



# CHILD CARE LAW CENTER

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## **Brief Overview of Child Care Provisions in Governor Brown's January 2011 Budget Proposal**

Much of what matters in terms of subsidized child care is decided in the budget. Governor Brown's 2011-12 budget proposal was released yesterday. This is a summary of the provisions that would have the most potential to affect child care if enacted.

### **1) Change in program eligibility**

Child care subsidy assistance for 11- and 12-year olds would be eliminated.

### **2) Changes to income eligibility**

Currently, families with incomes up to 75% of the "State Median Income" (not the FPL) are eligible for subsidies. This would be reduced to 60% of SMI.

### **3) Subsidy reductions**

Subsidies themselves would be reduced. There is no dollar amount attached to the reduction at this point. The idea is that the child care providers would be paid less by the state-contracted agencies, so the families would likely have to make up the difference.

### **4) CalWORKs work requirement exemption**

The state-mandated exemption from welfare-to-work (WTW) activities for parents of young children would not be renewed. It is set to expire at the end of this fiscal year. The exemption mattered for child care because parents were not eligible for a child care subsidy, as a supportive service, if they did not participate in a WTW activity. For details go to:

<http://www.childcarelaw.org/docs/CCLC%20Budget%20Analysis%20731%2009%20Final.pdf>

### **5) Retain CalWORKs Stage 3**

The 2011-12 budget contemplates that the CalWORKs Stage 3 program would continue. It would be funded at just over \$200 million.

### **Update on CalWORKs Stage 3 for FY 2010-11**

The CalWORKs Stage 3 child care program provides child care subsidies to former CalWORKs recipients. It plays a crucial role in allowing low-income working parents to keep their jobs. In October 2010, Governor Schwarzenegger defunded the program in the 2010-11 budget in a line-item veto, effectively terminating the program as of November 1, 2010. The Child Care Law Center and five other organizations filed suit. Please see our home page for information about the *Parent Voices Oakland v. O'Connell* litigation.

In a November 2010 Stipulated Order, the California Department of Education was ordered to continue the CalWORKs Stage 3 child care program through December 31, 2010. Legislative

efforts are underway to continue the program through the end of the 2010-11 fiscal year (AB 1 (Perez) and SB 12 (Corbett)).

Of the \$256 million that Governor Schwarzenegger cut from the 2010-11 budget:

- The FY 2011-12 budget restores \$58 million for the current fiscal year, to cover the court-ordered program continuation through December 31, 2010.
- The FY 2011-12 budget sets aside an additional \$52.6 million for the current fiscal year, which would fund Stage 3 effective April 1, 2011 (and through June 30).
- The FY 2011-12 budget does not designate funding for CalWORKs Stage 3 child care for the first quarter of 2011, from January 1 through March 31. Please feel free to contact us for updates on the situation.

### **Budget Comparisons**

In 2010-11, total funding for California Department of Education child care programs (excluding after-school programs) was \$2.3 billion:

- \$1.5 billion from Proposition 98
- \$722.3 million from federal funds.

In 2010-11, total funding for the CalWORKs Stage 1 child care program, administered by the California Department of Social Services, was \$485.8 million in state general funds and TANF funds.

In the proposed 2011-12 budget, total funding for California Department of Education child care programs (excluding after-school programs) would be reduced to \$1.6 billion:

- \$1.1 billion from Proposition 98
- \$535.6 million from federal funds.

In 2011-12, total funding for the CalWORKs Stage 1 child care program, administered by the California Department of Social Services, would increase to \$603.1 million in state general funds and TANF funds.

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