



Introduction

The State of California funds numerous child care subsidy programs in Humboldt County. The purposes of these programs are:

- 1) To assist low income families seek employment, maintain employment, or obtain vocational training.
- 2) To build the healthy growth and development of young children to provide support for their success in school and in the community.

If a State budget is signed on time (which has happened only 19 times in the last 25 years), contractors receive an advance apportionment of 25% of their contract during the month of July. Future apportionments are released on a monthly basis, and ultimately adjusted by the State to match the expenditure and earnings reports submitted by the contractors.

If a state budget is NOT signed on time, typically the only child care dollars which will “flow” are for two programs related to “CalWORKS”, California’s program to support families to enter the workforce and move off of public assistance. The related child care programs, “Stage 1” and “Stage 2” continue to have dollars “flow”. In Humboldt County, therefore, approximately 360 children will continue to receive subsidized child care, even after July 1 and in the absence of a signed State budget.

Historically, the local State funded agencies below have used various means to maintain operations when cash is not flowing from the State. Examples include using lines of credit, using restricted reserve funds (if available), and use of the organizations’ general unrestricted funds.

Which Local Agencies May Be Affected?

Changing Tides Family Services

Parent choice programs: Eligible parents select any type of care which meets their child’s and family’s needs. Approximately 500 child care providers involved, including for profit centers, licensed family child care homes, family members, non profit centers, recreation programs, sectarian care, friends, neighbors.

Contract Names: Alternative Payment Program, Stage 2, Stage 3 (Stage 1 funded through County of Humboldt)

Carol A. Hill, Executive Director | Donna Miller-Michaud, Deputy Director

Child Care Services/Subsidies/Referrals | Special Needs Services | Mental Health Services | Parent Supports

2259 Myrtle Avenue, Eureka, CA 95501 | 707.444.8293 (P) | 800.795.3554 | 707.444.8298 (F) | www.changingtidesfs.org

Family Child Care Home Education Network: Parental choice limited to approximately 90 licensed child care homes who offer enhanced child development services within their child care program.

Contract Names: General Child Care, Family CC Home Ed. Network

Child care support programs: For parents, child care providers, and employers.

Contract Names: Resource and Referral, child Care Initiative Program, Centralized Eligibility List, Exempt Care Outreach and Training

Arcata & Rooney-McKinleyville Children's Centers

Beginnings

College of the Redwoods

Eureka City Schools

Hoopa Valley Business Council

Humboldt County Office of Education

Humboldt State University

Northcoast Children's Services

Contract Names: General Child Care, California State Preschool Program, Local Child Care Planning Council

What Is The Issue?

When the Governor released his proposed budget in January, 2010, it was relatively benign with regard to State funded child care services. However, when the "May Revise" was released, the Governor proposed wholesale elimination of several of the above contract types. While the Legislature promptly rejected the Governor's proposal, several key dynamics were set up statewide and locally.

Statewide Reactions:

- Many school districts and County Offices of Education revise their upcoming fiscal year budgets to ensure that they are within the funding allocations in the May Revise.
- The scope of the Governor's proposed eliminations in May prompted many private non profit as well as public child care contractors to respond more conservatively with regard to FY10-11 than in past years.

Local Reactions:

- In May, Changing Tides Family Services notified parents of 950 children served by 490 child care providers that it would be holding back payments for services rendered after July 1.
- In June, Eureka City Schools made the decision to close Winzler Children's Center for the month of July, with the possibility of a longer closure.
- Other organizations have not formally announced their positions, but have privately indicated that they may be scaling back over the summer.

What Are The Impacts?

- 1) Data collected by Ms. Dawn Elsbree of the Headwaters Fund and Carol Hill of Changing Tides Family Services

Potential Impacts on Local Child Care	
Number of Families Impacted	887
Number of Children Impacted	1309
Potential Job Losses for Child Care Providers	83
Monthly Gap in Funding	\$456,530

- Request for information went to organizations which support child care providers and included HSU, Eureka City Schools, Northcoast Children’s Services, Changing Tides Family Services, Arcata & Rooney-McKinleyville Children’s Centers, Beginnings, College of the Redwoods, and the Hoopa Valley Business Council. Responses were received from Changing Tides Family Services, Arcata & Rooney-McKinleyville Children’s Centers, Northcoast Children’s Services, Beginnings, and College of the Redwoods.
 - Interest was expressed for interim funding. The time period in which organizations would need to access that funding varied from July to October. A few agencies specifically mentioned the potential loss of jobs.
 - Concerns expressed were that if the funding was cut in the state budget the organizations would not be able to repay the loan, collateral requirements, loan fees, and interest rate.
- 2) Local employers who benefit from the child care financing provided through programs above span from large employers (HSU, St. Joseph’s, County of Humboldt) to employers so small that to name the employer might personally identify the family receiving services. Employers benefitting from the above programs are located in all parts of Humboldt County--from Hoopa to Garberville and all points in between. Further,
- Some parents may drop out of the workforce because they can’t afford to “front” the cost of child care. This can take the form of calling in sick or parents being terminated because they do not have stable child care.
 - Some employees may stay home from work because their center has closed or reduced hours.
 - Some employees may be so distracted by child care challenges that they are less effective while on the job.
- 3) The disruption of child care may result in some families leaving their children alone or in unsafe circumstances.
- 4) Any State funded center which closes or reduces hours incurs the risk that they will not be able to later re-hire their qualified staff when the situation becomes normalized. This compromises the infrastructure of child care in Humboldt County.
- 5) Some local private child care providers receive significant funding per month through Changing Tides Family Services (for example, \$4,000-\$8,000/month). Given that Changing Tides Family

Services will suspend issuing reimbursements for services after July, it is likely that some child care businesses may be very challenged to meet payroll and operating expenses.

- 6) Disruption to child care arrangements can cause stress to parents and children. This can interfere with a child's normal development, which has long term impacts to success in school and positive emotional development.
- 7) Per "*The Economic Impact of the Child Care Industry in Humboldt County*", prepared by the National Economic Development and Law Center (2004), the child care industry
 - Generated \$22.5 million annually within Humboldt County
 - Was responsible for 562 full time jobs
 - Benefitted all industries in the County by enabling parents to work productively
 - Laid the groundwork for Humboldt's future economic well being by preparing children for success in school and work

Although the data for this report is 7 years old, no significant trends have been observed which point to any changes in the conclusions of the report.

- 8) In addition to the direct impacts described above, it is also useful to keep in mind that **907 children are on the "waiting list"** (Centralized Eligibility List) for a State funded child care slot in Humboldt County as of July 6, 2010.

Conclusions

- 1) State funded child care programs locally and around the state are experiencing a greater challenge this year to "bridge the gap" of cash flow in the absence of apportionments due to the lack of a signed State budget.
- 2) The impact falls squarely upon parents, employers, child care providers, and children.
- 3) Given California's structural budget challenges, it is reasonable to assume that the Humboldt County child care community and employers will face this situation in the next year as well. While it may seem distasteful to be forced to solve at the local level what is essentially a State issue, the reality is that the local economy, employers, and families potentially may be significantly adversely affected.
- 4) The present situation poses an opportunity for local partners to figure out creative solutions which will support Humboldt County's economy, employers, and families.

Prepared by: Carol Hill, Executive Director, Changing Tides Family Services, 7-13-10