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THIRD READING

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Bill No: AB 92  
Author: Reyes (D) and McCarty (D), et al.  
Amended: 8/25/22 in Senate  
Vote: 21

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SENATE EDUCATION COMMITTEE: 6-0, 6/23/21  
AYES: Leyva, Ochoa Bogh, Cortese, Glazer, McGuire, Pan  
NO VOTE RECORDED: Dahle

SENATE HUMAN SERVICES COMMITTEE: 4-1, 7/6/21  
AYES: Hurtado, Cortese, Kamlager, Pan  
NOES: Jones

SENATE APPROPRIATIONS COMMITTEE: 6-1, 8/11/22  
AYES: Portantino, Bates, Bradford, Laird, McGuire, Wieckowski  
NOES: Jones

ASSEMBLY FLOOR: 78-0, 5/27/21 - See last page for vote

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**SUBJECT:** Preschool and child care and development services: family fees

**SOURCE:** Association of American University Women  
California Child Care Resource and Referral Network  
Child Care Law Center  
Child Care Resource Center  
Parent Voices

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**DIGEST:** This bill prohibits, subject to an appropriation, (1) family fees for state preschool and child care services from exceeding one percent of a family's monthly income; and (2) family fees from being charged to a family with an adjusted monthly family income below 75 percent of the state median family income.

*Senate Floor Amendments* of 8/25/22 specify that state preschool program providers and providers of subsidized child care are not to absorb any reduction in

pay for the space or voucher on account of any waiver of or reduction in family fees; and prohibit the number of contracted spaces or vouchers from being reduced on account of any reduction in the collection of family fees.

*Senate Floor Amendments* of 8/22/22 (1) delete the requirement that state preschool and subsidized child care providers be reimbursed for the full contract regardless of any reduction in family fees; and, (2) clarify that the provisions of this bill are to become effective on July 1, 2023 (upon an appropriation).

## **ANALYSIS:**

Existing law:

- 1) Requires the Department of Social Services (DSS), in consultation with the California Department of Education (CDE), to establish a fee schedule for families using preschool and child care and development services. Existing law requires the family fee schedule to retain a single flat monthly fee per family and to differentiate between fees for part-time care and full-time care. (Welfare and Institutions Code § 10290)
- 2) Requires, families to be assessed a single flat monthly fee for all state-subsidized services, using the most recently approved family fee schedule, including California state preschool program services administered by CDE, based on income, certified family need for full-time or part-time care services, and enrollment, and prohibits family fees from being based on actual attendance. (WIC § 10290)
- 3) Requires DSS 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. (WIC § 10290)
- 4) Prohibits the revised fees shall not exceed 10 percent of the family's monthly income, and requires DSS to first submit the adjusted fee schedule to the Department of Finance for approval. (WIC § 10290)
- 5) Prohibits family fees from being collected for the 2021–22 and 2022–23 fiscal years, and requires, during the 2022–23 fiscal year, contractors to reimburse subsidized childcare providers for the full amount of the certificate or voucher without deducting family fees. (WIC § 10290)
- 6) Requires the Superintendent of Public Instruction (SPI) to use the fee schedule developed in conjunction with DSS for families using full-day state preschool services. (Education Code § 8252)

- 7) Requires that families be assessed a single flat monthly fee for all state subsidized early childhood services received, including California state preschool program services and services received through childcare and development programs administered by DSS. (EC § 8252)
- 8) Prohibits family fees from being collected for the 2022–23 fiscal year, and requires contractors to reimburse providers operating within a family childcare home education network for the full amount of the certificate or voucher without deducting family fees. (EC § 8252)

This bill prohibits, subject to an appropriation, (1) family fees for state preschool and child care services from exceeding one percent of a family’s monthly income; and, (2) family fees from being charged to a family with an adjusted monthly family income below 75 percent of the state median family income. Specifically, this bill:

- 1) Provides, subject to an appropriation expressly for this purpose, an exception to family fees from being set at no higher than 10 percent of the family’s monthly income, to prohibit family fees from:
  - a) Exceeding one percent of the family’s monthly income.
  - b) Being charged to a family with an adjusted monthly family income below 75 percent of the state median income.
- 2) Specifies that state preschool program providers and providers of subsidized child care are not to absorb any reduction in pay for the space or voucher on account of any waiver of or reduction in family fees.
- 3) Prohibits the number of California state preschool program and childcare contracted spaces, and the number of childcare contracted spaces and vouchers, from being reduced on account of any reduction in the collection of family fees.
- 4) Deletes obsolete references to family fees for the 2021-22 fiscal year.

### **Comments**

*Need for the bill.* According to the author, “California is one of the most expensive states for parents who need child care services. In Los Angeles County and statewide, the average two-parent working family spends around 20% of their annual income on child care. There is broad consensus among child care experts and economists that spending more than 7% of annual income on child care places economic stress on working families.

“While there are a number of State and Federally funded programs that help families pay for child care, families who need care must still pay family fees which can make subsidized care unaffordable. With limited disposable income, working families struggle to pay high fees and are forced to make difficult decisions about basic needs such as food, shelter, clothing, and keeping up with fee payments. A recent study found that, in Sacramento County, at least 10% of families paying fees are on payment plans for back fees they have been unable to afford.

“These families are at significant risk of losing their subsidized child care which can, in turn, jeopardize their employment or education. This places them at greater risk of reliance on the state's other welfare programs and prevents families from rising out of poverty. As families earn raises and their income rises, so do their family fees, which then erases any economic gains they have made. The current fee structure penalizes families for their hard work.

“Childcare is facing a statewide crisis due to the impacts of the pandemic that has magnified pre-existing disparities and created intense financial insecurity for childcare workers, childcare centers and parents. 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.”

*Family fee schedule.* As noted in the Assembly committee analyses, the federal Child Care and Development Fund requires states to establish a sliding fee scale for families that receive childcare services supported by federal funds. The fee: (1) helps families afford childcare and enables choice of a range of childcare options; (2) is based on income and the size of the family and may be based on other factors as appropriate, but shall not be based on the cost of care or amount of subsidy payment; (3) provides for affordable family fees that are not a barrier to families receiving assistance; and (4) at the state’s discretion, allows for family fees to be waived for families whose incomes are at or below the poverty level for a family of the same size, that have children who receive or need to receive protective services, or that meet other criteria established by the state.

Existing law requires DSS, in consultation with CDE, to establish a family fee schedule that is based on specified factors, and requires a new family fee schedule be developed annually. Family fees have been waived since July 2020 and are statutorily waived through the 2022-23 fiscal year. The family fee schedule that was to go into effect July 1, 2020, include the following examples (not a comprehensive list): (1) A family of four with a monthly income of approximately \$3,500 would have been assessed a \$70 monthly family fee for part-time care, or a \$140 monthly family fee for full-time care; (2) A family of four with a monthly

income of approximately \$6,000 would have been assessed a \$236 monthly family fee for part-time care, or a \$471 monthly family fee for full-time care. The DSS will need to develop a new family fee schedule before the waiver of all family fees expires on July 1, 2023.

*Extends temporary waivers of family fees for lowest-income and further caps fees for families who must pay.* 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.

AB 210 (Committee on Budget, Chapter 62, Statutes of 2002), a budget trailer bill, extends the waiver of family fees through the 2022–23 fiscal year.

This bill essentially continues the fee waiver into perpetuity, if funded, for families with an adjusted monthly family income below 75 percent of the state median income. It is unknown how many additional families would not be required to pay fees. This bill additionally lowers the cap on family fees (for families above the 75 percent threshold) from up to 10 percent, to up to one percent, of a family's monthly income.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, this bill's provisions would be subject to an appropriation. The DSS estimates ongoing General Fund costs of approximately \$134.2 million to restrict family fees from exceeding one 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 this 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.

**SUPPORT:** (Verified 8/25/22)

Association of American University Women (co-source)  
California Child Care Resource & Referral Network (co-source)  
Child Care Law Center (co-source)  
Child Care Resource Center (co-source)  
Parent Voices (co-source)  
Alliance of Californians for Community Empowerment Action  
California Alternative Payment Program Association  
California Association for the Education of Young Children  
California Catholic Conference  
California Child Care Coordinators Association  
California Commission on the Status of Women and Girls  
California Family Child Care Network  
California Latinas for Reproductive Justice  
California Partnership to End Domestic Violence  
California Women's Law Center  
Child Action, Inc.  
Child Care Alliance of Los Angeles  
Child Care Providers United  
Children Now  
Children's Defense Fund - CA  
Early Care and Education Consortium  
Equal Rights Advocates  
Everychild California  
First 5 Association of California  
First 5 California  
First 5 LA  
First 5 San Bernardino  
Head Start California  
Los Angeles Unified School District  
National Association of Social Workers, California Chapter  
National Council of Jewish Women - California  
National Council of Jewish Women Los Angeles  
San Bernardino County  
San Bernardino County District Advocates for Better Schools  
Silicon Valley Community Foundation  
Stronger California Advocates Network  
The Education Trust - West  
UDW/AFSCME Local 3930  
United Ways of California

Valley Industry and Commerce Association  
WeeCare  
Women's Foundation California  
YMCA Childcare Resource Services

**OPPOSITION:** (Verified 8/25/22)

None received

**ASSEMBLY FLOOR:** 78-0, 5/27/21

**AYES:** Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bigelow, Bloom, Boerner Horvath, Burke, Calderon, Carrillo, Cervantes, Chau, Chen, Chiu, Choi, Cooley, Cooper, Cunningham, Megan Dahle, Daly, Davies, Flora, Fong, Frazier, Friedman, Gabriel, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson, Lorena Gonzalez, Gray, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Muratsuchi, Nazarian, Nguyen, O'Donnell, Patterson, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Seyarto, Smith, Stone, Ting, Valladares, Villapudua, Voepel, Waldron, Ward, Akilah Weber, Wicks, Wood, Rendon

Prepared by: Lynn Lorber / ED. / (916) 651-4105  
8/26/22 15:32:00

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