COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, MAY 19, 2026

MINUTE ORDER NO. 26

SUBJECT: SUPPORTING SAN DIEGO CHILDREN AND FAMILIES THROUGH BRIDGE FUNDING FOR HEALTHY DEVELOPMENT SERVICES (DISTRICTS: ALL)

OVERVIEW

Every year, thousands of San Diego children under five show early signs of developmental or behavioral delays, and for each of them, the window to intervene effectively is narrow. The First 5 Commission of San Diego (First 5) exists to make sure that support is there. Established under Proposition 10, First 5 uses dedicated tobacco tax revenue to fund early childhood programs that reach children from prenatal through age five, before small delays become lasting ones.

Among the most important of these investments is Healthy Development Services (HDS). For nearly two decades, HDS has helped fill a critical gap in care for children ages 0 to 5 with mild to moderate developmental and behavioral concerns who do not qualify for existing early intervention systems but still need timely support to stay on track. HDS helps families get help early, before delays become crises and before children fall further behind developmentally.

Due to declining Proposition 10 revenues, First 5 faces an ongoing structural funding challenge. First 5 has been developing a long-term fiscal strategy that is underway, and will be fully implemented in Fiscal Year FY 2027-28. In the interim two years, there is a significant gap that requires bridge funding to sustain services for children.

Without this bridge funding, First 5's HDS programs would be reduced by approximately 38% and nearly 3,350 children and families would lose access to critical services in the coming year, many of whom have no other options for care. That means thousands of children missing occupational therapy, speech therapy, and developmental support during the most critical window of their development.

Last year, the Board approved a $4.3 million transfer from the Tobacco Securitization Fund to prevent service cuts in FY 2025-26. Today's action is the second and final portion of this bridge strategy that covers FY 2026-27, while the transition to sustainable funding is completed.

Since last year's Board action, First 5 has developed a sustainable fiscal plan. That plan centers on a $4 million annual partnership with the County's Child and Family Well-Being - a structural integration that embeds early childhood services into the County's own prevention infrastructure. Additional revenue from the Families First Prevention Services Act and Medi-Cal reimbursements further diversify the funding base. Together, these sources will allow First 5 to stabilize operations and transition HDS into a broader Integrated Prevention and Early Intervention Services model. The plan phases in beginning FY 2026-27 and reaches full funding in FY 2027-28.

Today's recommended action preserves continuity of HDS services through FY 2026-27, ensuring thousands of children remain connected to care while the new funding streams take effect.

RECOMMENDATION(S)
CHAIR TERRA LAWSON-REMER

Establish appropriations of $4,300,000 in the Tobacco Securitization Special Revenue (12580), Operating Transfer Out, to fund First 5 Commission of San Diego for the Healthy Development Services and Integrated Prevention and Early Intervention Services program based on the available fund balance from the Tobacco Securitization Special Revenue Fund; and establish appropriations of $4,300,000 in the Health and Human Series Agency, Services and Supplies, based on Operating Transfers In from the Tobacco Securitization Special Revenue Fund, to support the cost for First 5. This will create Proposition 10 funding capacity to avoid anticipated budget reductions for the Healthy Development Services and Integrated Prevention and Early Intervention Services program in Fiscal Year 2026-27. **(4 VOTES)**

EQUITY IMPACT STATEMENT

Children and adults with developmental delays and behavioral health conditions face a wide range of social inequities that hinder their access to resources and negatively impact their quality of life. Social stigma and deficient support systems create barriers to optimal educational attainment, employment opportunities, and healthcare access. This ultimately results in negative social outcomes, including higher rates of poverty, unemployment, housing insecurity, incarceration, and disease risk. HDS plays a vital role in identifying and working to address mild to moderate developmental and behavioral delays in children birth to five years of age. By focusing on early intervention, HDS helps get children back on track in meeting their developmental milestones and prevent mild to moderate delays from becoming severe delays that persist into adulthood and perpetuate associated negative social outcomes.

SUSTAINABILITY IMPACT STATEMENT

With the adoption of this recommendation, the County of San Diego will support Sustainability Goal #2 to provide just and equitable access to services and resources, and Sustainability Goal #4 to protect the health and well-being of everyone in the region. These actions will improve access to critical developmental screening and care services for children with mild to moderate developmental and behavioral delays and their caregivers. Access to these services will help address the needs of vulnerable children and families in the County of San Diego.

FISCAL IMPACT

Funds for this request are not included in the Fiscal Year (FY) 2025-26 Operational Plan in Health and Human Services Agency (HHSA), First 5. If approved this request will result in costs and revenue of $4,300,000 in FY 2025-26 for HHSA to support the Healthy Development Services (HDS) and Integrated Prevention and Early Intervention Services (IPEI) programs under the First 5 Commission. The proposed funding source is the Tobacco Securitization Fund (TSF). Funds will be carried forward through the year-end process to support these programs in Fiscal Year 2026-27. Funds are not included in the Fiscal Year 2026-27 CAO Recommended Operational Plan. There will be no change in net General Fund cost and no additional staff years.

The TSF was established for the use of amounts received related to the securitization of tobacco settlement revenue due to the County of San Diego. This funding source is to be used for health-based program services and is anticipated to provide funding for these programs through Fiscal Year 2033-34, pending market conditions and the resulting return of the TSF. This additional draw on the TSF should not materially impact the life of the TSF, though may push forward the date funds are exhausted by a few months.

BUSINESS IMPACT STATEMENT
N/A

ACTION:
ON MOTION of Supervisor Montgomery Steppe, seconded by Supervisor Aguirre, the Board of Supervisors took action as recommended.

AYES: Aguirre, Anderson, Montgomery Steppe, Desmond
ABSENT: Lawson-Remer

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors

Signed by Andrew Potter