



BUDGET ANALYSIS

PRO-KID

Proposed State Budget Doesn't Do Enough For Kids

The Administration's January proposal for the 2015-16 state budget doesn't do enough for California's top priority – our kids. The failure to fund new preschool slots breaks last year's commitment to provide access to quality preschool for every low-income 4-year-old. The proposal also misses opportunities to fully support and improve access to children's health and child welfare programs. Positive investments in education were made possible by Proposition 30 and the Governor's fiscal stewardship, but districts need additional one-time dollars – beyond those needed to pay for state mandates – to invest in Common Core and the Next Generation Science Standards.

Below are more details on how the state budget proposal impacts kids.

Young children still forgotten

The state's budget priorities continue to show a troubling lack of commitment to California's youngest children. Bolder, broader and more coordinated education, health and social service investments are needed to address stark inequities among children prior to kindergarten entry. By delaying such initiatives the Administration is missing an opportunity to invest in California's future.

Half of California children are born into low-income families and will experience economic hardship throughout their earliest years. Families still face barriers to self-sufficiency, and cumulative risk factors and stressors keep children from reaching their full potential. For children facing these challenges, robust, high-quality early childhood programs such as child care and preschool, voluntary home visiting, adequate health care, developmental and behavioral screenings, and safety net programs for families (including CalWORKs and job training and support) can change these trajectories. Investing in these programs can ensure children's future well-being and ability to contribute to our state's prosperity.

While the budget proposal maintains early learning investments secured last year, it misses a critical opportunity to ensure quality, affordable early care and education for working families. The failure to fund new preschool spaces ignores last year's commitment to provide access to quality preschool for every low-income 4-year-old. Although the state continues the rollout of full-day preschool for 4,000 children that began last year, there is a burgeoning unmet need. To realize the promise of preschool expansion to all low-income 4-year olds, the state must take steps to fund an additional 31,500 spaces.

A parent earning minimum wage would need to spend 71% of their salary on full day infant care, and the costs of quality child care exceed the costs of higher education for many families. Yet the budget proposal does not increase subsidized child care spaces for infants and toddlers, despite the fact that thousands of families have no access to quality care, and program funding remains well below 2008 levels for our youngest children. The budget does provide some additional funds for projected caseload growth for CalWORKs child care, a small increase of \$7.6 million in total for all other child care programs, and a small (\$21.5 million) cost of living adjustment for some programs. However, it does nothing to address this significant access problem and ensure quality, affordable care for our youngest in both home- and center-based settings.

In a nod toward improving health and safety, the budget proposal increases Community Care Licensing funding by \$3 million to address a backlog of complaints and expand training and technical assistance. However, it fails to assist the Department of Social Services and the Department of Education in preparing for new federal health, safety and quality requirements that must be met in coming years to draw down Child Care and Development (CCDF) funds, including annual licensing inspections and a gradually increasing set-aside for quality improvement initiatives. In fact, the new budget proposes a \$14.9 million decrease of CCDF funding, due to a reduction of federal carryover funding. The proposal also misses opportunities to build on federal investments in voluntary early childhood home visiting, as well as early identification and intervention related to developmental delays and disabilities. In sum, the budget proposal fails to acknowledge the strong science showing that the state's future health and prosperity is inextricably linked to the health and well-being of today's youngest children and their families.

Significant funding increases for TK-12 schools, but must continue

Assisted by a recovering economy and Proposition 30, our schools will receive a significant funding increase under the Governor's budget and continue their recovery from the Great Recession. The budget proposal provides \$7.8 billion in new Prop. 98 spending – \$2.9 billion for one-time purposes and \$4.9 billion for ongoing programs. The Governor projects increased state revenues in 2014-15, and because of the Prop. 98 guarantee, the state will owe more to schools.

However, California is 45th in per-pupil funding according to the latest national ranking by Education Week, still \$3,427 per pupil behind the national average (a gap of over \$20 billion). Given that our education system is chronically underfunded, that the revenues provided by Prop. 30 are temporary (and will begin phasing out in 2016), and that additional State Teachers Retirement obligations are being placed on districts, this budget should be viewed as an important step forward, but longer-term financial commitments are still needed to dramatically improve children's educational outcomes.

For TK-12, the Governor proposes to allocate the dollars in a rational way that invests in the state's new school finance system, pays off debts and addresses needs in adult education. Highlights of the spending increases for TK-12 include:

- Invest in Local Control Funding Formula - \$4 billion. The Local Control Funding Formula (LCFF) focuses on providing increased funding for high-needs students while giving districts increased flexibility in determining how best to address student needs. LCFF funding will increase by \$4 billion. By June 2015, districts (in collaboration with their communities) will need to develop Local Control Accountability Plans to determine how these new resources will be invested to meet state and local priorities.
- Reducing Outstanding School Obligations - \$2 billion. The budget proposes to retire the final \$897 million in funding deferrals (late payments to schools). In addition, the proposal would provide \$1.1 billion to schools to reimburse them for the costs of state mandates (the state is constitutionally required to reimburse schools for the costs of any activities that it mandates). The budget encourages schools to use these funds to address the costs of the implementation of Common Core and Next Generation Science standards, and the Local Control Funding Formula, although districts can choose to use the funds for any purpose.
- Adult Education - \$500 million. The budget provides \$500 million to support adult education consortia, which are newly formed regional collaborations between school districts and community college districts to provide services to adults.
- Other Programs - In addition to the costs of growth and COLAs, there are other TK-12 proposals including Williams settlement, Emergency Repair Program (\$273 million), career technical education grants (\$250 million), Internet infrastructure (\$100 million), and charter school facility grants (\$50 million).

The Legislative Analyst believes that the budget's revenue assumptions are very conservative and projects that "an additional 2014-15 revenue gain of \$1 billion to \$2 billion seems likely." Because of the current factors driving the Prop. 98 calculation, basically all of these additional one-time revenues will go to schools and community colleges. Because of the projected higher revenues and their future impact on Prop. 98, there is also a possibility of an increase of few billion dollars in ongoing funds for schools.

The proposal missed an opportunity to provide Prop. 98 funding to two priorities – expanding access to preschool for low income 4-year olds (see above), and directly investing in implementation of Common Core and Next Generation Science standards, including professional development, instructional materials, and technology.

Lack of vision on children's health

The proposed budget continues to forge ahead with health care reform implementation and does not make any new reductions to children's health, but it fails to reverse recession-era cuts and ensure that all children are getting timely, high-quality health care.

Millions more Californians have enrolled in health coverage thanks to successful state implementation of health care reform, and Medi-Cal provides health coverage to over half of California's children. But an insurance card is not enough – in order to ensure that children and families actually have timely access to the health care they need, there must be enough Medi-Cal doctors, dentists and specialists to serve children in a timely manner. Unfortunately, the proposal would maintain short-sighted cuts to Medi-Cal provider rates, already among the lowest in the country.

The budget proposal is silent on children's oral health, despite a recent California State Auditor report indicating that more than half of the 5.1 million children covered by Medi-Cal did not receive dental care last year. Poor oral health can lead to nutritional deficits, developmental delays, difficulty concentrating in the classroom, expensive emergency procedures and chronic disease. California ignores children's dental care at its moral and fiscal peril.

On the positive side, the Governor's budget proposes to expand the successful county pilot for pediatric palliative care (net savings of \$1.4 million), maintain commitments made in past budget years to boost funding for Medi-Cal county enrollment work (\$78 million cost), and provide behavioral health treatment for children and young adults with Autism Spectrum Disorder in accordance with federal law (\$151 million cost).

The proposal indicates that, pending more information from the federal government, certain undocumented immigrants may be eligible for comprehensive Medi-Cal coverage. When all children have health coverage, they have a better chance of succeeding in school and avoiding costly chronic diseases.

The January budget would also require individuals in limited benefit programs – such as California Children's Services for children with special health care needs – to apply for comprehensive coverage. This is a good goal, as long as limited benefit programs are still available for those not eligible for full coverage. In addition, the budget proposal would revamp the managed care organization tax to comply with federal guidelines and fund a restoration for in-home supportive services.

Looking forward, the Administration and Legislature should work together to build a system of health coverage and care that will truly ensure that all children in California can get the care they need to maximize their potential.

Child welfare issues recognized, but not funded

The Governor's budget recognizes the need to reform California's child welfare continuum of care system and reduce dependency attorney caseloads, to ensure that abused and neglected children in foster care receive adequate legal representation, services, and placements to help them heal and thrive. However, more funding is needed to assure real reform. These children are the state's children; as such, it is imperative we collectively provide them with necessary supports.

The Continuum of Care Reform project has been a three-year, intensive, statewide effort that has brought the state, counties, providers, stakeholders, and advocates together to identify critical changes needed in the child welfare system. The goal of this reform effort has been to ensure that abused and neglected children receive the supports and services they need to live with families whenever possible. As the Governor notes, it is crucial to increase the availability of family homes and the capacity of community agencies to provide services to children placed with families. This will prevent children with mental and behavioral health issues, which often stem from past abuse and neglect, from simply being warehoused in residential facilities until they turn 18. However, the proposed budget does not provide resources to enable caregivers to succeed when they open their homes to help these young people heal and thrive. Our entire fiscal model and rate-setting system must be adapted so that we have a true child-centered system with resources following the child, not the placement.

The Administration also failed to provide additional funding to reduce dependency attorney caseloads despite acknowledging that 1) the state is well above the recommended maximum and 2) a caseload reduction could mean children find permanent families more quickly rather than languish in foster care.

The Administration once again missed a critical opportunity to align the Foster Youth Services (FYS) program with the Local Control Funding Formula (LCFF) so that FYS programs can serve all the youth defined as "foster youth" under LCFF. The main misalignment is that counties cannot serve foster youth placed with relatives through the FYS programs

while districts must serve them through LCFF. This definition misalignment has prevented almost half of all foster youth from accessing the services they need from counties, and created confusion and challenges in LCFF implementation for this population.

Moreover, the Administration failed to provide funding for the new Cooperating Agencies Foster Youth Educational Program. This program would provide targeted supports and services to foster youth on community college campuses in order to ensure they succeed. These young people enter college with the same potential and ambition as their peers. However, they often face overwhelming obstacles related to the abuse and neglect they suffered, their chaotic and unstable time in foster care, and their transition to adulthood without the support and guidance of a caring adult. While the Administration recognized the need for additional support for these young people by signing SB 1023 (Liu) in 2014, it has not provided any funding for the program.

Contact

For more information on how the Administration's January budget proposal impacts kids:

Health, contact Kelly Hardy at khardy@childrennow.org, Eileen Espejo at eespejo@childrennow.org, Mike Odeh at modeh@childrennow.org, Ben Rubin at brubin@childrennow.org, or Fatima Morales at fmorales@childrennow.org

TK-12 Education, contact Brad Strong, bstrong@childrennow.org, Samantha Tran, stran@childrennow.org, Debra Brown, dbrown@childrennow.org, Eduardo Aguilar at eaguilar@childrennow.org, Rob Manwaring at rmanwaring@childrennow.org, or Stephen Blake at sblake@childrennow.org

Early Childhood, contact Giannina Perez, gperez@childrennow.org, Kate Miller at kmiller@childrennow.org, or Angela Rothemel at arothermel@childrennow.org

Child Welfare, contact Susanna Kniffen, skniffen@childrennow.org, Jessica Haspel at jhaspel@childrennow.org, or Tim Morrison at tmorrison@childrennow.org