Date of Hearing: April 7, 2021

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ASSEMBLY COMMITTEE ON HUMAN SERVICES
Lisa Calderon, Chair
AB 1294 (Bonta) – As Introduced February 19, 2021

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SUBJECT: Childcare: individualized county childcare subsidy plans

SUMMARY: Removes the sunset for the individualized county childcare subsidy plan pilot projects for the Counties of Alameda and Santa Clara. Specifically, **this bill**:

1) Specifies that the individualized county childcare subsidy plan pilot project may continue beyond the conclusion of the pilot project for the Counties of Alameda and Santa Clara.

2) Makes findings and declarations related to the need for a special statute because of the unique circumstances in the Counties of Alameda and Santa Clara including high cost-of-living and reduced access to quality childcare.

3) States that this act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety, as specified, and shall go into immediate effect.

EXISTING LAW:

1) Establishes the "Child Care and Development Services Act" to provide child care and development services as part of a coordinated, comprehensive, and cost-effective system serving children from birth to 13 years old and their parents, and including a full range of supervision, health, and support services through full- and part-time programs. (Education Code Section [EDC] 8200 *et seq.*)

2) Defines "child care 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. (EDC 8208(j))

3) States the intent of the Legislature that all families have access to child care and development services, through resource and referral services where appropriate, regardless of demographic background or special needs, and that subsidized child care and development services be provided to persons meeting the eligibility criteria. Further, 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 child care and development programs. (EDC 8202)

4) Requires the Superintendent of Public Instruction to administer general child care and development programs to include, among other things as specified, age- and developmentally-appropriate activities, supervision, parenting education and involvement, and nutrition. Further allows such programs to be designed to meet child-related needs identified by parents or guardians, as specified. (EDC 8240 and 8241)

5) To allow for maximum parental choice, authorizes the operation of Alternative Payment Programs (APPs) and provision of alternative payments and support services to parents and child care providers by local government agencies or non-profit organizations that contract with CDE. (EDC 8220)

6) Establishes rules and requirements for APPs and providers, as contracted agencies with the California Department of Education (CDE), to observe, including but not limited to accounting and auditing requirements, attendance monitoring requirements, referral requirements where applicable, and reimbursement and payment procedures. (EDC 8220 *et seq.*)

7) Requires the Superintendent to adopt rules and regulations regarding eligibility, enrollment, and priority of services. (EDC 8263)

8) Requires the Superintendent to adopt rules, regulations, and guidelines to facilitate funding and reimbursement procedures for subsidized child care. (EDC 8269)

9) Requires the Superintendent to establish a family fee schedule for subsidized child care, as specified, contingent on income and subject to a cap. (EDC 8273)

10) Establishes the individualized county child care subsidy plan pilot projects in the Counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma. (EDC 8332)

11) Specifies that the pilot project for the County of Santa Clara becomes inoperative on July 1, 2022, and the pilot project for the County of Alameda becomes inoperative on July 1, 2021.

FISCAL EFFECT: Unknown

COMMENTS:

Subsidized child care and development: Paying for child care can place significant financial stress on many families, particularly those with lower incomes. The average cost in California of child care in a family child care home for an infant in 2018 was $11,718 ($976 per month). The average annual cost for an infant in child care centers in 2018 was $17,384 ($1,449 per month). The state's subsidized child care system offers services to families with parents or guardians who are working, in training, seeking employment, experiencing homelessness, incapacitated, or in need of respite. Generally, families are eligible for subsidized child care if they meet income-related and other requirements, such as having a need related to work, training, or education, and having children who are under 13 years old (or under 22 years old if they have exceptional needs). Parents are currently income-eligible if they earn incomes less than 70% of the most recent state median income (SMI) when first applying – up to $54,027 per year for a family of 3, and less than 85% of the most recent SMI – up to $65,604 per year for a family of 3 – when renewing eligibility. Beginning on July 1, 2020, as a result of the adoption of AB 2626 (Mullin), Chapter 945, Statutes of 2018, all families – whether applying for or renewing their eligibility for subsidized child care – can have incomes less than 85% of the SMI in order to qualify.

Subsidized child care can be obtained through three main types of providers, depending on which program is being used. These types of providers include licensed child care centers,

licensed family child care homes, and license-exempt providers (for example, family members, neighbors, or friends).

The three main subsidized child care programs are:

- California Work Opportunity and Responsibility to Kids (CalWORKs) child care, for parents who receive or have received CalWORKs. CalWORKs child care can be provided in either centers, family child care homes, or license-exempt settings and is paid for using vouchers;

- Alternative Payment Programs (APPs), which offers families vouchers that allow them to choose their own child care in either centers, family child care homes, or license-exempt settings; and,

- General Child Care, which is provided through contracted centers and family child care home networks that are administered through private or public agencies and offer child care, education, and development services.

For eligible three-and four-year-olds, the state also offers California state preschool programs (CSPPs), which provide services that include developmentally appropriate curriculum, parent education, meals and snacks, and referral to social and health services for families.

Reimbursement rates: Two different sets of rate schedules apply to providers of subsidized child care. For programs utilizing vouchers, which allow families to access child care through their choice of a licensed day care center, a licensed family child care home, or license-exempt child care (typically, care provided by a family, friend, or neighbor who has passed a background check), providers are reimbursed using a "regional market rate" (RMR). This rate is based on a biannual RMR survey of the cost of child care in various geographical regions across the state. RMR rate ceilings are currently established at the 75th percentile of the 2016 RMR survey for a county. RMR ceilings for license-exempt providers are set at the 70th percentile of a county's established RMR ceiling for family child care homes. For example, the current maximum reimbursement in Santa Clara County for a child 0 to 24 months old in a child care center setting is $118 per day and the maximum reimbursement for the same age range in a family child care home in Santa Clara County is $75 per day. For license-exempt providers for both counties, it is $52 per day.

Providers of contracted care—child care and development programs and CSPPs that contract directly with CDE, as opposed to voucher-based care—are reimbursed according to a uniform statewide rate system based on the standard reimbursement rate (SRR). The fiscal year (FY) 2020-21 SRR for General Child Care is $49.54 per child per day of enrollment.

Santa Clara Pilot Project: Preliminary findings from the first full fiscal year of the pilot's implementation (2018-19) found that the pilot served a total of 10,228 children—280 more children served than the previous fiscal year. The largest share of children (4,309) were enrolled in APPs and second largest share (3,841) were enrolled in CSPP programs. About 20% of the children served had a family income between 70-85% of SMI. Most parents listed "Employment," "Part-Day CA State Preschool Program," or "Seeking employment" as their primary reason for receiving childcare. In the first full year of the pilot's implementation, the

County earned $47,775,256 of its contracted funds, which was $3,834,573 more than the previous year

Alameda Pilot Project: In fiscal year 2018-19, a total of 6,876 children received care—1,565 of whom were in the pilot income threshold. Of newly enrolled children, 65% (1,014) were in the pilot income threshold. The majority of the children served (5,588) were enrolled in a CSPP. Most parents listed "Employment," "Part-Day CA State Preschool Program," or "Seeking employment" as their primary reason for receiving childcare. From the baseline fiscal year (2015-16), Alameda County was able to increase earned child days of enrollment by 2.5%. In fiscal year 2018-19, contractors earned 93% ($65,352,091) of the $70,470,697 contract funds allocated to Alameda County, the highest amount retained over five years.

Need for this bill: According to the author, "Child care is a crucial service, not only for families, but for communities, and our overall economy as well. Smart child care infrastructure like these pilot projects has proven to be effective at helping low-income families while also efficiently using state funding. That's why I'm committed to ensuring these two pilot programs become permanent. Making this change won't cost the state more money and it's particularly important during the pandemic when we need to boost our economy and support hard-working families."

Double referral: This bill will be referred to the Assembly Education Committee should it pass out of this committee.

RELATED AND PRIOR BILLS:

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 child care subsidy plans.

AB 2368 (Gordon), Chapter 574, Statutes of 2016, established the Santa Clara individualized county child care subsidy plan pilot project, to sunset in 2022.

SB 103 (Committee on Budget and Fiscal Review), Chapter 324, Statutes of 2015, authorized the County of San Mateo to implement the individualized county child care subsidy plan indefinitely.

AB 833 (Bonta), Chapter 563, Statutes of 2015, established the Alameda County individualized county child care subsidy plan pilot project, to sunset in 2021.

AB 104 (Committee on Budget), Chapter 13, Statutes of 2015, authorized the City and County of San Francisco to implement the individualized county child care subsidy plan indefinitely.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Board of Supervisors (Co-Sponsor)
County of Santa Clara (Co-Sponsor)
Santa Clara County Office of Education (Co-Sponsor)
Alma State Preschool

Community Child Care Council (4CS) of Alameda County
Ephesian Children's Center
San Mateo County Child Care Partnership Council

Opposition

None on file

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