

**AGENDA**  
**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2**  
**ON EDUCATION FINANCE**

**ASSEMBLYMEMBER SARAH REYES, CHAIR**

**TUESDAY, APRIL 13, 1999**  
**STATE CAPITOL, ROOM 447**  
**4:00 P.M.**

<b>ITEM</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
<b>ITEMS TO BE HEARD</b>		
<b>6110</b>	<b>DEPARTMENT OF EDUCATION (K-12)</b>	<b>2</b>
	➤ Child Care	2
	• Family Fee Schedule	4
	• Child Care Data Collection System	6
	• BBL/TBL Regarding DOF's Review of Contract Funding Terms and Conditions	8
	• BBL to Restrict use of Stage III Set-aside	10
	• CalWORKS Capacity-Building Pilot Project	12
	• Quality Improvement Funds	14
	➤ Child Care Facilities Revolving Loan Fund	16
	➤ Preschool	17
	➤ Desegregation	18
<b>4220</b>	<b>CHILD DEVELOPMENT POLICY ADVISORY COMMITTEE</b>	<b>19</b>

## 6110 DEPARTMENT OF EDUCATION (K-12)

### ISSUE 1: CHILD CARE

The issues for the Committee to consider are (1) the proposed spending level for childcare and development, (2) a new family fee schedule developed by the state, (3) SDE's progress on developing a new automated childcare data collection system, (4) budget and trailer bill language that pertains to the Department of Finance's review of childcare contract funding terms and conditions, (5) budget bill language that restricts the use of Stage III money for former welfare recipients, (6) budget bill language that authorizes SDE to utilize up to \$100 million for a capacity-building pilot project and (7) proposed expenditures for quality improvement funds, including a \$1.6 million proposal to build capacity in underserved areas.

### BACKGROUND:

**Total funding:** The Governor's budget proposes to spend a total of approximately \$1.6 billion on subsidized child care and development programs (including preschool programs). This is an increase of \$365 million, or 33 percent, over the current year's spending level, and includes a \$16.6 million COLA. Most of the increase is due to a \$280 million increase in federal child care funds.

SDE administers a variety of different subsidized child care programs. Part of the funding for these programs is set aside for CalWORKS recipients and former recipients. SDE administers two types of subsidized child care programs: 1) Alternative Payment programs in which participants receive a voucher to "purchase" child care services through Alternative Payment providers that operate under contracts with SDE and 2) center-based care and family home networks that contract with SDE to provide child care. The Department of Social Services also administers child care programs. In total, DSS and SDE programs served approximately 425,000 children in 1997, the latest year for which data is available.

**CALWORKS:** Under current law, CALWORKS participants are entitled to receive child care. The state delivers child care to CALWORKS participants in three stages. Stage I begins when a participant enters the CalWORKS program and ends when a county welfare department determines that the participant's family situation is stable. Stage I is administered by DSS, which provides funding to county welfare departments to pay child care providers. Stage II begins when a participant's situation is stable and can end up to two years after a participant stops receiving a CalWORKS grant. Stage II is administered by SDE through its Alternative Payment program; participants need not change providers when moving from Stage I to Stage II. Stage III refers to all childcare programs administered by SDE and serves all eligible families. The budget proposes to change an existing Stage III set-aside for former CalWORKS recipients (see issue 1D below).

**COMMENTS:**

**Overlap with Subcommittee No. 1:** Staff notes that many issues in the proposed child care budget affect the CalWORKs program, which falls under the purview of the Assembly Subcommittee No. 1 on Health and Human Services. Specifically, issues 1D, 1E and 1F all directly pertain to CalWORKs and accordingly will be reviewed and heard by Subcommittee No. 1, which may make a recommendation regarding this issue.

**ISSUE 1A: FAMILY FEE SCHEDULE**

The issue for the subcommittee to consider is the status of a new family fee schedule intended to reform the amount that families currently pay for subsidized child care.

**BACKGROUND:**

**Legislative requirement to develop new schedule:** SDE administers different subsidized childcare programs that serve low-income families at little or no cost. Programs utilize a schedule to determine whatever (subsidized) fee participants must pay for services. The 1997 Budget Act (6110-196-001 provision #14) directed DSS and SDE to develop, by January 1, 1998, a new family fee schedule and new eligibility levels to be included in a legislative proposal. The language directed that the new schedule charge fees per child and that it include a cap on the percentage of a family's gross income that could be charged in fees.

**Status of new schedule:** A draft report proposing a new schedule was prepared by a legislative and agency staff working group in 1997 and submitted to DSS and SDE for review. DSS has reportedly approved the report. As of the date of this hearing, the SPI has not forwarded the report to the Legislature for consideration as part of a legislative proposal, as required by the 1997 Budget Act language.

The LAO notes that the state has not revised the family fee schedule for subsidized child care since 1980. The 1997 Budget Act language requiring the development of a new family fee schedule came about as a result of a 1996 PACE report that examined the state's child care system and recommended that the state reform its family fee schedule. Specifically, the report recommended that the system require families to contribute financially to the cost of care.

**COMMENTS:**

**Administration's position:** The Governor's budget summary states that "[t]he Administration supports the findings of the [PACE] study because the recommended fee schedule provides incentives consistent with the personal responsibility objectives adopted by the State in the reform of welfare programs. Therefore the Administration will support appropriate revisions to the fee schedules that still recognize relative financial ability, and calls for the Superintendent of Public Instruction and the Department of Social Services to finalize the effort begun pursuant to provisions of the 1997 Budget Act."

**LAO recommendation:** The LAO notes that the new schedule is more than a year overdue and recommends that the SPI forward the required report to the Legislature to begin the public hearing process. It recommends that both SDE and DSS report on which of the report's recommendations they support or disagree with and why.

**Perspectives regarding new schedule:** Some argue that a new schedule that asks participants to contribute financially to their subsidized care will help "ration" a service that is in short supply and can find efficiencies that allow the state to appropriately distribute scarce resources (in the form of subsidized child care). Others argue that those that will be asked to contribute under a new schedule are already among the state's poorest families, and that the proposed schedule may have adverse effects on poor families. Staff notes that due to the lack of data on the number and financial situation of those that utilize subsidized care, it is difficult to evaluate these arguments. Also, the lack of data available at the state-level about those who would be affected by a new schedule increases the importance of the public hearings in different part of the state to address this information gap.

**ISSUE 1B: CHILD CARE DATA COLLECTION SYSTEM**

The issue for the subcommittee to consider is the progress of SDE's development of a child care data collection system for which it received funding two years ago.

**BACKGROUND:**

**\$20 million provided to develop system.** The 1997-98 Budget Act provided SDE with \$20 million in federal funds for the development of a child care data collection and analysis system. It set aside \$2 million of this amount for "developing a feasibility study report for a child care data collection and analysis system, and for interim data collection and reporting while the data collection and analysis system is being developed." The remaining \$18 million was earmarked for "additional costs, over and above \$2 million of implementing a child care data collection system." The Budget Act also instructed SDE to work with the LAO and DOF in determining data collection needs and in developing plans for the data collection and analysis system, and provided its Child Development Division with three new positions for data collection and analysis.

**Status:** To date, SDE has not written the contract for the feasibility study report, which is the first step in the development of the system. The money originally earmarked for the system has been carried over since 1997-98 for the same purpose.

**Need for system:** Currently, the state has no comprehensive, automated system that provides information about the number and type of children served by the state's subsidized child care system. The development of such a system is important for many reasons, among these: 1) federal reporting requirements that the state submit data regarding the child care population on a quarterly and annual basis, 2) the state's need to know the effect of any increases in state General Fund money for child care, 3) the state's need for information that can help inform policy decisions regarding its child care system. In its 1997-98 Analysis of the Budget Bill, the LAO highlighted the need for a comprehensive data system to meet these needs.

**COMMENTS:**

**LAO recommendation:** The LAO notes that SDE has made little progress in developing the system. Because of the delay, the LAO recommends that SDE report during budget hearings on its progress in developing the system. Specifically, it recommends that SDE report on 1) its time line for completing the feasibility study report, 2) its time line for developing the elements of the overall system and 3) the nature of any problems in developing the system and how the Legislature might help in solving them.

**SDE:** SDE reports that it is somewhat behind in meeting federal reporting requirements and that it must meet these requirements before it begins the development of an automated system to meet the state's needs. Federal regulations provide that up to 4 percent of a state's federal child care funds may be withheld due to a state's failure to comply with reporting requirements. SDE notes that for California this potential penalty could reach \$5.7 million.

SDE also reports that it made a decision to begin a manual data collection system to meet federal reporting requirements, due to the urgency of meeting the requirement. This interim manual system requires data entry by SDE staff from paper reports and is very labor intensive. The LAO also notes that SDE's data unit has had difficulty retaining and recruiting staff with the expertise needed to develop a system and that it has brought in an extra staff person to meet the demand.

SDE plans to report on the status of meeting the federal requirements and on its plans for developing the automated system at this hearing.

**ISSUE 1C: BBL/TBL REGARDING DOF'S REVIEW OF CONTRACT FUNDING  
TERMS AND CONDITIONS**

The issue for the subcommittee to consider is the Governor's proposed trailer and budget bill language which requires SDE to get approval from DOF for certain parts of its process for letting child care contracts.

**BACKGROUND:**

**Current law:** Section 8447 of the Education Code requires DOF and the Department of General Services (DSS) to approve annual *contract funding terms and conditions* that are developed by SDE for the contracts it lets to child care providers. The law requires DOF and DSS to approve or disapprove these terms and conditions within 30 working days from the date that SDE submits them.

**Budget bill language:** The Governor's budget proposes the following budget bill language to specify that changes to the regional market rate survey and the family fee schedule are included in the definition of "contract funding terms and conditions" for which SDE is required to get approval:

"Any changes to the market rate limits or adjustment factors are subject to the approval process for child care contract funding terms and conditions as specified in Section 8447 of the Education Code....Notwithstanding any other provision of law, annual revisions to the family co-payment schedule for child care and development programs are also subject to the approval process pursuant to Section 8447 of the Education Code and, when approved, shall be utilized by both the Department of Education and Department of Social Services where applicable."

**Trailer bill language:** The budget also proposes trailer bill language to amend the appropriate Education Code section to be consistent with the above budget bill languages. The proposed language would add the following to Section 8447:

"(c) With respect to subdivision (b), it is the intent of the Legislature that the Department of Finance review contract funding terms and conditions for the purpose of ensuring consistency between the contract provisions and the approved child care budget. This review includes examining the necessity for any proposed change that has the potential effect of either reducing the number of full-time equivalent children that may be served or significantly enlarging the pool of eligible families. Examples of contract terms and conditions that are intended to be reviewed under this section specifically include documents incorporated by reference within these contracts such as family co-payment schedules, regional market rate limit schedule, and related market rate adjustment factors for alternative payment programs. Therefore, it is intended that the term "contract funding terms and conditions," as used in this section, means any provision of the contracts referenced in subdivisions (b) that alters any of the following:



1. The amount or percentage of funds available within the contract for administrative or other support services.
2. The amount or percentage of funds available within the contract for direct child care services.
3. The reimbursement rates or reimbursement rate limits for direct child care services."

**Issues in question:** The issues that DOF is proposing to require approval over are part of the process SDE goes through when developing its contract funding terms and conditions. The contract funding terms and conditions are the parameters for the contracts SDE puts out to the various child care providers. The regional market rate survey is used as a benchmark for the cost of child care services for which the state or counties reimburse providers. The family co-payment schedule is used to determine the amount of any co-payments families are required to pay.

<b>COMMENTS:</b>
------------------

**DOF position:** DOF argues that this language is necessary because the regional market rate survey, the family fee schedule and administrative allowances have fiscal effects that ultimately affect the number of children that can be served with available resources. They argue that the law requires further specification of the definition of "contract funding terms and conditions" because of prior practices that they believe artificially inflated median income and thereby affected the number of children that could be served with the amount appropriated in the budget for child care.

**SDE position:** SDE argues that Section 11325.1 of the Welfare and Institutions Code and Section 8357 of the Education Code authorize SDE to conduct and implement the results of the regional market rate survey. SDE argues that it has consulted with DOF regarding its prior practices and that any miscommunication or problems regarding the contract funding terms and conditions can be dealt with at an administrative level that should not necessitate changing the law.

SDE and DOF are attempting to come up with compromise language that will meet both parties' concerns.

**ISSUE 1D: BBL TO RESTRICT USE OF STAGE III SET-ASIDE**

The issue for the subcommittee to consider is budget bill language which effectively eliminates a pot of Stage III money originally set aside for child care for former CalWORKs participants who could not obtain child care after being off of aid for two years.

**BACKGROUND:**

**Current law:** Under current law, CalWORKS recipients are entitled to child care through Stage I (administered by DSS) until the county determines that their family situation is stable. Upon this determination, a recipient then receives child care through Stage II (administered by SDE) until up to two years after a recipient is off of aid and working. After up to two years of being off of aid, a recipient is expected to apply for child care through the statewide system, Stage III (also administered by SDE). Due to concerns that former CalWORKS recipients would not be able to secure child care through Stage III and over concerns that a lack of child care could potentially cause former CalWORKS recipients to go back on aid, for the past two years the Legislature has established a set-aside within the Stage III for former CalWORKS recipients to help them secure child care after they leave Stage II. Under current law, recipients can receive subsidized child care through this set-aside for as long as they are income eligible and until their children reach age 13. For the current year, this set-aside is \$57 million.

**Proposal:** The Governor's budget proposes budget bill language to effectively eliminate this set aside, by limiting its eligibility to families that have been off of aid for up to two years. Since this criteria is the same for Stage II child care, the language changes the set-aside so that it offers no benefits beyond Stage II.

**COMMENTS:**

**DOF:** DOF argues that this proposal is needed to help relieve the general shortage of subsidized child care. It argues that the existence of the set aside reduces the number of slots available for working-poor families that have never received CalWORKs aid.

**LAO recommendation:** The LAO and SDE recommend against the approval of the proposed budget bill language. The LAO specifies two arguments against the adoption of the proposal. 1) Under current practice, CalWORKs families place their name on a waiting list for Stage III child care once they are in Stage II child care. Because families are picked up off of waiting lists according to income (lowest income first, after children referred by child protective services), CalWORKs families may not get picked up off the waiting lists because they were advised to place their name on the lists when they were already in Stage II, versus placing their names on lists while they were in Stage I and their incomes were lower. 2) If former CalWORKs recipients are not able to secure child care after two years of being off aid, they may not be able to sustain their working situation and have to go back on aid, which would increase the costs to the state.

The LAO recommends the insertion of language to ensure that those former CalWORKS recipients that really need child care to continue working receive it. The LAO's proposed language specifies that the Stage III set aside shall serve those former CalWORKS recipients who have left cash aid for more than two years and are still eligible for subsidized care, "if the county welfare department, following a review of the former recipient's situation, determines, and so certifies, that the recipient needs subsidized child care in order to continue working."

**SDE recommendation:** SDE concurs with the LAO's recommendation against straight approval of the proposed language, because they argue that the elimination of the set-aside removes a crucial support that former CalWORKS recipients need to stay off of aid. SDE recommends a straight rejection of the proposed budget bill language. However, SDE argues against adopting the LAO's proposed compromise language.

Staff notes that the proposed budget bill language represents a significant shift from the Legislature's intent in prior years.

**Overlap with Subcommittee No. 1:** Staff notes that this issue affects the CalWORKS program, and consequently will be reviewed by the Assembly Subcommittee No. 1 on Health and Human Services, which will make a recommendation regarding this issue.

**ISSUE 1E: CALWORKS CAPACITY-BUILDING PILOT PROJECT**

The issue for the Subcommittee to consider is the Governor's proposed budget bill language authorizing SDE to develop a pilot project to develop child care centers in neighborhoods with high concentrations of CalWORKS participants.

**BACKGROUND:**

**Proposal:** The Governor's budget contains the following language proposing a new pilot project to develop child care centers in neighborhoods with high CalWORKS populations. This language authorizes SDE to develop the pilot project:

"In order to ensure equitable access to high quality child care for CalWORKs families, it is the intent of the Legislature that the Department of Education develop a pilot program with a goal of establishing new direct contracted centers in neighborhoods in which high concentrations of CalWORKs recipients reside, but which are significantly underserved in proportion to other neighborhoods by center based care. Therefore, the Superintendent shall consult with Local Child Care Planning Councils to determine the neighborhoods in greatest need, develop options, and present a plan by September 1, 1999, to allocate up to \$100 million on an annualized basis from the funds scheduled in (b)(1.5) and (b)(5.2) for this purpose, to the Department of Finance for review and approval. Upon approval, the Department may advertise for proposals. Such centers may utilize a mix of CalWORKs and non-CalWORKs funded slots and shall adhere to the Title 5 standards and reimbursement rates utilized for General Child Care."

**Required child care capacity building report:** The 1998 Budget Act required SDE to coordinate with DSS and provide an interim report to the Legislature and DOF regarding its prior efforts to build capacity. The 1998 Budget Act established the due date for this interim report as March 31, 1999 and established the due date for the final report as December 31, 1999. The proposed budget bill continues the same due date for the final report. The budget also continues the same description of the goals of the report: "[to] define the strategies, results and effectiveness of recent expenditures and allocations for building capacity for the state's child care needs, including, but not limited to, the amounts and kinds of capacity increased by those efforts, barriers found in preventing increased capacity, and recommendations for overcoming those barriers." The language also requires that the report contain recommended best practices specific to building capacity for types of care in shortest supply (e.g., infant and toddler care) and that it include the results of pilot projects that train former CalWORKs recipients to be child care providers. (Child care "capacity building" refers to efforts to increase the availability of child care in certain areas and certain types of care, so that when the state increases the amount of resources available for child care these areas and types can absorb funding increases.)

**Summary of report:** SDE has submitted the interim report to the Legislature. The report includes a description of \$17 million in activities allocated by SDE and \$10 million allocated by DSS. SDE's activities include 1) \$6 million in projects to increase the supply and quality of infant/toddler care, 2) a program serving TANF recipients in North Hollywood, Fresno and Santa Rosa to train them to become child development teachers (with 153 participants expected to graduate in June of this year), and 3) funding for 24 projects in 21 counties to increase capacity in underserved counties. DSS' activities include: 1) projects in 27 counties to train TANF recipients to become licensed or license-exempt providers, 2) capacity- and quality improvement projects awarded in 51 counties and 3) training for family child care providers. The report also notes that SDE and DSS have contracted with research institutions to evaluate capacity-building projects and the statewide child care supply and demand.

<b>COMMENTS:</b>
------------------

DOF notes that this proposal is intended to be broad in the types of uses the potential \$100 million could be used for, from "bricks and mortar" for child development centers to services or other uses. DOF argues that this proposal could potentially save the state money because it would be providing funds directly to center-based programs.

**DOF letter:** SDE notes that they are supportive of the concept proposed in the budget bill language, but that they would need the budget year as a planning year for the project. The subcommittee has received a letter from DOF proposing an increase of \$151,000 in federal child care funds to fund two three-year limited-term positions to develop this pilot.

**Overlap with Subcommittee No. 1:** Staff notes that this issue affects the CalWORKs program, and consequently will be reviewed by the Assembly Subcommittee No. 1 on Health and Human Services, which may make a recommendation regarding this issue.

**ISSUE 1F: QUALITY IMPROVEMENT FUNDS**

The issue for the subcommittee to consider is the proposed amount and uses for quality improvement, including a \$1.6 million proposal to assist local agencies in underserved areas in competing for state subsidized child care funds.

**BACKGROUND:**

**Federal requirement to set aside funds for quality improvement.** Federal law requires that states use at least four percent of their federal child care block grant on quality activities. Quality improvement activities refer to activities that improve the quality or availability of child care (i.e., activities other than direct services). Examples of quality improvement activities include consumer education, resource and referral programs, monitoring of compliance with licensing and regulatory requirements, training and technical assistance and compensation for child care providers.

**Expenditure plan.** Language contained in the 1997 Budget Act requires the SDE to submit an expenditure plan, by March 31, 1999, for spending federal child care money earmarked for quality improvement activities in 1999-2000. SDE has submitted a report, as required by last year's Budget Act, on its 1999-2000 expenditure plan for quality improvement funds. The report cites 12 "infrastructure" activities SDE plans to continue, as well as some new projects.

**Proposed quality improvement activities:** The Governor's budget proposes a total of \$50 million for quality improvement activities, with \$11.5 million of this amount being available on a one-time basis from unencumbered child care funds. Of the \$22.2 million in ongoing funds for quality improvement, the Governor's budget proposes to continue or increase funding for a variety of projects: \$1 million for training providers in the use of pre-kindergarten learning and development guidelines, \$1 million for Trustline registration workload (this is an increase of approximately \$649,000 over the current year), \$5.3 million for Local Child Care Planning Councils (this is an increase of \$2.9 million over the current year's level of \$2.4 million for this program), \$500,000 for health and safety training for licensed and exempt providers and \$300,000 for the Health Hotline (a \$100,000 increase over the current year). The Governor's budget leaves approximately \$7.9 million in ongoing funds and \$11.5 million in one-time funds (carryover) for other quality improvement activities.

**\$1.5 million proposal to develop capacity in underserved areas:** The budget earmarks \$1.5 million of the quality improvement money annually for five years for ten regional resource centers to develop child care capacity in underserved areas. The proposal also includes \$120,000 in state operations money to support the project. The proposal is for SDE to contract with ten regional community-based organizations across the state to recruit and train potential child care agencies in the contract application process, to identify community organizations to develop facilities/homes and to train parents in identifying and using child care resources.

<b>COMMENTS:</b>
------------------

**Legislative proposals:** The Legislature is currently considering legislation related to improving the quality of existing child care programs. AB 212 (Aroner) would establish the California Compensation and Retention Encourage Stability program to provide incentives to child care teachers to stay in the field and in their current positions. The author bases the proposal on evidence that shows that staff turnover harms the quality of child care programs. AB 443 (Mazzoni) establishes a pilot program to increase access to parent support services in state-subsidized child care and development programs.

**Overlap with Subcommittee No. 1:** Staff notes that this issue affects the CalWORKs program, and consequently will be reviewed by the Assembly Subcommittee No. 1 on Health and Human Services, which may make a recommendation regarding this issue.

**ISSUE 2: CHILD CARE FACILITIES REVOLVING LOAN FUND**

The issue for the subcommittee to consider is the proposed increase for the Childcare Facilities Revolving Loan Fund.

**BACKGROUND:**

The Governor's budget provides \$33.6 million in General Fund child care savings to the Childcare Facilities Revolving Loan Fund. This is a program administered by SDE which provides funding for the purchase of new relocatable child care facilities for purchase by school districts and contracting agencies that provide child care and development services. Participating school districts are charged the lower of a fair market value or an amount sufficient to amortize the cost of purchase over a 10-year period. Revenues derived from lease payments are deposited back into the Loan Fund.

**COMMENTS:**

The amount proposed for this item derives from savings from the total General Fund appropriation for child care in the current year.



**ISSUE 3: PRESCHOOL**

The issues for the subcommittee to consider are 1) the proposed spending level for state preschool and 2) proposed trailer bill language regarding pre-kindergarten learning guidelines and 3) \$1 million for the distribution of these guidelines.

**BACKGROUND:**

**Funding level:** The budget proposes a spending level of approximately \$182 million for state preschool programs. This amounts to a \$46 million (33 percent) increase over the current year funding level. \$15.7 million of this increase is to pay for full-year funding to expand the existing half-day preschool program.

State preschool programs are overseen by the SPI and include programs for prekindergarten children ages 3-5. Funded providers are required to give first priority to neglected or abused children, followed by eligible four-year-old children. Language contained in the 1998 Budget Act established the intent of the Legislature to provide sufficient funds to serve all four-year-olds under the poverty level by the year 2000. It also required providers to give priority to four-year-olds with the lowest gross monthly income, after serving neglected or abused children. It directed SDE to develop guidelines for identifying underserved areas and population and required them to prioritize expansion funds for these areas.

**Proposed trailer bill language:** The Governor's budget also proposes trailer bill language to implement a requirement adopted last year that the SDE adopt prekindergarten learning development guidelines by June 30, 1999. The proposed trailer bill language 1) requires SDE to include funding for updating these guidelines, distributing them and providing outreach and training on them in future expenditure plans for quality improvement activities and 2) requires state-funded migrant child care, state preschool and childcare and development programs to utilize these guidelines upon their adoption by the State Board of Education. (There is a technical error in the last sentence of the proposed language; the requirement that SBE approve the guidelines was apparently unintended.)

The proposed budget continues a \$1 million set-aside from quality improvement funds for the publication, dissemination and training of providers in the use of these pre-kindergarten learning and development guidelines. Proposed budget bill for this item adds the language "at least" to the \$1 million set-aside, which authorizes SDE to spend more than this amount in quality improvement funds on the intended purposes.

**COMMENTS:**

Last year's budget provided \$1 million from the federal child care quality improvement set-aside for the development of pre-kindergarten learning and development guidelines.

**ISSUE 4: DESEGREGATION**

The issue for the subcommittee to consider is the proposed increase in one-time funds for the Moorpark Unified School District for its one-time voluntary desegregation claims.

**BACKGROUND:**

The Governor's budget proposes \$1.5 million in one-time funds from the Prop. 98 reversion account to Moorpark Unified School District for one-time 1998-99 claims for its voluntary desegregation program. The budget also proposes to include this amount in the voluntary desegregation base for Moorpark Unified in the budget year.

Current law allows for districts to claim reimbursements from the state for two types of desegregation programs: 1) court-ordered programs, in which districts are under a state or federal court order to carry out a plan to desegregate their schools and 2) voluntary desegregation programs, which districts voluntarily undertake to avoid a court order or to promote racial and ethnic integration. Current law requires school districts to submit reimbursement claims to the Controller. The Controller audits these claims and approves or disapproves them and then reimburses districts for all or a portion of these claims, depending on the type of program.

Court-ordered and voluntary desegregation programs are included in the mega-item, and total \$507 million and \$141 million, respectively, for the budget year.

The budget also proposes to spend \$54,000 in one-time funds from the Prop. 98 reversion account for court-ordered claims by Las Lomas School District over the years 1989-90 through 1997-98.

**COMMENTS:**

The LAO recommends that the Legislature delete \$380,000 of the proposed reimbursement for Moorpark Unified, due to the fact that this amount is for the cost of a traffic signal installation, which the LAO argues is a nonreimbursable cost under current law. The LAO also argues that the budget incorrectly includes one-time costs in its ongoing appropriation for the budget year for this district. It argues that the budget year appropriation should be reduced by \$750,000 to reflect one-time costs that should not be included in ongoing funds.

Staff has received a letter from Moorpark Unified conceding that the one-time appropriation should be reduced by \$380,000 to a new amount of \$1.12 million. However, the district takes issue with the recommendation that the budget year appropriation be reduced to \$750,000. It argues that the correct budget year appropriation should be \$800,000, based on the program the district will be offering in the 1999-2000 instructional year.

## **4220 CHILD DEVELOPMENT POLICY ADVISORY COMMITTEE**

---



---

The issue for the subcommittee to consider is the proposed augmentation for the Child Development Policy Advisory Committee.

<b>BACKGROUND:</b>
--------------------

The Child Development Policy Advisory Committee consists of 27 members representing various agencies and constituent groups, most of whom are appointed by the Governor. Current law requires the Advisory Committee to assist SDE in developing a state plan for child care, in providing ongoing coordination and communication to local child care planning councils, and to continually evaluate the effectiveness of child care programs. The table below summarizes current and proposed expenditures and sources for the Advisory Committee.

<b>Expenditures (\$000)</b>	<b>1998-99</b>	<b>Proposed 1999-2000</b>	<b>Dollar change</b>	<b>Percent change</b>
General Fund	\$236	\$488	\$252	107%
Reimbursements	228	411	183	80
<b>Totals</b>	<b>\$464</b>	<b>\$899</b>	<b>\$435</b>	<b>94%</b>

The Governor's budget proposes an increase of \$173,000 and two positions (a research analyst and a clerical position) to support increases in requests for technical assistance from local child care planning councils due to CalWORKs. \$101,00 of the augmentation would support additional operating and equipment expenses related to additional technical assistance. The augmentation is supported from General Fund and reimbursements from DSS.