

4/27/10



CAPPA Positions on Governor's Budget Proposals for Child Care and Development

Stage 3 Unallocated Cut – The administration is choosing not to fully fund the Stage 3 caseload. The Governor's proposed FY 2010-2011 budget reduces Stage 3 child care by \$122.9 million to achieve ongoing Prop 98 and GF Savings. The administration has said that they intend to explore options in the coming months to achieve these goals and to develop such reform proposals for action this year.

- CAPPA strongly OPPOSES the administration's proposal to make an unallocated cut of \$122.9 million to Stage 3. This cut would eliminate approximately 18,000 slots in Stage 3 and would mean the immediate disenrollment of thousands of Stage 3 families.
- This cut would result in approximately 1,500 children each month, moving from Stage 2 to Stage 3 that would have no child care options.
- Stage 3 families are typically 3 person households with an average income of \$2,000 per month. These are families who have played by the rules, gotten themselves off of cash aid and on the road to self sufficiency.
- Many of these families, if disenrolled from the program would likely end up on cash aid, unable to keep their job and/or leaving their children in an unsafe environment. This proposal would likely create costs in other programs that would far outweigh the savings in cutting Stage 3 child care.

Reduction of the Regional Market Rate Reimbursement for Licensed Providers: down to the 75th percentile of the 2005 regional market rate survey.

- CAPPA strongly OPPOSES the administration's proposal to reduce the reimbursement rate for licensed providers from the 85th down to the 75th percentile of the 2005 Regional Market Rate Survey.
- This proposal would severely limit access to low-income working families seeking licensed child care options. Due to the rates being based on 2005 numbers it is not surprising that in many counties 75-85% of licensed providers are already charging at the ceiling.
- If this proposal goes into effect this could add on large child co-pays which in most cases would not be economically possible for the family to bear. This hardship would most likely force a family to seek a cheaper child care solution which in some counties could be very hard.
- This proposal would decimate licensed child care and continue to force more high quality child care providers out of the business and leaving families without child care options.

Reduction of the Regional Market Rate Reimbursement for license-exempt providers: from 90 percent of the licensed child care rate down to 70 percent of the rate charged by licensed providers.

- CAPPA OPPOSES the Governor's proposal to reduce the regional market rate reimbursement for licensed-exempt providers. Licensed-exempt providers provide access to child care for many families around the state.
- These providers are the ones that provide weekend, rotating shift or nighttime hour care because most licensed providers do not.
- Many communities also do not have the licensed provider capacity to meet the needs of that particular community. In a time when the economy is very fragile and many families are working minimum wage jobs in the retail industry a reduction in the amount of license-exempt providers willing to care for children would be devastating.
- Most license-exempt providers in this state are currently making \$4 per hour and when a 40 hour workweek is worked than the amount per hour can go down to as little as \$3.50 and hour – well below the minimum wage. Like the proposal to reduce reimbursement for licensed providers, this proposal too would also likely increase parent co-pays at a time when most families are struggling to stay afloat

-0.38% COLA for Child Development Programs

- CAPPA OPPOSES the Governor's proposal to give a negative COLA.
- CAPP and other child development programs have not received a COLA in over 2 years.
- This instead is a way to cut \$6 million more from an already underfunded child care and development system.



CAPPEDA Positions on LAO Budget Proposals for Child Care and Development

Reduction of the Regional Market Rate Reimbursement for Licensed Providers: down to the 60th percentile of the 2009 regional market rate survey.

- While CAPPEDA would like to see the most up-to-date regional market rate survey being used we are OPPOSED to the Legislative Analyst's office proposal to reduce the ceilings down to the 60th percentile.
- The Federal guidelines say that states should meet cap the ceilings at least 75th percentile.
- The decision of what percentile to cap the regional market rates is a policy decision that will have ramifications on the child care and development system for years to come. This policy should not be set in a budget committee hearing and should instead go through a thorough vetting process in the policy committee through the policy process.

Reduction of the Reimbursement Rate for Licensed-Exempt Providers: reduced from 90 percent to 70 percent of the licensed provider rate.

- CAPPEDA OPPOSES the LAO's proposal to reduce the licensed-exempt provider rate down to 70 percent of the licensed provider rate.
- This reduction would be a double-whammy for license-exempt providers.

Reduce the State Median Income (SMI) for families accessing care in Stage 3 and in CAPP programs down to 60% of SMI.

- CAPPEDA OPPOSES the LAO's proposal to reduce the SMI for families accessing Stage 3 and CAPP child care.
- This proposal is basing its percentage on the 2007 SMI that is currently in effect. This would have devastating consequences for families.
- CDE estimates that if this proposal went into effect that approximately 20-23,000 children would lose their child care if the SMI was reduced. Most of these slots would be lost in General Child Care (Centers) and Preschool programs.