



CHILD
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**RECOMMENDATIONS ON CHILD CARE
CALIFORNIA WORKING FAMILIES POLICY SUMMIT
JANUARY 18, 2002**

Introduction

For parents, the foundation for a family-friendly workplace is the assurance that their children are safe, nurtured and learning in a developmentally and culturally appropriate environment. Every day, three out of five babies, toddlers, and preschoolers attend child care, and millions of older children participate in after-school activities because their parents are in the labor force.¹ Licensed child care spaces are available for only 21% of these families.² Fundamental changes in the child care system will be considered in 2002 that will directly impact children's well-being. It is critical to focus the debate on long-term outcomes that will allow children to flourish instead of cutting funding to programs that are essential supports to low-income families. Over the next several years, state revenues should be increased and previous tax cuts reversed so that the needs of children and under-served populations can be met. These recommendations, developed with broad input, outline our vision for child care for young children and steps we recommend over the next years.

I. Increase Access to Quality Child Care for Low-Income and Working Families.

Background:

For low-income families eligible for subsidies who are not connected to the welfare system (those at 75 percent of state median income or \$35,100 for a family of three), state and federal funds currently available are far from sufficient. Over 280,000 eligible families are on waiting lists. Current budget proposals focus on the inequity between those low-income families connected to the welfare system and those who are not. However, in reality only families in the upper income brackets can afford to pay the full cost of quality child care. While federal funding for child care for welfare families has increased dramatically, welfare reform has brought new funds for non-welfare families as well.³ Some states have opted to use federal funds for all eligible families regardless of their relation to the welfare system.

Recommendations:

- A.** No increases should be made to family fees. Those at the lowest income level should pay no fees and no low-income family should pay more than the current maximum of 8% of their income. Far from being overly generous, these levels are close to the amounts recommended by the federal administrative agency administering child care and the Children's Defense Fund.
- B.** Allocate new federal Child Care Development Fund (CCDF) monies for direct services for low-income working families not connected to welfare-to-work programs, and add \$300 million in state funds for each year until all eligible low-income working families have access to subsidies.
- C.** Maintain eligibility rates and exit rates at current levels of 75% SMI; no changes should be made without thorough analysis of the effects on low-income working families and children.
- D.** Change the waiting list to "first come, first served" from "lowest income first," and retain current priorities.
- E.** Advocate that federal CCDF and TANF funding be increased.

II. Fully Fund CalWORKs Child Care.

Background:

When California passed welfare reform legislation in 1997, it expressly intended that families who complied with the new law, sought and found employment, and left cash aid would receive assistance for the cost of care for their children, paying gradually increasing fees until their income was sufficient to move them out of the system entirely. Families who successfully transition off cash aid should continue to be eligible for child care assistance until their incomes reach at least 75 per cent of the state median income. Loss of child care could force them back onto cash assistance or force them to leave their children alone, in the care of siblings, or in child care of such low quality that it is actually harmful to children.

Recommendations:

- A.** Fully fund child care subsidies for all eligible former TANF recipients.
- B.** California advocates and elected officials should ensure that TANF is funded adequately to meet the totality of families' needs -- including an adequate cash assistance level, support services and access to training and educational programs.

III. Expand Access to Quality Child Care for Families Facing Barriers.

Background:

While most families face challenges gaining access to quality child care, systemic inequities affect hundreds of thousands of children who face special barriers due to poverty, language, and/or disability. In addition, we must expand quality care for babies and toddlers. All proposals for restructuring the system must pay close attention to the consequences of changes on these children.

Recommendations:

- A.** Do not lower reimbursement rates (RMR) for child care providers. In 11 counties sampled in May 2001, over 45% of children in the subsidy system received care at rates above the 75th percentile.
- B.** Legislators and advocates should take steps to increase the supply of quality care for babies and toddlers.
- C.** Legislators and advocates should take immediate action to increase the supply of quality care for children with disabilities and special health care needs.
- D.** The legislature should authorize establishment of requirements for serving infants, toddlers, and children with disabilities, and then allow counties flexibility to use funds to meet needs based on local assessments.
- E.** California must ensure access to quality care that is linguistically and culturally appropriate.
- F.** Support provision of child care assistance for foster children when it is part of the child's case plan.

IV. Bolster Compensation and Retention.

Background:

Quality child care requires the presence of child care staff who are consistent, sensitive, well-trained, and who earn a living wage for their work that allows them to be economically self-sufficient. High turnover rates in the child care profession creates instability for young children and fuels the loss of talented staff. Most parents are unable to afford the full-cost of quality child care, necessitating additional funds to bridge the gap between the fees parents pay and the wages childhood educators receive.

Recommendations:

- A.** Compensation should be an integral part of the financing infrastructure policy discussions, and a state commitment should be made to seek additional resources.
- B.** Support a statewide initiative to provide health care benefits for all child care workers.
- C.** Continue California CARES and similar efforts that reward and encourage professional development.
- D.** Expand WAGES + and other programs that provide permanent wage increases.

V. Expand Initiatives To Improve the Quality of Child Care.

Background:

Child care quality is essential. A recent study found that young children in high quality child care demonstrated greater mathematical ability, greater thinking and attention skills, and fewer behavioral problems. These differences held true with particularly significant effects for children at risk.⁴

Recommendations:

- A.** As the subsidized system expands, the Legislature should set up a process to determine the real cost of quality care, based upon review of the elements of the full cost of high quality care, including but not limited to, system infrastructure, training, adequate reimbursement rates and wages.
- B.** Direct the Department of Education to develop specific recommendations to increase the quality of care available for infants, toddlers and children with disabilities.
- C.** Raise the Standard Reimbursement Rate used to fund state-contracted child development programs so it is adequate to support high quality, comprehensive programs.
- D.** Expand participation by providers of license exempt child care in the federal Child and Adult Care Food Program (CACFP), improving child nutrition and bringing additional federal funds into California.
- E.** Increase funding for local Child Care Resource & Referral programs and thereby strengthen the child care infrastructure. Resource and referral agencies are the entry point to child care services for many parents.
- F.** Increase training and support opportunities for child care providers in the languages and cultural contexts of California's many communities. Coordinate training so it is targeted where needed and tied to compensation, so we retain trained caregivers.

VI. Facilitate Development of and Increase Investment in Child Care Facilities.

Background:

As the number of children in child care increases, we must develop new facilities and repair aging ones to ensure access to quality care for all children in all communities. Innovative financing mechanisms and public-private partnerships are critical to this effort.

Recommendations:

- A.** Provide incentives for private investments in child care facilities by increasing the value of state income tax credits to employers; create mortgage and rental state income tax credits for quality family child care providers; and utilize the capacity of existing bond authorities to raise private capital.
- B.** Ensure that child care centers have resources necessary to comply with state mandated playground safety standards.
- C.** Support the revision of statewide land use and planning policies to support child care facilities and family child care development.

VII. Develop a Master Plan For All Child Care

Background:

The number of families moving from welfare to work and the increasing labor force participation rates of parents has increased the need for quality child care. We need to coordinate with the California Children and Families Commission's (Proposition 10) efforts in working with the California Joint Legislative Commission to develop a Master Plan for School Readiness. In addition, we support legislative initiatives to develop a master plan for the child care system that will complement and coordinate with school readiness proposals.

Recommendations:

- A.** Develop a master plan for child care linking the entire educational system and providing comprehensive services for children, and coordinate with the California Children and Families Commission. The Master plan should take no more than one year, and should have clear outcomes and an implementation plan.

- Create the plan through a process that is transparent, has a clear division of labor, and broad public input, particularly from those who are under-served.
- B.** Ensure that the master plan addresses the following issues:
- Linkage of families in the child care system to comprehensive services.
 - Inclusion of under-served children, families and communities, particularly children of color, low-income neighborhoods and rural areas; children with disabilities; infants and toddlers; and children in the child welfare system.
 - Determination of an accurate estimate of the cost of serving all eligible families with subsidized placements in quality programs, with adequate compensation, consideration of raising the eligibility ceiling, and strategies for working families who are not currently eligible to access subsidies.

VIII. Support Initiatives to Increase Family Income and All Support Services.

Background:

Low-income parents are forced to choose between child care, health care and food. We should ensure that all children have access to basic services and that workers' salaries help raise their families out of poverty.

Recommendations:

- A.** Support a state earned income tax credit.
- B.** Support enhanced state family leave policies.
- C.** Support a state living wage initiative.
- D.** Continue to increase the minimum wage.

IX. Explore Alternate Funding Strategies.

Background:

Despite its wealth, California faces a \$12.4 billion budget shortfall in 2002-03, and still we are leaving far too many of our children behind. In 1999, California's gross state product exceeded \$1.2 trillion, making it one of the world's largest economies.⁵ According to Census Bureau data for 2000, California ranks *worst among the large states* in child poverty, with a rate of 24%. Children of color are disproportionately poor: In 1999, 33% of Latino children and 25% of African-American children, compared to 10.2% of white children, lived below the poverty line.⁶

Recommendations:

- A.** The Governor and Legislature should seek additional ongoing state revenue sources including the reversal of tax cuts of recent years and/or increasing taxes.
- B.** The Governor and Legislature should retain and continue to grow the child care infrastructure, compensation, and quality initiatives as the current downturn is cyclical not permanent.
- C.** Seek additional ongoing revenue through both TANF and CCDF as well as other federal sources.
- D.** The legislature should authorize the reallocation of unused state preschool funds to meet local needs of children.
- E.** Explore the use of Title IV-E funding for child care for children connected to the foster care system.
- F.** Advocates, Legislators and the Governor should establish new private sector partnerships to develop sources of support for moderate and low-income families not eligible for subsidies.

¹ Children's Defense Fund, *Child Care Basics* (April 2001), www.childrensdefense.org.

² The California Child Care Resource and Referral Network, *The California Child Care Portfolio*, December 1999.

³ Child Care Law Center, *Broadening the Context*, August 2001.

⁴ Children's Defense Fund, *Child Care Basics* (April 2001), www.childrensdefense.org.

⁵ Legislative Analysts Office, *CalFacts 2000*.

⁶ Children Now, *State of Our Children 2000: How Young People Are Fairing Today*, at 7, 10 (2000).