

Explanation – Stage 3 Child Care

A question arose at the February 2, 2011 Budget Communication Committee Meeting requesting an explanation and definition of the Stage 3 Child Care Program. A summary of the 2011-2012 Budget Proposal provides the requested information below:

Subsidized Child Care includes a variety of programs that are designed to support low-income families so they remain employed. These programs are primarily administered by the State Department of Education (SDE) through Proposition 98 funding and the annual federal Child Care and Development Fund (CCDF) grant. All programs are means-tested and require that families receiving subsidies have a need for child care, which means that all adults must be working, or seeking employment, or are in training that leads to employment. The one exception to needs-based child care is the State Preschool Program, because it is primarily an educational program. Most programs are capped, drawing eligible families from waiting lists, while those specifically limited to CalWORKs families or former CalWORKs families are caseload-driven.

The SBE operates several major capped programs including General Child Care, State Preschool, Alternative Payment Program, and Migrant Child Care. CalWORKS caseload driven programs include:

Stage 1, administered by the Department of Social Services (DSS)

Funded by the state General Fund, and federal Temporary Assistance to Needy Families (TANF) grant fund through counties; is for families whose work situation has not stabilized.

Stage 2, administered by SDE, and is for families who have a stable work situation and families who are transitioning off of aid, for up to two years.

Stage 3, also administered by SDE, and is for families who have successfully transitioned off of assistance for more than two years, but who still have a need for child care services.

For 2010-2011, the SDE portion of the child care programs amounts to \$2.3 billion, consisting of \$1.5 billion from Proposition 98, and \$722.3 million from federal TANF funds. Collectively, these programs serve an estimated 364,500 average monthly enrolled children.

For 2011-2012, the proposed funding level for SDE programs is \$1.6 billion, \$1.1 billion from Proposition 98, and \$535.6 million from federal funds. This reflects a \$716 million drop in child care programs funded within Proposition 98. Collectively, the SDE programs are estimated to serve 327,000 average monthly enrolled children in 2011-2012.

To help manage this reduction in funding, the State Budget proposes to make some policy changes, such as limiting services to children 10 years of age, and younger, reducing eligibility to 60 percent of the State Median Income (instead of the current 75 percent) and reducing levels of subsidies across the board. These reductions also apply to the State 2 and Stage 3 CalWORKs programs described above.

Note: Of the programs listed above, EUSD only operates the State Preschool Program, though it is likely that some (many) of our students could be impacted by the changes to other areas of the Governor's Child Care budget proposal. The district's First Years and Preschool For All programs are funded from Proposition 10 funding, and administered through the San Diego County First 5 Commission.