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Publicly Funded Programs for Low-Income Families

An Overview of Early Education and Child Care in California

Since 1943, California has had government-subsidized child care and development programs available to some low-income working families. Since 1965, California has also had part-day preschool programs, such as Head Start, available to children living in poverty. Although child care and early-education programs for young children in California are often described as complicated, fragmented, and disjointed, the basics of the system are fairly straightforward.

In this issue brief, the Senate Office of Research offers a simple summary of the state's child-care system for children from low-income families and a brief history of key public policies that shape the system. It concludes with a list of issues that will likely come before the Legislature in the next two years. *Key points that may be of particular interest to legislators have been put in italics throughout the text.*

It must be noted that many child-care programs and part-day nursery schools exist in the private sector; parents enroll their children and pay for the services. This issue brief looks only at the child care and early-education services for which government pays. For example, "State Preschool" is the name of a government-funded program that is distinct from the many nursery schools available to families who may enroll their children and pay the full costs.

Government-funded Child Care and Early-education Programs

Funds come from two sources: the federal government and the state General Fund. Programs fall into two general kinds: part-day (usually for 3- and 4-year-old children) and full-day. Part-day programs generally enroll children with at least one parent who doesn't work; full-day programs serve the children of the working poor and those in training.

Table 1

Government Funding Sources

Kind of Program

Federal Funds	***State Funds***	
Part-day, Part-year	Head Start	State Preschool
Full-day, Full-year	• Child Care Block Grant • CalWORKs Child Care	Child Care

Table 2

Summary of Appropriations and Enrollment

Type of Program

	Number of Children Enrolled, 2000-01	Funds Appropriated, (in millions) 2000-01
Head Start	85,000	$514 .0
State Preschool	90,000*	271.1
Child Care and Development (non-CalWORKs)	216,000*	914.5
CalWORKs Child Care	229,000	1,315.0
Resource and Referral Services	N/A	21.4

Sources: U.S. Department of Health and Human Services; state departments of Education and Social Services. *These numbers are FFY 1999 estimates.

In the next pages of this issue brief are descriptions of the part-day programs for preschool children and the full-day programs for the children of working parents. Each discussion includes some historical background and rationale for these programs as they have evolved, and each notes public policy issues that may need legislative attention. Because of its nature, the discussion of CalWORKs child care is separated out and comes near the end of the paper.

Unmet Need

The California Budget Project (CBP) recently released an estimate of unmet need for subsidized child-care assistance in California. CBP estimates that current services meet two-thirds of the state's need; an additional 280,000 eligible children would enroll in subsidized care if it were available. (CBP's report is available on-line at http://www.cbp.org/.)

When data from the 2000 Census reach the Department of Finance, the Legislature can request a special analysis to provide up-to-date figures on the number of families eligible for child care and development services. Then it will be a simple matter to estimate the percentage of families who would make their own arrangements without calling on government assistance (CBP estimates this rate at 50 percent of families eligible for subsidized care). These calculations would result in an estimate of unmet need that could be compared to CBP's estimate.

Part-day, School-year Programs: Head Start and State Preschool

As part of the federal war on poverty, Congress established Head Start in the mid-1960s. It was designed primarily for 4-year-old children in the year before they went to kindergarten to give them a head start in learning. Support services, such as health checkups, home visits, and invitations for parents to participate in activities, added to the comprehensive nature of Head Start. In 1965, the Legislature established the State Preschool program, California's own state-funded version of Head Start.

Head Start and State Preschool are designed for low-income families who are not in need of full-time, year-round child care. Both programs emphasize parent participation in the classroom so, by design, these programs are more useful to families with at least one parent outside the work force. Since the early days of Head Start and State Preschool some 35 years ago, employment demographics and public policy have changed: more mothers of young children from low-income households are in the work force. *For nearly 20 years – between the early 1970s and the early 1990s – the Legislature did not expand the State Preschool program, recognizing that the pressures on families to find child care during working hours meant a greater need for full-day, year-round programs.*

Increased funding for Head Start and State Preschool during the 1990s has raised a challenge to state and local planners and to program administrators. Because these programs are open less than four hours per day during the school year only, they are not necessarily convenient for parents in the work force. There are reports from some communities that they have a surfeit of part-day programs for preschool-aged children. Their communities need additional funds for full-day, year-round programs. On the other hand, in areas of the state where fewer resources were allocated in the 1960s and 1970s and where unemployment is higher and maternal employment lower, additional Head Start and State Preschool funds may still be needed.

To address changing family needs, the Legislature may want to give the state Department of Education (SDE) authority to transfer funds from the State Preschool program to the Budget Act's child care and development line item. Such flexibility would allow contract agencies to meet working families' needs for full-day, year-round care in communities where classrooms of part-day programs go unfilled.

Full-day, Year-round Programs

Centers and Family Child-Care Networks Initially Linked to Title 5 Regulations

California, through the SDE, has operated full-day, year-round centers for the children of low-wage working women since 1943, when federal funds established child-care programs for women assisting the war effort. After the war, parents lobbied the Legislature to continue the programs, and state funds maintained a small program of children's centers for the next 25 years.

Federal funds, as part of welfare-to-work and social service block grants, reentered the mix in the late 1960s. In the early 1970s, the Legislature consolidated the funding within the SDE, making it the "single state agency" for child care and development programs, shifting federal funds from what is now the state Department of Social Services (DSS). During the first half of that decade, federal funds increased each year, and the Legislature increased state funding for child care and development annually. Some of those state expansion funds were earmarked for special populations: the children of students in the higher-education system, the children of migrant farm workers, the infants of teen parents. Some funds were for the general expansion of child-care centers operated by public schools, county offices of education, and non-profit community organizations.

Through the mid-1970s, all child care and development funds were awarded to public and private child-care centers that met staffing requirements over and above the minimal health and safety standards necessary for a license. (These standards are part of Title 5 of the state administrative code.) These centers that received funds through SDE, via annual contracts, had richer staff-child ratios and higher educational standards for teachers and site supervisors than were required for a basic license. In addition, the SDE monitored the quality of the curriculum of its public and private contract centers, in as much as basic licensing did not set standards for program content other than that it cause no harm.

Expansion Beyond Title 5 in 1976

At the request of Governor Jerry Brown, the Legislature passed a bill in 1976 that opened state funding to private child-care centers that did not meet the higher standards of Title 5 regulations. In addition, this legislation provided funding for networks of family child-care homes. "Family day care" is a licensed child-care enterprise in which the child-care provider takes care of up to six children in her own home, or up to 12 children, with an assistant. There are about 40,000 such homes licensed in California.

Alternative Payment (Voucher) Programs

Adding to this move away from exclusively funding child-care centers that met Title 5 regulations, the legislation provided funds for two additional programs to assist parents: resource and referral programs (R&R) and the so-called alternative payment programs (AP) that provide parents a voucher they can use at the child-care program of their choice.

Public and private agencies have AP contracts with SDE. Using the same eligibility and priority rules as other SDE contractors, AP programs offer vouchers to parents who, in turn, make their own child-care arrangements. The AP program pays the child-care provider, collects any parent fees that are due, and also assists families and child-care providers in arranging any social or health services a child might require.

Since about 1989, most of the federal expansion of full-day, year-round child care has gone to AP contracts. These increases have come in three waves:

- Welfare reform under President Bush at the end of the 1980s brought a large increase in child-care options for current and former recipients of aid, all through vouchers;
- The Child Care Block Grant, also a Bush initiative, earmarked most new federal funds through the voucher mechanism; and,
- The very large increase in child care that was part of the new Temporary Assistance to Needy Families (TANF), which is CalWORKs in California, uses a voucher approach.

As a result, the budgets for AP contracts have grown from about $35 million in 1990 to about $1 billion in the current year. (This extraordinary growth brings other issues to the fore that this paper discusses later.) The growth of AP budgets dwarfs the modest increases in funding for the old Title-5 child-care center programs that expanded during the 1970s.

Assistance to Parents: Resource and Referral Programs

Parents have had access to assistance in finding child care since the mid-1970s, and coverage became statewide during the 1980s. About 60 public and private non-profit organizations have contracts with SDE to operate resource and referral programs. Any parent can call a local R&R program to receive information about child-care programs that operate in the neighborhoods or in the areas where they work. R&R program staff also can provide information about child-care subsidies for which a family may be eligible. About one in 14 California families who use child care call on R&R programs for assistance.

In addition, planners and others use R&R programs for general data about child-care supply and about the needs parents express in their calls and visits. R&R program staff also organize recruitment and training programs for child-care providers, operate toy-lending libraries and other resource rooms for parents and child-care providers, and participate in or lead local fact-finding and information-gathering about child care useful to elected officials and businesses. They also provide other coordinating functions.

Table 3

Child Care and Development -- Summary of Services

Kind of service	Providers of service	Range of services
• Direct service contracts • Title 5 centers • Networks of family child care providers	• School districts • County offices of Education • Non-profit organizations	• Year-round program • Full-day program • Before- and after-school programs for older children
Alternative Payment contractors	• Parents choose among licensed facilities • Or parents arrange payments to neighbors or relatives	• Same as above
Resource and Referral programs	• Community agencies • School districts • County education	• Information for parents looking for child care • Assistance to child-

	offices • City government	care providers • Information for planning

Recipients of Services: Eligibility, Priorities and Fees

Who is Eligible for Services?

As noted above, Head Start and State Preschool classrooms are open to children from low-income families. Child care and development programs – such as the Title 5 centers, family child-care networks, and Alternative Payment vouchers – are available to low-income families as well, but in these cases, the parents must be in the work force, be in training, or be participants in the welfare-to-work CalWORKs program.

To be eligible, families' incomes must be below 75 percent of the state's median income for a family's size. However, eligibility does not equate to access to services. Many more families are eligible and have requested subsidized child care and development services than there are funds to provide them. State law provides priorities for selecting those eligible, as described below.

In addition to eligibility for children of CalWORKs participants and children from low-income families in the work force, two other groups of children are eligible for services: children from families who are homeless and children who are at risk of abuse or neglect and are referred by appropriate child-welfare or child-health professionals.

What Priorities Determine Which Eligible Children May Enroll?

If a homeless child or a child at risk of abuse or neglect has established eligibility and awaits service when a contractor has an opening, that child has priority. For all other openings, eligible children are enrolled by family income – the child from the lowest-income family, by family size, enrolls ahead of other eligible children.

This priority system means that there is not, per se, a "waiting list," a phrase that implies standing in line until one's number is called. An eligible family with a very low income might wait a short time for an opening; an eligible family with at income at or near 70 percent of the state median would probably not receive services regardless of when the parents signed up.

With roughly three or four times as many families eligible for at least a partial subsidy than there are funds appropriated to serve them, it's clear that many eligible families will not receive subsidized child care and development services. Some states calculate their state and federal appropriations and then set an income-eligibility cutoff that makes about as many families eligible as there are funds available. In that way, those states have little or no "waiting list." *The California Legislature has chosen for nearly half a century to make a larger pool of families eligible for partial subsidies and to fund expansion of services in years in which General Fund revenues exceed inflation.*

It should also be noted that the priority for enrollment given to children at risk of abuse and neglect generates some discussion among child welfare workers and child-care program administrators. An alternative approach would be to appropriate or earmark a fixed amount to provide child care to these children as part of their family maintenance or family reunification plans. Since 1980, state law rather than a budget set-aside has established the service priority.

Do Parents Pay Fees?

Both Head Start and State Preschool are free to participating families. In addition, families pay no fees if their children are enrolled in child care because the children are at risk of abuse or neglect. However, all other families enrolled in subsidized child-care programs are subject to a family-fee schedule developed and promulgated by the state's superintendent of public instruction.

The statewide fee schedule is another aspect of California's child care and development system that is time-honored. The premises of our fee schedule have remained the same since the 1960s, when they were part of the federal social services block grant:

- There is a floor: Any family with an income below that floor pays no fee. For a family of three, the floor is a gross income of $1950 per month; for a family of four, it is $2167. At those income levels, a family's fee is $2 per day.

- The incremental jumps in the fee schedule are smaller at the lower end of the scale than they are at the upper end. At the top end of the scale, a family of three with an income of $2925 per month and a family of four with an income of $3250 pays $10.50 per day.

- It is a family fee rather than a per-child fee (families pay the same fee whether they have one child enrolled or more than one).

- The fee schedule, which is based on the state median income, also reflects family size.

- The same fee schedule applies to all families, regardless of the cost to the state of the program in which the child is enrolled.

Each of these aspects of the family-fee schedule embodies public policy decisions that past Legislatures made or maintained. For example, the progressive nature of the fee increments suggests that as incomes rise, a larger percentage of income can go toward child care; the fee-schedule's floor recognizes that persons below the poverty level risk inadequate diets if money is diverted to child-care costs; the fee schedule does not give parents an incentive to choose lower-quality care; and so forth.

In recent years, the Legislature has twice acted to lower the ceiling for eligibility for subsidies: from the state median income to 85 percent of that median, and then, in 1997, from 85 percent to 75 percent of the state median, where it is today. When a family's income reaches the current 75 percent level, its subsidy ends; to maintain a child's enrollment, parents must pay the full cost of each child's program.

When child-care contract agencies collect fees from parents, they can aggregate these funds to serve additional children or, if the program is already at its licensed capacity, unspent funds accrue at the SDE for distribution for facility improvement and training activities.

The family-fee schedule, combined with a family's eligibility for partial subsidy until it earns more than 75 percent of the state median income, enables California families to move toward self-sufficiency over time. Some states end any subsidy at a much lower income level.

Impact of Fees on Family Budgets

Families with earnings that total less than half of the state median income pay no fee for subsidized child care in California. According to SDE, families in subsidized child care who earn 50 percent of the state median income pay 2.3 percent of their gross income for child care. This fee steadily increases to 7.9 percent of gross family income when the family's earnings reach 75 percent of the state median income.

These fees, and the percentages of income that they represent, embody a clear public policy to give California's poorest working families assistance as they move into self sufficiency. During the past few years, various working groups have looked at parent fees as a potential source of new revenues to expand the budget for subsidized child care. Such an action would be problematic: even doubling the fees would generate less than $10 million in new funds, and such an action would cause measurable hardship to family budgets that are now only marginally above the federal poverty line.

Annual budget increases to the federal Child Care Block Grant have exceeded $10 million in recent years. Looking to increases such as this is more in keeping with long-standing public policy in California than is making significant changes in the fee schedule.

The Distribution of Funds: Aiming for Equity

Geographic Distribution of Child-Care Funds Raises Equity Concerns

During the 1960s and 1970s, the competition for new child-care funds was statewide; that is, after the Legislature appropriated funds to expand services, the SDE would issue requests for proposals. All proposals were read and scored in competition with each other. The result was that funds went to agencies with sophisticated grant-writing abilities, and those agencies tended to be located disproportionately in Oakland, San Francisco, and south-central

Los Angeles. Consequently, a resident of those communities who was eligible for subsidized child care had a better chance of receiving it than did eligible residents with similar or lower incomes in other parts of the state.

In 1980, the Legislature directed the SDE to take steps toward geographic equity among counties. Any appropriation for child-care expansion was to be divided into 58 "pots of money," one for each county. Need would determine the size of a county's allotment. The SDE used proxies to determine child-care need, such as number of children on AFDC, number of women in the work force, number of families living at or below the poverty level, and so forth.

In addition, the Legislature directed the SDE to move toward equity by increasing the proportionate allotment of expansion funds to those counties that had fewer child-care resources per unit of need. The Legislature also directed the SDE to subdivide allotments in counties with more than 1 million residents so that geographic distribution *within* those populous counties could also move toward equity.

Once these various "pots" were established, then agencies submitting proposals would compete only against others within the same geographic area. In this way, expansion funds were guaranteed to flow toward inland counties, fast-growing counties, rural counties, and, within populous counties such as Los Angeles and Alameda, toward regions that had received less than their proportionate share in the past.

The Legislature made an additional decision in 1980: no funds were to be shifted from one county to another. Steps toward equity would be taken with new appropriations only. The size of those steps toward equity were to be determined by the SDE each year that the Legislature appropriated funds for new child-care services. The plan seemed workable to all who participated, but its implementation was hindered by a slowdown in the California economy.

After the expansion appropriation of 1980, there was only one other expansion of any significant size during the next eight years – the 1985-86 implementation of Senate President pro Tempore David Roberti's legislation to expand child-care resources for children of school age. For seven or eight years in the 1980s, there was no expansion of SDE's subsidized child-care system, so some of the geographic inequities that existed in 1980 are still present in California in 2001, although to a lesser degree.

County Child-Care Planning Councils Address Equity within Counties

In 1990, with the establishment of the federal Child Care Block Grant, which brings more than $100 million to California every year, there was renewed interest in and commitment to geographic equity *among* counties, and there was a new interest in achieving geographic equity *within* counties. To this end, each county has established a child-care planning council, and the Legislature has provided broad definition of their composition, duties, and public processes.

As a result, during the 1990s, in years when there have been expansion dollars appropriated, each county's child-care planning council has held public discussions, gathered data on need and resources, and provided to the SDE a list of priorities for expansion within its county. Bidders for new funds address these priorities in their proposals, and the SDE takes the priorities into account when scoring proposals and making contract awards.

As SDE's distribution of funds takes the state closer to county-by-county equity in each year in which there are expansion dollars, there is one feature of child-care delivery that makes it difficult to measure equity within county boundaries. In many counties, there is only one large contractor for the AP (voucher) program. That contractor manages funds that can be used by parents anywhere within the county. When those contractors have funds to enroll a new family or families, they must follow the law's priorities: a child at risk of abuse or neglect or a child from a family that is homeless has highest priority, followed by a child from an eligible family with the lowest income. There are usually no controls for geography within the AP program's service area.

The salient point here is that, as noted above, much of the expansion of child care since the late 1980s has been via the AP method. An exception to this pattern occurred in the Budget Act of 2000, which does include landmark funds for expanding child-care centers' funding rather than AP program funds -- $80 million in full-year funding. As a result of this new appropriation, child-care planning councils will be setting priorities this year that may include identifying relatively under-served areas, as well as targeting care to specific age groups of under-served children or children with disabilities, or providing care during non-traditional hours, and so forth.

Two final notes about geographic equity are in order. The first is that the extraordinarily large increase in federal child-care funds for persons participating in welfare-to-work programs is outside any geographic distribution formula: funds gravitate to counties based on the number of CalWORKs participants requesting child care and the cost of care in those counties. To date, the Legislature has fully funded the child-care needs of CalWORKs participants, so their counties of residence are immaterial in the distribution of those funds.

The second note in discussion of equitable distribution is that all communities, regions, and counties have unmet needs. In no case is there a region or a county where all child-care needs have been met. Every program has a list of eligible families waiting for care.

Discussions of geographic equity are discussions of distributing scarce resources equitably, so that eligible families with very low incomes in Fresno County or in the San Fernando Valley have about the same chance – however slim – of receiving subsidized child care as families of similarly low incomes in Oakland, San Francisco, and south-central Los Angeles.

Needs of Children with Disabilities

Parents of children who have a disability are in the work force just as are other parents. Their children need and profit from early education. Yet child-care services for children with a disability, particularly children whose disability is severe, have been limited. During the 1990s, some child-care planning councils identified services for children with disabilities as a specific priority for the expansion of services. In addition, the SDE has earmarked some of its training funds for child-care providers to improve their skills in this area.

Some families do not necessarily need full-day, full-year child care arrangements, but their children who have a disability can profit from enrollment in a part-day, school-year program during preschool years. The federal Head Start program requires that its programs include children with disabilities. *The Legislature could consider a similar requirement of State Preschool contractors.*

While models exist for both inclusion and separate services, without better data it is difficult to know if services reaching children with a disability are reaching them equitably. Improved data likely will be forthcoming from the SDE early in 2001, and *the Legislature, in both policy and budget hearings, can expect specific information about the state of such child care and early education services.*

Racial and Ethnic Undercurrents in Policy Discussions

From time to time over the past 20 years, public-policy discussions have focused on the distribution of child-care services among communities of interest and among large ethnic categories: White (not Latino), Latino, African-American, and Asian, as well as among native peoples, Filipinos, and Pacific Islanders.

First of all, data from SDE are not particularly helpful in this area of inquiry. However, some data are available; these are based on SDE's sampling techniques. We can compare 1978 and 1998 enrollment information for the SDE's child-care programs (not including the part-day State Preschool program). But beyond these statewide samples, SDE is not able to provide information by region or county, nor can it provide much of a portrait of services within counties.

Table 4

Race or Ethnicity of Children in Publicly Funded Child Care

1978	1998	% Change	
Latino	21%	42%	+21%
White, not Latino	37	22	-15
African- American	37	27	-10
Asian, Filipino, Pacific Islander	4	7	+3

Native American	1	1	0
Multi-racial	Not included	1	+1

Data taken from the "Annual Report on Publicly Subsidized Child Care Services, Part I," SDE, 1980; and, "Child Profile, April 1998 – September, 1998," SDE, 2000.

In 1979 and in 1998, specifically, Latino child-care administrators and academics asked the Legislature for help in addressing unmet needs in predominantly Latino neighborhoods and communities. In 1979, the Legislature ordered a task force to look at geographic distribution of funds. The result was legislation in 1980 directing SDE to appropriate new funds in ways that move toward equity among counties and, as noted above, equity within California's most populous counties. In 1998, the Legislature included language in the Budget Act directing expansion funds to unserved and under-served areas within counties, an approach also built into the public processes of local child-care planning councils, established in the early 1990s and revitalized in 1997's CalWORKs legislation.

Until the SDE establishes data-collection and reporting processes that enable the department to report county-by-county numbers on the race and ethnicity of enrolled children and report zip code or census tract information about families' residences, a better and more accurate examination of the distribution of child-care subsidies will be difficult. Because all communities are under-served, it will remain difficult for the Legislature to sort out competing calls for expansion. Local child-care planning councils remain one of the better avenues for determining expansion priorities.

Welfare-to-Work, Child-care Licensing, and Proposition 10

CalWORKs Child Care

Participants in the state's welfare-to-work program, CalWORKs, including parents who have ceased receiving aid because of their earnings, have access to child-care services. Since the inception of CalWORKs in 1997, the Legislature has fully funded these child-care needs. CalWORKs participants who need child care find and arrange the care they want, and either the county welfare department or a local Alternative Payment program pays all or a portion of that care.

Parents may arrange care with any licensed center or licensed family child-care home. Also, under some simple conditions, parents can arrange to have a relative or other adult care for their children – and be compensated. Participating parents are on the same family-fee schedule discussed above, and, with a few exceptions, the allowable reimbursement rate is pegged high enough to cover the cost of care parents choose.

Although the Legislature has provided full funding for CalWORKs child care, at the requests of Governors Wilson and Davis, many newspaper stories about CalWORKs child care have quoted welfare recipients as saying they have not been told about their eligibility for child-care subsidies, they have not understood that subsidies can cover as much as the full cost of care, or they have failed to participate in CalWORKs because no child care was available to them. In addition, news stories report slow, late, or canceled payments to child-care providers who have cared for the children of CalWORKs participants. *During policy, budget, and oversight hearings, the Legislature may want to pursue these issues.*

Licensed and Unlicensed Care

As noted in the discussions of AP programs and CalWORKs child care, some child care in California does not require a license. At the present time, and for most of the 20th century, the state Department of Social Services has licensed child-care homes and child-care centers. The regulations upon which a license is based address the health and safety of the children in care. If an adult cares for children from only one family (in addition to his or her own), that individual is not required to have a license. In that way, a parent using an Alternative Payment program or a child-care stipend through the CalWORKs system can chose to use a neighbor or relative for child care, government pays a rate for that care, and the provider of care may not necessarily be required to have a license.

Proposition 10: Children and Families Commissions

In November of 1998, voters passed Proposition 10, a citizens' initiative that added a 50-cent-per-pack tax on cigarettes. It established a children and families commission statewide, and in each county, to expend these tax revenues on children from infancy to 5 years of age – on all children, regardless of immigration status.

An important part of the impetus behind the passage of Proposition 10 was the public's growing awareness of the extent to which the years between conception and kindergarten are important to a person's development. "Brain research" made the cover of *Time Magazine*, the keynote speech at a National Governors Association meeting, and special sessions of the National Conference of State Legislatures.

This research was not new, but the work of advocates and journalists to pull it together and phrase it in easily-understood terms gave it resonance in public policy discussions. One of the champions of telling the story of this research, film executive Rob Reiner, wrote Proposition 10, qualified it for the ballot, and advocated its passage.

The tobacco tax went into effect January 1, 1999. Statewide revenue is approximately $700 million per year. One-fifth of the revenues are controlled by the state's children and families commission; four-fifths are divided proportionately among the 58 counties, and those expenditures are controlled by each county's children and families commission. Funds can be spent on any activity that promotes the well-being of children younger than 5. This can include child health, child welfare, child care and other early-learning activities and programs

During 2000, many counties completed initial planning efforts. The state commission transmitted an annual audit to the Legislature at the end of January, summarizing the expenditure of funds by the state and county commissions. The state commission reports proposed expenditures on child care of $13 million during this fiscal year, and it projects expenditures of $20 million and $17 million in the next two fiscal years.

Some of the county-by-county pages of this recent annual report contain specific information about county expenditures such as child care: 16 counties' audit summaries identify child care and early education appropriations of $43 million. Other counties indicate that their plan includes expenditures for child care and early education, but the audit summary includes no dollar amounts. Remaining counties provide only general information from their planning cycle.

In future audits, the state commission may be able to provide additional useful information to the Legislature using summary pages to indicate how much money child care and early-education programs are receiving from the 58 county commissions and the kinds of child-care services the state commission and county commissions are providing to children and families.

Policy Issues for 2001-2002

Universal preschool -- Should all children have access to classroom programs during the year before they are old enough for kindergarten?

Research since the 1970s, beginning with longitudinal studies of Head Start and Yipsilanti, Michigan's Perry Preschool Program, provide convincing evidence that four-year old children who participate in a learning program of high quality do better in the first four years of formal public school than do their peers who are without such a program. In some cases, the gains stay with the children through school into adulthood.

The California Legislature should consider providing funds to allow the parents of any 4-year-old child residing in the state to take advantage of a program of high quality. If the state sets the standards for the program, then any licensed preschool, child care center, or family day care home that met those standards could be reimbursed a flat rate for each child to whom it provides the program.

Given the number of 4-year-old children already participating in Head Start, the State Preschool program, pre-kindergarten classrooms established with federal Title I funds, and federally- and state-subsidized child care and development programs, California is well on its way to serving all 4-year olds in some kind of program. To establish a universal preschool program would improve the quality of the program many children attend now, and it would give access to approximately 200,000 additional children.

To reduce those costs, the Legislature could phase such a program in by making it optional for a county, with the state matching the contribution of the local Children and Families (Proposition 10) commission that chooses to establish a universal preschool program within its boundaries.

Need for increased funding for subsidized care -- Many families in the labor force with low incomes need assistance with child-care costs. To the extent that their labor fuels California's economic good times and to the extent that their children benefit from the early educational aspects of child-care programs of high quality, an argument can be made for committing significant portions of the state's budget surplus to increasing the availability of subsidies.

Last year's efforts by the legislative Women's Caucus, the leaders of both houses, and the governor resulted in an expansion of the SDE's child care and development budget. The Legislature will have an opportunity again this year to chip away at the waiting lists of eligible low-income working families who would like to enroll their children in the state's child care and development programs. Providing additional funds to the Title 5 programs that meet high-quality standards pays the additional dividend of giving young children the early-learning experiences that pay off when they reach formal kindergarten and primary-grade classrooms.

Child care teacher shortage -- With unemployment low, there is a simultaneous demand for child care and better-paying job opportunities for potential providers. Training and retention of qualified personnel are statewide challenges.

The Legislature may want to take the opportunity during budget hearings and during the fall interim to schedule testimony from SDE, DSS, local children and families commissions, and others to hear about their several efforts to increase the supply of early-education teachers, aides, and family day-care providers and to increase the pay and benefits of this work force. Several of these efforts, particularly those paid for with federal child-care block grant funds, have been going on for nearly a decade, and they should have reportable results.

Quality of care -- While the educational and social benefits to children of high-quality child-care programs are well-documented, so too is the difficulty of finding high-quality care. Most child care is at best custodial, and children miss a golden opportunity for accelerated cognitive, linguistic, physical, and social development. Proposals to improve child-care quality, through increased standards, better monitoring, and efforts to recruit, train, and retain skilled caregivers merit the Legislature's attention.

As with the early-education teacher shortage, the Legislature could take time during budget hearings and during the fall interim to discuss the efforts that are under way to improve the quality of early-childhood development programs. Since 1991, for example, the SDE has expended a portion of the federal child-care block grant for "quality improvement activities." While SDE does provide the budget subcommittees with a list of the projects funded under this initiative, it may be time to ask for additional information about what these projects have produced.

These SDE efforts complement projects of DSS, the community colleges, and the state and county children and families commissions (Proposition 10) to improve the quality of early-education programs. Given the importance of quality in achieving learning gains, it would be important for the Legislature to take an in-depth look at the results of these various government-funded activities.

--Prepared by Jack Hailey