

May 2017

Overview of Child Care and Preschool Conference Issues

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:
Budget Conference Committee
Hon. Holly J. Mitchell, Chair



Child Care and Preschool Budget Plans

May 2017
Page 1



Governor's Plan

- The Governor's plan provides \$4 billion for child care and preschool programs in 2017-18, reflecting a \$271 million (7 percent) increase from 2016-17. Of the increase, \$179 million is Proposition 98 General Fund, \$72 million is non-Proposition 98 General Fund, and \$20 million is federal funds.



Senate's Plan

- The Senate's plan increases child care and preschool funding by \$291 million over 2016-17 levels—\$20 million more than the Governor. Of the increase, the Senate provides the same amount of Proposition 98 General Fund and federal funds but \$20 million more in non-Proposition 98 General Fund.



Assembly's Plan

- The Assembly's plan increases child care and preschool funding by \$353 million over 2016-17 levels—\$82 million more than the Governor and \$62 million more than the Senate. Compared to the Senate, the Assembly provides \$30 million more Proposition 98 General Fund and \$32 million more non-Proposition 98 General Fund. It provides the same amount of federal funds.

Major Commonalities Among the Plans

May 2017
Page 2

- Both Houses Increase Spending by \$271 Million to Implement Multiyear Budget Agreement and Make Technical Adjustments**
 - \$159 million to annualize the cost of rate and slot increases initiated in the 2016-17 budget.
 - \$135 million to increase rates for child care and preschool providers.
 - \$8 million to add 2,959 full-day State Preschool slots at local education agencies (LEAs) to begin April 1, 2018.
 - \$30 million reduction due to various other changes.

- Both Houses Make Changes to Eligibility Criteria and Family Income Reporting Requirements**
 - \$20 million to (1) use the most recent State Median Income (SMI) when determining eligibility for child care and preschool and (2) set different entry and exit thresholds. Specifically, increase the entry threshold to 70 percent and the exit threshold to 85 percent of SMI.
 - Allow families to report changes to income and work status less frequently.

- Both Houses Allow Part-Day State Preschool Programs to Serve Children With Special Needs Over Income Threshold**

Notable Differences Among the Plans

May 2017
Page 3

- Assembly's Plan Funds More Child Care and Preschool Slots**
- Houses Take Different Approaches to Changing Licensing Requirements for LEA-Run State Preschool Programs**
- Assembly's Plan Modifies Adult-to-Child Ratios for State Preschool Programs Exclusively Serving Four-Year Olds**

Assembly's Plan Funds More Slots Than Other Plans

May 2017
Page 4



Assembly's Plan

- Assembly adds (1) \$30 million Proposition 98 General Fund for 2,624 full-day State Preschool slots at LEAs and (2) \$30 million non-Proposition 98 General Fund for 1,590 Alternative Payment slots and 1,120 General Child Care slots. All new slots would begin July 1, 2017.
- Assembly adopts language specifying that if LEAs do not have sufficient interest in new State Preschool slots, the California Department of Education (CDE) can award funding for part-day slots at LEAs or non-LEAs.



LAO Comments

- Since LEAs have not used all new full-day slots added in recent years, we recommend adopting Assembly's language allowing CDE to use new funding for part-day slots if LEAs do not display sufficient interest in new full-day slots.
- To the extent the Legislature wishes to add child care slots, we recommend allocating new slots in proportion to counties' shares of unserved eligible children. Without this statutory clarification, slots may not be allocated in accordance with need.

Houses Take Different Approaches to Licensing Requirements for State Preschool

May 2017
Page 5



Current Requirements

- Public and private child care and preschool programs generally are subject to Title 22 licensing requirements, which cover health and safety standards. In order to operate, facilities must pass an initial inspection on these requirements. Subsequent inspections occur every three years or more often if a member of the public submits a complaint. The Department of Social Services (DSS) conducts these inspections.
- State Preschool programs also are subject to Title 5 requirements, which include various health, safety, and programmatic requirements. CDE is responsible for issuing Title 5 requirements and monitoring compliance.



Differences Among the Plans

- **Governor.** Allows LEA-run State Preschool programs to be exempted from Title 22 licensing requirements if they operate in facilities constructed according to the state's K-12 building standards.
- **Senate.** Adopts Governor's proposal.
- **Assembly.** Waives initial licensing inspection for new LEA-run State Preschool programs but still requires them to meet Title 22 health and safety standards and be subject to later inspections. Assembly also requires CDE and DSS to convene a stakeholder process to hear input on (1) whether any changes should be made to Title 22 and Title 5 regulations and (2) what adult-to-child ratios are appropriate for three- and four-year olds.

Houses Take Different Approaches to Licensing Requirements for State Preschool

(Continued)

May 2017
Page 6



LAO Comments

- Recommend Assembly approach, as it keeps the same rules for all providers but addresses concerns both houses have raised about the burden of initial inspections.
- A workgroup tasked with identifying potential improvements to Title 22 and Title 5 regulations could be helpful. In order to be most helpful, we recommend the Legislature provide the workgroup with a clear objective and require participants be practitioners knowledgeable about preschool program licensing rules.

Assembly's Plan Modifies Adult-to-Child Ratios in State Preschool

May 2017
Page 7



Current Requirements

- Teachers must have a Child Development Teacher Permit (24 units in early childhood education/child development plus 16 general education units).
- Programs must have a 1:8 adult-to-child ratio and a 1:24 teacher-to-child ratio.



Differences Among the Plans

- **Governor.** Allows State Preschool classes to have a 1:12 adult-to-child ratio if (1) the program has a Tier 4 or higher rating in their local Quality Rating and Improvement System or (2) teachers in the program have a Multiple Subject Teaching Credential and 24 units in early education or comparable experience.
- **Senate.** Makes no changes to requirements.
- **Assembly.** Adopts Governor's proposed ratio changes, but only for classrooms exclusively serving four-year olds.



LAO Comments

- Recommend Senate action.
- Assembly proposal makes system more complicated without providing substantial additional flexibility.