

This is a message from the California Department of Education (CDE), Early Learning and Care Division (ELCD).

Fiscal Year 2020-21 California Alternative Payment Program Projected Over-Earnings

The CDE is aware that some California Alternative Payment Program (CAPP) contractors are projected to over-earn their fiscal year (FY) 2020-21 contract due to the increased cost of childcare during the coronavirus pandemic. Specifically, the CDE understands that contractors are over-earning the CAPP contract due to school age children requiring full time care while attending school through distance learning. The CDE has been discussing this issue with the Department of Finance and Legislature, and this communication is to provide flexibility on a portion of the emergency childcare funds provided to transfer families into ongoing care. While this flexibility may not fully resolve funding issues for all contractors, we would like to inform contractors that at this time, **children and families should not be disenrolled as a result of projected over-earnings of the CAPP contract.**

Contractors received an email from their CDNFS Fiscal analyst last week notifying them of the additional funds each contractor would be receiving as a result of the 2020 Budget Act. Contract amendments include an allocation of the:

- \$73 million in one-time federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to extend child care services for essential workers, at-risk children, and children with disabilities or special health care needs whose Individualized Education Programs (IEP) or Individualized Family Service Plan (IFSP) includes early learning and care services.
- \$47.236 million in on-going funding to transition eligible families that received temporary vouchers for Emergency Childcare in FY 2019-20 to ongoing childcare.
- \$62.5 million to reimburse providers based on a child's maximum certified hours of care for families certified with a variable schedule and for license-exempt part-time care, until funds are exhausted.

Funding provided in the 2020 Budget Act must be used to support the priorities set forth in the 2020 Budget Act. As contractors transition eligible families from Emergency Childcare into on-going care, contractors should determine the number of children that can be enrolled for a full year with the allocation provided, in order to ensure that contractors do not over-enroll. The contractor should also determine which month children will be enrolled into ongoing care, and how much of their allocation will not be needed in FY 2020-21 due to the timing that children are transferred into ongoing care. As a result of CDE's conversations with the California Department of Finance and the Legislature, **once the contractor determines the number of eligible families to be enrolled into on-going care, any unused portion of their \$47.236 million allocation**

may be used to support the increased cost of care of existing enrollments in FY 2020-21. This flexibility in utilizing a portion of the contractor's allocation to support the increased cost of care of existing enrollments only applies to the \$47.236 million allocation. Contractors must continue to utilize all other funds provided in the 2020 Budget Act as they were intended as specified above.

Example:

Allocation to transfer children into ongoing care: \$1,425,000

Average Cost of Care (ACC): \$950

Determine the number of emergency childcare enrollments that can be transferred into ongoing care for a full year (Allocation/ACC/12 months): $\$1,425,000/\$950/12 = 125$

In this example, the contractor must determine which month these children will be enrolled into ongoing care. If, for example, these children are enrolled into ongoing care December 1, 2020, the contractor will not expend the equivalent of five months of their \$1,425,000 allocation. This amount is approximately \$593,750 $[(5/12) \times \$1,425,000]$. The contractor may utilize the remaining \$593,750 to support the increase costs of previous enrollments.

If your agency is projected to over-earn the FY 2020-21 CAPP contract, and have not already notified your ELCD field consultant and your CDNFS Fiscal Analyst, please do so as soon as possible. The list of consultants can be found on the Consultant Regional Assignments web page at <http://www.cde.ca.gov/sp/cd/ci/assignments.asp>. You may also find the Fiscal Analyst Directory at <https://www.cde.ca.gov/fg/aa/cd/faad.asp>.

The CDE will issue further guidance as soon as we have additional information.