Senate Bill 380

Rate Reform for Childcare Workers

MONIQUE LIMÓN

REPRESENTING SENATE DISTRICT 19

THIS BILL

This bill will require the California Department of Social Services (CDSS) to apply to the federal Health and Human Services agency to amend the State's current Child Care Development Fund state plan to change reimbursement rates to an alternative methodology, including a cost-based model that is consistent with the recommendations of the CDSS led Rate and Quality Workgroup report and the Joint Labor Management Committee (JLMC). This bill also evaluates the cost of providing care by considering current statutory and regulatory requirements, staff salaries, training, supplies, ratios, enrollment levels, facilities, and family engagement. The bill will require that this methodology be updated regularly to account for rising costs in care.

Additionally, SB 380 will require CDE and CDSS to suspend family fees until an equitable sliding scale for payment of family fees is established.

Finally, funding and reimbursements will be based on enrollment of certified children instead of being based upon actual attendance.

This is a companion bill to AB 596 (Reyes)

PROBLEM

Childcare is the foundation of the economy. Without affordable and available childcare parents cannot work. There are currently hundreds of empty early childhood classrooms because providers cannot hire teachers to staff them. Hundreds of family childcare homes have been forced to close due to a lack of sufficient funding. These are funded childcare slots that will not be utilized because of the antiquated cost model despite a huge need for childcare. Parents and caregivers, particularly the most marginalized, are left to make increasingly difficult choices.

California has been subsidizing the true cost of childcare by paying the early learning and childcare workforce low-wages and expecting families to pay high family fees for subsidized childcare programs.

Since February 2020, the childcare workforce has lost 88,000 jobs nationally. [1] Childcare workers are some of the lowest paid workers across the country, and many have left the profession to find better paying careers.[2] It is essential that California stabilize the childcare sector, and reduce costs to low-income families.

Currently, California uses two methodologies for determining the reimbursement rates for early learning and care services–the Regional Market Rate (RMR) and the Standard Reimbursement Rate (SRR). The RMR is based on regional cost surveys for Title 22 Providers, including voucher-based programs, and the SRR is based in statute for Title 5 providers for most direct contract programs.

---

[1] Maureen Coffey and Rose Khattar, *The Child Care Sector Will Continue to Struggle Hiring Staff Unless It Creates Good Jobs*, Center for American Progress https://www.americanprogress.org/article/the-child-care-sector-will-continue-to-struggle-hiring-staff-unless-it-creates-good-jobs/

[2] Early Care & Education Consortium, *The Child Care Workforce Shortage: Solutions from Around the Country*, June 2022

The SRR does not account for geographic costs, and neither rate structure accounts for the actual cost of providing care to children. Efforts to move to one single reimbursement rate structure have not been realized.

Finally, funding and reimbursements will be based on enrollment of certified children instead of being based upon actual attendance.

SOLUTION

In 2021, the Legislature passed AB 131 (Chapter 16, Statutes of 2021) to study rate reform for childcare workers. AB 131 required the State and Child Care Providers United to establish a Joint Labor Management Committee (JLMC) to develop recommendations for a single reimbursement rate structure by November 2022. The bill also required the California Department of Social Services (CDSS) and the State Department of Education (CDE) to establish a working group to assess the existing quality standards for child care and development and preschool programs and the methodology for establishing reimbursement rates for those programs.

In addition to recommending implementation of a single rate structure for publicly-funded childcare in California, the Workgroup also recommended increasing affordability by making adjustments to family fee requirements, and to the method in which subsidized contractors earn their contract.

In 2022, the State waived family fees for another year. However, families will begin receiving a monthly bill of up to $595 at the start of July 2023, unless family fees are suspended for state and federally-funded programs. With limited disposable income, working families struggle to pay high fees and are forced to make difficult decisions about their basic needs.

SB 380 (Limón) will help early learning and childcare providers and families by transitioning providers to a single cost based reimbursement rate, suspends family fees until an equitable family fee schedule can be established, and fund providers using an enrollment based contract earning mechanism

SUPPORT

California Child Care Resource and Referral Network (co-sponsor)
Child Care Resource Center (co-sponsor)
Children Now (co-sponsor)
EveryChild California (co-sponsor)
Parent Voices (co-sponsor)

OPPOSE

None on File

STAFF CONTACT

Samantha Omana, Legislative Director
Samantha.Omana@sen.ca.gov
(916) 651-4019