



**Impact of January, 2013 Governor’s Budget Proposals on Alameda County Early Care and Education Programs and Subsequent Federal and State Budget Activity**

**(DRAFT as of March 13, 2013)**

**Summary**

Governor Brown’s January, 2013 Budget proposal does not propose significant cuts to subsidized child care programs beyond slight negative caseload adjustments. It does propose several policy changes and work groups that would have significant and possibly wide-reaching impacts on Alameda County’s ECE system of 2,200 public and private providers.

**Fiscal Proposals<sup>1</sup>**

State Program	Funding Change	State Child Care Change
Stage 1	\$26 million increase	1,877 caseload increase
Stage 2	\$21 million decrease	5,187 caseload decrease
Stage 3	\$24.2 million increase	3,086 increase: Stage 2 to Stage 3
Growth and COLA	\$333,000 decrease in growth (-.05%)	

Impacts to overall caseloads for Alameda County would be negligible.

**State Quality Funds Would Be Cut \$1.5 million:** The Local Child Care Planning Councils, AB212 and Resource and Referral Agencies contracts will reportedly not be reduced, (Local Planning Councils were cut by 50% in 2010). The cuts to the roughly two dozen other statewide programs funded with federal CDBG quality dollars have not yet been announced by the California Department of Education.

*In early February, the Assembly under Speaker Perez’s leadership appropriated \$10 million to augment Stage 3 for families who have left welfare and are working. This will prevent more children from being disenrolled from child care through the end of this fiscal year. However, it will not enable children who have already been disenrolled due to lack of funding already. Alameda County Stage 3 providers remain concerned that the Stage 3 allocation for 13-14 may not meet the demand.*

*Also in February, the Sequester impacted Head Start programs. Out of 3,940 children served by Head Start in Alameda County, a 5.3% across the board cut would result in 209 children losing services. The Sequester could also reduce federal Child Care and Development Funds which support state subsidies for low-income parents. Alameda County has over \$77 million in child care subsidies. An across the board cut of 5.3% to this funding could result in a \$1.2 million cut in Alameda County.*

<sup>1</sup> Calculations by Donita Stromgren for Northern Director’s Group, CCDAA, 1/10/13

**Possible Medi-Cal/Child Care Swap:** The Governor offers two alternatives for pursuing the Medicaid expansion under the federal Affordable Care Act. The budget provides the skeletal outline for a state-based approach or a County-based approach. If the state picks up the expansion costs via 1991 realignment funds, the Governor proposes that counties would assume responsibility for child care. If counties collectively chose the County expansion option, it is assumed that the State would continue to administer ECE. No additional details are available at this time.

The California Health and Human Services Agency, in partnership with the Departments of Finance, Health Care Services, and Social Services is convening a statewide stakeholder group to discuss options whose first meeting was 2/1/13.

It is too early to tell which options counties will prefer. However, the child care field would adamantly oppose shifting of state child care subsidies to the Social Services Agency with: no protection of contracts for Title 5 centers and inequity of services from County to County

The Planning Council's review of national research has uncovered reports of significant inequities for families and providers when child care administration is administered by local governments. Currently, the County receives approximately \$77 million in state child care subsidies through Title 5 contracts and CalWORKs vouchers distributed through Alternative Payment programs (this amount does not include Stage 1 child care or Head Start dollars). This amount has declined by 14% since last year, or from almost \$90 million. We estimate that Alameda County lost over 900 subsidized slots for low-income children.

*The Alameda County Board of Supervisors is slated to approve a statement in favor of the state option but opposing child care realignment.*

**DSS Workgroup to Streamline Child Care:** The Governor's budget includes language requiring the Department of Social Services to convene a workgroup to review and make recommendations to streamline the child care delivery system. This workgroup is currently on hold to prioritize the previously mentioned workgroup on Medicaid expansion.

**Elimination of Categorical Funding of Child Care for Pregnant and Parenting Teens (Cal-SAFE):** Cal-SAFE has two components:

- one serves the children of the teen parents while they are in school;
- one provides student and academic support services such as tutoring, books and materials, parenting classes and connections to social services and other supports.

**Governor's Proposal:** The Governor proposes eliminating the \$20 million child care services portion, and includes the approximately \$27million for Student and Academic Support Services in the Weighted Student Funding Formula. The Formula does not include services to teen parents.

Since Cal- SAFE was placed in a flexible funding category in 2009 and capped at 2007-08 funding level, the program has gone from 158 programs statewide to 100 and falling. Cal-SAFE has a statewide graduation rate of 73% and 10 other documented outcomes; 90% immunization rate for children, delay of second pregnancy and other outcomes (see CDE web site for 10 year report and 12 year update).

**Alameda County Impact:** Alameda County currently has six CalSAFE programs: Alameda, Berkeley, Fremont, Hayward Pleasanton and the County Office of Education. They receive a total of \$2.1 million to provide these services. At this point we are not aware of any programs that intend to reduce or eliminate services in Alameda County.