



CHILD CARE ALLIANCE  
OF LOS ANGELES

*Creating Brighter Futures.*

# PUBLIC POLICY BRIEF

## CALIFORNIA BUDGET CRISIS IMPACTS EARLY EDUCATION AND CHILD CARE SYSTEM

### PENDING PAYMENT DELAYS TO CHILD CARE PROVIDERS



**The Child Care Alliance of Los Angeles is a partnership of thirteen community-based organizations working together to ensure the delivery of seamless, consistent, quality child care throughout Los Angeles County. Member agencies provide child care Alternative Payment and/or Resource & Referral services in their communities. For more information call (310) 719-1432.**

Beginning in May 2008, agencies in Los Angeles County that make payments to early childhood educators and child care providers will be notifying them about delays in payments due to the likelihood of the State not releasing funds during the anticipated budget delays for the 2008-09 fiscal year. This would apply to providers serving families receiving CalWORKs Stage 3 Child Care and General Alternative Payment (AP) programs. CalWORKs Stage 1 and Stage 2 Child Care Programs payments will not be delayed.

Delays in provider payments in CalWORKs Stage 3 and General AP is expected to occur as long as a budget agreement is not reached by the Governor and Legislature. This would apply to payments for services made beginning in July 2008. Some have indicated that a budget impasse could last for three to four months. **These delays will impact over 8,000 providers throughout Los Angeles County with payments averaging about \$11.5 Million in provider payments a month.** Many of providers serving children are small, independent businesses who rely on the reimbursements they receive to maintain their operations and serve children effectively.



# POLICY POSITIONS ON EARLY EDUCATION AND CHILD CARE FOR 2008-09

Governor Arnold Schwarzenegger has proposed cuts that would take effect in Fiscal Year 2008-09. An estimated \$107 Million would be cut from General Child Care and Development programs that includes Resource and Referral programs that support parents and providers, state preschool programs, child care centers, latchkey programs, and migrant programs.

Early childhood education and child care programs have received cuts during the current year, totaling about \$183 Million throughout the State.

These critical programs support low-income families and children. These programs help parents work and support children in their development. We have outlined specific policy positions that are critical to the early education and child care system in Los Angeles County.



**REJECT THE 6.4%  
ACROSS THE BOARD  
CUTS PROPOSED BY  
GOVERNOR  
SCHWARZENNEGER**

We urge that the Legislature reject the proposed cuts to child care and development services that specifically target resources and support for parents and providers, center-based programs funded by the State, State preschool programs, and other quality improvement activities. We believe these cuts will not only hurt working families, but they also will lower the quality of care in an already fragile system.

**Quality.** We believe that the quality of early education and child care services should improve outcomes for children, provide opportunities for early education and child care providers to improve their quality, and that all parents should have access to quality choices.

**REJECT THE PROPOSAL TO  
SET THE REIMBURSEMENT  
CEILING FOR PROVIDERS  
FROM THE 85TH PERCENTILE  
TO THE 75TH  
PERCENTILE**

Reducing ceiling levels will increase the cost incurred by parents and providers in an already difficult economic time for California and the rest of the country. Cost of living in California continues to rise and providers have difficulty operating their small businesses. This will adversely affect their ability to provide high quality services, as well as create disincentives for them to continue serving children.

**Access.** We believe that parents should be able to access the child care services they need to support their efforts to become self-sufficient.

**REJECT THE PROPOSAL  
TO FREEZE STATE  
MEDIAN INCOME  
LEVELS**

The proposal to freeze State Median Income (SMI) levels will automatically reduce eligibility and force families to pay more fees or higher fees in order to receive subsidized child care. At the same time, families are already struggling to pay for basic necessities such as food and gas, as well as meet basic housing and health care needs.

**Affordability.** We believe that child care should be affordable for families, and that subsidy programs should continue to assist low-income families in paying for the cost of child care.

**OPPOSE ANY  
REDUCTION OF  
COMMUNITY CARE  
LICENSING VISITS**

California continues to rank as one of the lowest in comparison to other states in regards to the frequency of licensing visits. This does not ensure we have basic protections for children so that families feel secure when they leave their children in licensed facilities. We support a licensing system that conducts unannounced visits on an annual basis.

**Accountability.** We believe that the subsidized child care services through the Alternative Payment and CalWORKs programs should maintain high levels of program integrity standards.

**SUPPORT AB 1279,  
MAINTAINS 20% OF  
ADMINISTRATION AND  
SUPPORT IN AP AND  
CALWORKS CHILD CARE  
PROGRAMS**

This legislation is critical to the support needed to deliver subsidized voucher programs in effectively, responsibly, and at a high quality level. This bill would also sustain the 20% of direct provider payments allowed for contractors to use as support for their delivery of CalWORKs and Alternative Payment programs. Cuts to this would make it difficult for contractors to effectively administer and provide services to low-income families.

**Partnership.** We believe that decisions impacting families and children in the child care system should be made in partnership with various organizations, stakeholders, and key decision-makers.



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