



County of Los Angeles Policy Roundtable for Child Care



Executive Summary

January 12, 2011

Governor's FY 2011-12 Proposed Budget Child Care and Development Services

Overview

The Governor's State Budget proposal for 2011-12 released on January 10, 2011 contains substantial cuts to child care and development programs.

Major Funding Reductions Proposed for 2011-12: Total funding for child care and development programs, excluding after school programs, for 2010-11 is \$2.3 billion, of which \$1.5 billion is from Proposition 98 sources and \$722.3 million is from federal funds. CalWORKs Stage 1 Child Care totals \$485.8 million from General Fund/TANF and is included in the Department of Social Services budget.

Governor Brown's proposed budget for 2011-12 contains \$716 million in funding reductions to child care and development services. Total funding available for child care and development services, excluding after school programs, would be \$1.6 billion, of which \$1.1 billion would be from Proposition 98 sources and \$535.6 million from federal funds. CalWORKs Stage 1 Child Care would be funded at \$603.1 million.

Of significance, the Governor's proposals for reducing child care and development services include:

Child Care and Development Reductions

- Eliminates subsidized services for 11 and 12 year old children.
- Reduces eligibility for subsidized child development services, except part-day State Preschool, from 75 percent to 60 percent of the State Median Income.
- Reduces the level of subsidies across the board.
- Requires the California Department of Education (CDE) to amend its contracts with Alternative Payment Program agencies and Title 5 direct service contractors administering the programs to:
 - "provide local flexibility in the administration of waiting lists while assuring that families meet established income, eligibility and need requirements";

Budget bills AB 92 (Blumenfield) and SB 68 (Leno) introduced on January 10, 2011 and in accordance with the Governor's proposed budget, are absent a line item for the Centralized Eligibility List, which in previous years has been funded at \$7.9 million. The Office of Child Care holds a \$500,000 contract with the CDE to administer the Los Angeles County Centralized Eligibility List (LACEL).

- "provide local flexibility to determine subsidy levels for families to implement the intent of reducing subsidies in the aggregate by 34.6 percent without reducing the number of children and families that may receive a subsidy; and

- “eliminate the administrative burden of family fee collection by state contractors [e.g. Alternative Payment (AP) Program agencies] by requiring families to pay their share of costs directly to the provider.”

CalWORKs Child Care

- Increases CalWORKs Child Care Stage 2 by \$241.5 million that reflects a \$4.2 million caseload increase and restoration of one-time funds used to support services in 2010-11. Total base workload cost for Stage 2 is \$435.2 million.
- Restores CalWORKs Stage 3 with a set-aside of \$52.6 million in 2010-11 from one-time Proposition 98 settle-up funding to continue services for Stage 3 families effective April 2011. Service levels are to be consistent with proposed policy solutions affecting age and income eligibility and reduced subsidy levels for 2011-12. In addition, the Governor would carry-over \$58 million in unanticipated prior year federal CCDF funds in 2010-11 in response to the court order extending the date for Stage 3 funding termination from November 1 to December 31, 2010.
- Increases CalWORKs Child Care Stage 3 by \$256.2 million that reflects a caseload reduction of \$42.4 million, restoration of one-time funds used in 2010-11 totaling \$42.6 million and restoring the \$256 million partial year veto. Total base cost for Stage 3 is \$342.4 million.

American Recovery and Reinvestment Act (ARRA) Funds

- Decreases child development funds by \$110.1 million in 2010-11 reflecting the one-time nature of the funding source used to augment child development services.

Proposition 10

- Diverts \$1 billion in Proposition 10 funds to fund Medi-Cal services to children through five years old. Would allow continued funding of core programs providing early childhood health services. Subject to voter approval.
- Continues \$50 million in reimbursement funding included in 2010-11 budget to provide services to consumers from birth to age five years old through 2011-12, resulting in General Funds savings of the same amount.

Early Learning Advisory Council

- Increases the budget by \$948,000 for state operations from federal funds for the second year of the three year federal grant; total proposed funding for 2011-12 is \$3,551,000.

Budget Act of 2010 Implications: When former Governor Schwarzenegger signed the 2010-11 State Budget, he made significant cuts to child care and development services, including the elimination of CalWORKs Stage 3 Child Care. Additionally, two state programs essential to supporting the infrastructure of the child care and development system had their budgets reduced significantly: Local Planning Councils (LPCs) and AB 212 Child Care Recruitment and Retention Program (AB 212 Program). The state budget for Local Planning Councils was slashed in half from \$6,637,000 to \$3,319,000 while the budget for the AB 212 Program was cut by nearly 22 percent from \$15 million to \$11.825 million. The Office of Child Care administers the programs locally and in prior years ending with 2009-10, Los Angeles County’s share of the budget for our local LPC and AB 212 Program have been \$377,000 and \$4,250,000 respectively.