



County of Los Angeles
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April 4, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**RECOMMENDATION TO OPPOSE REALIGNMENT OF CHILD CARE PROGRAMS
(ITEM NO. 37, AGENDA OF APRIL 8, 2003)**

Item No. 37 is a joint recommendation by the Policy Roundtable for Child Care (Roundtable) and the Child Care Planning Committee (Planning Committee) to oppose the Davis Administration's proposal to realign child care programs.

As part of the Administration's budget proposal for Fiscal Year 2003-04, \$8.2 billion in health and human services programs are recommended to be realigned from the State to counties. The Administration's rationale for realignment is that many programs would otherwise be subject to elimination or significant reductions in funding levels. Realignment would be financed through a 1 percent increase in the sales tax, an increase in the income tax rate for high income brackets, and a \$1.10 per pack increase in the cigarette excise tax. The Administration estimates the new revenues would generate \$8.2 billion. These new revenues would be allocated entirely to counties and would not be subject to Proposition 98. Otherwise, more than 50 percent of the revenues would have to be dedicated to schools.

State-administered child care programs represent \$968 million of the realignment proposal. Under current law, most State child care funding falls within the Proposition 98 guarantee, and the proposed realignment would remove child care from this protected funding source.

The County has generally been supportive of realignment if County fiscal and programmatic integrity can be assured, and, conceptually, additional realignment efforts are feasible if there were, at a minimum, revenue streams sufficient to fund any realigned programs.

Realignment of certain programs could carry significant inherent risks if they are severely under funded, fast-growing entitlements, rely on multiple funding streams, or require construction of a new administrative structure. As detailed by the Roundtable and the Planning Committee, current child care programs carry many of these risks. Additionally, the Roundtable and the Planning Committee indicate that realignment could weaken the social and developmental emphasis of current child care programs in lieu of an emphasis that views child care as a service benefit or custodial function for families. **For these reasons, the Roundtable and the Planning Committee recommend that the County oppose realignment of child care programs, and we concur.**

DEJ:GK
MAL:JF:lm

c: Executive Officer, Board of Supervisors
County Counsel