Policy Roundtable for Child Care

Wednesday, February 22, 2012
10:00 a.m. – Noon
First 5 LA ▪ Board Room
750 N Alameda, Los Angeles

Meeting Agenda

Time	Item	Presenter
10:00	1. Welcome and Introductions	Jacquelyn McCroskey Chair
	▪ Review of Minutes – January 11, 2012 — ***Action Item***	
10:15	2. Purpose of the Meeting	Jacquelyn McCroskey
	a. Understanding and Responding to the Governor's Proposed Budget for 2012-13 – Child Care and Development Services	
	b. Setting the Process for Action	
	c. Summary of Key Issues for Child Care and Development • Reduction in Funds • Federal Work Requirements • Administrative Restructuring • Transitional Kindergarten Eliminated	
10:30	3. Setting Priorities and Process	
	a. County Perspective	CEO/IGEA
	b. View from Sacramento	CEO/IGEA
10:45	4. Overview of Key Issues	Adam Sonenshein
	• Cuts funding to child care and development programs by reducing reimbursement rates and the income eligibility ceiling	Members will weigh-in on the various proposals
	• Requires families to meet federal welfare-to-work requirements	
	• Effective 2013-14, shifts administration of Alternative Payment Programs and centers to county welfare departments and transitions fully to voucher-based system	
	• Eliminates the requirement that schools provide transitional kindergarten instruction beginning in the 2012-13 academic year	
11:30	5. The Roundtable's Response	Jacquelyn McCroskey
11:50	6. Announcements and Public Comment	Members & Guests
12:00	7. Call to Adjourn	Jacquelyn McCroskey

Mission Statement

The Los Angeles County Policy Roundtable for Child Care builds and strengthens early care and education by providing recommendations to the Board of Supervisors on policy, systems, and infrastructure improvement.

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Policy Roundtable for Child Care

222 South Hill Street, Fifth Floor, Los Angeles, CA 90012
Phone: (213) 974-4103 • Fax: (213) 217-5106 • www.childcare.lacounty.gov

MEETING MINUTES

January 11, 2012
10:00 a.m. – 12:00 p.m.
Conference Room 743
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California

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1. WELCOME AND INTRODUCTIONS

a. Comments from the Chair

Dr. Jacquelyn McCroskey, Chair of the Policy Roundtable for Child Care (Roundtable), opened the meeting at 10:06 a.m. Members and guests introduced themselves.

Dr. McCroskey made the following comments:

- Ms. Karla Pleitez Howell's nomination to the Roundtable was approved by the Board of Supervisors on December 20, 2011. Ms. Howell succeeds Ms. Bobbie Edwards as Chair of the Child Care Planning Committee. Ms. Howell is an attorney with Public Counsel and has a depth of experience on zoning and municipal general plans related to child care and development services.

- Referred to the meeting materials for a copy of the memo to the Board of Supervisors in response to their motion on the independent audit of the First 5 LA Commission.

- Recommended reading the article on the implications of toxic stress on children from the New York Times (January 7, 2012) included in the meeting packets.

- A survey of members was conducted to determine an optimum monthly meeting date given that the current day poses a conflict for the Department of Children and Family Services (DCFS) representative. DCFS is also considering moving their meeting date. No decision will be made until DCFS resolves their meeting date and time.

b. Review of Meeting Minutes – December 14, 2011

Ms. Michele Sartell noted that corrections to pages four and five the minutes were received and are reflected in the copy distributed at the meeting. Corrections are contained under Dr. Sam Chan's update on Goal V of the Policy Framework and under Item 4, the Katie A. Lawsuit specific to Dr. Gregory Lecklitner's comments.

Mr. Duane Dennis moved to accept the minutes as corrected; Ms. Terri Chew Nishimura seconded the motion. The motion passed with one abstention.

2. LEGISLATIVE REPORT

Dr. McCroskey noted that the Governor released his proposed 2012-13 State Budget on January 5, 2012. She reported that the news is grim both in terms of immediate cuts and the proposed dismantling of California's subsidized child care and development centers, which have a history dating back to World War II. She asked Mr. Adam Sonenshein to provide the full report.

- **Update on January 1 – Application of Trigger Cuts to Child Care and Development Services**

Mr. Sonenshein mentioned briefly that the trigger cuts contained in the State Budget package for 2011-12 became effective as of January 1, 2012. The trigger includes a four percent ($23 million) reduction to child care and development services. It is known at this time that the California Department of Education/Child Development Division (CDE/CDD) plans to achieve most of the reductions through voluntary contract reductions in order to avoid terminating more children and families from services. Contractors have been asked to agree to a one-time reduction in their contract MRA (maximum reimbursable amount) in the amount of estimated under-earnings While it is not clear how they will make up the gap, the hope is that the CDE/CDD will not need to impose the full cut.

a. Governor's Proposed State Budget for 2012-13

Speaking to the Governor's proposed budget for 2012-13, Mr. Sonenshein reminded members and guests that the proposed budget is now up for debate and likely to undergo some changes. The Governor projects a $9 billion deficit, reduced from $26 billion gap between revenues and expenses. The Governor reports progress, yet still needing to fill a hole. Mr. Sonenshein referred members and guests to their meeting packets for the summary of the Governor's proposals specific to child care and development services. Cuts are proposed to both non-Proposition 98 and Proposition 98 programs for a total 69,000 less spaces available for children of low-income families.

The bulk of the change is the Governor's proposal for "administrative restructuring" of child care and development services to occur beginning in 2013-14. Essentially, the system (except part-day State Preschool) will be redesigned to support families who meet the stricter federal work requirements and will be administered through a voucher-based program. Administration of the non-Proposition 98 programs would be shifted to the county welfare departments. On a related note, Mr. Sonenshein mentioned changes to the CalWORKs program inclusive of families' eligibility for child care, which would be more closely linked overall to the non-Proposition 98 child care and development programs.

Members and guests reacted with the following comments:
- The proposed reduction in the Standard Reimbursement Rate (SRR) would put a number of centers out of business.
- The Governor's bigger vision for administrative restructuring will initiate the biggest battle as it attacks the value of child care and development services by bifurcating education and work supports. The other pieces – the cuts – are a subsidiary to the value of child development services for working families.
- Dr. McCroskey recommended focusing the February meeting examining more deeply the Governor's budget proposals for child care and development to plan for a response and recommendations to the Board of Services. County department representatives, members

and guests were encouraged to invite their legislative person to the meeting. She mentioned work is underway to develop maps on cuts to child care and development services that have occurred thus far.

- There is a history of child care and development that dates back to World War II that has served children and families well. Not to honor the evolution is a loss. Counties do not have the structure to administer child care and development in its complexities and therefore would need to consider a structure.
- In some states, child care and development is administered under their Department of Education, while in others it falls to their Department of social Services. The CDE/CDD also considers quality supports. Locally, neither the Department of Public Social Services (DPSS) nor DCFS have a comprehensive approach to child care and development. Who subsidizes child care makes a difference.

b. Proposed Ballot Measures

Dr. McCroskey noted the number of ballot measures proposed for the November 2012 ballot, including the measure sponsored by the Advancement Project. She introduced Ms. Kim Pattillo Brownson who was on hand to walk members and guests through the "Our Children Our Future: Local Schools and Early Education Investment Act".

- Our Children Our Future Act

Advancement Project filed the ballot initiative with the Attorney General in November of 2011 in order to qualify for the November 2012 election. The initiative is based on the idea that during the last budget cycles K-12 and child development have suffered significant cuts, impacting both the quality of education and, for child care and development, eligibility for low-income families. The idea of the initiative also was intended to start conversations in terms of raising revenue. Through polling closer to the filing date, the Advancement Project learned that there is a public appetite and willingness to vote for higher taxes to address the revenue problem.

The initiative, if passed, would raise $10 billion annually through a sliding scale income tax increase calculated on taxpayers' ability to pay with highest income earners contributing the most. The revenues raised would be fully dedicated for spending by local schools and on child care and development programs. Eighty five percent of the funding would be allocated on a per pupil basis to all local public schools; 15 percent would be allocated to raise standards and expand access to early child care and development programs. The initiative would sunset in 12 years unless approved to continue by voters. The purpose is to show voters the funds have been well spent and worthy of the public's ongoing support.

Funding for local schools would be available for:
- Per-pupil educational program grants
- Textbooks, technology and training grants
- TK-12 struggling student grants

Funding for child care and development would be available for:
- Restoring funding cuts since 2008
- Strengthening licensing
- Funding the Early Learning Advisory Committee and the quality rating and improvement system
- Including early childhood education in CalPADS
- Preschool (access expansion for children going up the income level; higher reimbursement)

- Infants and toddlers (raising reimbursement rates; money for building capacity of providers; establishing a California Early Head Start system based on the federal model; strengthening programs for families, parents and caregivers including additional home visitation supplemented with community-based providers

Ms. Pattillo Brownson stated that the initiative would raise revenues by imposing an additional tax on earnings based on a sliding scale built on the notion that everyone pays and education is good for everyone. The lowest income earners will pay very little to nothing ($11 at most for annual incomes after all deductions up to $17,500, while a family of three earning $45,000 after all deductions would experience a $146 increase).

The political landscape has led the Advancement Project to develop “version 2”, which is largely the same except that in light of the $9 billion budget gap, $3 billion would go towards general fund relief for four of the 12 years. After the first four years, the full $10 billion would returns to serve children birth to 18 years old. Ms. Patillo Brownson referred briefly to the ballot measures proposed by the Governor, the California Federation of Teachers, and others. Advancement Project will file version 2 if the polling tells them to go there. She added that Our Children, Our Future is the only initiative that addresses young children.

Member and Guests questions and comments:

- How will the funds be allocated – through a state agency? The funding for K-12 would go directly to the local school districts, while funding for child care and development services would go through the CDE. There have been numerous discussions around getting the money out quickly, but to quality services and supporting implementation of the quality rating and improvement system. A provisional solution is authorizing the Superintendent of Instruction to promulgate regulations for the temporary authorization of providers while establishing a deadline for implementing the quality metrics based on emerging models such as the Steps to Excellence Program (STEP), National Association for the Education of Young Children (NAEYC)-accreditation, transitional kindergarten standards, and more.
- Mr. Sonenshein referred members and guests to their meeting materials for the matrix listing the ballot initiatives. He reiterated that the one presented is alone in focusing on early childhood.
- Is the ballot initiative in competition with the Governor’s proposal? There is a bit of time for negotiations to occur between now and mid-February. From filing, the Attorney General has 45 days to prepare a summary. Ms. Patillo Brownson relayed anticipation for reading the analyses of the ballot initiatives. The Governor describes his initiative as an education proposal while the Legislative Analyst’s Office considers it a general fund proposal. The polls rate high for education and low for safety and prisons. The analyses will set the stage for a series of negotiations among the three organizations in hopes to have one initiative on the ballot. Signatures to put the measure(s) on the ballot are needed by April. Media reports, based on conventional wisdom, say voters select no when there are competing initiatives.
- If there is one proposal, will it adopt aspects of the other proposal? Negotiations will not necessarily result in a hybrid. The issue is which one will be picked. There is a provision in the ballot measures stating that if there are multiple measures that pass, the one receiving the most votes will pass and therefore nullify others. The SPI has stated that he would not shrink from endorsing both the Governor’s and the Advancement Project’s proposals. If both receive above the 50 percent threshold of voters, everyone wins.

3. UPDATE ON FIRST 5 CALIFORNIA

Dr. McCroskey introduced Ms. Kathy Icenhower, Executive Director of Shields for Families, a family service agency based in South Los Angeles and a new member of the First 5 California Commission. Ms. Icenhower was appointed to the Commission by Assembly Speaker John Pérez.

Ms. Icenhower began by framing her perspective and why she was appointed to the Commission. She was the previous Speaker's (Assembly Member Karen Bass) appointee to the California Child Welfare Council where she served as Chair of Child Prevention. The workgroup focused on families at risk of entering the child welfare system and strategies to provide services that would keep them out of it. The First 5 Commission has been glaringly absent from these discussions, a concern of the former and current Speakers. She was appointed to the Commission to make sure that attention is paid to families at risk.

To date, Ms. Icenhower has attended one Commission meeting since her appointment. She distributed a handout – *Power of Preschool Program Requirements Compared to Educare Core Requirements.* Power of Preschool (PoP) is a signature program of the Commission, which was originally funded in eight counties, including Los Angeles County. PoP was expanded from $5 million to $18 million to assist licensed child care and development programs to improve their level quality. The handout compares PoP requirements with Educare best practices. Ms. Icenhower has been appointed to the program committee, which will allow her to provide direct input into the initiative as it moves forward, bringing her expertise and focus relating to families at risk of child abuse and neglect.

Other areas of focus for the Commission are continuation of parent outreach and the development of a statewide data collection system. As the Commission moves forward, Ms. Icenhower will seek opportunities for crossover between the Commission and the Child Welfare Council.

Questions and comments:

- How will Educare fair in relationship to PoP? The goal is to move to Euducare. Given that the system is not in place, the Commission is starting with PoP. Ms. Patillo Brownson commented that on the state front there have been conversations on Educare, however the cost is high. Part of the design is to enable people to begin adding on features of the Educare model and identifying which items move the needle the most on child outcomes. Certain elements are absolutely critical while others are less effective or have no effect.
- With respect to a statewide data system, what information would be collected? Ms. Icenhower responded by saying she has little knowledge in this area. She believes that the state Commission is interested in capturing case level data on individual families and is expecting each local commission to collect the data. Dr. McCroskey noted the issue of scale for Los Angeles County compared to smaller counties with fewer organizations.
- A broad definition of high risk families should include helping families who have been engaged with child protective services not re-enter the system. Ms. Icenhower is committed to ensuring a broad definition of high risk families that represents the full continuum.
- What is the state Commission's relationship with the local Commissions? The majority of funds go to the local Commissions with a small percentage to state initiatives. The state Commission has oversight responsibility to ensure consistency with the Proposition 10 regulations, however does not have oversight over the local Commissions other than approving their strategic plans and receiving the annual reports for the required data.

4. CHILD CARE POLICY FRAMEWORK IMPLEMENTATION

a. Goal I – Expansion of Steps to Excellence Program (STEP)

- California's Successful Application to Race to the Top – Early Learning Challenge Fund

Ms. Malaske-Samu reported on the first meeting that she attended in Sacramento with Ms. Helen Chavez, Program Coordinator of STEP since the awards were announced. California is one of nine states awarded an Early Learning Challenge Fund (ELCF). California will receive $52 million over four years. One of the purposes of the ELCF is to create a quality rating and improvement system. California is different in that it did not propose to create a statewide system; rather it proposed to support 16 regional efforts already underway. The meeting opened with a brief presentation on the Governor's budget proposal by the Department of Finance.

Ms. Malaske-Samu relayed that Orange County, San Diego, Ventura and Santa Barbara have projects underway. Orange County will need to re-invigorate its system, perhaps by shifting its work around transitional kindergarten, since the United Way stopped its support of the effort. A number of the northern counties have PoPs. Los Angeles Universal Preschool (LAUP) and STEP represent Los Angeles. Conversations regarding allocations to the regions were left until late in the afternoon. CDE admitted that it is not yet sure how it will make the allocations, however is seeking input. They may begin by ensuring that every county has a base before making proportional decisions. Ms. Chavez shared copies of the STEP Rating Guides with the CDE staff.

The representatives did reach consensus on two of the tiers: the first tier would require a compliance history with an overview of foundations; and the fourth would be a stretch tier, requiring higher level of quality that demonstrates desired child outcomes.

The CDE will re-convene regional representatives in February via conference call. On the agenda will be a discussion of the funding allocations to each of the regions. In the meantime, meetings among the local regions will occur. Among other items to discuss is a conversation regarding the research component required of grantees. Is it possible to measure child outcomes? At the least, the goal is to establish a local system that will achieve child outcomes and keeping an eye to sustainability once the funding ends.

Ms. Sandy Hong of UCLA's Center for Improving Child Care Quality asked what is meant by child outcomes? The starting point for quality is licensing as the floor, so more discussion is needed. Much of the CDE proposal was framed around kindergarten readiness. The next question asked is whether the hope and desire is to have one rating system rather than two distinct systems. It was suggested that steps need to be developed as well as methods for administering the program. Both programs have something unique to bring to the table; the initiative should help work towards one system. It was noted that the Child Care Planning Committee in its strategic planning process is recommending one quality rating system as opposed to multiple systems.

b. Goal V – CEO to Convene a Strengthening Families Learning Community

- Update on the Learning Community

The launch of the Learning Community is scheduled for January 26, 2012 at The California Endowment. With the support of Casey Family Programs, a dynamic morning has been planned with Mr. William T Fujioka, Chief Executive Officer, as the convener and speaking early in the agenda. In addition to County department heads and/or their representatives (six of eight have RSVP'd to date), Ms. Judy Langford and Mr. Frank Farrow with the Center for the Study of Social Policy, Mr. Erwin McEwen, former director of the Illinois Department of Children and Family Services, Ms. Gwen Walden with the LA Partnership for Early Childhood Investment, and Ms. Dorothy Fleisher w/ the W.M. Keck Foundation are participating.

Ms. Mika Yamamoto relayed that the Director of Parks and Recreation is terribly interested. He has reviewed the Protective Factors with an eye towards how they are integrated into their program services. Unfortunately, he is triply booked, yet committed to having his department represented. Mr. Sam Chan raised looking at how the Strengthening Families framework and Protective Factors fit with the County's strategic plan. He sees the meeting as an opportunity to say this is the "department's official stance". Mr. Michael Gray commented that the meeting is a springboard for Strengthening Families and how it relates to his office's early care and education work. He contrasted the momentum with working in an environment in which child care and development slots are decreasing in number.

A guest wondered how in end departments will think about how to use the Strengthening Families framework and Protective Factors in their own work. While it sounds good, in truth there is no real thought in how to use the principles in one's day to day work. Dr. Chan replied that similar conversations are occurring around how Strengthening Families begins with one's own family (e.g. the county family and how it plays out in our own culture). "What we are trying to promote for children from a developmental level is a philosophical change. What are we willing to do to create internal systems change? How does a cultural and philosophical change happen?" This is the purpose of the learning community – a place to ask questions and discuss with peers, beginning with department heads to get their support, and then bringing in other community partners. Ms. Sylvia Drew Ivie urged the Roundtable to make a presentation to the Board who needs to learn right along with everyone else.

5. ANNOUNCEMENTS AND PUBLIC COMMENT

- Los Angeles Unified School District (LAUSD) is facing draconian cuts. The Board is making decisions regarding early childhood programs, including the consideration of eliminating the School Readiness Language Development Program (SRLDP). Cuts to the state contract have resulted in a reduction of services and employees. If the proposed budget passes as is, LAUSD will not have early childhood programs for families.

- Dr. Robert Gilchick mentioned that the Department of Public Health is working on a limited pilot project that would earmark $6.1 million for health prevention initiatives in early childhood development. The project would impact centers, family child care homes and license-exempt providers. The timeline and scope of work will be presented to the First 5 LA Commission at their March meeting. If approved, the next step is obtaining the approval to accept the funds from the Board of Supervisors, hopefully in June or July of this year.

- Members and guests were referred to their meeting packets for flyers on the following upcoming meetings:

- ICARE Network Session scheduled for January 23, 2012

- First 5 California and Water Cooler Joint Conference scheduled for February 8-9, 2012.

- Vivian Weinstein Leadership Day sponsored by the Infant Development Association of California is scheduled for February 27, 2012.

6. CALL TO ADJOURN

The meeting was adjourned at 12:07 p.m.

Commissioners Present:
Ms. Jeannette Aguirre
Dr. Nora Armenta
Dr. Sam Chan
Ms. Leticia Colchado for Ms. Charlotte Lee
Mr. Duane Dennis
Ms. Ann Franzen
Dr. Robert Gilchick
Mr. Michael Gray
Ms. Carol Hiestand for Ms. Fran Chasen
Ms. Karla Howell
Ms. Dora Jacildo
Ms. Kathy Malaske-Samu
Dr. Jacquelyn McCroskey
Ms. Terri Nishimura
Ms. Connie Russell
Mr. Adam Sonenshein
Ms. Mika Yamamoto
Ms. Ruth Yoon
78 percent of members were in attendance.

Guests:
Mr. John Berndt, Los Angeles County Office of Education (LACOE) Head Start
Ms. Kim Pattillo Brownson, Advancement Project
Ms. Jennifer Cowan, First 5 LA
Ms. Sylvia Drew Ivie, Second Supervisorial District
Ms. Mary Hammer, South Bay Center for Community Development
Ms. Sandra Hong, Center for Improving Child Care Quality/UCLA
Ms. Jennifer Hottenroth, Department of Children and Family Services
Ms. Kathy Icenhower, SHIELDS/First 5 California Commission
Ms. Elesha Kingshott, ZERO TO THREE
Ms. Helen Kleinberg, Los Angeles County Commission on Children and Families
Ms. Terry Ogawa
Ms. Kate Sachnoff, First 5 LA
Ms. Jennifer Webb, First 5 LA

Staff:
Ms. Laura Escobedo
Ms. Michele Sartell

DEPARTMENT OF FINANCE

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Revenue Update

Following is a point-in-time snapshot of where General Fund revenues stand during the current fiscal year. While long-term projections cannot be based on one or two months of data, this update provides some context for cash receipts in December and January. Once all General Fund revenue data for January are received, Finance will issue its monthly revenue bulletin in the coming days.

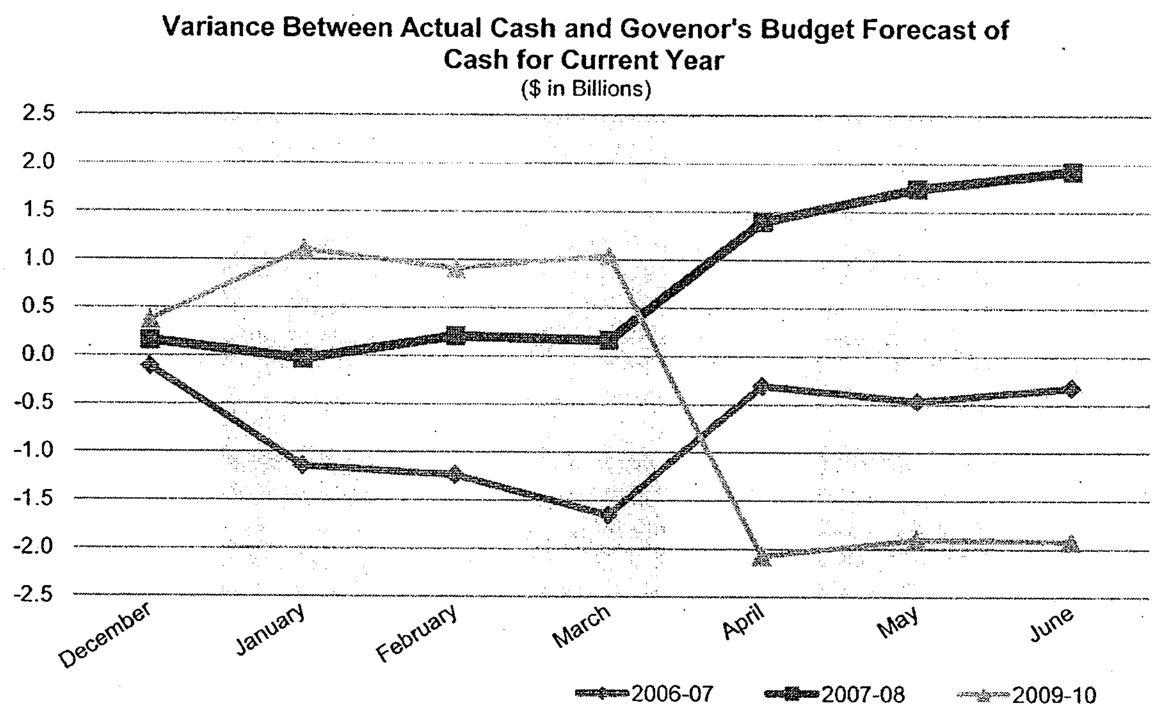
Based on cash reporting by the Controller, tax receipts for the largest three revenue sources for the state — personal income tax, sales tax and corporation tax — are expected to come in more than $700 million below projections in December and January combined. Personal Income Tax (PIT) and Corporation Tax receipts are approximately $600 million and $150 million below projections, respectively. Sales and Use Tax receipts came in approximately $50 million above forecast.

Taxpayers' fourth estimated payments for 2011 account for almost the entire shortfall in personal income tax receipts. Estimated payments for the first three quarters of the year reflected substantial year-over-year growth — 23.6 percent, 20.4 percent, and 6.7 percent, respectively. However, estimated payments in December and January were down over 13 percent. This pattern is very atypical. In fact, a similar pattern has only occurred once in the last twenty years.

While concerning, it is not clear what the lower December and January receipts or the atypical pattern of personal income tax receipts in 2011 means for final payments in April, or for the revenue that the state should expect for the 2012 tax year. It is possible that taxpayers did not pay sufficient cash through their estimated payments – as was the case in 2007 — and will make it up with strong final payments in April. Alternatively, it could be that capital gains were lower in 2011 than was forecast. Such a reduction could be the result of taxpayers, because of market conditions in late 2011, delaying their sales of stock from late 2011 into early 2012. If that is the case, the current revenue shortfall could be largely eliminated through strong estimated payments in April and June. However, it is also possible that the capital gains forecast was too high and that the dropoff will not be offset by additional gains in 2012. If this is the case, the capital gains forecast will likely be reduced for 2012 and subsequent years as well. The bottom line is that possible explanations for the lower receipts are numerous, but the actual cause is very uncertain.

One quarterly payment – even when there is a significant variance between actual and forecast revenue – is just one data point, insufficient information to draw conclusions or arrive at informed judgments of what is to come. Given the history of tax receipts over the last five years, it is clear that the variance of actual revenue relative to forecast revenue for January personal income taxes is frequently not a good predictor of the end-of-the-year revenues. The chart below tracks the cumulative variance in personal income tax receipts by month from December through June for three of the past five years. In each of these years, the early months were not good predictors for actual revenues. 2007 started with a very large negative variance in January. This negative variance grew through March. Strong April receipts erased almost all of the negative variance. Just the opposite happened in 2010. PIT revenue started the year with a very strong positive variance, over $1 billion. But a weak April more than erased the positive variance by the end of the year. Finally, in 2008, revenue for the first three months of the year were very close to forecast. But strong revenues in April, as well as in May and June, left revenue almost $2 billion over the original forecast.

As previously noted, it is too early to tell what revenues will be for the 2011 tax year and how they will affect the revenue forecast for 2012 and future years. The recent receipts are concerning and underscore the need for a responsible and balanced budget that includes a prudent reserve. The Department of Finance will continue to monitor tax revenues and economic data. Based on cash receipts, an updated economic forecast and other data, the department will prepare an updated revenue forecast for the May Revision.



SENATE FULL BUDGET COMMITTEE MEMBERS

Senator Mark Leno (Chair),
Senator Bill Emmerson (Vice-Chair),
Senator Elaine Alquist,
Senator Joel Anderson,
Senator Mark DeSaulnier,
Senator Noreen Evans,
Senator Jean Fuller,
Senator Ted Gaines,
Senator Loni Hancock,
Senator Doug La Malfa,
Senator Carol Liu,
Senator Alan Lowenthal,
Senator Gloria Negrete McLeod,
Senator Joe Simitian,
Senator Lois Wolk,
Senator Roderick Wright

Subcommittee No. 1 on Education Members: Senator Carol Liu (Chair), Senator Gaines and Senator Rod Wright

Subcommittee No. 3 on Health and Human Services Members: Senator DeSaulnier (Chair), Senator Alquist and Senator Emmerson

Sub 1 Health and Human Services

Committee Members

Committee Members	District	Office & Contact Information
Holly J. Mitchell - Chair	Dem-47	Contact Assembly Member Holly J. Mitchell **Capitol Office** State Capitol, P.O. Box 942849, Sacramento, CA 94249-0047; (916) 319-2047
Wesley Chesbro	Dem-1	Contact Assembly Member Wesley Chesbro **Capitol Office** State Capitol, P.O. Box 942849, Sacramento, CA 94249-0001; (916) 319-2001
Kevin Jeffries	Rep-66	Contact Assembly Member Kevin Jeffries **Capitol Office** State Capitol, Room 3149, Sacramento, CA 95814; (916) 319-2066
Allan R. Mansoor	Rep-68	Contact Assembly Member Allan R. Mansoor **Capitol Office** State Capitol, Room 4177, Sacramento, CA 94249-0068; (916) 319-2068
William W. Monning	Dem-27	Contact Assembly Member William W. Monning **Capitol Office** State Capitol, P.O. Box 942849, Sacramento, CA 94249-002; (916) 319-2027
Bob Blumenfield - Dem. Alternate	Dem-40	Contact Assembly Member Bob Blumenfield **Capitol Office** State Capitol, P.O. Box 942849, Sacramento, CA 94249-0040; (916) 319-2040
Jim Nielsen - Rep. Alternate	Rep-2	Contact Assembly Member Jim Nielson **Capitol Office** State Capitol Room #6031, Sacramento, CA 95814; (916) 319-2002

Sub 2 Education Finance

Committee Members

Committee Members	District	Office & Contact Information
Susan Bonilla - Chair	Dem-11	Contact Assembly Member Susan Bonilla **Capitol Office** State Capitol P.O. Box 942849, Sacramento, CA 94249-0011; (916) 319-2011
Bill Berryhill	Rep-26	Contact Assembly Member Bill Berryhill **Capitol Office** State Capitol, Room 3141, Sacramento, CA 94248-0001; (916) 319-2026
Julia Brownley	Dem-41	Contact Assembly Member Julia Brownley **Capitol Office** State Capitol, P.O. Box 942849, Sacramento, CA 94249-0041; (916) 319-2041
Brian Nestande	Rep-64	Contact Assembly Member Brian Nestande **Capitol Office** State Capitol, Room 4139, Sacramento, CA 95814; (916) 319-2064
Sandré R. Swanson	Dem-16	Contact Assembly Member Sandré **Capitol Office** State Capitol, P.O. Box 942849, Sacramento, CA 94249-001; (916) 319-2016
Bob Blumenfield - Dem. Alternate	Dem-40	Contact Assembly Member Bob Blumenfield **Capitol Office** State Capitol, P.O. Box 942849, Sacramento, CA 94249-0040; (916) 319-2040
Jim Nielsen - Rep. Alternate	Rep-2	Contact Assembly Member Jim Nielson **Capitol Office** State Capitol Room #6031, Sacramento, CA 95814; (916) 319-2002

Upcoming Budget Hearings- 2012 (as of 2/10/12)

(Subject to Change)

Public Comment Accepted at all hearings

Hearing Date, Time/Room	**Department/Issue**	**Committee**
Wednesday, Feb 29 1:30 pm, Room 444	Department of Social Services – CalWORKs (& Stage 1 Child Care)	Assembly Budget Sub #1 HHS Chair: Holly Mitchell Consultant: Nicole Vasquez
Wednesday, March 1 9:30 am or upon adjournment of floor session (whichever is later), Room 4203	Department of Social Services and Department of Education-CDD CalWORKs & Child Care Programs and Program Redesign	Senate Full Budget Committee Chair: Mark Leno Consultant: Keely Bosler
Tuesday, March 13 1:30pm, Room 444	Department of Education Preschool, Transitional Kindergarten, and Other Issues	Assembly Budget #2 Education Chair: Susan Bonilla Consultant: Sara Bachez
Wednesday, March 14 1:30 pm, Room 444	Department of Social Services Department of Education Overview of the Governor's 2012-13 CalWORKs & Child Care Proposals	Joint Assembly Sub #1 HHS & Sub #2 Education Chair: Holly Mitchell & Susan Bonilla Consultants: Nicole Vasquez & Sara Bachez
Tuesday, April 10 9:00am, Room 444	Department of Education Governor's 2012-13 Child Care Proposals	Assembly Budget Sub #2 Education Chair: Susan Bonilla Consultant: Sara Bachez
Wednesday, May 9 1:30 pm, Room 126	All Departments – Open Issues	Assembly Budget Sub #1 HHS Chair: Holly Mitchell Consultant: Nicole Vasquez
Wednesday, May 9 4:00 pm, Room 126	All Departments – Open Issues	Assembly Budget Sub #2 Chair: Susan Bonilla Consultant: Sara Bachez

Thursday, April 12 SBFR #1 - Gov's K-12 Proposal
includes childcare, Pre-scho

Matrix of Governor's Proposals for the State Budget 2012-13 for Child Care and Development Services and Responding Alternative Proposals

Prepared for the Policy Roundtable for Child Care
Revised: February 23, 2012

Governor's Proposal[1]	Legislative Analyst's Office[2,3]	Child Development Advocates	Hearing Outcomes
Federal Work Requirements - Align all state subsidized child care and development services, except part-day State Preschool, with CalWORKs by requiring families to meet federal welfare-to-work requirements - generally 30 hours per week (20 hours per week for families with children under six years old). *Education/Child Care Restructuring Trailer Bill Language* – Priority for state and federally subsidized child development services:[4] 1st priority: neglected or abused children under child protective services supervision or children at risk for abuse or neglect upon written referral of legal, medical or social service agency 2nd priority: families receiving cash aid 3rd priority: income eligible families, with lowest income admitted first	Consider modifying Governor's proposal by continuing support to low-income families (non-CalWORKs) furthering their training or education, but for a more limited time period (reduced from six to two years).		
Income eligibility ceiling - Reduce income eligibility ceiling from 70 percent of State Median Income (SMI) to 200 percent of the federal poverty level (FPL).[5,6]	Consider support as while it reduces the number of eligible families, it prioritizes services for lowest income families. To achieve greater savings, Legislature could consider reducing income ceilings to 50 percent of SMI (an estimated 15 states set eligibility at or below that threshold).		
Standard Reimbursement Rate (SRR) - Reduce the SRR for California Department of Education/Child Development Division (CDE/CDD)-contracted centers by 10 percent.	Reject Governor's budget proposal to reduce the SRR.	Reject the proposed reduction to the SRR to preserve quality services available for low-income families and children at risk of abuse, neglect and exploitation. Work towards streamlining reimbursement rate systems to align income eligibility to Area Median Income (AMI) that better reflects county and regional differences.[7]	
Regional Market Rate (RMR) - Reduce reimbursement ceiling for voucher-based programs from 85th percentile of the private pay market based on 2005 RMR survey data to the 50th percentile based on the 2009 survey. *Education/Child Care Restructuring Trailer Bill Language* – Reimbursement rates to license-exempt providers not to exceed 73 percent of family child care rate.	Consider Governor's proposal knowing that child care providers accepting vouchers for services could 1) reduce their operating budgets to accommodate the voucher reduction; or 2) continue to charge the same amount and require subsidized families to pay the difference. Regardless of Legislatures actions, realign existing rates to the 2009 RMR survey data.		

Governor's Proposal[1]	Legislative Analyst's Office[2,3]	Child Development Advocates	Hearing Outcomes
The Legislative Analyst's Office offers additional options for making reductions that were ***not*** *among the Governor's budget proposals.*	Other options: • Eliminate care for older school age children during traditional hours and prioritize services for infants and toddlers; prioritize enrollment of ASES and 21st Century to low-income children and extend days of operation to cover summer vacation and school breaks; continue providing child care funding for school age children during non-traditional hours. • Increase parent fees by 1) lowering income threshold at which families begin paying fees; 2) increasing fee amounts; and/or 3) charging fees on per child basis rather than flat fee per family. • Impose time limits, although challenges exist given availability of data on length of time families have already received services. • Take into account interaction of different proposals, i.e. eliminating eligibility for most families that currently pay fees.		
Cost of Living Adjustment (COLA) - Eliminate COLA.			

Governor's Proposal[1]	Legislative Analyst's Office[2,3]	Child Development Advocates	Hearing Outcomes
Administrative Restructuring (effective 2013-14) - Shift eligibility and payment functions from Alternative Payment (AP) Programs and CDE/CDD-contracted centers to county welfare departments, though counties may contract with these agencies to perform the payment function. All eligible families, including families currently enrolled in CDE/CDD-contracted centers, would receive a voucher for payment to a provider of their choosing. Recipients of child protective services or at risk of abuse, neglect or exploitation and cash-aided families would receive priority for the voucher-based program. CDE/CDD would continue to administer the part-day State Preschool program.	Consider advantages of creating one unified child care system. Furthermore, offers opportunities to become part of coordinated and integrated system of local services. Adopt modified version of Governor's proposal – recommend funds shifted to county welfare departments be maintained as separate county-administered block grant dedicated for child care services rather than included as part of single allocation. Recommend restricting amount of block grant that counties can dedicate to administrative costs. California State Preschool Program (CSPP): Dismantling of blended CSPP would limit local providers' ability to provide full-day/full year preschool program that meets the needs of low-income working families. As such, - Shift $400 million from non-Proposition 98 funded General Child Care program into Proposition 98 to accurately reflect the existing CSPP; preserve existing flexibility for CSPP providers to offer full-day services for working families. - Consider prioritizing slots for income-eligible children affected by the proposed change in kindergarten start date in 2012-13.	Retain existing infrastructure of the child care and development system. If administrative restructuring does occur, allow counties flexibility to design a system that meets the needs of low-income families and preserves the network of centers and family child care home education networks that meet quality standards, uses the AMI for income eligibility, bridges for continuity of care and allows for work and approved activities for child care eligibility. Allow time for restructuring and participation of stakeholders - Department of Social Services, Local Planning Councils, and others – in the planning and transition process.[8]	

Governor's Proposal[1]	Legislative Analyst's Office[2,3]	Child Development Advocates	Hearing Outcomes
Administrative Restructuring – Quality Improvement Activities - The allocations for certain line items, including funding for the child care recruitment and training program, have been removed from the Provisional language in Senate Bill 957 introduced on January 10, 2012. The bill contains new provisional language stating that the California Department of Education (CDE) in consultation with the Department of Social Services (DSS) are to submit an expenditure plan for quality activities, including justification, to be undertaken in fiscal year 2012-13 to the Department of Finance (DOF) for approval prior to obligating funds. According to a CDE/Child Development Division (CDD) staff person in an e-mail message to the Office of Child Care (February 1, 2012), a current agreement exists with both the DOF and DSS to proceed with the child care recruitment and training program allocation for 2012-13 in the amount of $10,750,000. In addition, would shift administration of federal **Race to the Top** (RTTT) **Early Learning Challenge Grant** to DSS.	Does not mean that current projects would be terminated or that state's commitment to providing quality services – and CDE's involvement – would end. Opportunity to rethink how best to support and improve child care and development services, particularly in coordination with federal RTTT grant. Given experience and expertise of CDE and ongoing role with CSPP, would continue to play a collaborative role in statewide efforts. Maintain legislative oversight over quality improvement activities and federal grant: - Provide guidance to DSS by including broad spending objectives or specific activities in annual budget act. - Direct DSS to work collaboratively with CDE and legislative representatives to develop priorities for funds. - Monitor activities and expenditures associated with RTTT grant to ensure meeting intended outcomes. Unclear whether administration proposes to change plan for using the funds, however any modification would likely require federal approval.		
Overpayments - Require counties and AP Programs to identify and collect overpayments. Sanctions would be imposed on agencies that do not reduce the incidence of overpayments and to providers and families who commit intentional program violations. Savings would be reinvested into child care slots.			
Child nutrition - Eliminate the supplemental reimbursement for free and reduced priced breakfast and lunch served at private schools and private child care centers.			
Transitional Kindergarten - Eliminate the requirement that schools provide transitional kindergarten instruction beginning in the 2012-13 academic year while maintaining the incremental date change for kindergarten eligibility.	Adopt Governor's January budget proposal to cancel initiation of new TK program, because program is costly and poorly designed. Consider prioritizing slots in the state preschool program for low-income children affected by the change in kindergarten start date effective 2012-13.		
Welfare-to-work exemption - Eliminate the welfare-to-work exemption for parents of a young child up to 23 months old or two or more children up to six years old and participating in the CalWORKs program.	Governor's proposal would retroactively count months in exemptions toward time limit. Recommend not county prior months in exemption towards adult's time limit.		

Governor's Proposal[1]	Legislative Analyst's Office[2,3]	Child Development Advocates	Hearing Outcomes
Supplemental work bonus - Create a supplemental work bonus of $50 per month for low-income parents not receiving a CalWORKs cash grant and working enough hours to qualify for child care assistance.	Modify by 1) requiring all new (CalFresh and) subsidized child care applicants to also apply for WINS (Work Incentive Nutritional Supplement) or WINS Plus at time of application; 2) require application for WINS or WINS Plus as a condition of ongoing eligibility for current (CalFresh and) subsidized child care recipients; and 3) reduce the monthly benefit from $50 to $10.		
Cal-Learn – Permanently eliminate case management portion of the Cal-Learn program.	Consider the Governor's proposal as counties may continue funding Cal-Learn using employment services allotment of their single allocation funding.		

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

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[1] Brown, Jr., E.G. *Governor's Budget Summary 2012-13.* State of California, January 10, 2012.
[2] Taylor, M. *The 2012-13 Budget: Proposition 98 Education Analysis.* Legislative Analyst's Office, February 6, 2012.
[3] Taylor, M. *The 2012-13 Budget: The Governor's CalWORKs and Child Care Proposals.* Legislative Analyst's Office, February 22, 2012.
[4] Education/Child Care Restructuring Trailer Bill Language also sets forth priority enrollment for CSPP. First priority is for three, four and five year old children under child protective services supervision or at risk for abuse or neglect; priority then goes to five year old children, followed by four year old, then three year olds.
[5] According to the Budget Summary, 200 percent of FPL is equivalent to 61 percent of the SMI for a family size of three, reflecting a reduction in the income ceiling from $42,216 to $38,180. For illustrative purposes, Table 1 compares 200 percent of the FPL with 70 percent of the SMI.

Table 1. Comparison of 200 Percent of Federal Poverty Level with 70 Percent of the State Median Income

	2012 Federal Poverty Level*		State Median Income**	
Family Size	200% Gross Monthly Income	200% Gross Yearly Income	70% Gross Monthly Income	70% Gross Yearly Income
1	$1,862	$22,340		
2	$2,522	$30,260	$3,283	$39,396
3	$3,182	$38,180	$3,518	$42,216
4	$3,842	$46,100	$3,908	$46,896
5	$4,502	$54,020	$4,534	$54,408
6	$5,162	$61,940	$5,159	$61,908
7	$5,822	$69,860	$5,276	$63,312
8	$6,482	$77,780	$5,394	$64,728
For each additional person add	$660	$7,920		

* *Federal Register*, Vol. 77, No. 17, January 26, 2012, pp. 4034-4035.
** California Department of Education. *Management Bulletin 11-06 – Updated Child Development Income Ceilings.* April 2011. Retrieved from www.cde.ca.gov/sp/cd/ci/mb1106.asp.

[6] According to the LAO, this "change is linked to the Governor's attempt to meet the state's Work Requirement Rate by bringing non-CalWORKs families receiving subsidized child care into his proposed WINS Plus Program." Taylor, M. *The 2012-13 Budget: The Governor's CalWORKs and Child Care Proposals.* February 22, 2012.
[7] San Francisco Child Care Planning and Advisory Council. *Letter to Senator Darrell Steinberg.* February 8, 2012.
[8] Ibid.

Governor's FY 2012-13 Proposed Budget
Child Care and Development Services and Related Programs

Overview

The Governor's State Budget proposal for 2012-13 released on January 5, 2012 would reduce funding for and restructure the administration of child care and development services.

Major Funding Reductions Proposed for 2012-13: Total proposed funding for child care and development programs, excluding after school programs, for 2012-13 is $1.5 billion, consisting of $585.3 million in non-Proposition 98 General Fund, $310.2 million in Proposition 98 General Fund, and $557.9 million in federal funds. The funding reflects a reduction of $446.9 million from non-Proposition 98 child care and development programs (e.g. all child development programs, except part-day State Preschool) and a reduction of $69.9 million for part-day State Preschool. Funding for families receiving cash aid through CalWORKs and enrolled in Stage 1 Child Care totals $442 million General Fund/TANF and is contained within the Department Social Services budget. According to the *Governor's Budget Summary 2012-13,* the reduction will result in the elimination of 62,000 child care slots statewide in 2012-13.[1]

Child Care and Development Reductions

The Governor's proposed reductions to child card and development are:

- **Federal Work Requirements:** A decrease of $293.6 million in non-Proposition 98 General Fund by requiring families to meet federal welfare-to-work requirements. This change will eliminate services to families who do not work a required minimum number of hours. Families enrolled in part-day State Preschool are exempt as the program is not intended to meet the needs of full-time working parents. As a result, 46,300 slots statewide will be eliminated. (See the next section, CalWORKs and CalWORKs Child Care for a description of the Governor's proposal to align eligibility and criteria for low-income working family child care services with federal TANF rules for work participation requirements.)

- **Income Eligibility Ceilings Reduced:** A decrease of $43.9 million in non-Proposition 98 General Fund and $24.1 million in Proposition 98 General Fund by reducing the income eligibility ceilings from 70 percent of the State Median Income (SMI) to 200 percent of the federal poverty level (FPL).[2] With this reduction, 15,700 child care slots statewide would be eliminated.

- **COLA Eliminated:** A decrease of $29.9 million in non-Proposition 98 General Fund and $11.7 million in Proposition 98 General Funds by eliminating the statutory cost-of-living adjustment (COLA) for capped non-CalWORKs child care programs.

- **RMR Reimbursement Ceiling Reduced:** A decrease of $11.8 million in non-Proposition 98 General Fund by reducing the reimbursement ceilings for voucher-based programs from the 85th percentile of the private pay market based on the 2005 Regional Market Rate (RMR) survey data to the 50th percentile based on the 2009 survey. Rates for license-exempt providers will remain comparable to current levels; license-exempt providers will be required to meet certain health and safety standards as a condition of receiving reimbursement.

- **SRR Reduced:** A decrease of $67.8 million in non-Proposition 98 General Fund and $34.1 million in Proposition 98 General Fund by reducing the Standard Reimbursement Rate (SRR) for California Department of Education/Child Development Division (CDE/CDD)-contracted centers by 10 percent.[3]

<u>Administrative Restructuring of Child Care and Development Services</u>

The Governor proposes to significantly restructure the administration of child care and development services as follows:

- In the budget year, the CDE will continue to administer services payment contracts with Alternative Payment (AP) Programs and CDE/CDD-contracted centers.

Beginning in 2013-14:

- Eligibility and payment functions will shift from the AP Programs and CDE/CDD-contracted centers to the counties, though counties may contract with these agencies to perform the payment function. All eligible families, including families currently enrolled in CDE/CDD-contracted centers, will receive a voucher for payment to a provider of their choosing. Responsibility for administration of services for approximately 142,000 children statewide will shift from the CDE/CDD to the counties. The CDE/CDD will continue to administer the part-day State Preschool program.

- Families meeting federal work requirements will receive a work bonus issued by the county welfare departments to better support working families.

- The Administration is proposing legislation effective 2013-14 to require counties and AP Programs to identify and collect overpayments. The legislation will impose sanctions on agencies that do not reduce the incidence of overpayments and to providers and families who commit intentional program violations. Savings would be reinvested into child care slots.

<u>CalWORKs and CalWORKs Child Care</u>

The proposed budget makes workload adjustments for child care programs as follows:

- **Stage 2 Child Care:** Reduces the budget by $26.3 million in non-Proposition 98 General Fund to reflect a decline in the number of eligible Stage 2 beneficiaries. An estimated 9,000 children diverted to Stage 2 from Stage 3 as a result of the 2010-11 veto will re-enter Stage 3. Total base workload cost for Stage 2 is $416.2 million.

- **Stage 3 Child Care:** Increases budget by $4.5 million in non-Proposition 98 General Fund reflecting a relatively flat caseload. The transfer of 9,000 children from Stage 2 is expected to be offset by the number of children who will be dis-enrolled due to the contract reduction included in the 2011 Budget Act. Total base workload cost is $148.1 million.

The Governor proposes "redesigning and refocusing" the CalWORKs program to prioritize resources to families most likely to become employed and to manage the program with the state's available resources by creating two sub-programs:

- **CalWORKs Basic Program:** Designed to serve families moving toward self-sufficiency by providing up to 24 months of welfare-to-work services, including child care. Clients that fail to meet the welfare-to-work requirements will result in a sanction equal to the adult portion of the grant; clients that fail to meet the federal work requirements after 24 months, or cases in sanctions for more than three months, will be dis-enrolled from CalWORKs.

- **CalWORKs Plus:** Would serve clients working sufficient hours in unsubsidized employment to meet federal work participation requirements, generally 30 hours per week (20 hours per week for families with children under six years old). Effective April 2013, clients meeting the federal work participation requirements will be rewarded with a higher grant level by allowing them to retain more of their earned income through a higher income disregard. Families would have full access to supportive services and child care. Benefits will continue up to 48 months as long as clients continue to meet work participation requirements through unsubsidized employment. After 48 months, the adult will no longer be aided, however the higher income disregard will remain available as long as employment continues.

To facilitate the transition, all currently aided eligible adults will be eligible for up to six months of welfare-to-work services and child care following the October 2012 implementation of the CalWORKs Basic Program.

In addition, the Administration proposes aligning eligibility and need criteria for low-income working family child care services with federal TANF rules for work participation requirements. Over time, the three-stage child care system for current and former CalWORKs recipients and programs serving low-income working parents will be replaced with a work-based child care system administered by county welfare departments. Beginning July 1, 2013, working families receiving child care but not participating in the CalWORKs program will receive a $50 per month supplemental work bonus as part of the Administration's effort to increase support for working families.

Related Programs

The Governor has proposed reductions to additional programs closely related to child care and development programs as a means to balance the budget as follows:

- **Transitional Kindergarten:** A decrease of $223.7 million Proposition 98 General Fund to reflect the elimination of the requirement that schools provide transitional kindergarten instruction beginning in the 2012-13 academic year.

- **Child Nutrition Program Subsidy to Private Entities:** A decrease of $10.4 million non-Proposition 98 General Fund in 2012-13 to reflect the elimination of supplemental reimbursement for free and reduced-price breakfast and lunch serve at private schools and private child care centers.

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[1] Brown, Jr., E.G. *Governor's Budget Summary 2012-13.* State of California, January 10, 2012.

[2] According to the Budget Summary, 200 percent of FPL is equivalent to 61 percent of the SMI for a family size of three, reflecting a reduction in the income ceiling from $42,216 to $37,060.

[3] Currently, the maximum reimbursement rate is $34.38 per day (adjusted for certain factors such as age of child and disability) for general child care programs (non-Proposition 98) and $21.22 per day for State Preschool.

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County of Los Angeles

Policy Roundtable for Child Care and Child Care Planning Committee

Policy Brief ***Revised: February 1, 2012***

Governor's FY 2012-13 Proposed Budget
Implications of Proposed Cuts to Child Care and Development and Administrative Restructuring - Los Angeles County

The Governor's State Budget proposal for 2012-13 released on January 5, 2012 would reduce funding for and restructure the administration of child care and development services. Total proposed funding for child care and development services, excluding after school programs, for 2012-13 is $1.5 billion, reflecting a reduction of $516.9 million in all child care and development programs, including part-day State Preschool. In addition, the proposed budget shifts all child care and development programs, except State Preschool, to the county welfare departments effective 2013-14 as a voucher-based program.[1]

Governor's Proposal	State Savings	State Impact	Los Angeles County Impact
Require families to meet federal welfare-to-work requirements, generally 30 hours per week (20 hours per week for families with children under six years old). Families seeking employment, enrolled in school or a vocational training program, seeking permanent housing for family stability, or incapacitated would no longer be eligible for full-day subsidized child care and development services. Part-day State Preschool exempt from requirement.	$293.6 million non-Proposition 98 General Fund	46,300 (spaces lost)	Funding no longer available to programs serving children and families in Los Angeles County: $155 million Of this amount, estimated reduction to: **Voucher-based programs =** $76 million Loss of services: 15,135 children/10,000 low-income working families **Part-day State Preschool =** $20.9 million Loss of services: 5,490 preschoolers (3-4 years old) **Full-day child development centers =** $57.6 million 6,840 children (birth to 12 years old)
Reduce income eligibility ceiling from 70 percent of State Median Income (SMI) to 200 percent of the federal poverty level (FPL).[2]	$43.9 million non-Proposition 98 General Fund $24.1 million Proposition 98 General Fund	15,700 (spaces lost for children currently in care)	
Eliminate cost-of-living adjustment (COLA).	$29.9 million non-Proposition 98 General Fund $11.7 million Proposition 98 General Fund	No COLA for programs since the 2007-08 budget No growth for programs since the 2008-09 budget	
Reduce reimbursement ceiling for voucher-based programs from 85th percentile of the private pay market based on 2005 Regional Market Rate (RMR) survey data to the 50th percentile based on the 2009 survey.	$11.8 million non-Proposition 98 General Fund		

Governor's Proposal	State Savings	State Impact	Los Angeles County Impact
Reduce the Standard Reimbursement Rate (SRR) for California Department of Education/Child Development Division (CDE/CDD)-contracted centers by 10 percent.	$67.8 million non-Proposition 98 General Fund $34.1 million Proposition 98 General Fund	$34.38 per child day of enrollment reduced to $30.94 (full-day) $21.22 daily rate to $19.09 (part-day State Preschool)	
Related Programs			
Eliminate the supplemental reimbursement for free and reduced priced breakfast and lunch served at private schools and private child care centers.	$10.4 million non-Proposition 98 General Fund		
Eliminate the requirement that schools provide transitional kindergarten instruction beginning in the 2012-13 academic year.	$223.7 million Proposition 98 General Fund	125,000 children by year 3	
Administrative Restructuring of Child Care and Development Services – Effective 2012-13			
Shift eligibility and payment functions from Alternative Payment (AP) Programs and CDE/CDD-contracted centers to county welfare departments, though counties may contract with these agencies to perform the payment function. All eligible families, including families currently enrolled in CDE/CDD-contracted centers, would receive a voucher for payment to a provider of their choosing. Recipients of child protective services or at risk of abuse, neglect or exploitation and cash-aided families would receive priority for the voucher-based program. CDE/CDD would continue to administer the part-day State Preschool program.		142,000 Children birth to 12 years old	**440 centers**[3] operated by school districts, community-based organizations, faith-based entities and others contracted by CDE/CDD to provided full-day, full year services to **27,767 children** of low-income families with a demonstrated need (working, seeking employment, enrolled in school or a vocational training program, seeking housing for family stability, or incapacitated)[4] **Workforce Impact** 2,700 classroom teachers 137 support staff 115 management positions Voucher-based programs: 200-275 Enrollment, case management and management positions
Require counties and AP Programs to identify and collect overpayments. Sanctions would be imposed on agencies that do not reduce the incidence of overpayments and to providers and families who commit intentional program violations. Savings would be reinvested into child care slots.			

[1] Brown, Jr., E.G. *Governor's Budget Summary 2012-13.* State of California, January 10, 2012.
[2] According to the Budget Summary, 200 percent of FPL is equivalent to 61 percent of the SMI for a family size of three, reflecting a reduction in the income ceiling from $42,216 to $37,060. For illustrative purposes, Table 1 compares 200 percent of the FPL with 70 percent of the SMI.

Table 1. Comparison of 200 Percent of Federal Poverty Level with 70 Percent of the State Median Income

	2011 Federal Poverty Level*		State Median Income**	
Family Size	200% Gross Monthly Income	200% Gross Yearly Income	70% Gross Monthly Income	70% Gross Yearly Income
1	$1,815	$21,780		
2	$2,452	$29,420	$3,283	$39,396
3	$3,088	$37,060	$3,518	$42,216
4	$3,725	$44,700	$3,908	$46,896
5	$4,362	$52,340	$4,534	$54,408
6	$4,998	$59,980	$5,159	$61,908
7	$5,635	$67,620	$5,276	$63,312
8	$6,272	$75,260	$5,394	$64,728
For each additional person add	$636	$7,640		

* *Federal Register*, Vol. 76, No. 13, January 20, 2011, pp. 3637-3638.
* California Department of Education. *Management Bulletin 11-06 – Updated Child Development Income Ceilings.* April 2011. Retrieved from www.cde.ca.gov/sp/cd/ci/mb1106.asp.

[3] Data from this section extracted from the survey of agencies providing subsidized child care and development services in center-based programs conducted by the Los Angeles County Data Collaboration in 2001 and the CDE 801 report for the previous year obtained in April 2011.
[4] Table 2 details the potential impact of the Governor's proposal to children and families served by centers that meet quality standards as set forth by Title V of the California Education Code.

Table 2. CDE/CDD-contracted Child Development Centers – Full-day

Program Type – Full-day, Full-year	Number of Children Served
California State Preschool Program – Full-day (three and four year olds)	19,957
Child Care and Development Centers (birth to three year olds)	3,750
Child Care and Development Centers (five to 12 year olds)	4,060

FIRST FOCUS

MAKING CHILDREN & FAMILIES THE PRIORITY

EARLY CHILDHOOD:

Impact of the President's FY 2012 Budget Request on Early Childhood Programs

On February 14, President Obama presented his $3.7 trillion budget request for fiscal year 2012 (FY12) to Congress, outlining his spending priorities for the coming year. As expected, the budget reflects the serious economic challenges posed by the federal budget deficit, and proposes to trim or terminate more than 200 federal programs. Consistent with this theme, the budget includes a host of freezes and cuts across all non-security, discretionary federal programs.

A Note on Comparing Spending Levels

Because funding for fiscal year 2011 (FY11) has not yet been agreed to – the federal government is currently operating under a continuing resolution (CR) that is set to expire on March 4, 2011 – it is difficult to compare the President's budget proposals to current year spending levels. For the most part, the President's budget compares its FY12 funding request to FY10 spending – however, it also compares some of its FY12 budget requests to current year funding with an assumption that the current CR will be extended to the end of FY11 (September 30, 2011). On February 18, the House of Representatives passed a funding bill for the remainder of FY11, containing approximately $61 billion in cuts to current spending levels, a significant and draconian approach to critical services for children and families. The Senate will take up its own version of FY11 spending when it returns from recess on February 28. As a result, we cannot currently make accurate comparisons between the President's FY12 budget and FY11 spending.

The President's Request

The President's commitment to the importance of early learning and development is reflected in proposed funding for programs for children from birth through age five, children with disabilities, and children who are English learners. The budget request also expands the focus on early learning and development from birth through third grade, supporting the crucial connection between high quality early development and learning, and later academic and social success.

The proposals in the President's FY 2012 budget most significant for early childhood programs are below:

- ***Child Care and Development Fund***: The President's request increases overall spending on child care by $1.3 billion, for a total of $6.3 billion, an increase of 26% over FY10 funding. Child care subsidies allow parents the peace of mind they need to find and afford quality child care for their children while they work and high quality child care programs provide babies and toddlers with the developmentally appropriate care and early learning they need to successfully move on to the next critical stages of learning and development. The Child Care and Development Fund would serve approximately 1.7 million children with this proposal, and the increase will provide an additional 220,000 children and families with child care subsidies.

- ***Head Start and Early Head Start***: The President's budget request increase funding for Head Start by a total of $866 million, bringing total funding for Head Start to $8.1 billion, a 11.9% increase over FY10 funding. Head Start and Early Head Start provides high quality and comprehensive early learning and development to disadvantaged children through educational, health, nutritional, social and other services to children and families. The funding in the President's request represents services for more than 968,000 children. The budget request maintains increased investments from ARRA so that children who came into the program with the downturn in the economy will not lose services. The budget request supports technical assistance for low performing programs so that such programs can be strengthened and utilize evidence-based best practices.

- ***Early Learning Challenge Fund:*** The President's budget would create the Early Learning Challenge Fund, an innovative program to assist states in creating unified systems of early learning and development for children from birth to kindergarten entry, including children with disabilities and English learners. The fund would be administered jointly by the Departments of Education and Health and Human Services and initially funded at $350 million.

- ***Home Visiting:*** The President's request includes $350 million for home visitation programs (now mandatory under the Patient Protection and Affordable Care Act), an increase of $250 million over the FY10 level. This program will provide evidence-based home visiting programs to low-income families in at-risk communities.

- ***Early Intervention Programs for Infants and Toddlers with Disabilities***: The budget request provides an additional $50 million in IDEA Part C formula grants to help states provide services for infants and toddlers with disabilities from birth through age two. This request increases the average state allocation by approximately $1 million and will help serve and additional 360,000 infants and toddlers. The request will further encourage states to extend early intervention services to children through age 5.

- ***Preschool Grants for Children with Disabilities***: This program is level funded at $374 million (IDEA Part B) and helps states provide public education in the least restrictive environment for children ages 3 through 5.

Connecting Early Childhood Development and Learning and Successful K-12 Education:

The President's Budget provides a focus on high quality learning from birth through third grade and includes early learning goals and incentives in multiple Department of Education programs. This focus upon and linking together of early childhood learning and development with education in the K-12 years is fundamental to ensuring that children enter kindergarten ready to learn and continue on the path to productive citizenship and a 21st century workforce. The scientific evidence of the importance of early learning and development upon later success cannot be overstated. As Dr. James Heckman, Nobel Laureate in Economics, has stated, "Early childhood education fosters cognitive skills along with attentiveness, motivation, self-control and sociability – the character skills that turn knowledge into know-how and people into productive citizens."

- ***Promise Neighborhoods:*** Based on the Harlem Children's Zone model, Promise Neighborhoods provide a comprehensive birth through adulthood system of care, early learning, parenting, community education and support that has proven highly successful in improving educational achievement and life outcomes for children and families in low-income at-risk communities. The President's proposal provides $150 million for

Promise Neighborhoods and allows the Secretary of Education to give priority to applicants that proposal to implement a comprehensive system of early learning and development.

- ***College and Career-Ready Students:*** (formerly Title I Grants to Local Educational Agencies): The President's proposal includes $14.8 billion in formula grants to the states with this funding stream, a 2% increase over the FY10 level. The proposal encourages school districts and schools to use the flexibility in these funds for investment in high quality early learning programs, as well as professional development for early learning educators.

- ***Race to the Top***: The President's proposal includes $900 million for Race to the Top, which is designed to create innovation and reform in the states and school districts. Improved early learning outcomes is one of the priorities that will be considered in state competitive grant proposals for this funding.

- ***Investing in Innovation***: Proposed funding for this competitive grant program is $300 million, which seeks innovative and evidence-based strategies that improve learning, and includes improved early learning outcomes as one of its priorities for funding.

- ***Effective Teaching and Learning for a Complete Education Programs***: The President has proposed a total of $835 million in 3 separate programs that focus on improving teaching and learning, including comprehensive literacy, for students from preschool through 12th grade.

It's important to recognize that the President's budget represents only the Administration's wish list of priorities, providing a blueprint for Congress to consider as it begins the process of allocating federal dollars for spending on programs. Given the new composition of Congress, we expect that the Congress's spending priorities will look very different from the President's.

As the budget season commences, First Focus urges Congress to act swiftly to maintain programs that serve as lifelines to our nation's children, ensuring that their basic needs can be met. Deficit-reduction cannot and should not be undertaken at the expense of our children's well-being; early learning and development, along with comprehensive health care, sets the stage for all future development and success.

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For more information about First Focus's Early Childhood Portfolio visit www.firstfocus.net, or contact Morna Murray, Vice President and Counsel, Children's Policy and Strategy (mornam@firstfocus.net)