

Date of Hearing: March 26, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Eloise Gómez Reyes, Chair

AB 324 (Aguiar-Curry) – As Amended March 20, 2019

**SUBJECT:** Childcare services: state subsidized childcare: professional support stipends

**SUMMARY:** Expands access to, and adopts revised standards related to, stipends designed to facilitate the professional development and retention of providers of high-quality subsidized child care. Specifically, **this bill:**

- 1) Makes Legislative findings and declarations related to the importance of access to quality early care and education programs, and states Legislative intent to build a strong foundation for the early care and education system that serves the unique needs of California's families and young children, as specified.
- 2) Recasts Legislative intent found in current law regarding supporting child care providers by deleting language expressing intent to assist counties in improving the retention of qualified child care employees who work directly with children who receive state-subsidized child care services and, instead, stating Legislative intent to assist Quality Counts California's Quality Rating and Improvement System (QRIS) local consortia in providing professional development and higher education support for providers who work with children receiving subsidized child care, as specified.
- 3) Deletes Legislative intent specific to the unique child care challenges of Los Angeles County and, instead, states Legislative intent to support diversity in the early care and education profession and strengthen and improve the quality and craft of the childcare workforce, as specified.
- 4) States Legislative intent to provide funding for, as specified: updating local and online community college infrastructure needs; via the California Child Care Initiative Project, supporting unlicensed childcare providers with obtaining a family child care home license and professional development; supplying professional development and higher education support to qualified providers of subsidized child care through Quality County California's QRIS local consortia; and providing preservice and mentoring for family care providers via apprenticeships.
- 5) Recasts provisions of current law related to the expenditure of certain funds for the retention of licensed providers of subsidized child care in family day care homes by deleting, among other things, reference to a specific allocation of funds to Los Angeles County and, instead, requiring certain funds appropriated in the annual Budget Act to be allocated to alternative payment program agencies to provide professional support stipends to qualified licensed providers of subsidized child care, as specified.
- 6) Requires the California Department of Education (CDE) to, upon an appropriation by the Legislature for this purpose, provide professional support stipends to qualified child care employees in subsidized child care centers and family child care home education networks (FCCHENs).

- 7) Recasts requirements related to CDE's development of guidelines for use by local child care and development planning councils by deleting certain requirements including, among other things, that the guidelines be consistent with CDE's current workforce needs assessment, and instead, requires CDE, by January 1, 2021, to develop guidelines for use by both local child care and development planning councils and alternative payment program agencies in developing unified county spending plans, in coordination with the local Quality Counts California county consortium, as specified.
- 8) Stipulates that any county plan developed pursuant to the guidelines established per provisions of this bill must be approved by CDE prior to allocation of funds to the local child care and development planning council or alternative payment program agency, and requires CDE to ensure that county plans meet all of the following requirements, as specified:
  - a) Have no more than one professional support stipend plan per county;
  - b) Make stipends available to providers across child development program and provider type and setting;
  - c) Integrate stipends into and align them with the comprehensive Quality Counts California professional development system in that county;
  - d) Use stipends to support a childcare provider's higher education attainment and professional development plan and to, as appropriate, support a childcare provider to move up the California Early Learning Career Lattice;
  - e) Ensure that stipends support individual child care provider and are, as appropriate, a part of the child care site's quality improvement plan;
  - f) Register and report to CDE stipend use and child care provider professional development and higher education attainment outcomes; and,
  - g) Require local childcare and development planning councils and alternative payment program agencies funded pursuant to this section to conduct a regular evaluation in order to examine participant outcomes, and identify and replicate best practices from around the state.
- 9) Specifies that the annual report, required in current law, on the distribution and use of funds shall also include information on the distribution of funds by provider type and a description of the funds used to meet the department guidelines established pursuant to the provisions of this bill, and shall be submitted in compliance with current law, as specified.
- 10) Makes technical and conforming changes.

**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 a 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, 8444)
- 8) Requires funds appropriated for this section of law to be allocated to local child care and development planning councils based on the percentage of funds received for state-subsidized center-based child care in that county and used for the purposes of retaining qualified child care employees in state-subsidized child care centers. Further, permits any of the appropriated funds that are allocated for use in Los Angeles County, appropriated in the Annual Budget Act, and are unspent after addressing the retention of child care employees in subsidized child care centers or family child care home education networks (FCCHENs) to also be used to address the retention of providers in licensed child care programs serving a majority of children receiving subsidized care, including family day care homes, as specified. (EDC 8279.7)

**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. 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. 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 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 (EDC 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 AB 1808 (Committee on Budget), Chapter 32, Statutes of 2018; the adjustment factor will be 2.44 for the 2019-20 fiscal year.)

**Quality Counts:** According to the National Center on Early Childhood Quality Assurance, established in the U.S. Department of Health and Human Services' Administration for Children and Families, a QRIS is "a systemic approach to assess, improve, and communicate the level of quality in early and school-age care and education programs. Similar to rating systems for restaurants and hotels, QRIS award quality ratings to early and school-age care and education programs that meet a set of defined program standards. By participating in their State's QRIS, early and school-age care providers embark on a path of continuous quality improvement. Even providers that have met the standards of the lowest QRIS levels have achieved a level of quality that is beyond the minimum requirements to operate."

In this state, Quality Counts California is a statewide system of locally-implemented QRIS, aimed at connecting parents and families to high-quality early care and education programs. Quality Counts California seeks to ensure that young children have local access to quality early learning experiences. It also provides support and resources to early care and education providers, enabling them to establish high-quality early care and education programs.

**AB 212 Staff Retention Program:** AB 212 (Aroner), Chapter 547, Statutes of 2000, allocated funding to local child care planning councils to be used for the retention of qualified staff in state-subsidized child care centers. Total FY 2018-19 funding for the AB 212 Staff Retention Program is \$10,750,000. Per the originating legislation, the Superintendent is supposed to provide an annual report by April 10th of each year to the Legislature, Department of Finance, and the Governor that includes a summary of the distribution of AB 212 funds by county and a description of the use of the funds. However, it does not appear that a more current report than the April 2013 report is readily available. This 2013 report indicates that the AB 212 funding level in FY 2012-13 was the same as in FY 2018-19 (\$10,750,000); this represents a significant decrease from the funding level for fiscal years 2000 to 2009, which was \$15,000,000. Fifty-five (55) counties utilized AB 212 funds in FY 2012-13 to conduct child development staff retention activities. The funding is allocated to Local Child Care and Development Planning Councils based on each county's percentage of state-subsidized, center-based child care funds. Three counties (Alpine, Mariposa, and Sierra) did not have any such programs in their areas during FY 2012-13 and therefore were not eligible for these funds.

The April 2013 report stated that:

“During FY 2012–13, the following Title 5 child development staff received stipends from the Child Development Staff Retention Program:

- 1,858 Assistant and Associate Teachers
- 1,911 Teachers/Master Teachers
- 987 Site Supervisors
- 324 Directors

As of July 1, 2012, a total of 5,080 Title 5 child development staff have participated in AB 212 activities. More teachers participated in the program during FY 2012–13 than the previous year. Many LPCs continue to target these resources toward the lowest paid staff that work directly with children. They also want more teachers to stay in the program and earn higher-level Child Development Permits and educational degrees. The average range of stipends per employee was between \$1,500 and \$1,800, which assisted in paying for books and tuition. Stipends were increased from last year due to tuition increases at community colleges and Universities of California in 2012–13. Each participant was enrolled in a minimum of 3 college units this year, and many were enrolled in 6 to 12 college units. The average participant completed 22.5 hours of professional development classes. The program recognizes individual child development staff for various levels of career ladder attainment and continuous work 3 experience in a Title 5 Child Care and Development or State Preschool program. There has been an increased focus on improving the way early childhood educators teach, and their daily effectiveness with children and families has improved.”

**Need for this bill:** This bill seeks to update and expand the AB 212 staff retention program by broadening eligibility to more settings and provider types, and adopting more structure and definition related to the stipends, which will promote more consistent implementation across the state. According to the author, “Research shows that quality childcare is critical to a child’s development and lifelong wellbeing. What happens in the first five years of a child’s life has a profound impact on their learning ability for the rest of their life. However, it is hard for parents to find affordable, high-quality childcare programs for their children. This is especially true for the parents of infants and toddlers, those who work in jobs meeting the demands of our 24/7

economy, and those in rural communities. Part of the problem is due to a shortage in the childcare workforce, low wages, educational barriers to entry, and high start-up costs. The bill will help address this problem by recruiting and retaining our child care employees in California. [This bill] will help expand and increase stipends [Early Care and Education] (ECE) employees can receive, and ensure that more ECE employees have access to professional development opportunities. We need to support our ECE workforce.”

***Recommended amendments: Committee staff recommends moving the intent language found in subdivision (a) to an uncodified section of the bill.***

**PRIOR LEGISLATION:**

***AB 212 (Aroner), Chapter 547, Statutes of 2000***, allocated funding to local child care planning councils to be used for the retention of qualified staff in state-subsidized child care centers.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

First 5 California (Sponsor)  
California Alternative Payment Program Association  
California Family Resource Association  
Child Care Alliance of Los Angeles  
Child Care Resource Center  
Child360  
Community Child Care Council of Sonoma County  
First 5 LA  
First 5 Lake County  
First 5 Sacramento  
First 5 San Benito  
First 5 San Bernardino  
First 5 Solano Children and Families Commission  
First 5 Yolo  
Fraser Communications  
United Domestic Workers of America-AFSCME Local 3930/AFL-CIO  
United Ways of California

**Opposition**

None on file

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