



# **Governor's Budget Proposal: 2009-10**

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## **Child Development Services**

Prepared on behalf of the County of Los Angeles  
Child Care Planning Committee and  
Policy Roundtable for Child Care  
[www.childcare.lacounty.gov](http://www.childcare.lacounty.gov)



# INTRODUCTION

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- Governor's Budget General Fund Proposals for 2009-10 released December 31, 2008
- Projects budget gap of \$41.6 billion, under half of revenues projected for 2009-10
- Proposes mix of solutions, including major spending cuts, revenue increases, borrowing, and cash management strategies

# PROPOSED REVENUE SOLUTIONS

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- 1.5-cent sales tax increase and sales tax expanded to selected services
- 9.9% oil severance tax
- 5 cents a drink on alcoholic beverages
- Dependent tax credit reduced from \$309 to \$99 per dependent
- \$12 increase in annual vehicle registration fees
- \$3 increase in driver's license fees

# **MAJOR CHANGES**

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## **REDIRECTED FUNDS**

# FIRST 5 CA & LOCAL COMMISSIONS

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- Eliminate California Children and Families Commission and redirect all state funds and 50% of local funds to support children's programs administered by the Department of Social Services
  - Target high priority state programs supported with General Funds
  - Allow some funds to be retained by counties for local priorities

# PROPOSITION 63

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- Fund Mental Health Managed Care with Proposition 63 funds
  - Decreases General Fund obligation by \$226.7 million in 2009-10

**PROPOSED REDUCTIONS**

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**CHILD CARE & DEVELOPMENT**

# CURRENT YEAR ADJUSTMENTS

## (2008-09)

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- Reduction of \$42 million to reflect expected savings in CalWORKs Stage 2 Child Care (\$27 million) and CalWORKs Stage 3 (\$15 million) caseload-driven programs
- Permanent reduction of \$55 million for General Child Care and Preschool programs based on savings in prior years

# CURRENT YEAR ADJUSTMENTS (2008-09)

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- Reappropriation of an additional \$108 million of anticipated savings in prior-year child care programs to address shortfalls in the one-time sources used to partially fund CalWORKs Stage 2 and Stage 3 in current year

# BUDGET YEAR PROPOSALS (2009-10)

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- Increase of \$736,000 from federal funds for next phase of implementation of Child Care Provider Accounting and Reporting Information System (PARIS)
- \$18.9 million increase for 1.23% growth based on age 4 and under population change

# BUDGET YEAR PROPOSALS (2009-10)

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- No 5.02% cost of living adjustment (COLA), consistent with all Proposition 98 programs
- Reduce Regional Market Rate (RMR) from 85<sup>th</sup> percentile to 75<sup>th</sup> percentile of 2007 RMR survey effective July 1, 2009

# BUDGET YEAR PROPOSALS (2009-10)

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- Revise family fee schedule
  - Retain flat fee per family
  - Begin at income levels where families currently pay fees
  - Increase fees by \$2 per day at low end and increase fees thereafter on sliding scale up to 10% of income which occurs at lower point on income eligibility spectrum when compared to current schedule

**PROPOSED CHANGES**

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**DEPARTMENT OF SOCIAL  
SERVICES**

# COMMUNITY CARE LICENSING DIVISION

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- Proposes increase of \$3.5 million Technical Assistance Fund for investigations of Registered Sex Offenders and investigation of serious crime arrests of licensees
  - Licensing fees increased as needed to offset General Fund impact

## Community Care Licensing Fees

### Examples of Current and Proposed Fees

Facility Type	Annual Fee			Application Fee		
	Current	Governor's	LAO	Current	Governor's	LAO
		Proposal	Proposal		Proposal	Proposal
Family child care home (1-8 children)	\$60	\$70	\$75	\$60	\$70	\$75
Child care center (1-30 children)	200	232	250	400	464	500
Adult day facility (16-30 adults)	125	145	156	250	290	313
Residential facility (16-30 residents)	750	869	938	1,500	1,739	1,875
Foster family agency	1,250	1,449	1,563	2,500	2,898	3,125

# CALWORKS

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Reduce monthly assistance payments by 10%

- Suspend July 2009 COLA
- Modify Safety Net Program
  - Reward working families participating in federal work requirements
  - Impose 60-month time limit on assistance for certain child-only cases
  - Implement six-month self sufficiency review requirement to engage families not participating in work requirements

# CALWORKS CHILD CARE: STAGE 1

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- Governor's budget assumes utilization rates will remain at current levels
- Families in CalWORKs required to participate in work or work-related activities (i.e. education, training)

# California Child Care & Development Programs

## Budget Summary

*(Dollars in millions)*

Program	2008-09 Budget Act	2008-09 Proposal	2009-10 Proposal	Amount	Percent
<b>CalWORKs Child Care</b>					
Stage 1	\$617	\$617	\$674	\$57	9.2%

# SOURCES

- Child Care Law Center. *Child Care is Key to Economic Recover: CCLC Initial Response to Governor's Budget Proposals*. June 5, 2006.
- Schwarzenegger, A. *2009-10 Governor's Budget – General Fund Proposals*. Retrieve on January 5, 2009 from [www.dof.ca.us](http://www.dof.ca.us).
- Taylor, M. *2009-10 Budget Analysis Series – Proposition 98 Education Programs*. Legislative Analyst's Office, February 3, 2009. Retrieved on February 4, 2009 from [www.lao.ca.gov/laoapp/main.aspx](http://www.lao.ca.gov/laoapp/main.aspx).