



April 22, 2021

☒ INFORMATION ☐ ACTION

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

Since the beginning of the 2021 legislative session, the Commission's Legislative Advisory Committee (LAC) has discussed with staff the following state legislation, consistent with F5CA's 2021 Children's Policy Agenda, which is used to analyze all state legislation introduced to date. Attachment A is a list of all state legislation introduced and amended by April 13, 2021, that matched the policy agenda. All F5CA letters of support are located on F5CA's [webpage](#).

Child Health

AB 32 (Aguiar-Curry) would require the State Department of Health Care Services to extend the telehealth flexibilities in place during the COVID-19 pandemic and ensure patients continue to have access to care by maintaining parity in reimbursement for telehealth services for Medi-Cal managed care plans.

SB 428 (Hurtado) would require a health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2022, to provide coverage for adverse childhood experiences (ACEs) screenings.

SB 682 (Rubio) would require the California Health and Human Services Agency to establish and submit a plan to the Legislature and the public that outlines the steps the

state will take to eliminate racial disparities by the year 2030, in chronic conditions affecting children.

Early Learning

AB 92 (Reyes) would alleviate the burdens that families face in paying for child care by creating an equitable sliding scale for family fees.

AB 393 (Reyes) would require the State Department of Social Services to report back to the legislature on the emergency supports issued to children, families, and providers during the COVID-19 pandemic, as well as ongoing emergency needs that must be addressed.

AB 791 (Aguilar-Curry) would encourage a licensee under the California Child Day Care Facilities Act and each employee of a licensee to complete trauma-informed childcare training, and require the Superintendent of Public Instruction to administer the Trauma-Informed Childcare Training Grants Program to expand access to trauma-informed childcare training across the state.

AB 1073 (Berman) would establish the Early Childhood Education Workforce Waiver to provide a fee waiver for eight early care and education (ECE) courses for community college students with 12 declared majors related to ECE and child development.

SB 70 (Rubio) would require students to attend kindergarten prior to entering the first grade.

Resilient Families and Communities

AB 34 (Muratsuchi), the Broadband for All Act of 2022, would place a bond on the November 2022 General Election ballot to fund broadband infrastructure projects and help close the digital divide.

AB 41 (Wood) would use the “dig once” methodology and require Caltrans, as part of projects that are located in priority areas, to install broadband conduit capable of supporting fiber optic communication cables or allow for microtrenching by Internet Service Providers.

AB 47 (Reyes) would establish a program to coordinate supportive services and link existing resources to families who were separated at the border by the federal government’s “zero tolerance” policy.

AB 65 (Low) would require the Franchise Tax Board to administer the California Universal Basic Income (CalUBI) Program, under which a California resident who is 18 years of age or older and who meets specified requirements, would receive a universal basic income of \$1,000 per month.

AB 123 (Gonzalez) would ensure workers utilizing the state’s Paid Family Leave (PFL) program can receive 90 percent of their income during the period of their leave.

AB 221 (Santiago) would establish a one-time fund to provide emergency food assistance for people negatively impacted by COVID-19, regardless of legal status, and require the Department of Social Services to conduct a study to inform a set of recommendations for a permanent food assistance program that meets the needs of all food insecure Californians.

AB 401 (Chiu) would require all standard information employee pamphlets provided by the Employment Development Department concerning unemployment and disability insurance programs to be printed in English and the 30 top written languages other than English used by California residents with limited English proficiency.

AB 509 (Nguyen) expresses intent for California tax code to conform to the federal government's proposal to implement a minimum child care tax credit of \$3,000 per child for families earning less than \$75,000 and make the credit refundable.

AB 537 (Quirk) would align California law with current federal law regarding the approval of wireless telecommunications applications and provide additional clarity that will allow applicants to deploy communications technology.

AB 1041 (Wicks) would expand the population that an employee can take leave to care for to include any other individual related by blood or whose close association with the employee is the equivalent of a family relationship.

AB 1119 (Wicks) would prohibit discrimination against employees based on their family responsibilities and would provide workers with reasonable accommodations for obligations arising from needing to care for a minor child or care recipient whose school or place of care is closed or otherwise unavailable.

AB 1357 (Cervantes) would require the State Department of Public Health, for purposes of the community-based perinatal services program, to develop and maintain on its internet website a referral network of community-based mental health providers and support services addressing postpartum depression, prenatal, delivery, and postpartum care, neonatal and infant care services, and support groups, to improve access to postpartum depression screening, referral, treatment, and support services in medically underserved areas and areas with demonstrated need.

SB 56 (Durazo) would provide Medi-Cal benefits to low-income undocumented adults ages 65 years and older whose incomes are at or below 138 percent of the federal poverty level.

SB 464 (Hurtado) would allow noncitizen immigrants to be eligible for the California Department of Social Services-administered California Food Assistance Program, if the individual satisfies all other CalFresh eligibility criteria.

SB 691 (Rubio) would permanently increase the California Earned Income Tax Credit (CalEITC) for workers excluded from the federal EITC, and extend eligibility for the Young Child Tax Credit (YCTC).

Revenue and Governance

SB 17 (Pan) would establish the Office of Racial Equity and the Racial Equity Advisory and Accountability Council.

SB 395 (Caballero) would create parity between the sale of vape products and traditional tobacco products to promote smoking cessation and fund prevention programs as intended by California voters across early childhood, public health, and health care by levying an additional 12.5 percent tax on vaping products.

First 5 California Sponsored Legislation

SB 246 (Leyva), co-sponsored by F5CA, the Child Care Resource Center, and EveryChild California, is a reintroduction of F5CA's sponsored rate reform legislation from the 2019–20 legislative session. The bill would establish a single regionalized state reimbursement rate system – called The Child Care Stabilization Formula – for childcare, preschool, and early learning services. The methodology for this formula is based on the recommendations of the rate reform workgroup convened by F5CA last year, and is aligned with the Master Plan for Early Learning and Care's recommendations around reimbursement rate reform.

State Budget Action and Response to COVID-19

The state budget has been a moving target this year. The January budget proposal projected a budget surplus not previously anticipated and, since that time, further investments have been made in children and families as federal funds have trickled in.

In late February, Governor Newsom signed a legislative package providing relief to Californians experiencing pandemic hardship. This package includes:

- **Direct Relief to Individuals and Families** – Golden State Stimulus payments to assist California households that have borne the disproportionate economic burden of the COVID-19 recession – those with incomes below \$30,000, as well as those excluded from previous federal stimulus payments. Payment include \$600 in one-time relief to households receiving the CalEITC for 2020 and taxpayers with Individual Tax Identification Numbers (ITINs) who were precluded from receiving previous federal relief.
- **Additional Resources for Child Care** – \$400 million in new federal funds to provide stipends of \$525 per enrolled child for all state-subsidized child care and preschool providers serving approximately 400,000 children in subsidized care statewide.
- **Food Banks and Diapers** – \$35 million for food banks and diapers.

- **Small Business Relief** – An increase from \$500 million to more than \$2 billion for grants up to \$25,000 for small businesses, including child care providers, impacted by the pandemic.

California will be receiving an additional \$43 billion in relief funding from the American Rescue Plan signed into law by President Biden on March 11. An overview of the American Rescue Plan is provided in the following federal policy section, but the legislation provides unprecedented aid to children and families at this critical moment in our country's history. F5CA is engaged in advocacy around the use of federal dollars to ensure California's highest need families are supported throughout the pandemic and beyond.

The ECE Coalition, of which F5CA is a member and a funder, has coalesced around a budget ask for the year for the use of federal child care dollars, as well as a complimentary general fund investment. The ask includes a mix of direct services and infrastructure supports investments designed to expand a comprehensive child care system that is equitable, affordable, accessible, meets families' needs, and pays providers a fair wage. Attachment B is the Coalition's budget letter and will serve as the foundation for F5CA's child care budget strategy.

F5CA continues to be engaged in PFL expansion and accessibility efforts. In alignment with the Governor's Paid Family Leave Task Force recommendations and Assemblymember Gonzalez's AB 123, F5CA and other PFL advocates in the Work and Family Coalition are circulating a budget request to increase the wage replacement rate to 90 percent for low wage workers to ensure all working Californians are able to afford to take leave to care for their loved ones when they need it. Attachment C is the Work and Family Coalition budget letter.

In recent years, F5CA has advocated to increase the number of books low-income children have in their home and engage families on the importance of reading for strong cognitive development. We were pleased to see \$5 million included in the January budget proposal to provide books to low-income children through the Women, Infants, and Children (WIC) program to improve child development and literacy. Attachment D outlines F5CA's support for the proposal.

Federal Policy Update and Response to COVID-19

The COVID-19 health crisis and resulting economic crisis continue to present profound challenges for families, child care providers, and other early childhood stakeholders. In response to the ongoing pandemic, President Biden and the 117th Congress have advanced bold policy to address the pandemic and advance racial and socio-economic equity.

Below is an overview of the American Rescue Plan, the President's infrastructure proposal, the American Jobs Plan, and the Biden Administration's Fiscal Year (FY) 2022 "skinny" budget request.

The American Rescue Plan

On March 11, President Biden signed The American Rescue Plan: \$1.9 trillion COVID-19 relief legislation. Highlights of the American Rescue Plan Act of 2021 include:

- **Direct Payments:** One-time \$1,400 payment to supplement the \$600 previously provided in the COVID-19 relief bill passed in December 2020.
- **Unemployment Insurance:** Extends the \$300 weekly unemployment insurance benefit until September 6, 2021.
- **Supplemental Nutrition Assistance Program (SNAP) Benefits:** Increases SNAP benefits by 15 percent through September 30, 2021.
- **Child Care and Head Start:**
 - \$24 billion for Child Care Stabilization Grants
 - \$15 billion for the Child Care and Development Block Grant (CCDBG)
 - \$1 billion for Head Start
- **Affordable Care Act (ACA):** Invests \$35 billion over the next two years to increase premium subsidies on ACA marketplaces.
- **Child Tax Credits:** Expands the Child Tax Credit to more low-income families and increases the benefit to \$3,000 per qualifying child and \$3,600 per child under age 6.
- **Paid Sick Leave Credit:** An extension and expansion of the paid sick leave and Family and Medical Leave Act tax credits created in the Families First Coronavirus Response Act of 2020.
- **Employee Retention Tax Credit:** Extends the credit through December 31, 2021.
- **Emergency Rental Assistance:** \$21.6 billion in emergency rental assistance to supplement the \$25 billion from the December package.
- **State and Local Government Funding:** \$350 billion for states, territories, tribes, and local governments.
- **Paycheck Protection Program (PPP) for Small Businesses:** Expands PPP eligibility to include additional nonprofits such as 501(c)(5) labor and agricultural

organizations and community locations of larger nonprofits, and provides \$7 billion for that purpose.

The American Jobs Plan

On March 31, the Biden Administration announced the American Jobs Plan, an infrastructure proposal that includes substantial funding to advance child care infrastructure. Congress is expected to take action on President Biden's proposal in the coming months. Highlights include:

- **Child Care Facilities:** \$25 billion to upgrade child care facilities.
 - Funding would be provided through a Child Care Growth and Innovation Fund for states to build a supply of infant and toddler care in high-need areas;
 - Proposes an expanded tax credit to encourage businesses to build child care facilities at places of work; and
 - Employers would receive 50 percent of the first \$1 million of construction costs per facility.
- **Public Schools:** \$100 billion to upgrade and build new public schools.
 - \$50 billion in direct grants and an additional \$50 billion leveraged through bonds.
- **Broadband Access:** \$100 billion to help expand broadband access in communities nationwide.
- **Reduce Lead Exposure:** \$45 billion to replace lead pipes around the country, which, according to the White House, would reduce lead exposure in 400,000 schools and child care facilities.
- **Workforce Development:** \$100 billion for evidence-based approaches to workforce development, including funding to ensure comprehensive, wrap-around services for workers to gain new skills and get career services they need with in-demand jobs, funding for adult learners and literacy programs, and investment in evidence-based community violence prevention programs.
- **Home- and Community-Based Care:** \$400 billion to expand access to quality, affordable home- or community-based care for aging relatives and people with disabilities.

The White House Discretionary "Skinny" Budget Request

On April 9, the White House released its FY 2022 “skinny” budget request. The discretionary request includes a significant investment in the child care economy. Highlights include:

- **Expanding Access to Affordable Early Child Care and Learning**

- \$7.4 billion for CCDBG, an increase of \$1.5 billion over the FY 2021 enacted level.
- \$11.9 billion for Head Start, a \$1.2 billion increase over the FY 2021 enacted level.
- \$450 million for Preschool Development Grants, an increase of \$175 million over the FY 2021 enacted level.
- The Administration would also work with states to ensure these resources support increased wages for early educators and family child care providers.

- **Boosting Support for Children with Disabilities**

- \$732 million for early intervention services for infants and toddlers with disabilities or delays under Part C of the Individuals with Disabilities Education Act (IDEA).
 - The \$250 million increase would support reforms to expand access to these services for underserved children, including children of color and children from low-income families.

- **Advancing Equity in Early Childhood and K-12 Education**

- A historic \$20 billion increase for Title I to help schools offer new and enriching learning opportunities for students and additional support for teachers. School districts can use Title I funds to support preschool programs.

SUMMARY OF PREVIOUS COMMISSION DISCUSSION AND ACTION

The Legislative Update is a standing item for Commission discussion.

ATTACHMENTS

A. Legislative Bills of Interest

- B. ECE Coalition Budget Letter
- C. PFL/SDI Wage Replacement Budget Letter
- D. Childhood Reading Augmentation Budget Letter