

# California Child Care Rate Reform Updates

**The Family Economic Security Partnership**

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# California Child Care Rate Reform

## 2023-2024

2

- Federal Policy
- State Budget & Policy
- What's Ahead?



# Federal Policy

FY 2023-2024

3

Child Care Development Fund (CCDF) Notice of Proposed Rulemaking highlights:

- Paying providers prospectively and based on enrollment
- Paying providers a subsidy rate that exceeds private pay tuition
- Presumptive eligibility for children up to three months and paying providers for services during presumptive eligibility

[Proposed rule to support Head Start teachers](#)

- Public comments are due by January 19, 2024

# California State Budget

## Child Care FY 2023-2024

4

\$6.9 billion (\$4.1 billion [General Fund](#)) for child care programs, including \$2.8 billion over two years to increase subsidy payments in all California child care and preschool programs.



# California State Budget

## Family Fees

5

- Families do not pay a child care fee until they earn 75% of the State Median Income (SMI)
  - Prior law required most families w/incomes above 40% pay family fees
- Families pay no more than 1% of income when earning between 75% - 85% of SMI
  - Prior law allowed for families to pay up to 10% of their income in family fees
- Child care providers must be paid the full subsidy amount
- Number of child care spaces must not be reduced

# California State Budget

## State Child Care and Preschool Programs

6

- Child Care Payment Rates
  - Alternative Methodology – using a cost estimation model to pay providers based on the true cost of enriching care
  - Supplements
- Pay based on enrollment rather than attendance
- Full-time rate from 30 to 25 hours

# Ongoing Supplement

7

- Cost of care plus rate\*
  - January 1, 2024 through June 30, 2025
  - Bay Area
    - Family, friend, and neighbor providers: \$148/month
    - Family child care providers: \$211/month
    - Child care centers: \$211/month

\*Rate applied to the number of children with subsidies who are enrolled each month

# One-Time Supplements

8

- One-time supplemental payments by November 30, 2023\*
  - Family, friend, and neighbor providers: \$500
  - Small family child care providers: \$2,500
  - Large family child care providers: \$3,000
  - Child care centers caring for children in publicly-funded child care programs: \$3,000
- \* For providers who cared for children with subsidies in April 2023
- One-time \$275 stipend to child care providers who cared for children with subsidies in April 2022



# California State Budget

## Child Care Providers United (CCPU) Union

9

### Health Care and Retirement for Family Child Care Providers



# California State Policy

10

[AB 596](#) (Gómez Reyes) and [SB 380](#) (Limón)

Implements comprehensive rate reform, which includes using an alternative methodology (instead of the Regional Market Rate and Standard Reimbursement Rate) to determine rates based on the true cost of care

# What's Ahead?

11

Child care and early care advocates currently developing priorities for upcoming legislative year. Examples:

- Funding to implement the *Alternative Methodology* and necessary related policy changes
- Funding to roll-out promised 200,000 child care spaces by 2025
- Expand “Universal Pre-Kindergarten” to include family child care homes and other community-based settings



# What's Ahead?

## Alternative Methodology

12

2023	
Now	<ul style="list-style-type: none"><li>• 2025-27 CCDF State Plan input sessions – virtual session on December 19, 10am-12pm, <a href="#">register here</a></li><li>• P5 Fiscal Strategies gathering and analyzing data</li></ul>
2024	
Feb 15	<ul style="list-style-type: none"><li>• Joint Labor Management Committee define the elements of the base rate and any enhanced rates</li></ul>
Feb-Apr	<ul style="list-style-type: none"><li>• CCDF State Plan 30-day public comment period</li></ul>
July 1	<ul style="list-style-type: none"><li>• CA submits 2025-27 CCDF State Plan to the federal Administration for Children and Families (ACF)</li></ul>
Oct 1	<ul style="list-style-type: none"><li>• New CCDF State Plan goes into effect</li></ul>

The Legislature will receive multiple reports during this process.

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202320240SB140](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB140)

# What's Ahead?

## Alternative Methodology

13

- Once the 2025-27 CCDF State Plan is federally approved, CA has 60 days to outline an implementation plan and send it to CCPU
- CCPU has 30 days to review and provide feedback on draft implementation plan
- 90 days after Federal approval, CCPU and Administration re-open Article 7.1 (Rates) and 7.2 (Cost of Care Plus Rate) of Agreement for “good faith negotiations to restructure the current subsidy reimbursement rates, and the associated funding”



# Resources

## Federal

- [CCLC Comments on CCDF Notice of Proposed Rulemaking](#)
- [FAQ about the CCDF NPRM](#)
- [Proposed Rule for Head Start Teachers](#)
- [Learn about the Regulatory Process](#)

## State Budget and Policy

- [CCLC 2023 Budget and Legislative Roundup](#)
- [CA Budget and Policy Center Families Fees Issue Brief](#)
- [ECE Coalition Webpage](#)

# Resources

## Alternative Methodology

- [CCPU Agreement – Sept 13, 2023 - July 1, 2025](#)
- [CDSS Rate Reform and Quality Webpage](#)
- [California Regional Market Rate Survey](#)
- [CA Budget Policy Center Report on Providers' Rates](#)
- [P5 Fiscal Strategies – California Webpage](#)
- [2025-27 CCDF State Plan Virtual Input Session Registration](#)
- [2022-24 CCDF Approved State Plans](#)