



The First 5 years.
Make them count.

FIRST 5 Open Message to Community

ABOUT FIRST 5

Since Proposition 10 was passed by voters in 1998, California has contributed \$0.50 from every cigarette pack sold to fund First 5's throughout all 58 counties based on birth rate. First 5 champions the optimal development of children from prenatal to age five by funding comprehensive health, education, and family services, ensuring every child is healthy, safe, and ready to learn.

While a steady reduction in cigarette smoking across California means people are living healthier lives, it also represents an unprecedented challenge to First 5 commissions across the state who were tasked by voters to elevate and fund the needs of children, prenatal through age five, and their families.

FIRST 5 FACES STEEP FISCAL CLIFF

In November 2022, a new state law passed prohibiting retailers from selling most flavored tobacco products, such as menthol cigarettes, which triggered an immediate reduction in tobacco tax dollars of more than \$100 million.

This alarming situation prompted First 5 organizations across the state to come together in February with a state budget request for one-time funding to cover the losses that were a direct result of the flavor ban bill.

Unfortunately, the Governor's May budget revision worsens the impact on families with young children. Among the programs and services facing cuts are CalWORKS Home Visiting Program, universal transitional kindergarten, Children and Youth Behavioral Health Initiative, subsidized childcare slots, and no funding for continuous Medi-Cal eligibility for children 0-5.

These proposed cuts will affect California children and families who depend on the availability of childcare, parenting support, mental health services, and connections to basic needs services, such as healthy food and stable housing.

LOCAL FINANCIAL IMPACT

The fiscal impact of FIRST 5's revenue decline includes an overall \$3 million reduction from our current year budget.

FY24 - \$33.8 million

FY25 - \$30.7 million

To that end, we propose to invest in FY25:

\$19.4 million in community grants (63%)

\$ 7.8 million in staff, programs, and systems change efforts (26%)

\$ 3.5 million for administrative and evaluation expenses (11%)

This equates to 89% of our budget focused on community impact, with 11% administrative costs.

STRATEGIC IMPACT

Because of the steep decline in funding, FIRST 5 Santa Clara County spent the past months identifying priority populations on which to focus our strategic efforts, including families facing unstable housing, families who have children with disabilities, low-income and 'gap' families (who earn too much to qualify for subsidies, but not enough to pay full fee for services), court-impacted families, and immigrant families, especially those with no or mixed documentation.

In January 2024, FIRST 5 launched a new initiative, the "Stronger Systems, Stronger Families" initiative, to work together with impacted families and community partners to promote equitable systems of care that are culturally appropriate, trauma-focused, and healing-centered.

A COMMUNITY SHIFT

In July 2023, FIRST 5 announced to its grantees that all contracts, which had been extended for several years during the pandemic, would end in June 2024. Grantees were invited to connect with FIRST 5 staff during the strategic planning process and apply for the new initiative in January 2024. During strategic planning meetings, the community was made aware of FIRST 5's declining revenue and funding caps were included in the competitive bidding process for the new initiative.

FIRST 5 recognizes this is a challenging time for our community organizations and the families they serve. We are using this opportunity to reframe and refresh our approach to focus on under-resourced and underserved priority populations.

Even as Proposition 10 revenue declines, FIRST 5 remains committed to identifying and obtaining additional funding sources to continue this important work. While FIRST 5 has had to adjust its spending plan more rapidly than previously expected, and this adjustment will inevitably impact our community partnerships, FIRST 5 is committed to ongoing support for our county's most vulnerable families with young children, prenatal through age five.

CALL TO ACTION

We urge the community to continue elevating your voice alongside FIRST 5 as an advocate for families with young children!

Share your story and your struggle to access resources, services, and support with local community organizations and with local elected officials.

Join us to urge policymakers and leaders to prioritize funding for young children, prenatal through age five. These are critical years for early brain development that becomes a foundation for all future learning and growth.

FIRST 5 remains committed to addressing health and social inequities and scaling effective strategies that transform the lives of Santa Clara County's families. We will continue our advocacy efforts at the local and state level for the critical funding needed to meet the developmental, social, and educational needs of young children and those who care for them.