



February 28, 2023

Assemblymember Phil Ting, Chair  
Assembly Budget Committee  
1021 O Street, Suite 8230  
Sacramento, CA 95814-4900

Assemblymember Kevin McCarty, Chair  
Assembly Budget Subcommittee #2  
1021 O Street, Suite 4250  
Sacramento, CA 95814-4900

**RE: Funding Request to Increase Child Care Rates and Suspend Family Fees**

Dear Chairs Ting and McCarty:

This letter is to request investments to begin implementing reforms to the early child care and education (ECE) payment system to adopt an alternative methodology using a new cost estimation model for child care rate reform and family fee adjustments.

This new cost model will ensure ECE providers make a living wage and reimburses them for the actual cost of caring for our children. The new rate system will be significant for ECE providers, primarily women of color. By increasing rates, providers will be able to increase wages, helping to recruit new providers into the field and thus increasing families' options.

For the 2023-24 budget, we are pursuing a 25% rate increase for all providers to help transition to the new rate system. Community-Based providers such as Family Child Care Homes, Friend and Family providers, child care centers, and preschools in rural areas have not had a rate increase since 2018. While some child care and preschool centers did receive an increase last year, those increases helped to close the significant funding gap between rate systems.

This rate increase includes two key provisions to ensure families have better access to care by:

- Continuing to suspend family fees until the state can adopt an equitable fee structure eliminating the need to charge family fees for those making below 75% of the State Medium Income (SMI) and developing a new fee schedule for families making between 75% and 100% of the SMI. This ensures fees are not an obstacle to accessing much-needed care.
- Ensuring providers are paid based on the number of children enrolled instead of those attending. Providers have extremely low-profit margins, and it is imperative that rates cover their fixed costs, such as salaries and rent, regardless of the viruses circulating among sick toddlers in any given week.

- ECE providers charge private pay families based on enrollment, and the current state policy of paying based solely on attendance penalizes providers for taking families with vouchers.

Thank you for your consideration of this request. If you have any questions, please contact my Legislative Director, Marina Espinoza, at (916) 319-2050.

Sincerely,



Eloise Gómez Reyes  
Assembly Majority Leader, 50<sup>th</sup> District



Monique Limón  
State Senator, 19<sup>th</sup> District