

Preschool and Child Care Overview

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Joint Hearing of Senate Budget and Fiscal Review
Subcommittee No. 1 and No. 3

February 9, 2005





Different Goals and Different Access



The State Department of Education (SDE) and the Department of Social Services (DSS) often struggle with a fundamental mission conflict between the two departments:

- **Program Quality.** The SDE's mission is to educate children. For child care, that means a focus on early education and brain development.
- **Choice and Flexibility.** The DSS' mission is to assist families as they work toward becoming self-sufficient. The DSS wants to ensure choice and that child care is readily available and convenient.



California Work Opportunity and Responsibility to Kids (CalWORKs) Recipients Guaranteed Child Care, Working Poor Are Not

- **Stage 1.** This first stage is for families new to aid who do not have stable work or education schedules. Administered by DSS and county welfare departments.
- **Stage 2.** As families' situations become stabilized, either through work or regular education and training, they move into this stage. Administered by SDE.
- **Stage 3.** Families who are off of long-term child care in Stage 3 until their incomes become too high or their children no longer need care. Not an entitlement but fully funded for all families.
- **Working Poor.** Other child care programs are open to all low-income families. Access to these programs is based on space and income. Not fully funded, waiting lists are common.



Proposed Funding for California's Child Care Programs

California Child Care Programs			
<i>2005-06 (Dollars in Millions)</i>			
Program	State Control^a	Estimated Enrollment	Governor's Budget
CalWORKs			
Stage 1 ^b	DSS	98,000	\$498.80
Stage 2 ^b	SDE	94,000	575.40
Community colleges (Stage 2)	CCC	3,000	15.00
Stage 3 ^c	SDE	14,500	87.60
Subtotals		(209,900)	(\$1,167.80)
Non-CalWORKs^d			
General child care	SDE	88,000	\$632.09
Alternative Payment programs	SDE	71,000	429.95
Preschool school	SDE	101,000	325.38
Other	SDE	18,700	54.17
Subtotals		(278,800)	(\$1,441.59)
Totals—All Programs		488,700	\$2,609.39
^a Department of Social Services, State Department of Education, and California Community Colleges. ^b Includes holdback of reserve funding which will be allocated during 2005-06 based on actual need. ^c Significantly reduced due to Governor's reform proposal to move current Stage 3 recipients to general child care. ^d Does not include after school care which has a budget of \$250 million and is estimated to provide care for 249,500 school-age children.			



The Governor's budget proposes a total of \$2.6 billion for funding child care (roughly the same as the current year). This excludes funding for after school programs and federal Head Start funding. This funding will provide child care for approximately 489,000 children.

- \$1.2 billion of the funding is for CalWORKs child care, which is estimated to be serving approximately 210,000 children and 110,000 families.



Proposed Funding for California's Child Care Programs *(Continued)*

- The funding used for child care is a combination of federal and state funds.
 - \$1.3 billion in state General Fund (\$110 million non-Proposition 98 funding).
 - \$796 million in Temporary Assistance for Needy Families (TANF) funding.
 - \$569 million in Child Care and Development Fund funding.

- The Legislature can change share of Proposition 98 funds and TANF funds to balance competing education and social services needs.



California Children and Their Enrollment In Preschool and Child Care

- In 2005, there are 3.2 million children under the age of six in California.
 - According to the 2000 census, most children are Latino (46 percent) and Caucasian (34 percent). Asian and Pacific Islander (9 percent), African American (6 percent), multiple race (4 percent), and Native American (0.5 percent) children make up the rest of this population.

- The Public Policy Institute of California reports 52 percent of children under age six were enrolled in some type of structured care, including preschool, child care, or kindergarten.

- The California Research Bureau reports that enrollment rates in preschool/child care vary by income and ethnicity.
 - Approximately 20 percent gap in enrollment rates of Caucasian and African American children as compared to Latino children.
 - Approximately 25 percent gap in the enrollment rates of children from the poorest families as compared to those of wealthier families.

- Data showing unmet child care and preschool needs are not available.



Child Care and Preschool Care Types

	CalWORKs and AP Providers			SDE Contractors
	Exempt Provider	Title 22 Licensed FCCH	Title 22 Licensed Centers	Title 5 Child Care Including Preschool
Provider/teacher education and training	None.	None.	Child Development Associate (CDA) Credential or 12 units in ECE/CD.	Child Development Teacher Permit (24 units of ECE/CD plus 16 general education units).
Provider health and safety training	Criminal background check required (except relatives). Self certification of health and safety standards.	15 hours of health and safety training and finger printing.	Staff and volunteers fingerprinted and subject to health and safety standards.	Staff and volunteers fingerprinted and subject to health and safety standards.
Required ratios	None.	1:6 adult-child ratio.	1:12 teacher-child ratio or 1 teacher and 1 aide for 15 children.	1:24 teacher child ratio and 1:8 adult-child ratio.
Accountability, monitoring, and oversight	None.	Unannounced visits every five years or more frequently under special circumstances.	Unannounced visits every five years or more frequently under special circumstances.	On-site reviews every three years. Annual outcome reports, audits, and program information.

FCCH = family child care home; AP = Alternative Payment Providers; Cal WORKs = California Work Opportunity and Responsibility to Kids; SDE = State Department of Education; and ECE/CD = Early Childhood Education/Child Development.



The figure above shows the major care types and associated regulations offered through CalWORKs/Alternative Payment (AP) providers (voucher programs) and SDE contractors.

- From left to right, requirements to provide the specific type of child care become more difficult to meet and suggest a higher level of quality.



Distribution of Children Across Care Types

Proportion of Children Served in Each Care Type by Program					
Care Type	Program Type				Totals
	CalWORKs Stage 1	CalWORKs Stage 2	CalWORKs Stage 3	Alternative Payment	
Family child care home	40% ^a	29%	27%	39%	52% ^a
Center-based care		21	26	33	
License exempt home	60	50	47	28	48
Totals	100%	100%	100%	100%	100%

^a The Stage 1 distribution between centers and family child care home was not available from the Department of Social Services.



Generally, the current distribution of children in the voucher system (CalWORKs and AP) shows weighting toward lower quality care.

- About one-half of the children receiving vouchers are cared for by license-exempt providers.
- License-exempt care use is highest among families in CalWORKs Stage 1, but declines somewhat as families move through the CalWORKs system.



Reimbursement Rates for Child Care and Preschool Providers

Reimbursement Rates for Child Care and Preschool Providers				
<i>Dollars Per Month for Full Day Care</i>				
By County	License-Exempt Rate	Family Care Ceiling	Center Ceiling	Title 5 Providers
Maximum	\$780	\$866	\$988	\$586
Minimum	384	427	355	586
Average	505	561	556	586

- Rates for CalWORKs and AP providers are determined by the Regional Market Rate (RMR) survey of public and private child care providers.
 - Title 22 centers and family child care home (FCCH) providers are reimbursed up to a ceiling of the 85th percentile of the rates charged by private market providers in the area offering the same type of child care.
 - License-exempt care providers are reimbursed up to 90 percent of the FCCH ceiling (85th percentile).

- Title 5 providers contracted directly with the SDE are reimbursed with the Standard Reimbursement Rate—\$586 per month for full day care.

- Preschool rate is \$373 per month (half day care).