

**Notice from First 5 Association of CA Executive Director – Avo Makdessian**

**January 2024**

**\$100 million funding request** – as we’ve been discussing for the past year, we are continuing with plans to advance a one-time \$100 million state general fund request to ensure that local early childhood systems stay intact and provide county First 5s the time to address long-term solutions while minimizing the need for immediate local cuts. This is going to be a big lift with worsening state revenue projections.

**At a minimum we want to express to the legislature that:**

- *Without a short term, stop-gap investment from the state, First 5 programs serving tens of thousands of children will end.*
- *It is unacceptable that California’s babies, toddlers, and preschoolers are being asked to bear the impact of the flavored tobacco ban in the form of fewer services and fewer opportunities for healthy development and school readiness.*
- *Tobacco tax revenue projections estimate First 5s will need to eliminate \$123.7M of early childhood community investments over the next two fiscal years (\$45.5M this FY and \$78.2M next FY) and \$422.9M in the next five fiscal years.*
- *The need is urgent— nearly 40% of First 5s have already made program cuts this year and 60% are planning on program cuts in 2024-25.*
- *In addition to community program cuts, operational reductions to First 5s mean we cannot coordinate local early childhood services like home visiting, or serve as contract managers for CalAIM, or leverage more state and local dollars for children, and would greatly diminish First 5s’ ability to pilot, create, and uplift the best approaches to serving California’s children.*

## **Governor's Proposed Budget FY24-25**

This week, the Governor released his proposed budget for FY24-25. This kicks off the beginning of state budget negotiations over the next six months. This budget overall maintains investments, makes cuts in specific areas, and does not increase major funding programs. While there are proposed cuts in this budget to address what the Administration calls a \$37.86 billion shortfall, the Administration plans to hold off on major proposals until they see what the April tax receipts look like. Here is a link to the entire January Budget Summary [GOV 2024-25 Budget Summary](#).

### **F5Association Policy Committee Discussion Points:**

- **Early Childhood Education**
  - *Maintains the prior year commitments to 146,000 new child care slots, and the goal from the 2021-22 Budget Act to serve 200,000 new children by 2026-27.*
  - *Sweeps \$140.6 million General Fund and \$206.3 million Prop 98 in one-time State Preschool savings.*
  - *Provides the California State Preschool Program with \$53.7 million on-going General Fund to maintain existing reimbursement rates, previously supported with federal funds.*
  - *Provides state preschool and child care nutrition programs a 0.76 percent COLA.*
  
- **Children and Youth Behavioral Health Initiative**
  - *Increase of \$9.5 million (\$4.1 million General Fund) in 2024-25 increasing annually to \$78 million (\$33.8 million General Fund) in 2027-28 to establish the wellness coach benefit in Medi-Cal effective January 1, 2025. Wellness coaches will primarily serve children and youth and operate as part of a care team in school-linked settings and across the Medi-Cal behavioral health delivery system.*
  
- **Continuous Medi-Cal Enrollment for Young Children**
  - *No funding for continuous Medi-Cal coverage protection for young children ages 0-5, which was adopted in the 2022-23 Budget but is conditional on the Department of Finance's (DOF) financial approval in 2024. This omission will likely result in a delay in implementation beyond January 2025.*

The Association, along with First 5 California and First 5 LA, put out a statement in relation to the [Governor's January Budget](#) and we also joined our coalition of partners and submitted a press release highlighting the importance of [Medi-Cal Continuous Eligibility](#).