
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No: AB 2626 **Hearing Date:** June 20, 2018
Author: Mullin
Version: May 1, 2018
Urgency: No **Fiscal:** Yes
Consultant: Olgalilia Ramirez

Subject: Child care services.

NOTE: This bill has been referred to the Committees on Education and Human Services. A "do pass" motion should include referral to the Committee on Human Services.

SUMMARY

This bill makes a number of statewide changes to subsidized child care and development programs, including raising the income eligibility threshold for families; changing the age restrictions for California State Preschool Programs (CSPP); providing opportunities for staff training; and increasing flexibility in the use of contracted funds.

BACKGROUND

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 § 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. (EC § 8208)
- 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. (EC § 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. (EC § 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 abused, or neglected. (EC §8263)
- 6) Defines “income eligible,” for purposes of establishing initial income eligibility for subsidized child care services to mean that a family’s adjusted monthly income is at or below 70 percent of the state median income (SMI), adjusted for family size. (EC § 8263.1)
- 7) Defines “ongoing income eligible” to mean that a family’s adjusted monthly income is at or below 85 percent of the SMI, adjusted for family size. (EC § 8263.1)
- 8) States that, with certain exceptions, once a family has established initial or ongoing eligibility, they are considered to meet all eligibility and need requirements, receive services, and not be required to report income or other changes for at least 12 months. (EC § 8263)
- 9) Requires a family that establishes initial or ongoing eligibility on the basis of seeking employment to be eligible to receive services for no less than six months. (EC § 8263)
- 10) Requires the California Department of Education (CDE) to promote full utilization of child care and development funds and match available unused funds with identified service needs and, further, requires CDE to arrange interagency adjustments between different contractors with the same type of contract when both agencies mutually agree to a temporary transfer of funds for the balance of the fiscal year. (EC § 8275.5)
- 11) Defines “California State Preschool Program” (CSPP) to mean part-day and full-day educational programs for low-income or otherwise disadvantaged three- and four-year-olds, and includes the CSPP under the definition of child care and development programs which offer a full range of services for children from 0 to 13 years of age. (EC § 8208)
- 12) Requires the Superintendent of Public Instruction to administer all CSPPs, which include, but are not limited to, part-day age- and developmentally appropriate programs designed to facilitate the transition to kindergarten for three- and four-year-old children in educational development, health services, social services, nutritional services, parent education and parent participation, evaluation, and staff development. (EC § 8235)
- 13) Defines “three-year-old children” and “four-year-old children” to mean children who will have their third birthday or fourth birthday, respectively, on or before September 1 of the fiscal year in which they are enrolled in a CSPP. (EC § 8208)

- 14) Requires, for California State Preschool Programs (CSPPs) operating with funding that was initially allocated in a prior fiscal year, at least half of the children enrolled at a preschool site to be four years old, with certain exceptions. (EC § 8236)
- 15) Authorizes a part-day CSPP to provide services to children in families with incomes up to 15 percent above the income eligibility threshold, as specified, provided all other eligible three- and four-year-olds have been enrolled. Further specifies that no more than 10 percent of the children enrolled under a provider's entire contract can be children in families above the income eligibility threshold. (EC § 8235)
- 16) Authorizes a part-day CSPP to, after all otherwise eligible children have been enrolled, provide services to three- and four-year-old children whose families earn incomes above the eligibility threshold if the children have been identified as "children with exceptional needs" and specifies that these children not be counted toward the cap in (15) above. (EC § 8235)
- 17) 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. (EC § 8265)
- 18) Authorizes individualized child care subsidy plans in each of 11 counties – Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma – as pilot projects to allow for greater flexibility in subsidized child care programs to ensure that subsidies received by these counties are used to address local needs, conditions, and priorities of working families in their respective communities. (EC § 8332-8332.8)
- 19) Authorizes an individualized county child care subsidy plan for each of the City and County of San Francisco and San Mateo County to allow for greater flexibility in subsidized child care programs to ensure that subsidies received by these counties are used to address local needs, conditions, and priorities of working families in their respective communities. (EC § 8335-8335.6, 8347-8347.5)

ANALYSIS

This bill:

- 1) Modifies, for purposes of determining CSPP eligibility, the date by which a child must have his or her third or fourth birthday from September 1 to December 1 of the fiscal year of enrollment. Further, stipulates that children who have their third birthday on or after December 2 may be enrolled in a CSPP after their third birthday.
- 2) Requires any child less than four-years of age to be served in a CSPP facility, licensed in accordance with state community care licensing regulations.

- 3) Deletes the requirement that CSPPs operating with funding initially allocated in a prior fiscal year must have at least one-half of enrollment made up of four-year-olds.
- 4) Requires the California Department of Education (CDE) to:
 - a) Promote full utilization of child care and development funds and match available unused funds with identified service needs.
 - b) Arrange interagency adjustments between California state preschool contracts and general child care contracts for the same agency and funding allocation.
 - c) Establish timelines for interagency contract fund transfer and authorizes CDE to implement and administer these adjustments through the issuance of guidance or other written directives, as specified.
 - d) Establish timelines for interagency contract fund transfers between different contractors with the same type of contract who have agreed to interagency adjustments, as authorized in current law, and authorizes CDE to implement and administer these adjustments through the issuance of guidance or other written directives, as specified.
- 5) Deletes the requirement that a family establishing initial or ongoing eligibility on the basis of seeking employment receive services for no less than six months, as specified, thereby requiring these families to be treated like other eligible families and to receive services for no less than 12 months, as specified.
- 6) Modifies the definition of “income eligible,” for purposes of establishing initial income eligibility for subsidized childcare to mean that a family’s adjusted monthly income is at or below 85 percent, rather than 70 percent, of the state median income, adjusted for family size, as specified.
- 7) Authorizes a center-based child care agency contracting with CDE to provide center-based child care services to schedule up to two days of staff training, per contract period, using state reimbursement funding for certain topics.
- 8) Makes technical changes.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “Existing law does not reflect the fiscal reality of California’s diverse socio-economic landscape. Families living in rural California often face poverty and lack of access to services while those living in metropolitan areas struggle with high costs of living and housing shortages. These issues pose challenges to meeting the early care and education needs of working families.

Recent legislation has allowed 13 pilot counties to set exceptions to statewide requirements and flexibility for families living and receiving services in those

counties. The unintended consequence of these proposals is inequity in services across the state. Families in neighboring counties have different or enhanced benefits for services, depending on which county they reside in or receive services from.

As a result, these policies are causing inequities for providers child care and early learning services, as reimbursement rates may differ from county to county. Additionally, providers serving in multiple counties may be receiving different reimbursements depending on the location of the facility.

Providers of services are finding it increasingly difficult to earn the contract funds due to: low eligibility thresholds, age restrictions of children they can enroll, program quality requirements and low reimbursement rates.”

- 2) **Unused funds.** According to information provided by the Santa Clara County Office of Education, in Fiscal Year 2015-16, all 58 counties collectively returned over \$200 million in under-earned child care contract dollars. Child care providers are finding it increasingly difficult to earn contract funds due to: low eligibility thresholds, age restrictions of children they can enroll, program quality requirements and low reimbursement rates. At the same time, less than 14 percent of eligible infants and toddlers have access to subsidized care in our great state.
- 3) **State-subsidized child care.** Families may be eligible for state-subsidized child care through participation in CalWORKs, or based on income and if they can show need for child care services. Income eligibility for families that are not current recipients of CalWORKs (general child care) is established, initially, at 70 percent of state median income. Families remain income eligible until their adjusted monthly income exceeds 85 percent of the most recent state median income, adjusted for family size. The state’s child care and development services are delivered to eligible families through two categories of providers, providers with a direct service contract with the CDE and voucher-based licensed and licensed-exempt . This mixed delivery system allows families to choose from center-based care, family child care homes and in-home care.

This bill increases the initial income eligibility threshold from 70 percent to 85 percent of the most recent state median income.

- 4) **California State Preschool Program.** State Preschool provides both part-day and full-day services to eligible three- and four-year-olds with four-year-olds having priority. One-half of enrollments must be made up of four-year-olds. State Preschool can be offered in various settings, including child care centers, family child care network homes, school districts, or county offices of education. Approximately two-thirds of children in State Preschool are served by local education agencies, and the remaining one-third are served by community-based organizations. State Preschool programs must have a 1:8 adult-to-child ratio, and a 1:24 teacher-to-child ratio, teachers must have a Child Development Teacher Permit, which includes 24 units in early childhood education and/or child development and 16 general education units.

This measure changes the date for determining three and four-year-old eligibility for State Preschool thereby expanding the group of children (i.e. older two-year-olds) who may be enrolled in the program. This bill also removes the requirement that 50 percent of enrollment be made up of four-year-olds. This change allows providers to increase enrollment of two or three-year-olds beyond the 50 percent limit. Four-year-olds will continue to have priority over the other age groups.

- 5) ***Local flexibility extended to 13 counties.*** Existing law allows 13 counties—11 pilot programs and 2 permanent, flexibility to change local policies different than what is permitted under state law concerning child care subsidy programs with regard to eligibility criteria, fees, reimbursement rates and methods of maximizing efficient use of subsidy funds. During the enactment of the 11 pilot programs concerns were raised that providing relief to individual counties may delay statewide fixes to the broader system. Allowing individual counties to preserve funds for child care purposes failed to address issues regarding single statewide income eligibility criteria, reimbursement and fund restrictions that are not necessarily unique to those counties but impact counties across the state.

Similar to the statutory authority granted for the 13 counties, by increasing income eligibility ceiling, modifying age eligibility requirements and authorizing interagency adjustments between State Preschool contracts and general child care contracts, this bill seeks to provide greater flexibility for child care contractors to better match funds with identified needs for subsidized child care services statewide.

SUPPORT

California Alternative Payment Program Association
 California Child Care Coordinators Association
 Child Care Alliance Los Angeles
 Child Care Law Center
 Community Child Care Council of Sonoma County
 Early Edge California
 First 5 LA
 Fresno County Superintendent of Schools
 Local Early Education Planning Council
 San Diego County Office of Education
 San Diego Unified School District
 San Mateo Child Care Partnership Council
 Santa Clara County Office of Education
 State Superintendent of Public Instruction, Tom Torlakson

OPPOSITION

None received

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