

Overview of Child Care and Development (CCD) Budget

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 1
On Health and Human Services
Hon. Holly Mitchell, Chair

Assembly Budget Subcommittee No. 2 on Education Finance Hon. Susan Bonilla, Chair





Review of Recent CCD Budget Reductions

Summary of Reductions to Child Care and Development in March Budget Package

(In Millions)

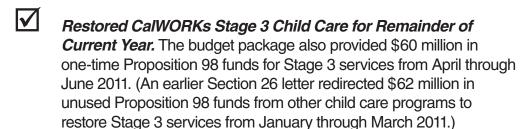
	Description	Proposition 98 Savings
Child care programs	Reduces contracts by 15 percent. ^a	\$246
Title 5 child care centers and preschool programs	Reduces standardized reimbursement rate by 10 percent.	122
License-exempt child care providers	Reduces maximum reimbursement rate from 80 percent to 60 percent of licensed rate.	44 ^b
Care for 11- and 12-year olds	Eliminates funding for most 11- and 12-year olds needing child care during traditional work-week hours. ^c	36 ^d
Income eligibility	Lowers maximum income eligibility from 75 percent to 70 percent of the state median income.	30
Family fees	Increases fees by 10 percent.	5
Total		\$483

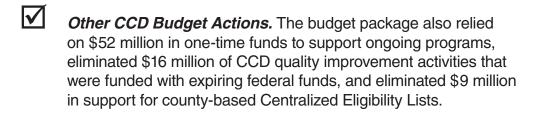
^a Does not apply to CalWORKs Stages 1 and 2 child care. Contract reduction taken after making other policy reductions. Contractors will realize savings by eliminating slots and prioritizing remaining services for families with the lowest income.

d Also achieves \$15 million non-Proposition 98 General Fund savings related to CalWORKs Stage 1 child care.



March Package Made Significant Programmatic Reductions to CCD Budget for 2011-12. The budget package made \$483 million in ongoing Proposition 98 reductions to CCD programs, including eliminating child care slots, lowering provider reimbursement rates, and raising family fees.





b Also achieves \$28 million non-Proposition 98 General Fund savings related to CalWORKs Stage 1 child care.

 $^{^{\}rm C}$ Statutory language prioritizes displaced children for care in school-based before and after school programs.



Overview of Governor's May Revision CCD Proposals



May Revision Contains Mostly Technical Changes to CCD Budget. Adjustments include:

- Costs from projected increases in CalWORKs Stage 2 caseload (\$27 million in 2010-11 and \$59 million in 2011-12).
- Savings from projected decreases in CalWORKs Stage 3 caseload (\$82 million in 2010-11 and \$144 million in 2011-12).
- Savings from statutory adjustments to non-CalWORKs programs based on declining population estimates for children ages birth to five (\$7 million).

Costs Could Increase as CalWORKs Stage 3 Caseload Stabilizes.

- Stage 3 caseload from January through March 2011 appears much lower than anticipated (likely due to the veto of currentyear funding), but costs could increase if families return to the program.
- Additional caseload costs are uncertain, but Governor sets aside \$55 million in 2010-11 and \$34 million in 2011-12 to cover potentially higher costs. Estimates will need to be refined as better data become available.
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Only Significant Policy Proposal Is to Eliminate Early Learning Advisory Council (ELAC). Because ELAC is funded by First 5 California, elimination would not result in state savings in the budget year. Proposal would require reverting at least \$8.4 million in federal funds being used for state-level activities to improve California's early learning system. Recommend rejecting proposal.