

STAFF REPORT

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THE CITY OF
NOVATO
CALIFORNIA

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MEETING

DATE: July 11, 2017

TO: City Council

FROM: Regan M. Candelario, City Manager

SUBJECT: AUTHORIZE THE CITY MANGER TO SIGN A LETTER OF SUPPORT FOR ASSEMBLY BILL 435 (THURMOND) - CHILD CARE SUBSIDY PLANS: COUNTIES OF ALAMEDA, CONTRA COSTA, MARIN, AND SONOMA

REQUEST

Authorize the City Manager to sign a letter of support for Assembly Bill 435 (Thurmond) - Child Care Subsidy Plans: Counties of Alameda, Contra Costa, Marin, and Sonoma.

DISCUSSION

This bill would authorize the Counties of Contra Costa, Marin and Sonoma to establish a seven-year pilot program for purposes of developing and implementing an individualized county child care subsidy plan that meets the particular needs of families in those counties.

Title 5 providers (General Child Care, Migrant Child Care and State Preschool) are reimbursed at the Standard Reimbursement Rate, which is a specific rate established in statute. Title 5 programs contract with, and receive payments directly from, the California Department of Education (CDE). These programs receive the same reimbursement rate no matter where in the state the program is located. Many in the field argue that provider reimbursement rates do not keep pace with the actual cost-of-living and reimbursements are insufficient to cover the cost of care and services, particularly in counties where the cost-of-living is well beyond the state median.

This bill is modeled after successful legislation that increased local flexibility of child care subsidy dollars in Santa Clara, San Mateo, and San Francisco. It would improve subsidized child care in Marin County by increasing reimbursement rates to providers, increasing access to child care for low-income families and maximizing funding allocated by the state.

RECOMMENDATION

Authorize the City Manager to sign the letter.

ALTERNATIVES

Take no action at this time; direct staff as to action requested.

ATTACHMENTS

1. Text of Bill
2. Draft letter of support

AMENDED IN ASSEMBLY MAY 2, 2017

AMENDED IN ASSEMBLY APRIL 17, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL**No. 435**

Introduced by Assembly Member Thurmond
(Coauthors: Assembly Members Aguiar-Curry, Bonta, and Levine)
(Coauthor: Senator McGuire)

February 13, 2017

An act to amend Section 8340.2 of, and to add and repeal Article 15.1.1 (commencing with Section 8333) of Chapter 2 of Part 6 of Division 1 of Title 1 of, the Education Code, relating to child care.

LEGISLATIVE COUNSEL'S DIGEST

AB 435, as amended, Thurmond. Child care subsidy plans: Counties of Alameda, Contra Costa, Marin, and Sonoma.

(1) The Child Care and Development Services Act has a purpose of providing a comprehensive, coordinated, and cost-effective system of child care and development services for children from infancy to 13 years of age and their parents, including a full range of supervision, health, and support services through full- and part-time programs. Existing law requires the Superintendent of Public Instruction to develop standards for the implementation of quality child care programs. Existing law authorizes the County of Alameda and the County of Santa Clara, as a pilot project, to develop an individualized county child care subsidy plan, as provided.

This bill would authorize, until January 1, ~~2023~~, 2025, the Counties of Contra Costa, Marin, and Sonoma to develop individualized county child care subsidy plans, as specified. The bill would require the plans

to be submitted by the counties to their local planning council and their respective county board of supervisors for approval, as specified. The bill would require the Early Education and Support Division of the State Department of Education to review and approve or disapprove the plans and any subsequent modifications to the plans. The bill would require the counties to annually prepare and submit to the Legislature, the State Department of Social Services, and the State Department of Education a report that contains specified information relating to the success of the counties' plans.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Counties of Contra Costa, Marin, and Sonoma.

(2) Existing law authorizes the County of Alameda, as a pilot project, to develop an individualized county child care subsidy plan, as provided. Existing law requires the plan to include specified elements, including the development of a local policy, as provided. Existing law requires the local policy to, among other things, authorize an agency that provides child care and development services in the county through a contract with the State Department of Education and either provides direct services or contracts with licensed providers or centers to apply to the department to amend existing contracts in order to benefit from the local policy.

This bill would instead require the local ~~policy~~ *policy, among other things*, to authorize an agency that provides child care and development services in the county through a contract with the department to apply to the department to amend existing contracts in order to benefit from the local policy.

Existing law authorizes the local policy to supersede state law concerning child care subsidy programs with regard to certain factors, including ~~reimbursement rates~~ *eligibility criteria relating to CalWORKS participation, with exceptions*.

This bill would also authorize the local policy to supersede California state preschool eligibility periods, as ~~specified~~ *specified, and would delete the above provisions relating to superseding eligibility criteria relating to CalWORKS participation and the exceptions*.

Existing law requires the plan to include a recognition that all funding sources utilized by direct service contractors that provide child care and development services in the County of Alameda and contractors that contract with licensed providers and centers are eligible to be included in the county's plan.

This bill would instead require the plan to include a recognition that all funding sources utilized by contractors that provide child care and development services in the County of Alameda are eligible to be included in the county’s plan.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature to build a stable,
2 comprehensive, and adequately funded high-quality early learning
3 and educational support system for children from birth to five years
4 of age, inclusive, with alignment and integration into the K–12
5 education system by strategically using state and federal funds,
6 and engaging all early care and education stakeholders, including
7 K–12 education stakeholders, in an effort to provide access to
8 affordable, high-quality services supported by adequate rates,
9 integrated data systems, and a strong infrastructure that supports
10 children and the educators who serve them.

11 SEC. 2. Article 15.1.1 (commencing with Section 8333) is
12 added to Chapter 2 of Part 6 of Division 1 of Title 1 of the
13 Education Code, to read:

14
15 Article 15.1.1. Individualized Child Care Subsidy Plans for the
16 Counties of Contra Costa, Marin, and Sonoma
17

18 8333. The Counties of Contra Costa, Marin, and Sonoma may
19 individually, as pilot projects, develop and implement
20 individualized county child care subsidy plans. The plans shall
21 ensure that child care subsidies received by these counties are used
22 to address local needs, conditions, and priorities of working
23 families in the respective communities.

24 8333.1. For purposes of this article, “county” means the
25 Counties of Contra Costa, Marin, and Sonoma.

26 8333.2. (a) For purposes of this article, “plan” means an
27 individualized county child care subsidy plan developed and
28 approved under the pilot project described in Section 8333, which
29 includes all of the following:

30 (1) An assessment to identify the county’s goal for its subsidized
31 child care system. The assessment shall examine whether the

1 current structure of subsidized child care funding adequately
2 supports working families in the county and whether the county’s
3 child care goals coincide with the state’s requirements for funding,
4 eligibility, priority, and reimbursement. The assessment shall also
5 identify barriers in the state’s child care subsidy system that inhibit
6 the county from meeting its child care goals. In conducting the
7 assessment, the county shall consider all of the following:

8 (A) The general demographics of families who are in need of
9 child care, including employment, income, language, ethnic, and
10 family composition.

11 (B) The current supply of available subsidized child care.

12 (C) The level of need for various types of subsidized child care
13 services, including, but not limited to, infant care, after-hours care,
14 and care for children with exceptional needs.

15 (D) The county’s self-sufficiency income level.

16 (E) Income eligibility levels for subsidized child care.

17 (F) Family fees.

18 (G) The cost of providing child care.

19 (H) The regional market rates, as established by the department,
20 for different types of child care.

21 (I) The standard reimbursement rate or state per diem for centers
22 operating under contracts with the department.

23 (J) Trends in the county’s unemployment rate and housing
24 affordability index.

25 (2) (A) Development of a local policy to eliminate
26 state-imposed regulatory barriers to the county’s achievement of
27 its desired outcomes for subsidized child care.

28 (B) The local policy shall do all of the following:

29 (i) Prioritize lowest income families first.

30 (ii) Follow the family fee schedule established pursuant to
31 Section 8263 for those families that are income eligible, as defined
32 by Section ~~8263.1~~ 8263.1, and provide the exemptions for family
33 fees specified in Section 8273.1.

34 (iii) Meet local goals that are consistent with the state’s child
35 care goals.

36 (iv) Identify existing policies that would be affected by the
37 county’s plan.

38 (v) (I) Authorize an agency that provides child care and
39 development services in the county through a contract with the

1 department to apply to the department to amend existing contracts
2 in order to benefit from the local policy.

3 (II) The department shall approve an application to amend an
4 existing contract if the plan is modified pursuant to Section 8333.3.

5 (III) The contract of a department contractor that does not elect
6 to request an amendment to its contract remains operative and
7 enforceable.

8 (vi) *Provide a family that qualifies for the second or third stage*
9 *of child care services pursuant to Article 15.5 (commencing with*
10 *Section 8350), for purposes of eligibility, fees, and reimbursements,*
11 *the same or higher level of benefit as a family that qualifies for*
12 *subsidized child care on another basis pursuant to the local policy,*
13 *except as otherwise provided in Article 15.5 (commencing with*
14 *Section 8350). Nothing in this section shall be interpreted to impact*
15 *or reduce any element in the second or third stage of child care*
16 *services pursuant to Article 15.5 (commencing with Section 8350)*
17 *that provides a greater benefit to participating families than is*
18 *provided for in the local policy.*

19 (C) The local policy may supersede state law concerning child
20 care subsidy programs with regard only to the following factors:

21 (i) Eligibility criteria, including, but not limited to, age, family
22 size, time limits, income level, ~~inclusion of former and current~~
23 ~~CalWORKs participants, and special needs considerations, except~~
24 ~~that the local policy shall not deny or reduce eligibility of a family~~
25 ~~that qualifies for child care pursuant to Section 8353. Under the~~
26 ~~local policy, a family that qualifies for child care pursuant to~~
27 ~~Section 8354 shall be treated for purposes of eligibility and fees~~
28 ~~in the same manner as a family that qualifies for subsidized child~~
29 ~~care on another basis pursuant to the local policy.~~ *considerations.*

30 (ii) Fees, including, but not limited to, family fees, sliding scale
31 fees, and copayments for those families that are not income eligible,
32 as defined by Section 8263.1.

33 (iii) Reimbursement rates.

34 (iv) Methods of maximizing the efficient use of subsidy funds,
35 including, but not limited to, multiyear contracting with the
36 department for center-based child care, and interagency agreements
37 that allow for flexible and temporary transfer of funds among
38 agencies.

39 (v) Families with children enrolled in part-day California state
40 preschool programs services, pursuant to Article 7 (commencing

1 with Section 8235), may be eligible for up to two 180 day periods
2 within a 24 month period without the family being certified as a
3 new enrollment each year.

4 (3) Recognition that all funding sources utilized by contractors
5 that provide child care and development services in the county are
6 eligible to be included in the county’s plan.

7 (4) Establishment of measurable outcomes to evaluate the
8 success of the plan to achieve the county’s child care goals, and
9 to overcome any barriers identified in the state’s child care subsidy
10 system.

11 (b) Nothing in this section shall be construed to permit the
12 county to change the regional market rate survey results for the
13 county.

14 8333.3. (a) The plan shall be submitted to the local planning
15 council, as defined in subdivision (g) of Section 8499, for approval.
16 Upon approval of the plan by the local planning council, the board
17 of supervisors of the county shall hold at least one public hearing
18 on the plan. Following the hearing, if the board votes in favor of
19 the plan, the plan shall be submitted to the Early Education and
20 Support Division of the department for review.

21 (b) Within 30 days of receiving the plan, the Early Education
22 and Support Division shall review and either approve or disapprove
23 the plan.

24 (c) Within 30 days of receiving a modification to the plan, the
25 Early Education and Support Division shall review and either
26 approve or disapprove that modification to the plan.

27 (d) The Early Education and Support Division may disapprove
28 only those portions of modifications to the plan that are not in
29 conformance with this article or that are in conflict with federal
30 law.

31 8333.4. The county shall, by the end of the first fiscal year of
32 operation under the approved child care subsidy plan, demonstrate,
33 in the report required pursuant to Section 8333.5, an increase in
34 the aggregate days a child is enrolled in child care in the county
35 as compared to the enrollment in the final quarter of the 2016–17
36 fiscal year.

37 8333.5. (a) The county shall annually prepare and submit to
38 the Legislature, the State Department of Social Services, and the
39 department a report that summarizes the success of the county’s

1 plan, and the county’s ability to maximize the use of funds and to
2 improve and stabilize child care in the county.

3 (b) A report to be submitted to the Legislature pursuant to
4 subdivision (a) shall be submitted in compliance with Section 9795
5 of the Government Code.

6 8333.6. A participating contractor shall receive any increase
7 or decrease in funding that the contractor would have received if
8 the contractor had not participated in the plan.

9 8333.7. This article shall remain in effect only until January
10 1, ~~2023~~, 2025, and as of that date is repealed, unless a later enacted
11 statute, that is enacted before January 1, ~~2023~~, 2025, deletes or
12 extends that date.

13 SEC. 3. Section 8340.2 of the Education Code is amended to
14 read:

15 8340.2. (a) For purposes of this article, “plan” means an
16 individualized county child care subsidy plan developed and
17 approved under the pilot project described in Section 8340, which
18 includes all of the following:

19 (1) An assessment to identify the county’s goal for its subsidized
20 child care system. The assessment shall examine whether the
21 current structure of subsidized child care funding adequately
22 supports working families in the county and whether the county’s
23 child care goals coincide with the state’s requirements for funding,
24 eligibility, priority, and reimbursement. The assessment shall also
25 identify barriers in the state’s child care subsidy system that inhibit
26 the county from meeting its child care goals. In conducting the
27 assessment, the county shall consider all of the following:

28 (A) The general demographics of families who are in need of
29 child care, including employment, income, language, ethnic, and
30 family composition.

31 (B) The current supply of available subsidized child care.

32 (C) The level of need for various types of subsidized child care
33 services, including, but not limited to, infant care, after-hours care,
34 and care for children with exceptional needs.

35 (D) The county’s self-sufficiency income level.

36 (E) Income eligibility levels for subsidized child care.

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38 (G) The cost of providing child care.

39 (H) The regional market rates, as established by the department,
40 for different types of child care.

1 (I) The standard reimbursement rate or state per diem for centers
2 operating under contracts with the department.

3 (J) Trends in the county's unemployment rate and housing
4 affordability index.

5 (2) (A) Development of a local policy to eliminate
6 state-imposed regulatory barriers to the county's achievement of
7 its desired outcomes for subsidized child care.

8 (B) The local policy shall do all of the following:

9 (i) Prioritize lowest income families first.

10 (ii) Follow the family fee schedule established pursuant to
11 Section 8273 for those families that are income eligible, as defined
12 by ~~Section 8263.1~~ 8263.1, *and provide the exemptions for family*
13 *fees specified in Section 8273.1.*

14 (iii) Meet local goals that are consistent with the state's child
15 care goals.

16 (iv) Identify existing policies that would be affected by the
17 county's plan.

18 (v) (I) Authorize an agency that provides child care and
19 development services in the county through a contract with the
20 department to apply to the department to amend existing contracts
21 in order to benefit from the local policy.

22 (II) The department shall approve an application to amend an
23 existing contract if the plan is modified pursuant to Section 8340.3.

24 (III) The contract of a department contractor that does not elect
25 to request an amendment to its contract remains operative and
26 enforceable.

27 (vi) *Provide a family that qualifies for the second or third stage*
28 *of child care services pursuant to Article 15.5 (commencing with*
29 *Section 8350), for purposes of eligibility, fees, and reimbursements,*
30 *the same or higher level of benefit as a family that qualifies for*
31 *subsidized child care on another basis pursuant to the local policy,*
32 *except as otherwise provided in Article 15.5 (commencing with*
33 *Section 8350). Nothing in this section shall be interpreted to impact*
34 *or reduce any element in the second or third stage of child care*
35 *services pursuant to Article 15.5 (commencing with Section 8350)*
36 *that provides a greater benefit to participating families than is*
37 *provided for in the local policy.*

38 (C) The local policy may supersede state law concerning child
39 care subsidy programs with regard only to the following factors:

1 (i) Eligibility criteria, including, but not limited to, age, family
2 size, time limits, income level, ~~inclusion of former and current~~
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10 (ii) Fees, including, but not limited to, family fees, sliding scale
11 fees, and copayments for those families that are not income eligible,
12 as defined by Section 8263.1.

13 (iii) Reimbursement rates.

14 (iv) Methods of maximizing the efficient use of subsidy funds,
15 including, but not limited to, multiyear contracting with the
16 department for center-based child care, and interagency agreements
17 that allow for flexible and temporary transfer of funds among
18 agencies.

19 (v) Families with children enrolled in part-day California state
20 preschool program services, pursuant to Article 7 (commencing
21 with Section 8235), may be eligible for up to two 180-day periods
22 within a 24-month period without the family being certified as a
23 new enrollment each year.

24 (3) Recognition that all funding sources utilized by contractors
25 that provide child care and development services in the county are
26 eligible to be included in the county's plan.

27 (4) Establishment of measurable outcomes to evaluate the
28 success of the plan to achieve the county's child care goals, and
29 to overcome any barriers identified in the state's child care subsidy
30 system.

31 (b) Nothing in this section shall be construed to permit the
32 county to change the regional market rate survey results for the
33 county.

34 SEC. 4. The Legislature finds and declares that a special statute
35 is necessary and that a general statute cannot be made applicable
36 within the meaning of Section 16 of Article IV of the California
37 Constitution because of the unique circumstances in the Counties
38 of Contra Costa, Marin, and Sonoma. Existing law does not reflect
39 the fiscal reality of living in these high-cost counties where the
40 cost of living is well beyond the state median level, resulting in

1 reduced access to quality child care. In recognition of the
2 unintended consequences of living in a high-cost county, this act
3 is necessary to provide children and families in the Counties of
4 Contra Costa, Marin, and Sonoma proper access to child care
5 through individualized county child care subsidy plans.

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THE CITY OF
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Mayor
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Mayor Pro Tem
Josh Fryday
Councilmembers
Pam Drew
Pat Eklund
Eric Lucan

City Manager
Regan M. Candelario

July 12, 2017

The Honorable Tony Thurmond
Member, California State Assembly
State Capitol, Room 4162
Sacramento, CA 95814
VIA FAX: 916-319-2154

RE: Assembly Bill 435 (Thurmond) - Child Care Subsidy Plans: Counties of Alameda, Contra Costa, Marin, and Sonoma.

Notice of Support

Dear Assembly Member Thurmond:

The City of Novato supports your AB 435, which would authorize the Counties of Contra Costa, Marin and Sonoma to establish a seven-year pilot program for purposes of developing and implementing an individualized county child care subsidy plan that meets the particular needs of families in those counties.

Title 5 providers (General Child Care, Migrant Child Care and State Preschool) are reimbursed at the Standard Reimbursement Rate, which is a specific rate established in statute. Title 5 programs contract with, and receive payments directly from, the California Department of Education (CDE). These programs receive the same reimbursement rate no matter where in the state the program is located. Many in the field argue that provider reimbursement rates do not keep pace with the actual cost-of-living and reimbursements are insufficient to cover the cost of care and services, particularly in counties where the cost-of-living is well beyond the state median.

This bill would improve subsidized child care in Marin County by increasing reimbursement rates to providers, increasing access to child care for low-income families and maximizing funding allocated by the state.

For these reasons, the City of Novato Supports AB 435 (Thurmond).

Sincerely,

Regan M. Candelario
City Manager, City of Novato

cc: Senator Mike McGuire
Assemblymember Marc Levine
Nancy Hall Bennett, League of California Cities, nbennett@cacities.org
Meg Desmond, League of California Cities, mdesmond@cacities.org