



CHILD
CARE
LAW
CENTER

221 PINE STREET, 3RD FLOOR • SAN FRANCISCO • CALIFORNIA 94104
TELEPHONE: 415.394.7144 • FAX: 415.394.7140 • E-MAIL: NSTROHL@CHILDCARELAW.ORG

POLICY RECOMMENDATIONS ON CHILD CARE

**CALIFORNIA WORKING FAMILIES POLICY SUMMIT
JANUARY 7, 2005**

INTRODUCTION

We are in the midst of a profound debate about the balance between private responsibility and public responsibility, and the role of government in relation to working families and children. Some in Washington and in Sacramento take the position that the support and rearing of children is a purely private matter, and that “the family” alone is responsible. There are also those who say that the determinant of policy and investment should be the funds available.

We all utilize government services ranging from public schools to roads to food safety protection to child care licensing standards. If we agree that there is a community responsibility to establish a safety net for the most vulnerable, for educating and nurturing our next generation, for ensuring public health and adequate nutrition, then we should make certain that our public policies and public investment accomplish these goals. Further, we should ensure that public funds are sufficient to support these policy objectives. The question is not what revenues are available, but rather what our priorities are and what revenues are needed to meet our collective responsibilities. In times like these, when there are enormous demands upon public funds, the only way to ensure sufficient funding to support working families is to increase the state and federal governments’ revenues.

Child care is part of a nexus of supports critical to fostering strong families and providing opportunities for every child. But we cannot address child care in a vacuum; to flourish and be ready for school, children need caring adults, adequate family income, good nutrition, health care, safe and nurturing environments, and culturally and developmentally appropriate education. Our policies should meet the comprehensive needs of families and children.

Early care and education has two fundamental purposes: It is a vital support for working families, and together with the family, it contributes to children’s well-being, development and school readiness. The number of children benefiting from early care and education has dramatically increased. Today, in California more than half of women with children under age six are in the workforce.¹ For middle income families, finding early care and education that meets their needs and covering its costs is challenging—but it can be unattainable for low-income families. The California Budget Project reported this year that over 1.4 million Californians work at or near the minimum wage.² While a growing number of families are working, often full-time, and earning above the federal poverty line, they make far less than what it takes for a family to meet basic needs.³ At the same time, according to a recent study by the California Resource and Referral Network, the average cost at a full-time licensed center for a child age two to five is \$6,739, nearly half the annual income of a full-time minimum wage worker of \$14,040.⁴

California has a long history of public involvement in ensuring the safety and education of children. The California Department of Social Services began overseeing enforcement of child labor laws in 1908. State support for the care and education of California’s young children in working families dates back to 1943, when publicly funded child care centers were opened for women working in the war effort. We continue to have model

child care centers, family child care homes, resource and referral programs, and nationally recognized quality standards. In short, we possess the base to build a high quality early care and education system.

While we have many strong programs from which we can build, the system has grown and evolved without long-term comprehensive planning.⁵ We are far from ensuring safety and opportunity for every child. In fact, our entire fragile infrastructure is under-funded. It is thus unable, with current funding, to ensure basic health and safety of children, much less development and nurturance. The most dramatic recent change to the subsidy system occurred in 1998 with welfare reform and the development of the CalWORKs three-stage system for delivering child care subsidies. The CalWORKs child care system was designed with the same two goals as other early care and education programs—child care as a work support and as a program for children to enhance their development and readiness to begin school. Even though the funding for the entire subsidy system has grown significantly since 1998, given the dramatically increased need, early care and education remains a dangerously under-funded system. Families for whom English is not their first language, families whose children have disabilities, who have babies and toddlers, parents who work odd hours, or who have low incomes but do not receive a subsidy, face overwhelming challenges in obtaining high quality early care and education.

While safety is a foundational requirement, all our children deserve more. A child's lifelong ability to learn and to make contributions to society is significantly affected by the experiences the child has in the first years of life. Each of us should take steps to ensure that children have access to the highest quality programs. This means having a sufficient number of well-trained, culturally-sensitive teachers and caregivers; safe, healthy, age-appropriate surroundings; stable relationships with peers and family; and culturally and developmentally appropriate learning opportunities for all children, including those with disabilities and other special needs. The well-respected Perry preschool study that followed 123 low-income children deemed "at-risk" recently released findings of the group at age 40, and confirms, "...[H]igh-quality preschool programs for young children living in poverty contribute to their intellectual and social development in childhood and their school success, economic performance, and reduced commission of crime in adulthood...long-term effects are lifetime effects."⁶ The newest report also attaches a dollar-and-cents figure. Economists estimate that the return to society is more than \$250,000 (calculated in 2000 dollars) on an investment of just \$15,166 – that is 17 dollars for every dollar invested. Despite these results, we are not investing sufficient resources. Our early care and education workforce is sorely underpaid, and providers receive a reimbursement rate significantly less than the real cost of care.

We recognize that California is in a budget crisis. We also recognize that the nation is facing severe budget issues exacerbated by tax cuts and military expenditures. 2005 must be a time of new resolve. Labor, the faith community, women's organizations, civil rights organizations, community-based organizations, and many others are critical allies in seeking sound policy and demanding adequate investment. California's Legislative Women's Caucus and Legislative leadership have made early care and education a priority each year in the budget. The First Five State Commission and the county commissions are developing innovative programs for children. We also see exciting new initiatives to move toward Preschool for All in California which may be a bridge to expanded access to quality early care and education. Adequate funding for the growth and maintenance of a strong state early care and education system is critical to California's working families and its school readiness goals.

In light of all these factors, we believe there are three priorities for the coming year: 1) Maintenance of adequate funding for a strong state early care and education system, 2) Ensuring that any new universal preschool initiatives strengthen our entire system, and 3) Increasing federal investment in child care.

POLICY OBJECTIVE #1

The state budget should maintain access to quality early care and education and maintain the foundation for positive systems change.

Background

While this is not the year to achieve universal access, it would be shortsighted to continue to dismantle the existing infrastructure and programs. California's core investment in child care is support for a system of licensing and regulation for all children in out-of-home care designed to protect children's health and safety.

California also invests in various programs for low-income families including state preschool, the network of state contracted child care centers, and the subsidized child care system. Eligibility is based on income; eligible families cannot earn more than 75 percent of the State Median Income (SMI). Families who have a child protective services referral for child care due to risk of abuse or neglect are also eligible for subsidies. More than three-quarters of families receiving child care subsidies have incomes under 50 percent of the SMI⁷, which is \$1950 per month for a family of three.⁸ Current and former recipients of CalWORKs, the state program providing cash assistance to the lowest income families, are eligible for child care subsidies. The CalWORKs child care caseload is, in fact, declining.⁹

Recommended Principles When Analyzing the Governor's Proposed Budget

- A. The Legislature should review the previous cuts to the licensing system now being implemented that are placing the health and safety of children at risk. Funds should be provided to return to the licensing system's earlier visitation schedule: once a year for centers and once every three years for family child care, while developing funding for annual visits to all licensed providers. Funds should also be provided to reinstate full staffing of the child care advocate program at its previous capacity, and increase availability of linguistically and culturally accessible information for parents and child care providers.
- B. The Governor and Legislature should maintain full funding for CalWORKs early care and education including Stage 3.¹⁰ Stage 3 was established to ensure that families successfully transitioning off cash assistance retained their eligibility for child care subsidies as long as they are at or below 75 percent of the SMI. Loss of subsidized early care and education forces families to return to cash assistance or to leave their children alone, in the care of siblings, or in child care of such low quality as to be harmful.
- C. The Governor and Legislature should maintain funding to ensure access to subsidies and contracted programs for low-income families not connected to CalWORKs and move to increase funding incrementally to eliminate waiting lists.
- D. The Governor and Legislature should not cut current income eligibility levels for subsidized care below 75 percent of the State Median Income.
- E. The Governor and Legislature should maintain maximum family fee levels at eight percent of family income and maintain the current system of not imposing any fees until a family's income reaches 50 percent of SMI.

- F. The Governor and Legislature should not further cut reimbursement rates to child care providers who care for children in the subsidized system. When rates are cut, providers subsidize the cost of care themselves, cease caring for children in the subsidized system, go out of business, or pass the increased costs on to parents. Rather, advocates and the Legislature should design a rate system that will reward quality, maintain parental choice, and provide support for providers to improve the quality of their programs without lowering the reimbursement rates for current providers. The review should include license-exempt providers.
- G. The Legislature should develop an alternate rate-setting method for early care and education providers who care solely for subsidized children, rather than simply cutting their rates to save funds. The law requiring providers to care for at least 25 percent private paying children should be reversed; its implementing regulations are currently suspended. In many low-income neighborhoods, there are no families that can afford to pay private providers, and dramatic cuts in their reimbursement rates could lead to a reduction in quality and access to early care and education for the lowest income children and their families.
- H. Serious reform of the early care and education system should not be conducted through the budget process, rather it should be based on a comprehensive inclusive planning process that looks at all aspects of early care and education from the viewpoints of children and families, and determines the true cost of care, not just fiscal constraints. Piecemeal reforms designed primarily to save money will lead to the further fragmentation and degradation of an already fragile system.
- I. The Governor and Legislature should seek additional ongoing state revenue sources, including reversing recent tax cuts and/or increasing taxes. New revenues should come from those at upper income levels who can afford to pay and who have reaped the benefits of previous tax cuts, not from increased taxes or regressive fees that have the greatest impact on low-income Californians.

Policy Objective #2

Ensure that universal preschool initiatives strengthen our entire system and lead to increased access to quality early care and education for children birth to three, low-income working families, and others facing barriers.

Background

As universal access to preschool moves forward, it is essential that we move simultaneously to develop increased access to quality programs for all children, including infants and toddlers, and that we strengthen our entire system—not simply create a separate new program. We support initiatives that promote quality programs for four-year-olds, and we look forward to new initiatives set forth by the First Five Commission, a potential ballot initiative being developed, and legislation that will support the ballot initiative, which will be authored by Assemblymember Wilma Chan, and sponsored by Children Now and Preschool California.

It is essential, though, that initiatives for universal access to preschool lead to increased investment in quality care and education for our entire system, including our youngest children. It is also critical that preschool initiatives meet the needs of working families for full-day, full-year care and that low-income children, children from diverse communities, and children with disabilities are fully and proactively included. It is vital that families from varied communities have culturally and linguistically appropriate care. All quality standards, curricula, screening and assessment tools should be culturally and developmentally appropriate.

Recommended Actions

- A. Legislators should work with advocates to ensure that a comprehensive plan is developed for children birth through age three, as well as for preschool age children. It can be based on the principles in the Infant and Toddler Master Plan bill carried by Senator Escutia that passed the Legislature last year. The goals should be consistent with the California Master Plan for Education developed by the Joint Legislative Committee in 2002. That Master Plan recognized that early childhood learning experiences influenced children’s ability to successfully access quality education in the K-12 system and that “building a solid foundation for learning requires focused attention to developing the social, emotional, cognitive, and physical competencies of infants and toddlers.”¹¹
- B. Preschool legislation should recognize that providing services for children birth to age three is an essential component of the preschool education system. Legislation should establish a set-aside of 11 percent to provide early care and education services to children birth to age three and to address any indirect impact the preschool initiative will have on services to infants and toddlers. The initiative should include a requirement that the Department of Education’s Child Development Division and local agencies develop plans for increasing access to infant and toddler programs as they develop their preschool programs.
- C. Preschool legislation should mandate full-day options to meet the needs of working families. Funding should be sufficient to offer full-day programs with subsidies and equitable sliding scale fees to those parents who require more than part-day care for their children. Preschool programs should be embedded in current Title 5 full-day, full-year programs that meet the Preschool for All standards. In addition, other centers that serve children full-day, full-year should receive support so they can move to meet preschool standards. Preschool models that include family child care should

be supported in the initiative, and coordination with other “wrap-around” care, including license-exempt care, should be required.

- D. Preschool legislation should ensure programs will meet the needs of California’s diverse communities and cultures. The initiative and legislation should require differential rates for providers serving English Language Learners. It should also require support for building a diverse workforce. CDE and those counties developing local plans should include strategies for serving all cultural and ethnic communities, with requirements for parent and community involvement in shaping the plans and the implementation.
- E. Preschool legislation should set aside a minimum of ten percent of revenue for implementing best practices for the inclusion of children with disabilities in early care and education programs, and to provide universal early intervention screening so that all children have the opportunity to participate. These requirements will help to ensure compliance with the requirements of the Americans with Disabilities Act and California’s Unruh Civil Rights Act.
- F. Legislators should carefully consider the workforce recommendations developed by the statewide Blue Ribbon Committee on Workforce Development sponsored by First 5 California. This committee will be making numerous proposals to ensure the professional preparation of a well-trained, culturally and linguistically diverse workforce for California's early care and education system, including higher education infrastructure development.

POLICY OBJECTIVE #3

Increase federal investment in early care and education.

Background

Public investment in early care and education is made at both the state and national level. Significant investment nationally in child care is through the Child Care Development Block Grant (CCDBG). In addition, funds from Temporary Assistance to Needy Families (TANF) are either directly used for early care and education or transferred to the child care block grant. The Federal Head Start program is also a critical piece of our early care and education infrastructure. TANF and CCDBG must be reauthorized by Congress every five years, but both have been stalled since 2001 due to controversies over funding and policies. We expect them to be reauthorized this year. While the policies and investments in these programs are important, it is also critical at the state and national level that we maintain an adequate revenue base and investment priorities that support working families and the safety, nurturance and development of our children.

Recommended Actions

- A. Our Governor, legislators and national congressional representatives should seek additional federal funding for California working families. Additional funds for early care and education should be sought as CCDBG and TANF are reauthorized. We should ensure that our national priorities reflect our commitment to all children.
- B. Our Governor, legislators and national congressional representatives should urge that the recent federal tax cuts that disproportionately benefited the wealthy not be made permanent; we should increase revenue, or we will see drastic cuts in federal finding for discretionary programs. With the exception of homeland security, the budget proposed by the Bush Administration last year would have cut total spending for domestic discretionary programs such as Head Start, child care, and education, by 12 percent by 2009. The Administration's new budget could propose even deeper cuts.¹²
- C. Our Governor and legislators should oppose the increased work requirements in the TANF reauthorization legislation being proposed by the Bush Administration. These will be extremely difficult for low-income parents to meet. Increasing the number of hours families will need child care with no additional federal investment will place new pressure on an already overburdened system, and require that the state increase its investment for families in welfare-to-work programs. The Legislature, Governor and congressional delegation should take all appropriate actions to maintain current work requirements and increase funding for child care.
- D. Our Governor and legislators should support the federal Head Start program, and encourage Congress to adequately fund and strengthen Head Start so that low-income children will receive the high quality comprehensive supports they need to succeed. Based upon recent positive outcomes documented in the Early Head Start Research and Evaluation Project, our Governor and legislators should support a significant expansion of Early Head Start which provides services to pregnant women and children to age three, our most vulnerable population.¹³ Given the significant cost of living for even the poorest residents in our state, the Governor and legislators should support national review of the Federal Poverty Level and increase California's Head Start programs to an eligibility of 125 percent of FPL.

- E. Every elected official should inform their constituents of available assistance to working families through the Earned Income Tax Credit and the Dependent Care Tax Credit. Each year millions of dollars in support for low-income working families are left on the table because parents do not understand that they are available or how to claim them.¹⁴

¹ Institute for Women's Policy Research, *The Status of Care and Education in the States*, October 2004, p 4.

² The California Budget Project, *The State Of Working California 2004*, September 2004.

³ Wider Opportunities for Women and Californians for Family Economic Self-Sufficiency, *Overlooked and Undercounted: A New Perspective on the Struggle to Make Ends Meet in California*, June 2003.

⁴ California Child Care Resource and Referral Network, *2003 Child Care Portfolio*, March 2004.

⁵ See *Understanding Child Care a Primer for Policy Makers* at www.ccrwf.org.

⁶ *High Scope/Perry Preschool Study through Age 40: Summary, Conclusions, and Frequently Asked Questions*, available at <http://www.highscope.org/research/perryproject/PerryAge40SumWeb.pdf>.

⁷ Governor's Administrative Review, Child Care Fiscal Policy Analysis, May 22, 2001, at 6

⁸ See, e.g., Calif. Dep't of Education, Child Development Division, Management Bulletin 00-14, September 1, 2000, which provides State Median Income figures.

⁹ Agenda Assembly Budget Subcommittee 1- Health and Human. April 14, 2004, page 4.

¹⁰ CalWORKs child care is divided into three stages: Stage 1 is intended for parents just entering CalWORKs cash assistance program, Stage 2 is for CalWORKs families who have stable training or employment situations, and for families who received cash aid within the previous two years. Stage 3 is for families who have left CalWORKs cash assistance and have timed out of Stage 2 but are still eligible for child care assistance due to their low earnings.

¹¹ Joint Committee to Develop a Master Plan for Education, *The California Master Plan for Education*, 2002, at 56, available at www.sen.ca.gov/masterplan/020909THEMASTERPLANLINKS.HTML.

¹² See www.fairtaxes4all.org

¹³ See http://www.acf.dhhs.gov/programs/core/ongoing_research/ehs/ehs_intro.html

¹⁴ For more information see www.rnetwork.org