
SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair
2015 - 2016 Regular

Bill No: AB 833
Author: Bonta
Version: June 16, 2015
Urgency: No
Consultant: Olgalilia Ramirez
Hearing Date: June 24, 2015
Fiscal: Yes

Subject: Child care and development services: individualized county child care subsidy plan: County of Alameda

SUMMARY

This bill authorizes the County of Alameda to establish a pilot program for purposes of developing and implementing an individualized county child care subsidy plan that meets the particular needs of families in the community until January 1, 2021.

BACKGROUND

- 1) Existing law establishes the Child Care and Developmental 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) Existing law states legislative intent that all families have access to child care and development services, regardless of demographic background or special needs, 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, among other things. (EC § 8202)
- 3) Existing law establishes several programs providing subsidized child care and development services that service low-income families who are working, seeking work, in training, or providing community service. These programs are administered by the California Department of Education (CDE) and require the Superintendent of Public Instruction (SPI) to adopt rules and regulations on eligibility, enrollment, family fees, provider rates, and priority services. (EC § 8235 and 8263)
- 4) Existing law authorizes a pilot project in San Mateo County (since 2004) and San Francisco City and County (since 2006) that allows the counties to develop and implement an individualized county child care subsidy plan in recognition of the high-cost of living in those counties. (EC § 8235 and 8263)

ANALYSIS

This bill:

- 1) Authorizes the County of Alameda to establish a 5-year pilot program for purposes of developing and implementing an individualized county child care subsidy plan that meets the particular needs of families in the county, as specified, to include the following:
 - a) An assessment to identify the county's goal for its subsidized child care system, as specified.
 - b) A local policy to eliminate state-imposed regulatory barriers that constrain the county from meeting its desired outcomes for subsidized child care, as specified.
 - c) Recognition that funding sources utilized by direct child care service contractors in the county are eligible to be included in the county's plan.
 - d) Measurable outcomes to evaluate the success of the plan in achieving county and state child care goals.
- 2) Requires the plan to be submitted to the specified local planning council, and upon approval the county board of supervisors shall do all of the following:
 - a) Hold at least one public hearing before voting on the plan.
 - b) Submit an approved plan to Early Education and Support Division (EESD) for review provided that board votes in its favor.
- 3) Requires the California Department of Education's (CDE) Early Education and Support Division (EESD) to review and either approve or disapprove any modification of the plan within 30 days of receiving it. Specifies that the EESD may only disapprove those portions of the plan that are not in conformance with the provisions of this bill or that are in conflict with federal law.
- 4) Requires the county to prepare and submit a report summarizing the success of the county's plan, as specified, to the Legislature, the Department of Social Services (DSS), and the CDE each year.
- 5) Requires a participating contractor to receive any increases or decrease in funding that the contractor would have received had the contractor not participated in the plan.
- 6) Makes various legislative findings and declarations related to the unique circumstances in the County of Alameda that condition a special law including the high-cost of living.
- 7) Defines county to mean County of Alameda for the purposes of this bill.

STAFF COMMENTS

- 1) ***Need for bill.*** According to the author, families seeking quality child care are adversely affected by the high cost of living in Alameda County. The author further notes that families who earn just enough to meet housing costs are deemed ineligible for subsidized child care, at the same time agencies receiving insufficient state reimbursement rates are unable to cover programing and operational costs. As a result, child care subsidy funds allocated to the county are not fully expended thereby reducing access to quality child care. This bill seeks to maximize state allocated funding and efficiently use child care subsidy funds to meet local conditions.
- 2) ***Provider Reimbursement Rates.*** California has established two methodologies for determining the reimbursement rates for child care and development services:
 - a) The Regional Market Rate (RMR) is determined by the RMR survey and varies depending on the geographical location of the provider. The RMR is based on a survey of licensed centers and family child care homes measuring child care rates of similar socio-economic conditions. Rate ceilings are established for each county according to estimates of the 85th percentile of rates for the various types of child care settings. The county rate ceilings are differentiated by the age of the child (infant, preschool, school age), full-day or part-day care, and frequency of care (days per week). Families may choose a child care provider that charges a rate above the RMR, but the provider would only be reimbursed at the RMR. Current law requires the RMR survey to be updated every two years. The Budget Act of 2014 based the RMR on the 2009 survey, thereby providing a lower rate than if based on the most recent survey.
 - b) Standard Reimbursement Rate (SRR). Child care and development providers that contract directly with the California Department of Education (CDE) must meet Title 5 requirements in addition to those of Title 22 (have units in Early Childhood Education, provide an educational component to child care). Title 5 providers are reimbursed using the SRR, which is a specific rate established in statute. The SRR is \$36.10 per child per day for full-day care and \$21.22 per child per day for part-day care, or a maximum of \$9,025 per year based on 250 days of operation.
- 3) ***Why Alameda County?*** According to the author, provider reimbursement rates do not cover a reasonable amount of the actual cost of care. Child care costs vary based on the age of a child, with infant care representing the highest amount. In Alameda, the average cost for full-time infant care in a child care center is \$13,330 per year. The cost of living in Alameda is reported to be well above the state median. A family of three in Alameda County would need more than \$67,000 for minimal housing, child care, food, transportation and health care compared to state median of about \$42,000 per year for a family of three. Subsequently, to be eligible for subsidized child care and development services state regulations require a family's adjusted monthly income to be at or below 75% of the state median income. The author assert this pilot project will address the unintended consequences that impact families living in a high cost county. As such, this bill seeks to provide Alameda

County limited local flexibility to assess and address local conditions of working families in the county through a child care subsidy pilot plan.

Current law has authorized two other Bay Area pilot projects in recognition of the high-cost of living in those counties. This pilot project seeks similar recognition with the increased state oversight, as specified in the bill.

- 4) ***Unspent Allocation.*** According to the Assembly Appropriations Fiscal Effect, “this bill would allow Alameda County to retain unspent child care funds that otherwise would revert to the General Fund. Between 2011-12 and 2013-14, The County was unable to spend approximately 5% of its contracted amounts each year, and returned over \$10 million in unspent child care funding to the state. That funding is a combination of GF, Prop 98 funding and federal funds. Historically, such reversions have been redistributed for child care purposes in subsequent budget years.”

- 5) ***Related Legislation.***

SB 311 (Beall, 2015) authorizes a pilot project at Alum Rock Union Elementary School District, located in Santa Clara County that allows the district to create a part-day pre-school subsidy plan until January 1, 2022. SB 311 was approved by this Committee 8-0, and is currently in the Assembly Education Committee.

SUPPORT

American Federation of State, County and Municipal Employees (AFSCME)
 BANANAS
 California School Employees Association
 Early Edge California
 East Bay Association for Education of Young Children
 East Bay Community Foundation
 Frist 5 Alameda County
 Kidango
 National Association of Social Workers
 The Bay Area Council
 Via Nova Children’s School

OPPOSITION

None received.

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