



October 22, 2020

INFORMATION ITEM

SUBJECT: STATE AND FEDERAL BUDGET AND LEGISLATIVE UPDATE

Strategic Plan Priority Area: Child Health

Goal: All children thrive by achieving optimal health prenatal through age 5.

Strategic Plan Priority Area: Child Development

Goal: All children birth through age 5 have high-quality, nurturing environments that ensure their learning readiness.

Strategic Plan Priority Area: Family Functioning

Goal: All families have the knowledge, skills, and resources to support their children's optimal development.

SUMMARY OF THE ISSUE

First 5 California (F5CA) staff will provide a 2020 state legislative overview, a federal policy update, and an update on F5CA's Federal Advocacy RFP.

BACKGROUND OF KEY ISSUES

2020 State Legislative Overview

With the bill-signing deadline on September 30, the 2020 legislative season is over. Due to the coronavirus pandemic, the Legislature operated on a condensed legislative timeline, maintaining a focus on COVID-19 relief and recovery. Consequently, the number of bills that moved through the legislative process this session was significantly lower than recent years.

F5CA took positions and submitted formal letters of support on five pieces of legislation and monitored 56 bills in the 2020 regular session. Attachment A is an Executive Summary and Detailed Report identifying the status of each of those bills at the end of the two-year legislative cycle. Highlighted below are the final outcomes for seven bills of high importance to F5CA.

Resilient Families and Communities

- **AB 2360 (Maienschein): Telehealth: Mental Health** – This bill would require California health plans and insurers to provide primary care providers – including pediatricians and obstetricians – and other physicians who see children and pregnant and postpartum women with access to a mental health consultation program, including access to a psychiatrist if needed, to help diagnose and treat mental health disorders in these vulnerable populations.
Governor Action: Vetoed
- **SB 1383 (Jackson): Unlawful Employment Practice: California Family Rights Act** – This bill provides job-protected, unpaid leave for workers at employers with five or more employees to bond with a new child, care for a seriously ill family member, address a military exigency, or address their own serious illness under the California Family Rights Act, and aligns the definition of family in the California Family Rights Act with the more inclusive definition under California’s Paid Family Leave law.
Governor Action: Chaptered

Child Health

- **AB 2164 (Rivas and Salas): Telehealth** – This bill would allow health centers to establish new patients through both synchronous and asynchronous telehealth for purposes of billing, supporting the provision of care at safe and trusted community sites within their designated service areas using effective telehealth models.
Governor Action: Vetoed

Early Learning

- **AB 2883 (Quirk-Silva): Childcare Services: Alternative Payment Programs: Direct Deposits: Reserve Funds** – This bill would eliminate the current requirement that Alternative Payment providers be reimbursed based on the days and hours of attendance to families with variable schedules, and instead base provider reimbursement on the maximum certified hours of care. AB 2883 also would allow agencies to retain up to 15 percent of all their contracts in their reserve accounts, eliminate the 14-day notice agencies must give providers of any changes in care, delete existing language that prevents providers from adjusting their rates more than once per year, and require contractors to receive payment via direct deposit. The majority of the provisions of AB 2883 were addressed in the 2020–21 Budget Act.
- **AB 125 (McCarty) and SB 174 (Leyva): Early Childhood Education: Reimbursement Rates** – These bills would establish a single regionalized state reimbursement rate system – called The Child Care Stabilization Formula – for child care, preschool, and early learning services. AB 125 and SB 174 did not move this year given the Master Plan for Early Learning and Care process underway which may or may not address the issue of rate reform directly.

Revenue and Governance

- **SB 793 (Hill): Flavored Tobacco Products** – This bill prohibits a tobacco retailer from selling, offering for sale, or possessing with the intent to sell or offer for sale, a flavored tobacco product or a tobacco product flavor enhancer.
Governor Action: Chaptered

Federal Policy Update

The COVID-19 health crisis and resulting economic crisis continues to present deep challenges for child care providers and other early childhood programs. While many federal lawmakers have responded to the crisis by developing policy solutions that would fill gaps in our child care infrastructure and provide direct support to children and families, additional federal support is needed.

COVID-19 Response Overview

Current Proposals and Negotiations

Negotiations for the next round of COVID-19 relief are stalled. Talks between Congressional Democrats and the White House continued until Tuesday, October 6, when President Trump called off the negotiations and urged Congress to turn their attention to the nomination of Judge Amy Coney Barrett to the U.S. Supreme Court. Although the President seemed to partially reverse course a day later, Americans will likely have to wait until at least mid-November for much-needed COVID-19 relief.

The narrow Executive Orders signed by President Trump on August 8 will be the primary source of federal relief until then. The four Executive Orders include extending unemployment benefits, although in a reduced amount, and deferring payroll taxes through the end of the year. The orders also renew the eviction moratorium and student loans deferment.

The Executive Orders are facing legal questions, although have faced no substantial challenges. The Executive Orders are not a replacement for a comprehensive relief bill and do not sufficiently address the devastating economic and health effects brought on by COVID-19.

The U.S. House of Representatives passed a slimmed-down version of the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, the HEROES Act 2.0, on September 28 to further COVID-19 relief negotiations. Senate Republicans also released their own stimulus package, the “Skinny” Health, Economic Assistance, Liability Protection, and Schools (HEALS) Act, on September 8 which has a considerably narrower scope and spending level than the HEROES Act.

- **The HEROES Act 2.0** – House Democrats passed the first version of the HEROES Act in May. A slimmed-down version of the legislation passed the lower chamber on September 28 which would allocate \$2.2 trillion to COVID-19 relief. The first iteration of the HEROES Act would have allocated \$3 trillion.

HEROES Act 2.0 priorities include state and local funding, distributing a second round of direct payments to individuals, funding COVID-19 testing and treatment, increasing Supplemental Nutrition Assistance Program (SNAP) benefits by 15 percent, and extending pandemic unemployment insurance and the Paycheck Protection Program. The bill would also increase funding for child care by providing \$50 billion for a Child Care Stabilization Fund and \$7 billion for Child Care and Development Block Grants. The first iteration of the HEROES Act included only \$7 billion in child care funding.

In late September, F5CA submitted a statement to Speaker Pelosi's office in support of the early childhood funding provided in the HEROES Act 2.0:

"First 5 California writes in support of House Democratic Leadership's HEROES Act 2.0 which provides critical funding for child care stabilization and other early childhood programs necessary to support our families, and our economy, through the COVID-19 pandemic. Established 20 years ago, First 5 California works to strengthen families, communities, and systems of service and supports so all children in California enter kindergarten ready to succeed in school and life. Given the critical need for child care as well as the deep gaps in our child care infrastructure this pandemic has highlighted, a \$57 billion investment will ensure providers stay safe and operating to serve our most essential workers. By providing wraparound supports to families through child tax credits, nutrition assistance, and life-altering home visiting programs, we can ensure they are given the tools to successfully navigate through these challenging times and beyond. We thank you and your colleagues in the House for prioritizing our youngest children and their families in your negotiations."

- **The "Skinny" HEALS Act** – Senate Republicans released a narrower version of the HEALS Act branded as the "Skinny" HEALS Act. The proposal, which is estimated to cost somewhere between \$500 and \$700 billion, would cut expanded unemployment benefits, provide a second round of unemployment insurance (\$300 weekly – half of what the HEROES Act would deliver), and no direct stimulus payment to individuals. The bill also would provide \$5 billion for Child Care and Development Block Grants, with an additional \$10 billion for Back to Work Child Care Grants for a total of \$15 billion in Child Care. Most significantly, there are no additional funds for state, local, and tribal governments. The bill also has no provisions for SNAP or any housing assistance programs.

Fiscal Year (FY) 2021 Appropriations

The president signed a continuing resolution into law prior to the beginning of FY 2021 on October 1, 2020. The continuing resolution will fund the government until December 11, 2020. Congress will negotiate FY 2021 appropriations after the November 2020 election.

Census

After months of back and forth in the courts, the deadline for census data collection has been pushed back to October 31, 2020. The extended deadline will allow for field operations to continue and help secure a more accurate and complete count.

Federal Advocacy Request for Proposals (RFP)

With more and more opportunities for federal engagement ahead, F5CA is preparing to release a federal advocacy RFP to expand its capacity to engage in Washington, D.C., on behalf of the First 5 Network and in support of the state Administration's priorities. Using previous Commission discussions on what a First 5 federal engagement strategy should look like as a guide, as well as input from the Legislative Advisory Committee, F5CA will be releasing a three-year, \$450,000 federal advocacy RFP next month for standard lobbying and government affairs services, state coalition support, and policy development.

At the direction of the Commission, F5CA is also exploring opportunities for expanded capacity to engage in federal coalitions, giving First 5s a seat at broader national tables. While the Network establishes a foundation for deeper First 5 engagement in Washington, D.C. under this new contract, staff will begin to develop a proposal for a "Phase 2" federal advocacy investment, which will likely run concurrently with the lobbying contract, with the goal of bringing the proposal to the Commission for approval in 2021.

SUMMARY OF PREVIOUS COMMISSION DISCUSSION AND ACTION

In July 2018, the F5CA Commission approved \$1.05 million over a three-year period to expand F5CA's advocacy capacity through lobbying, strategic partnerships and coalitions, and policy development. Of this amount, \$75,000 had been earmarked by F5CA staff for federal advocacy. In October 2019, the Commission approved an additional \$375,000 to expand the First 5 Network's federal advocacy capacity. At the October 2019 meeting, the Commission asked F5CA staff to think of additional ways First 5s might be able to engage in Washington, D.C. given additional funding and capacity. The Legislative Update is a standing item for Commission discussion.

ATTACHMENTS

A. Executive Summary and Detailed Report of 2020 Legislative Bills of Interest