



County of Los Angeles Policy Roundtable for Child Care



Policy Brief

February 5, 2013

GOVERNOR'S PROPOSED 2013-14 STATE BUDGET CHILD CARE AND DEVELOPMENT SERVICES

Overview

On January 10, 2013, Governor Jerry Brown released his proposal for the 2013-14 budget. The Governor proposes a multiyear plan for a balanced budget, maintains a reserve of \$1 billion and pays down debt from previous years. The Governor's budget reflects his priorities to invest in K-12 education, increase funding for public higher education and implement federal health care reform. As in previous years, the Governor expresses his commitment to ensuring a balanced budget and "long-term financial stability" for the State of California.¹

The remainder of this policy brief summarizes the Governor's proposals for child care and development services for 2013-14.

Budget Proposals for Child Care and Development Services

Overall, the Governor proposes modest reductions to the budget for child care and development services (see Table 1). While on the surface administrative restructuring of non-Proposition 98 child care and development services appears to be off the table, more careful scrutiny suggests that the Governor is committed to devolving funding to the local level. Specifically, the Governor's proposals are as follows:

- Imposes a .05 percent negative statutory "growth" adjustment to State Preschool, General Child Development, Migrant Child Care, and the Alternative Payment Program.²
- Decreases funding for CalWORKs Stage 2 Child Care by \$21 million to reflect a decline in the number of eligible families. The Governor's budget summary states that the 6,000 children determined eligible for diversion services in Stage 2 in 2010-11 are re-entering Stage 3 in 2012-13. He expects the trend to continue into 2013-14.
- Increases funding by \$24.2 million in CalWORKs Stage 3 Child Care to handle the transfer of the approximately 6,000 children from Stage 2.
- Calls upon the Department of Social Services to convene a stakeholder group to assess the current structure and seek opportunities for streamlining and making other improvements to the system. According to the Child Development Policy Institute (CDPI), the meetings will be held in March and a final report is due in April.³

Tucked into the Governor's proposals for expanding Medicaid as required by the federal Affordable Care Act (ACA) is reference to "shifting programmatic and fiscal responsibility for various human services programs, including subsidized child care to counties." Briefly, the Governor offers two options for Medicaid expansion, state-based or county-based. According to the stated rationale for making the shift is that under the state-based option, the state would need to capture county savings to finance the expansion.

Table 1. Comparison between 2012-13 Budget and Proposed 2013-14 Budget			
	2012-13 Budget	Proposed 2013-14 Budget^{4, 5}	Difference⁶
Proposition 98 General Fund			
State Preschool ⁷	\$481,003,000	\$480,761,000	-\$242,000
Non-Proposition 98 General Fund			
General Child Development	\$464,913,000	\$464,681,000	-\$232,000
Migrant Child Care	\$26,056,000	\$26,043,000	-\$13,000
Alternative Payment (AP) Program	\$174,031,000	\$173,944,000	-\$87,000
CalWORKs Stage 2 (AP)	\$419,286,000	\$398,308,000	-\$20,978,000
CalWORKs Stage 3 (AP)	\$148,425,000	\$172,595,000	\$24,170,000
Resource and Referral Programs	\$18,688,000	\$18,687,000	-\$1,000
Handicap Allowance	\$1,452,000	\$1,452,000	No change
CA Child Care Initiative	\$225,000	\$225,000	No change
Quality Improvement	\$49,490,000	\$46,476,000	-\$3,014,000
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	\$1,308,381,000	-\$1,504,000
Child Care Facilities Revolving Fund	\$5,000,000	\$5,000,000	No change
Cost of Living Adjustment (COLA)	\$0	\$0	No change
Growth	\$0	(see endnote 4)	
Proposition 98 and non-Proposition 98 Sub-total	\$1,795,888,000	\$1,794,142,000	-\$1,746,000
Department of Social Services⁸			
CalWORKs Stage 1	\$408,579,000	\$409,563,000	\$984,000
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	\$121,567,000	-\$22,382,000 ⁹
Cal-SAFE Child Care	\$24,778,000	(see section on pregnant and parenting teens on page 3)	
Pregnant Minor Program	\$13,327,000		
Learning Supports Totals	\$729,079,000	\$668,532,000	-\$22,322,000
California Community Colleges^{10,11}			
Cal-WORKs Child Care – Community Colleges	\$9,188,000	\$9,188,000	
Campus Child Care Tax Bailout	\$3,350,000	\$3,350,000	
Other			
State Advisory Council on Early Childhood Development	\$162,000 ¹²		
Race to the Top-Early Learning Challenge Fund ¹³	\$11,913,000	\$11,548,000 ¹⁴	-\$365,000

Funding for Quality Activities

In years past, the budget bills have indicated allocation earmarks for certain quality activities, including: schoolage care and resource and referral, increasing the supply and quality of care for infants and toddlers, federal funds available for increased licensing inspections, Trustline registration workload, and health and safety training for licensed and exempt child care providers. Budget bills AB 73 (Blumenfield) and SB 65 (Leno) have replaced the provision with language stating 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.”¹⁵ In addition, the provision from previous years accounting for the allocation of funding for the child care worker recruitment and retention program (also referred to as AB 212) and the Child Development Training Consortium has been removed.¹⁶

According to On the Capitol Doorstep’s handout, *Child Care and Development Funding in Governor Brown’s Proposed 2013-14 State Budget*, quality improvement funding is reduced by one-time funding available last year. Approximately half as much funding is available this year, making the reduction closer to \$1.5 million. The current plan for federal fiscal year 2012-13 lists 26 quality-funded activities.¹⁷ The state plan requires approval of the Department of Finance before funds may be expended. The California Department of Education/Child Development Division expects to complete the draft plan containing their recommendations by the spring of 2013.

Pregnant and Parenting Teens

Currently, two State funded programs are designed to ensure that pregnant and parenting teens receive the support they need to graduate from high school, including access to child care and development services. The Governor’s proposed budget is likely to impact both programs in very different ways.

Cal-Learn is a mandatory program for CalWORKs participants receiving cash assistance, under 19 years old, are pregnant or parenting, and have not completed high school education or obtained equivalent certificate of completion. Current and former Cal-Learn youth who have not completed their high school education prior to reaching age 19 can volunteer to stay in the program until they reach age 20 or complete their high school education or equivalent, whichever comes first. Cal-Learn includes intensive case management and support services as well as fiscal incentives and disincentives to eligible recipients. Cal-Learn participants are eligible for CalWORKs Stage 1 Child Care. The Cal-Learn program, partially suspended for FY 2011-12, including case management services for the pregnant and parenting teens provided by Adolescent Family Life Programs¹⁸, was restored beginning with the FY 2012-13 budget with full implementation budgeted for FY 2013-14.

California School Age Families Education (Cal-SAFE) Programs support the academic success of pregnant and parenting teens while connecting enrolled students with support services and providing child care and development services. The proposed budget eliminates Cal-SAFE as an educational categorical program, which reflects the Governor’s intent to eliminate all education such categorical programs and shift funds to local discretion.^{19,20}

Since 2009, Cal-SAFE became a Tier 3 categorical program, which loosened state restrictions and allowed school districts discretion on making spending decisions with their categorical funds as they saw fit.²¹ By eliminating the categorical program completely, funds would be subsumed into the Local Control Funding Formula with schools making decisions on how to spend their allocation of funds based on the needs of the community.²²

Potential Implications of Federal Budget Negotiations

Budget debates occurring at the federal level add an additional layer of uncertainty to future funding for child care and development services and therefore deserve attention. The American Taxpayer Relief Act of 2012 passed by Congress and approved by the President shortly before the new year extended expiring tax cuts except to the wealthiest and postponed the automatic across the board spending cuts (known as sequester) to March 1, 2013. If sequestration occurs, discretionary programs inclusive of the Child Care and Development Block Grant as well as the federally funded Early Head Start and Head Start program will suffer significant reductions in funding. In addition, the Continuing Resolution passed in September 2012 maintaining existing funding levels for early childhood programs is due to expire March 1st and could result in further cuts.

For More Information on 2010-11 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
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:

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- ¹ Brown, Jr. E.G. *2013-14 Governor's Budget Summary*. State of California, January 10, 2013.
 - ² Assembly Budget Committee. *Highlights of Governor's Proposed 2013-14 Budget*. January 10, 2013.
 - ³ Child Development Policy Institute. *Capitol Plus, Vol. 4, No. 2*. January 19, 2013.
 - ⁴ AB 73 (Blumenfield): 2013-14 Budget. Item 6110-194-0001. Introduced: January 10, 2013.
 - ⁵ SB 65 (Leno): 2013-14 Budget. Item 6110-194-0001. Introduced: January, 20, 2013.
 - ⁶ The reductions for State Preschool, General Child Development, Migrant Child Care and the Alternative Payment Program reflect a negative statutory "growth" adjustment of .05 percent.
 - ⁷ Of the amount appropriated for State Preschool, \$5 million is available for the family literacy supplementary grant. See AB 73 (Blumenfield): 2013-14 Budget. Item 6110-196-0001, Provision 5. Introduced: January 10, 2013.
 - ⁸ *California Child Care Programs Local Assistance – All Funds – 2013-14 Governor's Budget*.
 - ⁹ Of the funding allocation to 21st Century Community Learning Centers in the 2012-13 budget, \$22,382,000 was one-time carryover from prior years payable from the federal trust fund.
 - ¹⁰ AB 1497, Chapter 29: Budget Act of 2012, Approved: June 27, 2012; 6870-101-0001(23).
 - ¹¹ AB 73 (Blumenfield): 2013-14 Budget. Item 6870-101-0001(23). Introduced: January 10, 2013.
 - ¹² AB 1464, Chapter 21: 2012-13 Budget, Approved: June 27, 2012; 6110-199-0890.
 - ¹³ AB 73 (Blumenfield): 2013-14 Budget, Introduced: January 10, 2013; Item 6110-200-0890. This item is supported with American Recovery and Reinvestment Act (ARRA) funds.

¹⁴ Of the funding, \$10,359,000 (compared to \$10,059,000 in 2012-13) would be available for allocation to local regional leadership consortia to improve upon or develop local quality rating systems.

¹⁵ AB 73 (Blumenfeld): 2013-14 Budget. Item 6110-194-0001, Provision 1. Introduced: January 10, 2013.

¹⁶ As reference, see AB 1497, Chapter 29: Budget Act of 2012, Approved: June 27, 2012; 6110-194-0001, Provision 9.

¹⁷ 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.

¹⁸ Adolescent Family Life Programs (AFLPS) receive federal funds to provide comprehensive case management services to pregnant and parenting teens and their children. The AFLPs promote positive youth development, building upon the teen's strengths and resources with the goal of improving the health of the teen and her baby, supporting her graduation from high school, reducing repeated pregnancies, and connecting the family with resources. In Los Angeles County, the Department of Public Social Services (DPSS) contracts with the AFLPs to provide the Cal-Learn case management services.

¹⁹ California Child Development Administrators Association. *The Governor's Budget Proposal 2013-14 Dissected*. January 24, 2013.

²⁰ According to Children Now, Cal-SAFE is one of 40-50 categorical programs proposed for permanent elimination, currently representing over \$7.4 billion in school funding. See *Wondering What to Make of Governor Brown's School Finance Reform Proposal?* sent via e-mail by Children Now on behalf of Pro-Kid – The Children's Movement, January 25, 2013. Available for download at http://members.childrennow.org/site/MessageViewer?em_id=3801.0&dlv_id=6541.

²¹ Taylor, M. *The Budget Package – 2009-10 California Spending Plan*. Legislative Analyst's Office, October 2009. Retrieved on February 4, 2013 from www.lao.ca.gov/2009/spend_plan/spending_plan_09-10.pdf.

²² The Governor proposes a new Local Control Funding Formula that would distribute combined resources to school districts through a base revenue limit funding grant per unit of average daily attendance (ADA). Districts would receive supplemental funding equal to 35 percent of the base grant dependent on the proportion of students who are English language learners and students eligible for free and reduced-price meals. An additional concentration grant equal to 35 percent of the base revenue limit funding grant for each English language learner and economically disadvantaged student would be allocated to districts in which this identified population exceeds 50 percent of the total student population. *California Budget Project. Governor Proposes Balanced Budget Highlighted by New Revenues, Investments in Education, and Expanded Health Coverage*. Updated: January 15, 2013. Retrieved on February 5, 2013 from http://cbp.org/pdfs/2013/130110_Gov_Budget_Release.pdf.)