensation for early childhood teachers and caregivers, and the overall cost of care in California.

“First 5 LA applauds Governor Newsom’s recent budget proposal for continuing to invest in California’s youngest children through meaningful child care rate reform that recognizes the hard work of those who care for them,” said Karla Pleitéz Howell, Executive Director of First 5 LA. “Much-needed increases in workplace compensation is essential so young children and their families can access the early care and education slots that are dwindling with the rising costs of keeping doors open.”

While the Governor’s budget proposal continues to invest in young children, First 5 programs across the state are in jeopardy of being cut or eliminated due to declining tobacco tax revenue, First 5s main source of funding.

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This decline in tobacco tax revenue is compounded by the recent passage of Proposition 31, the statewide flavored tobacco ban. First 5 revenue is projected to decrease by a staggering \$461 million over the next eight years and \$138 million in the next 18 months alone. "In order to continue to meet the needs of California's babies, toddlers, and preschoolers, we look forward to working with the administration and the legislature to ensure the cost of the flavored tobacco ban is not unintentionally paid for by cutting local First 5 programs such as child care, health screenings, parenting support and other vital services." said Avo Makdessian, Executive Director of First 5 Association of California.

The Governor's budget proposal also recognized the critical role counties and local governments play in supporting young children.

"As the Governor stated in his remarks, 'Sacramento's vision is realized at the local level.' With adequate funding, the local First 5 infrastructure we have built over the last 25 years is ready and able to deliver our collective vision for California's children," said Kitty Lopez, Board President of First 5 Association of California and Executive Director of First 5 San Mateo.

Key investments in the Governor's budget include:

- **Child Care and Affordability:** \$6.6 billion (\$2.7 billion General Fund (GF)) toward general childcare and affordability. Sustains \$2 billion to expand subsidized child care slot availability and includes the goal of eventually funding over 200,000 expanded slots.
- **Reimbursement Rate Reform:** On November 14, 2022, a Joint Labor Management Committee (JLMC) between the state and Child Care Providers United – California (CCPU) presented a single reimbursement rate structure to the Department of Finance. The presented approach toward a future single rate structure consists of (1) an alternative methodology that considers a cost estimation model; (2) base rates; (3) incentives/enhancement rate-setting metrics; and (4) evaluation of the rate structure. The state will rely on the presented approach as it continues to develop a single rate structure.
- **California State Preschool Program:** \$152.7 million GF dollars to support reimbursement rates previously supported by one-time federal stimulus funding.
- **Universal Transitional Kindergarten:** \$690 million to implement the second year of transitional kindergarten expansion. Including \$165 million to support the addition of one additional certificated or classified staff person in transitional kindergarten classrooms. Full implementation expected in 2025–26.
- **Literacy:** Provides equitable TK-12 educational opportunities by including ongoing support for a Local Control Funding Formula Equity Multiplier and further investment to support literacy coaches in high-need elementary schools.

- **CalKIDS Program Marketing:** \$1 million one-time increase GF to support marketing efforts to increase participation in the CalKIDS child savings accounts program.
- **Maternal and Reproductive Health:** Includes \$22.7 million (\$8.6 million GF) in 2023–24 and \$57.1 million (\$21.7 million GF) ongoing for primary care and obstetric care provider increases.
- **Behavioral Health Continuum and Demonstration:** California will seek federal approval of California’s Behavioral Health Community-Based Continuum (CalBH-CBC) Demonstration. Waiver aims to clarify coverage for evidence-based therapies and home-based services for children and families, and improve integrated medical, behavioral health and social services for foster children and youth.

The First 5 Network acknowledges and appreciates the investments outlined in the proposed 2023–24 budget and we will continue to be an active partner with the governor and the legislature working toward improving all facets negatively affecting California’s youngest children and families.

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About First 5 California

First 5 California was established in 1998 when voters passed Proposition 10, which taxes tobacco products to fund services for children ages 0 to 5 and their families. First 5 California programs and resources are designed to educate and support teachers, parents, and caregivers in the critical role they play during a child's first five years--to help California kids receive the best possible start in life and thrive. For more information, please visit www.cafc.ca.gov.

About First 5 Association

First 5 Association of California is the voice of the 58 First 5 county commissions, which were created by voters in 1998 to ensure our young children are healthy, safe, and ready to learn. Together, First 5 touches the lives of more than one million kids, families, and caregivers each year, and strengthens our state by giving kids the best start in life. Learn more at www.first5association.org.

About First 5 LA

As the state's largest funder of early childhood, First 5 LA works to strengthen systems, parents and communities so that children are ready to succeed in school and life. An independent public agency, First 5 LA's goal is to support the safe and healthy development of young children so that by 2028, all children in L.A. County will enter kindergarten ready to succeed in school and life. Learn more at www.first5la.org.