



County of Los Angeles Policy Roundtable for Child Care



Policy Brief

Updated: November 17, 2010

STATUS OF CALWORKS STAGE 3 CHILD CARE

On October 8, 2010, Governor Schwarzenegger eliminated funding for CalWORKs Stage 3 Child Care by line item veto when he signed the 2010-11 State Budget. Immediately following passage of the budget, legislators and advocates across the State have engaged in actions intended to help families weather the immediate crisis of losing their child care and development services and ultimately restore funding to the CalWORKs Stage 3 Child Care Programs. This addendum provides a brief overview of the CalWORKs Stages of Child Care, the impact of the Governor's action, and the status of recent actions to ensure that families who have successfully transitioned to self-sufficiency are able to continue working with the security that their children are in safe and stimulating child care and development programs.

Overview of CalWORKs Child Care

CalWORKs recipients participating in welfare to work activities that lead to employment and self-sufficiency are eligible for child care for their children from birth up to 12 years old and for their children with special needs and severe disabilities up to 18 years old.

Until recently, there were three stages of child care:

Stage 1: Begins when a parent enters a County-approved welfare-to-work program or employment and continues serving them for up to six months or until their work and child care are stable. Families may continue to receive Stage 1 Child Care assistance if there are insufficient funds in Stage 2.

Stage 2: Available to families receiving welfare and with stable employment. Families are eligible for Stage 2 Child Care for up to 24 months after they stop receiving cash aid.

Stage 3: Until recently, supported families as they moved off welfare and into self-sufficiency and had exhausted their up to 24 months of eligibility for Stage 2. Families continued to receive Stage 3 Child Care until they no longer meet the income eligibility requirements or their children exceeded the age limit.

Governor's Veto of CalWORKs Stage 3

On October 8, 2010, Governor Schwarzenegger eliminated funding for the CalWORKs Stage 3 Child Care Program when he signed 2010-11 State Budget for a savings of \$256 million.¹ Approximately one week later, families began receiving Notices of Action that their child care services would be terminated effective November 1, 2010 and were encouraged to register on their County's Centralized Eligibility List (CEL). Almost simultaneously, Notices of Action were sent to families preparing to transition from CalWORKs Stage 2 to Stage 3 Child Care. State policy prohibits these families from receiving priority for continuity of care², which would otherwise allow a family to be picked up relatively quickly by another subsidized child care and development program. Rather, they would be listed based on income (lowest income first) with other families already registered on the CEL.

According to the Child Care Alliance of Los Angeles, 17,200 children ages birth through 12 years old of 11,700 families in Los Angeles county were due to lose their child care services as of November 1, 2010 due to the elimination of CalWORKs Stage 3 Child Care. The estimated

6,000 providers – largely licensed centers and family child care homes – serving these families were also at risk of reducing or closing their operations. The 13 organizations that administer the funds – the ten Child Care Resource and Referral Agencies and three additional organizations with Alternative Payment Programs – would also experience consequences resulting in an estimated 400 layoffs.³

Status of Recent Actions for Transitional Aid to Families and Restore CalWORKs Stage 3

Since the Governor signed the budget, the legislative leadership and community advocates have been working diligently to develop strategies to: 1) restore funding for CalWORKs Stage 3; 2) establish bridge funding to cover the child care costs of families eligible for CalWORKs Stage 3 Child Care until cuts are restored; and 3) delay implementation of the cuts.

1) Legislation to Restore Cuts

Legislative leaders President Pro Tempore of the Senate Darrell Steinberg and Speaker of the Assembly John Pérez have crafted a bill to be introduced as soon as the legislature reconvenes in early January 2011. The bill proposes a transfer of \$250 million in General funds to the Department of Education to fully fund CalWORKs Stage 3 for 2010-11, retroactive to November 1, 2010. The remaining \$6 million is an allocation of Assembly discretionary funds put forth by Speaker of the Assembly John Pérez.

2) Bridge Funding

In the meantime, the California and local First 5 Commission have been asked to cover the cost of CalWORKs Stage 3 Child Care during the transitional period beginning November 1, 2010 until the bill is signed.⁴ To date, 31 County First 5 Commissions have approved funding for CalWORKs Stage 3 eligible families for their children ages birth to five years old. First 5 LA approved \$15 million for services provided from November 1, 2010 through January 31, 2011. On November 3, 2010, the Board of Supervisors approved a mechanism for the funds to go to the 13 organizations that administer the Alternative Payment Programs, which also manage the CalWORKs Child Care funds.⁵ Unfortunately, no clear funding stream has been identified to date to bridge the funding gap for school age children up to 12 years old.

3) Delay of Implementation

On October 29, 2010, the Public Interest Law Office, the Child Care Law Center, Western Center on Law and Poverty and Public Counsel filed a motion on behalf Parent Voices Oakland and four Stage 3 parents to halt the termination of CalWORKs Stage 3 Child Care.⁶ Alameda Superior Court Judge Wynne Carvell issued a temporary restraining order and set a full hearing on the matter for November 4, 2010.⁷ On November 5, 2010, the Judge blocked the elimination of CalWORKs Stage 3 Child Care funding to allow for time to screen families' eligibility for other subsidized child development programs and ordered the CDE to rescind the notice stating that the child care support had ended due to lack of funding. A hearing date was set for November 23, 2010 to determine whether to prevent termination of Stage 3 Child Care funding beyond the immediate stay, however the court was scheduled to reconvene to discuss the merits of the case on November 17, 2010.⁸ Today, a settlement was reached. The CDE has agreed to continue providing the child care services through December 31, 2010.⁹ Simultaneously, parents will be notified of their right to be screened for eligibility for other subsidized child development programs.

The defendants on the case are the California Departments of Education and Social Services.

Endnotes:

¹ *California State Budget 2010-11 Summary*, October 8, 2010.

² California Department of Education. *CalWORKs Stage 3 Elimination of Funding*. Management Bulletin 10-10, October 2010.

³ Child Care Alliance of Los Angeles. *CalWORKs Stage 3 Elimination of Funding*. October 2010.

⁴ Letter to Local First Five Commissions from Speaker of the Assembly John A. Pérez and President Pro Tempore of the Senate Darrell Steinberg, October 25, 2010.

⁵ Los Angeles County Board of Supervisors. Supplemental Agenda for Wednesday, November 3, 2010. Retrieved on November 4, 2010 from <http://bos.co.la.ca.us/Categories/Agenda/AgendaHome.asp>.

⁶ Fitzharris, T. *Judge Orders Temporary Halt to Implementation of Stage 3 Funding Cut*. CDPI Information Bulletin. November 1, 2010.

⁷ Order Granting Interim Relief signed by Judge Wynne Carvill, October 29, 2010.

⁸ Fitzharris, T. *Judge Orders Temporary Reinstatement of Stage 3 Care Pending Revised Notice to Recipients*. CDPI Information Bulletin. November 5, 2010.

⁹ Goldmacher, S. *Lawsuit Settlement Keeps Day-care Program Alive through 2010*. Los Angeles Times, November 17, 2010.