

ACTIONS

**JOINT HEARING
ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE
&
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1
ON HEALTH & HUMAN SERVICES**

**Assembly Member Susan Bonilla, Chair
Assembly Member Holly Mitchell, Chair**

**WEDNESDAY, MAY 25, 2011
STATE CAPITOL, ROOM 4202
1:30 PM**

INFORMATION ONLY

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INFORMATION ONLY

6110 DEPARTMENT OF EDUCATION**CHILD CARE & DEVELOPMENT PROGRAMS**

This issue is informational only to provide the Subcommittee with a synopsis of the Child Care & Development Program.

BACKGROUND:

Under current law, the state makes subsidized child care services available to: (1) families on public assistance and participating in work or job readiness programs; (2) families transitioning off public assistance programs; and, (3) other families with exceptional financial need.

Child care services provided within the California Work Opportunity and Responsibility to Kids (CalWORKs) program are administered by both the California Department of Social Services (DSS) and the California Department of Education (CDE); depending upon the “stage” of public assistance or transition the family is in.

CalWORKs Stage 1 child care services are administered by the DSS for families currently receiving public assistance, while Stages 2 and 3 are administered by the CDE. Families receiving **CalWORKs Stage 2** child care services are either (1) receiving a cash public assistance payment (and are deemed “stabilized”), or (2) in a two-year transitional period after leaving cash assistance. Child care for this population is an entitlement for twenty-four months under current law. The state allows counties flexibility in determining whether a CalWORKs family has been “stabilized” for purposes of assigning the family to either Stage 1 or Stage 2 child care. Depending on the county, some families may be transitioned to Stage 2 within the first six months of their time on aid, while in other counties a family may stay in Stage 1 until they leave aid entirely.

If a family is receiving **CalWORKs Stage 3** child care services, they have exhausted their two-year Stage 2 entitlement. The availability of Stage 3 care is contingent upon the amount of funding appropriated for the program in the annual Budget Act.

Non-CalWORKs Programs. In addition to CalWORKs Stage 2 and 3, CDE administers general and targeted child care programs to serve non-CalWORKs, low-income children at little or no cost to the family. The base eligibility criterion for these programs is family income at or below 75 percent of State Median Income (SMI) relative to family size. Because the number of eligible low-income families exceeds available child care slots, waiting lists for this care are common.

Both CalWORKs and non-CalWORKs programs are funded with a combination of Proposition 98 and federal Child Care & Development Fund monies. In the 2009-10 Budget Act, as well as the Governor’s 2010-11 budget proposal, these programs continue

to receive one-time funds from the American Recovery and Reinvestment Act (ARRA) that total \$110 million.

Child care providers are paid through either (1) direct contracts with CDE or (2) vouchers through the Alternative Payment Program.

- *Direct Contractors* receive funding from the state at a Standard Reimbursement Rate, which pays for a fixed number of child care “slots.” These are mostly licensed child care centers but also include some licensed family child care homes (FCCH). These caretakers provide an educational component that is developmentally, culturally, and linguistically appropriate for the children served. These centers and FCCH also provide nutrition education, parent education, staff development, and referrals for health and social services programs.
- *Alternative Payment Programs (APs)* act as an intermediary between CDE, the child care provider, and the family, to provide care through vouchers. Vouchers provide funding for a specific child to obtain care in a licensed child care center, licensed family day care home, or license-exempt care (kith and kin). With a voucher, the family has the choice of which type of care to utilize. Vouchers reimburse care providers based on the market rates charged by private providers in their region

OCTOBER 2010: NUMBER OF CHILDREN BY PROGRAM TYPE AND SETTING TYPE

PROGRAM TYPE	SETTING TYPE			PROGRAM TOTAL ¹
	FAMILY CHILD CARE HOME	CENTER-BASED CARE	LICENSE EXEMPT HOME	
GENERAL CHILD CARE	9,077	30,635	0	39,678
CALWORKS STAGE 2	18,254	13,236	23,170	53,285
CALWORKS STAGE 3	14,289	9,209	22,792	45,322
ALTERNATIVE PAYMENT	14,708	10,023	9,176	33,214
CALIFORNIA STATE PRESCHOOL PROGRAM	0	149,756	0	149,756
GENERAL MIGRANT CARE	446	1,925	0	2,358
SEVERELY HANDICAPPED	0	151	0	151
SETTING TOTAL²	56,700	214,573	55,106	320,565³

Source: CD-801A Monthly Child Care Report, October 2010 (archived data).

Note: Data represent a “point-in-time” and do not reflect annual aggregate figures. Missing/Unknown *program* and *setting* data are excluded from the analysis.

¹ PROGRAM TOTALS are unduplicated within each program type. A child may be counted more than once if they received services within multiple program and setting types during the same report month. PROGRAM TOTALS may not equal the sum of the setting counts within each row because they represent an unduplicated count of the number of children served in each program regardless of setting.

² SETTING TOTALS are unduplicated within each setting type. A child may be counted more than once if they received services within multiple setting and program types during the same report month. SETTING TOTALS may not equal the sum of the program type counts within each column because they represent an unduplicated count of the number of children served in each setting regardless of program type.

³ This TOTAL may not equal the sum of the PROGRAM or SETTING TOTALS. Rather, this count represents the unduplicated number of children served during the report month regardless of program or setting type.

Overview of State's Child Care and Development Programs^a

(2011-12)

Program	Funding (In Millions)	Estimated Enrollment	Description ^b
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 rates (RMR).
Stage 1	\$389	39,030	Stage 1 begins when a participant enters the CalWORKs grant program. Stage 1 is overseen by the Department of Social Services.
Stage 2	368	53,293	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	264	40,361	A family may enter Stage 3 when it has exhausted its limit in Stage 2 (referred to as timing out), and remain as long as they are 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 (Title 5)	587	71,118	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	201	29,847	Care provided in licensed center, FCCH, or by license-exempt provider. Providers paid through voucher reimbursement system based on RMR.
Migrant and Severely Handicapped	27	6,498	Programs targeted for specific populations of children.
State Preschool	323	96,957	Early childhood education programs for three- to five-year-old children from low-income families.
Totals	\$2,159	337,104	

^a Excludes support programs, which do not provide direct child care services.
^b All child care and development programs are overseen by CDE unless otherwise noted.

ITEMS TO BE HEARD

ISSUE 1: CHILD CARE & DEVELOPMENT PROGRAMS – BUDGET YEAR FUNDING

The issue for the Subcommittee to consider is a recap of the March budget package.

PANELISTS

- Legislative Analyst's Office

BACKGROUND:

The 2011-12 Budget Act passed by the Legislature in March, includes a total of \$1.8 billion for child care and development (CCD) programs. This is a decrease of nearly \$355 million compared to the prior year. Ongoing Proposition 98 support for CCD programs dropped from \$1.454 billion to \$1.258 billion, while federal support decreased by \$128.7 million. Listed below are the policy changes implemented to achieve the Governor's savings levels:

- **Contract Reduction:** Reduced contracts, or slots, including preschool, by 15 percent to achieve savings of \$246 million. This reduction is expected to disenroll 35,490 children from services. *The savings has been revised to \$219.9 million.*
- **Standard Reimbursement Rate Reduction:** Reduced funding for these Title V contracts by 10 percent for savings of \$109 million. The current rate for daily rate is \$34.38 per day, which will drop to \$30.94 per day. *The savings has been revised to \$121 million.*
- **License-Exempt Providers:** Reduced licensed-exempt provider rates from 80 percent to 60 percent for savings of \$44 million. *The savings has been revised to \$37 million.*
- **11 and 12 Year-Olds:** Deprioritize services for 11 and 12 year-olds except those with non-traditional hours for savings of \$39 million. It is expected that 5,461 children will loss services due to this reduction. *The savings has been revised to \$31 million.*
- **Family State Median Income Reduction:** Reduced the family State Median Income from 75 percent to 70 percent for savings of \$30 million. Currently, a family of three is eligible for subsidized child care services if they earn up to 75 percent of the SMI, or \$3,769 per month. On July 1, 2011, the maximum eligible monthly income will drop to \$3,518. The change in income thresholds is expected to disenroll about 6,600 children. *The savings has been revised to \$28.5 million.*
- **Eliminate the Centralized Eligibility List.** Approved the elimination of the CEL (\$7.9 million) and transferred the funds to direct child care services.
- **Quality Programs Reduction.** Approved a \$16 million reduction to account for the loss of one-time American Recovery and Reinvestment Act (ARRA) funds, in a

manner that is consistent with Legislative intent and prioritization of program. *The Governor updates two quality programs' appropriations. CDE has submitted an updated Quality Program expenditure plan.*

As part of the May Revise, the Administration has revised the savings estimated to reflect the adjustments to CalWORKs caseload and adjustments to growth funding for non-CalWORKs programs. The Administration is requesting an increase adjustment to the child care funding schedule by \$40 million.

IMPACT OF REDUCTIONS

Family State Median Income Thresholds. Currently, families eligible for the state's child care programs can earn up to 75 percent of the SMI. The 2011-12 Budget Act lowered this income eligibility ceiling to 70 percent of the SMI for all state CCD programs. For a family of three, this would drop the maximum eligible monthly income from \$3,769 to \$3,518.

Family Size	Current Law Monthly Income (75% of SMI)	2011-12 Action Monthly Income (70% of SMI)	Difference
1 – 2	\$3,518	3,283	(\$235)
3	\$3,769	3,518	(\$251)
4	\$4,188	3,909	(\$279)
5	\$4,858	4,534	(\$324)
6	\$5,528	5,159	(\$369)
7	\$5,653	5,276	(\$377)
8	\$5,779	5,394	(\$385)
9	\$5,904	5,510	(\$394)
10	\$6,030	5,628	(\$402)
11	\$6,156	5,746	(\$410)
12	\$6,281	5,862	(\$419)

License-Exempt Providers. There are multiple reasons why families may choose license-exempt child care provided by friends, families, and neighbors (FFN). This type of setting often accommodates non-standard work hours and is conveniently located.

According to CDE (October 2010), of the 320,565 children (across all age groups) in CDE administered settings, 17 percent were in license-exempt care. In some of California's publicly funded programs, the majority of the children are in license-exempt settings. For example, according to the Department of Social Services (DSS, October 2009), of the 76,000 birth to 13-year-old children in DSS-administered CalWORKs Stage 1, 66 percent were in license-exempt care.

The chart below details the reduction of the license-exempt rate to the 60 percent of the maximum Regional Market Rate reimbursement for full-time monthly service.

Member	County	Current Rate (maximum RMR) (80%) Full time monthly	New Rate (maximum RMR)(60%) Full time monthly	Difference in maximum Regional Market Rate Reimbursement	Number of children being served in license-exempt care*
Bonilla	Contra Costa	0-24 months- \$653.77	0-24 months- \$523.02	(-\$130.75)/month	1,806
		2-5 years- \$623.27	2-5 years- \$495.62	(-\$127.65)/month	
B. Berryhill	San Joaquin	0-24 months- \$527.21	0-24 months- \$421.77	(-\$105.44)/month	3,477
		2-5 years- \$474.73	2-5 years- \$379.78	(-\$94.95)/month	
	Stanislaus	0-24 months- \$489.60	0-24 months- \$391.68	(-\$97.92)/month	551
		2-5 years- \$432.69	2-5 years- \$346.15	(-\$86.54)/month	
Brownley	Los Angeles	0-24 months- \$602.15	0-24 months- \$481.72	(-\$120.43)/month	19,143
		2-5 years- \$546.57	2-5 years- \$437.26	(-\$109.31)/month	
	Ventura	0-24 months- \$601.60	0-24 months- \$481.28	(-\$120.32)/month	1,119
		2-5 years- \$556.33	2-5 years- \$445.06	(-\$111.27)/month	
Nestande	Riverside	0-24 months- \$523.68	0-24 months- \$418.94	(-\$104.74)/month	5,377
		2-5 years- \$490.29	2-5 years- \$392.23	(-\$98.06)/month	
Swanson	Alameda	0-24 months- \$685.90	0-24 months- \$548.72	(-\$137.18)/month	3,009
		2-5 years- \$646.56	2-5 years- \$517.25	(-129.31)/month	

*Source: Analysis of CalWORKS monthly child care report (March 2011) and CDD-Monthly Child Care Report by type of care (October 2009).

Family Fee Increase of 10 percent. Current law states that families must pay a child care fee if their income is at or above 40 percent of SMI. Family fees range from \$2 to \$19 per day and are capped at 10 percent of total family income. These fees partially offset state reimbursement. For 2011-12 budget year, the family fees were increased by 10 percent, and will range from \$2.20 to \$18.61. The cap at 10 percent of income and the SMI reduction to the 70% level interact with the fee structure, as the higher low-income earners that generated the bulk of revenue by paying the highest rate, will loss eligibility.

Full-time and part-time fees are assessed based on the program type and the number of hours per day the child is enrolled. For Alternative Payment, CalWORKs, and family child

care home education network programs reimbursed under the Regional Market Rate, full-time care is defined as enrollment for six or more hours per day, while part-time care is enrollment for less than six hours per day.

	Current Law Family Pays			SB 70 Changes Family Pays (10% Increase)			Family Income Level
	Hourly	Part-time Daily	Full-time Daily	Hourly	Part-time Daily	Full-time Daily	Family of 3
40% of SMI	\$0.20	\$1.00	\$2.00	\$0.22	\$1.10	\$2.20	1,950
	\$0.25	\$1.25	\$2.50	\$0.28	\$1.38	\$2.75	2,028
	\$0.30	\$1.50	\$3.00	\$0.33	\$1.65	\$3.30	2,106
	\$0.35	\$1.75	\$3.50	\$0.39	\$1.93	\$3.85	2,184
	\$0.40	\$2.00	\$4.00	\$0.44	\$2.20	\$4.40	2,262
	\$0.45	\$2.25	\$4.50	\$0.50	\$2.48	\$4.95	2,340
	\$0.53	\$2.65	\$5.30	\$0.58	\$2.92	\$5.83	2,418
	\$0.61	\$3.05	\$6.10	\$0.67	\$3.36	\$6.71	2,496
	\$0.69	\$3.45	\$6.90	\$0.76	\$3.80	\$7.59	2,574
	\$0.77	\$3.85	\$7.70	\$0.85	\$4.24	\$8.47	2,652
	\$0.85	\$4.25	\$8.50	\$0.94	\$4.68	\$9.35	2,730
	\$0.93	\$4.65	\$9.30	\$1.02	\$5.12	\$10.23	2,808
	\$1.01	\$5.05	\$10.10	\$1.11	\$5.56	\$11.11	2,886
	\$1.09	\$5.45	\$10.90	\$1.20	\$6.00	\$11.99	2,964
	\$1.17	\$5.85	\$11.70	\$1.29	\$6.44	\$12.87	3,042
	\$1.25	\$6.25	\$12.50	\$1.38	\$6.88	\$13.75	3,120
	\$1.33	\$6.65	\$13.30	\$1.46	\$7.11	\$14.21	3,198
	\$1.41	\$7.05	\$14.10	\$1.55	\$7.28	\$14.56	3,276
	\$1.49	\$7.45	\$14.90	\$1.64	\$7.45	\$14.91	3,354
	\$1.52	\$7.60	\$15.20	\$1.67	\$7.63	\$15.25	3,374
	\$1.55	\$7.75	\$15.50	\$1.71	\$7.82	\$15.63	3,393
	\$1.58	\$7.90	\$15.80	\$1.74	\$8.13	\$16.25	3,413
	\$1.61	\$8.05	\$16.10	\$1.77	\$8.17	\$16.34	3,432
70% of SMI	\$1.65	\$8.23	\$16.45	\$1.81	\$8.38	\$16.75	3,510
	\$1.69	\$8.43	\$16.85	\$1.85	\$9.18	\$18.36	3,588
	\$1.73	\$8.63	\$17.25	\$1.90	\$9.24	\$18.47	3,628
	\$1.78	\$8.88	\$17.75	\$1.95	\$9.30	\$18.61	
	\$1.84	\$9.20	\$18.40	\$2.02			
	\$1.92	\$9.60	\$19.20	\$2.11			
75% of SMI							3,769

For all other programs reimbursed under the Standard Reimbursement Rate, full-time care is defined as enrollment for 6.5 or more hours per day, while part-time care is enrollment for less than 6.5 hours per day.

	Changes to Family fee for full-time preschool care					
	Current Law		SB 70 Changes 10% Increase		Difference	
	Lowest Income	Highest Income	Lowest Income	Highest Income	Lowest Income	Highest Income
Weekly	\$10.00	\$96.00	\$11.00	\$105.60	\$1.00	\$9.60
Monthly	\$43.30	\$415.68	\$47.63	\$457.25	\$4.33	\$41.57
Yearly	\$520.00	\$4,992.00	\$572.00	\$5,491.20	\$52.00	\$499.20

Where do families rank? Below is a chart that illustrates where the bulk of families rank in terms of the state median income levels.

Program	Family Income Level		percent of families that state employment is the primary reason for care
	percent at or below 30% SMI	percent at or below 40% SMI	
Stage 3	32.7	59.1	86.3
Stage 2	54.4	79.4	69.4
Alternative Payment	48.0	70.0	76.3
General Center	43.0	66.5	78.2
Migrant Center	44.7	74.6	83.6
Migrant Alt. Payment	53.0	82.7	82.8
Ca State Preschool	45.0	68.8	78.5 ¹
Family Network	43.0	69.9	81.3

For a family of four, 30 percent of the SMI equates to \$1,675 per month (\$20,102 per year) and 40 percent of SMI equates to \$2,234 per month (\$26,803 per year).

For a family of three, 30 percent of the SMI equates to \$1,508 per month (\$18,091 per year) and 40 percent of the SMI equates to \$2,010 per month (\$24,122 per year).

1. Represents response from families enrolled in the full day Ca State Preschool Program.

Standard Reimbursement Rate (SRR) Reduction. The state has two types of mechanisms to reimburse child care providers. For child care and preschool centers, CDE contracts directly with agencies and reimburses them using the Standard Reimbursement rate, \$34.38 per full day of enrollment. These providers must adhere to the requirements of Title 5 of the California Code of Regulations and are generally referred to as Title 5 providers. The SRR has not been adjusted in six years to account for inflation.

In the 2011-12 Budget Act, the SRR was reduced by 10 percent, a drop to \$30.94 per day. Since the passage of the budget in March, CDE and providers have informed the

Legislature of the detrimental impacts that will lead to the disruption and closure of many centers due to the requirements under Title 5 that prevent them from scaling back.

According to documents released by child care organizations; agencies have reported that the SRR reduction on top of the 15 percent unallocated reduction and the family SMI reduction will lead to:

- 75 percent of programs being forced to shut down completely.
- 91 percent of programs being forced to close high quality classrooms.
- 96 percent of programs disenrolling families.
- 91 percent of Title 5 programs laying off staff, ranging in the number of 3 to 150 staff in each site.

Subcommittee Recommendation:

1. At a time when schools are experiencing financial hardships, the subcommittee will act to repay \$1 billion, of the roughly \$1.5 billion in Proposition 98 settle-up funding that is currently owed by the State. This repayment will replace the Governor's proposed repayment of \$744 million in loans to various special funds. Repaying education debts is a higher priority than various special funds.

2. We will rescind the reductions made to the childcare programs in the March budget package by using \$442.7 million of the repaid Settle-up funds.

3. We will approve the Administration's caseload funding adjustments (Issue 474) and courage CDE, DSS, and DOF to continue to work together to come to resolution as to the adequate level of funding for CalWORKs Stage 3.

4. And when we adopt the final Proposition 98 package on Friday, the balance of the \$1 billion repaid settle-up funds will be allocated between K-12 and community colleges, which will help address the devastating cuts that both have endured in recent years.

ISSUE 2: DOF MAY REVISE – CASELOAD FUNDING ADJUSTMENTS (ISSUE 474)

The issue for the Subcommittee to consider is the revised estimates of caseload costs for CalWORKs Stage 2 and Stage 3 in the budget year.

PANELISTS

- Department of Finance
- California Department of Education
- Legislative Analyst's Office

BACKGROUND:

As part of the May Revise process, DOF receives updated information from CDE regarding caseload costs and adjusts accordingly. According to the latest information, DOF requests an augmentation of \$64,350,000 for Stage 2 and a decrease of \$187,824,000 to Stage 3, due primarily to the implementation of the Stage 3 veto reflected in the 2010 Budget Act which terminated funding for the program on November 1, 2010.

Pursuant to a court order, the termination of Stage 3 services was delayed until December 31, 2010, to allow for eligibility screening and possible placement of Stage 3 families in other programs. Families were given the opportunity to participate in a lottery for available openings in other child care programs, provided that they were not already determined eligible for either Stage 1 or Stage 2.

While funding for Stage 3 was restored in the current year, the estimated costs reflect a significant decline in caseload. Based upon reported caseload for the months of January through March, average monthly caseload has declined by approximately 70 percent from the level prior to the veto. The transfer of families to Stage 2 and other child care programs funded through the Department of Education (SDE) accounts for a portion of this decline. However, information is lacking on the extent to which former Stage 3 families have located child care through alternative fund sources, such as First 5 county commissions, or have made alternative arrangements for care.

The Administration is therefore proposing to retain approximately \$56.0 million in the current-year appropriation for Stage 3, after accounting for increased current-year costs in Stage 2, and to set aside \$33,645,000 in one-time funds to be appropriated for Stage 3 pending receipt of updated caseload data from the SDE.

COMMENTS

CDE received update caseload estimates for the month of April on Friday, May 19th. It is imperative that the Legislature attains an update from the department, as the subcommittee is interested in fully funding Stage 3.

ISSUE 3: DOF MAY REVISE – ELIMINATION OF THE EARLY LEARNING ADVISORY COUNCIL (ELAC)

As part of the Governor's aim to streamline and restructure government entities to increase efficiency and savings, the Governor proposes to eliminate the Early Learning Advisory Council.

PANELISTS

- Department of Finance
- California Department of Education
- Legislative Analyst's Office

BACKGROUND:

The ELAC was established through an executive order in 2009 to make California eligible for a three-year \$10.8 million planning grant to pilot a recommended quality rating improvement system and to develop a data tracking system for children ages 0-5, including preschool. While the elimination of this advisory council will result in the loss of the remaining federal grant funds, the council's work represents a new initiative that the state cannot presently afford. This results in a decrease of \$3.6 million in federal funds in 2011-12.

COMMENTS

The Administration raised legitimate concerns regarding out-year costs for the four projects ELAC has been working to implement, at a time when the state faces massive deficit problems and curtailing of programmatic funds that impact families right now.

The concerns raised by legislative staff is that ELAC lacks a diversified representation of the early childhood community and is narrowly focused on 3-4 year old services, while the rest of the system falls apart due to massive reductions. At a time when the programs have been scaled back significantly, the proposals developed by ELAC are not fiscally reasonable and realistic.

Listed below are the four projects ELAC has been developing.

- 1. Comprehensive Statewide Plan.** The Council's primary activity is to develop a comprehensive system and policy plan for birth to five services in California. Through the comprehensive plan process, the Council is charged with developing a vision of a coordinated system addressing the entire range of policies and programs affecting children ages birth through five.
- 2. Unified Early Childhood Data System.** Through this project, the Council will make recommendations regarding the establishment of a unified, state-wide data collection system for public early childhood education and development programs and services.

- 3. Early Childhood Educator Competencies.** The third ELAC ARRA funded project will incorporate the California Department of Education's newly developed Early Childhood Educator Competencies into the Early Childhood Education (ECE) course work of Institutions of Higher Education (IHEs) and alternative providers – and also integrate them into the professional development activities identified in California's Child Care and Development Fund (CCDF) State Plan.
- 4. Implementing a QRIS Pilot.** The largest of the ARRA funded projects, the Quality Rating & Improvement System (QRIS) pilot projects will be guided by the CAEL QIS' December 2010 Final Report, *Dream BIG for Our Youngest Children*, recommendations. The QRIS pilot will provide critical information on what quality indicators actually result in improved child outcomes, as well as identify challenges and opportunities for expanding QRIS statewide.

Subcommittee Recommendation: Hold open as part of the Proposition 98 package.

Questions:

CDE/ELAC:

1. If we approve the proposal to eliminate ELAC, is the state responsible for returning any already spent federal funds?
2. Is ELAC aware of the current budgetary constraints when developing their early learning projects?

DOF:

1. If these projects continue to be developed, what is the financial responsibility in the out-years? When will the state have to be financially involved to fund these projects?
 2. What are the costs projected for these projects?
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VOTE ONLY CALENDAR

6110 DEPARTMENT OF EDUCATION

DOF APRIL AND MAY LETTERS – VARIOUS STATE OPERATIONS AND LOCAL ASSISTANCE ADJUSTMENTS

The issues for the Subcommittee to consider are various technical amendments proposed by the Department of Finance (DOF) to the 2011-12 Budget Act.

PANELISTS

- Department of Finance
- California Department of Education
- Legislative Analyst's Office

BACKGROUND:

As part of the annual budget process, Department of Finance submits a letter to the Legislature on April 1 and May 1 that includes proposed changes to the Governor's January budget. The proposed revisions are largely technical and include adjustments to state operations and local assistance funding.

VOTE ONLY	
TECHNICAL ADJUSTMENTS	
1)	<p>Department of Education</p> <p>Item 6110-197-0890, Local Assistance, Extend Due Date for 21st Century ASSET's Report (Issue 472)</p> <p>It is requested that Provision 1 of this item be amended to extend the due date for completion of the annual report on per-pupil costs for the 21st Century High School After School Safety and Enrichment for Teens (ASSETs) Program from November 1 to April 30. The SDE does not receive complete expenditure data for the prior fiscal year until December 31. This extension would provide the SDE with sufficient time to collect and analyze the data. The ASSETs Program consists of after school enrichment programs that provide academic support and safe alternatives for high school pupils after regular school hours.</p> <p>It is further requested that Provision 1 be amended as follows to conform to this action:</p> <p>"1. The State Department of Education shall provide an annual report to the Legislature and Director of Finance by November 4 <u>April 30</u> of each year that identifies by cohort for the previous fiscal year each high school program funded, the amount of the annual grant and actual funds expended, the numbers of pupils served and planned to be served, and the average cost per pupil per day. If the average cost per pupil per day exceeds \$10 per day, the department shall provide specific reasons why the costs are justified and cannot be reduced. In calculating cost per pupil per day, the department shall not count attendance unless the pupil is under the direct supervision of after school program staff funded through the grant. Additionally, the department</p>

	<p>shall calculate cost per day on the basis of the equivalent of a three-hour day for 180 days per school year. The department shall also identify for each program, as applicable, if the attendance of pupils is restricted to any particular subgroup of pupils at the school in which the program is located. If such restrictions exist, the department shall provide an explanation of the circumstances and necessity therefor."</p> <p>Recommended Action: Approve as proposed.</p>
2)	<p>Item 6110-196-0001, Adjustment to Child Care Reduction Savings (Issue 477)—It is requested that this item be increased by \$40,609,000 to reflect revised estimates of the savings generated by the child care reductions adopted by the Legislature in March. The revised estimates reflect the adjustments to CalWORKs caseload and the adjustment to growth funding for non-CalWORKs programs.</p> <p>Recommended Action: Approve as proposed.</p>
3)	<p>Item 6110-196-0001, Adjust Child Care Programs for Growth (Issue 478)—It is requested that this item be decreased by \$6,923,000 to reflect a revised growth adjustment of -0.67 percent.</p> <p>It is requested that Provision 11 be amended as follows:</p> <p>"11. The amounts provided in Schedules (1), (1.5)(a), (1.5)(c), (1.5)(d), and (1.5)(j) of this item reflect a reduction to the base funding of 0.24 <u>0.67</u> percent for a decline in the population of 0-4 year-olds."</p> <p>Recommended Action: Approve as proposed.</p>
4)	<p>Item 6110-196-0001 and 6110-196-0890, Offset General Fund for Additional Federal Child Care Funds (Issues 476 and 479)—It is requested that CalWORKS Stage 3 child care be increased by \$7,412,000 to reflect the following: (1) an increase of \$7,077,000 in ongoing federal funds, and (2) an increase of \$335,000 in one-time federal funds available from prior years. These funds will offset a like amount of Proposition 98 General Fund.</p> <p>It is further requested that provisional language be added to Item 6110-196-0890 as follows:</p> <p>X. Of the funds appropriated in this item, \$335,000 is available on a one-time basis for CalWORKs Stage 3 child care from federal Child Care and Development Block Grant funds appropriated prior to the 2011 federal fiscal year."</p> <p>Recommended Action: Approve as proposed.</p>
5)	<p>Item 6110-196-0001, Amend Provisional Language for Child Care Quality Activities (Issue 480)—It is requested that Provision 4(a) and (b) of this item be amended to adjust the quality earmarks under the Child Care and Development Block Grant as follows:</p> <p>"(a) \$2,002,674 <u>\$2,085,639</u> is for the schoolage care and resource and referral earmark. (b) \$44,342,626 <u>\$11,698,772</u> is for the infant and toddler earmark and shall be used for increasing the supply of quality child care for infants and toddlers."</p> <p>Recommended Action: Approve the updated Quality Expenditure plan provided by CDE.</p>
6)	<p>Placeholder Trailer Bill Language for After School and Safety Programs – CDE has informed staff of the need to clarify in statute the process of prioritizing children on the waitlist for before and after school programs.</p>

Staff Recommendation: Approve the Vote Only Calendar as amended.
