



## **2018 Supporting the Coordinated Needs of Working Families and Children**

The California Alternative Payment Program Association (CAPPA) was created to serve as a voice for low-income working parents and their children to have access to subsidized child care, food programs, housing, and a host of other supports coordinated by community-based and family friendly agencies. Each agency is uniquely positioned to meet the cultural, linguistic and diverse needs of the families in each of California's 58 counties.

It is hugely important that the programs needed to break the cycle of poverty and move families towards self-sufficiency do so in a coordinated fashion. To achieve this, families need affordable and accessible child care, Earned Income Tax Credits (EITCs), transportation, housing, health care, food and jobs. Although it is a balancing act, all the needs of fragile families must be taken into account to minimize unintended consequences and achieve self-sufficiency.

### **CAPPA's "asks" are:**

- **To increase child care slots for working families**
- **To build work force capacity of child care and early education providers**
- **To support the *real* needs of parents to access full-time, 24-hour, seven days per week child care options**
- **To further strengthen stability and supports for working families and children**
- **To support the governor's budget proposal to make permanent a temporary hold harmless to the 2016 Regional Market Reimbursement Rate Survey for providers accepting vouchers.**

To help make the above "asks" a reality CAPPA supports:

### **1) An increase of and access to subsidized child care slots to address a huge unmet need for working families**

In 2015, an estimated **1.5 million** children from birth through age 12 were eligible for care, according to a Budget Center analysis of federal survey data.<sup>1</sup> However, only 218,000 children were enrolled in programs that could accommodate families for more than a couple of hours per day and throughout the entire year.<sup>2</sup> In California's Alternative Payment *voucher* program and General Child Care there are roughly 33,000 child care slots allocated to support working poor families.

**Proposal:** Increase to at least 100,000 allocated *voucher* slots earmarked for the working poor families that do not enter California's welfare program CalWORKs but simply need a modest amount of support in order to maintain their employment. Projected cost: \$879 million.

### **2) Build work force capacity of providers with livable rates that at least are comparable to the minimum wage**

The fact is that California has a child care provider rate structure that has a no/low profit margin. To ask any business owner to open and operate a business that will not be sustainable and have no profit is unreasonable. Yet that is what we do.

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<sup>1</sup> Budget Center analysis of US Census Bureau, Current Population Survey data. Data limitations likely result in a conservative estimate of the number of children in California who are eligible for subsidized child care. For more information about the methodology used to calculate this estimate, see the Technical Appendix. [http://calbudgetcenter.org/Appendix-Subsidized-Child-Care\\_Dec2016/](http://calbudgetcenter.org/Appendix-Subsidized-Child-Care_Dec2016/).

<sup>2</sup> The 218,000 figure reflects children enrolled in the full-day CSPP or in one of the following subsidized child care programs: Alternative Payment Program; CalWORKs Stages One, Two, or Three; Family Child Care Home Network; General Child Care; and the Migrant Child Care and Development Program. Enrollment is for October 2015, except for California Community College CalWORKs Stage Two, which reflects a Department of Finance estimate for the 2015-16 fiscal year. This analysis includes the full-day CSPP, which consists of part-day preschool and "wraparound" child care, because it accommodates many – although not all – families' work schedules throughout the year, and thus approximates the experience that a child would have in a high-quality subsidized child care program. In contrast, this analysis excludes roughly 95,000 children who were enrolled in the part-day CSPP, without access to wraparound child care, in October 2015. This is because most families with low and moderate incomes likely need wraparound care in order to supplement the CSPP's part-day, part-year schedule. This analysis reports enrollment data for a single month – as opposed to a monthly average for 2015 – because the California Department of Education (CDE) does not typically separate part-day and full-day CSPP enrollment when reporting monthly averages. The CDE also states, "Caution should be used when interpreting monthly averages as some programs do not operate at full capacity throughout the entire year (e.g., State Preschool) while other programs have seasonal fluctuations in enrollment (e.g., Migrant Child Care)." Finally, the data are for October 2015 because the CDE's point-in-time reports are only available for the month of October.

For a child care provider, the current rate system does not factor in housing, supplies, insurance and labor. Examples of current rates<sup>3</sup> are: \$3.99 per hour for infant/toddler care; \$3.34 for preschool providers; and \$2.63 for school age providers. For center-based care, state law requires that child care providers maintain a ratio of one staff member for every four children under 18 months and one staff member to every six children who are under 18 months to three years. The ratio is one staff member to every 12 children for preschool aged three and four.

In California, the state's minimum wage is now \$11.00 per hour. Infant/toddler full time child care rates vary from region to region, but average \$9.16 an hour in a child care center, \$5.70 an hour in a family child care home, and \$3.99 in a family, friend and neighbor licensed-exempt home.

From a workforce perspective, the child care and early education subsidized system does not pay enough to attract well qualified individuals interested in serving our early learners. According to an August 2017 report<sup>4</sup>, 62 percent of people in California live in a child care desert, defined as any census tract with more than 50 children under age 5 that contains either no child care providers or so few options that there are more than three times as many children as licensed child care slots.

**Proposal:** Increase child care provider rates that reflect the actual cost of care and California's minimum wage.

### 3) Further stabilizing income eligible families

As part of last year's 2017-18 Budget Act was enactment of a 12-month eligibility period for income-eligible families that need child care to work. The desired outcome of the 12-month change was to provide greater stability and support to families who are doing everything asked of them to move towards self-sufficiency. Along with this change, it was defined that families would be supported until their family income exceeds 85% of state median income (SMI).<sup>5</sup>

To continue this desired outcome of stabilizing fragile families, would be to establish the so noted 85% of the SMI as the reference for families incoming out of the California Work Opportunity and Responsibility to Kids (**CalWORKs**) program.

In California, we have three separate stages of CalWORKs. Stage 1 is administered by the Department of Social Services and funded via the county single allocation process to local Department of Social Service welfare departments; and Stages 2 & 3 are administered by the California Department of Education (CDE) and contracted to local Alternative Payment Programs (APPs).

Now that 12-month eligibility is in place, and the SMI sets the criteria for families to lose eligibility to CalWORKs child care, it is proposed that, in the best interests of families, CalWORKs be simplified by combining stage 2 and 3, creating a Stage 1 and Stage 2 program with the SMI as the criteria for continued eligibility. There would be no change in the transfer process between Stages 1 to 2.

**Proposal:** In the best interests of families, have a single CalWORKs Stage 2 and allow 85% of the SMI to be the income ceiling. Projected cost: No new costs based on 2011 legislative action to fund CalWORKs Stage 3 as Stage 2 is funded.

If you have any questions or need further information, please contact Mona Kazemi at [Mona@cappaonline.com](mailto:Mona@cappaonline.com).

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<sup>3</sup> Average rates of Trust Line providers

<sup>4</sup> [Mapping America's Child Care Deserts](#)

<sup>5</sup> School Finance: Education Omnibus Trailer Bill, A.B. 99, 2017-18 Sess., § 10 (Cal. 2017) (enacted) (amending Cal. Educ. Code § 8263.1). The most recently issued U.S. Census data on state median income will be used to determine family eligibility guidelines, to be updated annually. In issuing new family eligibility guidelines in July 2017, CDE appropriately used the 2015 SMI data published in October 2016. The 2016 SMI data will be published in October 2017, and will result in an update to the SMI guidelines no later than May 1, 2018.