

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

Assembly Bill 82 — Stipend Guidance

Dear Executive Directors and Program Directors of All Early Learning and Care Programs:

On February 23, 2021, Governor Newsom signed Assembly Bill (AB) 82, which allocated \$244 million to provide a flat-rate one-time stipend amount of \$525 per child enrolled in a subsidized childcare or a State Preschool program under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021.

Contractors that are eligible to receive a stipend are: California Work Opportunity and Responsibility to Kids (CalWORKs) Stage 2 (C2AP) and CalWORKs Stage 3 (C3AP), Alternative Payment Program (CAPP), Migrant Alternative Payment Program (CMAP), Family Childcare Home Network (CFCC), General Childcare and Development (CCTR), California State Preschool (CSPP), Migrant Childcare (CMIG), and Severely Handicapped (CHAN).

This flat-rate one-time stipend is being issued based on available program data for November 2020 enrollment.

Alternative Payment Program Contractors and Family Childcare Home Networks

Contractors holding a C2AP, C3AP, CAPP, CFCC or CMAP contract will provide a per child stipend allocation directly to childcare providers based on the number of children enrolled, regardless of actual attendance, in November 2020.

Direct Contractors under Title 5 and Family Childcare Home Education Networks

Contractors holding a CCTR, CSPP, CMIG or CHAN contract with children enrolled and receiving care via in-person or distance learning in the childcare or Preschool center will retain the stipend allocation to support the program with COVID-19 pandemic relief.

Contractors holding a CCTR, CSPP, or CMIG contract with children enrolled and receiving care in a family childcare home education network (FCCHEN) setting, will provide a per child stipend to all providers who had children enrolled in November 2020.

Administrative Cost Allocation

In addition to the per child stipend allocation, all contractors will be provided with an additional allocation equal to five (5) percent of the total stipend allocation for administrative costs. The one-time per-child stipend amount of \$525 per subsidized child that is issued from a contractor to a provider must not be reduced.

Alternative Payment Programs with Children Enrolled Having Two Providers

The CDE is aware that some children enrolled in and funded by a C2AP, C3AP, CAPP, or CMAP contract may have received care from multiple providers in the month of November, but the November 2020 caseload report only reflected the child once. Contractors should not report these children twice, as this would inflate the number of children served in the report month. The Child Development and Nutrition Fiscal Services (CDNFS) office will be collecting additional data to ensure that all providers with children enrolled in November 2020 will receive a one-time per-child \$525 stipend allocation.

Use of Stipend Funds

Stipend funds may be used for any allowable expense that would be reimbursable under a contractor's existing child development contract to address COVID-19 costs or to ensure the programs are able to remain open or reopen. Stipend allocations will be distributed to contractors as a direct payment, outside of the child development contract, and will not be subject to the reporting requirements associated with a child development contract. **This funding will not be reported on CDNFS report forms.** However, as with all Federal and State funds allocated for Early Learning and Care programs, the use of these funds is subject to audit, and must be appropriately tracked by contractors. This includes, but is not limited to, maintaining records for payments to providers and all purchase orders or receipts to verify appropriate use of funds. **Stipend funds must be expended by June 30, 2022.**

The CDE has received inquiries about the use of these funds. In an effort to provide general guidance on the use of these funds, specific items are outlined below. These are allowable items specific to the allocation amounts that contractors will retain. **These items do not address all appropriate uses of funding; rather, these items are only to address common inquiries the CDE has received.**

1. Hazardous Pay

Contractors may issue hazardous pay to employees, consistent with Title 2 of the Code of Federal Regulations (CFR) 200.430, if they have the funding to do so. Please note that hazardous pay applies to those directly employed by the contractor and does not apply to providers.

Federal Regulation 2 CFR 200.430 and subsequent guidance provided throughout the COVID-19 pandemic supports compensation and extra pay so long as the contractor ensures that the compensation:

- Is reasonable for the services rendered.
- Is paid pursuant to an agreement entered into in good faith between the contractor and the employee.
- Conforms to established written policies and procedures of the contractor
- Is consistently applied to both federal and non-federal activities

Contractors may develop written policies and procedures that include the beginning of the pandemic, if necessary, in order to comply with these regulations and issue hazard pay. As stated in the fourth bullet above, contractors cannot differentiate between the funding source of each employee for the purpose of determining hazardous pay for each employee. Meaning, if a contractor has two employees with substantially similar duties, and the employees are funded by two different income sources, the two employees must receive similar hazardous pay, regardless of the availability of funds within each income source.

2. Mental Health Services

Contractors may use stipend funds to offset additional expenses incurred to provide mental health services. This includes additional mental health services training for employees, services that provide a direct benefit to staff, as well as contracting mental health professionals for necessary services to be provided directly to children or staff. The CDE's Early Learning and Care Division (ELCD) encourages the use of mental health services to ensure nurturing and responsive environments for all children, particularly those children with challenging behaviors in the classroom or family child care home setting.

3. Salaries and Benefits

Contractors may utilize stipends funds for salaries and benefits in instances where additional staff are needed to plan for a safe reopening of programs, or to plan for increased enrollment for in-person care.

4. Equipment and Supplies

Contractors may utilize stipend funds to purchase additional equipment and supplies, including partitions, tables and chairs, curriculum, toys, and outdoor play equipment. Contractors must keep all documentation regarding equipment purchases and abide by their internal control policies and procedures. All contractors are ultimately responsible for ensuring that all costs are reasonable and necessary. The CRRSA funding provided through stipend allocations are subject to audit requirements. If a contractor needs to purchase equipment, the contractor must adhere to all applicable law and regulations to

the pre-approval and bid requirements as cited in the Funding Terms and Conditions (FT&C).

Timeline for Stipend Distributions to Contractors and Providers

The CDE expects contractors to receive a check for stipend allocations in mid-April. Where applicable, contractors must make every effort to distribute stipend payments to childcare providers no more than thirty (30) calendar days after the check is received by the contractor. Contractors that are unable to issue stipends to providers within this timeframe must notify their assigned Program Quality Implementation Regional consultant prior to April 16, 2021, and provide a reason for the delay.

Funds provided via an apportionment payment to Local Education Agencies (LEAs), including charter schools, must be distributed through the County Treasurer, and LEAs should therefore contact their County Treasurer's Office to coordinate the transfer of funds.

If you have any questions regarding this letter, please contact your assigned fiscal analyst. The CDE Fiscal Apportionment Analyst Directory web page can be found at <https://www.cde.ca.gov/fg/aa/cd/faad.asp>.

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