



CDSS

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DEPARTMENT OF SOCIAL SERVICES

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ARNOLD SCHWARZENEGGER
GOVERNOR

October 18, 2010

ALL COUNTY LETTER NO. 10-46

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY CHILD CARE COORDINATORS
ALL WELFARE-TO-WORK COORDINATORS

SUBJECT: FISCAL YEAR (FY) 2010-11 CALIFORNIA WORK OPPORTUNITY
AND RESPONSIBILITY TO KIDS (CaWORKs) CHILD CARE
PROGRAM BUDGET CHANGES

REFERENCE: SENATE BILL(SB) 870, CHAPTER 712, BUDGET ACT OF 2010;
MANAGEMENT BULLETIN 10-10

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

The purpose of this letter is to inform county welfare departments (CWDs) of the CalWORKs Child Care Program items in the Fiscal Year (FY) 2010-11 budget. These items include the reduction in the payment ceilings for license-exempt child care providers and the decrease of \$256 million to reflect the elimination of the remaining funding for CalWORKs Stage Three child care services effective on November 1, 2010. With the reduction in the payment ceilings for license-exempt providers, Notices of Action (NOAs) must be issued to inform affected clients of the change. The budget continues the Regional Market Rate (RMR) ceilings for licensed providers at the 85th percentile of the 2005 RMR survey, freezes the State Median Income (SMI), and makes no changes to the family fee schedule.

License-Exempt Provider Reimbursements and RMR Payment Ceilings

The 2010 Budget Act, SB 870, and the 2010 Omnibus Education Trailer Bill, Assembly Bill (AB) 1610, reduces the payment rate ceiling for license-exempt providers from 90 percent to 80 percent of the RMR payment ceilings established for family child care homes. The new ceilings will become effective on November 1, 2010, and will apply to all license-exempt providers. The FY 2010-11 Budget continues the RMR payment ceiling at the 85th percentile of the 2005 RMR survey.

The RMR payment ceilings for each county, including the new license-exempt ceilings, can be found on the California Department of Education (CDE) website at:

<http://www.cde.ca.gov/fg/aa/cd/ap/index.aspx>

Notice of Action (NOA)

The CalWORKs Stage One Child Care regulations Manual of Policies and Procedures (MPP) Section 47-420.3, specifies that CWDs shall notify the client whenever there is an approval, denial, change or discontinuance in the amount of subsidy paid by the county for child care. With the reduction in the payment ceilings for license-exempt providers, it is likely that many clients' child care payments will be affected. CWDs shall issue NOAs to these clients as soon as administratively feasible, but no later than ten days before the November 1, 2010, change in child care benefit occurs.

Elimination of Stage Three Funding

SB 870 includes a decrease of \$256 million to reflect the elimination of remaining funding for CalWORKs Stage Three child care effective on November 1, 2010.

The families currently in Stage Three or who would otherwise be transitioning to Stage Three will no longer have continuity of care priority enrollment but may continue receiving other subsidized child care services through the general child care arena, if slots and funding are available. Stage Three families not eligible for Stage One or Stage Two and losing their subsidy may be placed on their local central eligibility list (CEL). On the CEL, families must compete with other low-income families for available slots. Families on the CEL are served based on their income, lowest income first.

For families that may transition from Stage One to Stage Three directly, due to program barriers that prevented the transfer to Stage Two, counties may refer families for placement on the CEL as soon as possible, which is recommended in the MPP Section 47-301.6 but child care shall continue to be provided through Stages One and/or Two if not more than 24 months have elapsed since the client left cash aid. CWDs are also strongly encouraged to refer families for placement on the CEL once a family is determined stable and transferred to Stage Two.

Some families receiving Stage Three child care services or who would otherwise be transitioning to Stage Three could return to cash aid if they are determined eligible.

Once these families are determined eligible for CalWORKs, they may again be eligible for CalWORKs Stage One child care services. However, the short-term CalWORKs changes resulting from the passage of AB X4 4 (Chapter 4, Statutes of the Fourth Extraordinary Session of 2009), that requires counties to exempt families with young children and give good cause for lack of supportive services, still applies through June 30, 2011. The impact on your Stage One child care services may vary by county.

In October 2010, CDE issued instructions on their policies and procedures for discontinuing Stage Three services. CDE contractors will be implementing changes that will affect your staff and the families they serve. The CDE Management Bulletin regarding CalWORKs Stage Three can be found on the CDE website:

<http://www.cde.ca.gov/sp/cd/ci/mb1010.asp>

SMI AND FAMILY FEE SCHEDULE

SB 870 continues to freeze the SMI at the FY 2007-08 level for FY 2010-11. The current family fee schedule remains in effect until CDE releases a new family fee schedule. The family fee requirement only applies to former CalWORKs recipients and does not apply to CalWORKs families receiving cash aid.

The CDE Management Bulletin 7-13 contains the SMI ceiling table and the current family fee schedule which can be found on the CDE websites at:

<http://www.cde.ca.gov/sp/cd/ci/mb0713.asp>

<http://www.cde.ca.gov/sp/cd/ci/documents/feeschedule06.xls>

If you have any question regarding this letter, please contact the Child Care Programs Bureau at (916) 657-2144.

Sincerely,

Original Document Signed By:

CHARR LEE METSKER
Deputy Director
Welfare to Work Division