Q&A:
Preserving Equal Access to Child Care for California's Low Income Families

Q: What's at stake for California's poorest working families?
A: The potential for their children to be disenrolled from child care where they are provided quality stable nurturing environments and nutritious meals.

Q. What's at stake for California's employers?
A. Our state's poorest families will be left with few to no choices for child care, forcing adults—primarily women of color—back out of the workforce, decimating household incomes, hobbling businesses, and halting California's overall efforts at economic recovery.

Q. Why are so many children likely to be disenrolled from subsidized care?
A. An executive order from Governor Newsom (N-45-20) will sunset on June 30, 2022. That order, among other actions, ensures subsidized child care providers will be paid a guaranteed rate for their services, enabling them to provide care for families with variable work schedules (migrant workers, on-call employees, etc.). After June 30, if these reimbursements are no longer guaranteed, child care providers simply cannot take on the financial risk of providing a slot for children in these circumstances.

Q. Who will be most affected if this policy is discontinued?
A. California's poorest and lowest income working families have the most to lose. These are mainly single moms and moms of color who are already facing financial burdens in accessing care for their children while they are at work.

Q. What's needed to prevent this crisis?
A. We need Governor Newsom to continue the child care funding policy that was set in place under his executive order N-45-20 last year, to ensure working families have access to a variety of early care and education settings—especially families who don't work traditional 9-5 jobs. We also need additional funding in the state budget to help enroll low income families in child care programs, and to ensure we have an adequate child care labor force to meet the needs of working families.

Q. Does AB 1649 solve this problem?
A. AB 1649 (Quirk-Silva) addresses one core element of the problem, in that it helps ensure California's poorest working families, mainly single moms and moms of color, who work on-call or who have unstable work schedules, will have the same access and choices to all types of child care settings that other families enjoy. AB 1649 does this by enabling subsidized child care centers to continue operating just like their private market counterparts—in short, by ensuring they are reimbursed for a guaranteed number of hours every month, and not just for the hours of actual care provided, which often fluctuate.

Q: Why are equal access, payment rates and payment practices important?
A: This approach provides families with access to high-quality choices in the child care market; supports and grows a supply of high-quality providers caring for all children, but especially from low-income families; provides payment that is sufficient to cover the cost of quality (e.g., highly-trained teachers, educational materials and curricula, etc.), and provides stable, reliable funding that covers providers' fixed costs and encourages participation in the subsidy program.

Q. Why should subsidized day care providers be reimbursed for "providing care" when a child/family doesn't show up?
A. Just like child care providers in the private pay market that charge families monthly rates, subsidized family child care providers and centers are businesses that have ongoing operational and staff salaries to pay regardless of the attendance of a child. Also, if a child does not show up on a given day, that child's slot cannot be readily filled, nor given away, leaving the provider with a financial shortfall. To expect a child care business to take on the financial risk of uncertain reimbursement for holding a slot for a subsidized family is simply not a reasonable risk.

Q: Does the law require States to pay for absence days?[1]
A: Federal law says that States must implement enrollment and eligibility policies that support the fixed costs of providing child care services by delinking provider payment rates from an eligible child's occasional absences due to holidays or unforeseen circumstances such as illness. Paying for days when the child is occasionally absent helps promote continuity of care by allowing the provider to retain the slot for the child without a financial penalty to the provider. Child care programs have fixed costs (staff, facilities, etc.) that must be paid regardless of whether or not a child is present on any particular day. Private-paying parents generally pay for an entire period (e.g., a week or month) even if the child is out sick within that period. The law says States must implement this provision "to the extent practicable." A refusal to implement any such policies as being "impracticable" will not be accepted, as will policies that set unreasonable limitations on providers utilizing such policies.

Q. Will AB 1649 result in wasted money as reimbursements are paid month after month even if the child is not attending?
A. No. Statute requires that every subsidized family child care provider submit a monthly attendance record or invoice signed by the provider and parent. Community-based APPs review these records/invoices and if the authorized care is not being used the APPs are required to have policies in place to reach out to the families and reassess their need.

Q: When did California create a bifurcated subsidized child care voucher with a stable voucher for families with set work schedules and another voucher based on attendance?
A: In the 2009-2010 recession, child care was removed from the Proposition 98 guarantee, child care slots were eliminated, and the creation of a voucher based on attendance was created. Each of the above actions were done to cut costs but not pursued as good policy to support families.

Q. What's the cost of going back to a single voucher based on a family's need?
A. Based on the 2021 Budget Act. The cost is less than $50 million. However, as of June 30, many of the programs that are unable to enroll new child care slots will be returning tens of millions of dollars to the state. AB 1649 could be funded with allocated but unspent dollars.

Q. How much need is there for subsidized child care services in California?
A. Since the start of the COVID-19 pandemic**,** the unmet need of children eligible for subsidized care has surged to more than 2.2 million.

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[1] [Does the law require States to pay for absence days? | The Administration for Children and Families (hhs.gov)]()

Q. Didn't the Governor just create 110,000 new slots for subsidized child care, and establish a goal for 200,000 slots by 2025?
A. Unfortunately, the Governor has so far not provided any funding for the necessary outreach and enrollment work vital to getting families into these new slots. Moreover, the Governor's action requires community nonprofits across the state to double their offices and staff to support enrolling income eligible new families, but provided no funding to enable that. Simply throwing money at slots for child care will not magically result in children sitting in those slots, or a thriving family child care and center-based workforce available to take on these enrollments.

Q: Are all of the new slots created in the 2021 Budget Act going to be filled?
A: No. And not only are the new slots not going to be filled, but if AB 1649 is not realized, then potentially tens of thousands of existing families will be disenrolled from their stable child care. These disenrollments are going to create a pressure to the community nonprofits to help support currently enrolled families find another child care provider.

Q: What happens if all of the newly allocated child care slots are not filled?
A: Funding allocated for many of the child care slots that go unfunded must be returned to the state. The funding needed to have all income eligible subsidized families provided a stable child care voucher can be funded with existing funds earmarked for child care.

Q. How desperate is the child care workforce situation?
A. Statewide, California has lost one-third of its child care professionals since the COVID-19 pandemic began. California's early childhood workforce is dominated by women of color, is wracked by poverty wages, high turnover, and inequity. Every week, California loses more early care and learning professionals because the reimbursement rates paid for child care services are inadequate. Nearly one-third of private pay child care centers supporting subsidized families have not seen a reimbursement rate increase since 2016. Without change, and with minimum wage in California rising to $15.00 this year, these lower reimbursement rates will result in even fewer providers and less access for families.

Q. Why are the reimbursement rates for child care providers a concern?
A. Today's reimbursement rates are simply too low, around $5.50 - $10.50 per hour, to attract the numbers of child care workers California needs. As minimum wage continues to go up, it increases that pay gap, and the labor shortage in child care providers could become a statewide crisis.

Q. Didn't child care providers who serve subsidized families just get an increase in their reimbursement rates this year?
A. In fact, the so called "increase" was actually a decrease in that it was based on 2017 data, not 2021 data, so in terms of its value as compared to inflation, particularly this year, it was outdated before it was even enacted. Today's reimbursement rates are simply too low, and as minimum wages continues to go up, the labor shortage in child care providers is going to get worse.

Q: How are California's subsidized child care policies to be developed?
A: Subsidized child care policies are to be based on what policies are in place in the private market. In the private market, child care in paid upfront and for the cost of the child care slot regardless of attendance. To the extent practicable, the State must implement enrollment and eligibility policies that support the fixed costs of providing child care services by delinking provider payments from a child's occasional absences. 658E(c)(2)(S)(ii)