



AUGUST 22, 2024

 INFORMATION ACTION**SUBJECT: STATE AND FEDERAL BUDGET AND LEGISLATIVE UPDATE****Legislative Update**

First 5 California (F5CA) staff is committed to advocating for policy initiatives that advance the well-being and development of California's youngest residents. To achieve this, it is essential that our policy agenda remains closely aligned with F5CA's North Star and Audacious Goal. Our support extends to policy focused on Adverse Childhood Experiences (ACEs), childcare and development, education, healthcare, social services and welfare, infrastructure and public services, equity and inclusion, as well as regulatory and legal matters.

To that end, F5CA staff will present an update on the 2023–2024 State Legislative Session, highlighting key bills of interest to F5CA, along with the Fiscal Year (FY) 2024–2025 State Budget. Additionally, staff will introduce F5CA's new federal advocacy contractor, who will provide an update on federal policy developments.

2024 STATE BUDGET

The Budget Act of 2024 includes \$211.5 billion of General Fund (GF) spending, \$86.4 billion of spending from other state funds, and \$153 billion from federal funds flowing through the state treasury.

The agreement “balances” the budgets for FY 2024–25 and 2025–26, closing projected budget deficits of roughly \$45 billion in 2024–25, and \$30 billion in 2025–26.

The May Revision included withdrawals from the Public School System Stabilization Account – approximately \$8.4 billion – to maintain predictable support for local educational agencies and community college districts.

To achieve a balanced budget, the final budget agreement implemented several tax suspensions and reductions, as well as a total drawdown of the Safety Net Reserve.

While reducing some of the fund sweeps included in the Governor's May Revise proposal, the Legislature did agree with many of the Governor's proposals to sweep

unused and unallocated funds from Health and Human Services programs. However, the legislature was also able to preserve all or a portion of funds for several Health and Human Service programs.

Child Care: The May Revision included the delay of the \$550 million investment for the California Preschool, Transitional Kindergarten (TK), and Full-Day Facilities Grant Program (FDK Program which resulted in a revenue gain of \$489 million in FY 2024–25 and \$951 million in 2025–26). The May Revision also adopted a delay of \$10 million for the Preschool Inclusion Grant Program.

The budget includes the following childcare investments:

- Grows the state-subsidized childcare system by over 200,000 new children served.
- Fully funds all 11,000 awarded expansion slots from existing childcare appropriations and provides a GF offset for new ongoing \$48 million federal fund award, in addition to the May Revision offset proposals.
- Restores \$100 million for the Inclusive Early Education Expansion Program.
- Expands California State Preschool Program eligibility to children ages 24 to 35 months, until 2027.

Health and Human Services:

- Includes funding to implement 0-5 continuous Medi-Cal eligibility, effective January 1, 2026.
- Reappropriates \$1 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2021 Budget Act, until June 30, 2026, to support the Mental Health Wellness Program.
- Requires CDPH to develop a system for online shopping and food delivery for eligible recipients of California Special Supplemental Nutrition Food Program for Women, Infants and Children (WIC).

NORTH STAR/ AUDACIOUS GOAL BILLS

Complete Bill List Available in Attachments.

- AB 1895 (Weber): Public health: maternity ward closures. Requires hospitals to notify state health agencies if they anticipate challenges that may lead to the closure of maternity wards and mandates a community impact assessment before such closures. *Position: Support. Current Status: Vetoed*
- AB 2319 (Wilson): California Dignity in Pregnancy and Childbirth Act. Expands implicit bias training requirements for healthcare providers involved in perinatal care,

emphasizing the recognition of intersecting identities and associated biases.
Position: Support. Current Status: Passed and Chaptered.

- SB 1112 (Menjivar): Medi-Cal: families with subsidized childcare. Requires Medi-Cal managed care plans and childcare agencies to enter agreements to improve coordination of services for families receiving childcare subsidies, ensuring that children from prenatal to age five who need further services after screening are referred for additional assessment and intervention at no cost to the parents.
Position: Support. Current Status: Passed and Chaptered.
- AB 2123 (Papan): Disability compensation: paid family leave. Removes an unnecessary barrier for individuals seeking to access the Paid Family Benefits they pay for, by allowing individuals to take care of their loved ones without having to use up their vacation time. *Position: Support. Current Status: Passed and Chaptered.*
- SB 1090 (Durazo): Unemployment insurance: disability and paid family leave: claim administration. Provides working families with more timely access to Paid Family Leave and State Disability Insurance benefits by allowing workers to apply for these benefits prior to the start of their leaves. *Position: Support. Current Status: Passed and Chaptered.*
- AB 1967 (Jackson): Food Insecurity Officer. Creates a Food Insecurity Officer within the State Department of Social Services to coordinate efforts to address food insecurity across state agencies. *Position: Support. Current Status: Dead.*
- SB 1126 (Min): Child Abuse and Neglect. Amends the definition of "child abuse or neglect" to clarify that a child witnessing domestic violence or being present during a domestic violence incident does not automatically require a mandated reporter to file a report. *Position: Monitoring. Current Status: Senate – Ordered to inactive file on request of Senator Min.*

FEDERAL UPDATE

Congress. The House and Senate are in recess as members continue to campaign until Election Day. House Speaker Johnson (R-LA) has repeated that Congress will not return in October to pass a disaster supplemental and will instead take it up post-election once FEMA has more precise estimates of the amount needed for recovery. The post-election lame duck session of Congress will focus on finishing FY 2025 appropriations bills and the national defense annual authorization bill. Many interests will look to attach non-germane provisions to either appropriations or the NDAA, though any final list in either vehicle will require bipartisan cooperation. Among the most often mentioned are various health care extenders which could include pharmacy benefit manager (PBM) and site-neutral payment reforms, as well as "permitting reform" legislation.

Child Tax Credit (CTC)

A minority of Senators blocked passage of the bipartisan [Tax Relief for American Families and Workers Act of 2024 \(H.R. 7024\)](#), which would have expanded the CTC.

Childcare

On Monday, September 30th, the Chairs of the Democratic Women's Caucus (DWC), Congressional Asian Pacific American Caucus (CAPAC), Congressional Hispanic Caucus (CHC), Congressional Black Caucus (CBC), Congressional Progressive Caucus (CPC), New Democrat Coalition, Congressional Dads Caucus, and Congressional Equality Caucus (CEC) joined together to call attention to the ongoing child care crisis as the remaining child care funding from the *American Rescue Plan Act (ARPA)* expired.

“Childcare is currently unaffordable for far too many American families, care workers are underpaid, and in many communities, it’s simply unavailable. These challenges fall disproportionately on families, care workers, and communities of color, and these disparities will only intensify if we don’t act. High-quality, affordable childcare is critical not only for children’s development but also for enabling parents to remain in the workforce and contribute to our economy. We must take meaningful action to ensure childcare is accessible and affordable for all families.” More: [Democratic Caucus Chairs Sound Alarm on Depletion of Child Care Support | Democratic Women's Caucus \(house.gov\)](#)

New Survey Data - Child care costs increased for 1/3 of parents over the past year

From the National Women’s Law Center (NWLC):

To mark this week’s expiration of billions of dollars in pandemic-era childcare funding, the National Women’s Law Center (NWLC) and Morning Consult released the results of a new survey highlighting the growing challenges parents of young children face in securing affordable child care.

The survey results provide further evidence that since last September’s expiration of the first batch of childcare funds, families are grappling with rising costs and fewer options. This is expected to worsen now that the rest of the pandemic-era funding expired this week. [Full statement here.](#)

Key Findings:

- 33% of parents reported increased childcare costs over the past year.
- 45% of parents—and 51% of those with children under 5—faced one or more significant challenges with childcare, including:

- Higher prices
 - Unexpected closures
 - Difficulty finding available care options
- After learning more about the looming expiration of childcare funding, 72% of parents expressed concern about the potential impact.

[Read the full results of the NWLC and Morning Consult survey here.](#)

FY25 Appropriations

As previously reported, the US Senate Appropriations Committee approved their FY25 Labor, Health and Human Services, and Education, and Related Agencies (LHHS) appropriations bills. The Senate’s FY2025 LHHS appropriations bill, led by Subcommittee Chair Tammy Baldwin (D-WI), Committee Chair Patty Murray (D-WA), and Vice Chair Susan Collins (R-ME), would increase childcare and early learning funding by \$2.3 billion over FY2024 levels. This increase in funding would help more families across the country access and afford the childcare that they need and help bolster the early care and education workforce.

Specifically, the FY2025 funding bill that passed through Committee includes:

- \$10.35 billion for the Childcare and Development Block Grant (CCDBG)—a \$1.6 billion or 18% increase over fiscal year 2024—which will help more families across the country find and afford the childcare they need; and
- \$12.97 billion for Head Start, a \$700 million increase over fiscal year 2024, which will support Head Start teachers and staff as local programs face ongoing staffing challenges; and
- \$80 million for the Childcare Access Means Parents in School Program (CCAMPIS), a \$5 million increase over fiscal year 2024, which will help provide low-income parents in post-secondary education with access to child care support on campus.

Sustained annual increases to federal investments in ECE are critical to tackling the childcare crisis that is holding back families, businesses, and our economy.

In contrast, the partisan House Appropriations Committee’s proposed plan for FY25 funding for LHHS includes a cut of \$24.6 billion, or 11 percent, below the fiscal year 2024 level. See more: [Labor, Health and Human Services, Education, and Related Agencies Summary.pdf \(house.gov\)](#)

As a reminder, FY25 funding bills will likely not be finalized until after the November election. It is still critical that we remind Congress to prioritize investments in ECE programs.

Guaranteed Income

To date, guaranteed income is not an idea that has caught fire in the Congress. But bills have been introduced to move the issue forward. Perhaps more significantly, this summer Representatives Adam Schiff (D-Calif.) and Bonnie Watson Coleman (D-New Jersey) [introduced](#) the *Guaranteed Additional Income for Families in Need (GAIN) Act*, which would provide low income families with regular cash payments, providing financial security and improving adverse health outcomes associated with income volatility. This new legislation would establish a targeted pilot program to provide households receiving Medicaid with a monthly guaranteed income of at least \$500 each month for five years. Specifically, the GAIN Act would:

- Establish a minimum of 10 guaranteed income demonstration programs in cities and states throughout the US.
- Provide participating Medicaid beneficiaries with at least \$500 in cash payments each month for five years.
- Monitor and record how the cash payments impact health outcomes among participants over the duration of these demonstration programs to help determine how guaranteed income can be used to improve health outcomes in the future.

The GAIN Act is supported by The Economic Security Project and Mayors for a Guaranteed Income, including Long Beach Mayor Rex Richardson and former Stockton Mayor Michael Tubbs.

ATTACHMENTS

- A. Budget Act of 2024 Memo - *outlines the recently agreed-upon state budget by Governor Gavin Newsom, Senate President pro Tempore Mike McGuire, and Assembly Speaker Robert Rivas.*
- B. First 5 California Legislative Report – *Outlines complete bill list that First 5 CA monitored and/or supported.*
- C. First 5 California North Star and Audacious Goal Bill Report – Detailed overview of the bills that align with our North Star and Audacious Goal, highlighting those we actively monitored and/or supported.