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AND COMMUNITY SERVICES

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April 11, 1989

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Law and Legislative Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Support of SB 230--Child Care

SUMMARY

Senate Bill 230 is designed to extend the June 30, 1989, sunset of the Child Care and Development Services Act (the Act), which is the authorizing legislation of all child care and development programs subsidized through the State Department of Education (SDE).

BACKGROUND INFORMATION

Passed in 1972, the original Act consolidated the funding and administration of all child care and preschool programs under SDE; it was later amended to authorize fourteen different program types, ranging from migrant and campus child care programs to the resource and referral and the alternative payment programs.

After the passage of Proposition 13, the state passed a sunset law requiring that all K-12 categorical education programs, including child care and development programs, be reviewed periodically by a sunset review committee (consisting of half Governor-appointedees and half Legislature-appointedees) and by SDE. SDE's report is then evaluated by the Legislative Analyst.

The Sunset Review Advisory Committee and the SDE evaluation both recommended that the Act continue with minor refinements. However, the Governor and the Legislative Analyst's Office (LAO's report just came out in February, 1989) want to make two major changes before reauthorizing the Act:

1. not fund the Child Care Development COLA (Cost of Living Adjustment) and instead have the discretionary COLA's offered by the Governor go into the Proposition 98 reserve; and
2. increase the Title 5 ratio for preschoolers from 1:8 to 1:10 for an estimated cost savings of \$19 million and an estimated 4,300 more children served.

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Although most would agree that it is necessary to increase the number of children served in SDE subsidized programs, the LAO-proposed changes seek to do so by "reform, not expansion." It is observed that to implement these "reforms" would cause additional problems, may actually decrease the number of children served, and ignores the more obvious question of seeking additional funding to serve additional children. Unfortunately, these two LAO-proposed changes may not accomplish what they set out to do. Briefly, consider the following:

1. COLA:

- Cost of Living Adjustments have not been given to child care programs in the past, and are currently 62% behind the K-12 COLA.
- This lack of COLA has effected us in Sacramento. In the past, the Sacramento Housing and Redevelopment Agency (SHRA) operated two SDE subsidized child care programs at two of our low-income housing projects. Because of the lack of needed increased funding to keep the centers open, last year we had to close the Dos Rios Child Care Center, and consolidate it with the River Oaks Child Care Center. Because the Dos Rios parents had no means of transportation to get their children to the River Oaks Child Care Center, the parents sought to move the children to the school near the River Oaks Child Care Center. This not only disrupted the schooling for the children who were able to change schools, but because some of the school transfers would compound the racial imbalance of the new school, some of the Dos Rios children were not allowed to transfer, and were therefore left with no available (affordable) child care.
- Pre-school programs may need to be philosophically and financially given comparable financing to the K-12 programs: (1) many children from low-income families need to be in child care because their parents are now, or will be through GAIN, in the paid work force, and (2) children do learn a great deal before they enter kindergarten, and SDE programs provide a positive learning experience.

2. RATIO:

- Because the SDE Title 5 subsidized child care programs are for high-risk children, the lower ratio of one teacher to every eight children is essential. (This "educational standard" is also followed by many private providers for non-high-risk "Title 22" programs--which have a legal ratio of 1:12--for they also operate their programs for especially 2-3 year olds at a 1:8 ratio.)
- The Federal Head Start program has been collecting data for over 25 years; they show that for every \$1 invested in quality comprehensive early childhood programs like Head Start has saved \$4.75 in reduced expenditures for unemployment, welfare dependency, and crime. These children are more likely to complete high school and to go on to

vocational or academic training; are more likely to be self-supporting and less likely to be receiving public assistance; and are less likely to be in trouble with the law, less likely to become teen parents, and more likely to be employed.

- Cost savings may not be fully realized, for physical facilities will probably limit the implementation of higher ratios. For example, the Health and Safety Code requires that each child have 35 square feet of indoor activity floor space. A room which has 560 square feet of activity space would currently be licensed for 16 children and require two teachers. Just changing the teacher/student ratio from 1:8 to 1:10 would not allow four more children in the room, unless 140 additional square feet were added to the room, probably a physical and financial impossibility.
- Rather than the estimated cost savings of \$19 million from changing the ratios, a better funding alternative might be to to phase out the child care tax credit for families with incomes above \$35,000--a savings of about \$60 million. (Families making less than \$16,000 annually rarely use the tax credit, for they seldom owe taxes and the credit is not refundable.) However, there is one major problem with this "revenue source": converting the tax credit to a direct expenditure would make this funding subject to the state spending limit. However, instead of seeking to gain revenue by lowering the quality of child care, perhaps it would be best for the Legislature to address the need for additional revenue resources and increased spending limitations.

In Sacramento County there are over 3,000 children who receive Child Development Services under the guidance of the Child Development Act. This represents almost \$9,500,000 that supports the families and the economy of our County. This act will sunset June 30, 1989, unless SB 230 is passed by the Legislature.

FINANCIAL DATA

No impact on current budget.

POLICY CONSIDERATIONS

Two of the seven key recommendations from the RECOMMENDATIONS FROM THE MAYOR'S TASK FORCE ON CHILD CARE are the following:

- * Adopt a guiding policy to encourage available, accessible, and affordable quality child care; and
- * Provide public financing assistance to child care providers.

MBE/WBE EFFORTS

No goods or services are being purchased by the City.

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RECOMMENDATION

It is recommended that the Law and Legislative Committee support SB 230, and write a letter of support to its author, Senator Roberti.

Respectfully submitted,



ROBERT P. THOMAS, Director
Parks and Community Services

RPT:jls

April 20, 1989
All Districts

Contact Person to Answer Questions:
JACQUIE SWABACK, CHILD CARE COORDINATOR
449-5858

Introduced by Senator Roberti
(Coauthor: Assembly Member Cortese)

January 23, 1989

An act to amend Section 62000.4 of the Education Code, relating to education, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 230, as introduced, Roberti. Educational programs.

Under existing law, the Legislature is required to conduct a comprehensive review of certain education programs, including, among others, child development and preschool programs. These programs, as presently maintained, cease to be operative on various specified dates, unless the Legislature enacts legislation providing otherwise. If the Legislature does not enact that legislation, funding for the general purposes of the program continues after the termination date, but relevant statutes and regulations are not operative. The provisions governing child care and preschool programs will cease to be operative on June 30, 1989.

~~This bill would delete child development and preschool programs from the listing of educational programs subject to the above-described statutory provisions relating to the termination of certain education programs. This bill would impose a state-mandated local program by thereby extending the period of time over which provisions of the program that impose duties on school districts and other local agencies will apply.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates which do

not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 62000.4 of the Education Code is
2 amended to read:

3 62000.4. The following programs shall sunset on June
4 30, 1989:

5 (a) ~~Child development and preschool programs.~~

6 ~~(b) Adult education.~~

7 ~~(c)~~

8 (b) Indian education centers.

9 SEC. 2. Notwithstanding Section 17610 of the
10 Government Code, if the Commission on State Mandates
11 determines that this act contains costs mandated by the
12 state, reimbursement to local agencies and school
13 districts for those costs shall be made pursuant to Part 7
14 (commencing with Section 17500) of Division 4 of Title
15 2 of the Government Code. If the statewide cost of the
16 claim for reimbursement does not exceed one million
17 dollars (\$1,000,000), reimbursement shall be made from
18 the State Mandates Claims Fund.

19 SEC. 3. This act is an urgency statute necessary for
20 the immediate preservation of the public peace, health,
21 or safety within the meaning of Article IV of the
22 Constitution and shall go into immediate effect. The facts
23 constituting the necessity are:

24 In order to exempt child development and preschool
25 programs from the provisions of Part 34. (commencing

1 with Section 62000) of the Education Code, relative to the
2 termination of certain educational programs, at the
3 earliest possible time, and in order to ensure that state
4 statutes and regulations governing the operation of these
5 programs will continue to apply after the scheduled June
6 30, 1989, program termination date, it is necessary that
7 this act take effect immediately.

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