DEPARTMENT OF SOCIAL WELFARE

REVIEW OF CHILD CARE EFFORTS UNDER
SB 796 (CH. 578, STATS. 1971)

OCTOBER 1, 1971 THROUGH OCTOBER 31, 1972

Joint Legislative Audit Committee

GOVERNMENT CODE: SECTIONS 10500-10504

California Legislature

VINCENT THOMAS
CHAIRMAN
ROOM 4126, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814
(916) 445-7906
WALTER J. QUINN, C.P.A., COORDINATOR
(916) 445-1890
BILL PETTITE, CONSULTANT
(916) 445-7906
EVE OSTOJA, COMMITTEE SECRETARY
(916) 445-7908

November 14, 1972

Honorable Anthony C. Beilenson, Chairman
Senate Committee on Health and Welfare
State Capitol, Room 2046
Sacramento, California 95814

Dear Tony:

Enclosed is a report prepared in response to your request of August 4, 1972 for information concerning the expanded child care operations provided under the Welfare Reform Act of 1971 (SB 796).

The Welfare Reform Act of 1971 required that the counties provide child care services for former, current and potential recipients of public assistance to enable the recipients to engage in employment or training. The act appropriated $3 million to the State Department of Social Welfare for expansion of existing child care services.

The report states that the SB 796 program presently appears to be at a standstill. This condition has been caused by two factors:

1. A delay on the part of the State Department of Social Welfare and the counties in the implementation of the child care provisions of SB 796.

2. The enactment of AB 99, which repealed those sections of the Welfare and Institutions Code pertaining to expanded child care services and transferred program responsibilities from the State Department of Social Welfare to the State Department of Education. The passage of AB 99 raised serious questions in the counties concerning whether or not county expenditures for expanded child care services would be reimbursed. Consequently, the counties are not implementing the program.

Sincerely,

Vince

VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

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INTRODUCTION

In accordance with the request of the Senate Committee on Health and Welfare, we have reviewed the expanded child care operations provided under the Welfare Reform Act of 1971 (SB 796). We were specifically requested to review the SB 796 child care efforts of four county welfare departments: Los Angeles, Alameda, Monterey, and San Diego counties.

We interviewed officials from the above four county welfare departments to determine what child care services were now being offered under the provisions of the bill, and visited five child care operations in these counties.

SB 796, the Welfare Reform Act of 1971, Chapter 578 of the Statutes of 1971, added Sections 10811 and 10811.5 to the Welfare and Institutions Code and appropriated $3 million to the Department of Social Welfare to be used for the purposes of Sections 10811 and 10811.5. These sections of the act became effective October 1, 1971.

Section 10811 required that each county provide child care services for former, current and potential recipients of public assistance who certify that if provided such services they will accept or maintain employment or training and who certify that without such services they would be unable to accept or maintain employment or training. The expenditures for these child care services were required to be in addition to the amounts spent during the 1970-71 fiscal year for child care services.

Section 10811.5 provided that each county, in cooperation with the State Department of Social Welfare (SDSW), the Department of Human Resources

Development (HRD), and the State Department of Education (SDE) was to establish a child care training program which gave priority to the training and employment of public assistance recipients in child care services.

Allocations to the counties from the $3 million appropriation provided by SB 796 were based upon the AFDC populations of the counties. Funds for the expanded day care services for the four counties reviewed were to be provided from the state, local, and federal governments as listed in Table 1.

Table 1

Sources of Funds for Expanded Child Care
Under SB 796

County	Source: State (SB 796 Appropriation)	Source: County	Source: Federal	Total Funds Available
Alameda	$ 167,274	$ 80,539	$ 743,439	$ 991,252
Los Angeles	1,174,122	565,318	5,218,320	6,957,760
Monterey	26,614	12,814	118,284	157,712
San Diego	137,096	66,009	609,315	812,420
Remaining 48 Participating Counties and Unallocated	1,294,894	623,468	5,755,087	7,673,449
Model Experimental Child Care Project - Los Angeles	200,000	96,296	888,888	1,185,184
Totals	$3,000,000	$1,444,444	$13,333,333	$17,777,777
Percentage Share of Total Costs	16-7/8%	8-1/8%	75%	100%

Allocations were made to only 52 of the 58 counties because six counties determined that they had no need for an expanded child care program.

SUMMARY OF FINDINGS

Our review of the child care services provided in SB 796 disclosed the following:

1. As of October 31, 1972, thirteen months after the effective date of SB 796, very few additional child care services are being furnished and the SB 796 child care program appears to be at a standstill.

2. The slow progress made in implementing the SB 796 child care program was caused by two factors:

   - A delay on the part of the SDSW and the counties in the implementation of the child care provisions set forth in SB 796.

   - The enactment of AB 99, which repealed Sections 10811 and 10811.5 of the Welfare and Institutions Code pertaining to the expanded child care services and transferred program responsibilities from the SDSW to the SDE. The passage of AB 99 raised a serious question in the counties concerning whether or not county expenditures for expanded child care services would be reimbursed. Consequently, they are not implementing the program.

3. In the four counties that we reviewed only three had started programs for expanded child care. The county proposals of these four counties provided for the additional care of 6,050 children. As of September 30, 1972, only 749 children were being served.

DELAY IN IMPLEMENTATION OF SB 796
CHILD CARE SERVICES

The child care provisions of the Welfare Reform Act of 1971 (SB 796) became effective on October 1, 1971. Most counties, however, were not ready to implement their respective child care programs until about July 1, 1972, nine months later.

A chronicle of the actions taken by the various state agencies related to the implementation of SB 796 child care is presented in Appendix A of this report.

Appendix A shows that nine months had elapsed after the effective date of SB 796 (October 1, 1971) before most county child care proposals were ready for implementation (July 1, 1972).

On December 21, 1971, SDSW issued an administrative directive requesting county welfare departments to prepare proposals for child care programs. This was nearly three months after the effective date of SB 796. Originally, no deadline date was specified for the submission of the plans. A deadline date of March 15, 1972 for the submittals was finally established on February 16, 1972.

Table 2 shows the number and percentage of child care proposals that were approved monthly by the SDSW between March 1 and July 31, 1972.

Table 2

Number and Percentage of Child Care Proposals
Approved from October 1, 1971 through
July 31, 1972

Month	Number of Proposals Approved	Percentage of Total Proposals Approved
March 1972	22	42%
April 1972	5	10
May 1972	7	13
June 1972	17	33
July 1972	1	2
Totals	52	100%

Six counties indicated that they had no need for expanded day care services.

Child care proposals that were approved by the State Department of Social Welfare were not immediately implemented by the counties.

By the time most counties were ready to implement their child care plans, AB 99 was enacted.

AB 99 (Chapter 670, Statutes of 1972), the Moretti-Lewis-Brown-Rodda Child Development Act, became effective August 10, 1972. Section 14 of this act repealed Section 10811 of the Welfare and Institutions Code and Section 15 repealed Section 10811.5, thereby eliminating the Welfare and Institutions Code provisions concerning the establishment by the counties of child

care services called for by SB 796. In lieu thereof, AB 99 provided for the consolidation and revision of all such services and programs under the jurisdiction of the Department of Education and the Superintendent of Public Instruction. It appropriated funds in the amount of $3 million to the Health and Welfare Agency to be expended through contract with the Department of Education for the purposes of the act.

Since AB 99 eliminated Sections 10811 and 10811.5 from the Welfare and Institutions Code which described the child care services to be provided by each county using the $3 million appropriation included in SB 796, a serious question has been raised as to its availability for a continuation of the program.

On August 25, 1972, SDSW requested the State Controller to make a determination as to whether county claims for additional child care services after the effective date of AB 99 would be honored. This request appears as Appendix B of this report.

The State Controller, on August 29, 1972, requested the advice of the Attorney General (see Appendix C). To date no opinion has been issued by the Attorney General. On September 26, 1972 the Secretary of the State Health and Welfare Agency requested the State Controller to reconsider the immediate need for an Attorney General's opinion and to postpone the request for an opinion until legislative action can be taken in November (see Appendix D).

It appears that the program will not be further implemented until some kind of legislative relief is obtained.

SUMMARY OF SB 796 CHILD CARE SERVICES IN THE FOUR COUNTIES REVIEWED

NUMBER OF CHILDREN SERVED

County proposals for Alameda, Los Angeles, Monterey, and San Diego counties provided for the additional care of 6,050 children. As of September 30, 1972, only 749 children were being served. This is 5,301 children, or 88 percent less than the number of children proposed for services.

Table 3 compares the number of children proposed for child care with the estimated number of children served in the four counties reviewed as of September 30, 1972.

Table 3

Comparison of the Number of Children Served by SB 796 Child Care Programs as of September 30, 1972 with the Number of Children Proposed in the Child Care Plans of the Four Counties

Counties	Number of Children Served As of 9-30-72	Number of Children Per Approved County Proposal	Difference Between Proposed and Actual
Alameda	149	970	821
Los Angeles	580	4,426	3,846
Monterey	20	60	40
San Diego	0	594	594
Totals	749	6,050	5,301

Reasons for this reduced level of child care are as follows:

1. Expanded child care services have not been implemented in San Diego County. According to the Chief of Special Services for the San Diego Department of Public Welfare, the local Board of Supervisors is not willing to proceed with the proposed SB 796 child care programs since they feel that there is no assurance that funds will be available to reimburse the county under SB 796 as the result of the passage of AB 99.

2. The Los Angeles County Department of Public Social Services interprets AB 99 to mean that the county is no longer authorized to contract for child care activities, and that there is no legal basis for the counties to expend money for expanded child care under SB 796.

3. County Boards of Supervisors in both Alameda and Los Angeles are reluctant to proceed with expanded child care operations until legislation is drafted to clarify the question of funding and the responsibilities for child care.

4. In Monterey County, pending contracts with local school districts for the care of 30 additional children were cancelled upon passage of AB 99.

COUNTY EXPENDITURES

As of September 30, 1972, all disbursements for the child care services set forth in SB 796 have been made by the counties. No reimbursements have been made to them for the federal and state shares. In both Alameda and Monterey counties, county funds are not used to support child care; the funds required to generate federal and state matching funds are raised from sources other than the county. These are contributions and donations from charitable organizations including United Bay Area Crusade (UBAC), local churches, and the Ford Foundation.

Table 4 shows estimates of total expenditures for SB 796 child care for the four counties reviewed as of September 30, 1972. None of these counties had filed claims for reimbursement with SDSW as of October 31, 1972.

Table 4

Estimates of County Expenditures for SB 796
Child Care Services for Four Counties from Program
Inception through September 30, 1972

County	Estimated Expenditures		Implementation Date
	Total	County Share	
Alameda	$ 83,000	$ 6,744	7-1-72
Los Angeles	200,000	16,250	5-1-72
Monterey	2,377	193	7-1-72
San Diego	-	-	-
Totals	$285,377	$23,187	

Estimates of total expenditures were provided by county welfare department officials, except for Monterey County which was in the process of making a claim for reimbursement of its child care expenses at the time of our review.

MODEL EXPERIMENTAL
CHILD-CARE PROJECT - LOS ANGELES COUNTY

An amount of $200,000 has been allocated from the $3 million provided by SB 796 for the joint development with Los Angeles County of a model experimental child-care project in two Los Angeles County communities: East Los Angeles and Venice.

A contract between the state and the Los Angeles County Department of Public Social Services was signed on June 27, 1972; the state was to provide direct management control of the project, and the county was to certify eligibility of program participants and participate in monitoring the project. As of September 30, 1972, the project had not yet been started although considerable staff time at both the state and county levels had been devoted to the project in terms of developing the project plan, creating necessary new positions to staff the project and recruiting personnel to fill these positions.

All effort related to the model child-care project was suspended upon the passage of AB 99.

TYPES OF CHILD
CARE SERVICES PROVIDED

A great variety of child care services are provided by the counties. Table 6 lists the types of child care programs proposed by the four counties that we reviewed and shows the number of children proposed to be assigned to each type of child care program.

Table 5

Types of Child Care Proposed by the
Four Counties Reviewed

Type of Child Care	Number of Children to be Served				
	Alameda	Los Angeles	Monterey	San Diego	Total
In-Home Care		2,682		176	2,858
Day Care in Relative's Home		480		59	539
Neighborhood Supervision				173	173
Licensed Family Day Care	40	882		165	1,087
Licensed Day Care Nurseries			10	5	15
Private Day Care Centers	24	132	20	16	192
Public Day Care Centers	801				801
Day Care Centers Contracting with the County		250			250
Day Care Centers Contracting with Local School Districts			30		30
Parent-Child Education Centers	105				105
Totals	970	4,426	60	594	6,050

The level of child care to be provided within each type of child care program differs considerably. In-home care, for example, simply requires that a person or relative watch the child in the child's home or in the home of the person providing the care. In order to qualify for federal funding an approved plan for child care must be included in the child's record, which includes certification that the person providing child care is adequate to perform in this capacity and is in good physical condition.

Care provided by contract centers, on the other hand, requires that qualified persons furnish educationally-oriented programs to the children. Average costs in Los Angeles County for in-home care are $108 per child per month compared with $193 per child per month for contract center child care.

During the course of our review we visited five child care operations. Specific types of child care provided in these operations are as follows:

1. Berkeley High School Parent-Child Education Center, Alameda County

   This program serves infants and toddlers as well as their mothers, all of whom are AFDC recipients attending Berkeley High School. The program provides day care services for the children while their mothers attend classes and complete their high school education or develop vocational skills. In addition to their regular classes the teenage mothers are required to take two class periods at the center related to infant care and family planning.

2. Thomas J. Earley Day Care Center, Monterey County

   This program serves children aged 33 months to 13 years and is affiliated with a local church. The parents of these children are either AFDC recipients or WIN trainees. The children participate in a non-structured atmosphere where the emphasis is placed on making learning fun.

3. Enterprise Day Care Center, Los Angeles County

This program serves children aged three through 13 years and operates under a contract with the Enterprise School District. The parents of these children are primarily AFDC recipients and WIN trainees; some are low income families not receiving public assistance. The center offers both preschool and extended day care programs. Emphasis is placed on preparing the preschooler for the school situation and providing assistance to those already attending school. The program includes parent involvement in its training component.

4. Second Baptist Day Care Center, Los Angeles County

This program serves children aged three through 11 years and is one of eight private day care centers having a contract with the Los Angeles County Department of Public Social Services which will expire on December 31, 1972. The parents of these children are primarily AFDC recipients. Both preschool and extended day care programs are offered by qualified staff members who have obtained 60 college units beyond their high school diplomas. The programs provide specialized training in listening and understanding skills.

5. St. Andrews Day Care Center, Alameda County

This program provides direct day care services to children aged two through 13 years, and operates in a geographical

area which has a large AFDC population. Sunday school rooms are used for class activities and training.

Some child care operations were opened in anticipation of the availability of SB 796 funds. These operations have contracts with their employees and payrolls to meet.

Three of the five child care operations that we visited indicated that they may be forced to close or decrease their staff and enrollments if SB 796 funds do not become available. If these centers do have to close, it will be difficult for county welfare departments or the SDE to reestablish good will and community relations when the funds finally do become available.

COUNTY CLAIMS FOR SB 796 CHILD CARE EXPENDITURES

In order for a county to make a claim from the SB 796 appropriation, the county must have met the following requirements:

- Have an SDSW-approved proposal for child care and child care training programs.
- Have an SDSW-approved allocation from the SB 796 child care appropriation.
- The amount expended by the county for child care must exceed the total amount expended in the base year 1970-71.

During the quarter ended June 30, 1972, three counties submitted claims for expanded child care; only Mendocino County qualified for SB 796 funds in the amount of $22. As of October 31, 1972, the Mendocino County claim had not been paid.

A tabulation of claims for the quarter ended September 30, 1972 made on October 31, 1972, showed that only 25 counties had submitted expenditure claims, of which nine counties indicated that additional SB 796 child care costs had been incurred. An additional 33 counties have yet to file claims for the quarter.

William H. Merrifield
Auditor General

November 10, 1972

CHRONICLE OF STATE AGENCY ACTIONS RE
IMPLEMENTATION OF SB 796 CHILD CARE

Date	State Agency	Action
10-1-71	-	Passage of SB 796 (Chapter 578, Statutes 1971)

Section 18.3 of SB 796 added Section 10811 to the Welfare and Institutions Code which required that each county provide child care services for former, current and potential recipients of public assistance who certify that if provided such services they will accept or maintain employment or training and who certify that without such services they would be unable to accept or maintain employment or training. The expenditures for these child care services were to be in addition to the amount spent during the 1970-71 fiscal year for child care services.

Section 18.4 of SB 796 added Section 10811.5 to the Welfare and Institutions Code which provided that each county, in cooperation with SDSW, HRD and SDE, was to establish a child care training program which gave priority to the training and employment of public assistance recipients in child care services.

Section 39.7 (b) of SB 796 appropriated $3 million to the SDSW to be used for the purposes of the above sections.

Date	State Agency	Action
12-21-71	SDSW	Administrative directive issued to all county welfare departments indicating tentative allocations of the SB 796 appropriation, and requesting that proposals for child care and child care training programs be submitted to SDSW.
		Note: SDSW failed to establish a deadline for submission of child care proposals at this time.
01-10-72	SDSW	Task force established to assist counties with the preparation of their child care proposals and to review submitted proposals.
02-16-72	SDSW	Deadline of 3-15-72 established for the submittal of county child care proposals.
06-30-72	SDSW	All county plans were approved either orally or in writing. Six counties indicated they had no need for additional child care services.
08-10-72	-	Passage of AB 99 (Chapter 670, Statutes 1972)
		Eliminated Sections 10811 and 10811.5 of the Welfare and Institutions Code related to the child care services provided in SB 796. In lieu of the above, AB 99 provides for a consolidation and revision of all such services and programs under the jurisdiction of SDE and the Superintendent of Public Instruction.

Date	State Agency	Action
08-23-72	SDE	Administrative directive issued to all county welfare departments and county superintendents of schools authorizing the continuation of the child care services currently being provided by county welfare departments.
08-25-72	SDSW	Requested the State Controller to determine if claims for child care expenditures submitted by the counties after August 10, 1972 (effective date of AB 99) will be paid from the SB 796 appropriation.
08-25-72	SDSW	Administrative directive issued to all county welfare departments stating the Health and Welfare Agency tentative opinion that monies will be available to continue child care programs.
08-25-72	SDSW	Requested the Superintendent of Public Instruction to establish an interim Joint Education Welfare Task Force to review the current interagency agreement for compatibility with AB 99. Note: The State Department of Education had not complied with this request as of October 31, 1972.
08-29-72	Controller	Requested the Attorney General to render an opinion concerning the availability of the $3 million appropriation as set forth in Section 39.7 (b) of the Welfare Reform Act of 1971.

Date	State Agency	Action
09-29-72	SDE and Health and Welfare Agency	Issued a directive to all county welfare directors and county superintendents of schools confirming their intent to continue the existing child care programs as initiated under the authorization of SB 796.
11-01-72	SDE	Request for federal waiver to transfer responsibilities for child care services from SDSW to SDE ready for submittal to the Department of Health, Education and Welfare.
11-01-72	SDE	Assessment of need survey for child development services completed.

SDSW - State Department of Social Welfare.

SDE - State Department of Education.

STATE OF CALIFORNIA--HUMAN RELATIONS AGENCY
RONALD REAGAN, Governor

DEPARTMENT OF SOCIAL WELFARE
744 P STREET
SACRAMENTO 95814

August 25, 1972

Mr. Houston I. Flournoy
State Controller
State Capitol, Room 1114
Sacramento, California 95814

Dear Mr. Flournoy:

COUNTY CLAIMS FOR CHILD CARE EXPENDITURES UNDER SB 796

As you know, Senate Bill 796, Chapter 578/71, Section 39.7(b) provides for counties to claim reimbursement for the state's share of child care payable from funds appropriated without regard to fiscal year. In accordance with the Welfare Reform Act of 1971, state funds were allocated to the individual counties by the State Department of Social Welfare.

The recent passage of AB 99 repealed Welfare and Institutions Code Sections 10811 and 10811.5 which authorized state funds for the county expansion of child care services. However, in a letter dated August 23 to County Welfare Directors, State Superintendant of Public Instruction Wilson Riles authorized the continuation of child care services now provided by counties, including SB 796 child care. Nevertheless, many counties with contractual commitments pursuant to these sections have expressed concern that, even though the SB 796 funds were firmly allocated, claims for services after the effective date of AB 99 may not be honored.

Therefore, I urge your determination, as soon as possible, that your office will continue to honor claims for child care expenditures after August 10, 1972, (effective date of AB 99) submitted by the counties to be paid from the appropriations provided by SB 796, Chapter 578/71, Section 39.7(b).

Several counties have indicated that they may shortly terminate their programs unless assured of funding. Therefore, this is a matter of great urgency and importance to the continuation of necessary child care services.

Sincerely,

ROBERT B. CARLESON
Director of Social Welfare

by: Charles D Hobbs
CHARLES D. HOBBS
Deputy Director, Operations

bcc: Dr. Wilson C. Riles
Superintendent of Public Instruction
and Director of Education

Mr. Dennis Flatt, Human Relations Agency

Mr. Richard Cutting - Dept of Finance

cc: Director's File
Reading File

HOUSTON I. FLOURNOY

Controller of the State of California

SACRAMENTO, CALIFORNIA 95805

August 29, 1972

Hon. Evelle J. Younger
Attorney General
500 Wells Fargo Bank Bldg.
Fifth Street & Capitol Mall
Sacramento, California

Attention: Mr. Robert Burton, Assistant

Dear Sir:

We have received the enclosed letter from the Department of Social Welfare, dated August 25, concerning the availability of the $3 million appropriation in Section 39.7(b) of the Welfare Reform Act of 1971 (Chap. 578, Stats. 1971). As you will note, that appropriation was "to the Department of Social Welfare, to be used for the purposes of Sections 10811 and 10811.5 of the Welfare and Institutions Code".

Following the elimination of Section 10.7 and Item 273.1 of the Budget Act of 1972, which would have transferred the appropriation to the Department of Education, Assembly Bill 99 was enacted to provide a new program and $3 million appropriation for child care services and training (Chap. 670, Stats. 1972). Sections 10811 and 10811.5 were repealed by Sections 14 and 15 of the new law, which became effective on August 10.

Apparently the administrative plan is to continue the former program using the 1971 appropriation (§ 39.7(b)), if possible, until such time as the new program is placed into operation. We have been unable to locate provision for this in Chapter 670. The 1971 appropriation is available without regard to fiscal years, for the purposes of Sections 10811 and 10811.5 but, as noted above, those sections have been repealed. We understand that several of the counties have also raised the question as to the effect on their participation in the interim.

In general three types of situations are involved:

(1) Where the Department of Social Welfare entered into a contract with a county prior to the repeal of the sections specified in the appropriation. A copy of such contract with Los Angeles County is enclosed.

(2) Where the Department of Social Welfare allocated funds to individual counties, but no contract was entered into prior to such repeal.

(3) Where no contract or allocation was made prior to the repeal of the sections.

Both the Department of Social Welfare and the Department of Education have emphasized the urgency in respect to continuation of the child care programs.

Accordingly, your advice is requested by informal memorandum as soon as possible.

For additional information concerning the matter, you may wish to contact Mr. Charles D. Hobbs, Deputy Director of the Department of Social Welfare, and Mr. Harvey K. Hunt, Legislative Coordinator of the Department of Education.

Very truly yours,
HOUSTON I. FLOURNOY, STATE CONTROLLER

By
Ralph I. McCarthy, Deputy

Encls.
cc: Wiley W. Manuel
: Charles D. Hobbs
: Harvey K. Hunt

APPENDIX D

STATE OF CALIFORNIA

Memorandum

Date : September 26, 1972

To : Houston I. Flournoy
State Controller

Subject: County Claims for Child Care Expenditures Under SB 796

From : HEALTH AND WELFARE AGENCY
Office of the Secretary
915 Capitol Mall, Sacramento, 445-6951

I understand that, as a result of urgings from both the State Department of Social Welfare and the Department of Finance, your office has requested an Attorney General's opinion on the availability of the SB 796, Chapter 578/71, Sec. 39.7(b), appropriation. Those urgings were based on information available at that time and were precipitated by the assumption that State funds were needed immediately to meet the child care obligations as authorized under SB 796.

Subsequently, this Agency discussed the matter of SB 796 funding with both SDSW and Finance and it is now apparent that claims against this State appropriation will not materialize before December 1, 1972. Through the encouragement of both Dr. Riles and myself, a child care program authorized under SB 796 has been continued. As was required under SB 796 "maintenance of effort" provisions, these child care programs are currently being maintained with local and Federal funds exclusively.

Because significant confusion continues to exist at the local level as to the ultimate status of these programs, I will be seeking affirmative action through the Legislature in November. I am, therefore, requesting you to reconsider the immediate need for an Attorney General's opinion and postpone the request for an opinion until legislative action can be taken in November.

Your assistance in this matter is appreciated. If you have any questions, please advise.

Earl W. Brian

EARL W. BRIAN, M.D.
Secretary

State of California

APPENDIX E

Memorandum

To : Honorable Houston I. Flournoy
State Controller

Date : August 30, 1972

File No.:

From : Department of Finance--Office of the Director

Subject: Child Care Services Authorized by Chapter 578, Statutes of 1971 (SB 796)

The enactment of Assembly Bill 99 (Chapter 670, Statutes of 1972) on August 10, 1972, raised some questions regarding the expenditure of funds authorized by Senate Bill 796 (Chapter 578, Statutes of 1971) by the Department of Social Welfare. The main issue stems from the repeal of Welfare and Institutions Code Sections 10811 and 10811.5 which described the child care services to be provided by each county using a state appropriation totaling $3,000,000 included in SB 796.

I believe all parties agree that the intent of this legislation is to make the Department of Education the one state agency responsible for the delivery of all "Child Development Services" as a part of the educational system. This responsibility was previously shared with the Department of Social Welfare. The period in question covers the transition from the Department of Social Welfare to the Department of Education.

The delivery of Child Care Services by the Department of Social Welfare is carried out through contracts with the various counties. During fiscal year 1971-72, the Department of Social Welfare made firm allocations totaling $2,783,169 as illustrated by Exhibit A. The basis for these allocations were approval letters as illustrated by Exhibit B. These allocations were shown as valid encumbrances along with the matching Federal share on the Department of Social Welfare Post-Closing Trial Balance as of June 30, 1972. Your control records as of June 30, 1972 showed a carry-over of $2,749,628 General Fund as applicable to Chapter 578, Statutes of 1971, Section 39.76.

On this basis, we feel a valid encumbrance existed prior to the enactment of Assembly Bill 99 (Chapter 670, Statutes of 1972) and ask that county claims filed covering child care expenditures made in accordance with the approved plans be honored. We will work closely with the Department of Education and the Department of Social Welfare to develop as expeditiously as possible the program called for by Assembly Bill 99. In the interim, the current programs can be continued until they are replaced.

I would appreciate your advising me of your decision as soon as possible to avoid any problems in the continued delivery of child care services.

VERNE ORR
Director of Finance

VO:bl

Attachments
cc: Honorable Wilson C. Riles, Superintendent of Public Instruction
Mr. Robert B. Carleson, Director, Department of Social Welfare
Mr. Floyd Johnson, Office of the State Controller