

Supporting Early Care and Education Public Investments and Policies

The need for accessible and improved infant and toddler care in Los Angeles County is longstanding, especially for low-income families. Los Angeles County is home to over 700,000 children from birth through five years old, yet it does not have enough subsidized early care and education (ECE) programs for the number of children that need these services. This period between birth and age five is critical for child development, as the foundations for lifelong health, well-being, and success during a child’s life are established during this time. Pivotal to these efforts is the support of a teacher to provide needed early care and education services to children during these critical years. Unfortunately, the lack of access to affordable, quality infant and toddler ECE programs has created a crisis in children’s development.

California operates a subsidized child care and development system that is a critical resource for low to moderate income families seeking quality and affordable early learning and care. According to the 2022 Los Angeles County ECE Needs Assessment, the median annual tuition for infant child care is \$18,917 in a center-based

MOTION

SOLIS _____

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setting and \$12,378 in a family child care home. California's Fiscal Year (FY) 2021-22 budget set a goal of adding 200,000 new subsidized child care spaces by FY 2025-26. As of FY 2023-24, the state funded approximately 146,000 of these 200,000 new spaces, but unfortunately only 118,000 spaces materialized due to a slower timeline with the General Child Care contract allocation. As a result, 28,000 child care spaces of the 146,000 budgeted for FY 2023-24 in California have not been created. In fact, the number of child care spaces being funded in FY 2023-24 has stayed stagnant at 118,000, and the expansion deadline was extended from 2025-26 to 2026-27. The Governor's Proposed Budget for FY 2024-25 added the 28,000 child care spaces to the current 118,000, totaling 146,000 new spaces for children at a cost of \$2.1 billion, but the Governor's May Revise Budget FY 2024-2025 pauses additional child care spaces beyond the 118,000 already funded. It is also anticipated that additional spaces will not be funded in FY 2025-26, and the timeline for funding the approximately 82,000 spaces by FY 2026-27 remains unclear.

Los Angeles County programs received approval letters in November 2023 to provide more spaces; however, according to EveryChild California, the State will rescind these spaces. DPH estimates that LA County programs may lose out on more than 7,000 child care spaces. This has a significant impact on some Los Angeles County early care and education programs as they have already renovated their physical space to serve infants and toddlers based on the award letters. These spaces are the most viable spaces to serve our most vulnerable infants and toddlers, and the loss of these spaces coupled with the impact of programs losing three-to-four-year-olds to Transition Kindergarten severely hampers the viability of infant and toddler programs staying open.

Many more early care and education programs will be at risk and will likely close without this funding.

Recognizing the challenges facing this pivotal industry, in September of 2023, the Board unanimously approved the motion by Supervisor Hilda L. Solis titled *Fortifying the Infant and Toddler Care System*. This motion directed the Office for the Advancement of Early Care and Education within the Department of Public Health (DPH) to collaborate with the Department of Economic Opportunity, and in partnership with early care and education stakeholders, to develop a blueprint identifying immediate and long-term efforts to fortify the infant and toddler care system. Pursuant to this motion, the County convened more than 350 stakeholders from the ECE field including the Los Angeles County Child Care Planning Committee, the Los Angeles County Policy Roundtable for Child Care and Development, and members of the ECE Coalition, to discuss issues impacting the industry, as well as to create a plan to preserve and enhance the industry. This resulted in the creation of the *Early Care and Education Blueprint for Infant/Toddler Care*, providing a roadmap to support the child care system for the County's youngest children. This blueprint identified priority areas with action items to address challenges facing the industry, including capacity and infrastructure, access to affordable care, program operations, workforce support, and workforce pathways and qualifications.

In alignment with the blueprint and in response to the Governor's Proposed Budget, the ECE Coalition released its 2024-25 advocacy letter, signed by more than 30 organizations thus far, that requests the 28,000 child care spaces budgeted for 2023-24 are funded and distributed in FY 2023-24 and that the State provides a sustainable and

equitable plan to reach the 200,000 spaces commitment by FY 2026-27.

In addition to spaces to care for children, a critical component of the ECE system are the early educators who provide subsidized services. Current child care subsidy reimbursement rates are based on the 75th percentile of the 2018 regional market rate parents pay for child care. Unfortunately, the current reimbursement rates do not cover the full cost of operating ECE programs serving income eligible families. Subsidy reimbursement rates result in inadequate wages for early educators and the combination of low wages and few benefits drive early educators away from the profession, as well as deter new people from entering the ECE workforce. The Bureau of Labor Statistics stated that Los Angeles County's average annual salary in 2022 for a child care worker is \$36,160 and a preschool teacher is \$47,910. By comparison, the living wage in Los Angeles County for a single adult with one child is \$91,115 and a two-adult family with two children is \$125,411.

In 2023, Child Care Providers United (CCPU), the statewide union representing licensed Family Child Care Home providers and license-exempt Family, Friend, and Neighbor providers, reached an agreement with the State that commits to using an alternative reimbursement rate methodology that employs a "cost estimation model" to develop a single rate structure for child care subsidy payment rates. Using a cost estimation model shifts subsidy payment rates from the regional market rate to using the cost it takes child care providers to provide care. Thus, this shift will likely result in reimbursement rates that allow providers to earn a higher wage and attract more people to the field.

The State has not finalized the alternative methodology and cost estimations

which can have significant ramifications if they are not completed soon. Every three years the State conducts a planning process to determine how its Child Care and Development Fund (CCDF) program, authorized under the Child Care Development Block Grant Act, will use federal funds to increase the availability, affordability, and quality of child care services. The State's CCDF Plan Federal Fiscal Years (FFY) 2025-27 must be submitted to the Administration for Children and Families Office of Child Care by July 1, 2024. In order for California to implement the alternative methodology by FFY 2024-25 it must be included in the State's CCDF Plan. If the State does not include the alternative rate methodology in the CCDF Plan, then the current regional market rate reimbursement methodology will remain in place which will lead to more Los Angeles County early educators leaving the field resulting in ECE program closures.

Unfortunately, while the need for qualified educators and caregivers in this industry only grows, financial realities are resulting in increasing numbers of these facilities closing their doors. Immediate action is needed from the State to provide the needed reimbursement rates to support this critical workforce, while holding to its commitment to expand the needed child care slots in the County and statewide.

I THEREFORE MOVE that the Board of Supervisors direct the Chief Executive Office's Legislative Affairs and Intergovernmental Relations branch to support:

1. The ECE Coalition's request that the 28,000 spaces budgeted for FY 2023-24 are funded and distributed in FY 2023-24, and that the State provides a sustainable and equitable plan to reach the 200,000 spaces commitment by FY 2026-27.
2. The request by the Child Care Law Center, CCPU, and the ECE Coalition that

the California Department of Social Services: 1) create a robust alternative methodology that pays child care providers a fair and just wage based on their full cost of caring for children, 2) fully implement the alternative methodology with a single-rate structure as soon as possible, and 3) include details of the new single rate structure using the alternative methodology in the State's CCDF Plan to be submitted by July 1, 2024.

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