SUBJECT: First 5 LA endorsement of state ballot initiatives

RECOMMENDATION: Approve First 5 LA Commission endorsement of California Propositions 55 and 56

BACKGROUND: On November 8, 2016, California voters will decide whether or not to approve 17 different state ballot initiatives focused on diverse issues including public safety, governance, facility development, and hospital fees, among others. According to staff analysis, two initiatives in particular are significantly aligned with First 5 LA’s strategic priorities: Proposition 55, which asks voters to approve an extension of the Proposition 30-approved income tax, and Proposition 56, which increases taxes on tobacco products including electronic cigarettes.

As a public entity, First 5 LA is allowed to take positions on propositions and share factual information about these positions with the public, though First 5 LA has not traditionally engaged in ballot measures. The last time First 5 LA’s Commission engaged in a state ballot initiative was in 2009, when voters were asked via Proposition 1D to divert First 5 revenues toward state programs. First 5 LA opposed Proposition 1D, which failed with 66% of voters voting against the measure. Other First 5 Commissions and the First 5 Association are engaging in state ballot initiatives this year. As of October 8, 2016, the First 5 Association is supporting Proposition 56, and the Santa Clara, Santa Cruz, and Marin First 5 Commissions are supporting both Propositions 55 and 56. In addition, Alameda First 5 will vote on both propositions on October 20.

If the Commission decides to take a formal position on Propositions 55 and 56, First 5 LA would communicate the decision in its minutes, on its website, and its regularly published newsletter. It could also respond to requests for its analysis of impacts from members of the public. First 5 LA will not engage in campaign activities.

DISCUSSION: With a central focus on policy and systems change in First 5 LA’s 2015-2020 strategic plan, staff are increasingly engaged in the public policy issues that impact children 0-5 and their families. Ballot initiatives are an important part of the public policymaking process in California, directing billions of dollars to programs and services statewide. Staff recommends that First 5 LA proactively assess and engage in ballot initiatives that directly impact strategic plan-related priorities. For the upcoming election, staff recommends the Commission endorse two of the 17 statewide initiatives that significantly impact First 5 LA and our policy priorities.

Proposition 55 would extend the existing income tax increases approved by voters via Proposition 30 in 2012 through 2030, providing up to $9 billion in revenue for education and health services. Up to $2 billion would support healthcare services, with the bulk of funding continuing to support K-14 education. Proposition 30 has provided essential relief to the K-14 education system, allowing districts and the state to reinvest in K-14, and also early care and education (ECE) programs that were decimated during the recent recession.

Recent expansions to early learning programs on school district campuses, like the Los Angeles Unified School District's expanded transitional kindergarten (ETK) program or expanded state preschool offerings, were instituted following the influx of Proposition 30 revenues. Indeed, LAUSD’s most recent budget included a $44 million allocation for expanded transitional kindergarten. Moreover, more than half of the state’s California State Preschool Program (CSPP) seats are currently offered through school districts and county offices of education.
While Proposition 55 does not guarantee funding for early education, First 5 LA’s partners within school districts have identified that Proposition 55 funding will enable school districts to continue funding existing investments. Moreover, they have stated that continuing or increasing investments in ECE will be difficult without an extension of existing taxes.

Proposition 55 would address First 5 LA’s strategic priority on ECE and sustainable funding. Opposition arguments do not address impacts on the 0-5 year population. A support position would reflect the importance of supporting ECE funding beyond Proposition 10 funds, and would also position First 5 LA as a leading voice for ECE work with K-12 partners.

Proposition 55 has been endorsed by the First 5 Association, First 5 Santa Cruz, First 5 Santa Clara, and First 5 Marin, among other education, health, and labor organizations.

**Proposition 56** would increase existing tobacco taxes by $2 per pack of cigarettes and levy an equivalent tax on electronic cigarettes. The primary purpose of the tax is to reduce smoking rates, which are on the rise within the teenage population and have significant health impacts not only on tobacco-product users but victims of second-hand smoke. The secondary purpose of the tax is to raise revenues to support health services for low income Californians through Medi-Cal and other public health programs. Currently, 1.4 million 0-5 year olds across California are served by Medi-Cal and more than 369,700 0-5 year olds in LA County are served by Medi-Cal.

First 5s will not directly benefit from the increased tax on traditional tobacco products, but will receive revenue stabilization funding to offset the expected decrease in Proposition 10 revenues due to the increased tax. First 5s will receive a portion of new revenues (up to $40 million annually statewide) from electronic tobacco products.

Increased First 5 funding through e-cigarettes could begin to address sustainability imperatives for First 5s across the state. Opposition arguments focus upon the importance of competing priorities but do not address impacts on the 0-5 year population.

Proposition 56 has been endorsed by the First 5 Association, First 5 Santa Cruz, First 5 Santa Clara, and First 5 Marin, among other education, health, and labor organizations.

If the Commission chooses to endorse these two state initiatives, First 5 LA staff will be allowed to communicate the approved position through traditional communication channels and communicate expected impacts and analysis when asked by partners and the public. As a public entity, First 5 LA is not allowed to campaign for ballot measures. Staff will not engage in lobbying, voter mobilization, campaign activities, or other prohibited activities.