CALIFORNIA
▪ BUDGET PROJECT ▪

Budget Brief

March 1999

THE IMPLEMENTATION OF PROPOSITION 10: THE CALIFORNIA CHILDREN AND FAMILIES FIRST ACT OF 1998

Proposition 10, the California Children and Families First Act of 1998, passed by voters in November, increased the tax on cigarettes and tobacco products. The proposition directs the tax moneys into the new California Children and Families First Trust Fund to improve early childhood development from the prenatal stage to age five. Proposition 10 creates a new state commission and individual county commissions to oversee the expenditure of these moneys. The proposition specifies that the state commission is responsible for spending 20 percent of the moneys and the county commissions are responsible for the remaining 80 percent.

The state and county commissions will be faced with two main questions in deciding how to spend these funds. What are the most effective programs for enhancing early childhood developmental goals? Where are the current holes in services for young children? In this brief we:

- ✓ provide an overview of the initiative,
- ✓ review the recent research literature on early childhood interventions,
- ✓ outline the current state spending on young children, and
- ✓ provide recommendations to the state and county commissions on implementing Proposition 10.

HOW MUCH MONEY WILL PROPOSITION 10 RAISE?

How Much Money Will Proposition 10 Raise?

	1998-99 (half-year)	1999-00
Governor's Budget estimate	$373 million	$684 million
Legislative Analyst's estimate	$360 million	$690 million

Source: Legislative Analyst's Office and Department of Finance

Proposition 10 increased state excise taxes on cigarettes by 50 cents per pack on January 1, 1999.[1] The 1999-00 Governor's Budget estimates revenues from the new tobacco tax to be $373 million in 1998-99 and $684 million 1999-00. This estimate is somewhat lower than earlier estimates and reflects the recent tobacco price increase stemming from the tobacco settlement reached between the tobacco industry and more than 40 states and localities. The Governor's Budget's estimates, however, are very similar to the Legislative Analyst's estimates of $360 million in 1998-99 and $690 million in 1999-00.[2]

[1] Proposition 10 also increased the tax on other tobacco products (cigars, chewing tobacco, pipe tobacco, etc.) by the equivalent of a dollar a pack, measured as a percentage of the wholesale price of tobacco products. Proposition 10 also imposes a floor stock tax on cigarettes and tobacco products held by distributors as of the effective date of the tax increase.

[2] Legislative Analyst's Office, *How Does It Work? Proposition 10 What Role Should the Legislature Play in Its Implementation?* (January 13, 1999), http://www.lao.ca.gov/01139_prop10.html. Department of Finance, *Governor's Budget Summary 1999-2000.*

921 11th St., Ste. 502 ● Sacramento, CA 95814-2820
(916) 444-0500 ● FAX (916) 444-0172

HOW WILL THE NEW MONEY BE SPENT?

Proposition 10 allows funds to be spent on a broad range of programs to improve the early development of children from the prenatal stage to age five. Specifically, the initiative emphasizes community awareness, education, nurturing, child care, social services, health care, and research. In addition, Proposition 10 stresses the creation of an integrated, comprehensive, and collaborative system of information and services. Proposition 10 also specifies the moneys can only be spent to *supplement* existing levels of service and prohibits any of its moneys from being used to fund existing levels of service.

Proposition 10 establishes new state and county commissions to oversee the distribution of the new tax revenues. The state commission will receive 20 percent of the available funds, with the remaining 80 percent allocated to county commissions.

How Will The Proposition 10 Money Be Allocated?
(Dollars in Millions)

	1998-99	1999-00
Estimated Proposition 10 Revenues	$373.0	$684.0
Tax Collection Costs	$0.6	$0.7
Prop. 99 and Breast Cancer Funding Offset	--	$11.8
Net Revenues	$372.4	$671.5
County Commissions (80 percent)	$298.0	$537.2
State Commission (20 percent)	$74.4	$134.3
Mass Media Communications (6 percent)	$22.3	$40.3
Education (5 percent)	$18.6	$33.5
Child Care (3 percent)	$11.2	$20.2
Research and Development (3 percent)	$11.2	$20.2
Unallocated (2 percent)	$7.4	$13.4
Administration (1 percent)	$3.7	$6.7

Source: Department of Finance, *Governor's Budget Summary, 1999-2000*

The California Children And Families First Commission

A new California Children and Families First Commission, composed of seven voting members, will allocate the funds available for state level programs. The proposition specifies that the Governor will appoint three of the commission's members and the Speaker of the Assembly and Senate Rules Committee will each appoint two members. The Secretary of the state Health and Human Services Agency, and the Secretary of Child Development and Education will serve as nonvoting members. One of the Governor's appointees must be a county health officer. Commission members are appointed for two, three, and four-year terms.[3] Commission members are not paid, but will receive "a reasonable per diem" and reimbursement for expenses related to their service as commission members. The commission will hire an executive director and additional staff, as needed.[4]

The Commission's duties include developing guidelines for a comprehensive statewide program aimed at enhancing early childhood development. Proposition 10 requires that the guidelines address:

- parental education and parental support services;
- the availability and provision of high-quality, accessible, and affordable child care; and
- the provision of child, prenatal, and postnatal maternal health care services that emphasize prevention, diagnostic screenings, and treatment not covered by other programs.

The commission must hold at least one public hearing on the proposed guidelines prior to their adoption. In addition, the state commission must define the results to be achieved by the guidelines, and collect and analyze data to measure progress toward those results. By January 31 of each year, the state commission must prepare a report analyzing the annual audits submitted by the county

---

[3] Of the Governor's appointees, one will serve a four-year term, and two will serve two-year terms. One of each of the Speaker's and Senate Rules Committee's appointments will serve three-year terms and the other appointees will serve four-year terms.
[4] As of this writing, the Speaker has appointed Patricia Siegel and Sandra Gutierrez, the Rules Committee has appointed Susan Lacey and Louis Vismara, and Governor Wilson appointed Kim Belshe before leaving office, and Governor Davis appointed Rob Reiner as chairman of the commission.

County Allocations			
County	Live Births, 1997	Percent of State Total	1999-00 Share
Alameda	20,766	3.9617%	$21,282,046
Alpine	7	0.0013%	$7,174
Amador	270	0.0515%	$276,710
Butte	2,253	0.4298%	$2,308,988
Calaveras	327	0.0624%	$335,126
Colusa	307	0.0586%	$314,629
Contra Costa	12,294	2.3454%	$12,599,512
Del Norte	324	0.0618%	$332,052
El Dorado	1,666	0.3178%	$1,707,401
Fresno	14,116	2.6930%	$14,466,790
Glenn	427	0.0815%	$437,611
Humboldt	1,478	0.2820%	$1,514,729
Imperial	2,381	0.4542%	$2,440,169
Inyo	190	0.0362%	$194,722
Kern	11,271	2.1502%	$11,551,090
Kings	2,084	0.3976%	$2,135,788
Lake	565	0.1078%	$579,041
Lassen	328	0.0626%	$336,151
Los Angeles	162,036	30.9126%	$166,062,680
Madera	1,987	0.3791%	$2,036,378
Marin	2,651	0.5057%	$2,716,879
Mariposa	135	0.0258%	$138,355
Mendocino	1,025	0.1955%	$1,050,472
Merced	3,610	0.6887%	$3,699,710
Modoc	98	0.0187%	$100,435
Mono	118	0.0225%	$120,932
Monterey	6,720	1.2820%	$6,886,996
Napa	1,499	0.2860%	$1,536,251
Nevada	796	0.1519%	$815,781
Orange	47,487	9.0594%	$48,667,077
Placer	2,607	0.4974%	$2,671,785
Plumas	156	0.0298%	$159,877
Riverside	23,319	4.4487%	$23,898,489
Sacramento	17,312	3.3027%	$17,742,212
San Benito	888	0.1694%	$910,067
San Bernardino	28,319	5.4026%	$29,022,742
San Diego	43,255	8.2520%	$44,329,910
San Francisco	8,196	1.5636%	$8,399,675
San Joaquin	8,719	1.6634%	$8,935,672
San Luis Obispo	2,491	0.4752%	$2,552,903
San Mateo	10,050	1.9173%	$10,299,748
Santa Barbara	5,789	1.1044%	$5,932,860
Santa Clara	26,416	5.0395%	$27,072,452
Santa Cruz	3,559	0.6790%	$3,647,443
Shasta	2,000	0.3816%	$2,049,701
Sierra	12	0.0023%	$12,298
Siskiyou	425	0.0811%	$435,561
Solano	5,475	1.0445%	$5,611,057
Sonoma	5,409	1.0319%	$5,543,416
Stanislaus	6,790	1.2954%	$6,958,735
Sutter	1,210	0.2308%	$1,240,069
Tehama	627	0.1196%	$642,581
Trinity	100	0.0191%	$102,485
Tulare	6,934	1.3228%	$7,106,314
Tuolumne	467	0.0891%	$478,605
Ventura	11,281	2.1521%	$11,561,339
Yolo	2,106	0.4018%	$2,158,335
Yuba	1,046	0.1996%	$1,071,994
TOTAL	**524,174**	**100%**	**$537,200,000**

Source: Legislative Analyst's Office and Department of Finance

commissions for the preceding fiscal year. Lastly, the initiative empowers the commission to make recommendations to the Governor and Legislature for changes in state law, regulations, and services for an integrated and comprehensive early childhood development program.

The 20 percent of the total revenues allocated to the state commission must be distributed as follows:

- Six percent for a media campaign on topics related to early childhood development, the impact of secondhand smoke on children, and the prevention of smoking and alcohol and drug use by pregnant women;
- Five percent for development of educational materials, technical support for county commissions, and parental and professional education and training;
- Three percent for education and training of childcare providers;
- Three percent for research and development of "best practices," establishing standards for early-childhood development programs, and program evaluation;
- Two percent for allocation to any program furthering the purpose of the initiative, other than administration of the state commission; and
- One percent for administration of the state commission.

The state and county commissions shall create advisory committees to provide technical and professional expertise, as needed.

County Children And Families First Commissions

Proposition 10 creates county commissions to allocate the funds designated for local programs. The county commissions must be composed of five to nine members appointed by the counties' boards of supervisors. At least one commissioner must be a member of the board of supervisors and two commissioners must be administrators of county health or human services programs. Two or more counties may form joint commissions and implement joint programs.

In order for counties to receive funds from the new tax, county boards of supervisors must adopt an ordinance creating a county children and families first commission, appoint a majority of the commission's members, and establish a local Children and Families First Trust Fund. In addition, the commission must complete a strategic plan. The amount allocated to the individual counties will be based on the number of births in the county as a percentage of the statewide total. If one or more counties choose not to participate, the funds that would otherwise go to those counties will be divided proportionately among participating counties.

County strategic plans must include a description of:
- the goals and objectives to be attained;
- the proposed programs, services, and projects;
- how measurable outcomes of the programs, services, and projects will be determined using appropriate and reliable indicators; and
- how the programs relating to early childhood development within the county will be integrated into a consumer-oriented and easily accessible system.

County commissions must meet at least annually to review and revise their plans and must hold at least one public hearing before adopting or revising their plan. County commissions must also submit their plans to the state commission and prepare an annual report or audit of their activities. Beginning July 1, 2000, counties will receive funding only if the required public hearing, adoption of the strategic plan, and audits and reports have been completed.

Important Dates For The Children And Families First Act Of 1998

January 1, 1999	January 31, annually	July 1, 2000	October 15, annually
Proposition 10 tax takes effect. Counties may begin collecting share of revenues if they have passed an ordinance creating a county commission, appointed a majority of the county commission, and established a local Children and Families First Trust Fund.	State commission must prepare a consolidated report of the annual audits submitted by the county commissions.	Auditing and reporting requirements begin.	State commission and county commissions must have conducted an audit of the implementation and performance of their respective functions during the preceding fiscal year.

Source: Initiative text

THE RECENT RESEARCH: WHERE SHOULD COUNTIES TARGET THEIR FUNDS?

The proponents of Proposition 10 were motivated by a growing body of research that suggests that early experiences have a substantial influence on a child's future cognitive, behavioral, educational, and economic outcomes. Most notable are findings that show that brain development continues after birth and that the most rapid and important stages of a child's brain development occur before age five. The number of brain cell connections an infant forms is important since these connections constitute the neural network that enables a child to store experiences, think, and solve problems later in life. Babies raised by caring, attentive adults in safe, predictable environments are generally better suited for learning once in school than those raised with less attention in less secure environments. Children exposed to environmental stress at an early age not only have trouble when they enter school, but are more likely to have adverse outcomes later in life. The longer a child's exposure to stress, the fewer the connections between brain cells, and the more detriment done to a child's cognitive development. Delayed or stunted brain development manifests itself in numerous ways, including difficulty in speaking, reading, and antisocial behavior.[5]

Factors Associated With Cognitive Delay And Other Developmental Problems

A review of the literature suggests numerous risk factors that are associated with cognitive delay and behavioral problems.[6]

- **Inadequate prenatal care.** The risk of delivering a low-birth-weight baby with physical, behavioral, or intellectual difficulties increases dramatically when a woman does not receive adequate prenatal care.
- **Infrequent or dysfunctional parent-child interaction.** Higher levels of parent-child interaction are associated with higher levels of cognitive development and better school performance. Furthermore, parental approaches to discipline during a child's early years can have long-lasting effects. Punitive, harsh, indulgent, or neglecting parenting styles are associated with behavioral problems in children.
- **Poverty, single parent families, and low parental education attainment.** All three of these characteristics have been linked to negative outcomes in children. Poverty during a child's early years is linked to cognitive delay and behavioral problems and children experiencing long-term poverty exhibit significantly increased levels of developmental delay. Single parenthood has been found to be associated with an increased risk of dropping out of school and higher levels of anxiety and chronic health problems for the children. Studies have also found that children of mothers with low levels of education are more likely to suffer from cognitive delay and children of less educated parents have lower high-school completion rates. However, it is difficult to isolate the impacts of these three family characteristics since they are highly correlated.
- **Health and nutrition.** Proper nutrition for pregnant women and young children is strongly correlated with short and long-term outcomes for children. Maternal depression and parental antisocial behavior can also affect a child's behavioral development.
- **Violence.** Children exposed to either family or neighborhood violence suffer anxiety, sleep disturbances, and may be less attentive in school. Children exposed to trauma before three years of age may have difficulty developing trust and autonomy. The developmental impact of exposure to violence is even more pronounced when a victim of the violence is the child's parent or other caretaker.

Intervention Strategies

Early childhood interventions are programs that work with the family to improve and supplement the care the family is currently giving the child. These programs can be classified as health, education, or social services programs and many combine components of these three broad types of assistance. Some programs provide benefits to all children, such as federal car safety regulations, but many focus on a targeted group of children by considering specific risk factors. In addition, some of the targeted

[5] David C. Illig, *Birth to Kindergarten: The Importance of the Early Years* (Sacramento, CA: California Research Bureau, February 1998), pp. 7-10.
[6] Literature reviewed includes: David C. Illig, California Research Bureau, California State Library*, Birth to Kindergarten: The Importance of the Early Years* (Sacramento, CA: February 1998), pp. 2-6; *Starting Points: Meeting the Needs of Our Youngest Children* (Carnegie Corporation of New York, 1994); Lynn A. Karoly, et al., *Investing In Our Children* (Santa Monica, CA: RAND, 1998), pp. 1-4.

programs are designed to address the deficiencies raised by particular risk factors.[7] The six major types of programs typically referred to as early childhood intervention are described below:

- **Prenatal care.** As discussed above, women who receive prenatal care have a better chance of delivering healthy, full-term, normal-weight babies. However, nearly a quarter of pregnant women in America receives little or no prenatal care.[8]
- **Home visitation.** Home visiting strategies give first-time parents and high-risk families assistance through home visits by public health nurses, social workers, and others. Home visits, which can begin during pregnancy, focus on improving parent-child interactions and parenting skills. Visitation programs can increase the use of prenatal care, maternal life-course outcomes, health and nutritional outcomes, and reduce child maltreatment and subsequent pregnancies for at-risk families. Evaluations of these programs show some short and long-term improvements for both children and mothers. A 15-year follow-up study of the Elmira Prenatal/Early Infancy Project (PEIP) found the most at-risk mothers received fewer months of AFDC and Food Stamps and had lower levels of criminal activity.[9]
- **Intensive cognitive development intervention.** An intensive intervention program for infants who have, or are at risk for development delay or disability, can offset some or all of a child's cognitive delay. These programs stress reading to children, psychosocial stimulation, and caregiver-child interaction. Findings demonstrate success in returning children at high risk of delays to normal or near normal levels of cognitive development, as compared to similar at-risk children who were not treated.[10]
- **Intensive family support.** Programs designed to improve family interactions and behaviors can include child care services and either home visits focused on family functioning or parent education sessions at a center. Such intensive intervention programs are costly, but, when focused on families with multiple risk factors, can demonstrate long-term, positive results.[11]
- **Community-based family support programs.** Family resource centers provide families in low income neighborhoods with access to information about parenting strategies aimed at promoting healthy child development. Centers often provide case management and referrals to social and health services. Many such programs provide adult literacy services to parents, group reading to children, and parenting education.
- **Preschool programs.** Cognitive stimulation and a curriculum that promotes social competence, whether in a part-day or a full-day setting, can minimize cognitive delay and behavior problems in at-risk children. High quality preschool programs include parenting education, nutritional and health services, and links to other community services.

Research Emphasizes The Need For Targeting Services And Quality Programs

The National Educational Goals Panel estimates that nearly half of America's children enter school at a disadvantage because they lack the stimulation and environment necessary to thrive.[12] Developmental research, however, highlights the importance of targeting services to those whom will benefit most from the programs.[13] Studies have found much larger gains from intervention programs targeted at higher-risk children than in programs for lower-risk children. In particular, the study of the Elmira PEIP found that services to higher-risk families resulted in savings attributable to lower levels of welfare receipt and

[7] Lynn A. Karoly, et al., *Investing In Our Children* (Santa Monica, CA: RAND, 1998), pp. 4-6.
[8] *Starting Points: Meeting the Needs of Our Youngest Children* (New York: Carnegie Corporation, 1994).
[9] Lynn A. Karoly, et al., *Investing In Our Children* (Santa Monica, CA: RAND, 1998).
[10] David C. Illig, *Birth to Kindergarten: The Importance of the Early Years* (Sacramento, CA: California Research Bureau, February 1998).
[11] Ibid.
[12] *Starting Points: Meeting the Needs of Our Youngest Children* (New York: Carnegie Corporation, 1994).
[13] David C. Illig, *Birth to Kindergarten: The Importance of the Early Years* (Sacramento, CA: California Research Bureau, February 1998).

criminal activity. Whereas, the savings to government from lower-risk families was not enough to make up for the program's cost, even after following the families for 15 years.[14]

The larger gains for higher-risk families may be partly explained by the effect of multiple risk factors experienced by children. When children face only one risk factor, their outcomes are only minimally lower than those with no identified risk factors. However, children with two or more risk factors are at least four times more likely to develop social or academic problems.[15] The larger gains for the higher-risk families in the Elmira PEIP was also due to the already lower level of welfare usage by the lower-risk families.

Research also emphasizes that the intervention programs that produced positive outcomes were model programs.[16] These programs were intensive, expansive, staffed with highly trained personnel, and thus expensive. Replicating these programs on a large scale will be difficult, particularly at this point in time. The recent implementation of the class size reduction program has resulted in public schools hiring significantly more teachers, and many of these new teachers came from child care programs. The state and counties may be unable to recruit experienced staff for model intervention programs and may instead be forced to focus on developing and training appropriate personnel.

WHAT SERVICES ARE CURRENTLY PROVIDED FOR YOUNG CHILDREN?

Health Programs For Young Children And Pregnant Women

Health Coverage. Nearly one-third of California's uninsured children are under the age of six. The uninsured includes 269,000 infants and toddlers under age three and 263,000 preschool children ages three to five.[17] Health insurance for children is particularly important since it increases the frequency of regular check-ups essential for normal development. Lack of insurance reduces access to immunizations, well-baby and well-child check-ups, and genetic and chronic disease screening for infants, preschool and school-age children.[18]

In California, the state provides health coverage for pregnant women and children through a variety of programs including Medi-Cal, Access for Infants and Mothers (AIM) and the Healthy Families Program (HFP). Together, these three programs cover children up to 200 percent of the federal poverty level (FPL) and pregnant women and their infants up to 300 percent of the FPL. However, none of these programs have enrolled all eligible pregnant women and young children.

Direct Services. In addition to the three health coverage programs discussed above, the state and counties fund other programs providing selected services for specific groups of children and pregnant women (Table 1). The Child Health and Disability Program (CHDP) provides preventive services to children with Medi-Cal up to age 21 and all other children up to age 19 with family incomes below 200 percent of the FPL. CHDP also provides services to children enrolled in Head Start and state preschool programs. The California Children's Services Program (CCS) provides treatment and case management services to children under 21 years of age with specific chronic conditions and whose families earn

---

[14] Lynn A. Karoly, et al., *Investing In Our Children* (Santa Monica, CA: RAND, 1998). The Elmira/PEIP only followed the families for 15 years and therefore it is not known if additional savings will accrue from less welfare usage and criminal activity of the children through their adult years. The studies also looked at the effect only on the children and their mothers. At-risk was generally defined as stressors in the form of cognitive, emotional, or resource deficiencies.
[15] *Starting Points: Meeting the Needs of Our Youngest Children* (New York: Carnegie Corporation, 1994).
[16] Lynn A. Karoly, et al., *Investing In Our Children* (Santa Monica, CA: RAND, 1998).
[17] UCLA Center for Health Policy Research, *1.6 Million California Children Are Uninsured* (Los Angeles: Regents of the University of California, 1997), p. 1.
[18] Ibid. p. 3.

below $40,000 or spend over 20 percent of their income on health care. The Department of Health Services (DHS) also oversees other prenatal, neonatal and well-child programs and it oversees the distribution of funds to numerous clinics for specific populations such as farmworkers or those living in rural areas. Finally, the DHS provides services to the general population through its immunization, childhood lead poisoning prevention, and genetic disease testing programs. Lastly, the Women Infants and Children (WIC) program provides nutritional assistance and counseling to pregnant women and families with children under five below 185 percent of the FPL.[19]

Child Care Programs

The California Department of Education (CDE) and the California Department of Social Services (DSS) jointly administer over $2 billion in state and federal funds to provide subsidized child care and child development programs to low income families. The state offers child care assistance for all families participating in the CalWORKs program and provides a limited amount of funding for working poor families with incomes up to 75 percent of the state median income. The state provides this care through either contracted center-based programs or through vouchers reimbursed at numerous child care family homes or centers. In addition, the state funds resource and referral programs that provide information and referral services to all child care consumers, regardless of income. The DSS oversees the licensing of child care centers and family homes according to state health and safety standards.

State subsidized center-based child care is required to provide families with a range of services including developmentally appropriate activities, nutrition, parent education, staff development and links to social services. Less formal child care arrangements and non-licensed care are not subject to the same type of requirements. The CDE provides a limited amount of training, recruitment, and monitoring of providers in order to increase the quality of care provided. The CDE also funds several small programs for specific populations, including children of migrant workers, teen parents, and college students.

Funding for low income child care is limited, however, and there are long waiting lists for subsidized care. Although there currently is no statewide data on the unmet need for child care, the Legislature recently gave county child care planning councils the mandate and funds to conduct county child care needs assessments and prepare plans to address identified needs. These assessments must include information on the supply and demand for care including the need for subsidized and unsubsidized care by age.

Preschool Programs

Preschool programs provide comprehensive development programs for children including parent education, health, nutrition, social services, staff development, and education. The federal Head Start program and the state preschool program, which is modeled after the federal Head Start program, serve children from ages 3 to 5 in families with incomes up to 60 percent of the state median income ($23,675).[20] The federal Head Start program served approximately 80,000 California children and was funded at $459 million in 1997.[21] The state preschool program provides services to approximately 48,000 children and together these two programs serve about 39 percent of eligible children.[22]

---

[19] Children's Advocacy Institute, *California's Children Budget 1998-99* (June 1998), pp. 4-29 through 4-56.
[20] US Department of Commerce, Bureau of the Census www.census.gov/hhes/income/income97/in97med.html
[21] US Department of Health and Human Services www.acf.dhhs.gov/programs/hsb/facts98.htm. Head Start is managed directly by the federal government without state involvement and requires communities receiving Head Start contracts to provide a 29 percent match of federal funds.
[22] The Superintendents Universal Preschool Task Force, *Universal Preschool* (1998), p. 24.

Social Services Programs

The DSS oversees a variety of programs that provide services to families with children, although most of its programs are not specifically targeted or limited to young children. The two largest programs are the CalWORKs and Foster Care programs. CalWORKs provides cash grants and services to eligible low-income families. One of the main eligibility requirements of CalWORKs is the presence of children. The DSS and county District Attorneys administer child support enforcement programs that help custodial parents obtain child support orders and payments from absent parents. This program serves all custodial parents seeking assistance regardless of the age of the children. The Foster Care program removes children who are at risk of abuse or neglect from their homes and places them in foster homes. Both the CalWORKs and Foster Care programs are entitlement programs that serve all eligible families and children as determined by county welfare offices.

The Child Welfare Services (CWS) Program funds child protective services, family preservation, family maintenance, and permanent placement planning. These services are aimed at protecting children from abusive families and working with families to return children to safe homes. The CWS program, however, is not an entitlement and the state and counties provide these services within a limited budget of state and federal funds. Funding for the CWS program is divided between the federal, state, and county governments with the state funding 70 percent of the nonfederal costs and counties funding 30 percent. Many counties, however, do not provide their full 30 percent match. In 1997-98, the DSS reports that 35 counties did not fully match and expend their CWS General Fund allocation.

The DSS also funds a variety of family support and home visiting programs around the state. The DSS Office of Child Abuse Prevention (OCAP) funded about $30 million worth of home visiting and family support programs, including domestic violence and juvenile crime prevention programs, in 1998-99. The largest program is the Child Abuse Prevention, Intervention, and Treatment (CAPIT, which received $14.4 million in 1998-99). The CAPIT program funds prevention and intervention services for children at risk of abuse and/or neglect. Most of CAPIT's funding is allocated to the counties to fund similar programs.

Federal Individuals With Disabilities Education Act

California operates the Early Start program, a statewide program for children who have, or are at risk for, developmental delay or disability under the federal Individuals with Disabilities Education Act. The state Department of Developmental Services (DDS) provides services for children from birth to age three in the Early Start program through the 21 regional centers. The regional centers determine eligibility by evaluating the children to assess if they have, or are at risk for, developmental delay. Eligibility is not linked to family income. Early Start services include home visits, hearing, speech and physical therapy, counseling, and transportation for eligible children and their families. The regional centers reevaluate children at age three to determine if the disability has become more tangible. If the regional center determines the children are developmentally disabled, the children continue to receive services through the regional center system under the Lanterman Act. The CDE is a partner in Early Start and schools are involved as the child nears school age to plan for a child's transition to public education.

Guiding Principles For County Commissions

Proposition 10 provides counties with a unique opportunity to improve the developmental outcomes of its young children. For counties, deciding how to spend Proposition 10 funds, however, could be an overwhelming process. Because the proposition allows the counties to spend the moneys on a wide range of programs, competition for funding will be intense. The California Budget Project recommends the following principles to guide counties in developing their county plans:

1. Assess the level of services in your county. Use our "Services Currently Provided For Young Children" table (page 8) to assess the level of services currently provided in your county. Your local child care and development planning council should have an assessment of need for child care programs. Determine how your county currently uses its CAPIT funds and if there are any home visitation programs being run in the county. Does your county match all the available state CWS funds? Most counties have interagency groups that have been working on coordinating services for children. Find out what the groups have identified as the unmet needs in their county.

2. Prioritize funding to the most needy and high-risk groups. As discussed above, the Elmira PEIP study found cost savings for higher-risk families, but not for lower-risk families. Because counties will not have enough funds to serve all needy children, it makes sense to prioritize the programs to the higher-risk groups where services are most cost-effective.

3. Consider the availability of matching funds. Counties can make their Proposition 10 dollars go further by using them to match available state and federal funds. Three programs where a match may be available include federal Title IV-E, state CWS, and the HFP. First, the federal Title IV-E program provides funding for foster care with a dollar-for-dollar match for certain expenditures. These include foster care training, recruitment, and case worker administrative costs in the CWS program. Second, in 1997-98, 35 counties did not fully expend and match their CWS State General Fund allocation. Finally, under the HFP the federal government provides a two dollar match to every state dollar spent on the program. The Governor has asked the Secretary of the Health and Human Services Agency to review the option of county commissions using local Proposition 10 funds to expand HFP eligibility for children from birth to age five.

4. Consider budgeting one-time expenses in the first couple of years in anticipation of a decline in revenues. The tobacco taxes are a declining revenue source. As tobacco use declines, so do tobacco tax revenues. Estimates differ as to how much consumption will fall. Counties should be wary of establishing programs they will be unable to sustain in future years. Counties may wish to invest a portion of their funds in one-time expenses such as upgrading current child care facilities.

5. Make an impact and be able to measure it. To make a measurable impact, counties may wish to focus their efforts, rather than dispersing funds over a wide array of programs. Proposition 10 requires county commissions to identify outcome indicators. However, counties also need to measure the impact of their funding choices in order to be accountable to the voters. Given the unstable nature of the funding source, counties may want to go back to the voters in future years to request additional funds to make up for lost tobacco revenue. Careful monitoring and evaluation can help build future public support for early childhood development programs.

Recommendations For The State Commission

The state commission is charged with developing state guidelines and providing technical assistance to the counties. Beyond these specific tasks, the state commission can also play a unique role in identifying statewide issues or problems. For example, there are state programs that counties could supplement, but where it may make more sense for the state commission to address on a statewide basis. The state commission may want to:

1. Review county plans to determine if there are available state or federal funds that could be used for the proposed services and programs. The state commission could draw upon the expertise of the various state departments or develop their own expertise to conduct this review.

2. Consider providing additional funding to the DSS to strengthen the child care licensing program. This could include increasing the number of required visits to child care centers and homes. Currently, licensed centers receive one unannounced visit each year and family homes are inspected once every three years.

3. Consult with CDE and the Health and Human Services Agency and its departments to provide counties with program models. The DSS and DHS oversee various home visitation and family support programs and the CDE currently funds several child care quality initiatives. Their knowledge should be tapped in providing models for the counties. The state commission should also consider providing matching funds to counties to entice counties into funding certain programs.

4. Consider developing statewide benefits for child care workers to improve quality. Although counties may fund quality initiatives, the state commission may be more successful in implementing statewide measures that address quality, since the problems related to programs attracting and keeping experienced staff are statewide in scope. In addition, Proposition 10 allocates three percent of the total funds to the Child Care Account for the state commission to spend on programs relating to the availability and provision of high quality, accessible, and affordable child care. The state commission, for example, could develop a statewide health insurance program for child care workers. North Carolina has a program similar to Proposition 10 that funds county partnerships for services to young children. One of the statewide initiatives started in North Carolina to improve the quality of child care services is the Teacher Education and Compensation Helps (T.E.A.C.H.) program. This program provides health care coverage for child care teachers and pays for their tuition to attend two semesters of child care development studies. In return, the teachers must agree to maintain a "C" average and stay with their child care center. The child care center must agree to give the teachers the time to attend classes and a raise upon receiving their child care credential.

5. Begin a dialogue on expanding family and medical leave benefits. The goal of most childhood intervention programs is to improve parent-child interactions and parenting skills. This begins with the parents becoming bonded with their child, something that does not occur "naturally." However, families, especially low income families, may find it difficult to take time off from work to be with a newborn or adopted child. State and federal law requires large employers to allow up to 12 weeks of *unpaid* leave for the birth or adoption of a child. But these laws, which cover employers with 50 or more employees, only cover about 63 percent of California workers.[23] The only program providing for paid leave is the State Disability Insurance (SDI) program. SDI provides disability benefits for up to six weeks before and eight weeks after delivery, if certified by a doctor. These benefits are available for those who have worked in California in the last 18 months and new mothers can receive up to $336 a week, depending on their past wages. Proposition 10 funds could be used to provide paid family leave benefits. In addition, the state commission could make recommendations to the Governor and Legislature suggesting changes in the state's family and medical leave policies to address early childhood development needs.

---

[23] Employment Development Department, Labor Market Information, California Unemployment Insurance Reporting Units by Size, Industry, and County, Report 524, Table 1, Third Quarter 1997. Internet page www.calmis.cahwnet.gov/FILE/INDSIZE/CAL$SF7.HTM

Kimura Flores, Charles Heath, and Amanda E. Kaparich prepared this Brief. The California Budget Project (CBP) is a nonpartisan, nonprofit organization whose goal is to promote a better understanding of state fiscal issues in order to promote a healthy public sector based on a fair and equitable tax system. General operating support for the California Budget Project is provided by grants from the California Endowment, James Irvine, Ford, Friedman Family, and California Wellness Foundations and individual donations and subscriptions.