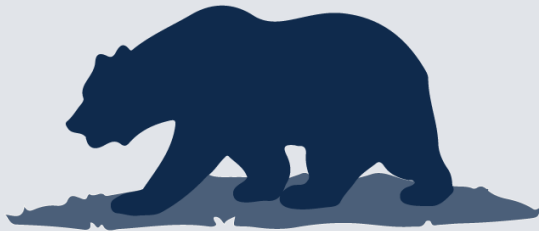


AP 101: Untangling the Web of Subsidized Child Care

**CAPPA and R&R Network Joint
Conference**

October 19, 2017

Introduction to Subsidized Child Care



Presented to:

**CAPPA and R&R Network Joint
Conference**

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Legislative Analyst's Office

Goals

- **History of Subsidized Programs**
- **Types of Programs**
- **Eligibility**
- **Types of Care**
- **Administration**
- **Funding**

High Level Overview

History of Subsidized Programs

System Developed Incrementally Over Time

- 1940** Congress enacts the Lanham Act. Provides federal funding for child care centers to promote female participation in the workforce.
- 1947** Legislature backfills loss of federal funding after the war ends and maintains child care centers with state funding. Targets services to low-income, working families.
- 1965** Legislature establishes State Preschool modeled after the Federal Head Start program and targeted to low-income children.
- 1976** Legislature creates the Alternative Payment (AP) Program using state funds. The AP Program provides families vouchers for child care and reimburses providers at lower rates than school districts. Standards for providers also are lower. (Prior to 1976, the majority of child care programs were operated by school districts.)
- 1978** Proposition 13 eliminates school districts' ability to levy additional property taxes to support child care programs. Legislature backfills school districts' lost child care revenue, increasing the state's investment in these programs significantly.
- 1980** Legislature directs the Superintendent of Public Instruction to develop a "standard reimbursement rate" (SRR). The SRR is intended to serve as a target reimbursement rate for school district programs (as existing district rates varied significantly).
- 1997** CalWORKs provides all welfare-to-work participants access to child care vouchers.

State's Child Care and Preschool Programs

Program	Description
CalWORKs Child Care	
Stage 1	Child care becomes available when a participant enters the CalWORKs program.
Stage 2	Families transition to Stage 2 child care when the county welfare department deems them stable.
Stage 3	Families transition to Stage 3 child care two years after they stop receiving cash aid. Families remain in Stage 3 until the child ages out (at 13 years old) or they exceed the income eligibility cap.
Non-CalWORKs Child Care	
General Child Care	Program for low-income, working families that subsidizes care provided in licensed settings.
Alternative Payment	Program for low-income, working families that subsidizes care provided in licensed and non-licensed settings.
Migrant Child Care	Program for migrant children from low-income, working families.
Care for Children With Severe Disabilities	Program for children with severe disabilities living in the Bay Area.
Preschool	
State Preschool	Part-day, part-year program for low-income families. Full-day, full-year program for low-income, working families.
Transitional Kindergarten	Part-year program for four-year olds with birthdays between September 2 and December 2. May run part day or full day.

Vouchers

Contracts

Income Eligibility

- Families eligible to enter care if have incomes below 70 percent of SMI
- Families may remain on child care until exceed 85 percent of SMI

Current Income Eligibility Schedule

Family Size	70% SMI	85% SMI
2 persons	\$48,361	\$58,724
3 persons	\$52,076	\$63,235
4 persons	\$58,524	\$71,065
5 persons	\$67,888	\$82,436
6 persons	\$77,252	\$93,806
7 persons	\$79,008	\$95,938
8 persons	\$80,763	\$98,070
9 persons	\$82,519	\$100,202
10 persons	\$84,275	\$102,334
11 persons	\$86,031	\$104,466
12 persons	\$87,786	\$106,598

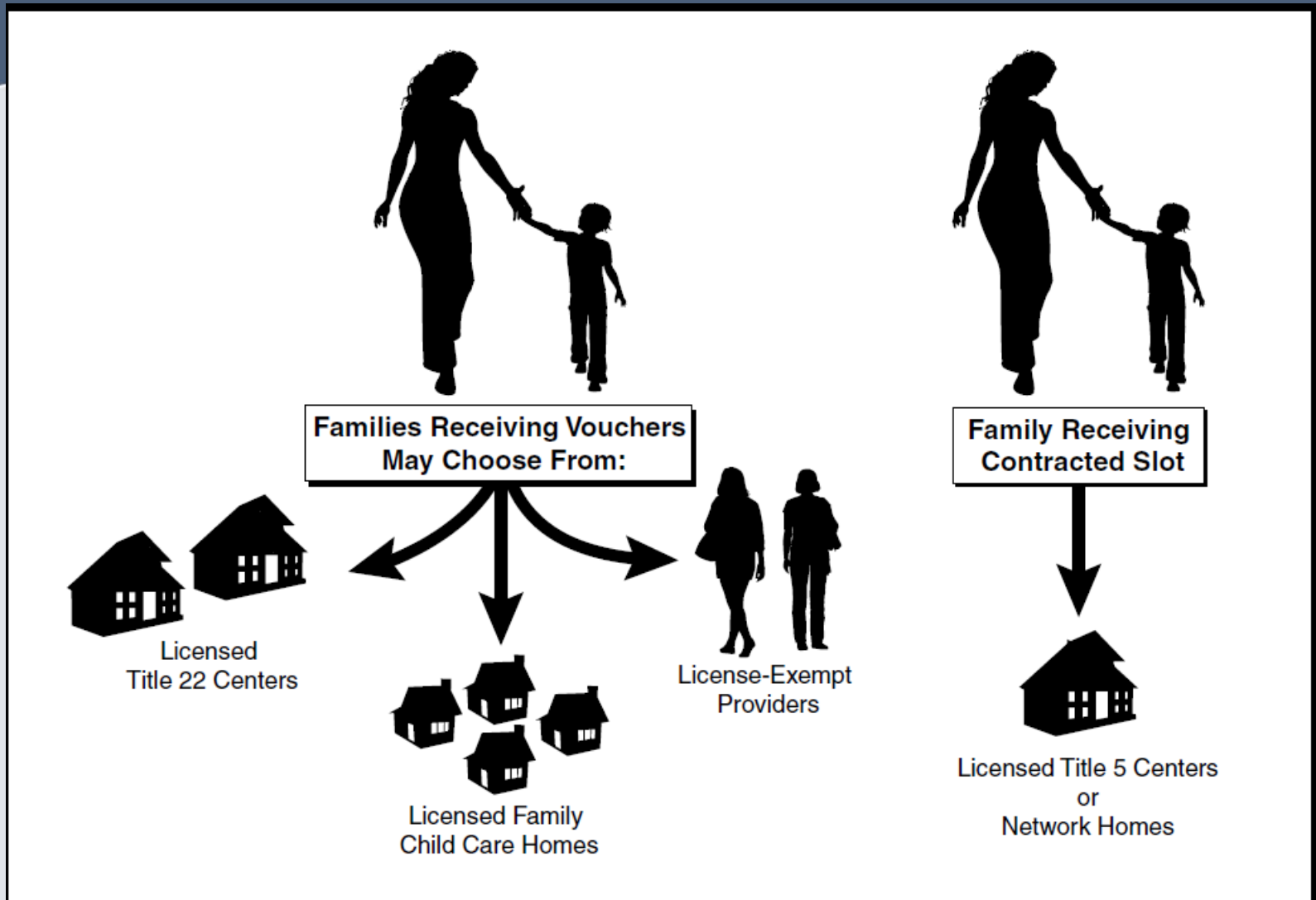
Other Eligibility Criteria

➤ **Parents must demonstrate “need” for child care during hours receive care by:**

- Working
- Looking for work
- Participating in training
- Being unable to care for child due to medical reasons

➤ **Children must be under the age of 13**

Types of Care



State Level Administration

➤ State Level

- California Department of Social Services (DSS) administers Stage 1.
- California Department of Education (CDE) administers all other programs.

Regional Administration

➤ **DSS-Administered Programs**

- DSS funds County Welfare Departments to administer Stage 1 and make payments to child care providers.

➤ **CDE-Administered Programs**

- Vouchers: CDE funds Alternative Payment (AP) agencies to administer programs and make payments to providers.
- Contracts: CDE contracts directly with individual providers.



Understanding Subsidy Programs in California

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Types of Programs

CalWORKs Alternative Payment Programs

Stage 1

- Funded by California Department of Social Services (DSS)
- Available to parents receiving a Temporary Aid to Needy Families (TANF) grant - must be in an approved work activity
- Parent stays on Stage 1 until they are deemed stable (definition varies by county)
- Serves children 0-13
- 24 Month Lifetime limit on TANF for Parent

Stage 2

- Funded through California Department of Education (CDE) (EESD)
- Parent stays on Stage 2 for 24 months after Parent's last TANF check
- Serves children 0-13



Stage 3

- Funded through California Department of Education (CDE) (EESD)
- Stage 3 is granted 2 years after parent's last TANF check
- Closed system. All parents come from Stage 2.
- Parent stays on Stage 3 until all children age off or family becomes ineligible
- Serves children 0-13

State/Federal Alternative Payment Program Non CalWORKs

Californian/Federal Alternative Payment Program – (CAPP)

- Funded through California Department of Education (CDE) (EESD)
- Parent must enter through a waiting list
- Parents are served lowest income first with priority to Child Protective Services (CPS)
- Serves children 0-13

Parental Choice - Types of Child Care

Title 22

Licensed Centers

- “Regular” Centers - Title 22
- Local
- Private market based payment. Parents pay full Cost of Care
- No income guidelines for parents

Title 5

Child Development Program Centers - Title 5 + 22

- Usually Full Time
- Funded through California Department of Education (CDE) (EESD)
- Parents must be enrolled off the Centers CEL to gain entry
- Parents must adhere to the same income guidelines for eligibility

Title 5

State Preschool Programs - Title 5 + 22

- Usually Part Time
- Funded through California Department of Education (CDE) (EESD)
- Parents must be enrolled off the Centers CEL to gain entry
- Parents must adhere to the same income guidelines for eligibility

Head Start - Federal ACF + Title 22

- Funded through Federal Administration for Children and Families (ACF)- U.S. Department of Health and Human Services
- Usually Part Time
- Not required to use the CEL - Keep their own waiting list
- Eligibility based on Federal Poverty Guidelines

Title 22

Licensed Family day Care

- Family Day Care Home Licensed for 6-8
- Family Day Care Home Licensed for 12-14
- Private market based payment. Parents pay full Cost of Care
- No income guidelines for parents



Title 22

Legally Exempt from Licensed Care

- Providers can watch their own family and one other family legally
- “Babysitters”/In-home Caregivers
- Nannies and Nanny Agencies
- Shares
- Playgroups
- Co-ops
- Exchanges
- Private market based payment. Parents pay full Cost of Care



Exempt Continued...

2 types of Legally *Exempt from Licensed Care*

Intentional exempt care providers

- These providers are recruiting full fee parents and actively looking for work as an exempt child care provider. Child care is their chosen vocation
- Private market based payment. Parents pay full Cost of Care

Exempt Continued...

2 types of Legally *Exempt from Licensed Care*

Subsidized exempt care providers

- These providers are not actively looking for work as an exempt child care provider
- They are usually recruited by the parents
- Cost is paid by Alternative Payment Program agencies up to the Regional Market Rate (RMR) ceiling. 60% of the Family Child Care Max

Resources

Statewide Child Care Resource and Referral Network

<http://www.rrnetwork.org/>

California Department of Education

<http://www.cde.ca.gov/>

California Department of Education – Child Development Division

<http://www.cde.ca.gov/sp/cd/>

Department of Social Services

<http://www.dss.cahwnet.gov/cdssweb/default.htm>

Community Care Licensing

<http://www.cclld.ca.gov/>

CEL – Centralized Eligibility List contacts

<http://www.cde.ca.gov/sp/cd/ci/cdcelscontacts.asp>

CAPPA – California Alternative Payment Program Association

<http://www.cappaonline.com/>

California Child Development Administrators Association - CCDAA

<http://www.ccdaa.org>



Understanding Subsidy Programs in California

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Centralized Eligibility List (CEL)

A county-wide list of all children from income eligible families who are waiting for subsidized child care.

- Used to enroll eligible families when openings
- Not a waiting list; eligibility list that allows programs to serve the neediest families first
- Families ranked by eligibility factors such as income, family size and need

Centralized Eligibility List (CEL)

- 1997: Nine Local Planning Councils participated in a pilot
- July 2005: SB 68 funded CEL statewide
- Funding for CEL was eliminated in Budget Act of 2011

Centralized Eligibility List (CEL)

Then:

- Single application
- Families could apply at any program
- Agencies could pull from a wider net of eligible families
- Data, data, data

Now:

- Families seeking subsidized child care need to contact agencies of their choice directly
- Agencies have to maintain their own list
- CEL continues in some counties

Family Fees

- Parents' shared cost of child care
- Amount varies depending on family size and gross monthly income
- Full-time family fee = 130 authorized hours or more of care per month
- Part-time family fee = less than 130 hours of care per month
- Provider vs. Agency collected

Family Monthly Fee Schedule

California Department of Education – Effective: July 1, 2017

State initial enrollment cutoff = 70% of 2015 SMI from CA DOF (2015 ACS Management Bulletin 17-08),
 State Grad. Phase-Out cutoff = 85% of 2015 SMI from CA DOF (2015 ACS Management Bulletin 17-09)

Family Fee Schedule

Monthly Part-time Fee	Monthly Full-time Fee	Family Size 1 or 2	Family Size 3	Family Size 4	Family Size 5	Family Size 6	Family Size 7	Family Size 8 or more
\$ 26.00	\$ 52.00	2,245	2,418	2,717	3,152	3,587	3,668	3,750
\$ 32.00	\$ 64.00	2,303	2,480	2,787	3,233	3,679	3,762	3,846
\$ 39.00	\$ 78.00	2,418	2,604	2,926	3,394	3,863	3,950	4,038
\$ 45.00	\$ 90.00	2,476	2,666	2,996	3,475	3,955	4,044	4,134
\$ 52.00	\$ 103.00	2,591	2,790	3,135	3,637	4,138	4,233	4,327
\$ 59.00	\$ 118.00	2,706	2,914	3,275	3,798	4,322	4,421	4,519
\$ 68.00	\$ 136.00	2,763	2,976	3,344	3,879	4,414	4,515	4,615
\$ 79.00	\$ 158.00	2,879	3,100	3,484	4,041	4,598	4,703	4,807
\$ 89.00	\$ 177.00	2,936	3,162	3,553	4,122	4,690	4,797	4,903
\$ 100.00	\$ 200.00	3,051	3,286	3,693	4,283	4,874	4,985	5,096
\$ 109.00	\$ 218.00	3,109	3,348	3,762	4,364	4,966	5,079	5,192
\$ 120.00	\$ 240.00	3,224	3,472	3,902	4,526	5,150	5,267	5,384
\$ 129.00	\$ 258.00	3,282	3,534	3,971	4,607	5,242	5,361	5,480
\$ 141.00	\$ 281.00	3,397	3,658	4,111	4,768	5,426	5,549	5,673
\$ 152.00	\$ 304.00	3,512	3,720	4,180	4,849	5,518	5,643	5,769
\$ 161.00	\$ 322.00	3,569	3,782	4,250	4,930	5,610	5,737	5,865
\$ 172.00	\$ 344.00	3,685	3,844	4,320	5,011	5,702	5,832	5,961
\$ 181.00	\$ 362.00	3,742	3,906	4,389	5,092	5,794	5,926	6,057
\$ 193.00	\$ 386.00	3,857	3,968	4,459	5,172	5,886	6,020	6,153
\$ 196.00	\$ 391.00	3,915	4,030	4,529	5,253	5,978	6,114	6,250
\$ 202.00	\$ 403.00	4,030	4,092	4,598	5,334	6,070	6,208	6,346
\$ 204.00	\$ 408.00	4,088	4,154	4,668	5,415	6,162	6,302	6,442
\$ 208.00	\$ 415.00	4,145	4,234	4,758	5,519	6,280	6,423	6,566
\$ 212.00	\$ 424.00	4,260	4,340	4,807	5,577	6,346	6,490	6,634
\$ 218.00	\$ 435.00	4,318	4,402	4,877	5,657	6,438	6,584	6,730
\$ 222.00	\$ 444.00	4,433	4,464	4,947	5,738	6,530	6,678	6,826
\$ 229.00	\$ 458.00	4,491	4,588	5,016	5,819	6,622	6,772	6,923

39% SMI

For Initial Enrollment

For Re certification

70% SMI

Co-Payments

Co-payments are costs charged by the provider that cannot be covered by the subsidy and are an arrangement between parent and provider.

- Provider rates exceeding the Regional Market Rate
- Fees for optional items or services: field trips, etc.
- School-related tuition

San Francisco Pilot Program

Income Eligibility

- 70% → 85% of SMI for initial enrollment and recertification

Certification

- 24 vs. 12 months of eligibility
- Both AP and Center based programs

Funding

Reimbursement Rates

- **Contract-based programs receive Standard Reimbursement Rate (SRR)**
- **Voucher-based programs receive Regional Market Rate (RMR)**

Comparing Reimbursement Rates for Centers

Annual Reimbursement Rates for Select Ages, 2016-17^a

	Full-Time Care	Part-Time Care ^b
Infants (Birth to 18 Months)		
SRR	\$17,087	\$12,815
RMR averages ^c	16,973	11,903
Toddlers (18 to 24 Months)		
SRR	\$14,072	\$10,554
RMR averages ^c	16,973	11,903
Preschool (Ages 3-4)		
SRR ^d	\$10,114	\$4,386
RMR averages ^c	13,008	9,369
LCFF ^e	N/A	8,810
School-Age (Ages 6-12)		
SRR	\$10,051	\$7,538
RMR averages	9,408	5,993

Funding Model for AP Agencies

- **CDE determines amount each AP agency receives for provider payments**
- **AP agencies' operational funding based on percentage of provider payments**

LAO Recommendations

Restructure Child Care System

We have recommended that the Legislature:

- **Create one voucher-based child care system**
- **Require programs serving children birth through age four include developmentally appropriate activities**
- **Provide similar levels of access across the state**
- **Reinstate centralized eligibility list (CEL)**
- **Set time limits on subsidies for all families**
- **Create simpler, more transparent reimbursement rate structure**

AP Agency Operational Costs

We have recommended that the Legislature:

- **Adopt a per-child operational funding model**
- **Adjust per-child rates on regional wage data**
- **Set initial allocations and make midyear adjustments using existing budgetary approach**
- **Set standard expectations for family and provider support**

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Questions?



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