



Supplemental Transmittal
Agenda Item No. 6
November 3, 2010 Meeting

DATE: November 1, 2010

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director 

SUBJECT: CalWORKS Stage 3 Child Care Transition Program

This transmittal provides additional information and a Recommended Alternative for the subject item.

A. STATUS OF STAGE 3 CHILD CARE – PROGRAM

1. Most county commissions in the state have either taken formal action to fund a transition program and/or loan, or have agendized the matter for consideration this week. The most significant action to date has been the Los Angeles First 5 Commission action of October 28th approving a \$15 million loan. The actions of individual commissions have varied due to local conditions and caseloads. There will be an update presented at your November 3rd meeting.
2. Court Ruling – Temporary Restraining Order Delaying Cuts Until November 5, 2010. An Alameda Superior Court Judge has issued a temporary restraining order delaying the cuts to CalWORKS Stage 3 until November 5th. There will be a hearing on the lawsuit Thursday November 4th. The lawsuit focuses on the way the California Department of Education is implementing the cuts, not the Governor’s veto authority, which has been upheld in recent court rulings. The lawsuit is not likely to overturn the cuts but may delay implementation.
3. The Commission’s School Readiness Project Manager and a representative from Children’s Home Society will be at the Commission meeting to address any specific questions on the current impacts.

B. STAFF RECOMMENDED ALTERNATIVE

Due to the impact of the elimination of the CalWORKS Stage 3 child care program, a local response is recommended. A loan or grant to support the existing program is inconsistent with the adopted Strategic Plan policies and current practices. A short-term program that focuses on transitioning of children to alternative early care settings and provides enhanced services is recommended to address the abrupt timeline resulting from the governor’s veto action.

Should your Board wish to consider a transitional program option, a proposed Term Sheet (Attachment 6) and Resolution (Attachment 7) have been developed and submitted for your consideration. The two level transition program would allow for an immediate response plan while the timing of the services could be tied to the alternate resolution of the lawsuit and effective date of the cuts.

ADDITIONAL ATTACHMENTS:

6. Proposed Term Sheet-Transitional Program
7. Proposed Resolution

cc: Clerk of the Commission
Commission Counsel

Children's Home Society Transition Program Terms and Conditions	
Overview	<p>Stage 3 Child Care is for successful Welfare to Work clients and was part of the transition from government welfare programs. The Stage 3 Child Care was eliminated effective November 1, 2010, impacting over 800 families and approximately 1,600 children in Orange County. An estimated 607 of these children are under 5-years old.</p> <p>The Children's Home Society (CHS) is a nonprofit child welfare agency that serves as the child care resource and referral agency for Orange County and also administers these childcare stipend payments for Orange County. The Commission also provides funding to CHS to provide technical assistance to childcare providers within the county.</p>
Terms of Funding	
Commission Funding & Description of Services	<p>Recommend providing two levels of funding to CHS to support the triage and transition of families affected by the elimination of Stage 3 Child Care assistance. A description of each level is included below.</p> <ul style="list-style-type: none"> •Level 1- Provide up to \$50,000 of funding for to CHS to implement and coordinate a comprehensive plan to transition as many children as possible into alternative subsidized and unsubsidized early care options. This transition plan will involve outreach to Orange County Head Start, Head Start delegate Agencies, school districts, and childcare providers. (Implemented through a new professional service agreement) •Level 2- Provide up to \$350,000 for direct services for children and families that need additional time to identify and transition into alternative care. The transitional services may also include, but are not limited to early learning activities focused on math and literacy skill development, developmental and health screenings, and linkage to additional safety net services. (Implemented through amendment to existing agreement with CHS) <p>If funding is allocated, CHS would be eligible to receive provisional payments that are reconciled on a quarterly basis, allowing the immediate deployment of services to the affected Stage 3 families.</p>
Special Terms & Conditions	<ol style="list-style-type: none"> 1. The first priority is to utilize existing available programs for the transition. 2. Any services provided under Level 2 will be linked or connected to Commission sponsored programs. 3. Should CHS receive subsequent reimbursement for a portion of these costs, the Commission would be reimbursed.
Oversight and Monitoring	<p>Commission staff and consultants will provide fiscal and programs oversight for both levels of funding to ensure that all possible alternative care options have been explored, expanded, and utilized. Additionally, oversight on Level 2 will focus on ensuring the services provided to the families are enhanced services and support the Commission's strategic priorities.</p>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ___-10-C&FC

November 3, 2010

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE NEW AGREEMENTS, OR AMENDMENTS TO CURRENT AGREEMENTS AT THE EXECUTIVE DIRECTOR'S SOLE DISCRETION, WITH DESIGNATED ORGANIZATIONS TO PROVIDE SERVICES RELATED TO THE CalWORKS STAGE 3 CHILD CARE TRANSITIONAL PROGRAM; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENTS, OR AMENDMENTS TO AGREEMENTS, ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the "Act") implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County ("Commission"); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County's children prenatal to five years of age as codified in the Act; and

WHEREAS, the Executive Director and Commission Counsel have prepared a standard Master Agreement for Services ("Master Agreement"), which was approved by the Commission; and

WHEREAS, the Commission desires to enter into New Agreements, or Amendments to Current Agreements at the Executive Director's sole discretion, with the Children's Home Society, hereinafter referred to as the "Contractor" in each of the Agreements or Amendments to Agreements authorized herein, to provide services related to the CalWORKS Stage 3 Child Care Transitional Program for the terms and in the amounts and on the conditions as described in Attachment 6 to the November 3, 2010 staff report for this Supplemental Agenda Item; and

WHEREAS, Contractor desires to enter into the applicable Agreements, or Amendments to Agreements, in furtherance of the purposes of the Act and the Strategic Plan on the terms and conditions set forth in the applicable Agreements; and

WHEREAS, Commission has reviewed the staff report for the November 3, 2010 Commission meeting relating to the scope of services to be provided and hereby finds and determines that the proposed Agreements, or Amendments to Agreements, are in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreements, or Amendments to Agreements with the Contractor, for the terms and in

the amounts and on the conditions specified in Attachment 6 to the November 3, 2010 staff report for this Supplemental Agenda Item; and

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission authorizes the Executive Director, or designee, and Commission Counsel to prepare and negotiate New Agreements, or Amendments to Existing Agreements at the Executive Director's sole discretion, with the Contractor as described in Attachment 6 to this Supplemental Agenda Item to provide services related to the CalWORKS Stage 3 Child Care Transitional Program for the terms and in the amounts and on the conditions, consistent with the November 3, 2010 staff report and scope of services referenced therein; and

Section 3 The form of any New Agreements with the Contractor, for the terms and in the amounts specified in Attachment 6 to the November 3, 2010 staff report for this Agenda Item shall be substantially similar to the form of the standard Master Agreement, subject to minor, non-substantive revisions as reviewed and approved by the Executive Director or designee and Commission Counsel. The approval by the Executive Director or designee of the New Agreements, and/or Amendments to Existing Agreements, shall be conclusively evidenced by the execution of such New Agreements and/or Amendments to Current Agreements by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the New Agreements, or Amendments to Existing Agreements at the Executive Director's sole discretion, with the Contractor as described in Attachment 6 to this Supplemental Agenda Item to provide services related to the CalWORKS Stage 3 Child Care Transitional Program for the terms and in the amounts and on the conditions, as specified in the November 3, 2010 Supplemental staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the New Agreements and/or Amendments to Current Agreements on behalf of the Commission.

Section 6 A copy of the final New Agreement and/or Amendment to Existing Agreement when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Amendment to Agreement shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the Executive Director, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement(s), (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on November 3, 2010 to wit:

AYES Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s) _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, DARLENE J. BLOOM, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

DARLENE J. BLOOM
Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: __-10-C&FC

Agenda Date: November 3, 2010

Item No. __



I certify that the foregoing is a true and correct copy of the Resolution adopted by the

DARLENE J. BLOOM, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy(ies) of final executed New Agreements and/or Amendments to Existing Agreements)



Agenda Item No. 6
November 3, 2010 Meeting

DATE: October 26, 2010

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

SUBJECT: CalWORKS Stage 3 Child Care Transitional Program

SUMMARY:

The Children and Families Commission of Orange County, and First 5 commission's throughout the state received letters from both the Senate and Assembly leaders requesting bridge funding for CalWORKS Stage 3 Child Care that was defunded by the Governor as part of the budget bill he signed on October 8, 2010. An overview of the issue and options for Commission consideration are included in Attachment 1.

CalWORKS Child Care

In 1996, welfare reform was enacted at the federal level, requiring states to set up programs to move recipients from welfare to work. California created California Work Opportunity and Responsibility to Kids grant program (CalWORKS). Participants are required to engage in work or work preparation activities. Child care is based on parental choice and is voucher-based, providing parents with the option to choose the care that best meets their needs and situation. Child care is provided with state and federal funds in three stages.

- Stage 1: Child care begins upon the entry of a person into the CalWORKS program and receives cash aid. (Administered by Orange County Social Services Agency)
- Stage 2: Child care begins when a county determines that the work or approved work activity of the recipient is stable or when a recipient is making the transition off of aid and child care is available for up to 24-months. (Administered by the California Department of Education)
- Stage 3: eligible children can receive child care assistance until the child's 13th birthday. (Administered by California Department of Education-not matched by federal funds, state responsibility).

Stage 3 Child Care is for successful Welfare to Work clients and was part of the transition from government welfare programs. The funding for the Stage 3 Child Care was eliminated from the state budget effective November 1, 2010, impacting over 800 families and approximately 1,500 children in Orange County. An estimated 607 of these children are under 5-years old.

The Orange County Commission Chair received letters from Darrell Steinberg, Senate President Pro Tempore; and John Perez, Speaker of the Assembly (Attachments 3, 4, and 5) requesting immediate bridge funding for the next two or three months to restore Stage 3 child care services. The request for the loaned funds also included a pledge to work with the new governor and Legislature to restore Stage 3 child care funding at the beginning of the next legislative session.

Children's Home Society

The Children's Home Society (CHS) is a nonprofit child welfare agency that operates through contracts with the California Department of Education (CDE). In addition to serving as the county child care resource and referral agency, CHS receives 70 percent of the funds from CDE to ensure healthy, safe and quality child care in licensed facilities, and link parents to child care providers that meet their needs and preferences. The Orange County Department of Education receives the remaining 30 percent of CDE funds. Attachment 2 outlines the number of children, and cities impacted by the elimination of Stage 3 child care services. The Commission has a current agreement with CHS to assist child care providers with Health and Safety Code issues.

Options for Commission Consideration

The following three options are presented for discussion, and are further defined in Attachment 1 to this report:

- Option 1: Bridge Funding or Loan Agreement – 90-day or short-term loan to be repaid based upon a bill enacted by the Legislature in January, 2011
- Option 2: Transitional Program – Transition impacted children to alternative programs with enhanced services.
- Option 3: Expand Current Network of Services – Family Resource Centers and Community Based Organizations to address child care transition and care needs.

STRATEGIC PLAN AND BUDGET IMPACTS

Compliance with your Strategic Plan goals is addressed for each option in Attachment 1, along with the relative costs. The funding for a baseline level transition program will be addressed through a corresponding reduction in the administrative budget for the Commission. The other funding options would need to be met through an allocation of the Capital Project account funds and addressed as part of your Financial Plan update in 2011.

Supplemental Transmittal

The elimination of Stage 3 Child Care services are effective November 1, 2010. A supplemental transmittal item will be submitted prior to the November 3, 2010 Commission meeting with:

1. Further information on the response from county First 5 commissions throughout the state,
2. Additional data and financial information on the impact of eliminating the program,
3. A draft resolution and term sheet should the Commission decide to move forward on a recommended funding action.

PRIOR COMMISSION ACTION:

- May 2010 – Approved agreement with Children's Home Society for the expansion of school readiness and child care injury prevention

RECOMMENDED ACTIONS:

1. Receive report on the elimination of Stage 3 Child Care services.
2. Review funding options.
3. Approve implementing actions for selected option.

ATTACHMENTS:

1. Stage 3 Child Care: Response to Legislative Request
2. Stage 3 Child Care Services Data Report
3. California State Senate Letter
4. Speaker of the Assembly Letter
5. California Legislature Joint Letter and Draft Bill Language

Contact: Kelly Pijl

Stage 3 Child Care: Response to Legislative Request

November 3, 2010
Agenda Item 6

CalWORKS Childcare Program

- Welfare reform was enacted at the federal level in 1996, requiring states to set up programs to move recipients from welfare to work, increase self sufficiency, and improve child well-being.
- California created California Work Opportunity and Responsibility to Kids grant program (CalWORKS) that provides child care with state and federal funds in three stages:
 - Stage 1: Child care begins upon the entry of a person into the CalWORKS program and receive cash aid. (Administered by Orange County Social Services Agency)
 - Stage 2: Child care begins when a county determines that the work or approved work activity of the recipient is stable or when a recipient is making the transition off of aid and child care is available for up to 24-months. (Administered by the California Department of Education)
 - Stage 3: Eligible children can receive child care assistance until the child's 13th birthday. (Administered by California Department of Education. Not matched by federal funds – state responsibility)



CalWORKS Child Care Program Background

- Children's Home Society (70%) and the Orange County Department of Education (30%) receive funds from the California Department of Education to provide referral and reimbursement for CalWORKS child care services.
- In 2009/10, the average cost of early care and education in a child care center was \$203 per week, and \$185 per week for licensed family child care homes.
- The average cost for infant care was \$292 per week for center-based care, and \$185 per week for licensed family child care homes.
- Due to the cost of early care and education, elimination of funding for Stage 3 child care may cause:
 - Working parents to leave their jobs and return to financial assistance through the CalWORKS program
 - Children are left without care, or in unsafe child care situations so parents can continue to work



Children's Home Society

- Maintains the statewide Centralized Eligibility List (CEL), that all counties in California must operate to provide a more efficient way to connect families to subsidized child care and preschool services through one application process.
- Provides resource and referral services to provide a central coordinating link for child care and development services within a geographic area—usually a county, city, or community, and offers a wide range of services to parents including referrals to licensed child care.
- Manages three Child Care Assistance Programs that provide subsidized child care services to eligible families, including Alternative Payment, CalWORKS, and Child Protective Services.
- Provides parents with child care referrals, technical assistance, and assistance with the cost of child care for families that are referred to CHS through local offices of the California Department of Social Services and are transitioning off cash aid/welfare assistance .
- Currently contracts with the Commission to assist newly licensed child care providers, and child care providers that have been cited for violations of the Health and Safety Code.

Impacts of Budget Cut

- Governor Schwarzenegger vetoed \$256 million in General Fund dollars from the 2010-11 State Budget Act that had been appropriated by the Legislature for CalWORKS Stage 3 child care services.
- Legislative leaders have requested 60 to 90 days of bridge fund loans from county First 5 commissions to continue Stage 3 child care services through the end of the year, and until action can be taken during the next legislative session.
- Stage 3 child care services ended on October 31, 2010 impacting over 800 Orange County families and approximately 1,600 children. An estimated 607 of these children are under 5-years old.
- Request needs to be reviewed in light of prohibition against supplantation and adopted strategic plan so options have been developed.

Option 1: Bridge Funding or Loan

- Bridge funding for up to 90 days or short-term loan to be repaid when the Legislature reconvenes in January 2011 (\$1,400,000+/-)
- Legislation has been drafted to allow for reinstatement of funds and reimbursement as of November 1, 2010.

CONSIDERATIONS:

- Not consistent with current Commission Strategic Plan or practice which requires new or enhanced services to be funded.
- Depending on structure, would present conflicts with prohibition on supplantation of state funds.
- No guarantee that bridge funding loans would be repaid since legislation is required.

Option 2: Transitional Program

Two Levels of programs are presented:

- Level I - Transition impacted children to alternative programs such as Head Start, Preschool, and Commission funded programs. (\$50,000 - \$80,000)
- Level II - Expanded service payback agreement with Children's Home Society for enhanced services. (\$360,000 - \$400,000)

CONSIDERATIONS:

- This option is generally consistent with Commission Strategic Plan.
- Enhanced services (e.g. health, literacy) would be required for any expanded program to address supplantation.
- Expanded program may include service payback provisions similar to catalytic funding agreements.



Option 3: Expand Current Network of Services

- Expand funding of current network of Family Resource Centers and Community Based Organizations to address child care transition and care needs (10-25% increase in funding for existing network of FRC's and CBO's)
- This could be combined with family support services including 211 resource and referral hotline, community clinics, homeless prevention and related services to respond to impacted families.

CONSIDERATIONS:

- Currently, resources for families in crisis are fragmented in different programs, largely due to funding streams. One-stop job centers, family resource centers, and preschool/child care facilities are not co-located
- It may be impractical to have non-licensed facilities add child care given licensing delays and requirements.
- This option is consistent with Strategic Plan and can still be explored as longer-term opportunity.



Stage 3 Child Care Services Data Report

DATA Requested	Children's Home Society of California (CHS)	Orange County Department of Education (OCDE)
How many children 0-5 currently in Stage 3	525	82
Which cities are impacted the most	Anaheim, Santa Ana, Garden Grove	Anaheim, Garden Grove and Santa Ana
Types of providers and how many children (All Ages)	Center Based Care=389 Family Child Care=265 Licensed Exempt Care FCC=349 Licensed Exempt Centers=115	120 59 55 35
Number of Providers effected (All Ages)	Center-based=154 Licensed Homes=108 Licensed Exempt=158 Licensed Exempt Centers=50	67 23 33 9
Annual Funding for Stage 3 Child Care Services	11,875,500.00	\$1,854,003.00
How many children 0-5 will time out in Nov/Dec	November 14 children December 11 children	November 15 children December 12 children

DISTRICT OFFICE
1020 N STREET, ROOM 576
SACRAMENTO, CA 95814
TEL (916) 651-1529
FAX (916) 327-8754

California State Senate

SENATOR
DARRELL STEINBERG
PRESIDENT PRO TEMPORE
SIXTH SENATE DISTRICT

DISTRICT OFFICE
5722 WATT AVENUE
NORTH HIGHLANDS, CA 95660
TEL (916) 338-6577
FAX (916) 338-6586

STATE CAPITOL
ROOM 205
SACRAMENTO, CA 95814
TEL (916) 651-4006
FAX (916) 323-2263



October 19, 2010

Bill Campbell, Commissioner
First 5 Orange
17320 Redhill Avenue, Suite 200
Irvine, CA 92614

Dear Commissioner Campbell:

As you know, Governor Schwarzenegger vetoed \$256 million in General Fund dollars from the 2010-11 State Budget Act that had been appropriated by the Legislature for CalWORKS Stage 3 child care services. This means that 81,000 children in roughly 60,000 primarily single-parent families will lose their child care subsidy, and the very program that allows poor families to work in gainful employment and self-sufficiency will be decimated.

We respectfully request your local First Five Commission to help us with immediate bridge funding to restore the Stage 3 child care that Governor Schwarzenegger eliminated. I have pledged to work with the new governor and Legislature to restore this appropriation at the very beginning of the upcoming legislative session, but we need help now to bridge the next two or three months of funding to minimize the damage done to children and families.

I know that many local First Five Commissions have already taken on a great deal of fiscal responsibility during these trying economic times and contributed funding to keep child care programs afloat during the budget impasse—a deed that has already improved the lives of so many children. I also understand that because First Five dollars are only appropriate for children 0-5 years of age, any funding you can provide will not fully eliminate the shortfall. The most recent California Department of Education figures show that about 40% of the Stage 3 population is comprised of children who are 0-5 years old. Even 40% of the necessary funding on a loan basis would provide an extraordinary amount of relief. We are depending on your Commission's leadership and your continued efforts to do what's right for California's disadvantaged children.

October 19, 2010

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While the Governor's action seems callous to all of us who fought this entire year to maintain California's safety net for needy families, the blow is far worse for the families who rely on Stage 3 child care so they can work, confident that their children are in safe, nurturing placements. Without child care they can count on, many parents will have no option but to quit their jobs or leave their children in less safe, less reliable substitute situations. The day-to-day lives of Stage 3 families were marked by stress and uncertainty prior to the Governor's action. This veto has pushed many to the point of desperation, as evidenced by the stories of so many Stage 3 parents posted to my office website.

I urgently look forward to working with you to help these families in their time of need. As the Governor already has announced that Stage 3 child care funding ends on October 31, time is of the essence.

Sincerely,



DARRELL STEINBERG
Senate President Pro Tempore, 6th District

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JOHN A. PÉREZ
SPEAKER OF THE ASSEMBLY

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October 19, 2010

Bill Campbell, Chair
Children and Families Commission of Orange County
17320 Redhill Avenue, Suite 200
Irvine, CA 92614

Dear Chairman Campbell:

In a few days 81,000 children from 60,000 families will lose the subsidized Stage 3 child care that allows parents to continue their successful transition from welfare to work. My colleagues and I are deeply concerned that the loss of safe, quality child care will devastate these families. These parents have overcome great challenges to become self-sufficient. Now, with little notice, they have been blindsided with a cruel choice—either give up their jobs and return to welfare, or leave their young children in circumstances far less safe and beneficial than the quality educational environments they are in now.

While we will be taking legislative action to restore this funding as soon as possible, we are also reaching out to raise funds to bridge the gap until that can occur. I am writing because First 5 County Commissions have resources that could be used in partnership with other organizations to provide relief for these families. The Assembly will be contributing \$6 million from cuts we made to our operating budget.

I hope the County Commissions will consider intervening to address this crisis at the earliest possible opportunity. As independent champions of children and their families, First 5 Commissions have made a real difference helping young lives get started in the right direction. Losing quality, educational child care and having their families lose jobs and return to welfare would be the wrong direction for these children—and for California.

I appreciate your timely consideration of this request.

Sincerely,

JOHN A. PÉREZ
Speaker of the Assembly

California Legislature

October 25, 2010

Local First Five Commissioners
C/O Sherry Novick, Executive Director
First Five Association of California
719 El Cerrito Plaza
El Cerrito, CA 94530

Dear Commissioner:

We want to thank you for your attention and interest in joining our efforts to avoid the child care crisis caused by Governor Schwarzenegger's veto of \$256 million from Stage 3 Child Care.

If the veto is left unanswered, 60,000 working parents that have successfully worked their way off of welfare and into the workforce will be faced with the cruel choice: either quit their jobs and go back on welfare or be forced to leave their children without quality, educational, and safe child care.

As the Speaker of the Assembly and the Pro Tempore of the Senate, we want to make clear what our commitments are to avert the child care crisis, and we hope our strong commitments better enable you to provide critical transitional funding.

Attached to this letter is a Legislative Counsel draft of the bill that will be introduced on December 6, 2010, the first day of the new Legislative Session. We commit that both houses will pass this bill and deliver to the new Governor's desk on the earliest day possible.

This bill does the following:

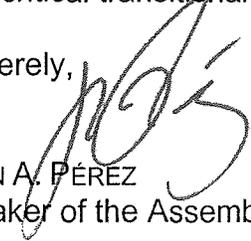
- ◆ Restores \$250 million of the veto. This amount, in addition to \$6 million contributed by the Assembly, will fully fund Stage 3 Child Care for the *entire 2010-11 fiscal year*.
- ◆ Covers the transitional period from November 1 until the bill is signed. Therefore funds will be available for the Alternative Payment Providers to reimburse any funds forwarded by your commission during the transitional period.



- ◆ Requires only a simply majority vote under the Constitution, since this is an appropriation for educational purposes (Article 4, Section 12(d)), and will take effect immediately as a current and usual expense (Article 4, Section 8 (c) 3). Both of these issues are reflected in the Counsel Digest in the attached draft of the bill.

Once again, thank you for working to avoid this crisis. We hope our joint commitments contained in this letter help with your decisions to come through with critical transitional funding.

Sincerely,


JOHN A. PÉREZ
Speaker of the Assembly



DARRELL STEINBERG
President Pro Tempore of the Senate

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Education finance: CalWORKs Stage 3.

Existing law requires that child care be provided in 3 stages to recipients of benefits under the California Work Opportunity and Responsibility to Kids (CalWORKs) program. The 1st stage of child care begins upon the entry of a person into the CalWORKs program. The 2nd stage of child care begins when a county determines that the work or approved work activity of the recipient is stable or when a recipient is making the transition off of aid and child care is available through a local stage 2 program. The 3rd stage of child care, which is administered by programs contracting with the State Department of Education, begins when a funded child care space becomes available for the child or children of the eligible CalWORKs recipient.

This bill would appropriate \$256,000,000 from the General Fund, for transfer by the Controller to Section A of the State School Fund, for restoration of funding for CalWORKs Stage 3 child care, retroactive to November 1, 2010.



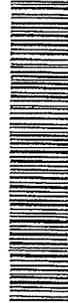
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The bill would declare that it makes appropriations for the usual and current expenses of the state, thereby taking effect immediate.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

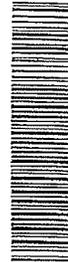


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An act relating to education finance and making an appropriation therefor,
to take effect immediately as an appropriation for the usual and current
expenses of the state.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. It is the intent of the Legislature to restore funding to CalWORKs Stage 3 Child Care, retroactive to November 1, 2010.

SEC. 2. The sum of two hundred fifty ^(250,000,000) ~~six~~ million dollars (~~\$256,000,000~~) is appropriated on a one-time basis from the General Fund, for transfer by the Controller to Section A of the State School Fund, for restoration of funding of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2010 (Ch. 712, Stats. 2010), as follows:

(1.5) 30.10.020---Child Care Services

(f) 30.10.020.012---Special Program, Child Development, Alternative Payment Program---Stage 3 Setaside

SEC. 3. This act makes an appropriation for the usual current expenses of the state within the meaning of Article IV of the Constitution and shall go into immediately effect.

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