



County of Los Angeles Policy Roundtable for Child Care



Policy Brief

Updated: August 6, 2013

GOVERNOR SIGNS 2013-14 STATE BUDGET CHILD CARE AND DEVELOPMENT SERVICES

Overview

On June 27, 2013, Governor Jerry Brown signed the budget package for 2013-14, which reflects a multiyear balanced plan, continues to spend down budgetary debt and maintains a \$1.1 billion reserve. The budget is comprised of a \$96.3 state spending plan with an emphasis on restructuring K-12 education finance, reinvesting in state universities, and expanding Medi-Cal coverage under federal health care reform. Additionally, the budget package demonstrates modest efforts at re-investing in safety net programs, which have experienced cumulative reductions over the past four years.¹

The remainder of this policy brief summarizes the 2013-14 state budget plan as it pertains to child care and development services.

Child Care and Development Budget Items

Overall, the budget for 2013-14 begins to restore funding for child care and development services. According to Early Edge California, the budget reflects a \$50.8 million reinvestment - \$15.8 million to backfill sequestration reductions, \$25 million increase in State Preschool, and \$10 million to expand non-CalWORKs child care.² Specifically, the budget package:

- Backfills an estimated \$15.8 million of federal sequestration reductions with a like amount of General Fund as follows: \$11.1 million for General Child Development programs, \$4.2 million for Alternative Payment (AP) programs and \$0.6 million for Migrant Day Care.³
- Allows for shifting any unspent CalWORKs Stage 2 funds to CalWORKs Stage 3 if funding is insufficient to support the estimated caseload.⁴
- Re-appropriates \$10 million in unspent child care program funds from 2012-13 to 2013-14 to establish additional slots in the following programs: \$7 million for General Child Development programs, \$2.6 million for AP programs, and \$0.4 million for Migrant Day Care.⁵
- Requires the Superintendent of Public Instruction (SPI) to revise the fee schedule for families accessing preschool and child care and development services. Families are to be assessed a flat monthly fee based on income and certified on their need for full- or part-time services. The family fee schedule is to differentiate between fees for part- and full-time care.⁶
- Requires the SPI to submit an annual report to the Department of Finance on the fees collected from families with children enrolled in the California State Preschool Program, distinguishing between fees collected for part-day from fees collected for wraparound child care services.⁷

The Governor exercised his line item veto authority by:

- Eliminating the appropriation that would have required the California Department of Education to develop a preschool plan based on a federal proposal for universal preschool. In part, the Governor’s veto message declared “The state does not have sufficient funds to support a universal preschool, and the federal government has not adopted funding for implementation of a universal preschool program involving states.”⁸
- Reducing the budget for State Preschool by \$5 million from \$511.9 million to \$506.9 million. The Governor’s veto message stated “With this reduction, funding will be \$25 million higher in the budget year, providing for increased preschool slots consistent with the \$25 million augmentation I sustained for increased child care slots. While I am sustaining this augmentation for the preschool program, I am doing so on a one-time basis. Providing this increase on an ongoing basis would reduce future resources available for K-14 programs.”⁹

Table 1 provides budget detail for items relating to child care and development services.

Table 1. Comparison between 2012-13 Budget and Budget Act of 2013			
Programs	2012-13 Budget^{10, 11}	Budget Act of 2013¹²	Variance
Proposition 98 General Fund			
State Preschool	\$481,003,000	\$506,965,000	\$25,962,000 ¹³
Non-Proposition 98 General Fund			
General Child Development	\$464,913,000	476,938,000	\$12,025,000
Migrant Child Care	\$26,056,000	26,742,000	\$686,000
Alternative Payment (AP) Program	\$174,031,000	\$178,501,000	\$4,470,000
CalWORKs Stage 2 (AP)	\$419,286,000	\$357,797,000	(\$61,489,000)
CalWORKs Stage 3 (AP)	\$148,425,000	\$197,526,000	\$49,101,000
Resource and Referral Programs	\$18,688,000	\$18,687,000	(\$1,000)
Handicap Allowance	\$1,452,000	\$1,457,000	\$5,000
CA Child Care Initiative	\$225,000	\$225,000	No change
Quality Improvement	\$49,490,000	\$48,063,000	(\$1,427,000)
Local Planning Councils	\$3,319,000	\$3,319,000	No change
Accounts Payable	\$4,000,000	\$4,000,000	No change
Non-Proposition 98 Sub-total	\$1,309,885,000	\$1,313,255,000	\$3,370,000
Child Care Facilities Revolving Fund	\$5,000,000	\$5,000,000	No change
Cost of Living Adjustment (COLA)	\$0	\$0	No change
Growth	\$0		
Proposition 98 and non-Proposition 98 Sub-total	\$1,795,888,000	\$1,825,220,000	\$29,332,000
Department of Social Services¹⁴			
CalWORKs Stage 1	\$408,579,000	\$332,800,000	(\$75,779,000)
Learning Supports			
After School and Education Safety Program	\$547,025,000	\$546,965,000	(\$60,000)
21 st Century Community Learning Centers	\$143,949,000 ¹⁵	\$132,395,000 ¹⁶	(\$11,554,000)
Cal-SAFE Child Care	\$24,778,000	Among categorical programs eliminated due to education finance reform.	
Pregnant Minor Program	\$13,327,000		
Learning Supports Totals	\$729,079,000		(\$11,614,000)
California Community Colleges^{17, 18}			
Cal-WORKs Child Care – Community Colleges	\$9,188,000	\$9,188,000	
Campus Child Care Tax Bailout	\$3,350,000	\$3,350,000 ¹⁹	
State Advisory Council on Early Childhood Development			
State Advisory Council on Early Childhood Development	\$162,000 ²⁰		
Race to the Top-Early Learning Challenge Fund	\$11,913,000 ²¹	\$11,339,000 ²²	-\$365,000

Funding for Quality Activities

The budget also reflects a \$1.4 million decrease in funding for quality improvement activities. Budget language indicates that funding will be “allocated to meet the federal requirements to improve quality of child care and be used in accordance with the approved California plan for the federal Child Care and Development Fund.”²³ The current plan for federal fiscal year 2012-13 lists 26 quality-funded activities.²⁴ The California Department of Education/Child Development Division expects to complete recommended revisions to the plan in the near future, which will then be submitted for approval to the Department of Finance before funds are expended as required by law.

State Medi-Cal Expansion and Programmatic Shifts

The budget adopts a state-based approach for expanding Medi-Cal under the federal Affordable Care Act without any realignment of human service programs (such as child care and development) to counties. The California State Budget 2013-14 Summary notes the “costs, risks and uncertainties” associated with increasing health coverage and improving access to certain services such as mental health care and substance abuse treatment. As such, funding currently allocated to counties for indigent populations may shift to human service programs based on a county by county formula as the state assumes more responsibility for meeting their health care needs.²⁵

For More Information on 2013-14 Budget Bills: Impact on Children and Families

A number of organizations have developed overviews and analyses of the 2013-14 Budget as it impacts health and human services for children and families, including child care and development as follows:

California Budget Project	www.cbp.org
California Child Care Resource and Referral Network	www.rnetwork.org
Child Development Policy Institute	www.cdpi.net
Early Edge California	www.earlyedgecalifornia.org
Legislative Analyst’s Office	www.lao.ca.gov
ZERO TO THREE – Western Office	www.zerotothree.org/about-us/western-office.html

Questions or comments relating to this policy brief may be referred to Michele Sartell, Los Angeles County Office of Child Care within the Service Integration Branch of the Chief Executive Office, by e-mail at msartell@ceo.lacounty.gov or by telephone at (213) 974-5187.

Endnotes:

¹ Brown, Jr. E.G. *California State Budget 2013-14*. State of California, June 27, 2013.

² Information retrieved on July 2, 2013 from Early Edge California website at <http://www.earlyedgecalifornia.org/our-issues/budget/>.

³ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; item 6110-194-0890, Provision 5.

⁴ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; item 6110-194-0001, Provision 8(f).

⁵ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; item 6110-490.

⁶ AB 86, Chapter 48: Education Finance: education omnibus trailer bill. Approved: July 1, 2013; Article 11.3, Section 8273(a).

⁷ AB 86, Chapter 48: Education Finance: education omnibus trailer bill. Approved: July 1, 2013; Section 9. Section 8230(f).

⁸ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; see line item veto for 6110-001—0001(9) with respect to Provision 21.

⁹ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; see line item veto for 6110-196-001.

¹⁰ AB 1464, Chapter 21: 2012-13 Budget, Approved: June 27, 2012; 6110-196-0001.

¹¹ AB 1497, Chapter 29: Budget Act of 2012, Approved: June 27, 2012; 6110-194-0001.

¹² AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; items 6110-194-0001, 6110-196-0001.

¹³ Expected to provide an additional 6,200 new slots for preschool age children in part-day programs. Of this amount, up to \$5,000,000 is available for the family literacy supplemental grant provided to California State Preschool Programs pursuant to Education Code Section 8238.4.

¹⁴ *California Child Care Programs Local Assistance –All Funds – 2013-14 Governor’s Budget.*

¹⁵ Of the funding allocation to 21st Century Community Learning Centers (CLCs) in the 2012-13 budget, \$22,382,000 was one-time carryover from prior years payable from the federal trust fund.

¹⁶ Of the funding allocation to the 21st CLCs, \$10,700,000 is provided in one-time carryover funds to support the existing program.

¹⁷ AB 1497, Chapter 29: Budget Act of 2012, Approved: June 27, 2012; 6870-101-0001(23).

¹⁸ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; 6870-101-0001(23).

¹⁹ Of the \$332.8 million allocation to CalWORKs Child Care Stage 1. \$53.9 million is for administration.

²⁰ AB 1464, Chapter 21: 2012-13 Budget, Approved: June 27, 2012; 6110-199-0890.

²¹ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013; Item 6110-200-0890. This item is supported with American Recovery and Reinvestment Act (ARRA) funds.

²² Of the funding for RTT-ELC, \$10,150,000 is available for allocation to the local regional leadership consortia to improve upon or develop quality rating improvement systems.

²³ AB 110, Chapter 20: Budget Act of 2013, Approved: June 27, 2013;. Item 6110-194-0001, Provision 1.

²⁴ Child Care and Development Fund (CCDF) Plan for State and Territory: California – FFY 2012-13. Retrieved on February 4, 2013 from www.cde.ca.gov/sp/cd/re/documents/stateplan1213final.pdf.

²⁵ Brown, Jr. E.G. *California State Budget 2013-14*. State of California, June 27, 2013.