

State Budget and November Ballot Overview



January 20, 2012

ALAMEDA
Child Care Planning Council
COUNTY

Overview

1. Governor's Child Care Related Budget Proposals
2. Legislative Analyst's Office Reaction
3. 2012 Initiative Update





Governor's 2012-2013 Child Care Related Cuts



- ▶ Cuts \$517 million
- ▶ Transfers all State Department of Education child care programs (except part-day preschool) to County Welfare Departments in 2013–2014.
- ▶ Converts former center-based funding to vouchers.

The Good News



- ▶ Current year trigger cuts to child care not happening.



Governor's Major Proposals	State Savings	State Impact	Alameda County Impact
<i>OVERALL CC CUTS</i> 517 million			
Eliminate services for families not meeting welfare to work requirements	293.6 million	46,300 slots lost	
Reduce eligibility from \$42,216 to \$37,060 (70% of SMI to 61.5% of SMI or 200% of federal poverty level). Includes State Prek reductions.	68 million	15,700 slots lost for children currently in care	

Current total in state contracts:
\$117,688,001

Funds lost (from all cuts):
AP:
\$15,467,861
Center based:
\$16,593,005
Total lost:
\$33,808,995

Governor's Major Proposals	State Savings	State Impact	Alameda County Impact
<p>10% Reduction to Standard Rate of Reimbursement (for Title V/SDE programs). This means serve the same number of children with less money. Includes reductions to State Pre-K.</p>	<p>101.9 million</p>	<p>\$34.38 current daily rate per child would be reduced to \$30.94</p>	<p>Currently served: 12,178 Slots Lost (from all cuts): AP: 1,493 Center Based: 1,851 Part Day Preschool: 202 TOTAL: 3,546</p>
<p>Reduce provider reimbursement rate (through AP vouchers) from 85th percentile of the Regional Market Rate (RMR) to 50% of the 2009 RMR</p>	<p>11.8 million</p>	<p>Average reduction to centers in CA is 14%</p>	<p>Example: Full day center based services for a preschool age child in Alameda County would be reduced by \$100 per month per child</p>

Governor's Major Proposals	State Savings	State Impact	Alameda County Impact
No Cost Of Living Adjustment (COLA)	\$41.6 million		See previous slides
<u>Other</u>			
Elimination of supplemental reimbursement for Child Nutrition program subsidy for private entities	10.4 million		
Eliminate TK Defunds the program and diverts to schools budget	\$223.7 million year one 675 million by 14-15	125,000 children by year 3	

Governor's 2012-2013 Child Care Budget Overview

- ▶ Keeps the new Kindergarten entry age but removes Transitional Kindergarten requirement. Savings go back into K-12 education.

Additional Details

- ▶ In 2012–2013 three Alternative Payment contracts (2 serving current and former CalWORKs families and one serving low-income working families) will become one capped contract with cash aided families prioritized
- ▶ In 2013–2014, 142,000 child care slots will be moved to County Welfare Departments all as alternative payment vouchers
- ▶ Families can still stay with their Title V center but will have to enroll at welfare office and receive a \$50.00 food voucher

Additional Details

- ▶ \$946 million in CalWORKs cuts and restructuring into 3 programs:
 - CalWORKs Basic:** cash, child care and other supports for 24 months
 - CalWORKs Plus:** families can continue cash aid, child care and other supports for 24 more months max IF they meet federal work requirements
 - Child Maintenance:** only child receives (reduced) cash grant

Additional Details

- ▶ CA has a problem meeting federal work participation rates (WPR) and faces fines if not met. Alameda County has lowest WPR in CA.
- ▶ 75% of children served with Dept. of Education funds meet federal WPR
- ▶ If these families are swept into the welfare system as proposed, CA will improve its WPR and have a better chance of avoiding fines.
- ▶ Welfare Departments will receive \$35 million collectively to help them assume child care responsibilities.

Additional Details

- ▶ Less than 25% of welfare recipients will receive their current grant amount.
- ▶ With 2013–2014 restructure proposal, longstanding child care programs like Albany Children's Center, St. Vincent's Day Home, Salvation Army and BAHIA would lose all direct funding from state and rely on vouchers.
- ▶ Traditionally approximately 50% of families on vouchers choose license exempt care.
- ▶ Quality? A local decision.

Legislative Analyst's Office Reaction is Somewhat Concerned

- ▶ Transitional Kindergarten: eliminate program but consider prioritizing state preschool slots for low income children born between November 1–December 1 and reject \$58 million cut to state preschool
- ▶ CalWORKs: work vs. subsistence basics and Governor chooses work
- ▶ Good that trying to streamline (child care IS complicated) but harsh for working families. Too severe on eligibility and timelines and only work focus? Savings estimates may not pan out.

2012 Ballot Initiatives

- ▶ Children Now not sponsoring initiative
- ▶ Advancement Project head Molly Munger donates \$500,000 to Our Children, Our Future: Local Schools and Early Education Investment Act
- ▶ Courage Campaign and California Federation of Teachers have Millionaires Tax of 2012 (\$6 billion)



Sources



- ▶ California Child Care Resource and Referral Network
- ▶ State Budget
- ▶ Legislative Analyst's Office
- ▶ California Partnership
- ▶ Department of Finance