



**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
<p>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.</p> <p>Part-day State Preschool exempt from requirement.</p>	<p>\$293.6 million non-Proposition 98 General Fund</p>	<p>46,300 (spaces lost)</p>	<p>Funding no longer available to programs serving children and families in Los Angeles County: \$155 million</p> <p>Of this amount, estimated reduction to:</p> <p>Voucher-based programs = \$76 million</p>
<p>Reduce income eligibility ceiling from 70 percent of State Median Income (SMI) to 200 percent of the federal poverty level (FPL).²</p>	<p>\$43.9 million non-Proposition 98 General Fund</p> <p>\$24.1 million Proposition 98 General Fund</p>	<p>15,700 (spaces lost for children currently in care)</p>	<p>Loss of services: 15,135 children/10,000 low-income working families</p> <p>Part-day State Preschool = \$20.9 million</p>
<p>Eliminate cost-of-living adjustment (COLA).</p>	<p>\$29.9 million non-Proposition 98 General Fund</p> <p>\$11.7 million Proposition 98 General Fund</p>	<p>No COLA for programs since the 2007-08 budget</p> <p>No growth for programs since the 2008-09 budget</p>	<p>Loss of services: 5,490 preschoolers (3-4 years old)</p> <p>Full-day child development centers = \$57.6 million</p>
<p>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.</p>	<p>\$11.8 million non-Proposition 98 General Fund</p>		<p>6,840 children (birth to 12 years old)</p>

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.	<p>\$67.8 million non-Proposition 98 General Fund</p> <p>\$34.1 million Proposition 98 General Fund</p>	<p>\$34.38 per child day of enrollment reduced to \$30.94 (full-day)</p> <p>\$21.22 daily rate to \$19.09 (part-day State Preschool)</p>	
Related Programs			
Eliminate the supplemental reimbursement for free and reduced priced breakfast and lunch served at private schools and private child care centers.	<p>\$10.4 million non-Proposition 98 General Fund</p>		
Eliminate the requirement that schools provide transitional kindergarten instruction beginning in the 2012-13 academic year.	<p>\$223.7 million Proposition 98 General Fund</p>	125,000 children by year 3	
Administrative Restructuring of Child Care and Development Services – Effective 2012-13			
<p>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.</p> <p>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.</p> <p>CDE/CDD would continue to administer the part-day State Preschool program.</p>		<p>142,000 Children birth to 12 years old</p>	<p>440 centers³ 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</p> <p>Workforce Impact 2,700 classroom teachers 137 support staff 115 management positions</p> <p>Voucher-based programs: 200-275 Enrollment, case management and management positions</p>
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.			

Governor's FY 2012-13 Proposed Budget – Impact on Child Care and Development Services in Los Angeles County

Revised: February 1, 2012

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				
Family Size	2011 Federal Poverty Level*		State Median Income**	
	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.

³Data 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