

Date of Hearing: April 9, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Eloise Gómez Reyes, Chair
AB 194 (Reyes) – As Amended March 19, 2019

SUBJECT: Childcare and development services

SUMMARY: Requires, upon appropriation, \$1 billion to be put towards improving eligible children's and families' access to subsidized child care services. Specifically, **this bill:**

- 1) Makes a number of Legislative findings and declarations related to the importance of quality early care and education programs to children and families, and related to the severe shortage of subsidized child care in California.
- 2) States Legislative intent to, in recognition of the benefits that quality early care and education bring to children and families, enact legislation that would build a strong foundation for the early care and education system so that it can optimally serve the unique needs of California's families and young children.
- 3) Requires \$1 billion, upon appropriation in the annual Budget Act or other statute, to be made available to immediately improve access to alternative payment programs and general child care and development programs, as specified, for the state's eligible children and families in need.

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 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 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 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)

- 5) 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)
- 6) Authorizes, in order to provide for maximum parental choice, alternative payment programs to serve identifiable geographic areas and to include: a subsidy (voucher) that follows the family from one provider to another within a given alternative payment program; choices, whenever possible, among hours of service, as specified; and, child care and development services according to parental choice, including use of family day care homes, general center based programs, and other state-funded programs, as specified. (EDC 8220 *et seq.*)
- 7) 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)
- 8) 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)

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 – must have incomes less than 85% of the SMI.

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. CSPPs operate 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.

Access to subsidized child care: In Fiscal Year (FY) 2018-19, there are approximately 210,000 subsidized child care slots offered across the various programs, including:

- 137,000 CalWORKs slots;
- 45,000 Alternative Payment slots; and,
- 28,000 General Child Care slots.

Additionally, for FY 2018-19, there are approximately:

- 170,000 CSPP (103,000 part-day and 67,000 full-day) slots; 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 found that, in 2017, only 1 in 9 children who were eligible for subsidized child care and development programs in California were actually enrolled in a program capable of meeting their family's needs for more than a couple hours per day and throughout the entirety of the year. Analyzing federal survey data, the California Budget and Policy Center determined that approximately 2 million California children from birth through 12 years of age were eligible for subsidized child care in 2017, yet only 228,100 were able to participate in full-day, year-round programs. The California Budget and Policy Center concluded that, along with wage stagnation and its impacts on families' incomes, "This

mismatch between eligibility for care and available spaces largely reflects inadequate state and federal funding.”

Need for this bill: Access to affordable child care ideally serves two crucial purposes that can impact whole families and their futures: it can both provide children with early learning and development experiences in safe, nurturing environments, and it can also enable parents to engage in employment and education as they work to support their families. In the absence of affordable child care, families are often left with difficult choices that can impede parents’ education, training, and employment, and ultimately hinder income growth. An October 2014 report from the Urban Institute examining the role of child care assistance for parents in education and training observed that, “Lack of child care is one important barrier that can make it difficult for low-income parents to successfully participate in workforce development programs such as education, training, activities that help people find jobs, job-readiness activities, and supportive services.” And, when a parent is faced with the decision of whether or not to quit a job and stay home to provide care for their child or children, it is often not just a matter of which will be more affordable – foregone wages or the cost of child care – because opportunity costs and longer-term impacts are also often involved. In a June 21, 2016, article examining the costs of interrupting a career to provide child care, authors writing for the Center for American Progress comment, “When parents leave the workforce, the long-term financial penalty can exceed annual child care payments, even with today’s high cost of child care. For some families, a full-time, at-home caregiver is an optimal and financially viable choice. But increasingly, single parents are the sole breadwinners and two-parent families need both incomes to make ends meet. In addition to lost wages, parents who interrupt their career earn less when they return to the workforce and those effects also reduce their retirement savings and social security benefits.”

According to the author, “Providing quality child care to our infants and toddlers is imperative if we want to help uplift working families. We know that early childhood education is the greatest equalizer that we have at our disposal to help support children and families. Currently, 8 out of every 9 children eligible for child care are not receiving it. As the only area which has yet to be addressed by the Governor’s generous budget proposal, the need to fund subsidized child care is only growing. [This bill] is the first major step in investing in these infants, toddlers, and their families, ensuring they have the access to the developmentally crucial resource that is quality child care.”

RELATED AND PRIOR LEGISLATION:

AB 167 (Rubio) of 2019 establishes The California Partnership for Infants and Toddlers to provide grants to qualifying child care and development programs and family child care home education networks that serve children from 0 to 3 years of age and meet federal Head Start program performance standards, and states Legislative intent 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. This bill is scheduled 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. This bill is scheduled to be heard in the Assembly Human Services Committee on April 9, 2019.

SB 840 (Mitchell), Chapter 29, Statutes of 2018, the Budget Act of 2018, among many other things, provided for 11,307 new Alternative Payment child care slots for the period of July 1, 2018, through June 30, 2020, and 2,100 new Alternative Payment child care slots beginning on September 1, 2018.

REGISTERED SUPPORT / OPPOSITION:

Support

California Alternative Payment Program Association (Sponsor)
Child Care Law Center (Sponsor)
Parent Voices California (Sponsor)
A Stronger California
Alliance of Californians for Community Empowerment
American Association of University Women - California
Asian Pacific Environmental Network
Bay Area Equal Voice Coalition
California Asset Building Coalition
California Association for the Education of Young Children
California Child Care Resource and Referral Network
California Domestic Workers Coalition
California Employment Lawyers Association
California Food Policy Advocates
California Latinas for Reproductive Justice
California Partnership
California Policy Advocacy Network
California Women's Law Center
California Work and Family Coalition
Career Ladders Project
Center for Law and Social Policy
Center for Popular Democracy
Central Valley Children's Services Network
Chicano Federation
Child Action Inc.
Child Care Alliance of Los Angeles
Child Care Links
Child Care Resource Center
Child Development Associates
Child Development Centers
Child Development Resources of Ventura County, Inc.
Child360
Children's Council San Francisco
Children's Home Society of California
Children's Resource & Referral of Santa Barbara County
Community Action Partnership of San Luis Obispo County, Inc.
Community Child Care Coordinating Council of Santa Clara County

Community Child Care Council of Sonoma County
Community Resources for Children
Connections for Children
Continuing Development Inc.
Crystal Stairs, Inc.
Davis Street Family Resource Center
Del Norte Child Care Council
Early Edge California
Ella Baker Center For Human Rights
Equal Rights Advocates
Everychild California
First 5 California
First 5 LA
First 5 Monterey County
Go Kids, Inc.
GRACE
International Institute of Los Angeles
Just Cause
Kidango
Kids Kare Schools
Lassen Child & Family Resources
Legal Aid at Work
MomsRising
National Council of Jewish Women
National Women's Law Center
Noho Software
Opportunity Institute
Parent Voices CA
Parent Voices Oakland
Parent Voices Solano
Raising California Together
ReadyNation
SEIU California
Siskiyou Child Care Council
Solano Family & Children's Services
Starting Over, Inc.
Supportive Services, Inc.
Tandem, Partners in Early Learning
The Women's Foundation of California
Time for Change Foundation
Tradeswomen, Inc.
UDW/AFSCME Local 3930
UFCW - Western States Council
Valley Oak Children's Services, Inc.
Western Center on Law & Poverty, Inc.

Opposition

California Right to Life Committee, Inc.

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