
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 92 (Reyes) - Preschool and childcare and development services: family fees

Version: August 1, 2022

Urgency: No

Hearing Date: August 8, 2022

Policy Vote: ED. 6 - 0, HUMAN S. 4 - 1

Mandate: No

Consultant: Lenin Del Castillo

Bill Summary: This bill prohibits family fees that exceed 1 percent of the family's monthly income, and also prohibit families with an adjusted monthly family income below 75 percent of the state median family income from being assessed a family fee.

Fiscal Impact: The Department of Social Services (DSS) estimates ongoing General Fund costs of approximately \$134.2 million to restrict family fees from exceeding 1 percent of the family's monthly income and prohibit families with an adjusted monthly family income below 75 percent of the state median family income from being assessed a family fee. This estimate assumes that the monthly family fees assessed under the bill's criteria based on October 2021 enrollment would be \$69,000 per month, with annual family fees at \$1.75 million based on full enrollment of funded slots across the programs. The full year cost to waive family fees would be \$135.97 million.

Background: Existing law requires the DSS, in consultation with the California Department of Education (CDE) to establish a fee schedule for families using preschool and child care services. The law 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. Existing law prohibits the family fee from exceeding 10 percent of the family's monthly income.

Existing law exempts the following families from family fees: families receiving CalWORKs cash aid; families of children enrolled in a part-day California State Preschool Program; and families with children who have been identified as at risk of abuse or neglect, or whose children are receiving Child Protective Services, may be exempt from paying a family fee for 12 months.

Proposed Law: This bill provides that family fees shall not exceed 1 percent of the family's monthly income. This bill also provides that families with an adjusted monthly family income below 75 percent of the state median family income shall not be charged or assessed a family fee.

This bill requires DSS and childcare contractors to reimburse all childcare providers paid with childcare subsidies, including family childcare home providers participating in a family childcare home education network, the full amount of the contracted childcare space or voucher without deducting family fees. The number of childcare contracted spaces and vouchers shall not be reduced on account of any reduction in the collection of family fees.

This bill requires the SPI and childcare contractors to reimburse all state preschool programs and childcare providers paid with childcare subsidies, including family childcare home providers participating in a family childcare home education network, the full amount of the contracted California state preschool program without deducting family fees. The number of state preschool program and childcare contracted spaces shall not be reduced on account of any reduction in the collection of family fees.

Staff Comments: Existing law requires the DSS to establish a flat monthly fee schedule that differentiates between part-time and full-time care for families using preschool and childcare and development services, based on the most recent census data available on state median family income in the past 12 months, adjusted for family size. Reimbursement for a subsidized childcare contract is reduced by the amount of family fees collected by families served, as fees collected from families covers a portion of the cost of care. If a contractor is unable to collect all of the family fees, and performs their due diligence to collect any amounts past due, the contractor is allowed to claim the uncollectable amount as a bad debt expense.

This bill would restrict family fees from exceeding 1 percent of the family's monthly income and also prohibit families with an adjusted monthly family income below 75 percent of the state median family income from being assessed a family fee.

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