



FOR IMMEDIATE RELEASE

Contact: Jamiann Collins-Lopez
(916) 316-1924

First 5 Joint Statement on the 2023-24 State Budget

SACRAMENTO, CA (July 11, 2023) – Yesterday, Governor Newsom signed the 2023-24 State Budget, which demonstrates the Legislature’s and Administration’s ongoing commitment to prioritizing resources for proven intervention and support systems of young children and their families, while continuing to build upon a whole-child, whole-family, whole-community agenda.

“We appreciate Governor Newsom, Senator Pro Tem Atkins, and Assembly Speaker Emeritus Rendon crafting a thoughtful budget that continues to protect our most vulnerable families,” said Jackie Thu-Huong Wong, First 5 California Executive Director. “Our leaders responsibly addressed the state’s fiscal challenges while prioritizing young children and their families by addressing home visiting programs’ eligibility requirements, and by keeping their commitment to lifting children out of poverty by increasing the maximum aid payment levels for CalWORKs. California’s mixed-delivery universal pre-k system has made strides with bold steps like the family fee reform and improving rate reimbursement policies.”

The final budget package addresses the impending budget deficit as the nation emerges from a global pandemic through a combination of short- and long-term solutions, but staves off the need to reduce funding to critical direct services and programs that serve vulnerable families with young children.

"We are grateful to the Governor and the Legislature for protecting families with young children by permanently reforming and capping the fees they have to pay for child care, which is the second highest family expense after housing," said Avo Makdessian, Executive Director of the First 5 Association of CA. "We are also grateful for the continued investments to stabilize California's child care providers and look forward to continued discussions on permanent rate reform for our child care system."

“The state of California has reached a historic budget that centers creating enriching environments where our youngest children can learn and thrive,” said Karla Pleitéz Howell, Executive Director of First 5 LA. “The final state budget includes critical funding to increase child care reimbursement rates, helping alleviate some of the financial stress for providers, and reduces the cost of family fees to provide relief for working families struggling to pay for the cost of child care.”

Key investments in the final state budget include:

- **Home Visiting Program (HVP) Pregnancy Eligibility Alignment:** Conforms the CalWORKs HVP by removing the requirements that limit eligibility for pregnant CalWORKs applicants who have not reached the second trimester.
- **CalWORKs AB 85 Maximum Aid Payment (MAP) Increase:** Commencing on October 1, 2023, increases the MAP levels by 3.6 percent.
- **CalWORKs Continuation of 10 Percent Increase in 2024-25 and Ongoing:** Removes the expiration set for September 30, 2024, thereby extending indefinitely the 10 percent increase for the CalWORKs MAPs currently in effect, as initially funded in the 2022 Budget Act.
- **Child Care Reimbursement Rate and Alternative Rate Methodology:** Contains \$2.8 billion over two years, 2023-24 and 2024-25, to address reimbursement rates for child care providers in alignment with a ratified Child Care Providers United agreement.
- **Family Fee Reform:** Beginning October 1, 2023, family fees will begin at 75 percent of the State Median Income (SMI) and will be assessed at families over that income at 1 percent. Historically family fees began at 40 percent SMI and were set at a much higher percentage of incomes. In addition, family fee debt pre-pandemic will be forgiven.
- **Universal Transitional Kindergarten:** Extends the deadline for credentialed teachers to earn 24 units, or its equivalent, or a child development teacher permit or an early childhood education specialist credential, from August 1, 2023, to August 1, 2025. The state budget will also allow LEAs to enroll children whose fourth birthday falls between June 2 and September 1, or early enrollment children, if they meet specific criteria.
- **Creation of the Autism Services Branch within Department of Developmental Services (DDS):** Requires DDS to provide annual reports to the legislature starting April 1, 2024, regarding expenditures caseload data, observations, and analysis of trends and unmet needs.
- **Provisional Eligibility for Children Ages 0-2:** Expands provisional eligibility for Lanterman Act to include children from birth through two years of age. The 2021 Budget Act expanded eligibility for regional center services for children three or four years of age. This change makes provisional eligibility inclusive of all children four years or under.
- **Regional Center Family Fees:** Implements a one-year extension of regional center family fee assessments, including the Family Cost Participation Program and the Annual Family Program Fee, through June 30, 2024.
- **Newborn Hospital Gateway:** Requires Medi-Cal providers participating in the Medi-Cal presumptive eligibility program to report births of any newly eligible newborns to the Newborn Gateway portal, within 72 hours after birth or one business day after discharge, whichever is sooner.
- **Doula Services Implementation Evaluation:** Delays the required timeline for Department of Health Care Services (DHCS) to convene a workgroup to examine the implementation of the doula benefit in Medi-Cal, from April 2022-December 2023 to April 2023-June 2025. Furthermore, extends the deadline for DHCS to

publish a report relating to Medi-Cal recipients utilizing doula services from July 1, 2024 to July 1, 2025, and delays the repeal date of these provisions to January 1, 2026.

- **Whole Child Model and Mandatory Managed Care Enrollment of Foster Care Children:** Expands the authorization to establish a Whole Child Model program to additional specified counties, no sooner than January 1, 2025; Counties: Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Yuba, Mariposa, and San Benito.
- **Managed Care Organization (MCO) Tax:** Generates new revenue by modifying the MCO Tax to support investments in Medi-Cal programs, the Distressed Hospital Loan Program Fund, the Small and Rural Hospital Relief Fund, and workforce development programs.

The First 5 Network appreciates the investments detailed in the final 2023–24 budget and will continue to be an active partner with the Governor and the Legislature working toward improving all facets affecting California’s youngest children and their families.

###

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.