

Date of Hearing: July 7, 2021

ASSEMBLY COMMITTEE ON EDUCATION
Patrick O'Donnell, Chair
SB 50 (Limón) – As Amended July 1, 2021

[Note: This bill is double referred to the Assembly Human Services Committee and was heard by that Committee as it relates to issues under its jurisdiction.]

SENATE VOTE: 39-0

SUBJECT: Early learning and care

SUMMARY: Authorizes the expansion of services of California State Preschool Program (CSPP) to children from birth to five years of age, amends eligibility requirements for certain childcare programs, and makes specified changes to childcare contracting terms and conditions. Specifically, **this bill:**

- 1) Authorizes a public or private childcare provider with a contract with the California Department of Social Services (DSS) for childcare and development services to use any valid and reliable instrument to meet the requirement to maintain a developmental profile for each child, including, but not limited to, the Desired Results Developmental Profile (DRDP).
- 2) Authorizes eligible children from birth to five years of age to be served in the CSPP.
- 3) Authorizes a CSPP contracting agency to allow a child who turns five years of age by September 1st to remain in a CSPP until they start kindergarten or up to September 30th.
- 4) Requires that a CSPP serving infants and toddlers be reimbursed at an equivalent rate to general childcare and development programs, including the applicable adjustment factors.
- 5) Requires a CSPP to meet the minimum staffing ratios required for each age group served.
- 6) Authorizes a family childcare home education network (FCCHEN) to provide preschool services for children from birth to five years of age.
- 7) Requires the Superintendent of Public Instruction (SPI) and the DSS, by July 1, 2023, to develop and implement a plan to award specified childcare contracts within their jurisdictions as three-year grants, with annual budget periods, based on child enrollment and applicable adjustment factors.
- 8) Requires the plan above to aim to do all of the following:
 - a) Streamline and improve the application and contracting process for contracting agencies, including the application and contracting process for FCCHENs;
 - b) Focus contract goals and reporting requirements on positive outcomes for children, families, and providers, and reduce unnecessary reporting requirements;
 - c) Reimburse programs based on child days of enrollment;

- d) Support programs to promote child enrollment, including family engagement and support; and
 - e) Establish goals to ensure the program's average enrollment remains above 95% of child enrollment.
- 9) Retains the first priority for CSPP for neglected or abused children who are recipients of child protective services, or who are at risk of being neglected, abused, or exploited, but deletes the requirement that this apply only to three or four-year old children.
 - 10) Deletes the requirement that priority be given to eligible four-year old children not enrolled in a transitional kindergarten (TK) program before enrolling eligible three-year old children.
 - 11) Deletes the priority of four-year old children for new funding to expand CSPP services for income-eligible children.
 - 12) Requires the SPI and the DSS to promote continuity of care for children and meet community needs by allowing and arranging intraagency and interagency adjustments between CSPP contracts, general childcare contracts, FCCHEN contracts, and migrant childcare and development contracts for the same agency or different agencies, and to establish timelines for contract fund transfers.
 - 13) Requires the SPI and the DSS to offer an opportunity for all applicable contracting agencies to transfer funds by June 30, 2022.
 - 14) Authorizes, as of January 1, 2022, a provider operating a CSPP within the attendance boundary of a public school (other than charter or magnet schools), where at least 80% of enrolled pupils are eligible for free or reduced-price meals, to enroll 3-year old children, upon proof of residency, without verifying or documenting income eligibility, in addition to 4-year children currently eligible under this provision.
 - 15) Requires that families enrolled pursuant to (14) be assessed the maximum applicable monthly family fee, requires the contracting agency to inform families upon enrollment of the option to voluntarily disclose income to reduce their family fees, and authorizes a family to voluntarily report income upon enrollment, or at any time, for the purposes of reducing the family fees.
 - 16) Expands eligibility for subsidized CSPP to families with a member of the household who is certified to receive benefits from Medi-Cal, CalFresh, the California Food Assistance Program, the California Special Supplemental Nutrition Assistance Program for Women, Infants, and Children, the Food Distribution Program on Indian Reservations, Head Start, Early Head Start, or any other designated means-tested government program, as determined by the CDE.
 - 17) Specifies that further proof of income is not required for determining eligibility for CSPP and authorizes a family to submit a self-certification of income for the purposes of prioritizing enrollment and the calculation of family fees.
 - 18) Requires the contracting agency, if a family is eligible for CSPP services on the basis of the parent's employment and that the parent's employment has a variable schedule, to authorize

the maximum certified hours of care based on need for care, and specifies that the family is not required to report a change in employment schedule for at least 24 months after establishing eligibility, but authorizes the family to voluntarily report a change in schedule.

- 19) Requires the contracting agency, if a family is eligible for CSPP services on the basis that the family is homeless, or the parents are seeking employment or seeking permanent housing for family stability, to provide service for no more than five days per week and less than 40 hours per week.
- 20) Requires the CDE to use the product of a child's days of enrollment, rather than actual attendance, for each certified child multiplied by the contract rate and applicable adjustment factors to determine reimbursement rates.
- 21) Authorizes the CDE to implement and administer various provisions of these sections through the issuance of guidance or other written directives, notwithstanding the rulemaking provision of the Administrative Procedures Act.
- 22) Other technical and clarifying changes.

EXISTING LAW:

- 1) Establishes the "Child Care and Development Services Act" to provide childcare 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 (EC) 8200 *et seq.*)
- 2) 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. (EC 8208)
- 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. (EC 8202)
- 4) Requires the SPI to administer general childcare 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. (EC 8240 and 8241)
- 5) Transfers responsibility for specified childcare programs, other than the CSPP, from the CDE to the DSS effective July 1, 2021. (Welfare and Institutions Code (WIC) 10203 *et seq.*)

- 6) Establishes eligibility for child care services and child development programs administered by the CDE and requires the SPI to adopt rules and regulations on eligibility, enrollment and priority of services needed for implementation. (EC Section 8263)
- 7) Specifies that in order to be eligible for federal and state subsidized child development services, families must meet at least one requirement in each of the following two areas:
 - a) The family is a current aid recipient; income eligible; homeless; or one whose children are recipients of protective services, or whose children have been identified as being abused, neglected, or exploited, or at risk of being abused, neglected, or exploited.
 - b) The family needs the child care services:
 - i. Because the child is identified by a legal, medical, social services agency, a local educational agency liaison for homeless children and youth, a Head Start program, or an emergency or transitional shelter as a recipient of protective services, or being neglected, abused, or exploited, or at risk of neglect, abuse or exploitation, or is homeless.
 - ii. Because the parents are engaged in vocational training leading directly to a recognized trade, paraprofession or profession; engaged in an educational program for English learners or to attain a high school diploma or general educational development certificate; employed or seeking employment; seeking permanent housing for family stability, or incapacitated. (EC Section 8263)
- 8) Establishes the CSPP and provides that the programs shall include, but not be 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 Section 8235)
- 9) Specifies that three-year-old and four-year-old children are eligible for part-day CSPP if the family meets at least one of the criteria specified in (2) above. (EC 8235)
- 10) Defines "income eligible" as a family whose adjusted monthly income is at or below 85% of the State Median Income (SMI), adjusted for family size, and adjusted annually. For purposes of establishing ongoing eligibility, a family's adjusted monthly income must be at or below 85% of the SMI, adjusted for family size. Requires the Department of Finance (DOF) to calculate the applicable SMI by family size annually and provide the updated data to the CDE by March 1 of each year. (EC Section 8263.1)
- 11) Defines "attendance" as the number of children present at a child care and development facility. "Attendance," for purposes of reimbursement, includes excused absences by children because of illness, quarantine, illness or quarantine of their parent, family emergency, or to spend time with a parent or other relative as required by a court of law or that is clearly in the best interest of the child. (EC 8208 (e))
- 12) Requires that no more than 10% of children enrolled in a CSPP program may be filled by children in families above the income eligibility threshold, and only after all eligible 3- and

4-year old children have been enrolled, and provided the family income is no more than 15% above the income eligibility threshold. (EC 8235)

- 13) Specifies that after all otherwise eligible children have been enrolled, a part-day CSPP may provide services to 3-year-old and 4-year-old children in families whose income is above the income eligibility threshold if those children have been identified as children with exceptional needs, and specifies that these children do not count toward the 10% limit on children from families above the income threshold. (EC 8235)
- 14) Authorizes a provider operating a CSPP within the attendance boundary of a public school, except a charter or magnet school where at least 80% of enrolled pupils are eligible for free or reduced-price meals, to enroll 4-year old children regardless of family income, subject to specified priorities. (EC 8236.3)
- 15) Establishes staffing ratios for subsidized center-based childcare programs serving children from 3- to 6-year-olds at a 1:8 adult-child ratio and a 1:24 teacher-child ratio. (EC 8264.8)
- 16) Authorizes a licensed childcare program serving preschool children to create an optional toddler program for children between 18 months to three years of age without the need for a separate license, subject to specified conditions, including an adult-child ratio of 1:6 and a maximum of 12 toddlers, and that the toddler program is conducted in areas separate from those used by older or younger children. (Welfare and Institutions Code (WIC) 1596.55)
- 17) Authorizes LEAs to operate CSPPs exempt from Title 22 regulations provided that they meet specified conditions and that they serve only 4-year old children. (California Code of Regulations, Title 5, Section 18140)
- 18) Requires the SPI to implement a plan that establishes reasonable standards and assigned reimbursement rates for childcare 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 (SRR) for contracted providers, and provides for adjustments to the SRR based upon specified reimbursement factors. (EC 8265 and 8266.1)
- 19) Requires the SRR for full-day CSPP, beginning July 1, 2018, to be \$12,070 and beginning with the 2019-20 fiscal year, to be increased by the cost-of-living adjustment granted by the Legislature annually, as specified. (EC 8265)
- 20) Defines a “family childcare home education network” (FCCHEN) to mean an entity organized under law that contracts with the CDE, as specified, to make payments to licensed family child care home providers, and to provide educational and support services to providers and to children and families eligible for state-subsidized child care and development services. (EC 8208)
- 21) Establishes the national Head Start program to promote the school readiness of low-income children by enhancing their cognitive, social, and emotional development in a learning environment that supports children’s growth in language, literacy, mathematics, science, social and emotional functioning, creative arts, physical skills, and approaches to learning; and through the provision to low-income children and their families of health, educational,

nutritional, social, and other services that are determined, based on family needs assessments, to be necessary. (Public Law 110–134—Dec. 12, 2007, 121 Stat. 1363)

- 22) States Legislative intent that local child care and development planning (LPCs) provide a forum for the identification of local priorities for child care and the development of policies to meet the needs identified within those priorities. (EC 8499.3)
- 23) Requires an LPC to, upon approval by the county board of supervisors and the county superintendent of schools, submit the local priorities it has identified that reflect all child care needs in the county to the CDE by May 30 of each year. (EC 8499.5)
- 24) Requires an LPC to, in order to meet its obligation of annually submitting local priorities to the CDE, carry out a number of activities including, among others: conducting an assessment of child care needs in the county at least once every five years; encouraging public input in the development of the priorities, including through at least one public hearing; and, preparing a comprehensive countywide child care plan designed to mobilize public and private resources to address identified needs, as specified. (EC 8499.5)

FISCAL EFFECT: According to the Senate Appropriations Committee, the CDE estimates General Fund costs of \$1.5 million and 7.9 positions in the budget year and approximately \$1.34 million and 7.1 positions thereafter to comply with the bill’s requirements. The CDE also indicates that the additional categories of children who are eligible and the modification of categories of children that are given priority under the State preschool program will likely result in an unknown loss in program savings to the state. This assumes that contractors are able to enroll additional children into the program.

COMMENTS:

Need for the bill. According to the author, “The first five years of a child’s life shape the architecture of their brain, and build a foundation for future learning and success. Quality early learning experiences during the earliest years help set children on a path to thrive in school and life, while supporting working parents. Unfortunately, less than one in five children who are eligible for a state subsidized program are able to participate in one.

SB 50 will enable family child care providers to serve young children in the State Preschool Program. Additionally, this bill will facilitate enrollment for families and providers by expanding categorical eligibility to families who need child care services and who are already enrolled in CalFresh, Medi-Cal, WIC or Head Start while also allowing for 24-month continuous eligibility. These changes will reduce the paperwork and administrative burden on families and providers, while also allowing for more continuity of care for children.”

Key provisions of the bill. As of July 1, 2021, most childcare programs managed by the CDE are shifting to the DSS. However, the CDE will retain responsibility for the CSPP and TK. The Budget Act of 2021 requires that all 4-year olds have access to a TK program by the 2025-26 school year. This is likely to have a significant impact on providers of CSPP and Head Start programs currently serving 3 and 4-year old children. In response to these changes, this bill proposes significant changes to the CSPP, including the following:

- Expands the ages of children eligible to be served within CSPP from birth to 5 years old;

- Authorizes family childcare home education network providers to provide CSPP services to children from birth to 5-years old;
- Extends the existing authority to enroll all 4-year old children in a CSPP within the attendance boundary of a traditional public school where at least 80% of enrolled pupils are eligible for free or reduced-price meals, to also include all 3-year-olds;
- Expands priority for eligibility, enrollment, and services by directly certifying families where at least one member is certified for means-tested programs, including Medi-Cal, CalFresh, among others;
- Expands eligibility from 12 months to 24 months based upon employment status or homelessness;
- Requires the SPI to award CSPP contracts covering three years rather than one year;
- Requires funding to be based on CSPP enrollment rather than daily attendance;
- Expands the authority to facilitate transfers of contract funding between specified childcare and preschool contracts and between agencies; and
- Expands the options for child assessment tools by authorizing providers to use any valid and reliable tool to maintain a developmental profile.

California has a complex system of early childhood programs. California's system of subsidized early care and education (ECE) is made up of a complex system of programs serving children from birth through 13 years, funded through a mix of federal and state dollars, and administered through a mixed delivery system by LEAs, community-based providers, and family childcare providers including, but not limited to:

- General Child Care and Development Programs include center-based or family childcare home care, provide part or full-time care for children from 0-5 years and out-of-school care for school age children up to age 13 from income eligible families who have a need for care;
- Alternative Payment Programs (APP) provide voucher-based childcare subsidies to low-income parents to access childcare through a wide range of providers. Includes vouchers offered through California's state welfare program, California Work Opportunity and Responsibility to Kids (CalWORKs), those for working families, as well as programs specifically for migrant children;
- CSPP provides center-based preschool for 3- and 4-year-old children from income eligible families, or who are otherwise eligible;
- FCCHENs provide child care and development services in family child care home settings. CDE contracts with FCCHEN contractors to provide ongoing training and support to network providers in order to assist these family child care home providers in offering early education and child care to eligible families with children ages birth through 13 years of age; and

- Head Start and Early Head Start are federally-funded preschool and child development programs serving children from families with incomes below the federal poverty level, and offer education, childcare, extensive family engagement, and wraparound services;

In the 2019-20 fiscal year, there were approximately 247,000 subsidized childcare slots offered across the various programs, and 172,000 preschool slots through the CSPP.

Transitional Kindergarten also serves 4-year olds. TK is the first year of a 2-year kindergarten program. California's Kindergarten Readiness Act of 2010 revised the cutoff date by which children must turn 5 for kindergarten entry in that year. The act established September 1 as the new kindergarten eligibility date, 3 months earlier than the previous date of December 2. The Kindergarten Readiness Act also established TK for all students affected by the birthdate eligibility change. Instead of enrolling in regular kindergarten, students who reach age 5 between September 2 and December 2 receive an "age and developmentally appropriate" experience in TK prior to entering kindergarten the following year. Schools are also authorized, under certain conditions, to admit children who have their 5th birthday after December 5 to TK programs, but may not claim ADA funding until the child turns 5. There is no income eligibility requirement for TK. Approximately 91,000 children were enrolled in TK in 2018-19.

The Budget Act of 2021 expands access to early education for 4-year olds by requiring that all LEAs offer a TK program to all eligible children by the 2025-26 school year. This is likely to significantly reduce the number of 4-year olds enrolling in CSPP. However, neither TK nor kindergarten is mandatory in California, thus not all eligible 4-year olds will be enrolled in TK. Some families may choose to have their children remain in CSPP or other childcare program that better meet their needs for full-day and full-year care or provides care during non-traditional hours. The Budget Act of 2021 also authorizes CSPP providers to offer wraparound care for children enrolled in TK.

The expansion of TK is likely to impact CSPP providers. Concerns have been raised about the impact of an expansion of TK on CSPP providers, particularly those community-based providers not affiliated with an LEA. If sufficient numbers of 4-year-olds are enrolled in TK rather than CSPP, the CSPP contractors could experience significant drops in enrollment, jeopardizing their ability to earn their contracts, or to remain open. CSPP contracts held by LEAs may be relinquished if the LEA determines that operating a TK program is more financially viable than a CSPP. The loss of full-day, full-year CSPP programs could negatively impact parent choice and the ability of parents to find care that best meets the needs of the child and family.

The author contends that universal TK will not displace CSPP as moving 4-year-olds to TK will allow CSPP providers to serve more 3-year-olds or younger children, and to serve TK students with wraparound services in order to provide full-day, full-year care, as authorized in the Budget Act of 2021.

Another factor cited by CSPP contractors is the disparity in the costs of serving preschool age children versus infants and toddlers, due to the differing ratio requirements, which impact staffing costs. Contractors note that the revenues associated with serving 4-year-olds contribute to offsetting the higher costs associated with caring for infants and toddlers. They express concern that without a sufficient number of 4-year-olds in their programs, the programs will not be financially viable in serving infants and toddlers, further exacerbating the shortage of infant and toddler childcare slots. The author notes that other legislation introduced in this Session

addresses childcare rate reform for the overall birth through 5-year old early care and education system.

Significant differences in reimbursement rates. Two different sets of rate schedules apply to providers of subsidized childcare. 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, providers are reimbursed using the Regional Market Rate (RMR). This rate is based on a biannual RMR survey of the cost of childcare in various geographical regions across the state. These rates vary significantly from one county to another, reflecting differences in the cost of care.

Providers of contracted care – childcare and development programs and CSPPs that contract directly with the CDE, as opposed to voucher-based care – are reimbursed according to a uniform statewide rate system based on the SRR. The fiscal year 2018-19 SRR for General Child Care was \$11,995 per child per year based on 250 days of operation. The SRR for CSPP was \$12,070 per year. However, acknowledging the higher costs associated with providing care to certain populations, state law 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 (birth to 18 months) is currently 2.44, meaning that the per-child-per-year SRR based upon the 2018-19 adjusted base rate would be approximately \$29,267. The adjustment factor for toddlers (18-36 months) is 1.8, for an estimated annual SRR of \$21,591. ***The Committee may wish to consider*** whether the significantly higher reimbursement rates for infant and toddler care, versus the standard rate for CSPP will incentivize existing CSPP providers to shift away from serving preschool-aged children and jeopardize the availability of the State’s high-quality, educationally-focused CSPP program.

Transition of childcare programs. The Budget Act of 2020 requires that many childcare programs be transferred from the CDE to the DSS as of July 1, 2021. This change is meant to, among other things, reduce administrative and other barriers to program access so that programs and providers can focus on positive child and family outcomes and help meet the goals of the Master Plan for Early Learning and Education. SB 98 requires that CSPP and TK remain at the CDE, while those programs primarily serving younger children, including general childcare, are moved to the DSS.

Meeting the needs of 3 and 4-year olds for high quality pre-kindergarten experiences. A 2017 report by the Learning Policy Institute “Understanding California’s Early Care and Education System”, estimates that 69% of eligible four-year-olds, and 38% of 3-year-olds statewide are enrolled in an early care and education program in California. These figures vary significantly from one county to another. This suggests that there is a large pool of unserved 3-year olds who could be enrolled by CSPP providers to compensate for the disenrollment of 4-year olds shifting to TK. As noted in the *Master Plan for Early Learning and Care* (2020), the shifting of 4-year olds to TK provides greater opportunities for two-year preschool experiences for income-eligible 3-year olds and children with disabilities.

Clear need for additional infant and toddler childcare. Researchers report that children begin learning at birth and every interaction that young children have with a caregiver adds to their experiences and influences the rapid brain development that occurs in the first few years of life. The ability of families to access childcare programs staffed by highly skilled and experienced teachers can have a major impact on children’s cognitive development. Nearly 1 in 5 infants in

the U.S. live in poverty, leaving them at risk of falling behind before they can walk. The toxic stress associated with poverty can limit young children's exposure to positive interactions and harm brain development. Research shows that gaps in children's cognitive abilities by income are evident as early as 9 months and significantly widen by the age of 2.

According to *Getting Down to Facts II: Early Childhood Education in California* (PACE, 2018), the average annual cost of childcare for infants from birth through 2-years was \$8,462 for family child care and \$13,327 for care in a childcare center. California is 1 of the 10 least affordable states for infant care, costing an average of 51% of the median income of a single parent and 15% of the median income of two parents.

Only 12% of California's infants and toddlers attend a licensed program: 4% of infants and toddlers are in licensed childcare centers, and 8% are in licensed family child care homes, likely due to the high cost of care. There are large disparities in access to licensed care across counties. In Fresno County 9% of infants and toddlers are enrolled in licensed care, while in San Francisco 19% are enrolled.

This bill would propose to serve more infants and toddlers in subsidized care by authorizing CSPP contractors to serve these younger children within their contracts. Although it is clear that there is a need to provide additional infant and toddler care, *the Committee may wish to consider* whether infants and toddlers would be better served in a general childcare and development program and whether the addition of infants and toddlers to CSPP would dilute the high quality educational experiences for 3 and 4-year old children served in the programs.

Research confirms the value of high-quality pre-kindergarten (Pre-K) experiences. The research report, *Puzzling it Out: The Current State of Scientific Knowledge on Pre-Kindergarten Effects* (Phillips, 2017) states "Educators in K-12 school systems are faced with wide disparities in skill levels of entering kindergarteners, which means that all too many children are already far behind many of their peers. Findings in developmental science point toward the importance of early-life experiences in shaping brain development and suggest that if we knew how to provide these experiences in our early education programs, we could have a lifelong impact on children's success." Findings include:

- Children attending a diverse array of state and school district Pre-K programs are more ready for school at the end of their Pre-K year than children who do not attend Pre-K. Improvements in academic areas such as literacy and numeracy are most common; the smaller number of studies of social-emotional and self-regulatory development generally show more modest improvements in those areas;
- Studies of different groups of preschoolers often find greater improvement in learning at the end of the Pre-K year for economically disadvantaged children and dual language learners (DLLs) than for more advantaged and English-proficient children;
- Pre-K programs are not all equally effective. Several effectiveness factors may be at work in the most successful programs. One such factor supporting early learning is a well implemented, evidence-based curriculum. Coaching for teachers, as well as efforts to promote orderly but active classrooms, may also be helpful; and

- Children’s early learning trajectories depend on the quality of their learning experiences not only before and during their Pre-K year, but also following the Pre-K year. Classroom experiences early in elementary school can serve as charging stations for sustaining and amplifying Pre-K learning gains.

There is also a substantial body of research that indicates that high-impact preschool programs produce especially meaningful benefits for children whose backgrounds and needs have historically put them at risk for falling behind their peers before and after school entry. High-quality preschool often has larger impacts on school readiness for children who need it most, including children experiencing poverty, children of color, children who are DLLs, and children with disabilities.

Expanding availability of CSPP through home-based providers. This bill would authorize a FCCHEN provider to provide CSPP services for children from birth to five years. Currently FCCHEN providers typically operate through general childcare contracts.

FCCHENs help facilitate the provision of high-quality childcare and development services in family childcare home settings. CDE contracts with FCCHEN contractors to provide ongoing training and support to network providers in order to assist these family childcare home providers in offering early education and childcare to eligible families with children ages birth through 13 years of age. Providers must meet standards of quality set forth by CDE. Children’s developmental progress is closely monitored, and children are evaluated using the DRDP. As of April 2015, there were 83 FCCHEN contractors serving 1,556 licensed family child care homes which, in turn, provided care and education for 6,853 children.

The SEIU and Child Care Providers United, in a letter of concern regarding SB 50, note that less than 10% of represented family childcare providers are part of a FCCHEN and therefore would not benefit from the expansion of CSPP services proposed by SB 50. They note that licensed and license-exempt family childcare providers are essential to working families, especially for the 0-3 age group. They continue, “this bill disadvantages our providers, redirects children out of AP programs, and excludes a largely female and minority workforce.”

Amending eligibility requirements. Under current law a family is eligible for subsidized childcare if they meet at least one requirement in each of two areas:

- A current aid recipient, is income eligible, homeless, or whose children are, or at risk of being, abused, neglected or exploited; and
- Needs the childcare services because the child is homeless; a recipient of child protective services; being neglected, abused or exploited; or because the parent(s) are engaged in specified education or training; employed or seeking employment; seeking permanent housing; or incapacitated.

State regulations specify the detailed and extensive methods by which these requirements are to be verified by the applicable agency prior to verifying a family’s eligibility for services. These lead to significant burdens on families to provide the necessary documentation, and on agency staff to verify eligibility.

This bill deems recipients of specified means-tested government programs, like Medi-Cal, CalFresh and Head Start, as eligible for subsidized childcare or CSPP. This essentially creates direct certification of eligibility for these families. A similar process is used to deem students in families who are recipients of CalFresh as eligible for free meals or milk without completing an application. This streamlined eligibility may increase demand for subsidized childcare while the number of childcare slots is not increased.

This change aligns with other streamlining efforts underway. The DSS is currently developing a Statewide Verification Hub (SVH) to streamline the eligibility verification process for many programs with initial efforts focusing on CalFresh, CalWORKs, Medi-Cal, and childcare. According to the DSS website, “While upholding Californians’ privacy and security, the new IT effort will develop a modernized and leverageable Hub that will connect eligibility case management systems with near real-time data sources and federally-mandated Income Eligibility Verification System data matches. The SVH Project is a multi-department effort to bring key programs together with the common goal of producing verification data to support fast and accurate eligibility determinations for means-tested programs.”

Community eligibility for CSPP. As of January 1, 2020, a CSPP provider operating within the attendance boundary of a public elementary school, except a charter or magnet school, where at least 80% of enrolled students are eligible for free or reduced-price meals is authorized to enroll all 4-year old children living within that attendance area, regardless of family income. CDE had identified over 2,000 elementary schools that meet this threshold as of 2018-19. This bill extends this community eligibility provision for CSPP to all 3-year olds as of January 1, 2022.

Income eligibility. As noted above, one of the factors impacting eligibility for CSPP, as well as other childcare programs, is income eligibility. Currently, a family is income eligible if their adjusted monthly income is at or below 85% of the state median income (SMI), adjusted for family size. For example, a family of four is eligible for subsidized care if they earned \$7,069 per month or less in the 2020-21 fiscal year. Priority for enrollment based upon income eligibility is given to families with the lowest gross monthly income.

Parents are required to provide proof of income and contractors are required to document family income. Due to recent changes in state law, upon establishing initial eligibility, a family is considered to meet all eligibility and need requirements for not less than 12 months and is eligible to receive those services for not less than 12 months before having their eligibility or need recertified, and is not required to report changes to income or other changes for at least 12 months. However, families may voluntarily report changes in income in order to reduce family fees. This bill would expand eligibility from 12 months to 24 months under specified conditions.

This bill would also remove the requirement that providers collect proof of income for determining eligibility for subsidized childcare programs. ***The Committee may wish to consider*** whether the lack of income verification would impact the existing policy priority of serving the neediest families with the lowest incomes first. In addition, although CSPP programs do not currently receive federal funding, the proposed expansion of CSPP to serve younger children could lead to conflicts with income verification requirements of federal law.

Changes to contract provisions. Under current law, child development contracts administered by the CDE, including the CSPP, are allocated on an annual basis. This bill would require the SPI and the DSS, by July 1, 2023, to develop and implement plans to award childcare and CSPP

contracts as three-year grants, with annual budget periods in order to streamline and improve the application and contracting process, among other goals. *The Committee may wish to consider* whether the awarding of three-year contracts conflicts with the annual budget process of the Legislature in awarding funding for child development programs, and whether there would be potential conflicts with federal provisions regarding the expenditure and reversion of funds.

Currently, contractors holding both general childcare contracts and CSPP contracts are able to apply to the CDE to effect intraagency transfers to reflect the actual enrollment levels in the two programs and increase the likelihood of the contractor fully earning their contracts. This bill would authorize the CDE to allow and arrange both intraagency and interagency adjustments between various contract types including CSPP, general childcare, FCCHEN, and migrant childcare and development contracts for the same agency or different agencies, and requires the SPI and the DSS to establish timelines for these contract fund transfers.

Enrollment versus attendance funding. Child development programs operating under contract with the CDE, including CSPP, are currently reimbursed based upon the days of attendance rather than the days of enrollment:

- “Day of Enrollment” is a day that a child is certified to attend a program per the contractor’s approval for services. A day of enrollment will always fall on a day that the agency is open and providing services; and
- “Days of Attendance” is a total of the days that certified children are present in the program for any part of a day for which they are enrolled or if they have excused absences. Excused absences are “because of illness, quarantine, illness or quarantine of their parent, family emergency, or to spend time with a parent or other relative as required by a court of law or that is clearly in the best interest of the child. Contractor’s operating centers and/or family child care homes use daily sign-in/sign-out sheets to track attendance for reporting purposes.

This bill would require the CDE to reimburse CSPP contractors based upon a child’s days of enrollment multiplied by the contract rate and applicable adjustment factors. This would have the effect of providing a “hold harmless” provision for contractors due to child absences. This practice was adopted during the COVID-19 pandemic due to the large number of absences of children from programs that were open. Shifting to this method of reimbursement on an ongoing basis will require the CDE to update regulations.

Assessments of child development. CSPP contractors are currently required to implement the Desired Results Developmental Profile (DRDP) assessment instrument, for all enrolled children within 60 calendar days of initial enrollment and at least once every 6 months thereafter, as part of a developmental profile of each enrolled child. The DRDP is a formative assessment instrument developed by the CDE. The DRDP is administered within the preschool setting through teacher observations, family observations, and examples of children’s work. Some in the field dispute the value of the DRDP and object to the time and effort taken to administer it. This bill would authorize a public or private provider to use any valid and reliable instrument to meet the requirement to maintain a developmental profile, including but not limited to the DRDP. CDE would be required to approve an alternative to the DRDP in an agency’s contract terms and conditions.

The Budget Act of 2021 appropriates funding and requires the CDE to update the California Preschool Learning Foundations by January 2024 and to adapt the DRDP to reflect the updated standards, address preschool to second grade, and include direct assessments of literacy and math. *The Committee may wish to consider* whether it is prudent to authorize alternatives to the DRDP given the potential loss of statewide data, as well as given that the CDE will be updating this assessment tool.

Recommended Committee amendments. Staff recommends that the bill be amended to:

- 1) Authorize CSPP providers to serve children from 18 months-5 years, rather than birth to 5 years;
- 2) Reinstate the priority for CSPP to serve eligible 3 and 4-year old children before serving younger children;
- 3) Delete authority for providers to use any valid and reliable instrument to maintain a developmental profile for each child, and instead require the CDE by January 2024, in adapting the DRDP as required in the Budget Act of 2021, to consult with childcare providers to identify means of streamlining the administration of these assessments.
- 4) Delete the requirement for the SPI and DSS to award childcare and CSPP contracts as three-year grants, and instead require the CDE and DSS to, by July 1, 2023, develop and implement plans to improve the contracting process, including specified requirements.
- 5) Require the CDE and the DSS to explore the feasibility of interagency transfers of contract funds;
- 6) Revert to current law regarding community eligibility for CSPP;
- 7) Require the CDE to update applicable regulations to authorize reimbursement of providers based upon enrollment rather than attendance;
- 8) Other technical and clarifying changes.

Arguments in support. EveryChild California states “Currently, less than one in 5 children who are eligible for a state subsidized program are able to participate in one. SB 50 aims to increase efficiencies in the direct contracting early learning and care system by removing barriers to ultimately serve more children in quality programs and strengthen the family child care system to give our youngest learners a strong start. Specifically, SB 50 would open up the State Preschool Program (CSPP) to serve children 0-5 and to serve children in family child care homes. This will allow more low-income 3-year-olds, infants, and toddlers to access quality early learning and care. A recent report by the American Institutes for Research shows that the need for care among this group is acute.

SB 50 also increases stability for providers by shifting to reimbursements based on program enrollment rather than attendance — a model already used by the federal Head Start program. Moving to an enrollment reimbursement model will help providers across the state retain more of their contract funds each year to improve access to, and the quality of, programs for low-income children and families.

Finally, SB 50 will make it easier for families to enroll in subsidized child care and preschool. SB 50 is monumental legislation that will help California create a streamlined and strengthened early learning and care mixed-delivery system that better supports children, families, and providers, and sets our children up for a successful future.”

Related legislation. AB 22 (McCarty) of this Session would expand eligibility for transitional kindergarten (TK) by adding one month of eligibility per year over a 10-year period to achieve universal TK eligibility by 2032-33, and would add specific requirements for TK, and identifies a funding source.

SB 246 (Leyva) of this Session would require the DSS to establish a single reimbursement rate for early learning and care programs, including variations for regional costs and quality adjustment factors.

SB 89 (Committee on Budget and Fiscal Review) Chapter 24, Statutes of 2020, authorizes the transfer of child care and development programs, other than CSPP, currently administered by the CDE to the DSS effective July 1, 2021.

AB 123 (McCarty) of the 2019-20 Session would have established the Pre-K for All Act; expanded the eligibility for CSPP; increased the reimbursement rate for the CSPP and required a portion of the increase to be used to increase teacher pay; required CSPP lead teachers to hold a bachelor’s degree by a specified date; and established a program to provide financial support to childcare workers pursuing a bachelor’s degree. This bill was held in the Senate Appropriations Committee.

AB 167 (Rubio) of the 2019-20 Session would have created the “California Partnership for Infants and Toddlers” to provide grants to specified providers serving infants and toddlers, subject to an appropriation, if they agree to meet specified standards, and to provide full-day, full-year care. Also stated legislative intent to provide funding to provide childcare for an additional 20,000 infants and toddlers. This bill was held in the Assembly Appropriations Committee.

AB 194 (Reyes) of the 2019-20 Session would have required, upon appropriation, \$1 billion to be invested in improving eligible children’s and families’ access to subsidized child care services. This bill was held in the Assembly Appropriations Committee.

SB 217 (Portantino) of the 2019-20 Session would have created the Early Intervention Grant Program to increase inclusive access to early education programs for children with exceptional needs and expand eligibility for TK to include children with exceptional needs turning 5-years-old at any time during the school year. This bill was amended to include content outside of the jurisdiction of education.

AB 1754 (McCarty) of the 2017-18 Session would have required the state to provide all eligible low-income 4-year-old children with access to early care and education programs. This bill was held in the Senate Appropriations Committee.

SB 837 (Dodd) of the 2017-18 Session would have expanded eligibility for TK to all 4-year olds, phased in over a two-year period beginning in the 2020-21 school year. This bill was held in the Senate Appropriations Committee.

AB 47 (McCarty) of the 2015-16 Session would have established the Preschool for All Act of 2015 and required, on or before June 30, 2018, all eligible children who are not enrolled in TK to have access to the CSPP the year before they enter kindergarten, if their parents wish to enroll them and contingent upon the appropriation in the annual Budget Act for this purpose. This bill was vetoed by Governor Brown, who stated:

Last year's education omnibus trailer bill already codified the intent to make preschool and other full-day, full year early education and care opportunities available to all low-income children. The discussion on expanding state preschool - which takes into account rates paid to providers as well as access and availability for families - should be considered in the budget process, as it is every year. A bill that sets an arbitrary deadline, contingent on a sufficient appropriation, is unnecessary.

REGISTERED SUPPORT / OPPOSITION:

Support

Black Leadership Council
California Academy of Child and Adolescent Psychiatry
California Association for The Education of Young Children
California State PTA
Cambridge Community Center
Catalyst Family INC.
Child Care Planning Council of Sonoma County
Community Child Care Council of Sonoma County
Council for A Strong America
Early Edge California
Early Education Action League
Educational Enrichment Systems
EveryChild California
Fight Crime: Invest in Kids
Footsteps Child Care, INC.
Friends Committee on Legislation of California
Good2know Partners
Kidango
League of Women Voters of California
Los Angeles Unified School District
Martinez Early Childhood Center INC.
Mendocino County Office of Education
Mission: Readiness
Nourish California
Office of The Riverside County Superintendent of Schools
Options for Learning
ReadyNation
San Diego Unified School District
San Mateo County Child Care Partnership Council
Santa Barbara Women's Political Committee
Sierra Cascade Family Opportunities
The Education Trust - West

Zero to Three, California
1 Individual

Opposition

None on file

Analysis Prepared by: Debbie Look / ED. / (916) 319-2087