

Date of Hearing: April 21, 2021

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Lisa Calderon, Chair

AB 92 (Reyes) – As Amended March 25, 2021

SUBJECT: Preschool and childcare and development services: family fees

SUMMARY: Makes changes to the amount of the family fee collected for preschool and childcare and development services and waives the family fee until October 31, 2022.

Specifically, **this bill:**

- 1) Changes the amount of a family's monthly income that family fees cannot exceed from 10% to 1%.
- 2) Requires the lead agency to convene a workgroup of parents, childcare providers, advocates, lead agency staff, child development program representatives, and other stakeholders to develop an equitable fee schedule for families whose adjusted monthly family income is at or above 75% of the state median income.
- 3) Requires the workgroup's report to be provided and recommendations to be adopted prior to the date that the federal government's allowance for the state to waive family fees for all families expires.
- 4) States that families with an adjusted monthly family income below 75% of the state median family income shall not be charged or assessed a family fee.
- 5) Provides that, to provide relief to the thousands of families enduring the challenges of the COVID-19 pandemic and as permissible under the federal Consolidated Appropriations Act, 2021, family fees shall be waived for all families until October 31, 2022.
- 6) Provides that neither the reduction in family fees collected nor the waiving of cost of waiving family fees shall be absorbed by direct service contractors or family childcare providers, including family childcare home providers participating in a family childcare home education network and alternative payment program (APP) providers. Further, provides that the number of childcare vouchers shall also not be reduced on account of any reduction in the collection of family fees or on account of the family fee waiver.
- 7) Makes technical changes.

EXISTING LAW:

- 1) Establishes the "Child Care and Development Services Act" (CCDSA) for the purpose of providing a comprehensive, coordinated, and cost-effective system of child care and development services, as specified, for children from infancy to 13 years of age, and their parents, through full- and part-time programs. (Education Code Section [EDC] 8200 *et seq.*)
- 2) States Legislative intent that all families have access to child care and development services, as specified, regardless of ethnic status, cultural background, or special needs, and the intent

that subsidized child care and development services be provided to eligible families, to the extent funding is available. (EDC 8202)

- 3) Defines “alternative payments” to include payments made by one child care agency to another agency or provider for the provision of child care and development services, and payments that are made by an agency to a parent for the parent's purchase of child care and development services. (EDC 8208 (a))
- 4) Defines “alternative payment program” as a local government agency or nonprofit organization that has contracted with the California Department of Education (CDE), as specified, to provide alternative payments and to provide support services to parents and providers. (EDC 8208 (b))
- 5) Authorizes the use of child care and development funds for APPs in order to maximize parental choice in selecting an appropriate child care setting, and established requirements regarding APPs, as specified. (EDC 8220 *et seq.*)
- 6) Requires CDE to contract with local contracting agencies for APPs in order that services can be provided throughout the state, as specified. (EDC 8220.1 (a))
- 7) Requires the Superintendent of CDE to establish a fee schedule for families using preschool, child care, and development services. (EDC 8273(a))
- 8) Requires using the most recently approved family fee schedule, families to be assessed a flat monthly fee based on income, certified family need for full-time or part-time care services, and enrollment, and shall not be based on actual attendance. (EDC 8273(c))
- 9) Requires the Superintendent of CDE to design the new family fee schedule based on the most recent census data available on state median family income in the past 12 months, adjusted for family size, as specified. The revised fees shall not exceed 10% of the family's monthly income. Further, requires the Superintendent to first submit the adjusted fee schedule to the Department of Finance for approval. (EDC 8273(d))

FISCAL EFFECT: Unknown

COMMENTS:

Subsidized child care: California's subsidized child care system is designed to provide assistance to parents and guardians who are working, in training, seeking employment, incapacitated, or in need of respite. This child care is available through a number of programs. Parents participating in California Work Opportunity and Responsibility to Kids (CalWORKs), as well as families transitioning from and no longer receiving CalWORKs aid, can be eligible for child care, which is offered in three “stages.” The Department of Social Services (CDSS) administers Stage 1, and CDE administers Stages 2 and 3. CDE also administers non-CalWORKs child care. The largest programs are: General Child Care, which includes contracted centers and family child care homes; the California State Preschool Program, which provides developmentally, culturally, and linguistically appropriate curriculum to eligible three- and four-year olds; and, APPs, which provide vouchers that can be used to obtain child care in a center, family child care home, or from a license-exempt provider.

Certain eligibility and prioritization rules apply to subsidized child care in California. Families are eligible for non-CalWORKs subsidized child care if they meet at least one requirement in each of two areas: eligibility and need. First, they must meet one of the eligibility criteria, which are: currently receiving aid, being income-eligible, being homeless, or having children who are recipients of protective services or who have been identified as being, or at risk of being, abused, neglected, or exploited. Secondly, the family must meet one of the “need” requirements which are either the child has to have been identified by a legal, medical, or social services agency or emergency shelter as being a recipient of protective services or being (or at risk of being) abused, neglected or exploited; or, the parents need to be employed or seeking employment, engaged in vocational training, seeking permanent housing for family stability, or incapacitated.

Family fees: The cost of child care is often a large burden on a family’s income. The United States Department of Health and Human Services deems early care and education affordable for families if it consumes 7% or less of a family’s income. According to a 2019 article from the Economic Policy Institute, in California, the typical family must spend 25% of their income to obtain center-based care for an infant. Some families receiving subsidized child care are required to pay a share of their child care costs, known as family fees. These fees do not apply to families receiving CalWORKs cash aid, safety net families, or sanctioned families. Each family pays a single fee based on their income relative to their family size. The maximum family fee is 10% of the family’s income.

Subsidizing child care is a way to alleviate the economic burden of child care and facilitate employment opportunities for families. A 2016 article from the U.S. Health and Human Services Agency found a positive correlation between increasing child care expenditures and higher employment rates of potentially eligible mothers. The article states that, “One of the primary motivations for public investment in early care and education is its potential to increase parental employment. Indeed, economic theory and empirical evidence suggest that such support can improve parental labor force participation rates, particularly by bringing more mothers into the workforce.”

Family fee waivers: On April 4, 2020, the Governor signed Executive Order N-45-20 enacted in SB 820 (Committee on Budget and Fiscal Review), Chapter 110, Statutes of 2020, to facilitate child care for children of essential critical infrastructure workers by waiving certain programmatic and administrative requirements in response to the COVID-19 pandemic. Amongst the provisions was a waiver of family fees for all subsidized children in July and August 2020. Additionally, SB 820 included a waiver of family fees, from September 1, 2020, to June 30, 2021, for families when all children in the family enrolled in subsidized early learning and care programs remain at home—either for distance learning services when the facility is closed, when all currently enrolled children are not able to receive in-person services due to a public health order, or for families sheltering-in-place due to COVID-19.

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021: Public Law 116-260, named the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, appropriated \$10 billion through the Child Care and Development Block Grant (CCDBG) to prevent, prepare for, and respond to the COVID-19 pandemic. The funding is to be used to supplement State, Territory, and Tribal general revenue funds for child care assistance for low-income families within the United States and assistance to child care providers. CRRSA also provided some additional flexibilities for the use of those funds. The CRRSA funds may be used for costs of providing relief from copayments and tuition payments for families and for paying

that portion of the child care provider's cost ordinarily paid through family copayments. These funds provide continued payments and assistance to child care providers in the case of decreased enrollment or closures related to coronavirus and assure they are able to remain open or reopen as appropriate and applicable.

Need for this bill: In 2020 and continuing into 2021, across the state, throughout the nation, and around the world, the global COVID-19 pandemic has had drastic effects on public health and the economy. In addition to the over 500,000 lives lost to COVID-19 in the U.S., many individuals have also experienced unemployment, as well as food and housing insecurity resulting from reduced employment opportunities. This bill would waive family fees for families receiving subsidized child care, to ease the economic burden of child care during the COVID-19 pandemic. Additionally, this bill would reduce the maximum family fee that a family would have to pay for subsidized child care, further alleviating the economic strain of child care.

According to the author, "The COVID-19 pandemic has only heightened the need for affordable child care for families and communities of color, who are a significant part of California's essential workforce. In light of the public health crisis and economic recession, parents need affordable child care now more than ever in order to continue providing for their families. [This bill] will create an equitable sliding scale for family fees that will alleviate the burden on working families struggling to pay for child care and early childhood education services. By increasing the affordability of child care to working families, this bill will benefit the economic recovery of the state by helping parents remain in the workforce and achieve economic stability"

Staff comments: This bill requires the workgroup's report to be provided and recommendations to be adopted prior to the date that the federal government's allowance for the state to waive family fees for all families expires. The bill, however does not require the workgroup to create a report or recommendations, nor does it designate an entity to which the report or recommendations should be submitted. ***Should this bill move forward, the author may wish to consider including specifications for the workgroup's reporting requirements.***

Double referral: This bill will be referred to the Assembly Education Committee should it pass out of this committee.

PRIOR AND RELATED LEGISLATION:

SB 820 (Committee on Budget and Fiscal Review) Chapter 110, Statutes of 2020, amongst other things, waived, from September 1, 2020, to June 30, 2021, family fees for specified subsidized early learning and care programs for families who are not receiving in-person services or who are sheltering-in-place due to COVID-19.

AB 129 (Committee on Budget and Fiscal Review), Chapter 250, Statutes of 2017, amongst other things, updated the family fee schedule by aligning the requirements for determining the family fee schedule for child care and preschool services with updated income eligibility requirements.

AB 86 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2019, amongst other things, simplified family fees for families receiving state-subsidized child care by creating a process for the CDE to adopt a new fee schedule that will provide more predictable fees through a cost-neutral change to the current fee structure and required CDE to report family fees collects for preschool programs to the Department of Finance.

REGISTERED SUPPORT / OPPOSITION:

Support

American Association of University Women - California (Co-Sponsor)
California Child Care Resource and Referral Network (Co-Sponsor)
Child Care Law Center (Co-Sponsor)
Parent Voices CA (Co-Sponsor)
Alliance of Californians for Community Empowerment (ACCE) Action
BANANAS
C5 Children's School
California Alternative Payment Program Association
California Commission on The Status of Women and Girls
California Family Child Care Network
California Women's Law Center
California Work & Family Coalition
Child Action, INC.
Child Care Alliance of Los Angeles
Child Care Providers United (CCPU)
Children Now
Children's Council of San Francisco
Clergy and Laity United for Economic Justice
Coalition of California Welfare Rights Organizations
Community Change Action
Community Child Care Council of Sonoma County
Courage California
Early Care and Education Consortium
Early Care Educators of San Francisco
Early Edge California
Equal Rights Advocates
Everychild California
Family Child Care Association of San Francisco
First 5 Association of California
First 5 California
Good Samaritan Family Resource Center
Indivisible CA Statestrong
Kai Ming Head Start
Kidango
Los Angeles Unified School District
Low Income Investment Fund
National Council of Jewish Women (NCJW) CA
National Council of Jewish Women Los Angeles
National Council of Jewish Women, Sacramento Section
Parent Voices San Francisco
Parent Voices San Mateo County
San Bernardino; County of
San Francisco Child Care Planning and Advisory Council
San Francisco Ece Advocacy Coalition
Silicon Valley Community Foundation

The Children's Partnership
The Future Supporting Family Child Care
True Sunshine Preschool Center
Untitled No. 1 School
Women's Foundation California
Work Equity Action Fund
Wu Yee Children's Services

Opposition

None on file

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