



CHILDREN LEARNING, PARENTS EARNING, COMMUNITIES GROWING

May 26, 2022

The Hon. Phil Ting, Chair, ASM Budget Committee Capitol Office Sacramento, CA 95814

The Hon. Kevin McCarty Chair, ASM Budget Sub 2 Capitol Office Sacramento, CA 95814

The Hon. Nancy Skinner Chair; SEN Budget & Fiscal Review Committee State Capitol Sacramento, CA 95814

The Hon. Susan Talamantes Eggman Chair; SEN Budget Sub 3 State Capitol Sacramento, CA 95814

**RE: Permanent single subsidized child care voucher**

On behalf of the California Alternative Payment Program Association (CAPPAA) whose community based Alternative Payment Programs (APPs) have supported the needs of the most fragile families for over 40 years, we would like to request a reversion back to a single subsidized child care voucher as existed until 2009 and then reinstated during COVID.

The history of the Alternative Child Care Program and subsidized child care vouchers began in 1976 and were “designed to increase parental choice” and to provide parents equal access to all types of child care settings.<sup>i</sup> The desired outcome of the creation of the child care voucher was to ensure “...all eligible children will receive child care of high quality” and that the access to such quality programs would be an enterprise separate from welfare.

In 1988 when Proposition 98 was approved by the voters, child care was included as a stand-alone valued component. From the passage of Proposition 98 until 2009, there existed a single subsidized child care voucher for income eligible families to access. However, in late 2009 with California in the midst of a deep recession, Governor Schwarzenegger enacted a budget that removed funding for child care from the Proposition 98 guarantee and cut some child care slots as a way to save money. Additionally, it was enacted that the single voucher type that only the poorest of income eligible families could access would be split into two as an additional way to save the state money. One voucher for working families with a stable job would have a static reimbursement based on the maximum certified need of the family. Any family child care provider or center that accepted this type of voucher would know how much they would be reimbursed for care.

However, the second type of subsidized child care voucher, which was created to save money, provided no set guarantee of reimbursement to providers and created separate rules for families that had unstable or fluctuating work hours. This voucher type would only guarantee reimbursement if the child showed up. While the goal of this action was to allow the state to save money, as a consequence, those families with child care vouchers that provided no guarantees of funding to family child care providers or centers that accepted them and essentially lost the access to higher quality care. This action banked on these families only being able access licensed-exempt providers or the lowest cost of care. This cost saving measure by the state further exacerbated inequity in access to child care for disproportionately black and brown low-income families who predominately work in industries with variable work schedules such as retail, hospitality, and agriculture.

During the COVID-19 pandemic, Governor Newsom issued Executive Order N-45-20<sup>ii</sup>, enacted in SB 820 (2020)<sup>iii</sup>, to stabilize child care providers and centers by requiring state agencies to reimburse all family child care providers and centers based on the maximum certified hours of need of an eligible family, rather than actual hours of care provided. The rationale for this action was that family child care providers and centers as business

owners have ongoing operational costs and staff salaries to pay regardless of the attendance of a child. It also was recognized that if a child does not show up, the child care slot cannot be readily filled and the provider is left with a financial shortfall. This rationale holds true whether in or outside of a pandemic.

The above Executive Order coupled with federal relief and guidance from the U.S. Department of Health and Human Services<sup>iv</sup> were instrumental in reducing the exodus of providers, supporting more child care assistance vouchers for income eligible and essential worker families, and ensuring all families had equitable and fair access to all child care settings until June 30, 2021. To further support the family child care provider and center workforce with stability, and continuing to allow all families equitable access to all child care settings, the language to continue fair and equitable access to all child care was incorporated into AB 131<sup>v</sup> and the sunset date extended until June 30, 2022.

Thankfully, Governor Newsom has proposed in the 2022-23 May Revision<sup>vi</sup> further extending the single voucher until June 30, 2023.

It is critical that action be taken in the budget to permanently recognize a single voucher type for all income eligible families. A single voucher will eliminate the discrimination that working families with variable hours face by higher quality settings where guaranteed reimbursement must be secured.

In regards to the ongoing cost of making this permanent, CAPPa has always questioned the math the Administration used to determine the \$72 million price tag during COVID. To this date, although this amount was noted to have been spent on a single voucher type during COVID, the 2022-23 California Department of Social Service Contracts that also included the roughly 68,000 new voucher slots of the 110,000 funded put the total cost of reimbursement of a single voucher at \$50 million<sup>vii</sup>.

In 2017, California enacted Assembly Bill 99<sup>viii</sup> to guarantee not less than 12-months of eligibility for children of families who are deemed income eligible. This is important to understand. The eligibility to determine if a child care voucher can be received is based on the parent or family need. However, as soon as the parent or family is income eligible, then the child(ren) are to receive no less than 12-months of stable child care. Use of a lesser voucher for some families will nearly guarantee that tens of thousands of babies and children sitting in stable high-quality family child care homes and centers will be disenrolled under the proposed 2022-23 sunset.

How do we know this?

Because prior to the inclusion of the extension of a single voucher now proposed to June 30, 2023, CAPPa was being notified of thousands of disenrollment forms that providers were preparing to give to existing enrolled families. In Central California, we were notified that an operator of 22 high-quality child care centers had prepared 640 disenrollment forms to families his centers had been serving for the last 24 plus months during COVID. The parents who would have received these disenrollment notices mainly worked in agriculture and in the food industry. As a center owner, he simply would not be able to absorb so much unknown in holding slots to serve these children, while also not knowing until more than 30-days past the month the care was provided or the slot held, what the reimbursement would be.

It is wrong to note that reverting back to a single voucher type is a cost issue in the way the Administration has stated. It is a cost issue in that it will create higher costs in Stage 1 CalWORKs wherein families that cannot access stable child care must stay there until such time as it is found. Only then, if the family can secure child care can they then be transferred to CalWORKs Stage 2. Historically, language could be included in the budget to divert any of the allocated but yearly unspent child care monies, over \$100 million is annually returned to the state in allocated but unspent child care dollars, be redirected to shore up the single voucher.

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Finally, although appreciative of the multi-year commitment to fund 200,000 new child care slots by 2025-26, the reality is that there simply is not the capacity in the field to serve all of these new slots. It is concerning that there is not a priority to shore up all families with babies and children in stable slots versus the ongoing threat for some of pushing their babies and children out.

California's poorest families deserve fair and equitable access to child care. The children of families whose parents have unstable work hours ought not to be penalized and denied access to the highest quality child care because of a budget decision made to save the state money at that time. The state has a projected \$97 billion-dollar surplus. This wrong must be corrected.

Thank you for your attention to the above. Please let me know if you have any questions.

Sincerely,



Denyne Micheletti Colburn, CEO

CAPPA

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<sup>i</sup> [ed211180.tif.pdf](#)

<sup>ii</sup> [4.4.20-EO-N-45-20 \(ca.gov\)](#)

<sup>iii</sup> [Bill Text - SB-820 Education finance.](#)

<sup>iv</sup> [CCDF-ACF-IM-2021-01 \(hhs.gov\)](#)

<sup>v</sup> [Bill Text - AB-131 Child development programs. \(ca.gov\)](#)

<sup>vi</sup> [Budget Summary \(ca.gov\)](#)

<sup>vii</sup> [CCB 21-17 Summary](#)

<sup>viii</sup> [Bill Text - AB-99 School finance: education omnibus trailer bill.](#)