

Date of Hearing: April 9, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES  
Eloise Gómez Reyes, Chair  
AB 167 (Blanca Rubio) – As Amended April 3, 2019

**SUBJECT:** Childcare and development services: infants and toddlers: state funding

**SUMMARY:** Establishes the “California Partnership for Infants and Toddlers Act” to provide grants to child care and development programs and family child care home education networks (FCCHENs) that meet federal Head Start standards, and states Legislative intent to provide funds to serve an additional 20,000 infants and toddlers from birth to three years of age with high-quality child care. Specifically, **this bill:**

- 1) Makes a number of Legislative findings and declarations related to the importance of educational and developmental experiences during the first three years of a child’s life, racial and income-based disparities in access to early childhood learning and development opportunities, the current lack of access to subsidized child care and quality learning programs with comprehensive supportive services for many families in California, the benefits of early learning programs with high-quality standards and a two-generation approach for both children and parents, and the promise that a stronger state commitment to fostering the healthy growth and development of low-income infants and toddlers and to supporting their families holds for closing the school readiness gap and preparing children for later success in life.
- 2) States Legislative intent to address the child care crisis by appropriating, in the annual Budget Act or other statute, funding to child care and development programs and FCCHENs sufficient to serve an additional 20,000 infants and toddlers from birth to three years of age with high-quality, comprehensive, family-centered child care that adheres to the federal Head Start program performance standards.
- 3) Creates the “California Partnership for Infants and Toddlers,” whereby state grant support in the amount of \$4,000 per child per year shall be made available, upon appropriation, as specified, to qualifying child care and development programs and FCCHENs that serve infants and toddlers ages 0 to 3 years old.
- 4) Requires child care and development programs and FCCHENs to be eligible for the grants established pursuant to this bill if they both:
  - a) Agree to meet the federal Head Start program performance standards, as specified; and,
  - b) Provide full-day, full-year child care for infants and toddlers ages 0 to 3 years old.
- 5) Permits, for purposes of awarding grants pursuant to the provisions of this bill, the California Department of Education (CDE) to waive an element of the federal Head Start program performance standards in order to meet unique needs, as specified, and requires CDE to evaluate the need for this waiver on an annual basis.

- 6) Deems both of the following to be eligible for grants established pursuant to this bill:
  - a) An existing provider, upon contract renewal; and,
  - b) An applicant for any new child care and development program or FCCHEN slots serving infants and toddlers that are made available, as specified.
- 7) Requires, as a condition of grant receipt, a grantee to develop and implement a plan to improve quality and provide comprehensive education, health, development, and family support services to achieve the federal Head Start program performance standards.
- 8) Requires a grantee to demonstrate, each year, incremental progress towards implementing its plan to meet any federal Head Start program performance standards for which it has not been granted a waiver pursuant to provisions of this bill, as specified, and further, requires a grantee to meet those standards in full within four years of the initial grant.
- 9) Requires CDE to provide technical assistance, as specified, to a child care and development program or FCCHEN applying for or receiving funding pursuant to provisions of this bill.
- 10) Requires CDE to give priority for grant awards to child care and development programs and FCCHENs that serve a high proportion of children who are homeless, living in poverty, or have been, or are at risk of being, neglected or abused.
- 11) Permits a FCCHEN that receives funding pursuant to provisions of this bill to reimburse providers at a rate above the regional market rate to meet the federal Head Start program performance standards.
- 12) Requires CDE to adopt regulations to implement the provisions of this bill as soon as reasonably possible and authorizes CDE to implement and administer the provisions of this bill through the issuance of guidance or other written directives until such regulations are adopted, as specified.

**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 including a full range of supervision, health, and support services through full- and part-time programs. (Education Code [EDC] Section 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 and states that these services may include direct care 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 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 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) Requires families to meet certain criteria in order to be eligible for federal and state subsidized child development services, including that a family must be either a current aid recipient, income eligible, homeless, or one whose children are recipients of protective services or have been identified as being, or at risk of being, abused, or neglected, as specified. (EDC 8263)
- 6) Requires the Superintendent of Public Instruction to implement a plan that establishes reasonable standards and assigned reimbursement rates for child care and development services, to vary by length of program year and hours of service, and establishes amounts for, and provides for an annual cost-of-living adjustment to, the standard reimbursement rate for contracted providers. (EDC 8265)
- 7) Provides for the establishment of regional market rate ceilings for voucher-based child care and states Legislative intent that child care providers be reimbursed at the 85th percentile of the most recent regional market rate survey. (EDC 8222, 8357)
- 8) Defines a “family child care home education network” to mean an entity organized under law that contracts with the California Department of Education (CDE), as specified, to make payments to licensed family child care home providers, and to provide educational and support services to providers and to children and families eligible for state-subsidized child care and development services. (EDC 8208(p))
- 9) Requires the Superintendent of Public Instruction to contract with entities organized under law to operate FCCHENs, as specified, and establishes requirements for FCCHEN programs. (EDC 8245 and 8246)
- 10) Establishes in federal law the Head Start Act to promote the school readiness of low-income children by enhancing their cognitive, social, and emotional development through designation and allocation of funds to qualified agencies, as specified. (42 U.S. Code Section 9801 *et seq.*)

**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 2014 was \$8,462 (\$705 per month). The average annual cost for an infant in child care centers in 2014 was \$13,327 (\$1,111 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 of this year, 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. CSPP operates on either a part-day or full-day basis and can be offered in a number of different settings, including child care centers, family child care network homes, school districts, or county offices of education. Teachers in CSPPs must have a Child Development Teacher Permit, including 24 units in early childhood education and/or child development and 16 general education units.

In Fiscal Year 2018-19, there are approximately 210,000 subsidized child care slots offered across the various programs (including 137,000 CalWORKs, 45,000 Alternative Payment, and 28,000 General Child Care slots) as well as over 170,000 CSPP (103,000 part-day and 67,000 full-day) and 90,000 Transitional Kindergarten slots. The state's current capacity to provide adequate affordable child care services is far below what is required to meet families' needs across California. A January 2019 analysis by the California Budget and Policy Center stated that, "In 2017, just 1 in 9 children eligible for subsidized child care and development programs in California were enrolled in a program that could accommodate families for more than a couple hours per day and throughout the entire year."

**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 regional market rate (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 (unless that ceiling is lower than the ceiling existing on December 31, 2017). 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 San Bernardino County for a child 0 to 24 months old in a child care center setting is \$77 per day. The maximum reimbursement for the same age range in a family child care home in San Bernardino County is \$48 per day, and for license-exempt providers, it is \$33 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) 2018-19 SRR for General Child Care is \$47.98 per child per day of enrollment or \$11,995 per year based on 250 days of operation. However, acknowledging the higher costs associated with providing care to certain populations, state law (Education Code Section 8265.5) provides for “adjustment factors” to be multiplied by child days of enrollment to arrive at an adjusted SRR. For example, the adjustment factor for infants (0 to 18 months) is currently 2.07, meaning that the per-child-per-day SRR is \$47.98 times 2.07 – or, \$99.32. (Note that this adjustment factor is prorated per recent changes adopted in the AB 1808 [Committee on Budget], Chapter 32, Statutes of 2018; the adjustment factor will be 2.44 for the 2019-20 fiscal year.)

**Family child care home education networks:** FCCHENs work with participating family child care homes to help facilitate the provision of high-quality child care and development services. Under contract with CDE, FCCHEN contractors provide ongoing training and support to family child care homes in their network in order to assist these providers with offering early education and child care to eligible families with children ages birth through 13 years of age. Providers are required to meet standards of quality set forth by CDE, and must meet a number of other requirements, including offering parent education. Children attending a family child care home that participates in a FCCHEN have their developmental progress closely monitored, and are evaluated using the Desired Results Developmental Profile (DRDP), which is a CDE-developed formative assessment instrument for young children and their families, designed to inform instruction and program development.

According to CDE, there are currently 301 FCCHEN contractors serving 1,511 providers who, in turn, provide care and education for 31,185 children.

**Head Start and Early Head Start:** Established at the federal level in 1965, Head Start is a program aimed at providing comprehensive services to low-income children and their families, including education, health, nutritional, and social services. Head Start provides federal grants directly to local entities, which can be public or private agencies, faith-based or secular, nonprofit or for-profit. Head Start encourages the involvement of families and local communities and responsiveness to each community’s unique needs. Head Start programs are

authorized to serve children of any age prior to compulsory school attendance; however, the program largely serves 3 and 4 year olds.

Early Head Start was included in Head Start in 1994, nearly 30 years after Head Start's creation, with the goal of serving infants and toddlers who are typically too young to participate in Head Start activities. Early Head Start programs serve pregnant individuals and children under the age of 3. According to a January 2014 report from the Congressional Research Service, "[Early Head Start] grantees must design programs that respond to the strengths and needs of individual families with services including education; home visits, especially for families with newborns and infants; parent education, including parent-child activities; comprehensive health services, including services to women during and after pregnancy; and ongoing parental support through case management and peer groups. All programs must conduct an assessment of community resources and needs and must ensure the recruitment and development of high-quality staff."

Head Start and Early Head Start grantees must comply with the Head Start Program Performance Standards which establish requirements aimed at delivering services to low-income children and families that will support school readiness and healthy development. These standards were revised in 2016 to, among other things, strengthen curriculum requirements and education services, and require use of evidence-based professional development activities.

According to the National Head Start Association, in 2017, there were 121 Head Start programs and 152 Early Head Start programs in California. Across the state's Head Start programs, there were 80,982 funded slots, meaning that 30% of eligible children between the ages of 3 and 5 had access to Head Start. Across Early Head Start programs, there were 20,976 funded slots, meaning that 8% of eligible children under the age of three had access to Early Head Start.

***Need for this bill:*** This bill seeks to increase the state's capacity to provide high-quality subsidized child care to infants and toddlers. According to the author, "California's current early care and education system leaves too many low-income babies behind. Just 9% of California's low-income infants and toddlers are enrolled in subsidized child care. Even fewer families have access to the high-quality early learning programs with comprehensive support services that have the greatest positive impact on low-income babies. [This bill] will help close the early learning opportunity gap facing our youngest children by strengthening and expanding child care and development programs for infants and toddlers based on the effective, high-quality Early Head Start model."

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

#### **RELATED AND PRIOR LEGISLATION:**

***AB 194 (Reyes) of 2019*** requires, upon appropriation, \$1 billion to be put towards improving eligible children's and families' access to subsidized child care services. AB 194 is set to be heard in the Assembly Human Services Committee on April 9, 2019.

***AB 452 (Mullin) of 2019*** establishes the California Child Care Facilities Grant Fund to replace the Child Care Facilities Revolving Fund and to provide grants to providers of publicly-funded child care for the improvement, acquisition, or construction of facilities to house programs for infants and toddlers. AB 452 is set to be heard in the Assembly Human Services Committee on April 9, 2019.

*AB 1808 (Committee on Budget), Chapter 32, Statutes of 2018*, among a number of other changes, adopted an increase to the infant reimbursement rate adjustment factor, raising it from 1.7 to 2.44, and raised the toddler reimbursement rate adjustment factor from 1.4 to 1.8.

*AB 273 (Rendon) of 2013* would have established the “California Partnership for Infants and Toddlers Act of 2013” and required the Superintendent of Public Instruction to apply to the California Children and Families Commission for funds to fund the California Children and Families Program. AB 273 was held on the Assembly Appropriations Committee suspense file.

*AB 2286 (Bonilla) of 2012* would have increased the reimbursement rates for child care services for infant and toddler care. AB 2286 was held on the Assembly Appropriations Committee suspense file.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Children's Defense Fund – California (Sponsor)  
Kidango, Inc. (Sponsor)  
ZERO TO THREE, California (Sponsor)  
American Academy of Pediatrics, California  
Association of Regional Center Agencies  
California Association of Food Banks  
California Food Policy Advocates  
California State PTA  
Coalition of California Welfare Rights Organizations  
Early Edge California  
Fight Crime: Invest In Kids  
Friends Committee on Legislation of California  
Local Early Education Planning Council of Santa Clara County  
Mission: Readiness  
National Association of Social Workers, California Chapter  
ReadyNation  
Riverside Temple Beth El  
Tandem, Partners in Early Learning  
The Children's Partnership  
United Ways of California  
One private citizen

### **Opposition**

California Right to Life Committee, Inc.

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