



July 27, 2017

<p>SUBJECT</p> <p>STATE AND FEDERAL BUDGET AND LEGISLATIVE UPDATE</p> <p>Strategic Priority Area 3. Public Will and Investment: Build public engagement in, investment in, and support of the optimal well-being and development of children prenatal through age 5, their families, and communities.</p> <p>Goal 3.2. Legislative Engagement and Leadership: Advocate for and influence policy change, both directly and in partnership with First 5 county commissions and other allies, from the local to federal levels that increase investments to improve conditions for children prenatal through age 5 and their families.</p>	<p><input checked="" type="checkbox"/> Action</p> <p><input type="checkbox"/> Information</p>
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SUMMARY OF THE ISSUE

First 5 California (F5CA) staff will discuss the final outcomes in the 2017–18 Budget Act, with particular emphasis on budget proposals directly related to early childhood issues and the F5CA Children’s Policy Agenda (policy agenda), and provide an update on the status of the 2017–18 State Legislative Session, F5CA “Level 1” priority bills, and F5CA sponsor bills.

Staff also will provide an update on federal policy engagement activities in 2017.

RECOMMENDATION

F5CA staff is not requesting action at this time.

BACKGROUND OF KEY ISSUES

2017 California State Legislative Session

Since the April 2017 Commission meeting, the Commission's Legislative Advisory Committee (LAC) has recommended support positions for the following state legislation, consistent with the 2017 policy agenda:

Early Learning and Care

- **AB 258 (Arambula)** would authorize Fresno County to develop and implement an individualized county child care subsidy plan that would provide greater flexibility to the county in administering child care for needy children without requesting an increase in funding.
- **AB 300 (Caballero)** would authorize Monterey, San Benito, and Santa Cruz counties to develop and implement an individualized county child care subsidy plan that would provide greater flexibility to the counties in administering child care for needy children without requesting an increase in funding.
- **AB 377 (Frazier)** would authorize San Diego and Solano counties to develop and implement an individualized county child care subsidy plan that would provide greater flexibility to the counties in administering child care for needy children without requesting an increase in funding.
- **AB 435 (Thurmond)** would authorize Contra Costa, Marin, and Sonoma counties to develop and implement an individualized county child care subsidy plan that would provide greater flexibility to the counties in administering child care for needy children without requesting an increase in funding.

Attachment A is a list of the priority legislation that matches the policy agenda and has obtained F5CA support as of July 17, 2017. All legislation and budget positions recommended by the Committee were adopted by the Executive Director, and will be tracked by F5CA staff for public letters and testimony in legislative hearings consistent with the Commission position.

First 5 California Sponsored Legislation

In addition to the 15 bills F5CA is actively tracking with support positions, F5CA is sponsoring two pieces of legislation in partnership with other early childhood and family policy organizations.

AB 60 (Santiago and Gonzalez Fletcher), which F5CA co-sponsored with Parent Voices and the Child Care Law Center, aims to modernize how working parents become eligible for state child care subsidies. We are pleased to report that both the complete policy package expressed in AB 60 and full funding for the AB 60 policy changes were included in the 2017–18 final Budget Act (AB 99). This change to family eligibility will help put more families within reach of California's limited state-subsidized child care programs. Starting July 1, 2017, the new eligibility threshold and policy

guidelines for AB 60 went into effect. F5CA staff are working closely with our co-sponsors and the California Department of Education on implementation of this crucial legislation.

F5CA also is proud to co-sponsor **SB 63 (Jackson)** with the California Employment Lawyers Association and Legal Aid at Work, which would provide up to 12 weeks of job-protected maternity and paternity leave for more California employees. SB 63 successfully passed out of its Assembly policy committees with bi-partisan votes, and is scheduled to be heard in Assembly Appropriations Committee on July 19, 2017.

State Budget Update

The final 2017–18 Budget Act, which was signed by Governor Brown on June 27, 2017, provided significant wins for the state’s youngest children and their families.

The LAC approved budget priorities for 2017 in line with the Early Childhood Education (ECE) Coalition’s 2017 priorities. In addition to budget positions consistent with last year’s budget priorities (rate increases, access increases, and quality infrastructure), it is important to note the ECE Coalition and F5CA advocated to update child care eligibility policies, particularly the State Median Income (SMI) and the 12-month eligibility period (the provisions of AB 60 [Santiago and Gonzalez Fletcher]), and advocated against the Governor’s proposal to “pause” the ECE multi-year budget agreement.

As a result of persistent efforts by the early learning field to raise concerns about the impact of funding cuts to ECE and the implications of the proposed policy changes, the final budget restored the multi-year budget agreement to increase reimbursement rates and preschool slots.

In addition, as previously discussed, the budget provided critical increases to income eligibility requirements for state subsidized care to 70 percent of the current SMI, taking into account the increasing state minimum wage and cost of living in California. The budget also implements a continuous 12-month eligibility period for families, until their income exceeds 85 percent of the SMI.

Additionally, two administrative efficiencies proposals to change ratio and licensing requirements for school-based preschool programs, which were opposed by F5CA, were ultimately not adopted in the final budget. Instead, a stakeholder process will be convened by the Legislative Analyst Office, no later than October 1, 2017, to explore these issues, with the intent to invite broad representation from the ECE field to participate and provide regulatory changes to the field.

The 2017–18 Budget Act includes the following:

- Increases Regional Market Rate to the 75th percentile of the 2016 survey beginning January 1, 2018, with a one-year hold harmless provision.

- \$92.7 million General Fund (\$60.7 million Proposition 98, \$32 million non-Proposition 98) to increase the Standard Reimbursement Rate, beginning July 1, 2017.
- \$7.9 million in Proposition 98 funding for 2,959 new full-day State Preschool slots, starting March 1, 2018.

In addition to the changes in early learning, the 2017–18 Budget Act includes the following investments with implications for ECE:

- Proposes K–14 Proposition 98 funding of \$74.5 billion for 2017–18, an increase of \$2.6 billion compared to the 2016 Budget Act level.
- Provides an additional \$1.4 billion Proposition 98 General Fund for the fifth year of Local Control Funding Formula implementation for school districts and charter schools. This increase will bring the formula to 97 percent of full implementation.
- An increase of \$3.5 million Proposition 98 funding to reflect the addition of a cost-of-living adjustment for the K–12 Mandate Block Grant.
- An increase of \$50 million Proposition 98 funding to increase provider reimbursement rates for the After School and Education Safety Program, bringing the total spending to \$600 million Proposition 98.
- A combined increase of \$41.3 million one-time (\$30 million one-time Proposition 98 General Fund and \$11.3 million one-time federal Title II funds) to fund several teacher recruitment and retention programs.

Federal Update

Repeal and Replace the Affordable Care Act (ACA)

Current proposals in both the House and Senate to repeal and replace the ACA would, among other provisions, fundamentally restructure the Medicaid program, eliminating the entitlement and replacing it with either per capita spending caps or block grants. These spending caps would fail to keep pace with anticipated Medicaid spending growth, resulting in massive federal funding cuts that would grow every year. Both the House and Senate bills also would eliminate the Medicaid expansion, phasing out Medicaid expansion for the nearly 4 million Californians covered by the expansion. According to the Congressional Budget Office (CBO), the House bill would cut Medicaid spending by approximately \$840 billion over ten years, reducing enrollment by 14 million; the Senate proposal would cut Medicaid spending by approximately \$770 billion over the next decade, reducing enrollment by 15 million people by 2026. As the Senate is still negotiating its bill, some provisions may change and we can expect a different CBO analysis.

Medi-Cal provides health care services to more than 13 million low-income Californians who live in all 58 counties, including approximately 5.7 million children. According to the California Department of Health Care Services, these cuts in federal spending would

shift approximately \$6 billion in Medicaid costs from the federal government to California in 2020, rising to an annual cost-shift of \$24.3 billion by 2027. With this loss of federal funding, states would face significant budgetary constraints, forcing states to either raise or find another source of revenue, or cut spending on health care – by either reducing eligibility, cutting services, or reducing provider payments.

Home Visiting

We are closely monitoring efforts to reauthorize the Maternal Infant and Early Childhood Home Visitation Program (MIECHV) and are seeking increased funding. The program expires on September 30, 2017.

Created in 2010, MIECHV provides \$400 million per year for states to create or supplement existing home visitation programs. MIECHV facilitates partnership at the federal, state, and local levels to improve the health of at-risk children through evidence-based and promising practices home visiting programs. In fiscal year (FY) 2016, California received over \$22 million from the program.

The [National Home Visiting Coalition](#) regularly updates F5CA on the MIECHV reauthorization. They are seeking a 5-year extension of the program that will ramp up funding to \$800 million per year. F5CA also is partnering with its state-based partners to get the word out about the importance of reauthorizing MIECHV.

In June, several Republicans introduced a reauthorization of MIECHV titled, “Increasing Opportunity Through Evidence-Based Home Visiting Act.” The bill continues MIECHV funding at \$400 million per year for five years. The bill makes a number of other changes to the program that F5CA finds potentially problematic, including requiring state, local, and private organizations to match the federal funds. F5CA’s understanding is that this bill is not moving in Congress.

F5CA is hopeful MIECHV will be reauthorized before it expires, and has done extensive outreach to the California delegation urging them to do so.

Budget and Appropriations

President Trump released his FY 2018 budget in late May. The Trump budget would significantly increase spending on defense, law enforcement, and immigration enforcement, while attempting to balance the budget within ten years by assuming a sustained economic growth rate of 3 percent, massive tax cuts heavily favoring wealthy Americans, and very steep cuts in basic health, nutrition, education, and other safety net programs, totaling \$2.5 trillion over ten years.

The Trump budget would cut funding for education programs by approximately \$9 billion, about 13 percent. Funding for Children’s Health Insurance Program would be slashed by at least 20 percent for the next two fiscal years. The budget would cut Head Start funding by \$85 million, and Child Care Development Block Grant funding by \$95 million. The budget also would cut over \$190 billion over the next decade in federal funding for Supplemental Nutrition Assistance Program (SNAP), including shifting 25 percent, approximately \$116 billion, in SNAP benefits costs to states.

While Congress has not yet passed a FY 2018 budget resolution, the House Appropriations Committee has set the FY 2018 spending total for the Labor, Health and Human Services (HHS), and Education Appropriations bill at \$156.0 billion. This includes funding for programs in each of those Departments. This total amount is \$5 billion (3.1 percent) below last year's comparable total of \$161 billion. It's important to note that the Labor-HHS-Education has the biggest cut to non-defense discretionary (NDD) funding. F5CA expects these proposed cuts to impact education and early childhood programs.

It is reported, but yet to be determined, that the House budget resolution will include approximately \$200 billion in cuts to entitlement programs (e.g., SNAP, Temporary Assistance for Needy Families, and Supplemental Security Income).

F5CA will update the Commission as Congress continues to work on the appropriations funding bills.

First 5 Visit to Washington, DC

F5CA joined First 5 Los Angeles (F5LA), the First 5 Association (Association), and the LA Chamber's DC ACCESS delegation on a visit to Washington, DC this past May. F5CA had multiple opportunities to share the great "First 5" work (including its partnership with F5LA and the Association) with and learn from its national partners and other early childhood advocates in DC, including leadership from organizations such as:

- Zero to Three
- Council for a Strong America
- Children's Defense Fund
- National Women's Law Center
- The Home Visiting Coalition
- The First Five Years Fund
- First Focus
- National Association for the Education of Young Children
- Save the Children Action Network
- The National Head Start Association

F5CA also met with House Members and Senators, including nine Members of the California delegation, early childhood leaders in both the House and the Senate, both

U.S. Senators from California, and leadership from the Administration – the Departments of Education and Health and Human Services.

F5CA hosted a briefing, in partnership with F5LA, for the ACCESS DC delegation regarding the federal budget, which included leadership from national organizations such as the Center for Law and Social Policy, the Center for American Progress, and Families USA.

SUMMARY OF PREVIOUS COMMISSION DISCUSSION AND ACTION

The Legislative Update is a standing item for Commission discussion.

ATTACHMENTS

A. 2017 Legislative Bills of Interest



2017 Legislative Bills of Interest

Monday, July 17, 2017

Child Health

- [AB 15](#)** **(Maienschein R) Denti-Cal program: reimbursement rates.**
Current Text: Amended: 3/23/2017 [Text](#)
Location: 5/26/2017-A. 2 YEAR
Level 1
Support
Summary: This bill would require the State Department of Health Care Services to increase Denti-Cal provider reimbursement rates for the 15 most common prevention, treatment, and oral evaluation services to the regional average commercial rates, effective January 1, 2018.
[Assembly Appropriations Support Letter](#)
[Assembly Health Letter](#)
- [AB 753](#)** **(Caballero D) Denti-Cal: improved access.**
Current Text: Amended: 3/29/2017 [Text](#)
Location: 4/28/2017-A. 2 YEAR
Level 1
Support
Summary: This bill would require the State Department of Health Care Services to implement specified initiatives designed to significantly improve access to dental services for adults and children in the Medi-Cal program consistent with the California Healthcare, Research and Prevention Tobacco Tax Act of 2016. This bill contains other related provisions and other existing laws.
- [AB 1520](#)** **(Burke D) Lifting Children and Families Out of Poverty Task Force.**
Current Text: Amended: 7/17/2017 [Text](#)
Location: 7/11/2017-S. APPR.
Level 1
Support
Summary: Would establish the Lifting Children and Families Out of Poverty Task Force, consisting of specified stakeholders, for purposes of researching, analyzing, and providing guidance to the Legislature in supporting California's efforts on lifetime wellness, self-sufficiency, and economic strength in families and communities throughout the state. The bill would require the task force to report to the Legislature on its projections of how the Governor's budget proposal will impact the child poverty rate in California.
[Senate Human Services Support Letter](#)
[Assembly Floor Support Letter](#)
[Assembly Appropriations Support Letter](#)
[Support Letter](#)
- [SB 18](#)** **(Pan D) Bill of Rights for the Children and Youth of California: joint legislative committee.**
Current Text: Amended: 4/3/2017 [Text](#)
Location: 5/12/2017-S. 2 YEAR
Level 1
Support
Summary: This bill would declare the intent of the Legislature to expand and codify the Bill of Rights for Children and Youth of California to establish a comprehensive framework that governs the rights of all children and youth in California, outlines the research-based essential needs of California's children, and establishes standards relating to the health, safety, well-being, early childhood and educational opportunities, and familial supports necessary for all children to succeed.
- [SB 300](#)** **(Monning D) Sugar-sweetened beverages: health warnings.**
Current Text: Introduced: 2/13/2017 [Text](#)
Location: 4/28/2017-S. 2 YEAR
Level 1
Support
Summary: This bill would establish the Sugar-Sweetened Beverages Health Warning Act, which would prohibit a person from distributing, selling, or offering for sale a sugar-sweetened beverage in a sealed beverage container, or a multipack of sugar-sweetened beverages, in this state unless the beverage container or multipack bears a health warning, as prescribed.
[Senate Support Letter](#)

Early Learning and Care

AB 60	(Santiago D) Subsidized child care and development services: eligibility periods.
Level 1	Current Text: Introduced: 12/7/2016 Text Location: 6/8/2017-S. ED. Summary: This bill would require that a family, upon establishing initial eligibility or ongoing eligibility for services under the Child Care and Development Services Act, be considered to meet all eligibility requirements for those services for not less than 12 months, receive those services for not less than 12 months before having its eligibility redetermined, and not be required to report changes to income or other changes for at least 12 months, except as provided. The bill would revise the definition of "income eligible" and provide that the definition applies for purposes of establishing initial income eligibility for services under the act, and would add a definition of "ongoing income eligible" for purposes of establishing ongoing income eligibility for services under the act. Senate Education Committee Support Assembly First Budget Request Letter Senate First Budget Request Letter Senate Budget Agenda Letter Assembly Budget Agenda Letter Assembly Budget Request Letter Senate Budget Request Letter Appropriations Support Letter Assembly Human Services Letter
Support	
AB 170	(O'Donnell D) Teacher credentialing.
Level 1	Current Text: Enrolled: 7/6/2017 Text Location: 7/12/2017-A. ENROLLED Summary: This bill would no longer require, for issuance of a multiple subject teaching credential or a preliminary multiple subject teaching credential, that the baccalaureate degree be in a subject other than professional education. Governor Support Letter Senate Floor Support Letter Senate Appropriations Support Letter Senate Education Committee Support
Support	
AB 258	(Arambula D) Child care and development services: individualized county child care subsidy plan: County of Fresno.
Level 1	Current Text: Amended: 7/13/2017 Text Location: 7/13/2017-S. APPR. Summary: This bill would authorize, until January 1, 2025, the County of Fresno to develop an individualized county child care subsidy plan, as specified. The bill would require the plan to be submitted to the local planning council and the Fresno County Board of Supervisors for approval, as specified. The bill would require the Early Education and Support Division of the State Department of Education to review and approve or disapprove the plan and any subsequent modifications to the plan. Senate Human Services Support Letter Senate Education Committee Support
Support	
AB 273	(Aquiar-Curry D) Child care services: eligibility.
Level 1	Current Text: Introduced: 2/1/2017 Text Location: 7/11/2017-S. APPR. Summary: The Child Care and Development Services Act requires the Superintendent of Public Instruction to administer child care and development programs that offer a full range of services for eligible children from infancy to 13 years of age. Existing law establishes eligibility requirements and requires families to meet at least one requirement in each of 2 specified areas. This bill would include in the area relating to need, as a requirement that may be satisfied for purposes of eligibility, that the family needs the child care services because the parents are engaged in an educational program for English as a second language learners or to attain a high school diploma or general educational development certificate. Senate Human Services Support Letter Senate Education Committee Support Letter Assembly Support Letter
Support	

[AB 300](#)

(Caballero D) Child care and development services: individualized county child care subsidy plans: Counties of Monterey, San Benito, Santa Clara, and Santa Cruz.

Current Text: Amended: 7/13/2017 [Text](#)

Level 1

Location: 7/13/2017-S. APPR.

Support

Summary: This bill would authorize, until January 1, 2022, the Counties of Monterey, San Benito, and Santa Cruz to develop individualized county child care subsidy plans, as specified. The bill would require the plans to be submitted by the counties to their local planning council and their respective county board of supervisors for approval, as specified. The bill would require the Early Education and Support Division of the State Department of Education to review and approve or disapprove the plans and any subsequent modifications to the plans.

[Senate Human Services Support Letter](#)

[Senate Education Committee Support](#)

[AB 377](#)

(Frazier D) Child care subsidy plans: Counties of San Diego and Solano.

Current Text: Amended: 7/13/2017 [Text](#)

Level 1

Location: 7/13/2017-S. APPR.

Support

Summary: This bill would authorize, until January 1, 2023, the County of Solano to develop and implement an individualized county child care subsidy plan, as specified. The bill would require the plan to be submitted to the local planning council and the Solano County Board of Supervisors for approval, as specified. The bill would require the Early Education and Support Division of the State Department of Education to review and approve or disapprove the plan and any subsequent modifications to the plan.

[Senate Human Services Support Letter](#)

[Senate Education Committee Support](#)

[AB 435](#)

(Thurmond D) Child care subsidy plans: Counties of Alameda, Contra Costa, Marin, and Sonoma.

Current Text: Amended: 7/13/2017 [Text](#)

Level 1

Location: 7/13/2017-S. APPR.

Support

Summary: This bill would authorize, until January 1, 2023, the County of Contra Costa to develop an individualized county child care subsidy plan, as specified. The bill would require the plan to be submitted to the local planning council and the Contra Costa County Board of Supervisors for approval, as specified. The bill would require the Early Education and Support Division of the State Department of Education to review and approve or disapprove the plan and any subsequent modifications to the plan.

[Senate Human Services Support Letter](#)

[Senate Education Committee Support](#)

[AB 752](#)

(Rubio D) Child care: state preschool programs: expulsion.

Current Text: Amended: 7/13/2017 [Text](#)

Level 1

Location: 7/13/2017-S. APPR.

Support

Summary: This bill would, under the Child Care and Development Services Act, prohibit a contracting agency from expelling or unenrolling a child because of a child's behavior unless the contracting agency has explored and documented all possible steps to maintain the child's safe participation in the program and determines, in consultation with the parents or legal guardians of the child, the child's teacher, and, if applicable, the local agency responsible for implementing the Individuals with Disabilities Education Act, and that the child's continued enrollment would present a continued serious safety threat to the child or other enrolled children.

[Senate Human Services Support Letter](#)

[Senate Education Committee Support Letter](#)

[Assembly Support Letter](#)

[Assembly Human Services Support Letter](#)

[AB 1106](#)

(Weber D) Child care and development services: alternative payment programs: military families.

Current Text: Amended: 4/3/2017 [Text](#)

Level 1

Location: 7/11/2017-S. APPR.

Support

Summary: The Child Care and Development Services Act requires the department to expand existing alternative payment programs and fund new alternative payment programs to the extent that funds are provided by the Legislature. This bill would require an alternative payment program to have no less than 36 months to expend funds allocated to that program in any fiscal year, and would require the Superintendent of Public Instruction to develop a contracting process that provides alternative payment programs no less than 36 months to expend funds allocated to that program in any fiscal year.

[Senate Human Services Support Letter](#)

[SB 63](#) **(Jackson D) Unlawful employment practice: parental leave.**
Current Text: Amended: 7/13/2017 [Text](#)
Level 1 **Location:** 6/27/2017-A. APPR.
Support **Summary:** Would prohibit an employer, as defined, from refusing to allow an employee with more than 12 months of service with the employer, and who has at least 1,250 hours of service with the employer during the previous 12-month period, to take up to 12 weeks of parental leave to bond with a new child within one year of the child's birth, adoption, or foster care placement. The bill would also prohibit an employer from refusing to maintain and pay for coverage under a group health plan for an employee who takes this leave. The bill would provide that it would not apply to an employee who is subject to both specified state law regarding family care and medical leave, and the federal Family and Medical Leave Act of 1993.
[Assembly Appropriations Support Letter](#)
[Assembly Judiciary Support Letter](#)
[Assembly Labor & Employment Support Letter](#)
[Senate Appropriations Support Letter](#)
[SB 63 Support Letter](#)

Revenue and Governance

[AB 43](#) **(Thurmond D) Taxation: prison contracts: goods and services.**
Current Text: Amended: 5/10/2017 [Text](#)
Level 1 **Location:** 5/17/2017-A. APPR. SUSPENSE FILE
Support **Summary:** Current law imposes various taxes, including taxes on the privilege of engaging in certain activities. The Fee Collection Procedures Law, the violation of which is a crime, provides procedures for the collection of certain fees and surcharges. This bill, for the privilege of contracting with a state prison, the Department of Corrections and Rehabilitation, or the Department of General Services to provide a state prison with goods, services, or both, would impose a tax on vendors, as defined, at the rate equal to 10% of the final contract price, as defined, for contracts entered into on or after January 1, 2018.
[Assembly Appropriations Support Letter](#)
[Assembly Revenue and Tax Support Letter](#)

Strong and Engaged Families

[AB 992](#) **(Arambula D) CalWORKs: Baby Wellness and Family Support Home Visiting Program.**
Current Text: Amended: 5/26/2017 [Text](#)
Level 1 **Location:** 6/14/2017-S. HUM. S.
Support **Summary:** This bill would, as of January 1, 2018, establish the Baby Wellness and Family Support Home Visiting Program that would require the State Department of Social Services to award funds to counties for the purpose of implementing or contracting with specified early home visiting programs to provide voluntary maternal, infant, and early childhood home visiting programs approved by the department and would authorize the funds to be used to coordinate early home visiting services with, among others, diaper bank services.
[Senate Human Services Committee Support Letter](#)

Total Measures: 17

Total Tracking Forms: 17