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Child Care and Development: Major Issues

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 2

On Education Finance





Child Care and Development Programs



Governor's Proposal:

- The Governor proposes a baseline budget for child care and development programs.

<i>2007-08 All Funds (Dollars in Millions)</i>				
Program ^a	2006-07	Proposed 2007-08	Change	
			Amount	Percent
Child Care				
CalWORKs ^b :				
Stage 1 ^{c, d}	\$418	\$510	\$92	22.0%
Stage 2 ^{d, e}	539	462	-77	-14.3
Stage 3	390	393	3	0.8
Subtotals	(\$1,347)	(\$1,365)	(\$18)	(1.3%)
Non-CalWORKs ^b :				
General child care	\$698	\$762	\$64	9.2%
Other child care programs	327	344	17	5.2
Subtotals	(\$1,025)	(\$1,106)	(\$81)	(7.9%)
Child Development				
State preschool	\$392	\$418	\$26	6.6%
After school programs	710	676	-34	-4.8
Subtotals	(\$1,102)	(\$1,094)	(\$8)	(-0.7%)
Growth and COLA	\$108	\$76	-\$32	-30% ^f
Support Programs	\$91	\$102	\$11	12.1%
Totals—All Programs	\$3,673	\$3,743	\$70	1.9%
^a Except where noted otherwise, all programs are administered by the California Department of Education. ^b California Work Opportunity and Responsibility to Kids. ^c Administered by California Department of Social Services. ^d Does not include reserve funding. ^e Includes \$15 million for centers run by California Community Colleges. ^f The bulk of the decline is due to the difference in the cost-of-living adjustment (COLA) rates (5.92 percent in 2006-07 and 4.04 percent in 2007-08).				



Child Development Quality



California Is Concerned About Quality but Efforts Are Not Coordinated

- State and nonstate agencies apply different standards.
- No way to measure quality.
- Little information about program quality available to parents.
- No incentives for providers to improve quality and no rewards for those that operate high-quality programs.
- No way to evaluate effectiveness of the nearly \$100 million California spends annually on quality improvement programs.



LAO Recommendation:

- Recommend convening a working group of relevant stakeholders and directing it to create a quality plan by March 1, 2008.
- Key Elements of a quality plan include:
 - A definition of program quality.
 - A method for measuring and rating quality.
 - A way to disseminate information on quality and ratings.
 - Incentives for providers to improve quality.
 - A means by which to evaluate the use of quality improvement monies.
 - A realistic, phased-in implementation approach.



Child Development and the LAO Suggested Proposition 98 Roadmap



LAO Recommendation:

- Given the sizeable increases in Proposition 98 monies projected over the next several years, we recommend using 2007-08 to develop a long-term roadmap.
- In our suggested roadmap, we highlight the achievement gap that persists between special education, English learner, and low-income students and other K-12 students.
- As one component of a larger plan to address these gaps, we recommend investing approximately \$2 billion to:
 - Offer state preschool to all low-income three- and four-year olds.
 - Develop parent education programs for low-income families with children ages 0-2.



Wrap Around Child Care



Governor's Proposal:

- The Governor proposes \$5 million in new ongoing monies for wrap around child care for children attending the Pre-Kindergarten Family Literacy (PKFL) preschool programs.



LAO Recommendation:

- Recommend approving the \$5 million because wrap around child care has been shown to promote preschool attendance.
- Recommend removing language restricting monies only to PKFL preschool programs. Instead recommend designating monies for the larger standard wrap around child care program.
 - PKFL providers still would be eligible.
 - Administrative burden would be reduced.
 - Would ensure monies are used efficiently and expeditiously.



Child Development Facilities

Facilities Renovation and Repair (FRR) Program



Governor's Proposal:

- The Governor proposes to spend up to \$5 million from the Child Care Facilities Revolving Fund (CCFRF) for the FRR program.



LAO Recommendation:

- Recommend adopting the Governor's proposal.
 - ***CCFRF Has More Than Enough Funds to Meet Expected Demand.*** The California Department of Education (CDE) estimates that CCFRF has sufficient monies available in 2007-08 to award all anticipated loans, support the FRR program, and still end the year with over \$25 million.
 - ***FRR Has High Demand.*** Requests for funding were three times greater than available monies the last time applications for FRR grants were accepted (2005).

Major Repair and Renovation (MRR) Program



Background:

- The CCFRF's MRR program was authorized in 2001 but is not yet operational.



LAO Recommendation:

- Recommend Legislature direct CDE to report at spring hearings on the status of the MRR program and provide suggestions for expediting implementation.