



CHILD CARE LAW CENTER

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Update on State Budget Issues June 5, 2008

The Senate and Assembly Budget Committees have now acted on the Governor's January and May Budget proposals. These actions include both decisions about the funding levels for programs and the policies that will direct the expenditures. The policies are included in both one year Budget Bills (BBL) and Trailer Bills (TBL) that change statute. CCLC contributed by reviewing and developing language on behalf of the low income children and families that face barriers to access high quality early care and education. Now that the Budget Committees have acted, the Legislature will form a Conference Committee to formulate the joint Legislative proposal. The Conference Committee and then the Leadership must craft a budget that can pass by a 2/3 margin in the Legislature and that has the support of the Governor. We predict a long summer before the budget is finalized.

Governor Schwarzenegger's January and May Budget Revision proposed to address the huge budget gap by relying primarily on deep cuts that will be devastating to California's families and our state's future. We continue to strongly oppose the Governor's deep cuts to health care, senior and disabled services, schools, and supports for low income families and children.

We are working together with all Californians to reject the Governor's approach and build the future our children deserve. The next step depends on us. CCLC is a member of the broad based budget coalition, Together for California's Future. If we are successful in building support in local areas for a balanced budget approach, we will see new revenue and balanced actions by members of the Legislature. Contact us for more information on the Coalition.

We are pleased to report that the Senate and Assembly Budget committees have taken action rejecting most of the cuts and taking several affirmative actions supported by CCLC.

- Families below 40% of SMI will not pay family fees: Both budget committees accepted Trailer Bill Language to permanently confirm the floor at 40% of State Median Income. In addition, both accepted language proposed by CCLC to exempt all families on cash aid from payment of fees.
- The Legislature budgeted adequate funds for families in Stage 2 and 3. Both Committees eliminated the CalWORKs Stage 2 reserve and used the most accurate estimates available to ensure that Stage 2 is fully funded in the Budget. Both Committees accepted Budget Bill language proposed by CCLC to express the intent of the Legislature to fully fund Stage 3 child care protecting former cash aid recipients who are still eligible for subsidies.
- The Legislature rejected the Governors proposed cuts that would have added more than 17,000 children to the subsidy Waiting Lists for preschool, center based, family child care homes and other programs. The Committees also restored the reductions to the crucial services provided to all families and providers by the resource and referral programs in California.

- The Legislature rejected the Governors proposed cuts to Community Care Licensing. The Assembly and Senate both rejected reductions in random visits and approved funding for licensing staff to visit any provider who had not been visited in 5 years. They also accepted the delay in adoption of any new trigger language for increased funding. The Governor's proposed budget would have reduced unannounced random visits from the current rate of 30% of all centers and family child care homes per year to 14%.
- The Legislature rejected permanent reductions in rate ceilings for child care providers: The Governor's proposal to lower the ceiling on rates paid to child care providers serving families receiving subsidies by reducing the Regional Market Rate (RMR) cap from the 85th percentile to the 75th percentile was rejected. The implementation of the current RMR survey is delayed until March 2009. In addition, the language was retained guaranteeing the RMR is based on the more equitable county rollup consistent with CCLC and child development advocates previous and current position.
- Inclusive State Plan process made permanent: CCLC was able to work with the community, CDE and budget staff to permanently change the CCDF State Plan process. The Budget Act of 2007 (SB 77 Ducheny) contained new language that should improve the entire State Plan process. This language has now passed both committees as Trailer Bill language, meaning it will not need to be reviewed with the budget language each year and instead will become law when the budget is passed. The language requires CDE to release its draft plan by February 1, the year the plan is due to the federal government. This new date allows the public to view the draft almost 3 months earlier than it has in past years which means CDE has more time to incorporate changes. It also removes the requirement that the Department of Finance approve the draft prior to public comment and adds Legislative review. It is our hope that these changes will encourage CDE, the Legislature and the public to make better use of the CCDF State Plan as a planning tool for child care in the state.
- Legislature adopts priorities for budget year Quality Expenditures: The Governor's budget proposed to cut certain expenditures such as stipends for child care staff based on the fact the programs were funded with state funds. At the request of the Legislature and in consultation with CDE, CCLC developed Budget Bill language to set substantive priorities for the expenditure of quality dollars. The proposed language was passed by both committees. A more thorough discussion of future expenditures will occur in the state plan discussion.
- Legislature retains support for California's lowest income families: The Governor proposed unconscionable cuts to our lowest income families receiving CalWORKs assistance by proposing reductions to the already low monthly grant level by 5%. He also proposed full family sanctions and other changes that would have cut over 200,000 children off cash assistance. The most egregious cuts were rejected by both committees. The CalWORKs package will go to conference committee for further discussion.
- COLA for Child Care Programs: The Senate accepted a 1.6% COLA for Proposition 98 programs, including certain child care programs. However, this is preliminary and the entire Proposition 98 package will go to Conference Committee for further consideration.