

June 29, 2010

Overview of California's Child Care and Development System

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Senate Education Committee,
Subcommittee on Early Learning

Hon. Carol Liu, Chair





Overview of Child Care and Development (CCD) Programs in California

Publicly Funded Child Care Programs in California			
<i>(2009-10)</i>			
	Funding (in Millions)	Enrollment	Target Child Population
Federal Programs			
Head Start ^a	\$841	104,883	Ages 0-5 from families making less than federal poverty level.
State Programs^b			
CalWORKs child care	1,435	185,203	Ages 0-12 from families who are or were participating in CalWORKs grant program.
Non-CalWORKs child care	1,113	133,535	Ages 0-12 from families making less than 75 percent of state median income (SMI), and/or meeting other special criteria.
State preschool	439	116,832	Ages 3-5 from families making less than 75 percent of SMI.
Totals	\$3,828	540,453	

^a Funding and enrollment data from 2008-09.

^b State programs funded with a mix of Proposition 98 (about \$1.8 billion) and two federal block grants (Temporary Assistance for Needy Families and Child Care and Development Fund, roughly \$500 million each).

- Subsidized Care Is Targeted for Low-Income Families.** State and federal funding support CCD for over 540,000 children from low-income families.
 - Funding sources for state programs include Proposition 98 and two federal grants.

- Not All Eligible Children Receive Services.** Waiting lists for subsidized care are common in most counties.

- Limited Data Are Available on Non-Subsidized Care.**
 - In 2009, state-licensed facilities included almost 1.1 million child care slots. (This total would not include children cared for by an unlicensed provider.)
 - One research report estimated that about 60 percent of all preschool-age children attend a center-based CCD program.



Overview of State CCD Programs

Overview of State's Child Care Programs			
<i>(2009-10)</i>			
Program	Funding (In Millions)	Estimated Enrollment	Description^a
CalWORKs Child Care			
			Recipients of CalWORKs assistance are eligible for subsidized child care. This care is administered in three stages. All CalWORKs providers are paid through a voucher reimbursement system based on regional market rate (RMR).
Stage 1	\$547	66,316	Stage 1 begins when a participant enters the CalWORKs grant program. Stage 1 is overseen by the Department of Social Services.
Stage 2	476	63,004	CalWORKs families are transferred into Stage 2 when the family is deemed to be stable. Participation in Stage 1 and/or Stage 2 is limited to two years after the family stops receiving a CalWORKs grant. (A small portion of these programs are run through the California Community Colleges.)
Stage 3	412	55,873	A family may enter Stage 3 when it has exhausted its two-year limit in Stage 1 and/or Stage 2 (referred to as timing out), and remain as long as they remain otherwise eligible for child care.
Non-CalWORKs Child Care			
			Low-income families not receiving CalWORKs assistance also are eligible for subsidized child care, though demand typically exceeds funded slots.
General Child Care	797	86,169	Care provided in a licensed center or family child care home (FCCH). Providers paid through direct contract with California Department of Education (CDE) at standard statewide reimbursement rate.
Alternative Payment	275	37,186	Care provided in licensed center, FCCH, or by license-exempt provider. Providers paid through voucher reimbursement system based on RMR.
Migrant and Severely Handicapped	41	10,180	Programs targeted for specific populations of children.
State Preschool	439	116,832	Early childhood education programs for three- to five-year-old children from low-income families.
Total Enrollment	\$2,987	435,560	

^a All Child Care and Development programs are overseen by CDE unless otherwise noted.



State CCD System Is Complex

- ☑ ***Two Pathways for Accessing Care.***
 - Guaranteed entitlement for CalWORKs participants and “capped” with waiting lists for non-CalWORKs care.

- ☑ ***Two Types of Providers.***
 - State-licensed facilities and license-exempt providers.

- ☑ ***Two Sets of Program Standards.***
 - Title V standards and Title 22 standards.

- ☑ ***Two Reimbursement Systems/Rates.***
 - Direct contract with state and payment vouchers administered by “alternative payment” organizations.
 - Statewide standardized rate for direct contracts and regional market rate for vouchers.



Other Statewide CCD Activities and Resources

- County First 5 Commissions.** Roughly \$500 million annually in Proposition 10 tobacco tax funding supports various county-based activities, including preschool, child health care services, and professional development and stipends for child care providers.
- Federally Funded Improvement Activities.** As a condition of receiving federal child care funding, the state must conduct activities to improve the quality of child care in California. In 2009-10, the state budgeted roughly \$100 million for 40 distinct projects including professional development, stipends for providers, and activities related to health and safety.
- Resource & Referral (R&R) Agencies.** The state provides \$19 million annually for R&R agencies to compile and disseminate detailed information about local child care services and conduct activities related to improving the supply and quality of child care.
- Local Child Care and Development Planning Councils (LPCs).** The state provides \$7 million annually to LPCs in each of the state's 58 counties to provide a forum to address local child care priorities and help coordinate the efforts of/receive feedback from various local groups.
- Centralized Eligibility Lists.** The state spends \$8 million annually for counties to maintain centralized waiting lists to ensure eligible low-income families are notified when child care slots become available.