



March 4, 2021

The Honorable Kevin McCarty, Chair
Assembly Budget Subcommittee 2
Sacramento, CA 95814

RE: CAPP Input on March 10 Hearing on Early Childhood & Governor’s Budget Proposals

Dear Chair McCarty:

The California Alternative Payment Program Association (CAPP) is a 44-year network of community-based public and private nonprofit agencies that support the whole family & whole child supports to income eligible families in each of California’s 58 counties. The CAPP network promotes parental choice with access to child care, food programs, housing, transportation and other supports to lift families up from poverty to self-sufficiency. Our programs have evolved from child care focused to multidimensional support pf 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.

First off, we would like to acknowledge the staff who worked on the agenda and succinctly captured many of the budgetary issues affecting our field. Below is our input in order as the issues are raised in the agenda.

ISSUE 1: California Master Plan for Early Learning Care

The agenda captures the background on the Master Plan. CAPP is concerned about the amount of monies and energy that have been put into development of this Master Plan process building upon other markedly good works such as that of the Assembly Blue Ribbon Commission on Early Childhood Education¹. As evident to date and captured in the agenda, the utility of the Master Plan recommendations is to provide more context to “advise the Governor, Legislature and the Superintendent of Public Instruction on statewide early learning, care and child development.”² The criticism CAPP has is the failure of this process to identify anything new. The disconnect experienced as part of this process between the expert crafters of the plan not fully understanding the impact their recommendations directly have on subsidized families, family

¹ <https://speaker.asmdc.org/sites/speaker.asmdc.org/files/pdf/BRC-Final-Report.pdf>

² [Early Childhood Policy Council - California Health and Human Services](#)

child care providers and centers that support subsidized families, and the disconnection of subsidized infant and toddlers to other parts of the early learning system is concerning.

It is CAPP's opinion that that the needs of the child care and early learning field have already been identified. The next step is to determine priorities and funding. Had any of the recommendations from the Assembly Blue Ribbon Commission been taken which are replicated in the Master Plan conversation, and a modicum of funding been allocated, California would have been on the precipice of actually implementing a recommendation. Instead, this new process has simply stalled any meaningful actions.

ISSUE 2: Pandemic Response, 2020-21 Budget Act Oversight, & Early 2021 Budget Action Review

Although the agenda accurately captures sweeps of dollars and allocated dollars, what is not captured is the impact in the field of some of the action's outcomes. Further, during the pandemic areas that have not been addressed for years, created challenges for families and providers to overcome.

One such area was in regards to technology. Although funding was supported to allow for enrollment of essential workers, families and contractors had to maneuver getting "digital" signatures from parents. In a time were stay at home orders were in place as well as social distancing, contractors were being told to do everything possible to get either a hard signature or a digital. The digital signature could not be electronic such as allowing a parent to take a "screen shot" and email or text to their case manager. The same challenges happened with providers securing signatures on attendance sheets. If providers where unable to secure "wet signatures" on attendance sheets, then there were additional burdens imposed such as requiring numerous calls to families.

Subsidized community-based contractors were mainly "brick and mortar" establishments. In a very short time, agencies across California had to shift their workforce to virtual without funding. Family child care providers and centers were tasked with securing high speed internet and computers to support children with distance learning.

Prior to the pandemic, California's family child care homes and centers supported close to one million children³. 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 California⁴. Furthermore, 60 percent of people in California live in a child care desert,⁵ 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.

As of January 22, 2021, the average annual pay for a child care provider in the United States is \$22,476⁶ 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.

One action taken during the crisis, enactment of SB 820⁷, allowed family child care providers to be reimbursed based on enrollment and not based on child attendance. This action helped many providers accurately budget for expected income.

³ [California child care system collapsing under COVID-19, Berkeley report says | Berkeley News](#)

⁴ 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>.

⁵ [Do you live in a child care desert? \(childcaredeserts.org\)](#)

⁶ [Child Care Provider Annual Salary \(\\$22,476 Avg | Jan 2021\) - ZipRecruiter](#)

CAPPA's strong recommendation is to make permanent the allowance of family child care providers to be reimbursed for the full amount of the certificated hours noted on a subsidized child care certificate and not on attendance.

ISSUE 3: Governor's January Budget ECE Proposals

In the **Governor's Budget Summary – 2021-22⁸**, 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)⁹ 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 Finance¹⁰:

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 -15,563¹¹.

Another area of concern that the governor proposed funding was an increase of \$44 million ongoing for 4,700 additional Alternative Payment (AP) Program voucher slots funding with Proposition 64 cannabis tax revenues. The identification of those slots is not captured in the total voucher slots allocated for the 2021-22 fiscal year. Where are they?

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 care¹². 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 program¹³."* 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.

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.

⁸ [Budget Summary \(ca.gov\)](#)

⁹ [Child Care and Preschool Subsidized Slots \[EdBudget\]](#)

¹⁰ [slots DMC 21-22 GB \(002\).pdf \(memberclicks.net\)](#)

¹¹ [Child Care and Preschool Subsidized Slots \[EdBudget\]](#)

¹² [Essential workforce - Coronavirus COVID-19 Response \(ca.gov\)](#)

¹³ <https://calbudgetcenter.org/resources/the-high-cost-of-child-care-underlines-the-need-for-supporting-families-with-children-of-all-ages/>

ISSUE 4: Early Childhood Education & Stakeholder Recommendations

CAPPA is in agreement with the areas of priority and recommendations noted in the agenda. The one item not noted but is of an upmost priority is one reference noted earlier in this document: reimbursing providers based on enrollment and not on attendance. Hold providers who make on average between \$3.00 to \$9.00 per hour harmless from the attendance of families.

To further support the above and provide assurances that reimbursement for child care that is not being fully used does not continue to be reimbursed, there is a process in place. Community based programs collect from providers a monthly attendance sheet. If an attendance sheet is turned in that shows that a family is no longer using their approved care, then this is an opportunity for a case manager to reach out to the family to discuss options. However, it holds the provider harmless.

ISSUE 5: Transitioning Child Care Update

For community-based programs that already support the needs of the whole family/whole child, the transition to DSS is welcomed. 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 and are poised to be better supported under this new structure.

Concerns with the transition focus on transparency of information, clear timelines for contracting and allocations, and assurances that funding will continue so as not to disrupt reimbursements to providers. Many contractors are holding off on renewing leases, supporting their workforce or committing to anything past June 30, 2020.

In review of the DRAFT California Department of Social Services Child Care and Development Transition Plan¹⁴, there lacks details needed by AP programs to make informed immediate decisions as well as projections for 2021-22.

In closing, although this pandemic has brought on a lot of uncertainty to California, our fiscal health and the anticipated release of more federal dollars allows for meaningful investments for the child care and early learning field. Strategically placed dollars will support the existing child care and early learning workforce, can address child care rates to incentivize individuals to consider work in our field as a meaningful and stable vocation, can provide access for working families to child care that meets their real working needs in our 24 hour/7 days per week economy, and will help California fully open up once again.

Thank you for your attention to the above.



Denyne Micheletti Colburn, CEO

¹⁴ [CDSS Transition Plan-DRAFT \(ca.gov\)](#)