



Fresno County

Individualized Child Care Subsidy Pilot

Local Child Care Policy and Evaluation Plan

March 2018

ACKNOWLEDGMENTS

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SUMMARY

Assembly Bill 258 (Arambula) authorizes an individualized child care subsidy plan for the County of Fresno to ensure that funding for child care subsidies in the county addresses local needs and priorities. The existing subsidy regulations do not meet the needs of either families or child care contractors in the county.

State-funded contractors are eligible to participate in the Pilot, specifically those contractors who have the following child care contracts:

- California State Preschool Program (CSPP);
- Alternative Payment (CAPP);
- CalWORKs Stage 1, 2 and 3;
- General Migrant Child Care (CMIG)
- Family Child Care Homes (CFCC)
- Resource and Referral (CRRP);
- Center Based Child Care (CCTR);
- Migrant Alternative Payment (CMAP); and
- California State Program for Special Needs Children (CHAN)

This local child care subsidy plan has two main goals. First, the pilot will better meet the early education and child care needs of families in Fresno County through policies that support low-income families and promote stable care. Second, the pilot will expand subsidized care by implementing policies that support contractors, promoting contractor retention, and reducing unearned contract funds.

The pilot will monitor the effect of changes on the aggregate earned child days of enrollment among participating contractors. In addition, the County will monitor the number of children served from families with incomes above the current state income threshold but within the new limits, and the year-to-year retention of children in subsidized care. The pilot will also track the retention of contractors and the value and share of unearned direct service contract funds.

Fresno County may apply for a plan modification in year two (FY 19/20) to request an increased pilot reimbursement rate and an associated redistribution of unearned funds once the impact of the state and pilot policy changes in the first year can be accurately assessed. At that time, Fresno County's LPC will provide the Early Education and Support Division (EESD) at the California Department of Education with recommended contract terms for participating pilot contractors, including maximum reimbursable amounts, child days of enrollment, and the pilot reimbursement rate.

1 INTRODUCTION

In October 2017, Governor Brown approved Assembly Bill 258, authorizing an individualized child care subsidy plan for the County of Fresno. Authored by Assemblymember Joaquin Arambula, co-authored by Senator Vidak, and sponsored by the Fresno County Superintendent of Schools, the legislation allows Fresno County to develop and implement a plan through January 1, 2023. Modeled on similar bills, the legislation removes some of the regulatory constraints in providing subsidized child care through Title 5 contracts with the California Department of Education (CDE). Under AB258, the individualized child care plan is designed to “ensure that child care subsidies received by the County of Fresno are used to address local needs, conditions, and priorities of working families in the community.”

This plan lays out the County’s goals for its subsidized child care system. It contains three main parts: Chapter 2 reviews local economic and child care market conditions in Fresno County and the challenges to be addressed by the pilot. Chapter 3 summarizes the County’s goals for the pilot and describes the components of the local plan to be implemented to meet these goals within the constraints of AB258. Chapter 4 offers a list of outcome measures to evaluate the success of the plan.

As called for by the legislation, this plan will go through the following approval process:

Review Body	Approval Date
Local Early Education Planning Council (LPC) of Fresno County	March 22, 2018
Board of Supervisors of the County of Fresno	TBD
Early Education and Support Division (EESD), CDE	TBD

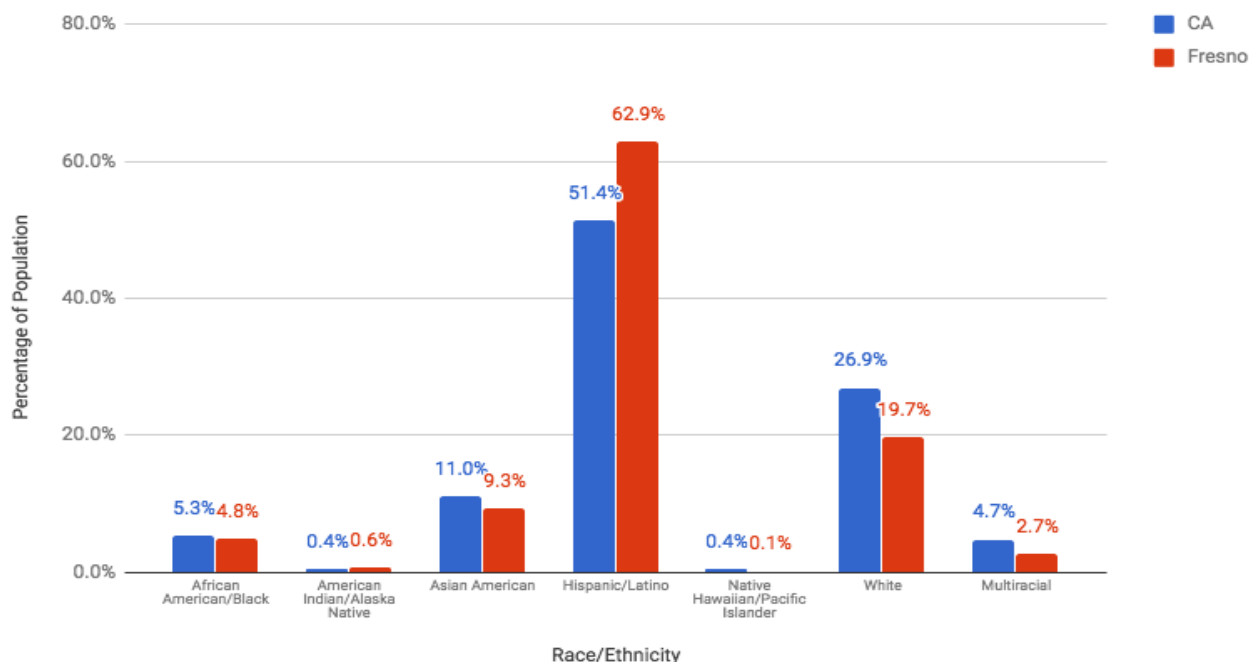
2 LOCAL ECONOMIC AND CHILD CARE MARKET CONDITIONS

In developing this plan, Fresno County stakeholders assessed the local child care market, economic conditions for working families, and the needs for and costs of child care. This review included consideration of:

- Level of need for various types of subsidized child care services
- General demographics
- Income eligibility levels for subsidized child care and family fees
- Trends in the County’s unemployment and housing affordability index
- County’s self-sufficiency income level
- Cost of providing child care
- Standard reimbursement rates and regional market rates
- Current supply of available subsidized child care

Figure 1: Race/Ethnicity of Fresno County Children, 2016

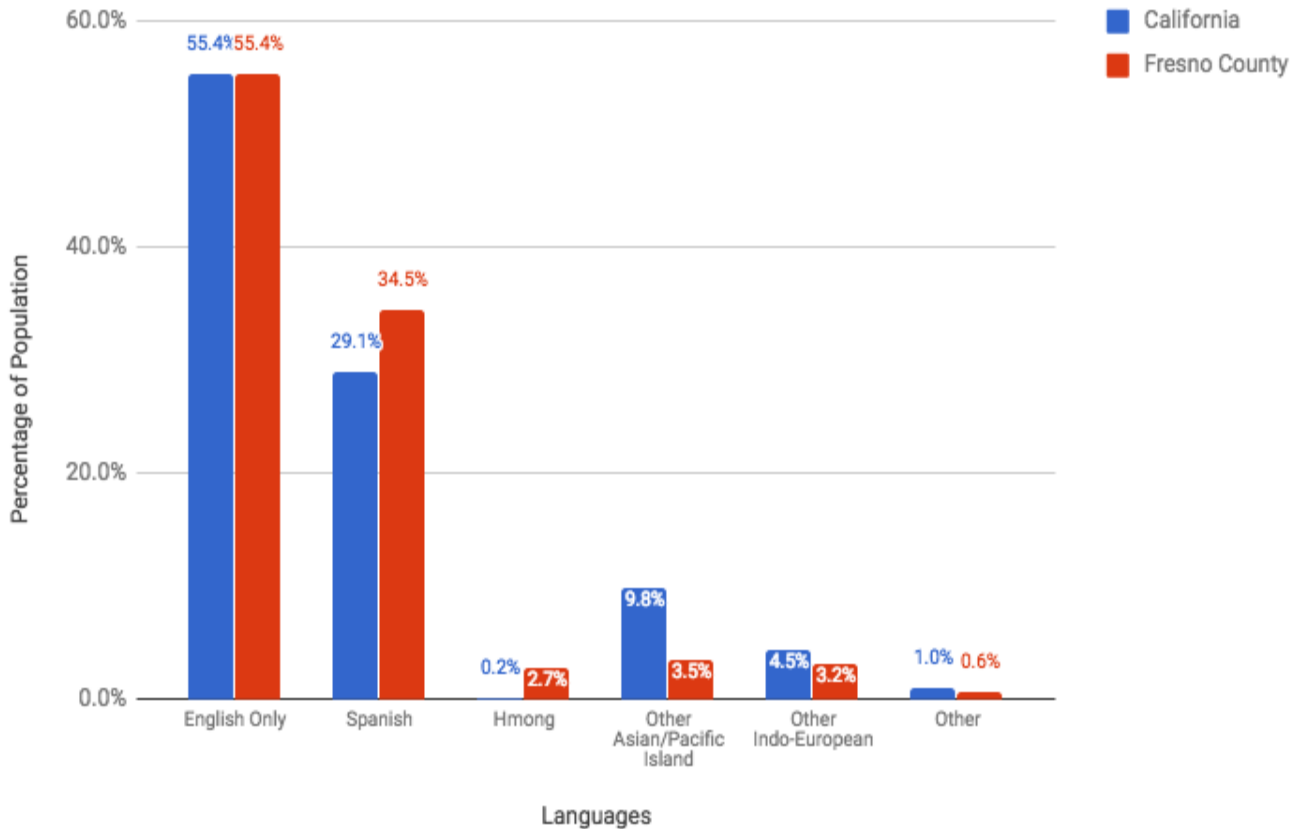
The racial/ethnic profile of children in Fresno County differs from California overall. As found at the state level, Hispanic/Latino children represent the largest share of children in the county (63 percent). Non-Hispanic white children account for just under 20 percent of the children, and 9 percent of the children are Asian-American. The county has a relatively small population of African-American children, and an even lower share of children classified as either American Indian/Alaska Native, Native Hawaiian/Pacific Islander, or multiracial.



Data Source: As cited on kidsdata.org, California Department of Finance, Race/Ethnic Population with Age and Sex Detail, 1990-1999, 2000-2010, 2010-2060; U.S. Census Bureau, Current Population Estimates, Vintage 2015 (Jun. 2016).

Figure 2: Language Spoken at Homes of Fresno County Children, 2016

Nearly half of the population in Fresno County speak a language other than English, with 35 percent of children speaking Spanish. Fresno County has a similar percentage of English Language Learners in public schools as the state (22 percent). For Hispanics/Latinos over 5 years of age (including adults), 28 percent speak English less than “very well.”



Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

Table 1: Fresno County Children with Working Parents, 2016

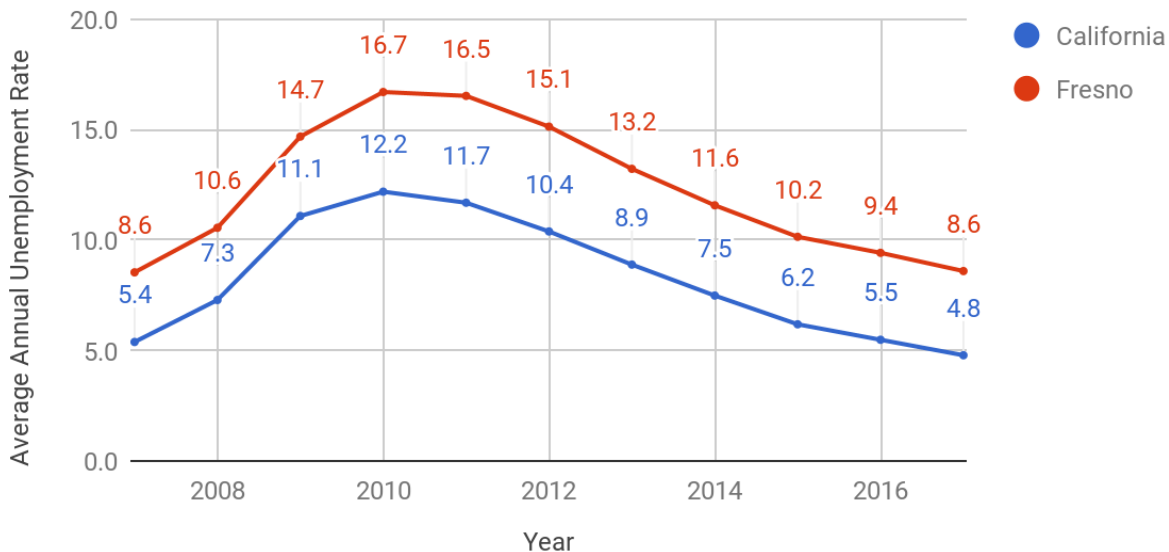
Fresno County is home to approximately 264,758 children, including 163,728 (62 percent) who have all parents employed. 91,629 children in Fresno County are under the age of six. A majority (58 percent) of children under six years old live in households where all parents are working, which is slightly lower than the state average (61 percent).

Age Category	Number of Children in Fresno County	Number with All Resident Parents in Workforce	Share with All Parents Working
Under age 6 years	91,629	53,386	58%
6 to 17 years	173,129	110,342	64%
Total	264,758	163,728	62%

Source: U.S. Census Bureau, 2016 American Community Survey 5-Year Estimates

Figure 3: Average Annual Unemployment Rate in Fresno County 2007 - 2017

The unemployment rate in Fresno County is significantly higher than in California as a whole. The rate was 8.6 percent in 2017. Although the unemployment rate is higher than the state, the rate is actually declining, which likely means that more families will need child care.



Source: Bureau of Labor Statistics (<https://www.bls.gov/regions/west/california.htm#eagf>)

Table 2: Income Distribution of Fresno County Families with Children Under 18, 2016

Annual Income Category	Percent of Households
Up to \$20,000	26%
\$20,000 - \$40,000	23%
\$40,000 - \$60,000	14%
\$60,000 - \$100,000	19%
\$100,000 - \$150,000	11%
\$150,000 +	7%

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

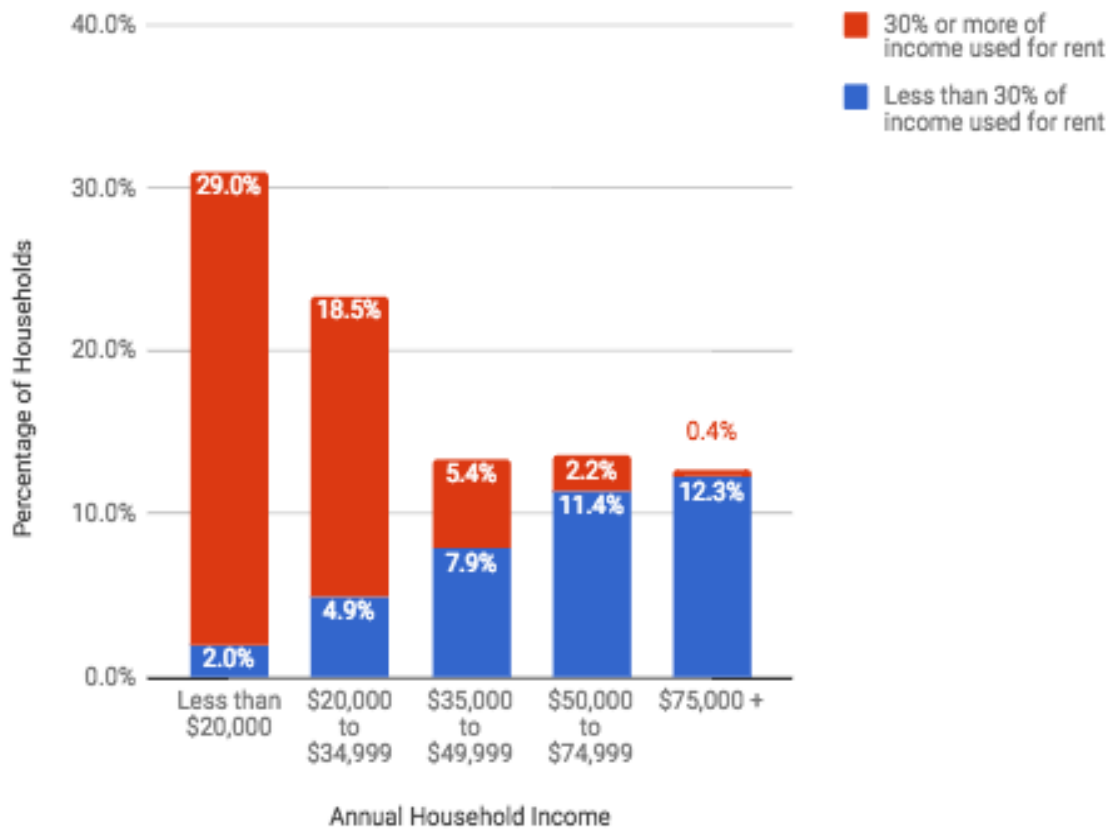
Table 3: Average Annual Income of Farmworkers/Migrant Workers in Fresno County, 2017

Fresno County is home to many agricultural workers, with the vast majority of Hispanic/Latino origin. The average Fresno County farmworker family earned \$22,798 annually, requiring them to spend a significant portion of annual income on housing (see Figure 4). Most of Fresno County's farmworkers are migrant workers. These individuals may have fluctuating employment and income due to seasonal changes in job outlook.

	Category Overall: Farming, Fishing, and Forestry Occupations		Occupation: Farmworkers and Laborers, Crop, Nursery, and Greenhouse	
	Mean Hourly Wage	Mean Annual Wage	Mean Hourly Wage	Mean Annual Wage
Fresno County	\$11.36	\$23,644	\$10.97	\$22,798
California	\$12.19	\$25,346	\$11.58	\$24,082

Source: <http://www.labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html>

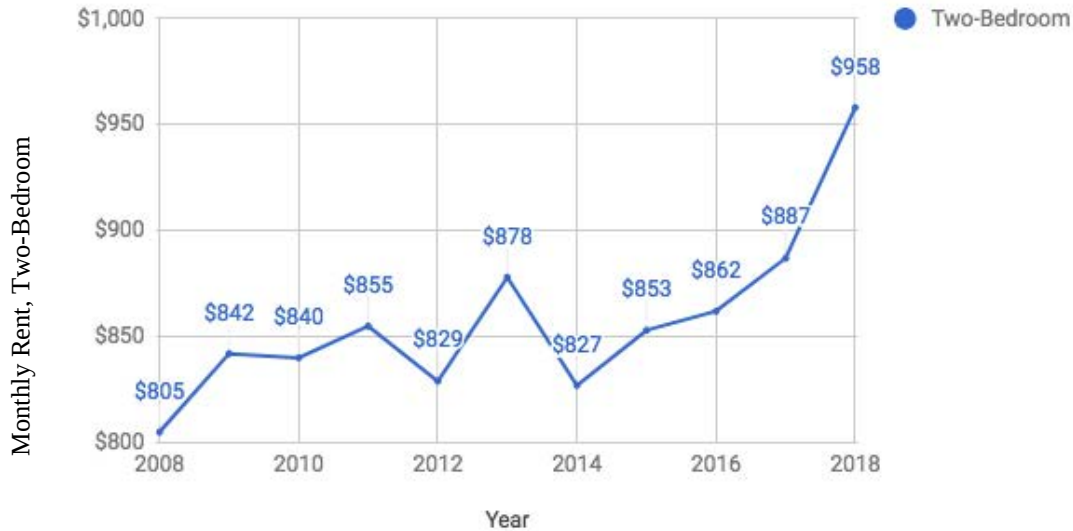
Figure 4: Monthly Rental Cost as a Percentage of Income in Fresno County, 2016



Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
(<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>)

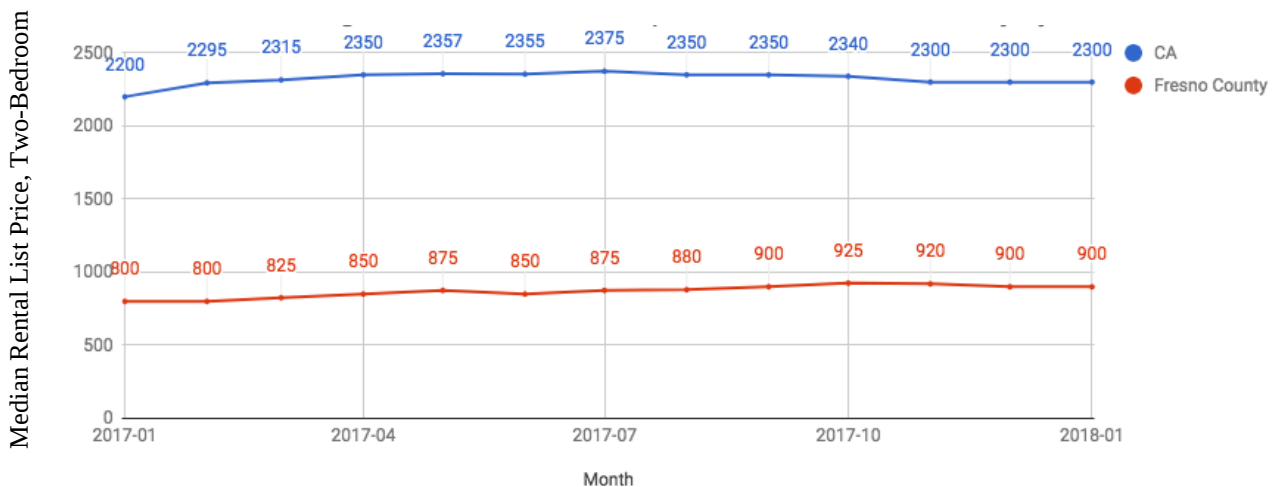
Figure 5: Fair Market Rents (FMR) for 2-Bedroom Apartments, 2008 – 2018

The Fair Market Rent (FMR) in Fresno County has been rising steadily since 2014. In 2018, Fresno County's FMR for a 2-bedroom unit was \$958 monthly, or \$11,496 annually. Moreover, more than 50 percent of households allocate 30 percent or more of their household income to rent or housing costs; this proportion is much higher for lower-income families. The rise in housing costs creates a financial burden for families in that there is less money to spend on other expenses, such as child care.



Source: <https://www.huduser.gov/portal/datasets/fmr.html#2008>

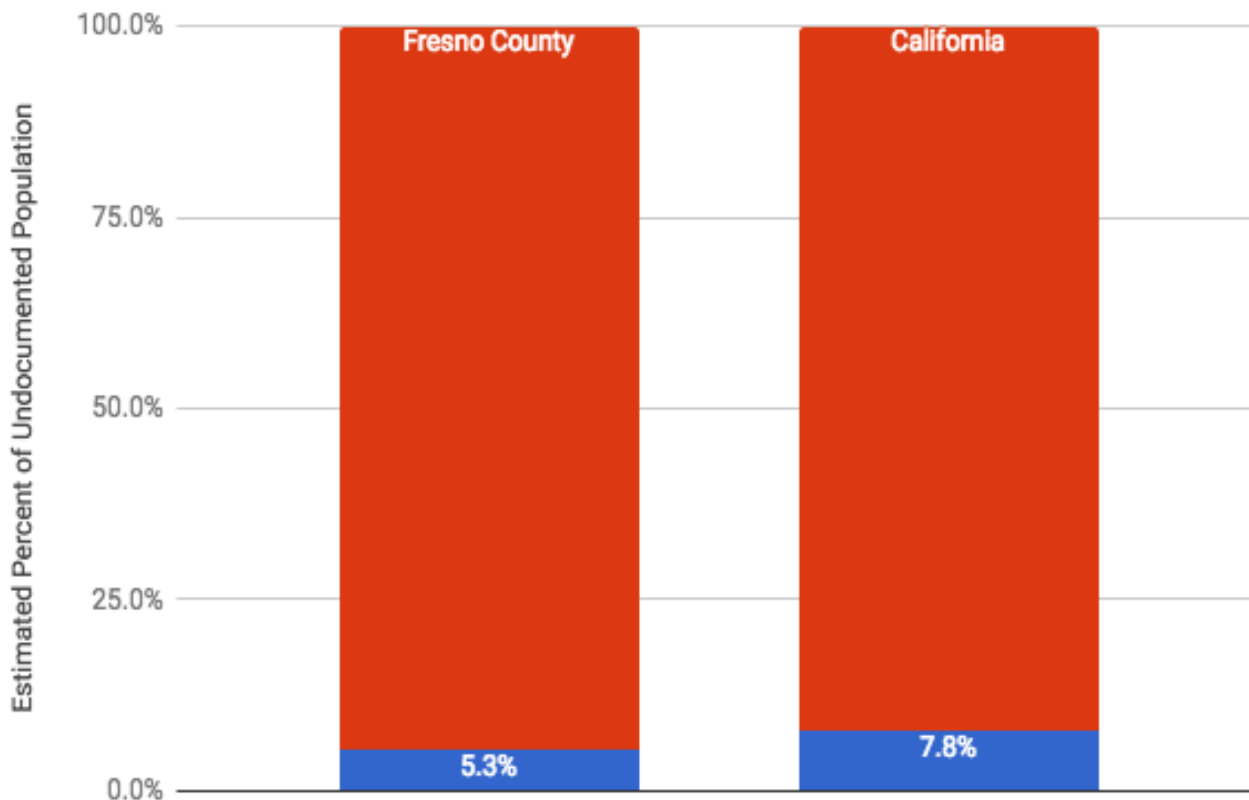
Figure 6: Median Rental Listing Price for 2-Bedroom Apartments in Fresno County and California, by Quarter, 2017



Source: <https://www.zillow.com/research/data/>

Figure 7: Undocumented Individuals as a Share of the Total Population in Fresno County and California, 2011

As of 2011, an estimated 49,000 undocumented individuals live in Fresno County (5.3 percent of the total population).



Source: http://www.ppic.org/content/pubs/report/R_711LHR.pdf

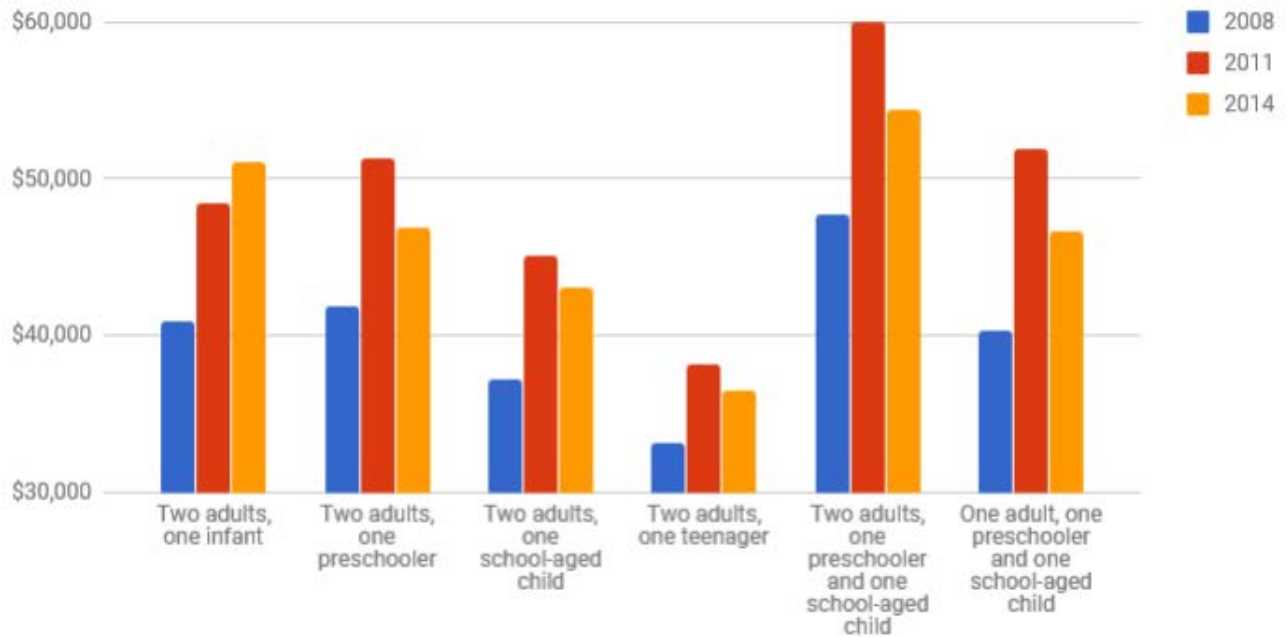
Table 4: Statewide Child Care Subsidy Eligibility Cutoff for Fresno County, 2017

Schedule of Income Ceilings (70 percent SMI) for Initial Certification Child Care and Development Programs*

Family Size	Family Monthly Income	Family Yearly Income
1–2	\$4,030	\$48,361
3	\$4,340	\$52,076
4	\$4,877	\$58,524
5	\$5,657	\$67,888
6	\$6,438	\$77,252
7	\$6,584	\$79,008
8	\$6,730	\$80,763
9	\$6,877	\$82,519
10	\$7,023	\$84,275
11	\$7,169	\$86,031
12	\$7,316	\$87,786

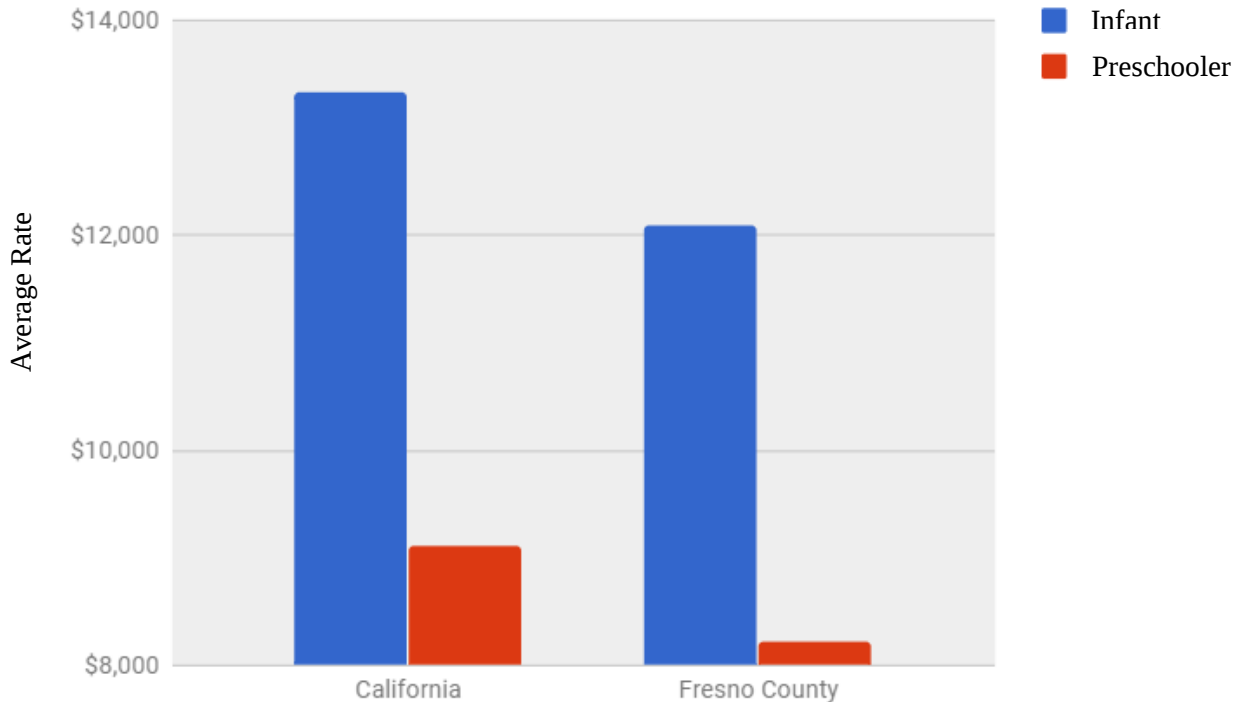
*Ceilings based on 2015 American Community Survey (ACS) information provided by DOF.

Figure 8: Self-Sufficiency Income Standards, by Year



Source: <http://www.kidsdata.org/topic/449/self-sufficiency-standard/table#fmt=597&loc=357&tf=16,64,79&ch=801,1011,806,805,1012,1010&sortColumnId=0&sortType=asc>

Figure 9: Average Annual Rate for Child Care, by Age Group, 2016



Source: <http://www.kidsdata.org/topic/1849/child-care-cost-age-facility/table#fmt=2358&loc=357,2&tf=79&ch=984,985,222&sortColumnId=1&sortType=asc>

Table 5: Estimated Costs and Reimbursement Rates for Child Care Centers in Fresno County, 2017

AGE (in Months)	Daily Regional Market Rate (RMR)	Daily Standard Reimbursement Rate (SRR)	SRR Under (-) Over + RMR	%
0-18	\$ 72.73	\$ 77.25	\$ 4.52	5.85%
18-24	\$ 72.73	\$ 63.62	\$ (9.11)	-14.32%
24-36	\$ 48.81	\$ 63.62	\$ 14.81	23.28%
36-82	\$ 48.81	\$ 45.44	\$ (3.37)	-7.42%
82+	\$ 47.25	\$ 45.44	\$ (1.81)	-3.98%

Source: California Department of Education, 2017

3 LOCAL CHILD CARE SUBSIDY PLAN GOALS AND COMPONENTS

Subsidies for quality early education and child care services are important supports for low-income families, helping parents gain and maintain stable employment. At the same time, high quality programs promote healthy development and school readiness for children, including cognitive development and social and emotional skills. Moreover, research shows that stable child care is important for children’s development and may be particularly important for children at risk of poor developmental outcomes. The lack of reliable child care also makes it difficult for parents to stay employed and many parents who receive subsidized child care work in sectors such as retail and other service industries, which are subject to employment volatility.¹ Indeed, one goal of the reauthorization of the federal Child Care and Development Block Grant Act in 2014 was to incorporate more family-friendly eligibility policies to promote greater child care stability for parents and children.

In its local child care subsidy plan, Fresno County seeks to address two major breakdowns in the current child care subsidy system. First, families are barely earning enough to cover housing and other costs of living in the county, yet their incomes exceed the threshold to qualify for child care subsidies under existing regulations – and those families who do qualify might no longer qualify if their incomes increase slightly. Second, difficulties in finding, certifying, and recertifying children as eligible for subsidies make it difficult for providers to utilize their full allocation of state and federal child care and child development funds. Thus, fewer children are subsidized through these providers, and funding goes unused in the county, having to be returned to the state.

Recognizing these challenges, the local child care subsidy plan has two main goals:

Better meet the early education and child care needs of families in Fresno County through policies that:

- Support low-income families, and
- Promote stable child care.

Expand subsidized care by implementing policies for child care contractors that:

- Increase earned child days of enrollment,
- Reduce contractor administrative burden,
- Reduce unearned funds, and
- Promote contractor retention.

These policies are incorporated in five components where the local approach will differ from statewide regulations. For each component, we provide a conceptual overview, link it to the goals above, note whether the component is consistent with pilots in other counties, and provide additional notes for background or clarification.

¹ For an overview of the role of child care stability, see Adams, G., & Rohacek, M. (2010). *Child Care Instability: Definitions, Context and Policy Implications*. Washington, DC: Urban Institute.

Component 1: Increase income threshold for eligibility for subsidized care for Title 5 contractors to 85% of the state median income as provided by the California DOF	
Concept	Families will be eligible for subsidized care if their income does not exceed the exit threshold [85% of the state median income (SMI)] as provided by the California DOF. The same pilot income threshold will apply for both entry (initial enrollment) and exit eligibility.
Goal(s)	• Support low-income families • Reduce unearned funds • Increase earned child days of enrollment
Matched to Other Pilots	San Mateo, San Francisco, Alameda, and Santa Clara
Relevant State Regulations	Education Code (EC) Section 8263.1 (a) states that a family's adjusted monthly income must be at or below 70% of the SMI. The entry income threshold for the pilot deviates from the entry income threshold established in the EC.
Notes	As needed, the County will seek modification of this threshold to ensure that the pilot income eligibility is the maximum allowable under federal guidelines.

Component 2: Authorize an exception to the requirement that 50% of the children enrolled at a CSPP program site be four-year-old children.	
Concept	This new component will allow CSPP contractors to enroll more children in the 2.9 to 3.9 age range.
Goal(s)	• Reduce unearned funds • Increase earned child days of enrollment
Matched to Other Pilots	
Relevant State Regulations	This component adjusts the general admissions procedures in EC Section 8236 to allow contractors to have less than 50% of enrolled children be four years of age. This component would NOT adjust EC Section 8235 , which grants first priority to eligible four-year-old children who are not enrolled in a state-funded TK program.
Notes	New component authorized through AB 108.

Component 3:

Authorize 24-month eligibility for families entering subsidized care and eligible on the basis of need other than training or seeking employment.

Concept	Consistent with federal goals to provide stable child care financial assistance to families, the Fresno pilot will establish 24-month redetermination periods for families who meet the income threshold for subsidized care and, as required by the contract type, meet the need criteria for eligibility. Families in training or seeking employment as the only need are eligible for no more than 12 months within a 24-month period.
Goal(s)	• Support low-income families • Promote stable child care • Reduce contractor administrative burden • Promote contractor retention
Matched to Other Pilots	Alameda, San Francisco, and San Mateo, and Santa Clara
Relevant State Regulations	Eligibility redetermination would be consistent with EESD Management Bulletin 17-14 and existing pilot county contractor handbooks. Eligibility may be based on the previous month's income ² and no more than 12 months preceding initial certification consistent with Title V 18096 , with eligibility income calculated pursuant to Title V 18078(q) .
Notes	The 24-month eligibility would apply to all ages of children in CCTR, CMIG, and CFCC, and to children in CSPP who meet the state age requirements.

² In the case of unpredictable income, eligibility would be based on average income from at least three consecutive months no more than 12 months preceding initial certification.

Component 4:

Restore the age eligibility for CSPP contracts to 2.9 years old as of September 1 and allow children to enroll immediately on or after their 3rd birthday if born after December 1st.

Concept	Serving children aged 2.9 to age 5 in CSPP will allow children to receive two years of state preschool before moving into TK. It will also allow contractors to fill CSPP classrooms at the beginning of the school year.
Goal(s)	• Promote stable child care • Reduce unearned funds • Increase earned child days of enrollment
Matched to Other Pilots	San Mateo, San Francisco, Alameda, and Santa Clara
Relevant State Regulations	This would adjust the definition of “three-year-old children” in EC Section 8208 to include children who will have their third birthday on or before December 1 in the fiscal year and children who turn three after December 1 to enroll on their third birthday in the fiscal year, providing up to 9 months of early education experiences to children.
Notes	

Component 5:

Authorize families for 6.5 hours of services if their only need is seeking housing or seeking employment.

Concept	This additional component will assist in meeting the needs of families in the county and help contractors maximize enrollment.
Goal(s)	• Support low-income families • Promote stable child care
Matched to Other Pilots	Alameda, San Mateo, San Francisco, and Santa Clara
Relevant State Regulations	Services of families seeking employment are outlined in EC Section 8263. The plan would include 6.5 hours of services for families seeking housing or employment.
Notes	

4 MEASURING OUTCOMES

Each year, Fresno County will prepare an annual report on the pilot project for submission to EESD. Each annual report will be submitted in November and will reflect on the previous fiscal year. The first evaluation report will be submitted by November 30th, 2019 and will cover fiscal year 2018/2019. These annual reports will present outcomes on selected measures described below. In addition, each annual report will profile the children and families served under the pilot, including the demographic characteristics of the children. The reports will also describe any major issues that arose during the year in implementation or special challenges affecting specific contractors. Finally, they will identify any modifications in the pilot plan based on the previous year's experiences.

The annual report will draw on the following data sources:

- **801A Data:** A census report of children in services in April of the evaluation year. This report includes date services began, family income, family size, child's date of birth, CalWORKs receipt, and other demographic and care information for each enrolled child.
- **Attendance and Fiscal Reports:** Contractor-submitted attendance and fiscal Reports (8501 and 9500 Forms) provide information on earned child days of enrollment and family fees.
- **Provider Satisfaction Surveys:** Annual online survey developed by Fresno County Superintendent of Schools (FCSS) to gauge contractor experiences, both positive and negative, and perceptions of the impact on families of the pilot project.
- **Additional Data provided to EESD:** Data provided on the number of contractors and the unearned contract funds.

The measures calculated from the data sources above are structured around the two major goals of the pilot: 1) better meeting the needs of families and 2) expanding the supply of subsidized care, as summarized in Exhibit A.

EXHIBIT A. STATE-LEVEL OUTCOME MEASURES

Measure	Source	Purpose	Details
Goal 1: Better meeting the needs of families			
Number and share of children in subsidized care with family income above the state entry income threshold.	801A data of previous fiscal year to be submitted annually July 20 th	Examine the effect of a higher income threshold.	Number and share of children from families with initial income eligibility between state entry threshold and 85% of the state median income.
Time in services and year-to-year retention for children in subsidized care by contract type.	801A data of previous fiscal year to be submitted annually July 20 th	Examine the effect of the longer recertification period.	Days since date child began receiving services and share of children observed each year that were included in prior year's data.
Goal 2: Expanding the supply of subsidized care			
Number of active direct services child care contractors in the County.	EESD	Examine effect of pilot on stability/retention of providers by looking at change over time in number of contractors and turnover of contractors.	Number of child care providers offering subsidized care as of June 30 th of each fiscal year.
The aggregate adjusted child days of enrollment among pilot contractors.	4 th Qtr. Attendance and Fiscal Forms	Examine effect of pilot on child days of enrollment.	Total earned child days of enrollment in the fiscal year (with adjustment factors applied) compared to the baseline year. Legislation requires an increase from the baseline child days of enrollment. ³
Value and share of unearned direct service contract funds returned to CDE-FCSS.	4 th Qtr. Attendance and Fiscal Forms	Examine effect of pilot on supply of care and utilization of contract funds.	Total contract allocations during a fiscal year that go unearned (not spent). This is the difference between total contract allocations and total dollars earned by participating contractors.

³The baseline is a formula rather than a static number. If contract funds are reduced in a year of the pilot to 85% of the baseline contract funds, the baseline goal for that year would be calculated at 85% of the baseline child days of enrollment. This strategy is used in San Mateo, San Francisco, Alameda, and Santa Clara Counties. It was proposed by EESD staff to offset increases or decreases in funding provided to contractors.