



February 2, 2021

The Honorable Gavin Newsom  
Governor, State of California  
Sacramento, CA 95814

The Honorable Toni Atkins  
President pro Tempore  
California State Senate  
Sacramento, CA 95814

The Honorable Anthony Rendon  
Speaker  
California State Assembly  
Sacramento, CA 95814

The Honorable Nancy Skinner  
Chair, Budget Committee  
California State Senate  
Sacramento, CA 95814

The Honorable Phil Ting  
Chair, Budget Committee  
California State Assembly  
Sacramento, CA 95814

**RE: CAPPA Input on Governor Newsom’s 2021-22 January Budget Proposal**

Dear Governor Newsom and Budget Leaders of the California State Legislature:

The California Alternative Payment Program Association (CAPPA) is a 44-year network of community-based public and private nonprofit agencies that provide child care and other supports to income eligible families in each of California’s 58 counties. The CAPPA network promotes parental choice and supports the whole family with access to child care, food programs, housing, and other supports to lift families up from poverty to self-sufficiency. Our programs have evolved from child care as parental work support into multidimensional programs that support both the working and living needs of families, while ensuring a stable continuity of care for babies, toddlers and children. Impacting two generations, the ultimate goal of our programs is to break the current cycle of poverty for families and children while supporting our earliest of learners in achieving long-term educational outcomes and economic stability.

There are 72 Alternative Payment Programs (APP) that administer California’s subsidized child care programs across all 58 counties. Of the 58 counties, 37 contract out the California Work Opportunity and Responsibility to Kids (CalWORKs) Stage 1 childcare to a local Alternative Payment Program (APP). The focus of these programs is to support working families and those on CalWORKs with access to a variety of early care and educational settings, including high-quality Title 5 centers, Family Child Care Home Education Networks (FCCHENS) and family child care providers, and other small business child care and early learning providers. Additionally, these programs may too link families living in or near poverty with access to supports for housing, food, clothing, mental health and other family needs.

California’s child care and early learning system is carried mainly on the backs of low-income Black and Brown women who are struggling more than ever to make ends meet. The state’s unexpected but strong fiscal outlook fails to address the economic inequities that peril the early care and learning workforce, and assures that the economic devastation on family child care and center-based providers will continue for years to come. Amid the state’s economic health, the state’s fiscal priorities fail working parents by not increasing access to a dynamic child care system that truly meets the needs of those working in a 24-hour/seven days per week economy. According to new Census data, the pandemic resulted in more missed work due to child care problems than ever before<sup>1</sup>. And this burden was shouldered almost exclusively by women.

<sup>1</sup> [COVID-19: Workplace absences surge in 2020 due to illness, fears \(usatoday.com\)](https://www.usatoday.com/story/news/nation/2020/12/22/covid-19-workplace-absences-surge-in-2020-due-to-illness-fears/5611170002)

In review of the budget proposal, and considering input from community-based organizations, family child care providers and centers, the parents they support, and those in desperate need of services, we will provide targeted input in specific areas. Our input will focus on the following areas: making meaningful investments and meeting the immediate need of increasing access to child care; supporting the needs of the whole family and child; and valuing those who choose to care for infants, toddlers, and children as their vocation.

- **Increase subsidized child care access**

In 2016, the California Budget and Policy Center (CBPC)<sup>2</sup> reported that over 1.2 million income eligible children in need of child care did not receive services<sup>3</sup>. In 2017-18, that number surged to 2.032 million with 1.804 million income eligible with no access and roughly 230,000 with partial access<sup>4</sup>. Prior to the pandemic, it was rumored that the current number was approaching 2.3 million. From March 2020 to now, the projected need is now much higher considering school closures and the number of families that have lost their jobs, but are ready to re-enter the workforce as the economy recovers.

In the *Governor’s Budget Summary – 2021-22*<sup>5</sup>, there was clear recognition of the harm the COVID-19 Pandemic has had on nearly every faction in California, especially the loss in capacity of the child care and early learning system. Funds put toward the child care and early learning proposal indicated that essential workers along with those hit hardest by the pandemic would be provided greater access to child care.

However, the numbers in the governor’s proposal, reflected by the DOF and an analysis by the Legislative Analyst’s Office (LAO)<sup>6</sup> tell a different story: They indicate a cut of child care vouchers between -8,682 (DOF) and -15,563 (LAO).

Below is data from the Department of Finance<sup>7</sup>:

Program	2019-2020	2020-21	Proposed 2021-22
• AP childcare vouchers	57,930	75,394	66,712
• CalWORKs Stage 2	62,314	55,484	45,231
• CalWORKs Stage 3	54,437	66,073	68,939

The LAO notes that the revised 2020-21 budget ended with 78,749 funded child care voucher slots. However, proposed for 2021-22 is 63,185 slots. The total loss of funded child care vouchers is -15,563<sup>8</sup>.

Lack of funding for access to child care equals more working moms and dads unable to maintain and secure employment, more employers with an unstable workforce, and the disenrollment of essential workers from subsidized child care<sup>9</sup>. The cut in access will also exacerbate 2019 research findings that found “*Children younger than 3 years old are especially in need of childcare, with 8 out of 9 eligible infants and toddlers not enrolled in a subsidized program*”<sup>10</sup>. Further, a cut in access to child care for California’s lowest income moms will assure that the cycle of poverty replicates itself in the next generation.

<sup>2</sup> <https://calbudgetcenter.org/about/vision-history/>

<sup>3</sup> <https://calbudgetcenter.org/resources/1-2-million-california-children-eligible-subsidized-child-care-not-receive-services-state-programs-2015/>

<sup>4</sup> [https://calbudgetcenter.org/wp-content/uploads/2019/02/Kristin-Schumacher\\_ChildCare-Webinar\\_02.25.2019.pdf](https://calbudgetcenter.org/wp-content/uploads/2019/02/Kristin-Schumacher_ChildCare-Webinar_02.25.2019.pdf)

<sup>5</sup> [Budget Summary \(ca.gov\)](https://www.ca.gov/budget-summary)

<sup>6</sup> [Child Care and Preschool Subsidized Slots \[EdBudget\]](#)

<sup>7</sup> [slots DMC 21-22\\_GB \(002\).pdf \(memberclicks.net\)](#)

<sup>8</sup> [Child Care and Preschool Subsidized Slots \[EdBudget\]](#)

<sup>9</sup> [Essential workforce - Coronavirus COVID-19 Response \(ca.gov\)](#)

<sup>10</sup> <https://calbudgetcenter.org/resources/the-high-cost-of-child-care-underlines-the-need-for-supporting-families-with-children-of-all-ages/>

In every California county during the pandemic, more families were added to waiting lists to secure child care. Although many of the essential workers that we were able to procure a child care voucher to meet their employment needs were already on our waiting lists, many were not. Essential workers that were not on our waiting lists but needed child care to support their critical job jumped the queue over many who had been waiting for years. And many essential workers that were enrolled were higher income than those non-essential lower-income workers at the top of the waiting lists.

Another concerning observation being reported from community partners is that more Child Protective Services (CPS) identified families in crisis are being added to child care waiting lists than ever before. It is not acceptable for a state as rich as California to pit the needs of our very poorest moms and dads against the immediate needs of essential workers. There should be an infusion of both immediate one-time and ongoing monies for both groups.

**CAPPA's recommendation** is to fund at a minimum 100,000 child care voucher slots for California's lowest income moms and dads to access immediately, with a projected ongoing increase in the coming years.

- **Increase coordinated whole family/whole child support**

The proposal has the following programs transitioning from the California Department of Education to the California Department of Social Services July 1, 2021:

- Early Childhood Policy Council;
- CalWORKs child care (all stages);
- voucher-based programs;
- direct contract programs;
- Head Start and Early Head Start;
- Early education data system;
- Emergency child care bridge program; and
- Child care quality programs have the potential to further fragment the needs of children.

Throughout the governor's summary, there is consistent reference to whole family and whole child. Within the community-based AP programs that evolved over 45 years from simply meeting the child care needs of working families to now supporting the same income eligible families with coordinated supports addressing food insecurity, housing, transportation, mental health and more, exists the infrastructure that can be built upon to support enhanced coordinated whole family needs. These existing partners are well versed in ensuring that working moms and dads eligible to receive vouchers for child care have at least 12 months of consistent care to support their real needs as working parents. Ultimately, these efforts support better developmental outcomes for children.

Throughout California, community-based public and private alternative payment agencies provide resources, case managers, and outreach workers to support the state's most fragile families. Because these programs are due to operate under DSS oversight beginning July 1, 2021, it must be noted that the infrastructure to support whole family and whole child already exists. As conversations and coordination continue ahead of July 1, 2021, we ask that existing systems be explored for expansion in lieu of dismantling. With sufficient funding targeted towards whole family services, these agencies can expeditiously meet the demand to fill a larger community connected support system in weeks to months.

CAPPA recommends that it be able to provide more detail and data on all of the supports and programs each community partner currently provides. On this note, it is important to underscore that, although there are many core supports provided from agency to agency, there are also differences stemming from the uniqueness of the communities served. For instance,

in ● *Kern County* is a migrant AP that supports the unique needs of agricultural workers that migrate year round; in ● *Alameda County* are agencies that support Emergency Relief Funds for assistance with late bills (PG&E, cell phone, etc.), rental assistance and help securing groceries. Additionally, there are supports providing a Parent Engagement/Empowerment workshop series with a Life Coach to help with Parenting & relationship issues during COVID; in ● *San Francisco* is an AP program that supports an area where there exists more than 112 different languages and various cultures; in ● *Butte County* is an AP that operates a food and nutrition program, has behavioral health experts on staff, and served as crisis support for the community when the Paradise fire burnt down entire communities; in ● *Los Angeles* are AP programs that support access to child care, food programs, literacy and resource libraries, emergency child care for foster children, trauma informed trainings for child care providers, and home visiting to support moms and dads with critical support during the early years of babies and Head Start; in ● *Sacramento County* is an agency that recruits and trains English, monolingual, and Refugee family child care home providers to create opportunities for them to thrive, and also provides health and safety scholarships and Trustline background checks to child care providers; and in ● *San Diego* is an agency that is the largest California Adult and Child Food Program sponsor in California, and supports resettlement programs for refugees, strengthening family programs, and homeless prevention programs while providing links to housing, food, domestic violence support, dental programs and more.

The above is a sampling of the work already being done in each county.

**CAPPA recommends** that the community based alternative payment programs be considered integral to the coordination of supports and services for California’s fragile working families and babies for the purpose of lifting them from poverty to self-sufficiency.

- **Value California’s Child Care and Early Learning Workforce**

Prior to the pandemic, California’s family child care homes and centers supported close to one million children<sup>11</sup>. Even then, the need far surpassed the existing capacity. In 2019, licensed child care was available for only 24.5 percent of children with working parents throughout California<sup>12</sup>. Furthermore, 60 percent of people in California live in a child care desert,<sup>13</sup> which is 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. In the identified child care deserts, 64 to 67 percent are in areas predominantly made up of Black and Brown populations. Seventy-two of people in a child care desert are in the lowest-income neighborhoods.

According to the Department of Social Services (DSS), since the pandemic, an estimated 5,500 family child care homes and 9,200 child care centers have closed in California<sup>14</sup>.

As of January 22, 2021, the average annual pay for a child care provider in the United States is \$22,476<sup>15</sup> a year. “California ranks number 14 out of 50 states nationwide for Child Care Provider salaries.” On average a child care provider in California makes \$22,342 per year or (1%) less than the national average annual salary of \$22,476.

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<sup>11</sup> [California child care system collapsing under COVID-19, Berkeley report says | Berkeley News](#)

<sup>12</sup> Data collected by the California Child Care Resource & Referral Network and provided to the Lucile Packard Foundation for Children’s Health, *Kidsdata.org* (2019), <http://www.kidsdata.org>.

<sup>13</sup> [Do you live in a child care desert? \(childcaredeserts.org\)](#)

<sup>14</sup> Data reported by the Cal. Dep’t of Social Services as of Jan. 12, 2021. 5,494 family child care providers have closed from Jan 2020 to Jan 2021; 9,212 child care centers have closed from Mar. 1, 2020 to Dec. 31, 2020. The numbers include family child care homes and centers that temporarily closed and permanently closed. Some family child care homes and child care centers have closed multiple times throughout the year.

<sup>15</sup> [Child Care Provider Annual Salary \(\\$22,476 Avg | Jan 2021\) - ZipRecruiter](#)

To help round out the income information, in California, family child care providers and centers that accept subsidized families are reimbursed via a Regional Market Rate (RMR) survey. Although there is already a completed 2018 RMR survey<sup>16</sup> with a 2020 RMR Survey<sup>17</sup> not far from completion, the current reimbursement rates for providers is based on the 2016 RMR survey<sup>18</sup>, which draws from 2015 data.

To give an example of the current reimbursement rates paid for infant full-time care, rates can range from roughly \$3.20 per hour to roughly \$9.50 per hour depending on licensure status.

Another factor that must be considered as a part of the rate conversation is the continual increase in California's minimum wage. Currently, providers are reimbursed based on 2015 data. In 2015, California's minimum wage was \$9.00 per hour<sup>19</sup>. In January 2021, California's minimum wage was increased to \$14.00 per hour. The increase in the minimum wage is contributing to the exodus of family child care providers and centers, who are increasingly closing their doors to work at fast food restaurants and other entry level jobs.

The data points above illustrate a landscape of a child care system in crisis and, based on what is excluded from the governor's budget, will all but guarantee its total collapse at a time the system needs to grow to meet the unmet need.

The governor's proposal indicates that, *"For the first time, the Administration has begun the collective bargaining process with Child Care Providers Union representing child care providers to negotiate a memorandum of understanding that governs the payments made to these providers."* Considering the lack of urgency and timeline in this statement, it is simply not good enough to meet the pressing needs of child care providers after four years of no increases in reimbursement rates.

During this pandemic, it is family child care providers that have kept their doors open supporting essential workers and families with their distance learning outcomes resulting from school closures. It is these workers that have put their own health and safety in peril to support essential workers and the economy. There has been no meaningful recognition or funding provided to the providers that have stayed open, incurred unplanned higher cleaning costs, and often closed down due to a COVID positive result only to do everything necessary to reopen.

The unfunded and unrecognized demands on this diminishing workforce is closing off access. The family child care providers and centers closing will not only impact subsidized families, but will also impact private pay families. Ultimately, without access to child care, California's economy is set to crash.

**CAPPA's recommendation** is to require immediate use of the most current RMR survey to update rates. Further, there should be recognition that providers, too, have costs outside of their control from increases in utility rates, workers compensation, rent and food to name a few that must be taken into account for an annual adjustment or Coast of Living Adjustment (COLA). Finally, there should be available ongoing monies or stipends for providers to access to cover COVID related expenses.

In closing, the proposed budget will widen inequalities and further harm California's lowest income working moms and dads. There will most certainly be a widening of the economic inequality as more Black and Brown women are pushed into and kept in poverty, as well as a cementing life of poverty for the next generation. Finally, failing to make a real correction to the reimbursement of child care providers now will shortly have California's economy at a standstill. Instead of this harsh legacy, the administration has the opportunity in 2021 to enact these recommendations as part of the Governor's Master Plan for Early Learning and Care. There is no greater opportunity for a better future for California than to deliver a great

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<sup>16</sup> [Regional Market Rate Survey - Child Development \(CA Dept of Education\)](#)

<sup>17</sup> [RFP: 2020 Market Rate Survey of California Child Care Providers \(CA Dept of Education\)](#)

<sup>18</sup> [Reimbursement Ceilings for Subsidized Child Care - Child Development \(CA Dept of Education\)](#)

<sup>19</sup> <https://www.dir.ca.gov/iwc/MinimumWageHistory.htm>

start for all children through access to early learning and care. This can immediately begin by providing more access to parents and stabilizing those child care providers devastated by COVID-19.

Thank you for your attention to the above.



***Denyne Micheletti Colburn, CEO***

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