

[Below are excerpts from the 2019-20 January Budget Proposal Summary](#)

**Providing Support from Cradle to Career** – The first five years of a child’s life are the foundation for the child’s future. The Budget contains a series of proposals to not only address early childhood education, but also focus on supporting parents to reduce child poverty and on improving early childhood health and wellness.

Public health and economic research shows that providing up to six months of paid parental leave—the norm in most developed countries—leads to positive health and educational outcomes for children, greater economic security for parents, and less strain on finding and affording infant child care. To promote affordability and family bonding, the Administration is committed to expanding the Paid Family Leave program with the goal of ensuring that all newborns and newly adopted babies can be cared for by a parent or a close family member for the first six months. The Budget proposes to adjust the reserve requirement for the fund that supports the Paid Family Leave program. This change will enable the state to make a down payment in expanding Paid Family Leave in the upcoming budget year while maintaining an adequate reserve. During the year, the Administration will convene a taskforce to consider different options to increase participation in the program and to phase-in this program expansion. The Administration will also consider other changes—including better alignment of existing worker protections and establishing non-retaliation protections for all workers—to increase the ability of all workers to access these important benefits.

The Budget includes funding for universal preschool for all income-eligible four-year-old children in the state, phased in over a three-year period. This funding will allow state preschool providers to offer full-day/full-year care to better accommodate working parents. The Budget proposes the development of a plan to achieve universal preschool for all children in California, including new revenue options to support increased enrollment. This plan will also include a framework to implement a comprehensive, high-quality child care system in the state—including simplifying the system, increasing access, and reflecting the principle of shared responsibility among government, businesses, and parents. The Budget includes \$500 million one-time General Fund to build child care infrastructure, including investing in the education of the child care workforce.

The Budget proposes to reduce health disparities in early childhood. The Budget includes additional funding to improve the detection of adverse childhood experiences and increase developmental screenings provided to children in Medi-Cal. The Budget also includes funding to expand existing home visiting programs with innovative new approaches to reach low-income young mothers, and an augmentation to the Black Infant Health program.

The Budget includes several proposals to directly address child poverty and support families in breaking the cycle of poverty through work and education. The Budget includes funding to raise grants for the lowest income families served by the CalWORKs program to 50 percent of the Federal Poverty level. The Budget also proposes a supplemental Cal Grant award of up to \$6,000 for student-parents with dependent children attending California’s public colleges and an increased number of competitive Cal Grant awards to improve access to higher education. The Budget includes additional funding to aid local child support agencies in collecting and remitting millions in additional child support payments to families.

**Child Care** - Look to [page 21 of the 2019-20 Budget Summary](#) - Providing children in California with a healthy start is one of the best investments the state can make. A growing body of research points to the link between early childhood interventions and improved outcomes years or even decades into the future: higher education levels, better health, and stronger career opportunities. Investing in early childhood enables these outcomes in the future while strengthening families and reducing child poverty immediately. The framework adopted in this budget promotes a healthy start in three ways: (1) early access for children to educational and health care services, including services for those with adverse childhood experiences, (2) a two-generation approach that invests in parents so they can invest more in their children, and (3) easing financial pressures on parents so they can escape the cycle of poverty and focus on healthy development of their kids in those critical first five years of a child's life.

The Budget proposes a comprehensive package that invests in each of these three areas so that more children get the healthy start that prepares them and their families for the years ahead:

- Improving educational access through substantial investments in preschool, kindergarten and child care, and improving access to health care services through developmental screenings and referrals.
- Supporting parents with expanded paid family leave to promote family bonding, increased home-visiting assistance, medical screenings, and student-parent scholarship awards

Easing the financial burden on parents with higher CalWORKs grants for low-income parents and expanding access to child savings accounts for kindergartners so their families can build assets and save for their education.

**Child Care and Early Learning** – Access to high-quality, affordable child care and early learning programs is essential for all families. Parents are more likely to be successful in school and/or career if they know that their children are safe and productively engaged throughout the day. Children who are emotionally, developmentally, and academically supported in a care setting are more likely to start school ready to learn and continue to excel once they are school-aged.

**Universal Full-Day Kindergarten** - Attendance in kindergarten is beneficial to a child's long-term academic attainment. Unfortunately, many California children—including too many low-income kids and English language learners—do not enroll in kindergarten. A key reason some kids do not enroll in kindergarten is lack of access to a full-day program. A recent Department of Education survey found that 22 percent of school districts, representing more than 1,600 school sites, offer only part-day kindergarten programs. School districts cited a lack of facilities as the main impediment to offering full-day kindergarten.

Building upon the \$100 million General Fund provided in the 2018 Budget Act to eligible school districts to construct new or retrofit existing facilities for full-day kindergarten programs, the Budget proposes \$750 million one-time non-Proposition 98 General Fund for the same purposes or to fund other activities that reduce barriers to providing full-day kindergarten.

**Universal Preschool** - Pre-kindergarten education and experiences are the basis for success in K-12 education and beyond. It is a priority of the Administration that all children have access to a high-quality preschool program before they begin kindergarten. Consistent with this priority, the Budget proposes both near-term investments to increase capacity and access, as well as funding to develop a long-term plan to provide universal preschool in California.

As a first step toward universal preschool, the Budget proposes increasing access to the existing State Preschool program for all low-income four-year-olds.

- To provide full-day, full-year access to State Preschool to all eligible low-income four-year-olds, the Budget proposes \$124.9 million non-Proposition 98 General Fund and additional investments in the two succeeding fiscal years to fund a total of 200,000 slots by 2021-22. Given limited capacity at local education agencies, the additional slots will be provided by not-for-profit providers.
- To ensure that otherwise eligible four-year-old children can access a full-day, full-year State Preschool program, the Budget eliminates the existing requirement that families with four-year-olds provide proof of parent employment or enrollment in higher education to access the full-day program.
- To allow non-local educational agency providers to draw down full-day, full-year reimbursement from a single funding source, and to provide them with flexibility to make better use of their contract funding, the Budget shifts \$297.1 million Proposition 98 General Fund for part-day State Preschool programs at non-local educational agencies to non-Proposition 98 General Fund.

To achieve universal preschool, the Budget proposes funding to develop a long-term plan during the budget year. The plan will outline necessary steps to provide universal preschool in California, including strategies to address facility capacity, to ensure a trained workforce is available, and to identify revenue options to support universal access. The plan may include proposed changes to the transitional kindergarten program given the overlap between that program and universal preschool.

**State Preschool** – This is addressed under Education (Page 40) - Students who enter school developmentally unprepared can face significant challenges catching up to their peers academically, socially, and emotionally. To address this gap, the Budget proposes \$125 million non-Proposition 98 General Fund to increase access to subsidized full-day, full-year State Preschool for four-year-old children in 2019-20 (for a total of approximately 180,000 State Preschool slots), with additional increases proposed in the succeeding fiscal years to provide access for all low-income four-year-olds by 2021-22. This proposal is discussed in more detail in the Early Childhood chapter.

**Universal Full-Day Kindergarten** (This is addressed under Education (Page 40) - Kindergarten is not compulsory for children in California, but attendance is beneficial to a child’s long-term academic attainment. State law requires school districts to provide access to kindergarten for all children for a minimum of three hours per day. Kindergarten programs that are at or around this three-hour minimum are generally referred to as part-day programs; longer day programs are generally referred to as full-day programs. Living in a school district that does not offer full-day kindergarten can be a barrier to attendance for children with working parents or a lack of access to transportation. A recent Department of Education survey found that 22 percent of school districts, representing more than 1,600 school sites, offered only part-day kindergarten programs. School districts cited a lack of facilities as the main impediment to offering full-day kindergarten.

Research suggests that students attending full-day, high-quality early primary education programs are more school-ready and have better literacy acquisition than students in part-day programs. In California, low-income children are less likely to attend kindergarten than their peers, in part because of the difficulty of accessing a full-day of school, putting them at an academic disadvantage. It is the intent of the Administration to increase participation in kindergarten by addressing barriers to access. Building upon the \$100 million General Fund provided in the 2018 Budget Act to eligible school districts to construct new or retrofit existing facilities for full-day kindergarten programs, the Budget proposes an additional \$750 million one-time non-Proposition 98 General Fund for a similar purpose. In addition to constructing new or retrofitting existing facilities to support full-day kindergarten programs, participating school districts will have the ability to use project savings to fund other activities that reduce barriers to providing full-day kindergarten

**Improving Access and Quality of Subsidized Child Care in California** - To increase the quality and availability of child care, the Budget proposes \$500 million one-time General Fund to both (1) expand subsidized child care facilities in the state and (2) make a significant investment in the education of the child care workforce to improve the quality of care and move child care professionals along the early education/child care professional continuum. As discussed in the Higher Education chapter, the Budget also provides \$247 million in one-time funds to the California State University that can be used for child care infrastructure for students on college campuses.

To implement a more well-aligned, comprehensive child care system in the state, the Budget proposes funding to develop a long-term strategic plan that will:

- Provide a framework, including options to generate needed revenues, to implement a comprehensive, high-quality child care system in California;
- Outline ways to simplify the subsidized child care system, bring greater cohesion and stability to the system, and increase access to subsidies; and
- Reflect the principle of shared responsibility and outline the appropriate role for government, businesses, and parents in meeting child care needs.

The Budget proposes \$10 million General Fund for the State Board of Education, in consultation with the Department of Finance and the Department of Social Services, to contract with a research and analysis entity to develop the road map to provide universal preschool in California, as well as a long-term plan to improve access to and quality of subsidized child care. The plan will be developed during the budget year in consultation with stakeholders and experts.

**Reducing Child Poverty** - The Budget takes steps to address the inter-generational cycles of poverty by focusing on the immediate needs of food and housing stability. These include significant investments to reduce child poverty and provide additional supports for low-income parents pursuing employment or higher education.

**Increase CalWORKs Grants to 50 Percent of the Federal Poverty Level** - The Budget proposes to increase CalWORKs grant levels by 13.1 percent, effective October 1, 2019, which will bring monthly grant payments to 50 percent of the projected 2019 federal poverty level. For a three-person assistance unit, the maximum monthly grant level will be \$888, an increase of \$103. The Budget includes \$347.6 million General Fund in 2019-20 (\$455.4 million General Fund annually thereafter) to fund this grant increase.

The Budget maintains prior grant increases that were partially funded by the Child Poverty Subaccount within 1991 Realignment. Based on current projections, this structure will allow for modest grant increases in 2020-21 and 2021-22.

**Home Visiting and Black Infant Health Programs** - Home visiting services for children aged 0-3 that provide interventions to high-risk pregnant and parenting women in California will help improve health outcomes in key areas ranging from low-birth weight and infant mortality to immunizations and language development. Another goal of home visiting programs is to reduce the occurrences of adverse childhood experiences. Therefore, the Budget proposes to expand these services, as described below.

The Budget proposes \$78.9 million in a mix of federal funds and General Fund to provide home visiting services to eligible CalWORKs families in 2019-20. Services will be provided to pregnant women and families with a child under the age of two for up to 24 months, with priority given to first-time parents. The services are intended to help young families reach self-sufficiency by improving family engagement practices, supporting healthy development of young children living in poverty, and preparing parents for employment. Participating counties will leverage existing, evidence-based program models currently being implemented across the state. Approximately 15,000 cases will be served on an annual basis beginning in 2020-21.

The Budget proposes \$30.5 million General Fund to expand home visiting programs and the Black Infant Health Program in the Department of Public Health. Of this amount, \$23 million is for the expansion of home visiting services with a focus on low-income, young mothers and the use of a wider range of home visiting models based on varying family needs. The remaining \$7.5 million is to increase participation in the Black Infant Health Program to improve African-American infant and maternal health through case management services, including home visiting. This funding will allow more families to be reached with these important services and support development and implementation of more cost-effective models, as well as more culturally appropriate services.

**Longitudinal Education Data** - Although local educational agencies and the public segments of higher education both collect a significant amount of student level data, the systems that house this data are not aligned to provide a clear picture of how students advance from early education programs through K-12 schools to postsecondary education and into the workforce. This is due, in part, to the fact that California's existing educational databases operate under different legal and regulatory requirements, using different data definitions, and with varying levels of user-friendliness.

To improve coordination across educational data systems and better track the impacts of state investments on achieving educational goals, the Budget provides \$10 million one-time non-Proposition 98 General Fund to plan for and develop a longitudinal data system. This system will connect student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. A portion of this funding will be used for initial planning purposes. The bulk of the funding will be available for the initial stages of system implementation, once an implementation plan is adopted by the Administration and the Legislature.

Any effort to link public educational data systems must also include steps to improve the quality of the data reported. In addition to developing options for the new data system, the Budget also requires the stakeholder committee to consider data reliability and ways to improve data quality at each education segment.

Finally, in alignment with the new data system, it is the intent of the Administration to develop supplementary K-12 accountability measures (including metrics for conditions of learning and an expanded college and career readiness indicator), improved collaboration between schools and health and human services agencies, and collection of more relevant data on the impact of public education programs on the state's workforce capacity.

**Paid Family Leave** - California's Paid Family Leave program currently allows workers to take up to six weeks of paid leave annually to care for a seriously ill family member or to bond with a newborn or newly adopted child, with wage replacement of up to 70 percent of salary based on income level. The program, which is a component of the state's Disability Insurance Program, supports child development in the critical first weeks of life while reducing the need for parents to pay for infant care during that

time. It helps children, helps parents, and eases financial pressures on families all at once, making a difference immediately and paying dividends far into the future.

The Administration is committed to expanding the Paid Family Leave program with the goal of ensuring that all newborns and newly adopted babies can be cared for by a parent or a close family member for the first six months.

Public health and economic research shows that providing up to six months of paid parental leave—the norm in most developed countries—leads to positive health and educational outcomes for children, greater economic security for parents, and less strain on finding and affording infant child care. Under California's existing Paid Family Leave program, each parent may take up to six weeks of paid family leave and, under California's Disability Insurance Program, a birth mother may take an additional six weeks of leave to recover from childbirth. This allows two-parent birth families to take total leave for their newborn for up to four months. Non-traditional families—single parents or parents who do not give birth to their children—get less leave. Even with the increase in the wage replacement rate, too many low-income families cannot afford to take leave.

In the short-term, to promote affordability and family bonding, the Administration proposes to adjust the reserve requirement for the fund that supports the Paid Family Leave program. This change will enable the state to make a down payment in expanding Paid Family Leave in the upcoming budget year while maintaining an adequate reserve.

Over the course of the year, the Administration will convene a task force to consider different options to phase-in and expand Paid Family Leave to allow children to be cared for by a parent or a close relative for up to six months. For example, each parent could take up to three months of paid parental leave, and if the child does not have two parents, the parent could designate a close relative to take the second three months of care. In addition to evaluating options to expand the length of leave, the task force will consider options to increase program participation among eligible workers. The taskforce will consider the interactions of any proposed expansion with Chapter 5, Statutes of 2016 (AB 908). AB 908, which took effect on January 1, 2018, increased the disability insurance wage rate from 55 percent to 70 percent for low-income workers, and to 60 percent for all other wage earners up to a specified wage level. The Administration will take into account the evaluation of the effectiveness of the recent increase in wage replacement in strengthening the ability of low-income families to benefit from the state's Paid Family Leave program. The Administration will also consider other changes—including alignment of existing worker protections and non-retaliation protections—to increase the ability of all workers to access these important benefits.

**Child Savings Accounts** - Child Savings Accounts are accounts designated for a specific child to build assets over time through contributions from governments, society, family, friends, or the child. The accounts are generally opened with an initial contribution, or seed money, from a sponsoring organization such as a government agency, nonprofit, or philanthropic foundation. Eligible uses of the accounts are for tuition (normally for post-secondary education such as college, vocational, or technical schools), room and board, books, supplies and equipment, and mandatory fees.

To support and encourage families to build assets for their children's post-secondary education, the Administration proposes \$50 million one-time General Fund to support pilot projects and partnerships with First 5 California, local First 5 Commissions, local government, and philanthropy. These pilot programs will support development or strengthening of cost-effective models that can be replicated or expanded to increase access to Child Savings Accounts among incoming kindergartners.

**Other:**

- CalWORKs Stages 2 and 3 Child Care—A net increase of \$119.4 million non-Proposition 98 General Fund in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and 3 are \$597 million and \$482.2 million, respectively.
- Full-Year Implementation of Prior Year State Preschool Slots—An increase of \$26.8 million Proposition 98 General Fund to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through the 2018-19 fiscal year.

**CalWORKs** - The CalWORKs program, California's version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs.

Total TANF expenditures are \$8 billion (State, Local, and Federal Funds) in 2019-20. The amount budgeted includes \$5.5 billion for CalWORKs program expenditures and \$2.5 billion in other programs. These programs include expenditures for Cal Grants, Department of Education child care, Child Welfare Services, Foster Care, Department of Developmental Services programs, the Statewide Automated Welfare System, the Work Incentive Nutritional Supplement system, California Community Colleges Child Care and Education services, and the Department of Child Support Services. The monthly average CalWORKs caseload is estimated to be approximately 371,000 families in 2019-20, an 8.9-percent decrease from the 2018 Budget Act projection. Due largely to an improving economy, caseload has decreased every year from a recent peak of 587,000 in 2010-11.

**Significant CalWORKs Adjustments –**

- CalWORKs Grant Increase—The Budget includes \$347.6 million General Fund in 2019-20 to raise grant levels to 50 percent of the projected 2019 federal poverty level, effective October 1, 2019. Full-year costs of the proposed grant increase are estimated to be \$455.4 million. As a result, the maximum grant level for an assistance unit of three will increase from \$785 to \$888 per month. See the Early Childhood chapter for additional information.
- Home Visiting Services—The Budget includes \$78.9 million to provide home visiting services to an anticipated 16,000 eligible CalWORKs families in 2019-20. Approximately 15,000 cases are estimated to be served on an annual basis beginning in 2020-21. See the Early Childhood chapter for additional information.
- Safety Net Reserve Increase—The Budget increases the Safety Net Reserve Fund by \$700 million, bringing the total amount in the fund to \$900 million. These funds will be available for CalWORKs and Medi-Cal services and benefits during an economic downturn.

**Working Families Tax Credit and Federal Tax Conformity** - The 2015 Budget enacted the state's first-ever Earned Income Tax Credit to help the lowest-income working families in California. The 2017 and 2018 Budgets expanded the credit to include the self-employed and working individuals who are age 18 to 24 or over age 65, and expanded the income range so more individuals working up to full-time at the 2019 minimum wage will still qualify. About \$400 million in Earned Income Tax Credit is expected to be granted to 2 million households this year.

The Budget proposes to more than double the size of the current program. This new program for low-income Californians—the "Working Families Tax Credit"—includes an additional \$500 credit for families with children under the age of 6. The proposal also increases the maximum eligible earned income so

that workers working up to full-time at the 2022 minimum wage of \$15 per hour will be eligible for the credit, and changes the phaseout formula so that taxpayers earning income at the upper end of the credit structure will receive significantly higher credit amounts. In addition, the Budget proposes to explore how to allow workers to receive a portion of their "Working Families Tax Credit" in monthly payments, as opposed to receiving the credit in one lump sum at the end of the year. These changes are expected to provide \$600 million in additional benefits and to allow 400,000 additional families to benefit from the credit. In total, the expanded program is expected to provide \$1 billion in credits to 2.4 million families.

To pay for this expanded program, the Administration proposes conformity to several federal tax law changes mainly impacting business income. In 2017, the federal government adopted sweeping changes to the tax code for corporations and individuals. It is important to consider federal law changes and how differences between California law and federal law may create unnecessary administrative burdens to both taxpayers and the Franchise Tax Board. Differences between federal and state systems can be especially difficult for individuals and small businesses. The Budget proposes conformity to several key provisions that on either administrative burden or policy grounds are clearly beneficial to California. These provisions include flexibility for small businesses; capital gains deferrals and exclusions for Opportunity Zones; and limitations on fringe benefit deductions, like-kind exchanges, and losses for non-corporate taxpayers; among others. These conformity provisions are expected to generate \$1 billion in 2019-20.