



Joint Early Childhood Education and Care California Budget Request

Dear Legislative Leaders and Budget Chairs,

Thank you for strongly supporting early childhood education and care during the state budget negotiations of the last few years. The Legislative Women's Caucus, with State Assembly and Senate leaders, worked hard to reach agreements with the Administration for current and future investments, and we urge you to remain committed to your efforts to stabilize and strengthen early learning programs across the state.

Voters, businesses, and legislators agree that affordable, quality child care is an essential foundation for a productive workforce and economy in our state. While we acknowledge the fiscal uncertainties facing California in the coming years, it is critical the state continues to invest in its early care and education system in order to ensure the success of its most vulnerable children and families.

The 2016-2017 budget agreement's multi-year promise to incrementally increase the Standard Reimbursement Rate and Regional Market Rate must be kept. These increases are critical to addressing new pressures on child care programs to meet the increasing minimum wage. Additional investments are also needed to ensure that families can benefit from wage increases without losing their child care assistance, and that more families have access to child care, particularly those with infants and toddlers. It is estimated 6 out of 7 children currently eligible for subsidies are not receiving them.¹

The unfinished business of the minimum wage

The child care community applauds the historic action by the Governor and the Legislature to raise the minimum wage to \$15 per hour. However, unless extremely outdated family eligibility income ceilings are updated, the act intended to support working families will leave them financially worse off. Parents who receive small increases in hourly wages will be either unable to qualify for assistance, or face the financial eligibility cliff, losing crucial child care subsidies.

The increase in the minimum wage also raises unique challenges for child care centers and providers. Almost 90% of child care workers earn less than \$15 per hour, and child care is unusual in the high percentage of its overall labor costs. Increases in the minimum wage, while welcome news, put centers and providers in a financial vise. State reimbursement rates must reflect the increasing wages that already, and will be, paid to child care staff.

Shortage of child care assistance for eligible families

We must support the working families struggling to make ends meet, the professionals offering quality child care programs, and the children who have the right to enriching early learning opportunities. We cannot procrastinate on addressing this issue. Inaction has resulted in hundreds of thousands of children missing the chance to attend an early learning program and start kindergarten on track with their peers. Inaction has also caused hundreds of child care programs to close, leaving parents in some communities with fewer options for

¹ CA Budget & Policy Center Fact Sheet, Dec. 2016, "Over 1.2 Million California Children Eligible for Subsidized Child Care Did Not Receive Services From State Programs in 2015."

work. There is no time for a “pause” in ensuring proper funding to realize these important goals. We must make more child care services available to begin meeting the need for the estimated 1.2 million eligible children for whom there is currently no available subsidized child care.²

We recommend the following two-pronged strategy to keep California children, working families and child care providers on the right track:

1. Stabilize child care programs and centers:

- Honor the multi-year agreement to increase the Regional Market Rate (RMR) and the Standard Reimbursement Rate (SRR) to meet the ongoing demands of minimum wage increases. Continue to use the most current RMR survey.
- Fully fund the 2016-17 budget agreement increase of 10% to the SRR effective July 1, 2017.

2. Support children’s development and allow families to work:

- Update the eligibility guidelines for all families to reflect the current State Median Income (SMI), and increase the exit eligibility level to 85% of current SMI, to ensure low-income families keep their child care assistance and small minimum wage increments do not render families ineligible.
- Increase funds for the General Child Care and Alternative Payment programs to alleviate the desperate shortage of quality child care for infants and toddlers, parents with nontraditional work schedules, and children with disabilities.
- Implement 12-month eligibility periods for families who receive child care subsidies or who are in state-contracted child care centers.

The signers below are committed to working with you to make these requests a reality. Please contact us with your requests for child care data, costs, legal and policy analysis, and technical assistance. Thank you for your continued leadership.

Sincerely,

California Alternative Payment Program Association (CAPP)
California Child Care Coordinators Association (CCCCA)
California Child Care Resource and Referral Network (R&R Network)
California Child Development Administrators Association (CCDAA)
California Collation for Equity in Early Care and Education
Californian’s for Quality Early Learning (CQEL)
Child Care Alliance of Los Angeles (CCALA)
Child Care Law Center
Child Care Providers United (AFSCME Local 3930)
Children Now
First 5 California (F5CA)
Northern Director’s Group
Parent Voices
Professional Association of Childhood Educators (PACE)
Service Employees International Union (SEIU)

cc: Legislative Women’s Caucus
Department of Finance

² Ibid.