



## Overview of Child Care and Development (CCD) Conference Issues CCD Budget Plans

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June 2016



### Overall Plans

- Governor provides \$3.6 billion for CCD programs (\$1.7 billion Proposition 98 General Fund, \$905 million non-Proposition 98 General Fund, and \$1 billion federal funds).
- Assembly plan increases CCD spending by \$619 million (\$214 million Proposition 98 General Fund, and \$405 million non-Proposition 98 General Fund).
- Senate plan increases CCD funding by \$101 million (\$36 million Proposition 98 General Fund, and \$65 million non-Proposition 98 General Fund).



### Year-to-Year Growth

- Governor increases total CCD spending by \$63 million (1.8 percent) from the *2015-16 Budget Act* level to the proposed 2016-17 level. Growth largely due to annualizing rate increases initiated in 2015-16, increasing per-student funding for Transitional Kindergarten, providing statutory growth to certain child care and preschool programs, and spending more on quality improvement activities.
- Assembly plan reflects 19 percent year-over-year growth.
- Senate plan reflects 4 percent year-over-year growth.



## Overview of CCD Conference Issues Comparing CCD Plans

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### Commonalities

- Both houses raise reimbursement rates for vouchers using most recent market survey.
- Both houses raise reimbursement rates for providers contracting with the state.
- Both houses increase slots.
- Both houses create apprenticeship program to provide job training, mentoring, and college courses to child care workers.



### Differences

- Assembly plan contains higher rate increases.
- Assembly plan spends more on quality improvement activities.
- Assembly plan funds additional preschool slots.
- Assembly plan expands eligibility.



# Overview of CCD Conference Issues

## Details of CCD Plans

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<b>Comparison of Assembly and Senate Plans</b>				
<i>(In Millions)</i>				
Issue	Assembly		Senate	
	Amount	Description	Amount	Description
<b>Rates</b>	\$444	Increases the SRR by 15 percent, the RMR to the 80th percentile of the 2014 survey, and the license-exempt rate to 80 percent of FCCH rates.	\$87	Increases the SRR by 4 percent and the RMR to the 75th percentile of the 2014 survey.
<b>Slots</b>	61	Adds 10,000 State Preschool slots and 6,000 Alternative Payment slots.	\$13	Adds 2,000 Alternative Payment slots.
<b>Eligibility</b>	35	Increases program eligibility threshold to 85 percent of current state median income. Allows families to remain eligible for child care up to 12 months, regardless of changes in income.	—	—
<b>Other Funding</b>	78	Provides funds for various one-time and ongoing quality improvement and support activities, including State Preschool QRIS, a data efficiency project, and an apprenticeship program.	1	Provides funds for same apprenticeship program as Assembly.
<b>Language</b>	—	Includes language that (1) directs CDE to develop a differentiated funding rate for part- and full-day kindergarten to use beginning in 2018-19, (2) directs CDE to amend its quality improvement spending plan to prioritize QRIS, and (3) allocates \$317,000 in existing quality improvement funds for CDE to develop a statewide plan for providing one year of preschool to all four-year olds.	—	—
<b>Totals</b>	<b>\$619</b>		<b>\$101</b>	

SRR = Standard Reimbursement Rate; RMR = Regional Market Rate; FCCH = family child care homes; QRIS = Quality Rating and Improvement System; and CDE = California Department of Education.



## Overview of CCD Conference Issues Considerations in Developing Conference CCD Plan

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### Reimbursement Rates

- Current child care voucher reimbursement rates are not aligned with current market survey.
- Under current rates, families in some areas of the state have access to more child care providers than families in other areas of the state.
- The Legislature could update child care voucher rates based on the most recent child care market survey.
- The Legislature could provide comparable rate increases to voucher-based and contract-based providers.



### Slots

- Currently, many children in California are eligible for subsidized child care and preschool but do not receive it.
- California's existing eligibility criteria are higher than many other states.
- Slots are distributed inequitably across the state, with some counties serving a higher percentage of their eligible population than others.
- The Legislature could increase slots to serve a greater share of eligible children statewide.
- To equalize service levels across the state, the Legislature could provide additional slots to areas with relatively high percentages of unserved eligible children.



# Overview of CCD Conference Issues

## Options for Increasing Rates and Slots

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<b>Options for Increasing Voucher Rates and Slots</b>			
<i>2016-17 Cost (In Millions)<sup>a</sup></i>			
	75 <sup>th</sup> Percentile of 2014 Survey	80 <sup>th</sup> Percentile of 2014 Survey	85 <sup>th</sup> Percentile of 2014 Survey
Increase Regional Market Rate	\$49	\$113	\$197
Add 2,000 Alternative Payment slots	13	14	15

<sup>a</sup> Assumes rate and slot increases become effective October 1, 2016. Increases are entirely non-Proposition 98 General Fund.

<b>Options for Increasing Contract-Based Rates and Slots</b>			
<i>2016-17 Cost (In Millions)</i>			
	Increase Rate by 5 Percent	Increase Rate by 11 Percent	Increase Rate by 20 Percent
Increase Standard Reimbursement Rate <sup>a</sup>	\$67	\$148	\$269
Add 2,000 Full-Day State Preschool slots <sup>b</sup>	10	11	12
Add 2,000 Part-Day State Preschool slots <sup>c</sup>	4	5	5

<sup>a</sup> Rate increases shown are comparable to Regional Market Rate increases shown above. Assumes increases become effective July 1, 2016. Of increases, 64 percent would be Proposition 98 General Fund.

<sup>b</sup> Assumes increases become effective January 1, 2017. For slots at local education agencies, increases would be entirely Proposition 98 General Fund. For other slots, 43 percent of the increases would be Proposition 98 General Fund.

<sup>c</sup> Assumes increases become effective January 1, 2017. Increases would be entirely Proposition 98 General Fund.