



CHILD CARE LAW CENTER

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Brief Overview of Child Care Provisions in the 2011-2012 Budget

Much of what matters in terms of subsidized child care is decided in the budget. The 2011-2012 Budget that went into effect on July 1, 2011 contains a number of provisions related to child care. This is a summary of those provisions.

1) No change in program eligibility for 11-12 year olds

Child care subsidy assistance for 11- and 12-year olds, which had been slated for elimination, was restored. Eleven and 12-year olds continue to be eligible for child care assistance.

2) Reduction to income eligibility

Previously, families with incomes up to 75% of the "State Median Income" (not the FPL) were eligible for subsidies. Effective July 1, 2011, this was reduced to 70% of SMI.

3) No increase to family fees

Family fees, which had been slated to increase by 10%, are unchanged.

4) Lower reimbursement for license-exempt providers

License-exempt child care providers, who were paid 80% of the family child care home rate, will now be paid only 60%. This affects many families who rely on license-exempt child care (sometimes referred to as "family, friend and neighbor care").

5) Less funding for subsidies

Funding for child care subsidies—with the exception of CalWORKs Stage 1 child care and CalWORKs Stage 2 child care, which are entitlement programs—was cut by 11% from last year's level.

6) Retain CalWORKs Stage 3 with reduced funding

The 2011-12 budget continues funding for the CalWORKs Stage 3 program. The funding is much less than in previous years. This is due in part to the 11% cut (see above), but the underlying amount allocated for CalWORKs Stage 3 was based on artificially low enrollment data because Governor Schwarzenegger's 2010 veto of funding for the program caused large numbers of families to drop off. It will be important to track actual enrollment in CalWORKs Stage 3 to support requests for adequate funding.

Update on CalWORKs Stage 3 Litigation

On June 22, 2011, the *Parent Voices Oakland v. O'Connell* case settled. For a link to the Order of Final Settlement and more information on the case, please visit <http://childcarelaw.org/>.

7) CalWORKs time-on-aid is reduced for adults from 60 to 48 months

This matters for child care because the 24-month limit for CalWORKs Stage 2 child care begins on the day the parent stops receiving cash aid. The time-on-aid change will cause large numbers of parents to

lose cash aid sooner than expected. Consequently, more families than previously projected will now (and in the near future) enter the post-cash-aid period of their CalWORKs Stage 2 child care.

8) CalWORKs work requirement exemption

The state-mandated exemption from welfare-to-work (WTW) activities for parents of young children will continue, but tolling has changed: during the months the recipient is exempt, the time clock for receipt of cash assistance *is only tolled until July 1, 2012* (See Cal. Welf. & Inst. Code § 11454.5(a)(7) (2011)). The exemption, first signed into law with the 2009-10 budget, matters for child care because parents are not eligible for a child care subsidy as a supportive service if they do not participate in a WTW activity. The exemption applies to parents (or other relatives) caring for one child ages 12-23 months or at least two children under age six. (Exemptions for parents of children under the age of one already exist in state law; these exemptions do not toll the time clock.) Exempt parents who volunteer should be able to receive child care.

Bill Numbers

If you would like to read the bill language, the relevant bills are:

- 1) SB 70 – Education Budget Trailer Bill – signed into law on March 24, 2011. Note that some of the provisions of SB 70 were changed by AB 114.
- 2) SB 72 – Human Services Budget Trailer Bill – signed into law on March 24, 2011. Note changes contained in AB 106.
- 3) SB 87 – Budget Bill – signed into law on June 30, 2011.
- 4) AB 114 – Education Trailer Bill – signed into law on June 30, 2011.
- 5) AB 106 – Human Services Budget Trailer Bill – signed into law on June 29, 2011.
- 6) AB 121 – Trigger Trailer Bill (authorizes mid-year cuts to the 2011-2012 budget) – signed into law on June 30, 2011.

The Numbers and the “Trigger”

The budget relies on revenue projections to avoid more cuts than those described above. If these revenues fail to materialize by December 15, 2011, then the Department of Finance will trigger mid-year cuts. Specifically, if the overall budget shortfall exceeds \$1 billion, child care will lose \$23 million. This would create a 4% across-the-board reduction. Entitlement programs may not be cut.

Child Care Funding Removed from Proposition 98

Because the budget was passed by a majority vote, and because balancing the budget required Proposition 98 funding guarantees to be either suspended or reduced, and because suspension requires a 2/3 vote, the Legislature reduced Proposition 98 by taking child care funding out of Proposition 98. The Legislature shifted all funding for child care, except the part-time state preschool programs and the After School Education and Safety Program, out of Proposition 98 and into the General Fund. This was done through AB 114, a budget trailer bill. Proposition 98 amended the California Constitution to create a minimum funding obligation for education. The General Fund has no such protections.

We hope this information is helpful to you. Please contact us if you have any questions.