Date of Hearing: March 28, 2023

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Corey A. Jackson, Chair
AB 596 (Reyes) – As Amended March 21, 2023

SUBJECT: Early learning and care: rate reform

SUMMARY: Requires the California Department of Social Services (CDSS), in consultation with the California Department of Education (CDE), to develop and implement an alternative methodology for calculating subsidy payment rates for childcare and California State Preschool Program (CSPP) services, requires an equitable sliding scale for the payment of family fees be developed, and prohibits family fees from being collected until the sliding scale is implemented. Specifically, **this bill**:

1) States Legislative intent that the provisions of this bill implement the recommendations of the Rate and Quality Workgroup (RQWG) to create a new subsidy payment rate structure for childcare and development and preschool programs.

2) Makes inoperative, beginning on the date that CDE notifies the Legislature that CDE has adopted the alternative methodology established by the provisions of this bill, provisions of current law that require CDE, in collaboration with CDSS, to implement a reimbursement system that establishes reasonable standards and assigned reimbursement rates as specified below in 5). Further, repeals those provisions of existing law on January 1 of the following year following the date on which CDE notifies the Legislature that an alternative methodology has been adopted.

3) Requires CDE, in collaboration with CDSS, to implement the alternative methodology for calculating reimbursement rates for CSPP to be developed by the provisions of this bill, and, further, makes this requirement operative on the date that CDE notifies the Legislature that the department has adopted the alternative methodology, as specified.

4) Prohibits family fees for full-day preschool services from being collected until the new equitable sliding scale is established and implemented, as required by the provisions of this bill.

5) Requires CDSS, in collaboration with CDE, to develop an alternative methodology for calculating subsidy payments for certain childcare services and CSPP, and, further, requires the alternative methodology to:

   a) Build upon the recommendations of the RQWG and be aligned with the Joint Labor Management Committee (JLMC), as defined in current law; and,

   b) Use a cost estimation model that includes all of the following:

      i) Program models that meet the current statutory and regulatory requirements for each program;

      ii) Staff salaries and benefits;

      iii) Training and professional development;

iv) Curricula and supplies;

v) Group size and ratios;

vi) Enrollment levels;

vii) Facilities and other costs; and,

viii) Family engagement.

6) Instructs CDSS to develop a transition methodology to implement the alternative methodology by increasing the various rates from their current level to the alternative methodology level over time and as funds are appropriated in the annual Budget Act.

7) Requires, beginning in fiscal year 2027-28, CDSS to fully implement the alternative methodology.

8) Requires any funding provided in the Budget Act of 2023 to increase reimbursement rates be distributed using the transition methodology established by the provisions of this bill and until the alternative methodology is adopted.

9) Requires funding and subsidy payments to be based on enrollment of certified children with the contract rates set using the alternative methodology.

10) Requires CDSS to review and update the alternative methodology every three years, and, further, requires CDSS to seek preapproval from the United States Department of Health and Human Services to amend the state's current Child Care and Development Fund (CCDF) State Plan to change its current methodology for determining childcare and development and CSPP subsidy payment rates to an alternative methodology as specified above in 5).

11) Makes inoperative certain provisions of existing law related to the current reimbursement system and family fees, as specified, as well of provisions of this bill related to the requirement that CDSS on the date that CDSS notifies the Legislature that CDSS has adopted the alternative methodology, and repeals those provisions as of January 1 of the following year.

12) Makes operative, beginning on the date that CDSS notifies the Legislature that the department has adopted an alternative methodology, certain provisions of this bill that require CDSS, in consultation with CDE, to implement an alternative methodology for calculating subsidy payments rates as specified in 5).

13) Requires CDSS, in consultation with CDE, to develop an equitable sliding scale for the payment of family fees, and, further, prohibits family fees from being collected until the new equitable sliding scale is implemented.

14) Makes Legislative findings and declarations related to the assessment and revision of reimbursement rates for childcare and development and preschool programs, as specified.

EXISTING LAW:

1) Transfers responsibility for specified childcare programs, other than the CSPP, from CDE to CDSS effective July 1, 2021. (Welfare and Institutions Code Section [WIC] 10203 *et seq.*)

2) Establishes the "Child Care and Development Services Act" to provide childcare and development services as part of a comprehensive, coordinated, 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. (WIC 10207 *et seq.*)

3) States the intent of the Legislature 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)

4) 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 and states that these services may include direct care supervision, instructional activities, resource and referral programs, and alternative payment arrangements. (WIC 10213.5(j))

5) Designates CDSS as the single state agency responsible for the promotion, development, and provision of care of children in the absence of their parents during the workday or while engaged in other activities which require assistance of a third party or parties, and, further, requires CDSS to administer the federal CCDF as defined in current federal law. (WIC 10211, 45 Code of Federal Regulations 98.2)

6) 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. (WIC 10271)

7) Requires CDSS, in consultation with CDE, to establish a fee schedule for families using preschool and child care and development services, and, further states Legislative intent that the new fee schedule be simple and easy to implement. (Education Code Section [EDC] 10290(a))

8) Requires the Superintendent of Public Instruction to use the fee schedule developed in conjunction with CDSS, as specified, for families using full-day preschool (EDC 8252(a))

9) Prohibits family fees from being collected for the 2021-22 and 2022-23 fiscal years, and, further, requires, during the 2022-23 fiscal year, contractors to reimburse subsidized childcare providers for the full amount of the certificate or voucher without deducting family fees. (EDC 10290(h)(i)(j))

10) Requires CDSS, in consultation with CDE, to implement a reimbursement system plan that establishes reasonable standards and assigned reimbursement rates, which vary with the length of program year and the hours of services. (WIC 10280(a))

11) Establishes, beginning July 1, 2021, the Standard Reimbursement Rate (SRR) to be $12,888 and, further, requires, beginning with the 2022-23 fiscal year, that the SRR be increased by the cost-of-living adjustment granted by the Legislature as enumerated in EDC 42238.15. (WIC 10280(b))

12) Requires the cost of child care services for recipients of the California Work Opportunity and Responsibility to Kids Program (CalWORKs) be governed by regional market rates, and, further, defines "regional market rate" as care costing no more than 1.5 market standard deviations above the mean cost of care for that region. (WIC 10374.5(a))

13) Establishes, beginning January 1, 2022, the Regional Market Rate (RMR) ceilings at the greater of: the 75th percentile of the 2018 RMR survey for that region; or, the RMR ceiling that existed in that region on December 31, 2021. (WIC 10374.5(b)(2))

14) States Legislative intent to reimburse childcare providers at the 85th percentile of the most recent RMR survey. (WIC 10374.5(a))

15) Requires, beginning January 1, 2022, contractors who, as of December 31, 2021, received the SRR to be reimbursed at the greater of the following: the 75th percentile of the 2018 RMR survey; or, the contract per-child reimbursement amount as of December 31, 2021. (WIC 10280(c)(1))

16) Requires the Governor and the Child Care Providers Union (CCPU), consistent with the agreement dated June 25, 2021, to establish a JLMC to develop recommendations for a single reimbursement rate structure that addresses quality standards for equity and accessibility while supporting positive learning and developmental outcomes for children. Further, requires the JLMC to develop recommendations and present the recommendations to the Department of Finance (DOF) no later than November 15, 2022 in order to inform the Governor's proposed budget for the 2023-24 fiscal year. (WIC 10280.2(a))

17) Requires CDSS, in consultation with CDE, to convene a working group separate from the JLMC, to assess the methodology for establishing reimbursement rates and the existing quality standards for childcare and development and preschool programs, as specified. Further, requires the workgroup to, no later than August 15, 2022, provide recommendations, including, but not limited to, recommendations on how CDSS should define childcare workforce competencies and how these competencies would align with rate reform, to the JLMC, DOF, and the Joint Legislative Budget Committee. (WIC 10280.2(b))

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

COMMENTS:

Background: *State-subsidized childcare.* Subsidized childcare in California seeks to support healthy child development and support children of parents who may be: working; in training; seeking employment; incapacitated; or, in need of respite. Subsidized childcare is available to families through a number of programs, including, among others:

- CalWORKs, which provides childcare in three "stages" to families receiving CalWORKs benefits, but also to families who are transitioning from or are no longer receiving CalWORKs aid;

- Alternative Payment Programs (APPs), which provide vouchers to families who may then obtain childcare in a center, family childcare home, or from a license-exempt provider;

- CSPP, which provides culturally, developmentally, and linguistically appropriate curriculum to eligible three- and four-year olds; and,

- General Child Care (CCTR), which includes contracted centers and family childcare homes.

A February 2023 report from the Legislative Analyst's Office (LAO) states that, in Budget Year 2022-23, California is providing funding to serve approximately 713,000 children through the following childcare slot allocations: 127,800 slots for all three stages of CalWORKs; 161,300 slots allocated for APPs; 211,000 total slots for full- and part-time CSPP; and, 78,500 slots for CCTR.

Childcare users and providers. While eligibility criteria varies based on program type, subsidized childcare in California serves primarily low-income families. To qualify for CalWORKs and therefore subsidized childcare, families must meet certain income criteria, and grant amounts are adjusted based on family size, income level, and region. Families are also eligible for subsidized care if the family has an income that is less than 85% of the state median income. For a family of three, this equates to $82,102, and for a family of four, this equates to $95,289, according to the February 2023 LAO report. In October 2022, CDSS released its Child Care Transition Quarterly Report, which found that, in fiscal year 2021-22, 315,566 children were served in a subsidized childcare program. Excluding children served through CalWORKs Stage 1 and the Emergency Bridge Program for Foster Children, the following were the demographics of families receiving subsidized childcare: 54.1% Hispanic, 20.6% White, 19.9% Black, and 3.5% Asian. Sixteen percent of children served were Dual Language Learners, and of those, 71.6% spoke Spanish, 6.2% spoke Armenian, 5.4% spoke Cantonese, and 12.5% spoke another language.

As it relates to providers, a February 2022 research brief entitled "'The Forgotten Ones' – The Economic Well-Being of Early Educators during COVID-19" found that: "Virtually all early educators are women, the vast majority are women of color, and a substantial number were born outside the United States. Compared to working adults in California, members of the [Early Care and Education] workforce tend to earn lower wages, and their economic well-being suffers as a result." The brief also found that, while the majority of family childcare providers own their home, only 39.9% of center-based teachers are homeowners, compared to 54.7% of working California adults statewide. Around one-third of family childcare providers and center-based teachers require at least one form of public assistance, such as Medi-Cal, and approximately 17.5% of family childcare providers under age 40 rely on food assistance. One-third of family childcare providers and center-based teachers reported that they lack the quality or kinds of food they need; this number increases to 39% for center-based teachers who are women of color, and 42% for educators who are immigrants. Data from the UC Berkeley Center for the Study of Child Care Employment also found that the income of childcare workers range from $16,200 to $30,000, only about one-fifth of providers have retirement savings, and at least 16% have no health insurance.

Research demonstrates that California's subsidized childcare system consists primarily of low-income women of color providing care to children and families who are predominately low-income individuals of color.

Paying for subsidized childcare. Childcare providers in California are paid through either vouchers or direct care contracts with the state. Providers that care for children in a voucher-based program (described in the table below) are reimbursed using the RMR which is based on a survey of licensed childcare providers, as well as the prices charged by providers that are paid by parents within a given market region. The RMR survey is administered every two to three years and reflects the prices that providers charge families for care, though it is worth noting that oftentimes providers base tuition on what families in their communities can afford, rather than on the actual cost of care. AB 131 (Committee on Budget), Chapter 116, Statutes of 2021, increased the RMR, beginning January 1, 2022, to the 75th percentile of the 2018 RMR survey, or the new SRR as of December 31, 2021, whichever is higher.

For providers that contract directly with the state to serve a specified number of eligible children (described in the table below), rates are determined through the SRR, which is a flat rate set annually in the state budget. The SRR is adjusted by length of care and age of child, and providers receive a higher SRR for serving students with limited English proficiency and students with disabilities. It should be noted that, unlike the RMR, the SRR does not vary based on the geographic location in which the child is served and therefore does not account for geographic cost factors; however, the SRR receives a statutorily required annual cost-of-living adjustment. The February 2023 LAO report states that the SRR is currently $54.93 for childcare and $55.27 for state preschool.

The primary differences between RMR- and SRR-funded programs are, among others, as follows:

Regional Market Rate (RMR)	**Standard Reimbursement Rate (SRR)**
• Applies to voucher-based programs, such as CalWORKs and APPs	• Applies to CSPP, Migrant Child Care and Development Programs, and CCTR
• Must meet Title 22 licensing requirements, which relate to certain health and safety standards	• Must meet both Title 22 and Title 5 licensing requirements, which require stricter staffing ratios, certain staff qualifications, and specific developmentally appropriate activities.
• Funded federally through the Child Care and Development Block Grant	• Funded primarily through non-federal funding sources, e.g. Proposition 98 funds

Family fees. The CCDF – a federal funding stream that helps states cover the cost of certain childcare programs – requires states to establish a sliding fee scale for families that receive childcare services supported by federal funds. As such, some parents pay a fee to help cover the costs of needed care. These family fees are assessed based on income and family size, but cannot be based on the cost of care or amount of subsidy payment that a family receives. Current law permits, at the state's discretion, family fees to be waived for families who meet certain criteria, including families that have an income at or below the federal poverty level (FPL); currently the FPL for a family of three is $24,860, according to the United States Department of Health and Human Services. Beginning in April 2020, family fees have been waived in California for all families receiving subsidized childcare through the following actions:

1) On April 4, 2020, Governor Newsom signed Executive Order N-45-20, which suspended family fees for a period of 60 days.

2) SB 820 (Committee on Budget and Fiscal Review), Chapter 110, Statutes of 2020, later waived family fees for all subsidized children in July and August 2020, and included a waiver of family fees beginning September 1, 2020, through June 30, 2021.

3) AB 131 (Committee on Budget), Chapter 116, Statutes of 2021, waived family fees for the 2021-22 Budget Year.

4) AB 210 (Committee on Budget), Chapter 62, Statutes of 2022, extended the pause on collection of family fees for the 2022-23 fiscal year.

An October 2022 CalMatters article states, according to CDSS, approximately $88 million in family fees will be waived in the 2022-23 fiscal year. Currently, family fees are scheduled to resume on July 1, 2023; however, the provisions of this bill would prohibit the collection of family fees until the new, equitable sliding scale, as established by the provisions of this bill, is created and implemented.

Actual costs of care. A key component of the childcare reimbursement rate conversation is that oftentimes the reimbursement rates paid to providers do not cover the true cost of care. Recent increases in inflation have resulted in higher costs to providers when purchasing the supplies necessary to maintain quality care, such as milk, baby formula, and baby wipes. A March 2023 brief from the Child Care Resource Center demonstrates that the cost of providing care for a preschooler in a full-time childcare center exceeds the current reimbursement rate and the 2018 rate when adjusted for inflation. For example, in San Bernardino County, the 75th percentile of the 2018 RMR survey equates to a rate of $983.03; when adjusted for inflation in 2023, this reimbursement rate should be $1,092. The brief notes that the monthly cost of care in the region is approximately $1,908.17, which results in a funding gap of $925.14 for providers in San Bernardino County. In Los Angeles County, this gap is $987.33, in Alameda County this gap is $717.05, and in Butte County, this gap is $537.30.

Childcare reimbursement rates have also lagged when compared to increases in the minimum wage. A March 2023 report from the California Budget & Policy Center notes that, while minimum wage has increased 55% from 2016-17 to 2022-23,

> "…The rate ceilings for childcare providers across all 58 counties generally have not kept pace with the rising minimum wage after the most recent increase to payment rates enacted in 2021-22. In the state's most populous county – Los Angeles – payment rates for licensed centers care for preschool-age children increased by less than half as much as the statewide minimum wage. Providers in some counties, such as Riverside County, saw miniscule rate increases of less than 5%. And in 27 counties, due to weaknesses in the rate-setting methodology, licensed centers have not received a single rate increase for

care for preschool-age children since 2016-17. Policymakers have not consistently updated the SRR each year so that contract providers can keep pace with rising staff costs and the increasing price of food and supplies. From 2016-17 to 2022-23, the SRR increased by 36.6%, falling short of the 55% increase in the state minimum wage."

Recent changes in childcare. California's childcare system has undergone a number of changes in recent years. In 2019, Governor Newsom signed AB 378 (Limon), Chapter 385, Statutes of 2019, which gave approximately 40,000 childcare providers the right to join a union and collectively bargain with the State of California. In 2021, AB 131 ratified the bargaining contract agreed to between CCPU and the State of California, and codified portions of the agreements related to rate increases, provider stipends, licensing initiatives, and mental health supports. AB 131 also required the State of California and CCPU to create a JLMC for purposes of providing recommendations on a single reimbursement rate system in coordination with a larger working group convened by CDSS (discussed below). The agreement was effective beginning July 26, 2021, and remains in effect until June 30, 2023. As such, CCPU is currently in bargaining negotiations with the state for a new contract that would take effect upon ratification in the state budget.

Additionally, AB 131 transferred administration of certain childcare programs from CDE to CDSS, including, among others: CCTR; Migrant Child Care and Development Program; APPs; CalWORKS stages 2 and 3; Resource and Referral agencies; Local Child Care and Development Planning Councils; and, Head Start and Early Head Start.

Rate and Quality Workgroup Final Report. In addition to the previously discussed changes, and in addition to the aforementioned JLMC, AB 131 established a rate and quality workgroup (RQWG) to be convened by CDSS with diverse stakeholder representation to assess the methodology for establishing reimbursement rates and the existing quality standards for child care and development and preschool programs. AB 131 required the workgroup to submit recommendations to the Legislature no later than August 15, 2022. The workgroup met over a dozen times between January and August 2022 and included the perspectives of early learning and care providers, APPs, childcare experts, families, and representatives of CDSS and CDE.

In a summary of its findings, the report states:

> "Despite the strengths and quality currently present in California's early learning and care programs, and the critical and nurturing role that the predominately women of color workforce plays in educating and caring for California's young ones, the current reimbursement rate-setting methodology establishes rates that are not sufficient to cover the true cost of providing early learning and care services in accordance with current state licensing and program quality requirements. The historic [SRR] approach failed to account for or differentiate for the cost of meeting the various program quality standards required of different early learning and care programs. The current approach of using a [RMR] survey of prices that programs are charging families institutionalizes race- and income-based inequities by establishing low rates in low-income areas where programs are offsetting their prices so that families can afford to pay. In addition, a history of opaque policy choices and changes have resulted in an exceptionally complex and unaligned set of base rates and adjustment factors that are virtually unnavigable by programs, educators, and families. The result is inequitable access to early learning and

care opportunities that meet child and family needs, and exceptionally low compensation for program owners and educators."

As a result of its work, the RQWG identified four core recommendations:

1) Ensure equity is foundational to all change – work toward equity as an outcome and implement equity as a process.

2) Replace the current methodology of using a market price survey to set rates with an alternative methodology, which uses cost estimates/models to set base rates to compensate early learning and care programs. The cost of care for meeting current state requirements will become the basis of the reimbursement rate, including wage scales that set a living wage floor.

3) Create a single rate structure that specifies base rates and that is designed to address historical inequities. This structure should specify separate base rates for Family, Friend, and Neighbor care and Home-Based and Center-Cased early learning and care and should differentiate base rates for meeting different sets of state standards.

4) Continuously evaluate the rate-setting methodology to address equity and adjust for changing conditions and rising costs.

The RQWG made rate reform recommendations similar to those made by previous reports, including:

- *The Master Plan on Early Learning and Care* which was developed by the California Health and Human Services Agency, in consultation with stakeholders, and recommended in its December 2020 report that, among other things, California adopt a tiered reimbursement rate with appropriate adjustments in order to support equity, simplicity, and quality. The Master Plan also recommended designing a sliding scale for family contributions, which could increase equity in both access and outcomes for families.

- *Assembly Blue Ribbon Commission on Early Childhood Education* which was initiated by California Assembly Speaker Anthony Rendon in consultation with stakeholders, and recommended in its April 2019 report that California implement comprehensive rate reform through a multi-step process, and, in the long-term, that reimbursement rates for Title 5 and Title 22 programs include competitive compensation that increases with quality improvement, among other recommendations.

- *First 5 California Reimbursement Rate Workgroup* which released its report in November 2018 and recommended that California implement comprehensive rate reform by, among other things, incentivizing quality, using the RMR to reimburse all counties at a rate that considers regional economic costs, and conduct ongoing reviews of rate changes to understand their impacts on the childcare system and make adjustments as needed.

In its conclusion, the RQWG writes, "A funding structure that supports programs and educators' abilities to provide the quality early learning and care they are working to provide now (without adequate resources) is integral to realizing the positive impacts of early learning and care for children, families, and the broader California economy and society. The time has come for

California to create the systems and policies that allow these positive impacts to finally be realized in more equitable ways."

Author's Statement: According to the author, "[This bill] will help childcare providers and families by transitioning providers to a single reimbursement rate structure for early learning and childcare programs, suspending family fees until an equitable sliding scale for family fees is established, and ensuring providers are paid based on enrollment rather than attendance. California has been subsidizing the true cost of childcare by paying the early learning and childcare workforce low wages and expecting families to pay high family fees for subsidized childcare programs. We need to make childcare more affordable for families and ensure that childcare providers receive a dignified wage that allows them to keep their doors open. With prices skyrocketing, families cannot afford another bill, and we must suspend family fees until an equitable sliding scale for family fees can be established. [This bill] supports a new way to pay childcare providers based on the real cost of care and provides relief to families."

Need for this bill: The provisions of this bill would build upon the recommendations made by the RQWG and would implement an alternative methodology for reimbursing childcare providers. In adopting an alternative methodology, this bill seeks to reimburse childcare providers for the true cost of care while also ensuring families in California have access to quality childcare. Specifically, this bill requires CDSS, in consultation with CDE, to develop an alternative methodology for calculating subsidy payment rates for childcare and CSPP services. This bill would also require a new, equitable sliding scale for collecting family fees be developed, and would prohibit family fees from being collected until the sliding scale is implemented in order to prevent families who rely on subsidized childcare from shouldering the costs of care. In combining the creation and implementation of an alternative rate-setting methodology and the prohibition on collecting family fees, this bill seeks to ensure that childcare providers and low-income families are not responsible for absorbing the difference in rates paid to childcare providers and the true costs of care.

Equity Implications: The provisions of this bill seek to address a number of equity issues within the childcare space:

- Equity for women, such as the women who comprise a large portion of the childcare workforce, as well as the women who rely on childcare as a key support that enables them to enter the workforce;

- Equity for individuals of color, such as the Black, Indigenous, and Latina women of color who comprise a large portion of the childcare workforce, as well as the users of subsidized childcare, many of whom are families of color;

- Equity for individuals who are low-income, such as the providers who rely on social safety net services and for whom retirement and health care benefits are costly to obtain, but also the parents who meet income eligibility requirements to qualify for subsidized childcare programs, such as CalWORKs; and,

- Equity based on geography by eliminating the bifurcated reimbursement system that takes regional costs into account for some providers, but not others.

In its conclusion, the RQWG report states, "Through its recommendations and assessments, the [workgroup] seeks to dismantle a racist, sexist, and classist methodology for setting reimbursement rates for early learning and care programs…By incorporating and implementing the recommendations of this report, California will be well positioned to lead the nation in providing quality, easily accessible early learning and care opportunities for the diverse range of children and families who call California home and for compensating and valuing the educators who serve them."

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

RELATED AND PRIOR LEGISLATION:

SB 380 (Limon) of 2023, is identical to this bill and would: require CDSS, in consultation with CDE, to develop and implement an alternative methodology for calculating subsidy payment rates for childcare and CSPP services, require an equitable sliding scale for the payment of family fees be developed, and prohibit family fees from being collected until the sliding scale is implemented. SB 380 is currently awaiting referral in the Senate Rules Committee.

AB 210 (Committee on Budget), Chapter 62, Statutes of 2022, extended 2021-22 Budget Act actions taken during the COVID-19 pandemic to waive family fees for childcare and create hold harmless policies for the 2022-23 fiscal year, including preschool.

AB 92 (Reyes) of 2022, would have made changes to the amount of family fees collected for preschool and childcare and development services and would have prohibited providers from absorbing any reduction in pay due to waivers in family fees. *AB 92 was vetoed by Governor Newsom.*

AB 131 (Committee on Budget), Chapter 116, Statutes of 2021, among other things, established a Rate Reform workgroup to be convened by CDSS for recommendations on rate methodology and existing program standards, including licensing standards, quality and environmental standards, and workforce competencies. Further, required the workgroup to submit recommendations to the Legislature no later than August 15, 2022 in order to inform the Joint Labor Management Committee recommendations on a single reimbursement rate system.

SB 246 (Leyva) of 2021, would have required CDSS to establish a single reimbursement rate for early learning and care programs, including variation for regional costs and quality adjustment factors. *SB 246 was held in the Assembly Education Committee.*

SB 174 (Leyva) of 2019, would have required that specified providers of subsidized childcare be reimbursed based upon an updated RMR as of January 1, 2021; would have established the "Quality Counts California Pilot Reimbursement Program," to provide higher reimbursement rates to APP providers for meeting certain quality standards; and, would have made the enactment of the bill contingent upon the enactment of related legislation, as specified. *SB 174 was held in the Assembly Appropriations Committee.*

AB 125 (McCarty) of 2019, would have revised the state's system and rates for reimbursing subsidized childcare and development programs to create a more uniform reimbursement system reflecting regional costs of care, and would have established the "Quality County California Pilot Reimbursement Program" as a pilot program to provide higher reimbursement rates to APPs for meeting certain quality standards. *AB 125 was held on the Senate Appropriations Committee suspense file.*

SB 820 (Committee on Budget and Fiscal Review), Chapter 110, Statutes of 2020, amongst other things, waived, from September 1, 2020, to June 30, 2021, family fees for specified subsidized early learning and care programs for families who are not receiving in-person services or who are sheltering-in-place due to COVID-19.

AB 86 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2019, amongst other things, simplified family fees for families receiving state-subsidized child care by creating a process for the CDE to adopt a new fee schedule that will provide more predictable fees through a cost-neutral change to the current fee structure and required CDE to report family fees collects for preschool programs to the Department of Finance.

REGISTERED SUPPORT / OPPOSITION:

Support

California Child Care Resource and Referral Network (Co-Sponsor)
Children Now (Co-Sponsor)
Parent Voices California (Co-Sponsor)
AFSCME, AFL-CIO
CA African American Chamber of Commerce
California Alternative Payment Program Association
California Association for The Education of Young Children (CAAEYC)
California Children's Academy
California Family Child Care Network
California Work & Family Coalition
Cambridge Community Center
Caring Across Generations
Child Care Alliance of Los Angeles
Child Care Law Center
Children's Council of San Francisco
Children's Paradise, INC.
City of Colton
Connections for Children
Courage California
Drew Child Development Corporation
Early Care and Education Consortium
Early Edge California
Educational Enrichment Systems, INC
Equal Rights Advocates
EveryChild California
Friends Committee on Legislation of California
Grace Institute - End Child Poverty in Ca
Indivisible CA Statestrong
Isla Vista Youth Projects
Kidango
Kindercare Learning Companies
Low Income Investment Fund
Marin Child Care Council
Mount Saint Mary's University

New Life Discovery Schools
Options for Learning
Para Los Ninos
Pathways LA
S & B Inc., dba Happy Kids Preschool and Child Care Centers
The Children's Collective, INC.
YMCA of San Diego County, Childcare Resource Service
YMCA of The East Bay

Opposition

None on file

Analysis Prepared by: Alexandria Smith / HUM. S. / (916) 319-2089