

Governor Proposes Pro-Kid Budget for 2019-20

On January 10, 2019, Governor Gavin Newsom introduced his inaugural state budget for the 2019-20 fiscal year.

Children Now applauds the Governor's proposed budget which makes needed pro-kid investments in supports and services – including expanded home visiting, developmental and ACEs screenings, paid parental leave, and quality child care and preschool – that will improve the lives of California's young children. Nearly three-quarters of California's 1.5 million infants and toddlers are children of color, and nearly two-thirds are born into low-income households. It is critical that we make these initial investments to support young children now and ensure a strong future for all Californians.

We must also ensure that we are making strong investments from cradle to career as part of a whole-child agenda. We commend Governor Newsom's support of improved mental health services, establishing a longitudinal data system, greater support for special education, protecting immigrant families, improving the juvenile justice system, insuring undocumented young adults through Medi-Cal and increasing subsidies for affordable health coverage.

The budget proposes about \$145 billion in state spending that, in Governor Newsom's words, is a disciplined approach to building a strong foundation and clearly demonstrates that he is a pro-kid Governor. In his announcement, the Governor emphasized that a greater portion of the proposed spending is one-time in nature than in previous budgets. While the use of one-time funding is prudent for these investments, Children Now supports the Governor and Legislature's meaningful planning to advance system improvements and ensure any expansion of programs is ongoing and promotes stability for children and families.

EARLY EDUCATION, K-12 and HIGHER EDUCATION BUDGET HIGHLIGHTS

Early Learning

- Child Care: **\$490 million** to build up the state's child care infrastructure, including \$245 million for workforce development and \$245 million for facilities, and an additional **\$247 million** for college infrastructure that can be utilized for child care for students.
- Pre-kindergarten: **\$124.9 million** non-Proposition 98 funding toward establishing full-day preschool for all income-eligible four-year-old children over a three-year period.
- Strategic Planning: **\$10 million** for development of long-term strategic plan to implement a well-aligned, comprehensive subsidized child care system and universal preschool.

K-12 Education

In education, the Governor's proposed budget provides \$80.7 billion and invests in some critical areas, including:

- Local Control Funding Formula (LCFF): A continued commitment to LCFF with a **\$2 billion** increase (COLA), which translates to an increase of \$435 per pupil over 2018-19 funding levels. Total funding for LCFF would be \$63 billion.
- Pensions: There are two different teacher pension contributions the State would make. First, **\$3 billion** non-Proposition 98 to pay down a portion of the pension obligations for school districts. This would also allow for lower district contribution rates for 2019-20 and 2020-21. In addition, the State would contribute an extra **\$1.1 billion** non-Proposition 98 to pay down the State share of teacher pension obligations. This represents a positive, significant departure from how the state has operated with respect to pensions and provides the start of much needed pension relief for schools.

- Full-Day Kindergarten: **\$750 million** one-time General Fund to address facilities barriers to full-day kindergarten.
- Special Education: **\$576 million** to expand special education services in school districts with both a high concentration of special education students and a high concentration of low income, English learner and foster youth, including a focus on providing support to preschool age children.
- Accountability/System of Support: **\$350,000** in one-time funds to create a unified online platform that integrates the Local Control and Accountability Plans (LCAPs), California School Dashboard and School Accountability Report Cards.
- Student Information: **\$10 million** to plan for and develop a longitudinal data system that connects student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.
- Proposition 98 certification process: Proposes changes to the Proposition 98 certification process to allow future appropriations above the minimum guarantee to become permanent instead of those “over-appropriations” being temporary and used to cover future minimum guarantee obligations.

Higher Education

- Cal Grants: **\$121.6 million** to increase or provide access awards for students with dependent children attending UC, the CSU or the CCC. Cal Grant B access awards would be increased from \$1,648 to \$6,000 and Cal Grant C book and supply awards from \$1,094 to \$4,000.
- California Community Colleges: First-year implementation of the Student Centered Funding Formula, **\$40 million** on-going General Fund augmentation to fund Two Free Years of Community College, and **\$5 million** one-time General Fund support to expand the California College Promise.
- California State University: **\$300 million** on-going General Fund augmentation to fund operating costs, enrollment growth, and continued support of the Graduation Initiative, and **\$15 million** one-time General Fund support for the Basic Needs Initiative to address student food insecurity and homelessness.
- University of California: **\$240 million** ongoing General Fund augmentation to the UC to fund operating costs, efforts to increase student success, improve student mental health services, and better address student hunger and homelessness, and **\$15 million** one-time General Fund support for degree completion and certification programs at UC Extension.

HEALTH HIGHLIGHTS

The proposed budget for Fiscal Year 2019-2020 has a strong focus on health and education for the youngest Californians. Some of the relevant historic health care investment highlights include:

Early Childhood Health

- Early Childhood Screenings: **\$105 million** for children and adults in the Medi-Cal program, including:
 - \$60 million (\$30 million Proposition 56 funds) to provide early routine **developmental screenings** for children in Medi-Cal.
 - \$45 million (\$22.5 million Proposition 56 funds) for **Adverse Childhood Experiences (ACEs) screenings** for children and adults in the Medi-Cal program at least once every three years, and supports increased referrals to appropriate services depending upon screening results. The Department of Health Care Services will work with stakeholders to develop a screening tool for children.

- Home Visiting and Black Infant Health Program: **\$109.4 million** including \$78.9 million to expand the newly enacted CalWORKs Home Visiting Initiative serving CalWORKs pregnant and parenting families with a child under age 2 and \$30.5 million to expand home visiting through local public health departments for low-income families, including \$7.5 million specifically to expand the Black Infant Health Program

Children’s Mental Health

- Mental Health Research Grants: \$25 million General Fund for **mental health research grants** on how to better detect and intervene when young people have had, or are at high risk of experiencing psychosis.
- Training for Mental Health Practitioners: \$50 million General Fund to increase **training opportunities for public mental health practitioners** and mental health workforce programs.

Improvements to Medi-Cal

- Expanding Full-Scope Coverage: **\$260 million** (\$196.5 million General Fund) to expand full-scope Medi-Cal coverage to approximately 138,000 eligible young adults aged 19 through 25 regardless of immigration status, building on the successful implementation of SB 75/Health4All that expanded Medi-Cal to undocumented children.
- Family Planning Services: **\$50 million** in Proposition 56 funds for family planning services in the Medi-Cal program.
- Managed Care Providers: **\$360 million** (\$180 million in Proposition 56 funds) for a value-based program that encourages Medi-Cal managed care providers to meet goals in critical areas, such as management of chronic disease and behavioral health integration.
- Payments and Rate Increases: **\$3.2 billion** (\$1.05 billion Proposition 56 funds) for supplemental Medi-Cal payments and rate increases for physicians, dentists, family planning services, Home Health, pediatric day health services, and other services, that continue investments established in the 2018 Budget Act.
- Oversight and Monitoring: **\$3.8 million** (\$1.8 million General Fund) to strengthen fiscal forecasting of the Medi-Cal and Family Health estimates and to improve the oversight and monitoring of Medi-Cal program expenditures at the Department of Health Care Services.

Health Care Affordability

- Increase in **health coverage affordability subsidies** through Covered California for individuals with incomes between 250 and 400 percent of the federal poverty level, and expand subsidies to individuals with incomes between 400 and 600 percent of the federal poverty level to increase coverage and promote affordability (funded by revenues generated by establishing a state individual mandate).

CHILD WELFARE HIGHLIGHTS

Some key child welfare and juvenile justice investment highlights include:

Child Welfare

- Continuum of Care Reform (CCR): Continue the state’s commitment to implementation of CCR to meet the goal of reducing the state child welfare system’s dependence on congregate care with a total budget of \$416.9 million.

- Dependency Counsel: An additional **\$20 million** to reduce caseloads for dependency attorneys representing abused and neglected children in the child welfare system.

Juvenile Justice

- Reorganization of the Division of Juvenile Justice to Health and Human Services Agency: Move the Division of Juvenile Justice from the California Department of Corrections and Rehabilitation to the Health and Human Services Agency to enable the state to better provide youth with the services they need to be successful.
- California Volunteers Partnership: **\$2 million** in matching funds for a California Volunteers/AmeriCorps federal grant to support 40 AmeriCorps members serving in organizations assisting youth released from the Division of Juvenile Justice.

FAMILY STRENGTHENING and ECONOMIC STABILITY HIGHLIGHTS

- CalWORKs grant levels: **\$347.6 million** to increase CalWORKs grant levels to 50% of the federal poverty level.
- Paid Family Leave: Adjust reserve requirement for the fund that supports the Paid Family Leave program to enable a down payment in expanding Paid Family Leave and convening a taskforce to plan for expand access and increased leave length.
- Child Savings Accounts: **\$50 million** to support pilot cost-effective models that can be replicated or expanded to increase access to Child Savings Accounts among incoming kindergartners.
- Working Families Tax Credit: Doubles the size of the state's Earned Income Tax Credit to **\$1 billion** to support 2.4 million families, including providing a \$500 credit for families with children under the age of six.
- 2020 Census: **\$54 million** to support full participation by all Californians in the upcoming 2020 Census, including those with young children and others under participating populations.

STATE FISCAL STABILITY HIGHLIGHTS

- Rainy Day Fund: **\$1.8 billion** (\$4.8 over next 3 budget years) to add to the existing \$13.5 billion currently set aside in the Budget Stabilization Account.
- Safety Net Reserve: **\$700 million** to the Safety Net Reserve created in the 2018, bring the total reserve amount to \$900 million.
- Debts and Deferrals: **\$4 billion** to eliminate debts and reverse the deferrals of the past decade.
- Pensions: **\$4.8 billion** to pay down unfunded retirement liabilities, \$4.1 billion of which will support schools.

Children Now will be continuing to pursue further details and clarifications. We look forward to continuing to work with and support the new Administration in the months to come to ensure this big vision for young children gains momentum and that these and other foundational steps are put into place through the 2019-20 budget.