



## CHILD CARE LAW CENTER

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### **CCLC Supports Conference Committee Budget Compromise June 18, 2009**

Child Care Law Center commends the Conference Committee members for seeking public input and for crafting a balanced budget compromise. It was wrenching to hear people testify to the enormity of the human costs of the Governor's proposed cuts. It is clear California's future as a state and the future of our children are in jeopardy. CCLC finds any cuts to needed programs painful, however, in this political and fiscal climate this compromise should be accepted and we should move forward toward rebuilding California's programs and future.

This brief memo provides an overview of the budget solutions contained in the Conference Committee's budget compromise. More information on actual dollar levels and trailer bill language will be made available in coming days. Our understanding is the Conference Committee proposals will now be considered by the Assembly and Senate and upon passage they will be sent to the Governor. The budget signed in February is in effect until a revised budget is passed and signed.

#### **Support Conference Committee Revenue Package**

We support the revenue options in the Conference Revenue Package including the oil severance tax, rescinding recent corporate tax breaks and the increase in the cigarette tax as well as the measures to increase and accelerate revenue.

#### **Support Early Care and Education Conference Committee Actions June 16, 2009**

1. The Conference Committee rejected the elimination of CalWORKs and the dismantling of CalWORKs child care

CalWORKs: The Governor has proposed the complete elimination of the CalWORKs program, the Conference Committee, however, rejected that proposal.<sup>1</sup>

Stage 1: The Stage 1 child care program was maintained in the Conference Committee's budget. There are certain cost saving measures adopted in placeholder trailer bill language. It is our understanding that the counties will be given flexibility to exempt certain categories of people from Welfare to Work programs or to provide good cause exemptions for individuals. For example, parents of very young children will be allowed voluntary exemptions from participating in Welfare to Work programs. The 60-month clock would not run during a recipient's exemption. These exemptions may also apply to parents in CalWORKs Stage 2. Further details are still being worked out.

Stage 2 and 3: The Governor's Department of Finance (DOF) outlined a proposal to combine CalWORKs Stages 2 and 3 with the non-CalWORKs Alternative Payment program (CAPP), and to cut Proposition 98 funding for these programs by \$211 million. This proposal was rejected and the

Conference Committee's proposal fully funds Stages 2 and 3. We presume this will include a \$56,473,000 increase based on the increased caseload figures the Department of Finance released in its June 2, 2009 Finance Letter accompanying the May Revise proposals. We are still, however, awaiting final numbers.

2. The Conference Committee did not accept the Governor's proposal to charge family fees for families receiving CalWORKs cash aid

The Governor requested that the Legislature revisit the trailer bill language passed last session exempting families on CalWORKs cash aid from paying family fees. It has been the consistent policy of the Legislature that these families should be exempt from family fees. The Conference committee denied DOF's language to amend last year's actions. Under the Conference Committee's proposed budget, last year's language stands and these families remain exempt from family fees.

3. The Conference Committee rejected the proposal to increase family fees especially for the lowest income families

The budget passed in February 2009 included savings of \$14.4 million by increasing family fees for families receiving child care subsidies. The Governor's proposed budget included these savings as well. The specifics of the new family fee structure, however, put the heaviest burden on the lowest income families. The Conference Committee rejected this proposal and instead requested the Administration return with a more equitable rate structure for consideration as part of next year's budget deliberations.

4. The Conference Committee rejected a permanent reduction to the reimbursement rate ceilings for child care providers

The Conference Committee's proposed budget maintains the ceiling at the 85<sup>th</sup> percentile and retains the use of the 2005 survey. Advocates plan to work with CDE so that the 2009 survey will not have the problems of the 2007 survey.

5. The Conference Committee rejected the Governor's proposal to reduce child care slots through the mechanism of "overpayment" reduction or recovery

The Department of Finance proposed a cut of \$36 million to Prop.98 funding for Alternative Payment child care. The cut was framed as "savings" that would be generated by reducing the incidence of or increasing the recovery of "overpayments." There was, however, no evidence that such a substantial amount of money was linked to overpayments. The Conference Committee heard testimony and upon careful review determined that these savings would really be a cut to child care slots and rejected DOF's proposal. The Conference committee did accept the Senate Budget Committee proposal calling on CDE to develop a plan by October 1, 2009 to reduce and recover overpayments.<sup>ii</sup>

6. The Conference Committee used ARRA funds to both reverse February cuts to child care programs and to increase alternative payment program child care slots by \$15.4 million

The Budget passed in February 2009 reflected a permanent decrease in child care funding based on previously unspent funds. CDE and many of its contractors verified that a significant portion of

these funds are now obligated to programs that have enrolled children. The Conference Committee action should ensure that no children are disenrolled due to inadequate funding for contracted centers and other programs. In addition, new programs that CDE has funded in several "high need" communities will not be dismantled.

7. The Conference Committee rejected the reduction of the State Median Income levels for child care eligibility

The Department of Finance had proposed lowering the State Median Income for child care eligibility. The Conference Committee rejected this proposal by prohibiting DOF from re-benching the SMI and retaining the 2007-08 eligibility levels.

8. The Conference Committee eliminated the Extended Day Care Program for school-age children

The Conference Committee made the difficult decision to cut funding to the Extended Day Care Program. While this is a valuable program and provides high quality services, we understand that every area must accept cuts. We appreciate the fact that the program was extended through the summer and that children who are currently in the Extended Day Care Program will receive priority placement in other programs.

9. Allocation of Quality Dollars

CCLC is awaiting more information on how the actions taken by the Legislature will impact the 2009 State Plan and the overall quality allocation.

10. The Conference Committee rejected the most severe cuts to Community Care Licensing

The Governor's proposal to eliminate licensing for family child care homes was rejected, and a total of \$8 million in federal CCDF quality funds were used to offset the cost (up from a previous allocation of \$2.7 million for increased licensing visits). The Committee approved a 10% increase in CCL license fees, rejecting the Governor's much higher increases. The 30% random visit requirement and the requirement to visit at least once every five years were maintained. The Governor's earlier May Revise proposals to add staff for dedicated purposes was also rejected.

11. Creation of the California Early Learning Advisory Council

The Conference Committee also created the California Early Learning Advisory Council (ELAC) tasked with meeting the requirements of the federal State Advisory Council on Early Childhood Education and Care. While we applaud the Committee's commitment to child care planning, we were sorry that there was not time for more discussion about the creation of this important council and that parents are not a more integral part of the council. ELAC will consist of 21 members, composed of:

1. the thirteen members of the Early Learning Quality Improvement System Advisory Committee;
2. the State Director of Head Start Collaboration;
3. one representative from the state educational agency, appointed by the governor;
4. one representative of the state agency responsible for health or mental health care;
5. one representative of higher education;

6. one representative of organizations providing parents with consumer information; on early care and education programs;
7. one representative of Head Start agencies;
8. one additional Governor appointee; and
9. one additional Senate appointee.

The Council's purpose is to develop and recommend to the Governor and Legislature a comprehensive plan for the state's early care and education system for children birth to school entry. Specific tasks include recommending ways to maximize the use of federal funds, conducting a needs assessment on the accessibility and quality of existing programs, and recommending ways to increase participation, professional development and data collection. No General Fund dollars were made available, and the Superintendent of Public Instruction was directed to apply to the California Children and Families Commission for funding.

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<sup>i</sup> Budget Conference Committee Human Services Action List. Accessed at [www.sen.ca.gov](http://www.sen.ca.gov) June 18, 2009.

<sup>ii</sup> Budget Conference Committee Education Language Package Accessed at [www.sen.ca.gov](http://www.sen.ca.gov) June 18, 2009.