



Child Care Law Center
Governor's Budget Proposal 2012-2013
February 3, 2012

The Child Care Law Center believes that all parents have the right to work without worrying about their children's well-being and that all children have the right to safe, educational, and nurturing care when not at home or at school. Every day, the Child Care Law Center breaks down barriers to child care for low-income working parents—because without affordable, good-quality child care, parents cannot support their families and children cannot thrive.

The Governor's Proposed Budget for 2012-13 includes deep cuts, significant policy changes, and a major reorganization of child care.

- 1. DEEP CUTS: Most centrally and critically, tens of thousands of children in California would lose child care assistance, making it harder for working-poor parents to keep their jobs and forcing children into low-quality or unsafe care.**

In total, nearly 1 in 5 children currently receiving child care assistance would be dropped: over **62,000 children** would be cut from the current 342,900 children assisted each month, plus an estimated 200,000 eligible children waiting for assistance.

- The proposed budget would cut **\$446.9 million**—*more than 40%*—out of a current \$1.1 billion total for child care at the California Department of Education.
- Child care takes one of the largest cuts in dollars of any state budget item (along with K-12 education; Medi-Cal health coverage; and CalWORKs, the state's welfare-to-work program.)
- This enormous cut follows on several prior years of cuts—including a loss of child care for 35,000 children just last year. These additional and substantial cuts would further weaken families' access to a reliable network of high-quality child care providers, agencies, and resources and threaten their ability to work.

Many fewer working families would be eligible for help affording the child care that they need for both their children and their jobs.

- *Lower Incomes:* Families' maximum-allowable income level would drop significantly: the new income ceiling would be 200 percent of the federal poverty level, instead of the current 70 percent of the state median income. For example, a family of three in 2012 making more than \$37,060 (the proposed cap) would lose eligibility for child care assistance; currently, the income cap goes up to \$42,216. The average annual child care cost for a 4-year-old in California is more than \$6,600 per child.
- *More Work Hours:* Families would be required to work more hours to qualify for help affording child care: generally, 30 hours per week for parents with children ages 6 and over and 20 hours per week for those with children under 6. These requirements would apply to *all* low-income working families seeking child care assistance, regardless of whether or not they also receive CalWORKs cash aid (via the proposed "CalWORKs Plus" program). By contrast, at least 28 states have *no* minimum requirements for hours worked for families who need help affording child care but are not receiving cash aid.
- *Shorter Time Period:* Very-low-income families working fewer hours would only have 24 months—instead of the current 48 months—to secure additional employment hours and receive child care through the proposed "CalWORKs Basic" welfare-to-work program.

- *Less Child Care*: Some of the poorest children would only be able to receive 30 days of child care every 6 months for their parents to use during a job search (compounding a greatly reduced cash grant for basic needs and minimal case assistance), as part of the proposed “Child Maintenance” category of CalWORKs. This child care proposal is particularly alarming, as children with only 30 days of care every 6 months will lose out on the educational, social, and emotional development that continuous, high-quality care provides and that children—especially those at risk—vitaly need to thrive. Further, it is unclear how families would in practice be able to use this “drop in” care with providers, especially with the lowered rates proposed.

Child care providers would be paid dramatically less to care for children, which would greatly limit parents’ ability to secure appropriate care and also would threaten the existing network of small, community-based (and often women- and minority-owned) child care businesses.

- The statutory cost-of-living-adjustments (COLAs) would be *eliminated* for this year and all future years.
- Providers who are paid through subsidies would be paid a rate no greater than the 50th percentile of the private market rate in effect in 2009 (down from the already low 85th percentile of 2005 rates).
- Child care centers would have their reimbursement rates cut by 10%.

Other major education and care investments in young children and youth would also be rolled back.

- Transitional kindergarten—intended to serve more than 40,000 4-year-olds each year for the next three years—would be *eliminated* in a budget cut of **\$223 million**.
- Part-Day Preschool, serving 3 and 4-year-olds, would be cut by **\$69.9 million** from its current level of \$373.7 million, through the permanent elimination of Cost Of Living Allowances (COLAs) and a 10% reduction in reimbursement rates.
- Some programs hold steady. Head Start, for children ages 3-5, is fully funded by federal funds, so the primary impact would be greater demand by families no longer served by state child care programs—without a guarantee of additional federal funds to meet that demand. Similarly, federally-funded after-school programs like 21st Century Community Learning Centers maintain their funding, as does After-School Enrichment Services (ASES) for school-age children funded through state Proposition 49.

2. SIGNIFICANT POLICY CHANGES

A. NEW REQUIREMENTS FOR PARENTS OF BABIES AND TODDLERS

Parents of the very youngest (0-2) and poorest children would now be required to work, in order to get cash assistance for basic needs from CalWORKs.

- The current “infant” exemption—which exempts a low-income parent from welfare-to-work requirements while caring for a baby—would be eliminated. These parents would lose cash aid even if they cannot find a job or child care.
- The current “young child” exemption—which exempts a low-income parent of a young child between 12 and 23 months or two children under 6 years old from welfare-to-work activities—would end.
- Eliminating these exemptions will mean even more parents would need affordable, good-quality child care for their babies and toddlers while they participate in welfare-to-work activities through CalWORKs. What’s more, infant and toddler care is already one of the least affordable and least available types of child care. A parent paying out-of-pocket for infant care in California would need to pay on average \$6850 per year in a family child care home or \$11,300 in a center.

B. NEW ASSISTANCE FOR SOME WORKING PARENTS

Low-income working parents working enough hours to qualify for child care assistance—but not receiving a CalWORKs cash grant—would be eligible for a \$50-per-month supplemental work bonus beginning in 2013. This “work bonus” would be funded with Temporary Assistance for Needy Families (TANF) dollars through the Department of Social Services and would have the impact of including these families in the State’s federally-required “work participation rate” for TANF.

3. REORGANIZATION OF THE CHILD CARE SYSTEM

The Governor’s budget also outlines a major proposal to reform a complicated child care system. The Governor proposes to collapse the current three “stage” CalWORKs-linked system and consolidate it with all other state child care currently run by the Department of Education (except preschool). Beginning in 2013-14, the Department of Social Services (DSS), in partnership with the counties, would administer the newly-consolidated child care program, while the Department of Education would continue to administer preschool.

Proposals to simplify the child care system are worth careful consideration for their impact on access and quality and their potential to resolve the long-standing challenges facing California’s delivery of child care subsidies. Opportunities to re-envision a simplified, modernized system for parents, while still providing the highest-quality of care for children, must be pursued, amidst the substantial fiscal and political challenges.

Before moving forward on reorganization and realignment, the State must ensure that any proposals provide the following:

- **Access for Working Parents:**
 - Creates a simplified, quality consumer experience for all families seeking child care support—including excellent in-person assistance, multiple doors of entry, and due process protections—both for families participating in a CalWORKs program and for all others.
 - Serves the wide range of diverse families in California, incorporating multiple languages, cultural competency, and services for mixed-status families.
 - Establishes statewide standards and systems, including modern eligibility and enrollment technologies.
 - Aligns child care with other core family benefits, such as Medi-Cal health coverage and CalFresh (formerly Food Stamps), so parents can apply for and receive support in a comprehensive manner, especially as family circumstances fluctuate.
 - Facilitates the future integration of child care assistance with California’s health care portal now under development.
- **Quality Care for Children:**
 - Commits to quality standards in all settings, to support children’s educational, social, emotional, and physical development.
 - Sustains quality improvements and promotes higher-quality care for low-income children.
 - Guarantees a diverse range of child care options for families, including centers and home-based care, flexible hours, culturally-diverse providers, and more.
 - Fosters collaborations across programs to meet the needs of families, such as with Head Start, state preschool, and K-12, including transitional kindergarten.
 - Connects providers with more efficient business processes—for example, to report data and receive payments in a timely, accurate, and streamlined way.
 - Supports a high-quality child care workforce.