



**Policy Roundtable for Child Care**  
**SPECIAL MEETING – STATE BUDGET 2011-12**  
 Thursday, February 24, 2011

Matrix of Governor's Proposals for State Budget 2011-12 and Responding Alternative Proposals and Roundtable's Recommended Positions on Items

Governor <sup>1</sup>	Budget Hearings Actions	Legislative Analyst's Office	Child Development Advocates	PRCC Recommended Positions
<p>Cuts child care &amp; development subsidies by 34.6% to CDE/CDD-contracted programs, except part-day State Preschool, while ~</p> <ul style="list-style-type: none"> <li>- requiring programs to continue serving the same number of children, and</li> <li>- families to make up the difference in co-payments in addition to parent fees</li> </ul> <p>➤ County Offices of Education (COEs) to work with local Alternative Payment Program (AP) agencies and direct service contractors to determine subsidy policies to reduce subsidies in aggregate by 34.6% ~</p> <p>COEs may consult with respective county welfare director and local planning council</p> <p>Each COE allowed to develop sliding scales of subsidies based on a number of family factors, yet in a way that retains the number of children and families programs currently serve</p> <p>Allows co-payments to exceed 10 percent of family income</p>	<p><b>Senate:</b></p> <ul style="list-style-type: none"> <li>- 13% across-the-board reduction, excluding part-day preschool, and CalWORKs Stages 1 and 2 Child Care</li> <li>- Reduces AP administrative and family support costs from 17.5 to 15%</li> <li>- Use one-time funds and other savings to backfill child care cuts (\$223 million)</li> </ul> <p><b>Assembly:</b></p> <ul style="list-style-type: none"> <li>- Reduce all contracts, including State Preschool (and except CalWORKs Stages 1 and 2), by 10%</li> <li>- Approves \$150 million in inter-year deferrals (unspent, prior year one-time funds)</li> </ul> <p><b>Assembly and Senate:</b></p> <ul style="list-style-type: none"> <li>- Reduce reimbursement rate for license-exempt providers from 80% to 60% of the market survey</li> </ul>	<p>Recommends adopting Guiding principles:</p> <ul style="list-style-type: none"> <li>- Strike balance between providing access to care and ensuring a reasonable level of quality</li> <li>- Prioritize services for neediest families</li> <li>- Prioritize direct services over administrative and support activities</li> </ul> <p>Reject deep across-the-board reduction to subsidies.</p> <p>Reduce income level at which parents must begin to pay fee and/or increase the amount of fee required for families at each existing income level.</p> <p><i>Additional options not addressed in Governor's proposal:</i></p> <ul style="list-style-type: none"> <li>- Reduce maximum reimbursement rate for licensed and/or license-exempt providers, basing rates on updated 2009 data</li> <li>- Reduce amount state provides to AP Program agencies for administration and support (i.e. 15% to 10%)</li> </ul>	<ul style="list-style-type: none"> <li>• Impose modest across-the-board cut to all major CDE/CDD-contracted programs – center-based, State Preschool (inclusive of Part-day), Migrant, AP Program, CalWORKs Child Care Stages 2 and 3, and Resource and Referral Program without reducing reimbursement rates. [Consortium of child development organizations, CAPPA, CCHRN]</li> <li>• Capture \$360 million in unspent job funding (set aside for \$3000 tax credits for hiring by micro-businesses).</li> <li>• Impose a modest increase in the sliding family fee scale while ensuring that parents are not paying more than 10% of their gross annual income.</li> <li>• Reduce reimbursement rate for license-exempt providers to 70 or 60% of licensed family child care rate. [Consortium of child development organizations]</li> <li>• Recapture \$83.1 million to spread across all CDE contract types. [CAPPA]</li> </ul>	<p><b>Motion:</b> Mr. Duane Dennis moved to support across-the-board cuts to all CDE/CDD-contracted child development programs, inclusive of State Preschool and CalWORKs Child Care; seconded by Ms. Esther Torrez. Motion passed unanimously.</p> <p><b>Motion:</b> Mr. Duane Dennis moved to accept the Assembly's proposal to reduce all CDE/CDD contracts, including State Preschool, by 10%; Mr. Adam Sorenshein seconded the motion. Motion passed unanimously.</p> <p><b>Motion:</b> Ms. Kathy Malaske-Samu moved to accept the Assembly and the Senate's proposal to reduce reimbursement rates for license-exempt providers from 80% to 60% of the market survey; Mr. Dennis seconded the motion. The motion passed unanimously.</p> <p><b>Motion:</b> Ms. Malaske-Samu moved to reject the Senate's proposal to reduce the AP administrative and family support costs from 17.5% to 15%; rather efforts should be made to maintain costs at 17.5%; seconded by Ms. Dora Jacildo. Passed unanimously.</p>

<sup>1</sup> As applicable, may include proposals as expressed in budget bills (i.e. AB 92 (Blumenfeld) and SB 68 (Leno)) and Education Trailer Bill Language as proposed by the Department of Finance.

Governor <sup>1</sup>	Budget Hearings Actions	Legislative Analyst's Office	Child Development Advocates	PRCC Recommended Positions <sup>2</sup>
<p>Reduces income eligibility limit for CDE/CDD-contracted subsidized child care and development services, except part-day State Preschool, from 75 to 60% of State Median Income (SMI).</p> <p>- Also, applies to CalWORKs Stage 1 Child Care.</p>	<p><b>Senate:</b> Also applies reduction to State Preschool</p> <p><b>Assembly:</b> Reduce income eligibility ceiling to 70% of SMI</p>	<p>Option: Further reduce maximum allowable income level for families eligible for subsidized child development services.</p> <p>- Conducted analysis that compares limiting income eligibility at 65%, 60% or 50% of SMI, resulting in losses of 9,500, 16,000, or 40,000 slots respectively.</p> <p>Additional option: Also apply lower income ceiling to preschool eligibility.</p>	<p>Reject this proposal that will result in disenrolling families earning between 60 and 75% of SMI. <i>[Consortium of child development organizations, CAPPA]</i></p>	<p><b>Motion:</b> Mr. Dennis moved to accept the Assembly's proposal to reduce the income eligibility ceiling to 70% of State Median Income (SMI); Ms. Torrez seconded the motion. The motion passed unanimously.</p>
<p>Exempts State Preschool Part-day from 34.6% cuts to contract amounts and reduction in income eligibility limit.</p> <p>- CalWORKs Stage 1 Child Care contractors also exempt from 34.6% cut</p>	<p><b>Senate:</b> Excludes part-day State Preschool and CalWORKs Stages 1 and 2 from proposed 13% across-the-board cuts<sup>2</sup></p> <p><b>Assembly:</b> Would only exempt CalWORKs Stages 1 and 2 from proposed 10% across-the-board cuts</p>	<p>Apply reductions more consistently across programs and regions.</p> <p>Prioritize services for neediest families.</p>	<p>Fully consolidate CDE Title 5 educational center programs in Education Code and Budget Act to allow for more effective delivery of services to meet needs of families and communities and better align funding with agency expenses and community needs. <i>[Consortium of child development organizations]</i></p>	<p>(See page 1)</p>
<p>Eliminates child development services for 11 and 12 year olds.</p>	<p><b>Senate:</b> Exempts children in non-traditional hours of care; would create priority wait list of after school programs for these low-income children</p> <p><b>Assembly:</b> Rejects proposal</p>	<p>Option: Further reduce maximum age at which child eligible for subsidized services.</p> <p>Alternative option: Provide subsidized care for school-age children ages 6-12 only during non-traditional hours, while prioritizing spots in school-based programs for displaced children.</p>	<p>Use Proposition 49 funds to meet the needs of working parents and their school age children enrolled in CDE/CDD-contracted programs and maintain eligibility for 11 and 12 year old children.</p> <p>Consolidate program management of different school age programs under one division. <i>[Consortium of child development organizations]</i></p>	<p><b>Motion:</b> Mr. Dennis moved to support the Assembly's proposal to reject eliminating CDE/CDD-contracted child development services for 11 and 12 year old children; Ms. Malaske-Samu seconded the motion. The motion passed unanimously.</p>

<sup>2</sup> Per Senator Liu's motion, during which she commented that State Preschool and CalWORKs Stages 1 and 2 were exempt due to being entitlements.  
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Governor <sup>1</sup>	Budget Hearings Actions	Legislative Analyst's Office	Child Development Advocates	PRCC Recommended Positions*
<p>Reduces federal funded quality improvement programs, potentially scaling back or eliminating 17 quality programs.</p>	<p><b>Assembly:</b> Approves \$16 million in federal funds (re. ARRA) reduction in manner consistent with legislative intent and prioritization of programs</p>	<p>Suggests legislature come up with list of quality projects to maintain, reduce or eliminate.</p>	<p>Transfer high priority Proposition 98 programs (Resource and Referral, Child Care Initiative, Local Planning Councils) into Federal Quality Set-aside. <i>[Consortium of child development organizations]</i></p> <p>Preserve funding for direct services and supports to families and child care providers and teachers, comply with federal mandates, and analyze programs to determine potential for delayed funding and impacts on foundation and ongoing support of child development system. <i>[CCCFRN]</i></p>	<p><b>Motion:</b> Ms. Malaske-Samu moved to advocate for using the existing CDE/CDD system which includes public input on CCDBG quality projects, to inform the legislature on how to prioritize the quality dollars; seconded by Mr. Dennis. The motion was amended to read "and include a policy hearing convened by the legislature to solicit input from stakeholders representing the child care and development field." The motion as amended passed unanimously.</p>

Governor <sup>1</sup>	Budget Hearings Actions	Legislative Analyst's Office	Child Development Advocates	PRCC Recommended Positions
<ul style="list-style-type: none"> <li>- Eliminates funding for centralized eligibility lists (CELS).</li> <li>&gt; Provides local flexibility in establishing and administering "centralized waiting lists".</li> <li>- County Offices of Education (COEs) to work with local Alternative Payment Program (AP) agencies and direct service contractors to determine priorities for enrolling children in subsidized programs as space becomes available</li> <li>- COEs may establish centralized waiting list in cooperation the CDE/CDD-contracted AP Program agencies. If established, all contractors must participate</li> <li>- Costs for establishing and maintaining allowable administrative expense and in addition to normal administrative allowance</li> <li>- Local planning councils may assist COEs in administration of waiting lists</li> </ul>	<p><b>Assembly:</b> Approves elimination of CEL and transfer funds to direct child care and development services</p>	<p>Concurs with elimination of CELs.</p>	<ul style="list-style-type: none"> <li>- Cut or eliminate low priority non-direct child development expenditures ~</li> <li>- In consultation with CDE/CDD</li> <li>- Acknowledges Governor's proposal to eliminate CELs, California Preschool Instructional Network (CPIN) and California Childhood Mentor Program</li> <li>- Consider, in addition, exempt provider training and funding to welfare recipients as child care teachers</li> </ul> <p style="text-align: center;"><i>[Consortium of child development organizations]</i></p>	<p>The Roundtable remained silent on this issue.</p>
<b>CalWORKS</b>				
<p>Eliminates eligibility for CalWORKS cash aid benefits beyond 48 months.</p>	<p><b>Senate:</b> Approved Gov's proposal, except to limit safety net and child-only cases</p> <p><b>Assembly:</b> Extends exemptions for parents of young children</p>		<p>Maintain CalWORKS exemption for an additional one to two years. <i>[Consortium of child development organizations]</i></p>	<p>At this time, the Roundtable defers to the Los Angeles County Department of Public Social Services (DPSS) to take the lead on CalWORKS related issues.</p>
<p>Allows sunset of exemption from participation in welfare-to-work activities for parents of young children as of June 30, 2011.</p>			<p>Extend exemption from CalWORKS welfare-to-work activities for families with young children. <i>[Consortium of child development organizations]</i></p>	
<p>Increases funding for CalWORKS Stage 1 Child Care due to sunset of exemption (see above).</p>				

Governor <sup>1</sup>	Budget Hearings Actions	Legislative Analyst's Office	Child Development Advocates	PRCC Recommended Positions
<p>Reduces funding for CalWORKS Stage 2 Child Care based on projected caseload due to eliminating monthly cash benefits after 48 months (see above).</p>				
<p>Restores CalWORKS Stage 3 Child Care for 2010-11 and 2011-12; service levels consistent with proposed policy solutions affecting age and income eligibility and reduced subsidy levels for 2011-12.</p>		<p>Weigh restoration of CalWORKS Stage 3 against other priorities</p> <p>- i.e. other CDD services</p>	<p>Review the proposed budget for CalWORKS Stage 3 for 2011-12.</p>	<p><b>Motion:</b> Mr. Dennis moved to support restoration of funding for CalWORKS Stage 3 Child Care; Mr. Sonenshein seconded the motion. The motion passed unanimously.</p>
<b>Other Proposals</b>				
<p>Subject to voter approval ~</p> <ul style="list-style-type: none"> <li>- Diverts \$1 billion in Proposition 10 reserves to Medi-Cal services to children from birth to five years old effective July 1, 2011</li> <li>- Continues \$50 million in reimbursement funding included in the 2010-11 budget to provide services to children from birth to five years old through 2011-12</li> <li>- Redirects on an ongoing basis 50 percent of the state and local commission revenues to fund various state children's programs.</li> </ul> <p>Funds Early Learning Advisory Council Activities using federal funds.</p>	<p><b>Senate:</b> Approved shift of \$1 billion in State and local reserves to Medi-Cal</p> <p><b>Assembly:</b></p> <ul style="list-style-type: none"> <li>- Denied proposal to shift 50% of local funding on an on-going basis</li> <li>- Recommends elimination of State Commission; shifts funds to cover Medi-Cal services for children</li> </ul>			<p><b>Motion:</b> Ms. Malaske-Sarnu moved to recommend that only those First 5 funds that are unencumbered (not allocated or dedicated to a specific project) should be "swept". Further, funds that are swept from each county commission should be used to provide services as determined by the Governor to the children and families of that county; Mr. Dennis seconded the motion. The motion passed unanimously.</p>
				<p>No action</p>

For questions or comments regarding this document, contact Michele Sartell, staff with the Office of Child Care, by e-mail at [msartell@ceo.lacounty.gov](mailto:msartell@ceo.lacounty.gov) or call (213) 974-5187.

*\*\* Please note:* The Roundtable's recommended positions must be submitted to the County's Intergovernmental Relations and External Affairs before presentation to the Board of Supervisors for their consideration. In effect, these recommended positions have not yet been approved by the Board.