

Action Memo

From: California Coalition for Equity in Early Care and Education (CCEECE)

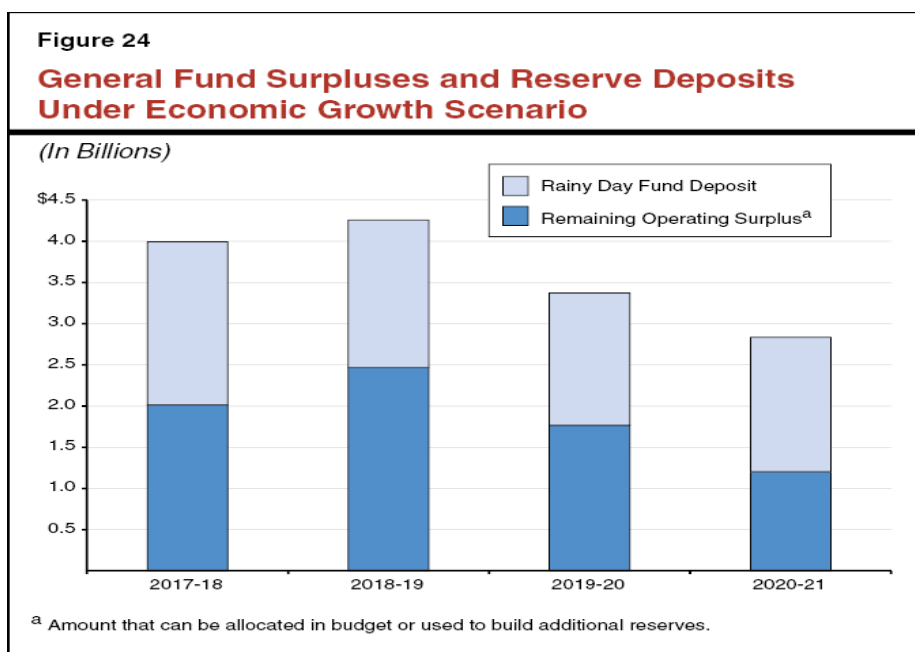
To: Interested Parties

Subject: Investing in Early Care and Education for California's Children
Surplus Revenue Available for Permanent and Secure Funding

(Prepared by John Thiella, Jim Gonzalez and Associates, LLC)

In its "Positive 2017-18 Budget Outlook," the Legislative Analyst's Office projected that without any additional budget commitments, California would end the 2017-18 fiscal year with \$11.5 billion in total reserves, including **\$2.8 billion "which the Legislature can appropriate for any purpose."**¹

Under the Legislative Analyst's Office analysis -- assuming continued economic growth -- the General Fund would be in surplus though fiscal year 2020-21, as indicated in this chart:



¹ <http://www.lao.ca.gov/Publications/Report/3507>

The UCLA Anderson Forecast for California -- issued in post election December 2016 -- stated "real personal income growth is forecast to be 3.6 percent in 2017 and 3.8 percent in 2018."²

A Call to Action for the Legislature and the Governor

California's children face an early education crisis.

Despite overwhelming evidence that life outcomes are directly linked to early care and education, a permanent funding drought has meant that each year providers have had to fight to retain early education programs. Where there should be universal consensus, there has been an annual struggle to "justify" actions by the Legislature and the Governor to maintain funding.

2017 must be the year to end the funding drought and make real progress to achieve permanent and secure funding for early care and education. Without permanent and secure funding the future of our children will remain a shifting priority, dominated by the whims of national politics and the fallacy that saving for a rainy day is more important than investing in children's futures.

The Legislature and the Governor must provide secure and permanent funding for Early Care and Education.

The Leadership Required to Invest in the Early Care and Education System

Given this fiscal reality, the Legislature and the Governor must take the lead to invest in California's Early Care and Education System. These investments must include:

Increasing Access for Families:

- Update the eligibility guidelines to reflect the current State Median Income (SMI), and increase the exit eligibility level to 85% of current SMI, in order to ensure low-income families have access to subsidized services, and small minimum wage increments do not render families ineligible.
- Add additional spaces for children in both the General Child Care and Alternative Payment systems to expand access to care for working families with a variety of child care needs.
- Implement 12-month eligibility practices across child care and early learning programs.

² <http://newsroom.ucla.edu/releases/ucla-anderson-forecast-new-economy-under-new-administration-trumponomics>

Increase All Reimbursement Rates:

- Continue the implementation of the multiyear increases in both the Regional Market Rate and Standard Reimbursement Rate agreed to in the 2016/17 Budget to meet the demands of minimum wage increases.
- Begin regionalization for the Standard Reimbursement Rate for contracted centers.