



County of Los Angeles  
Child Care Planning Committee and Policy Roundtable for Child Care



**Winners and Losers**  
**A Report on the California State Budget and Legislation - First Session of 2011-12**  
**Child Care and Development**

**California State Budget 2011-12<sup>1</sup>**

**Introduction**

In January, Governor Jerry Brown entered office confronting a \$26.6 billion budget deficit for the remainder of 2010-11 and the 2011-12 budget year. To address the deficit, the Governor proposed significant spending reductions, funding shifts and the extension of temporary tax increases. He also declared a fiscal emergency, which required the Legislature to consider the Governor's initial proposals and arrive at agreements on bill language to send to the Governor for his approval. In March, the Governor signed 13 budget trailer bills containing measures for diminishing the budget gap, including Senate Bill (SB) 70 (Chapter 7, approved March 24, 2011), which implemented reductions to child care and development services. The Governor's final budget package, signed on June 30, 2011, was designed to close the remaining budget gap, while assuming revenues above previous forecasts.

The budget package also included a set of "trigger reductions" if revenues are lower than projected, which will result in reduced apportionments to K-12, higher education, and child care and development services, among others. AB 121 (Chapter 41) implements a four percent across-the-board cut to child care and development programs for a savings of \$23 million effective on or after January 1, 2012 if revenue estimates are \$1 billion to \$2 billion below budget assumptions. The Department of Finance is required to make its forecast by December 15, 2011.

**Child Care and Development Services**

*In March, the Governor approved SB 70 (Chapter 7), the trailer bill for education. The bill contained a number of reductions to child care and development services as follows:*

- Eliminated subsidized child care and development services for most 11 and 12 year old children.<sup>2</sup>
- Reduced the income eligibility cap for subsidized child care and development services from 75 percent to 70 percent of the State Median Income (SMI), adjusted for family size effective July 1, 2011.<sup>3</sup>
- Reduced reimbursement to license exempt providers from 80 percent to 60 percent of the family child care rate effective July 1, 2011.

<sup>1</sup> For a more detailed account of the budget impact on child care and development services, read the fact sheet *Impact of 2011-12 State Budget Bills for Child Care and Development Services in Los Angeles County: Education Trailer Bill SB 70 (Chapter 7), SB 69 (Pending Approval) and May Revise* (Updated: May 31, 2011) and the policy brief, *2011-12 State Budget – Child Care and Development Services* (July 12, 2012) prepared on behalf of the Policy Roundtable for Child Care and available for download from [www.childcare.lacounty.gov](http://www.childcare.lacounty.gov); click on Public Policy from the menu on the left of the screen.

<sup>2</sup> Exceptions included children up to 21 years old with exceptional needs, 11 and 12 year old children under the supervision of Child Protective Services or at risk for abuse, neglect or exploitation, 11 and 12 year old children needing services during non-traditional hours, and 11 and 12 year old children who are homeless.

<sup>3</sup> Prior to the change, a family of three with a monthly income of up to \$3,769 was eligible for subsidized child development services. As of July 1, 2011, a family of three may earn no more than \$3,518 to meet the eligibility criteria.

## California State Budget 2011-12<sup>1</sup>

- Adjusted the family fee schedule that had been in effect since fiscal year 2007-08 to reflect revised income eligibility limits for fiscal year 2011-12 and increased the fees that families must pay. The revised fee schedule to reflect increases that do not exceed ten percent of the family's monthly income.
- Imposed 15 percent across-the-board cut to all California Department of Education/Child Development Division (CDE/CDD) child care and development programs, including State Preschool and CalWORKs Stage 3 Child Care.

*The Governor's final spending plan for 2011-12 contained modifications to budget decisions approved in March pertaining to child care and development services. The final budget package for child care and development services:*

- Imposed an 11 percent instead of 15 percent across-the-board cut to the maximum reimbursable amounts of contracts for the State Preschool Program, General Child Care Program, Migrant Care, the Alternative Payment (AP) Program, CalWORKs Stage 3 Child Care, and the Allowance for Handicapped Program effective July 1, 2011.
- Reduced the income eligibility cap for subsidized child care and development services from 75 percent to 70 percent of the SMI, adjusted for family size, effective July 1, 2011.
- Rescinded the ten percent family fee increase that was scheduled to take effect on July 1, 2011. Rather, adjusted the family fee schedule that has been in effect since fiscal year 2007-08 to reflect revised income eligibility limits for fiscal year 2011-12.
- Retained the maximum standard reimbursement rate (SRR) at current levels.
- Set priorities for dis-enrolling families with incomes exceeding 70 percent of the SMI from child care and development programs.
- Established the intent of the legislature to fully fund CalWORKs Stage 3 Child Care.
- Restored subsidized child care and development services for 11 and 12 year old children during traditional hours; maintained the preferred placement of 11 and 12 year old children eligible for subsidized services in before and after school programs.
- Removed funding for child care and development services, except part-day State Preschool and the After School Education and Safety (ASES) Program, from the Proposition 98 guarantee.

**California State Legislature – First Session of 2011-12<sup>4</sup>**

**Introduction**

The legislature considered up to 28 bills (not counting budget bills) relating to child care and development during the first year of the state legislative session ending September 9, 2011. Six bills made it to the Governor’s desk for his consideration, of which four were signed and two were vetoed. This section contains a brief summary of the bills that passed the legislature for the Governor’s consideration and his actions. Bills take effect on January 1, 2011, except for urgency measures, which take effect immediately.

**Unionization of Family Child Care Providers**

<p align="center">AB 101 (Pérez)</p>	<p>Would have authorized the unionization of family child care providers and license exempt providers who participate in a child care subsidy program. The certified provider organization would have been allowed to negotiate with State agencies that administer publicly funded child care. Family child care providers would maintain their status as independent business owners.</p>	<p align="center">Vetoed: October 4, 2011  <i>Veto Message, in part:</i> Maintaining the quality and affordability of childcare is a very important goal. So too is making sure that working conditions are decent and fair for those who take care of our children. Balancing these objectives, however, as this bill attempts to do, is not easy or free from dispute. Today California, like the nation itself, is facing huge budget challenges. Given that reality, I am reluctant to embark on a program of this magnitude and potential cost.”</p>
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**School Age Children**

<p align="center">SB 309</p>	<p>Authorizes the State Department of Social Services (DSS) to approve or deny a written request from a school age child care center for enrollment or retention of a non-minor student who qualifies as an individual with exceptional needs and qualifies for regional center services due to a developmental disability. The request must be made at least 30 days prior to child’s 18<sup>th</sup> birthday; the child must be retained unless the request is denied in writing by DSS. The bill specifies information to include in the letter from the child care center making the request to retain the non-minor student.</p>	<p align="center">Chapter 470                  Signed by Governor: October 4, 2011</p>
<p align="center">SB 429</p>	<p>Any school that establishes an After School Education and Safety (ASES) Program is eligible for a supplemental grant to operate in excess of 180 regular school days or during any combination of summer, intersession or vacation periods for a maximum of 30 percent of the total grant amount awarded to the school per school year. Priority for enrollment is to be given to pupils enrolled in the school and pupils to receive at least one nutritionally adequate free or reduced price meal in programs operating six hours per day.</p>	<p align="center">Chapter 626                  Signed by Governor: October 8, 2011</p>

<sup>4</sup> To obtain additional information about any legislation, go to [www.leginfo.ca.gov/bilinfo.htm](http://www.leginfo.ca.gov/bilinfo.htm).

<b>License-exempt</b>		
SB 737 (Walters)	Would have authorized programs administered by a city, county or nonprofit organization in the After School Learning and Safe Neighborhoods Program to operate up to 60 hours per week (up from 30 hours per week) without obtaining a license or special permit. Organizations offering instructional activities less than four hours also are exempt from child care licensure. Would have required the directors or camp counselors directly supervising children to register with trustline while restricting unsupervised contact with a child for those staff members not registered or pending registration.	Vetoed: October 8, 2011 <i>Veto message, in part:</i> I agree with the author's intent to clarify and simplify the regulation of organized camps, but this measure does not achieve this goal. I am directing the Department of Public Health and Department of Social Services to work with the author and interested advocates to resolve this issue in the coming year.
<b>Miscellaneous</b>		
AB 123	Expands the provision regarding the charge of misdemeanor against persons entering school grounds or the adjacent who are disruptive to also apply to persons who willfully or knowingly create disruptions with intent to threaten the immediate physical safety of any pupil in preschool, kindergarten or 1 <sup>st</sup> through 8 <sup>th</sup> grades.	Chapter 161 Signed by Governor: August 3, 2011
SB 942	Eliminates the duties of the Secretary of Education with respect to certain programs, including the Child Care Facilities Revolving Fund and the Advisory Committee on Before and After School Programs, and more. The duties will transfer to the President of the State Board of Education. Amends a number of other sections of the Education Code as clean-up to K-12 Statute.	Chapter 347 Signed by Governor: September 26, 2011

Questions or comments relating to this document 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](mailto:msartell@ceo.lacounty.gov) or by telephone at (213) 974-5187.