



Board Agenda Item 9

DATE: April 17, 2018

TO: Board of Supervisors

SUBMITTED BY: Lupe Jaime, Director of Early Care and Education, Fresno County Office of Education

SUBJECT: Fresno County Individualized Child Care Pilot Subsidy Plan

RECOMMENDED ACTION(S):

1. **Conduct public hearing on the Fresno County Child Care and Development Local Planning Council's (the Fresno LPC) proposed Fresno County Individualized Child Care Pilot Subsidy Plan (the Plan) relating to child care subsidies received by the County of Fresno, and local child care subsidy needs, conditions, and priorities of working families in the community, under AB 258 (Cal. Education Code §§ 8334 - 8334.7); and**
2. **Following the public hearing, approve the Plan for the Fresno LPC's submission of the Plan to the Early Education and Support Division (EESD) of the California Department of Education (CDE).**

Assembly Bill 258 requires that, subsequent to the Fresno LPC's approval of the Plan, at least one public hearing shall be held by the Board of Supervisors (the Board), and if the Board votes in favor of the Plan, then the Plan shall be submitted to the EESD of the CDE for its requested approval within 30 days of receiving the Plan. The Fresno LPC previously approved the Plan on March 22, 2018. If the EESD approves the Plan, then the County will modify the local policy associated with CDE-EESD administered child care funding.

The County is required to submit annually to the Legislature, the CDE and the State Department of Social Services, a report of specified information that summarizes the success of the Plan. This annual report, to be authored by the Fresno LPC and which will need to be approved by the Board of Supervisors, would include the County's ability to maximize the use of CDE funds and to improve and stabilize child care in the County; the first fiscal year report needs to show an increase in the aggregate days a child is enrolled in child care in the County.

ALTERNATIVE ACTION(S):

If the Board does not approve the recommended actions, the CDE and the Fresno LPC will be unable to expand subsidized child care in Fresno County and implement policies to support low-income families and promote stable care, promote contractor retention, and reduce "unearned" (*i.e.*, unused) contract funds.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended action. The Board's approval of this Pilot Subsidy Plan will allow the LPC to access CDE childcare subsidy funds that would have been "unearned" in years past.

DISCUSSION:

The Fresno LPC serves as the council that is mandated to identify priorities for the local distribution of State funding for early care and education services for low income children and families. The Fresno LPC is also required to conduct an early care and education needs assessment, create a county-wide child care strategic plan every five years, develop policies, strategies and resources to promote the goals of the child care strategic plan, and advise the County on the potential local impact of state and national policies and legislation.

In October 2017, Governor Brown approved Assembly Bill 258 (Cal. Education Code §§ 8334 - 8334.7), authorizing an individualized child care subsidy plan specifically for the County of Fresno. Authored by Assembly member Joaquin Arambula, co-authored by Senator Andy Vidak, and co-sponsored by the Fresno County Superintendent of Schools, the legislation allows the County of Fresno, as a pilot project, to develop and implement an individualized county child care subsidy plan through January 1, 2023. Other supporting agencies included:

- City of Fresno
- County of Fresno
- First 5 Fresno County
- California Child Care Coordinators Network
- Clovis Unified School District
- Fresno Chamber of Commerce
- Fowler Unified School District
- Mendota Unified School District
- Sanger Unified School District
- Reading and Beyond.

Modeled on similar bills, the legislation removes some of the regulatory constraints in providing subsidized child care through Title 5 contracts with the CDE. Similar bills authorized the County of Alameda, the City and County of San Francisco, the County of San Mateo, and the County of Santa Clara to develop individualized county child care subsidy plans.

Under AB258, the individualized childcare 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.”

The Plan states that the 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.

The Plan summarizes the local child care subsidy plan as having two main goals. First, the pilot project (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 for contractors, promote contractor retention, and reduce “unearned” contract funds.

AB258 will allow an estimated additional 1,300 children to be served in Fresno County. AB258 does not increase state costs or take funding from other counties. In years past, these funds were appropriated for Fresno County but went “unearned” due to regulatory constraints, primarily in family eligibility.

The Pilot will monitor the effect of changes on the aggregate earned child days of enrollment among participating contractors. In addition, under the Pilot, the County will monitor how many children are served from families with income above the state income threshold and the year-to-year retention of children in subsidized care. From the contractor side, the Pilot will track the retention of contractors and the value and share of “unearned” direct service contract funds. These markers are expected to increase as more families become eligible for services and contractors are able to maximize enrollment.

The Plan states that the County of Fresno may apply for a plan modification in year two (FY 2019-20) to request increased pilot rates and an associated redistribution of “unearned” funds once the impact of the State and pilot policy changes can be accurately assessed. The Plan further states that, at that time, the Fresno LPC will provide EESD with recommended contract terms for participating pilot contractors, including maximum reimbursable amounts, child days of enrollment, and the pilot project reimbursement rate.

OTHER REVIEWING AGENCIES:

Superintendent of County Schools, Jim Yovino

ATTACHMENTS INCLUDED AND/OR ON FILE:

Fresno County Individualized Child Care Subsidy Pilot Plan
Powerpoint Presentation
County of Fresno AB 258 Letter of Support, dated May 16, 2017

CAO ANALYST:

Juan Lopez