

Fiscal Year 2026 – 27 Contracts Overview

Overview

The request before the Commission is to approve the FY 2025-26 Operating Budget and the 5-year Financial Spending Plan for FY 2025 through FY 2030; and authorize contracts as outlined hereafter. The proposed budget and financial spending plan further the vision and values of the Commission and continues to support the foundational work of the Commission to support lasting systems change while still providing an equitable safety net of services for young children and their families during times of diminishing resources.

On December 17, 2024, the Commission approved the Strategic Plan 2025-2030. In support of the plan, a \$22 million annual contribution is proposed for programs and initiatives. This annual rate maintains programs and services at the highest level possible based on the projected decline in Prop 10 revenues and results in approximately \$1.7 million in available sustainability funds at the end of the current 5-year financial plan, June 2030.

The Operating Budget for Fiscal Year 2026-27 reflects leveraging diverse revenue sources that include Proposition 10, CalWORKs home visiting, FFPSA, First 5 CA, and CFWB.

In response to continued revenue decline, this budget reflects the following mitigation efforts:

1. Administration:

- a. Reduction in administrative costs through a reduction in two (2) staff positions through attrition and six (6) positions to be cost allocated to CFWB and FFPSA related costs.
- b. This results in an estimated cost savings of approximately \$274k and a decreased administrative rate of 6.01%.

2. Program:

The following are the planned reductions and program closures:

- a. Program closures for the KidSTART Center and Mi Escuelita \$1.6m
- b. Reduction in Healthy Development Services \$4.3m
- c. Reduction in Learn Well Initiative \$1m
- d. Reduction in Community Engagement \$25k

As for the FFPSA-related revenue, this continues to be a pilot with CFWB, and we will be looking to recover up to 50% of our Proposition 10 funds that are FFPSA eligible specific to training and administrative costs. In FY2027, we anticipate the launch of the CARES claiming system that will allow FFPSA service-related costs to be reimbursed at the rate of 50%. The home visiting program, operating the evidence-based framework, Healthy Families America, is an allowable reimbursement and it is anticipated to recover an estimated \$417k annually in funding through this effort.

Additionally, we will be negotiating with the Medi-Cal Managed Care Plans in Fiscal Year 2026-27 to determine what opportunities are available to support the stabilization of key programs that support healthy development, early identification and treatment and maternal and caregiver mental health services.

Figure 1 outlines contracts recommended for approval in Fiscal Year 2026-27, including extensions through Fiscal Year 2030 as identified. The list includes contracts that will be

competitively re-procured and/or extended. **Figure 2** captures contracts that were previously approved by the Commission on April 16, 2025 for 5 years, this would be Option Year 2.

Link to First 5 San Diego Strategic Plan

The FY 2026-27 Operating Budget and the corresponding 5-year Financial Spending Plan supports the Strategic Plan 2025-2030 that is focused on meeting the evolving needs of children and families across the county. The operating budget and its corresponding 5-year Financial Spending Plan focus on programs and initiatives that build strong, integrated systems through deep collaboration, policy advocacy, and innovative funding approaches to better serve our children 0 through 5 and their families.

The 2025-2030 Strategic Plan the overarching goal is to **build strong, integrated systems through deep collaboration, policy advocacy, and innovative funding approaches to better serve our children 0 through 5 and their families**. This includes a deep focus on equity and includes system coordination and integration and supports sustained funding.

The goals and strategies are focused on early identification and treatment; collaboration with health plan partners; enhancement of quality early learning; care coordination; supporting maternal and caregiver mental health; home visitation supports; public education and community outreach and engagement.

Recommendations:

- 1) Approve the FY 2026-27 Operating Budget, Sustainability Fund Budget, and FY2025-30 Financial Spending Plan.
- 2) Find that the proposed First 5 San Diego funding allocations are consistent with the Commission's Strategic Plan, furthers the support and improvement of early childhood development within the County, and provides a public benefit.
- 3) Approve funding for the contracts outlined in **Figure 1** for the amounts listed, FY 2026-27, and applicable option years as outlined. Option years will allow the contracts to be extended as funding is approved. Funding for each fiscal year will come from that year's budget.
- 4) Approve funding for the prior approved contracts outlined in **Figure 2** for the amounts listed in FY2026-27.
- 5) Authorize the Executive Director, or designee, to negotiate a project length budget and execute an agreement or amendment with each contractor approved in recommendation item 3 and 4 above.

Fiscal Impact

Up to **\$22,414,684** to be allocated in support of contracts outlined for the fiscal year 2026-27.

**Figure 1
Contract Approvals Fiscal Year 2026-27 and Option Years as applicable**

Contract #	Contractor	Initiative	Fiscal Year 2026-27	Option years
534750	American Academy of Pediatrics Chapter 3	Healthy Development Services Coordination	\$511,626	-
534755	Family Health Centers of San Diego (Central)	Healthy Development Services	\$1,970,625	-
534757	Family Health Centers of San Diego (East)	Healthy Development Services	\$1,343,125	-
551749	Harder + Co	Independent Data Evaluation	\$560,000	3
552716	Health Quality Partners of Southern California	Oral Health Initiative	\$500,000	3
565193	Home Start Inc.	First 5 First Steps	\$1,827,826	4
546245	Palomar Health (North Inland)	Healthy Development Services	\$1,231,499	-
575187	Palomar Health (North Coastal/Inland Regions)	First 5 First Steps	\$1,286,551	4
534775	Rady Children's Health - San Diego (N. Coastal)	Healthy Development Services	\$1,267,500	-
534759	Rady Children's Health San Diego (N. Central)	Healthy Development Services	\$801,875	-
575189	SAY San Diego Inc.	First 5 First Steps	\$1,605,136	4
565170	SBCS	Healthy Development Services	\$1,273,750	-
575191	SBCS	First 5 First Steps*	\$1,152,688	4
Subtotal			\$ 15,332,201	

**Figure 2
Prior Approved Contracts April 16, 2025 - Fiscal Year 2026-27 and Options Years thru 2030**

Contract #	Contractor	Initiative	Fiscal Year 2026-27	Option years
543149	American Academy of Pediatrics Chapter 3	First 5 First Steps Coordination	\$657,811	3
557977	MIG, Inc.	Parent and Public Education	\$485,000	3
524597	Persimmony International	CMEDS Data System	\$263,770	3
562989	San Diego County Superintendent of Schools (SDCOE)	Learn Well Initiative	\$4,424,672	3
Subtotal			\$5,831,253	
Grand total			\$21,163,454	