

Date of Hearing: April 2, 2024

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Alex Lee, Chair
AB 1808 (Stephanie Nguyen) – As Introduced January 9, 2024

SUBJECT: Childcare and development services: eligibility

SUMMARY: Aligns the California Work Opportunity and Responsibility to Kids (CalWORKs) eligibility period for families with other subsidized childcare programs at 24 months.

Specifically, **this bill:**

- 1) Strikes the following requirements, upon establishing initial or ongoing eligibility for the CalWORKs childcare program (Stage One, Stage Two, or Stage Three):
 - a) A family be considered to have met all eligibility and need requirements for those services for at least 12 months;
 - b) A family must certify or recertify their eligibility after 12 months; and,
 - c) A family must report changes to income or other changes after 12 months.
- 2) Requires, upon establishing initial or ongoing eligibility for first-stage childcare services under the CalWORKs program, a family be considered to meet all eligibility and need requirements and be authorized for not less than 24 months, or until the participant is transferred to the second stage of childcare.

EXISTING LAW:

State law:

- 1) Establishes the CalWORKs program to provide cash assistance and other social services for low-income families through the federal Temporary Assistance for Needy Families (TANF) program. Under CalWORKs, each county provides assistance through a combination of state, county, and federal TANF funds. (Welfare and Institutions Code [WIC] § 11120 *et seq.*)
- 2) Establishes income, asset, and real property limits used to determine eligibility for the CalWORKs program, and CalWORKs grant amounts, based on family size and county of residence. (WIC §§ 11150-11160; 11450 *et seq.*)
- 3) Establishes the “Child Care and Development Services Act” to provide childcare and development services as part of a coordinated, comprehensive, and cost-effective system serving children from birth to 13 years of age and their parents including a full range of supervision, health, and support services through full- and part-time programs. (WIC § 10207 *et seq.*)
- 4) States legislative intent that all families have access to childcare and development services, through resource and referral where appropriate, and regardless of demographic background or special needs, and that families are provided the opportunity to attain financial stability through employment while maximizing growth and development of their children and

enhancing their parenting skills through participation in childcare and development programs. (WIC § 10207.5)

- 5) Defines “childcare and development services” to mean services designed to meet a wide variety of children’s and families’ needs while parents and guardians are working, in training, seeking employment, incapacitated, or in need of respite. These services may include direct care and supervision, instructional activities, resource and referral programs, and alternative payment arrangements. (WIC § 10213.5(j))
- 6) Establishes eligibility criteria for state-subsidized child development services based on family and child circumstance, including, but not limited to, being a current aid recipient, income, homelessness, or if a child is or has been abused, neglected, or exploited, as specified. (WIC § 10271)
- 7) Requires a family to provide documentation of current enrollment in a program when establishing eligibility pursuant to 6) above and requires families qualifying under eligibility through this means to submit a self-certification of income for the purposes of prioritizing enrollment and calculating family fees. (WIC § 10271)
- 8) Requires that a family establishing initial or ongoing eligibility for subsidized childcare be considered eligible for 24 months, without requiring the family to have their eligibility or need recertified and without having to report changes to income or other changes for at least 24 months, as specified. (WIC § 10271(h)(1))
- 9) Requires that a family establishing initial or ongoing eligibility for CalWORKs childcare be considered eligible for 12 months, without requiring the family to have their eligibility or need recertified and without having to report changes to income or other changes for at least 12 months, as specified. (WIC § 10271(h)(5))
- 10) Makes legislative intentions ensuring that recipients of aid under CalWORKs, or any successor program, and former recipients who have left aid for employment, are connected as soon as possible to local childcare resources, make stable childcare arrangements, and continue to receive subsidized childcare services after they no longer receive aid as long as they require those services and meet the eligibility. (WIC § 10370(a))
- 11) Establishes three stages of childcare services through which a recipient of aid under CalWORKs, or any successor program, will pass. Provides that, as families’ childcare needs are met by county welfare departments and later by other local childcare and development contractors, it is the intent of the Legislature that families experience no break in their childcare services due to a transition between the three stages of childcare services. (WIC § 10370(b))
- 12) Requires that, in order to ensure that there is no disruption in childcare services due to the planned transitions between the stages of CalWORKs childcare, the first stage or the second stage of childcare services is not to be discontinued until confirmation is received from the administrator of the subsequent stage of childcare that the family has been enrolled in the subsequent stage of childcare, or that the family is ineligible for services in the subsequent stage of childcare. (WIC § 10370(c))

- 13) Requires upon establishing initial eligibility or ongoing eligibility for full-day California State Preschool Program (CSPP) that a family be considered to meet all eligibility and need requirements for those services for not less than 24 months. Further prohibits the need for a family to certify or recertify their eligibility; or be required to report changes to income; or other changes, for at least 24 months, as specified. (Education Code [EDC] § 8208(e)(1))
- 14) Establishes the individualized county childcare subsidy plan pilot projects in the counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, Sonoma, San Mateo, and San Francisco. (EDC §§ 8273; 8283; 8289)

Federal law:

- 15) Establishes the federal TANF program, which provides block grants to states to develop and implement their own state welfare-to-work (WTW) programs designed to provide cash assistance and other supports and services to low-income families (42 United States Code § 601 *et seq.*)

FISCAL EFFECT: Unknown, this bill has not been analyzed by a fiscal committee.

COMMENTS:

Background: *Subsidized Childcare.* California's subsidized childcare is made up of a complex system of programs serving children from birth through 13 years of age, funded through a mix of federal and state dollars, and administered through a mixed delivery system by local educational agencies, community-based providers, and family childcare providers. Specifically, subsidized childcare is available through numerous voucher-based programs, including but not limited to:

- California Alternative Payment Program (CAPP) helps enroll eligible families for subsidized childcare in licensed centers, family childcare homes, or license-exempt settings and pays for those services directly to the childcare provider selected by the family. The January 2024 California Department of Social Services (CDSS) Child Care Transition Quarterly Report found that in fiscal year 2022-23, there were 92,428 children participating in alternative payment programs (APPs), a decrease from the 99,843 children served in 2021-22.
- Migrant Alternative Payment Program (CMAP) issues vouchers to eligible migrant families that can be used to purchase childcare and development services throughout California's Central Valley for children from birth through 12 years of age and for older children with exceptional needs. Funding for services follows families as they move from place to place for agricultural work. There were 1,826 children participating in CMAP in 2022-23.

Subsidized childcare is also available through several direct service programs, including, but not limited to:

- General Child Care and Development (CCTR) Programs provide developmentally, culturally, and linguistically appropriate curriculum to children from birth through 12 years of age as well as older children with exceptional needs in centers and family childcare home education networks. There were 25,170 children participating in CCTR in 2022-23, a decrease from the 39,413 children served in 2021-22.

- Family Childcare Home Education Networks (CFCC) provide childcare and development services in family childcare home settings for children from birth through 12 years of age and older children with exceptional needs. CFCC also provides an educational component that is developmentally, culturally, and linguistically appropriate for the children served. There were 2,759 children participating in CFCC in 2022-23, a decrease from the 4,220 children served in 2021-22.

In fiscal year 2022-23, most children enrolled in subsidized childcare and development programs received care through licensed family childcare homes (158,959), centers (124,708), and license-exempt settings (82,704). The total number of children served in a subsidized childcare program in 2022-23 was approximately 250,000 children, a decrease from the 315,566 children served in 2021-22. This count in 2021-22 included 268,071 children from programs that transitioned from the California Department of Education (CDE) due to AB 131 (Committee on Budget), Chapter 116, Statutes of 2021. It is important to note that the total may include duplicate counts for children enrolled in multiple programs within that same year. Excluding children served through CalWORKs Stage One and the Emergency Bridge Program for Foster Children, the following were the demographics of families receiving subsidized childcare: 55.5% Hispanic, 20% White, 18.7% Black, and 3.8% Asian. There were 15.5% of children served who were Dual Language Learners, and of those, 74% spoke Spanish, 5.1% spoke Armenian, 4.4% spoke Cantonese, and 9.3% spoke another language.

Certain eligibility and prioritization rules apply to subsidized childcare in California. Families qualify for non-CalWORKs subsidized childcare if they satisfy at least one requirement in each of two areas: eligibility and need. First, they must meet one of the eligibility criteria, which includes currently receiving assistance, meeting income eligibility, experiencing homelessness, having children receiving protective services or identified as being at risk of abuse, neglect, or exploitation, or having a household member certified to receive benefits from specified means-tested government programs. Additionally, families eligible for subsidized care must demonstrate an income below 85% of the state median income. As per CDSS' Child Care Bulletin 23-16, effective July 1, 2023, that amount is \$6,931 per month for a family of three, totaling \$83,172 annually. Next, the family must meet one of the prerequisites for need. This could involve the child being identified by a legal, medical, or social services agency, or residing in an emergency shelter. Alternatively, the parents must either be employed or actively seeking employment, participating in vocational training or educational programs tailored for English language learners or aimed at achieving a high school diploma or general educational development certificate. They may also be in pursuit of permanent housing for family stability, or incapacitated.

State law and regulations specify the detailed and extensive methods for the verification of these requirements by relevant agencies, such as Child Care Resource Centers, APPs, county welfare directors (CWDs), or CFCC, before confirming a family's eligibility for services. For example, a family is required to provide documentation of current program enrollment when establishing eligibility. Additionally, families qualifying for program eligibility are required to submit a self-certification of income for enrollment prioritization and family fee calculation purposes. The process of verifying program eligibility, income eligibility, and need requirements imposes a significant burden on both families, to provide the necessary documentation, and agency staff, tasked with eligibility verification. In 2021, SB 1047 (Limón), Chapter 923, Statutes of 2022, sought to alleviate these burdens by extending the period of a family's eligibility for ongoing services in various childcare programs and CSPP from 12 months to 24 months. SB 1047 did not

extend this same 24-month eligibility period for families who receive childcare through CalWORKs due to cost pressures.

California Work Opportunity and Responsibility to Kids. CalWORKs is the state's primary cash assistance program. More specifically, CalWORKs implements the federal TANF program, which is a federal flexible block grant with the objective of providing income and support to families with children. CDSS' 2023 annual summary report states that 347,868 families received monthly CalWORKs benefits in 2022-23, or 0.8% of the total population in California. CalWORKs provides eligible low-income families with cash grants and supportive services aimed at helping them secure education, training, and employment. While grant amounts are adjusted based on family size, income level, and region, in 2022-23, the average monthly cash grant was \$962 across all family sizes and income levels, according to the Legislative Analyst's Office.

In order to receive CalWORKs, a single-parent household is required to participate in 30 hours per week of WTW activities, while a two-parent household is required to engage in 35 hours per week. If someone is pregnant or parenting a child under six years of age, 20 hours of WTW activities are required per week. WTW activities include participation in subsidized and unsubsidized employment, community service, adult basic education, community college, job skills, training, mental health counseling, substance use disorder treatment, domestic abuse services, or other activities necessary to assist recipients in obtaining employment. CalWORKs recipients are provided supportive services to allow them to successfully engage in the mentioned WTW activities. Supportive services include childcare, transportation, counseling, and/or school or work supplies.

CalWORKs Childcare. There are three stages in which a CalWORKs recipient or former recipient qualifies for subsidized childcare.

- *Stage One* begins when a family starts receiving CalWORKs cash assistance and is authorized for childcare provision for up to 12 months upon enrollment. Families may remain in Stage One until their situation is deemed stabilized, or until funds in Stage Two become available. Recipients receive full-time care unless part-time care is specifically requested. Childcare is available for children up to the age of 12 and for children with exceptional needs up to the age of 21. CWDs or their contractors, local APP agencies, administer Stage One. During the yearly recertification, all parents or caregivers still receiving CalWORKs cash aid at the end of their certification period are eligible for recertification in Stage One. A relevant agency may reauthorize the case for another 12 months once the parent or guardian verifies any changes before the authorized childcare end date. Parents or caregivers who no longer receive CalWORKs cash aid are transferred to CalWORKs Stage Two.
- *Stage Two* is designated for CalWORKs recipients once their stability has been assessed, typically following milestones like securing employment or when a parent or caregiver's cash aid is terminated. Childcare services will continue in CalWORKs Stage Two for an additional 24 months. CDSS contracts with APP agencies to administer Stage Two.
- *Stage Three* offers assistance to former CalWORKs families who have been off aid for 24 months. Families continue in Stage Three until their children surpass the eligibility age or

their income exceeds 85% of the state median income. Like Stage Two, CDSS contracts with local APP agencies to administer Stage Three.

There were 124,410 children participating in all three stages of CalWORKs childcare programs in 2022-23, a decrease from the 163,901 children served in 2021-22.

Current law states that after establishing initial or ongoing eligibility, families remain eligible for all childcare programs and are not required to report changes in income or other changes for at least 24 months. However, for families enrolled in the CalWORKs Stages childcare programs, families are required to recertify their eligibility after 12 months. This bill aims to reduce the burden on families to come in every 12 months to re-certify their eligibility. Families still meet with their case managers or family advocates for support meeting their needs, but their childcare would be stable for 24 months. The visual representation below demonstrates various scenarios comparing families receiving cash aid for six months in Stage One to those receiving cash aid for 12 months in Stage One and depicts the implications of the new 24-month recertification process.

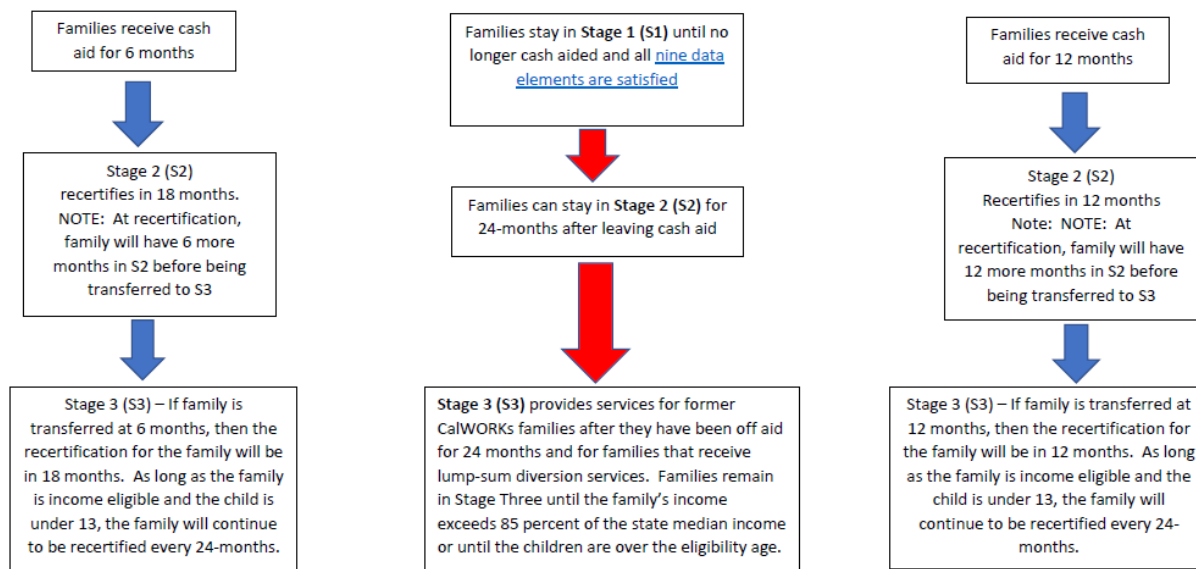
AB 1808 and how it would work

Families enter CalWORKs Stage 1 (No change)

Stage 1 CalWORKs is operated by each of the 58 county welfare departments. Of the 58, 38 counties contract out their Stage 1 child care to the Alternative Payment Program community partner. Each county has a different definition used to determine if a family is stable/off cash aid to transfer to Stage 2.

Examples under AB 1808

CalWORKs Stage 1 (S1) – Certification begins for 24-months



Individualized County Child Care Subsidy Program. Income eligibility thresholds for subsidized childcare services and for providers apply statewide and do not take into account regional variance in cost of living. Over the years, this one-size-fits-all approach to subsidized childcare, regardless of local cost of living, coupled with an overall need for a greater supply of, and access to, subsidized childcare services has led 13 counties to establish their own individualized county childcare subsidy plans.

Participating counties submitted a pilot plan to CDE requesting flexibility to address local needs, conditions, and priorities of working families in their respective communities. Participating counties did not receive additional funding for the flexibilities allowed; rather, these counties were able to retain and use more of their funding for subsidized childcare, which would otherwise revert to the state's general fund.

Participating counties were authorized to have local plans to address their childcare needs in ways that supersede state law in specific areas, such as eligibility criteria, fees, reimbursement rates, and methods of maximizing the efficient use of funds. San Mateo County established its pilot in 2004; San Francisco County in 2005; Alameda County in 2015; Santa Clara County in 2016; and the following counties in 2017: Fresno, Monterey, San Benito, Santa Cruz, San Diego, Solano, Contra Costa, Marin, and Sonoma. Thousands of children received care through these pilots.

A 2022 evaluation report by the Indigo Project examined 11 pilots and what they were accomplishing statewide. The report found that the majority of the pilots had implemented the 24-month eligibility for CalWORKs, which providers indicated was a crucial element in providing stability for children and families. Providers further reported that 24-month eligibility greatly reduced administrative burden by allowing more resources to be allocated for direct services to children. Providers can spend less time on meeting with families to continually re-assess and re-certify their eligibility.

This bill aims to streamline the continuity of services and the eligibility verification process for families who utilize the CalWORKs childcare program in order to align with other subsidized childcare programs. Specifically, this bill would expand eligibility from 12 months to 24 months to create parity with the eligibility of other programs.

Author's Statement: According to the Author, "For over 20 years, the California Work Opportunity and Responsibility to Kids (CalWORKs) program has played a crucial role in reducing poverty, promoting economic stability, and enhancing the quality of life for vulnerable families. A key facet of its success is childcare support, where it provides childcare assistance for parents participating in job training programs.

"Starting January 1, 2023, SB 1047 (Limón) amended the Welfare and Institutions Code (WIC) section 10271(h) implementing a 24-month eligibility period for various childcare programs, including the General Child Care and Development Program, Family Child Care Education Home Network, Migrant Child Care and Development Program, Migrant Alternative Payment Program, Children with Severe Disabilities and Alternative Payment Program. However, it excludes families receiving childcare and development services through CalWORKs for stages 1, 2, and 3.

"Currently, CalWORKs Stage 1, administered by 38 counties through the Alternative Payment Program (APP), allows for a 12-month eligibility. The inconsistencies in time limits across CalWORKs stages contribute to inequities and challenges for families entering CalWORKs.

"[This bill] establishes a consistent 24-month eligibility period for all income-eligible families within CalWORKs, aligning it with other subsidized childcare programs. This bill will help to eliminate disparities, streamline processes, and reduce burdens on families accessing childcare

support. Reliable childcare is vital for parents pursuing employment or education without worrying about the safety and well-being of their children.”

Equity Implications: Children of color are more likely than white children to live in poverty in California. Because children of color are more likely to live in families with low incomes, they are disproportionately eligible for subsidized childcare and development programs. The California Budget and Policy Center (Center) reports that children of color made up nearly 74.7% of all children ages 12 and under, but comprised 86.1% of children eligible for subsidized care in 2019. The most substantial disparity was observed among Latinx children, with 52.3% of their 12-under population, compared to 68.1% of children eligible for care.

The Center further reported in February 2024 that only one in nine of California’s children eligible for childcare actually received services in 2022. The number of children eligible for subsidized childcare has grown from 1,479,000 in 2015 to 2,161,000 in 2022, with children of color being disproportionately eligible for subsidized childcare. As the demand for subsidized childcare continues to far outpace supply, families of color are most impacted by this insufficient supply. In light of the significant demand for childcare compared with the constrained availability of funded slots, extending eligibility to 24 months for CalWORKs families guarantees stable childcare arrangements for at least two years. Parents and guardians, especially women of color who disproportionately use subsidized childcare, may use the additional year for professional development or career advancement rather than searching for other childcare options.

Extending eligibility to 24 months also substantially reduces administrative workload, enabling more resources to be directed toward providing direct services to children, which creates parity with the rest of the subsidized childcare programs. Overall, this bill guarantees the continuity of childcare services for working families.

RELATED AND PRIOR LEGISLATION:

AB 1925 (Rendon) of the current legislative session, extends eligibility for subsidized childcare and development programs to families whose child is eligible for and whose child is identified as needing childcare services under the federal Individuals with Disabilities Education Act.

AB 1925 is pending before this committee and set for a hearing on April 2, 2024.

SB 1307 (Becker) of the current legislative session, extends eligibility for subsidized childcare and development services to families with a family member who has verified employment of at least 20 hours or more per week at a childcare center or family childcare home, regardless of household income. Would give third priority, to the extent funds are available in the next state plan, to families that are eligible due to a family member’s employment at a childcare center or family childcare home. *SB 1307 is pending before the Senate Human Services Committee.*

AB 321 (Valladares), Chapter 903, Statutes of 2022, added prioritization for children who come from a family in which the primary home language is a language other than English into specified federal and state subsidized child development services programs.

SB 1047 (Limón), Chapter 923, Statutes of 2022, among other things, prohibited a family who is eligible for subsidized childcare services from being required to report a change in employment schedule for at least 24 months after establishing eligibility.

AB 131 (Committee on Budget), Chapter 116, Statutes of 2021, transferred all statutes applicable to the transferred programs, including, but not limited to, CalWORKs Stage 2, CalWORKs Stage 3, CAPP, CFCC, and CCTR from EDC to WIC. Pursuant to AB 131, EDC Section 8263 was transferred to the WIC as Section 10271.

AB 1294 (Quirk), Chapter 497, Statutes of 2021, extended the sunset for the individualized county childcare subsidy plan pilot projects for Santa Clara County from July 1, 2022, to July 1, 2023.

SB 50 (Limón) of 2021, would have extended eligibility for childcare and development programs and the preschool program to families in which a member of the family has been certified as eligible to receive benefits from certain means-tested government programs, including Medi-Cal and CalFresh, as specified, and would require those families to submit a self-certification of income for the purposes of prioritizing enrollment and calculating family fees. *SB 50 was vetoed by Governor Newsom.*

AB 194 (Reyes) of 2019, would have required, upon appropriation, \$1 billion to be invested in improving eligible children's and families' access to subsidized childcare services. *AB 194 was held on the Assembly Appropriations Committee suspense file.*

SB 80 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2019, amended the CalWORKs Stage One childcare program to provide full-time childcare to families immediately upon CalWORKs cash aid approval and continuously for 12 months or until the participants are transferred to Stage Two.

AB 108 (Committee on Budget), Chapter 7, Statutes of 2018, authorized the counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma to, individually as a pilot project, develop and implement individualized county childcare subsidy plans.

AB 258 (Arambula), Chapter 697, Statutes of 2017, authorized Fresno County to establish an individualized county childcare subsidy plan pilot project, which sunset on January 1, 2023.

AB 1542 (Ducheny), Chapter 270, Statutes of 1997, implemented the CalWORKs program, California's version of the federal TANF program.

REGISTERED SUPPORT / OPPOSITION:

Support

California Alternative Payment Program Association (Sponsor)
 4Cs of Alameda County
 California Alternative Payment Program Association (CAPP)
 California Family Resource Association
 Catholic Charities of Santa Clara County
 Central Valley Children's Services Network
 Child Abuse Prevention Center and Its Affiliates Safe Kids California, Prevent Child Abuse California, and The California Family Resource Association; the
 Child Action, INC.
 Child Care Law Center

Child Development Associates
Children's Council of San Francisco
Children's Home Society of California
Children's Resource & Referral of Santa Barbara County
Community Resources for Children
Council for a Strong America
Davis Street Family Resource Center
Del Norte Child Care Council
Family Resource Center
Friends Committee on Legislation of California
Glide
Golden State Opportunity
International Institute of Los Angeles
North Coast Opportunities
Pathways LA
Plumas Rural Services
Solano Family & Children's Services
Supportive Services, INC
Thriving Families California (TFC)
Western Center on Law & Poverty

Opposition

None on file.

Analysis Prepared by: Bri-Ann Hernández / HUM. S. / (916) 319-2089