

EARLY CHILDHOOD

California has made major strides to expand services and supports for young children and their families. Guided by the Master Plan for Early Learning and Care, the state has invested in the following that uplift families:

- Promoting and expanding quality, comprehensive programs and services for young children, including universal transitional kindergarten.
- Employing a two-generation strategy—investing in parents so they can invest more in their children.
- Easing financial pressures on parents to help them achieve economic security for their children.

The Governor's Budget continues to make progress in a parents agenda—better supporting families with young children during their critical developmental years.

CHILD CARE AND DEVELOPMENT

Effective July 1, 2021, child care and nutrition programs were transferred from the Department of Education to the Department of Social Services (DSS), aligning all child care programs within a single state department and placing a deeper emphasis on whole-child/whole-family approaches to address Californians' needs. DSS now administers CalWORKs Stages One, Two, and Three; the Emergency Child Care Bridge Program; Alternative Payment Programs; Migrant Child Care; General Child Care; Child

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Care for Children with Disabilities; and a variety of local supports for these programs, such as Resource and Referral and Local Child Care Planning Councils, in addition to quality improvement projects. Families can access child care subsidies through centers that contract directly with DSS, local educational agencies, or vouchers from county welfare departments and Alternative Payment Programs.

The Budget includes \$5.8 billion (\$2.3 billion General Fund) for child care programs, including continued support for the historic multi-year commitment to rate increases taking effect in January 2022, supplemental funding to providers, infrastructure grant program funding, and eventually expanding child care access by 200,000 slots.

CONTINUING TO IMPLEMENT THE MASTER PLAN FOR EARLY LEARNING AND CARE

The Budget includes \$823.7 million for 36,000 additional subsidized slots compared to 2021-22. When combined with the slots funded in the 2021 Budget Act, this brings the total to over 145,000.

The Budget also includes \$373 million to support a full year of rate increases while the state continues work with partners and stakeholders toward further rate reform and increased access to a comprehensive, quality, and affordable child care and development system as set forth in the Master Plan for Early Learning and Care. Consistent with these goals, the state and Child Care Providers United – California (CCPU) are working collaboratively through a Joint Labor Management Committee (JLMC) to develop recommendations for a single reimbursement rate structure that addresses quality standards for equity and accessibility while supporting positive learning and developmental outcomes for children. The JLMC will provide recommendations no later than November 15, 2022. The state is also convening a separate workgroup to assess the methodology for establishing reimbursement rates and the existing quality standards for child care and development and preschool programs. This workgroup will provide recommendations no later than August 15, 2022.

The state and CCPU are also collaborating through additional JLMCs to discuss healthcare and retirement benefits for CCPU-represented providers. A joint recommendation will be proposed in the future to include a state contribution to the respective CCPU-administered trust funds for healthcare and retirement benefits.

Other significant commitments include:

- \$25 million to fund the Child Care Initiative Project through June 30, 2023, to address areas underserved by child care providers, increase child care slots, and support providers who want to become licensed.
- \$10.6 million in funding through June 30, 2023 for the California Infant and Early Childhood Mental Health Consultation program to support the mental health needs of children, families, and child care providers.
- \$4.8 million General Fund to support infrastructure, planning, and initial design of a child care 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.

UNIVERSAL TRANSITIONAL KINDERGARTEN

In alignment with the recommendations of the Master Plan, the 2021 Budget Act outlined an ambitious plan to provide universal access to state-funded preschool for all four-year-old children, and to significantly increase access to subsidized preschool for three-year-olds. The 2021 Budget prioritized parent choice; otherwise-eligible families may continue to access the federal Head Start program and State Preschool, in addition to transitional kindergarten, which will be available to all, regardless of income.

Pursuant to the 2021 Budget plan, the Budget proposes \$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. These funds will increase the Proposition 98 Guarantee through the process of rebenching. Additionally, the Budget proposes \$383 million Proposition 98 General Fund to add an educator to every transitional kindergarten class, reducing student-to-adult ratios to more closely align with the State Preschool Program.

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The Budget also invests \$309 million so that the State Preschool Program better supports students with disabilities and dual language learners. These funds will support new requirements for State Preschool providers to: (1) serve at least 10 percent students with disabilities, and (2) provide additional supportive services for dual language learners. Additionally, all students participating in State Preschool will maintain continuous eligibility for 24 months (increased from 12 months) once eligibility is confirmed, children with an individualized education program will be categorically eligible to participate in State Preschool, and State Preschool providers that have served all eligible three- and four-year-olds in their service will be allowed to serve two-year-old children. Finally, the Budget proposes \$500 million one-time Proposition 98 General Fund to support the Inclusive Early Education Expansion Program, which funds infrastructure necessary to support general education and special education students in inclusive classrooms.

While transitional kindergarten is funded and provided through local educational agencies, the Administration encourages schools to consider partnering with community-based State Preschool providers and other community partners, as appropriate, to expand access to full-day preschool and care for their eligible students, to increase choice for parents, and to expand opportunities for the youngest learners to access a high-quality preschool program.

See the K-12 Education Chapter for more details.

REDUCING CHILDHOOD POVERTY

PASS-THROUGH OF CHILD SUPPORT COLLECTIONS FOR FORMERLY ASSISTED FAMILIES

Under current law, families formerly receiving state assistance (such as CalWORKs) do not receive the full "pass-through" of child support payments collected by the state. Instead, the collections are split between the federal government, state General Fund, and county general funds. The Budget would make statutory changes to fully pass through assigned arrears collections to families formerly assisted by CalWORKs as currently permitted by federal law. Providing these funds directly to families may help low-income families reduce the burden of high-cost debt and stabilize their financial position. Under this change, the Department of Child Support Services will waive its share of recoupment at a revenue loss of \$52.3 million General Fund in 2022-23 and \$104.6 million General Fund ongoing. Coupled with the waiver of the federal

government's recoupment, the estimated annual total pass through to formerly assisted families is \$187 million.

YOUNG CHILD TAX CREDIT EXPANSIONS

The 2019 Budget created the Young Child Tax Credit (YCTC) to help lift children out of poverty. In most cases, the credit provides \$1,000 to every household that otherwise qualifies for the Earned Income Tax Credit and has a child age 5 or younger. For the 2020 tax year, 420,000 taxpayers claimed this credit and received credits totaling \$390 million.

The Budget builds on the YCTC by (1) indexing the YCTC for inflation starting in the 2022 tax year and (2) expanding the YCTC to include households with zero earned income. See the Revenue Estimates Chapter for more details.

CALWORKS GRANT INCREASE

The CalWORKs program provides cash grants and services to eligible low-income families with at least one child in the home. The Budget projects a 7.1-percent increase to CalWORKs Maximum Aid Payment levels, with an estimated cost of \$200.7 million in 2022-23. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund.

REDUCTION OF MEDI-CAL PREMIUMS

The Budget includes \$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. Currently, these beneficiaries have income that is marginally above the threshold for Medi-Cal, requiring them to pay monthly premiums. This proposal will reduce the financial burden for many Californians and minimize the disruption that occurs when families lose coverage and access to preventive services when they cannot afford monthly premiums.

OTHER HEALTH AND HUMAN SERVICES ADJUSTMENTS

MEDI-CAL PROVIDER EQUITY PAYMENTS

To promote patient-centered models of care and preventative care, the Budget includes \$400 million (\$200 million General Fund) one-time for provider payments focused on advancing equity and improving quality in children's preventive, maternity, and integrated behavioral health care. See the Health and Human Services Chapter for more details.

EXPANDING HOME VISITING SERVICES

Voluntary home visiting services for children aged 0-3 provide a range of supportive services to pregnant and newly parenting families in California. These services improve health outcomes in key areas ranging from low-birth weight and infant mortality to immunizations and language development. The Budget provides \$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 on top of 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 the home visiting models offered to meet the diverse needs of families across the state, expands home visiting services to additional counties, and makes them accessible to families with the highest needs. Additionally, this proposal will support early literacy by including books and early literacy programming, provided by home visitors, and will be further supported by a \$350 million General Fund investment to recruit, train, and certify new community health workers.

EARLY LITERACY

The Budget includes \$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, child care, early childcare centers, and foster care.

These resources will augment more than \$700 million in K-12 education investments in early literacy. See the K-12 Education Chapter for more details.

IMPROVING SERVICES TO YOUNG CHILDREN WITH DISABILITIES

When young children receiving Early Intervention Services (pursuant to Part C of the federal Individuals with Disabilities Education Act (IDEA)) turn three, they are often eligible to receive school-age special education services from a local education agency (pursuant to Part B of IDEA). This process of transitioning from early start services (Part C) to school-age services (Part B) is often challenging for children and families. In order to improve early childhood services for children from birth through age five, including children transitioning to special education service at three or entering kindergarten at five who have or are at risk for an intellectual or developmental disability, the Budget includes \$849,000 General Fund for the California Department of Education (CDE) and \$65.5 million (\$45.1 million General Fund) in 2022-23 and \$82.5 million (\$55.8 million General Fund) ongoing for the Department of Developmental Services (DDS), including:

- \$849,000 General Fund and 6 positions to support CDE's transition process efforts.
- \$51 million (\$31.9 million General Fund) in 2022-23 and \$68.1 million (\$42.6 million General Fund) ongoing to reduce regional center service coordinator caseload ratios to 1:40 for children through age five. These investments will help increase participation of service coordinators in Individual Education Plan meetings, increase family visits from bi-annually to quarterly, and strengthen federal compliance with timely service delivery and transitions.
- \$10 million General Fund to promote inclusion in preschool of three- and four-year olds served by regional centers. Resources will support preschool efforts to improve accessibility of their programs. This will present families with an opportunity for their child to learn alongside children with different abilities.
- \$3.2 million (\$2.2 million General Fund) to establish IDEA Specialists at each regional center. The IDEA Specialists will provide expertise on IDEA services through technical support to both regional centers and local education agencies providing school-age services.
- \$1.2 million (\$1 million General Fund) to increase DDS resources to make improvements to the Early Start Program to drive toward inclusive services, help streamline intake processes, align systems, and increase interagency collaboration with CDE.