

# **CONTRA COSTA COUNTY INDIVIDUALIZED CHILD CARE SUBSIDY PILOT**

Local Child Care Policy and Evaluation Plan

**June 2018**

Developed by

Contra Costa County Local Planning and Advisory Council for Early Care and Education, in partnership with the Contra Costa County Office of Education, First 5 Contra Costa and the Contra Costa County AB 435 Planning Committee

Reviewed by:



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## SUMMARY

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Assembly Bill (AB) 435 (Thurmond) authorizes an individualized child care subsidy plan for the County of Contra Costa to ensure that funding for child care subsidies in the county address local needs and priorities. The Pilot Plan tackles four main concerns:

1. Children in Contra Costa County are less likely than children in other California counties to qualify for subsidized child care, because of family incomes above the statewide income threshold.
2. Housing costs are substantially higher in the county than the statewide average: the “housing wage” to afford fair market rents in Contra Costa County is 49% greater than the income cutoff for subsidies.
3. Families in Contra Costa County face higher child care prices for unsubsidized care than in California overall.
4. Reimbursement rates for direct service providers are well below market rates in the county, even though regulations for subsidized care make it substantially more expensive to provide.

This local child care subsidy plan, therefore, has two main goals:

1. The pilot will better meet the early education and child care needs of families in Contra Costa County through policies that support low-income families and promote stable care.
2. The pilot will expand subsidized care by implementing policies that improve reimbursement rates for contractors, promote contractor retention, and reduce unearned contract funds.

Summary of Contra Costa County Pilot Components	Alignment of Pilot Components			
	Alameda	Santa Clara	San Francisco	San Mateo
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	X	X	X	X
2. Authorize 24-month eligibility for families entering subsidized care and eligible on the basis of need other than job search	Variant	X	X	X
3. Authorize an exception to the requirement that 50% of the children enrolled at a CSPP program site be four-year-old children.				
4. Establish a family fee schedule for families with income above the state eligibility cutoff to set fees at approximately 10% of family income	X	X	X	X
5. Restore the age eligibility for CSPP contracts to 2.9 years old as of September 1st of the fiscal year and allow children to enroll immediately on or after their third birthday if born after December 1st	Variant	Variant	Variant	Variant
6. Authorize families for 6.5 hours of services if their only need is seeking housing or seeking employment	X	X	X	X
7. Incorporate additional changes to meet the needs of low-income families in Contra Costa County, such as authorizing 6.5 hours of services to families seeking employment or housing	X	X	X	X

## INTRODUCTION

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In October 2017, Governor Brown approved AB 435, authorizing an individualized child care subsidy plan for the County of Contra Costa. Authored by Assemblymember Tony Thurmond, the legislation allows Contra Costa County to develop and implement a plan through January 1, 2023. Modeled on similar bills, especially AB 833 for Alameda County, 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 AB 435, the individualized child care plan is designed to “ensure that child care subsidies received by the County of Contra Costa are used to address local needs, conditions, and priorities of working families in the community.”

AB 435 provides the county only limited flexibility in designing its subsidy rules. There are four fundamental limitations on the pilot:

- No family who would have been eligible under state rules can either become ineligible or be asked to pay higher family fees;
- Provider participation is entirely voluntary;
- The number of child days of enrollment across participating providers must increase overall from the base year; and
- There are no additional resources for the pilot – only unearned and unallocated funds from existing contracts and funding streams.

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 Contra Costa 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 AB435. 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:

<b>Review Body</b>	<b>Approval Date</b>
<b>Local Early Education Planning Council (LPC) of Contra County</b>	<b>June 14, 2018</b>
<b>Board of Supervisors of the County of Contra Costa</b>	<b>July 10, 2018</b>
<b>Early Education and Support Division (EESD), CDE</b>	<b>Within 30 days of submission</b>

## LOCAL ECONOMIC AND CHILD CARE MARKET CONDITIONS

In developing this plan Contra Costa 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

**Contra Costa County is home to over 250,000 children, with about 67% with living with employed parents.**

In 2016, an estimated 250,524 children lived in Contra Costa County, including 75,809 children under age 6 and approximately 174,715 children aged 6 to 17. (See Table 1.) Children under 6 in Contra Costa County are more likely than average to have all parents working, 65% compared to 61% statewide. For children 6 to 17 years of age, the percent increases to 67% in Contra Costa County and 66% statewide.<sup>1</sup>

**Table 1: Contra Costa Children with All Parents Working, 2016 Estimates**

Age Category	Number of Children in Contra Costa County	Number with All Resident Parents in Workforce	Share with All Parents Working <sup>2</sup>
Under 6 years	75,809	49,570	65%
6 to 17 years	174, 715	117,147	67%
Total	250,524	166,717	67%

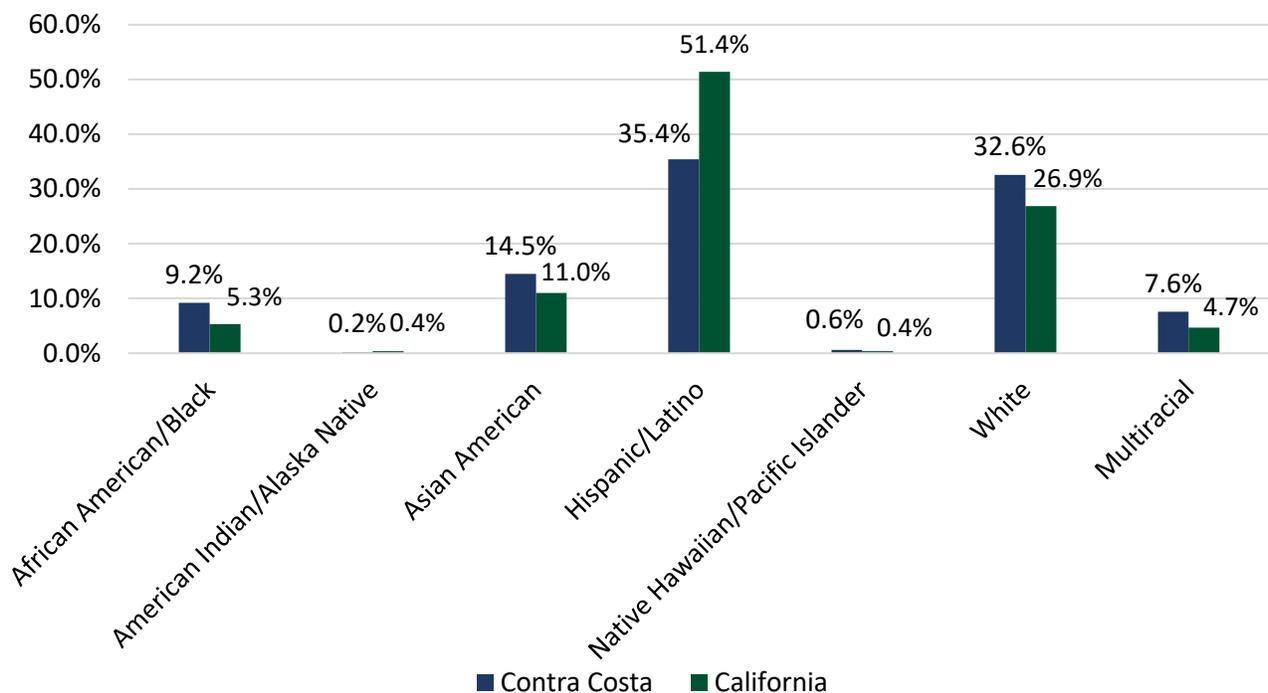
Source: 2016 American Community Survey 1-Year Estimates (Table C23008)

<sup>1</sup> 2016 American Community Survey 1-Year Estimates

<sup>2</sup> Includes children of working single parents and children in two-parent families where both parents work

The racial/ethnic profile of children in Contra Costa County (Figure 1) is overall congruent to California. Hispanic/Latino children represent the largest share of children in the county, and White children represent nearly as large a share. Asian American children account for just under 15% of children in the county, while African American/Black population make up nearly 9% of children in the county. The county has a relatively small population of American Indian/Alaska Native children, but a slightly higher share of children identified as Native Hawaiian/Pacific Islander. Contra Costa County has a considerably higher percentage of multi-racial children at over 7.5%, compared to 4.7% statewide.

**Figure 1: Race/Ethnicity of Contra Costa County Children, 2016**

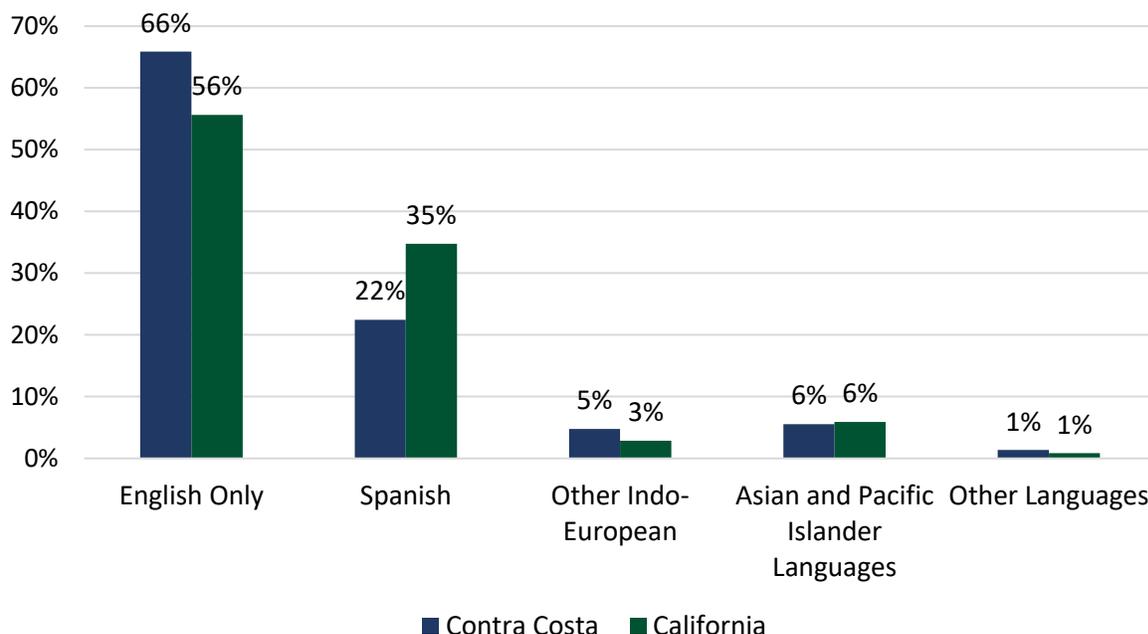


Source: Kidsdata.org from California Dept. of Finance, Race/Ethnic Population with Age and Sex Detail, 1990-1999, 2000-2010, 2010-2060; U.S. Census Bureau, Current Population Estimates, Vintage 2015 (Jun. 2016)

Nearly 34% of children in Contra Costa County speak a language apart from just English at home (Figure 2). About 18% of public school students in Contra Costa County are English Learners<sup>3</sup>.

<sup>3</sup> <http://www.kidsdata.org/region/171/contra-costa-county/results#cat=6>

**Figure 2: Language Spoken at Home of Contra Costa County Children, 2016**



Source: 2016 American Community Survey Data (Table B16007)

**Fewer Contra Costa County children live in households that qualify for subsidized child care, yet families face significant financial pressures from high costs of housing.**

Children in Contra Costa County are less likely than other California children to live in families that qualify for child care subsidies. The monthly income threshold to enter subsidized child care in California stands at \$4,877 for a family of four, or about \$60,000 per year<sup>4</sup>. Census Bureau data show only about 28% of Contra Costa County families with children under 18 have incomes below \$60,000 compared to 43% statewide (Table 2).

The smaller share of families below \$60,000 income in Contra Costa does not mean that families find it easier to afford child care. The higher average incomes reflect in large part higher housing costs. Housing costs are commonly measured using fair market rent (FMR), the Department of Housing and Urban Development’s measure of

<sup>4</sup> <https://www.cde.ca.gov/sp/cd/ci/mb1708.asp>

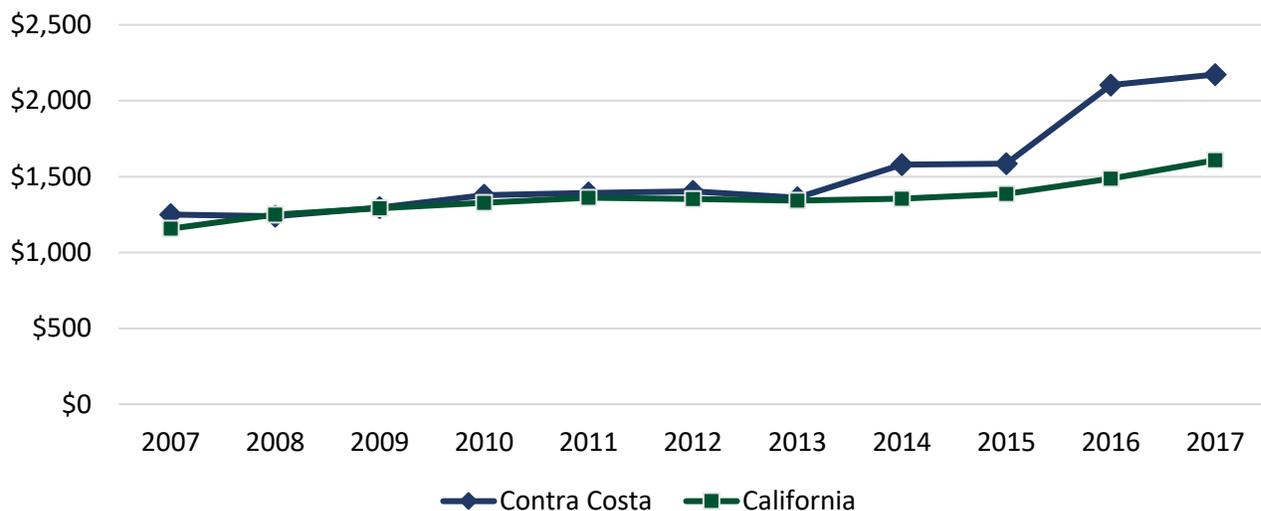
current costs for available rental housing. The FMR for a two-bedroom in Contra Costa County in 2017 was 35% higher than the state (\$2,173 in Contra Costa County compared to \$1,608 statewide).<sup>5</sup> The difference in housing costs in Contra Costa relative to the state has increased significantly in the last four years.

**Table 2: Income Distribution of Contra Costa County Families with Children Under 18, 2016**

Income Category	Contra Costa County	California
Up to \$20,000	7%	12%
\$20,000 to \$40,000	10%	17%
\$40,000 to \$60,000	11%	14%
\$60,000 to \$100,000	20%	20%
\$100,000 to \$150,000	16%	16%
\$150,000 or more	36%	21%
Total	100%	100%

Source: 2016 American Community Survey 1-Year Estimates (Table B19131)

**Figure 3: Fair Market Rents (FMR) for Two Bedroom Housing, 2007-2017**



Source: Fair Market Rents (FMRs), huduser.gov

<sup>5</sup> The Department of Housing and Urban Development (HUD) defines the FMR as the rent level where 40% of recent movers pay less than the FMR and 60% pay more than the FMR.

Statewide the income cutoff for subsidized child care is just below the income level where average California rents would be considered affordable. The National Low Income Housing Coalition uses the FMR to calculate a “housing wage,” defined as the wage income required pay no more than 30% of income to afford rent at the FMR.<sup>6</sup> The average housing wage for California was \$5,359 per month in 2017. In Contra Costa County, the equivalent housing wage was \$7,243, or 49% higher than the income cutoff. Only two metropolitan areas in California have higher housing wages: the San Francisco-San Mateo-Marin area and the Santa Clara area.

**Figure 4: FMR, “Housing Wage” Income, and the Statewide Child Care Subsidy Eligibility Cutoff for High Cost Counties, 2017**



Source: 2017 Fair Market Rents (FMRs), <https://www.huduser.gov/portal/datasets/fmr.html>. Methodology from California Budget Center <http://calbudgetcenter.org/wp-content/uploads/Making-Ends-Meet-12072017.pdf>. 2017 housing wages, [http://nlihc.org/sites/default/files/oor/OOR\\_2017.pdf](http://nlihc.org/sites/default/files/oor/OOR_2017.pdf).

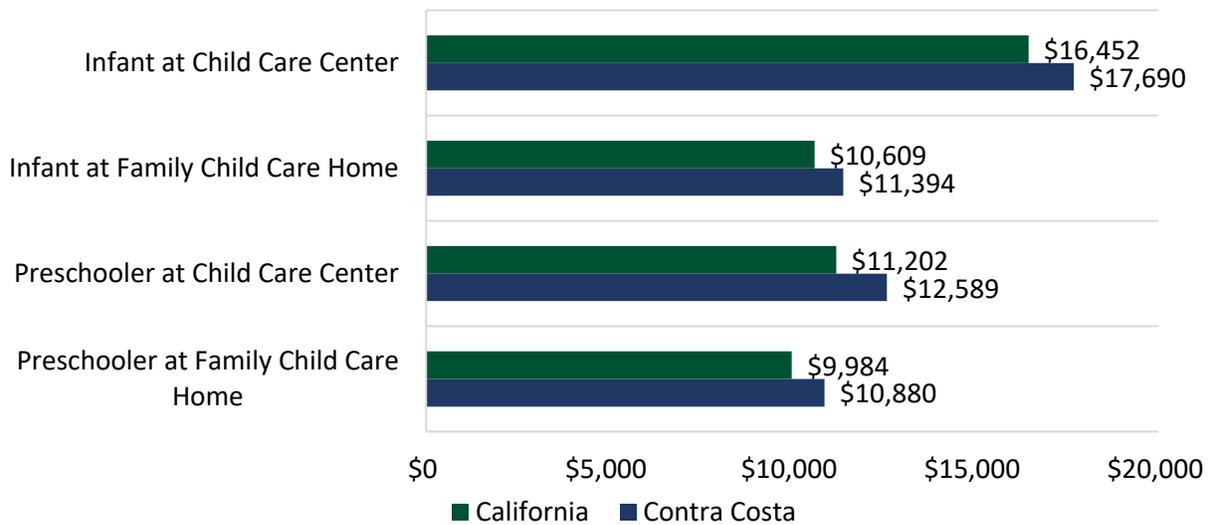
**Market prices for child care are higher in Contra Costa County than in California overall.**

In both family care homes and child care centers, Contra Costa County residents can expect to pay more annually for child care than other California residents (Figure 5). The average

<sup>6</sup> <http://nlihc.org/oor/california>

price for center-based preschool care was about 12% higher than the state average. For center-based infant care, families may pay nearly 8% more than the statewide average. In fact, with income just over the subsidy threshold – say \$5,000 per month – a family in Contra Costa County would typically have to pay 21% of their income to have one child in center-based preschool care at \$ 12,589 annually or \$1,049 per month. Add an infant at a child care center and child care would require 50% of a family’s income.

**Figure 5: Average Annual Rate for Child Care, by Age Group, 2017**



Source: California Child Care Resource & Referral Network, California Child Care Portfolio, 2017; Cost data are from the 2016 Child Care Regional Market Rate Survey. [https://www.rnetwork.org/child\\_care\\_data](https://www.rnetwork.org/child_care_data).

**Table 3: Subsidy Cutoff Relative to Self-Sufficiency Standards**

<b>Monthly Income for “Basic Needs” for a Family of Four with One Infant and One Preschooler</b>	<b>Contra Costa County</b>	<b>California</b>
Initial Income Cutoff for Child Care Subsidy (2017) <sup>7</sup>	\$4,877	\$4,877
NLIHC Housing Wage (2017) <sup>8</sup>	\$7,243	\$5,359
CBP Monthly Family Budget (December 2017) <sup>9</sup>		
Without Child Care	\$6,161	\$5,029
With Child Care	\$7,617	\$6,329
California Self-Sufficiency Standards (2014) <sup>10</sup>		
Without Child Care	\$4,722	N/A
With Child Care	\$7,104	N/A

**Reimbursement rates for direct service providers are well below market rates in Contra Costa County, even though Title 5 regulations make care more expensive to provide.**

Direct service providers who contract with CDE to provide subsidized child care typically receive the Standard Reimbursement Rate (SRR) of \$45.73 per day for full-time preschool care, regardless of where they are located (Table 4). In contrast, child care vouchers allow providers to receive up to the 75<sup>th</sup> percentile of the local child care market based on 2016 data from the Regional Market Rate (RMR) survey<sup>11</sup>. The maximum RMR payment rate for preschool is 26% higher than the SRR. Adjustment factors applied to the SRR increase the reimbursement for contractors serving infants 0

<sup>7</sup> <https://www.cde.ca.gov/sp/cd/ci/mb1708.asp>

<sup>8</sup> 2017 Fair Market Rents (FMRs), <https://www.huduser.gov/portal/datasets/fmr.html>. Methodology from California Budget Center, <http://calbudgetcenter.org/wp-content/uploads/Making-Ends-Meet-12072017.pdf>

<sup>9</sup> Estimated family budget (for a 4-person family, both parents working) from the California Budget Project (CBP), Making Ends Meet: How Much Does It Cost to Raise a Family in California (December 2017). <http://calbudgetcenter.org/MakingEndsMeet/>

<sup>10</sup> Insight Center for Community Economic Development: Self-Sufficiency Standard Tool for California for a 4-person family with one infant and one preschooler. <http://www.insightcced.org/tools-metrics/self-sufficiency-standard-tool-for-california/>

<sup>11</sup> <https://www.cde.ca.gov/sp/cd/ci/mb1717.asp>

to 18 months and toddlers 18 to 36 months. The infant adjustment is 1.7 and the toddler adjustment is 1.4, providing effective SRRs of \$77.25 and \$63.62 respectively. However, these still fall short of market prices, which go up to \$111.93 for center-based infant care.

**Table 4: Estimated Costs and Reimbursement Rates for Child Care Centers in Contra Costa County, 2018**

Age Category	Daily RMR ceiling	Standard Reimbursement Rate (SRR)	% Maximum RMR Exceeds SRR
Full-time Infant (Birth up to 18 months)	\$ 111.93	\$ 77.25	45%
Full-time Toddlers (18 months up to 36 months)	\$ 80.39	\$ 63.62	26%
Full-time Preschooler (Age 3 years)	\$ 80.39	\$ 45.73	76%
Full-time School Age (Age 7 years)	\$ 61.08	\$45.44	34%

Source: Regional Market Rate Reimbursement Ceilings for Subsidized Child Care 2018, <http://www3.cde.ca.gov/rcscc/>; CDE Management Bulletin 17-17; Standard Reimbursement Rate, <https://www.cde.ca.gov/sp/cd/op/factsheet17.asp>.

Families who qualify for child care vouchers – largely current and former CalWORKs participants – can use the voucher for care at a licensed child care center or family child care home or with a relative. For preschool care, the SRR is lower than the Contra Costa County RMR in all three settings. Yet the Title 5 contractors must meet more stringent regulations than state licensing requires under Title 22. There are higher education qualifications for Title 5 and stricter child staff ratios. For example, Title 22 requires one adult per 12 preschool children in child care centers; Title 5 requires one adult per 8 preschool children<sup>12</sup>. There are similar differences for younger children.

**Minimum wage boosts increase labor costs for child care providers in Contra Costa County.**

It will be increasingly difficult to provide child care at the SRR as labor costs rise in Contra Costa County. Labor costs are the largest budget item for child care centers;

<sup>12</sup> [http://rise.lbcc.edu/family\\_child\\_care\\_provider/assets/resources/CA\\_Licensing\\_Regulations%20Compare.pdf](http://rise.lbcc.edu/family_child_care_provider/assets/resources/CA_Licensing_Regulations%20Compare.pdf)

one recent study estimates labor to account for 64% of operating costs<sup>13</sup>. In quarter 1 of 2017, child care workers in Contra Costa County had an average wage of \$14.35 per hour, with one in four making less than \$11.52 per hour. Wages were slightly higher for preschool teachers, who made an average of \$18.05 per hour, with one in four below \$15.60.<sup>14</sup> As of January 2017, the California minimum wage was \$10.50 per hour<sup>15</sup>.

State and local minimum wage increases will push child care wages up further. Statewide, the minimum wage will rise to \$15.00 in 2022 (2023 for small employers)<sup>14</sup>. Contra Costa cities have, on average, higher minimum wages than in the state overall. In January 2018, El Cerrito will see a minimum wage of \$13.60, while Richmond will hit \$13.00<sup>16</sup>. El Cerrito will raise the minimum wage to \$15.00 in 2019<sup>17</sup>. Wage increases will not only increase costs for child care providers, but also put minimum wage earners in families with two working parents close to the income eligibility threshold for subsidized care.

Minimum wage increases generally increase wages not just for those workers previously earning less than the new minimum, but also for workers earning just above it, as employers seek to maintain wage differentials for experience and education. This is particularly important in early childhood education where educational requirements rise with increased classroom responsibilities. CDE and the Child Care Law Center warn of the increased turnover from wage compression and competition from other sectors as minimum wages increase.<sup>18</sup> Labor markets are tight in Contra Costa County. In 2017, the county's unemployment rate was about 3.8%, slightly lower than the average annual rate (4.8%) for California.

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<sup>13</sup> Welsh-Loveman, J. (2015). The Impact of Minimum Wage Regulations on the Early Care and Education Industry in California. Oakland, CA: Alameda County Early Care and Education Planning Council.  
[https://www.acgov.org/ece/documents/Welsh-Loveman\\_APA\\_5202015.pdf](https://www.acgov.org/ece/documents/Welsh-Loveman_APA_5202015.pdf)

<sup>14</sup> <http://www.labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html>

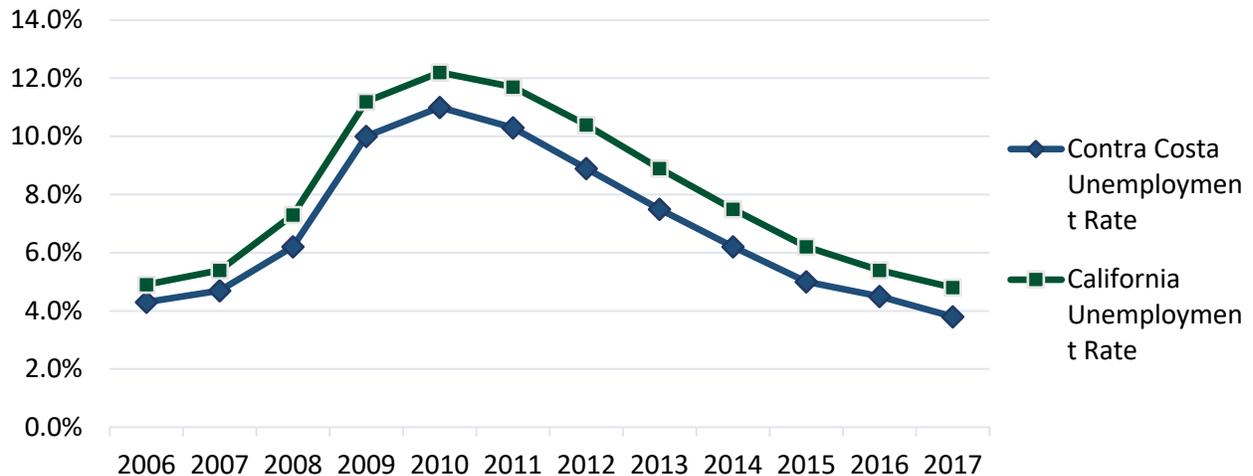
<sup>15</sup> <https://www.govdocs.com/california-15-statewide-minimum-wage/>

<sup>16</sup> <https://www.minimum-wage.org/california>

<sup>17</sup> <https://www.el-cerrito.org/940/Minimum-Wage-Ordinance>

<sup>18</sup> California Department of Education. (2017). Bringing Child Care Policy in Line with the New Minimum Wage. Sacramento, CA.

**Figure 6: Average Annual Unemployment Rate, 2006-2017**



Source: California Employment Development Department, Labor Market Information Division, Unemployment Rates (Labor force) Statewide and by County, 2006-2017 annual averages, <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/areaselection.asp?tablename=labforce>

**Families above the income threshold, low reimbursement rates, and other regulations together led to underearned state contracts.**

In each of the last two years, Contra Costa County providers with CSPP and General Child Care (CCTR) contracts returned more than \$3.4 million allocated to child care in the county. With funding for approximately 8,000 children, just over 7,000 children received subsidized care.<sup>19</sup> CSPP accounted for the largest share of unearned funds, with more than 18% of contract dollars unearned.

Many CSPP contractors cited low reimbursement rates as a barrier to serving more children. As one indicated:

*We struggle each year to serve the families in our central county location, [and] we do not have enough funds to serve most who need care. By adjusting for needs and eligibility regulations with terms that meet our local [community], we can support continued care for families [without families having to worry] about “topping out” or not finding employment soon enough [which result] in loss of access to care. This is especially true for families with young children under 3 years old. The pilot terms allow us to serve more families and to keep the monies within our County as intended by the State in the first place.*

<sup>19</sup> Calculated from expected child days of enrollment for an average of 236 days in operation per year at the SRR for preschool care.

## LOCAL CHILD CARE SUBSIDY PLAN GOALS AND COMPONENTS

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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 affects mothers' ability to remain employed, while many parents who receive subsidized child care work in sectors such as retail and service areas that are associated with employment volatility.<sup>20</sup> 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, Contra Costa County seeks to address two major breakdowns in the child care subsidy system as currently exists. First, families barely earning enough to meet the high costs of housing in the county are too high income to qualify for child care subsidies under existing regulations and those that do qualify can easily lose subsidies with small increases in their income. Second, difficulties in finding, certifying and recertifying children as eligible for subsidies combined with very low reimbursement rates 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.

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 Contra Costa 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,
- Improve reimbursement rates for contractors,

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<sup>20</sup> 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.

- Reduce contractor administrative burden,
- Reduce unearned funds, and
- Promote contractor retention.

These policies are incorporated in six 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.

Contra Costa County plans to apply for a plan modification in year two (FY19/20) 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. At that time, Contra Costa County's Local Planning Council will provide 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.

**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.

<b>Concept</b>	Families will be eligible for subsidized care if their income does not exceed 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.
<b>Contract Type(s) Affected</b>	CCTR, CSPP, CalWORKs Stages 2 and 3, AP
<b>Goal(s)</b>	<ul style="list-style-type: none"><li>• Support low-income families</li><li>• Reduce unearned funds</li><li>• Increase earned child days of enrollment</li></ul>
<b>Matched to Other Pilots</b>	San Mateo, San Francisco, Alameda, Santa Clara
<b>Notes</b>	As needed, the County will seek modification of this threshold to ensure that the pilot income eligibility is the maximum allowable under federal guidelines. The entry income threshold for the pilot deviates from the entry income threshold established in the California Education Code 8263.1 (a), which states that a family's adjusted monthly income must be at or below 70% of the SMI.

## Component 2:

Authorize 24-month eligibility for families entering subsidized care and eligible on the basis of need other than job search.

Concept	Consistent with federal goals to provide stable child care financial assistance to families, the Contra Costa 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. (See below for eligibility based on job search.) The 24-month eligibility would apply to all ages of children in CCTR and to children in CSPP who meet the state age requirements.
Goal(s)	<ul style="list-style-type: none"><li>• Support low-income families</li><li>• Promote stable child care</li><li>• Reduce contractor administrative burden</li><li>• Promote contractor retention</li></ul>
Contract Type(s) Affected	CCTR, CSPP, CalWORKs Stages 2 and 3, AP
Matched to Other Pilots	Alameda and San Francisco/San Mateo have variants of the 24-month eligibility. Contra Costa's version of this component is consistent with San Francisco, San Mateo and Santa Clara.
Notes	<p>Eligibility redetermination guidelines would be consistent with those now embedded in contractor handbooks developed for Alameda and San Francisco Counties and the EESD Management Bulletin 17-14 (September 2017). Specific features of this component include:</p> <ul style="list-style-type: none"><li>• Family fees and subsidized hours of care would be stable over 24-month eligibility period.</li><li>• Earlier redetermination could be triggered by the family by their choice to lower the family fee or expand hours of care.</li><li>• At initial eligibility and redetermination, eligibility may be based on either the previous month's income (or in the case of unpredictable income, the average from at least three consecutive months) and no more than 12 months preceding initial certification, consistent with Title V 18096.</li><li>• Families must submit documentation of total income to the contractor who will verify the information. An income calculation worksheet will be used to help determine income eligibility. Income is calculated pursuant to Title V 18078(q).</li><li>• Families will be instructed that they must notify the agency if their monthly income will disqualify them for subsidies. This includes income exceeding 85% of the SMI as determined by the CA DOF.</li></ul>

<b>Component 3:</b> Authorize an exception to the requirement that 50% of the children enrolled at a CSPP program site be four-year-old children.	
<b>Concept</b>	This new component will allow Contra Costa County CSPP contractors to enroll more children in the 2.9 to 3.9 age range.
<b>Goal(s)</b>	<ul style="list-style-type: none"> <li>• Reduce unearned funds</li> <li>• Increase earned child days of enrollment</li> </ul>
<b>Contract Type(s) Affected</b>	CSPP
<b>Matched to Other Pilots</b>	New following AB 108.
<b>Notes</b>	This component will allow CSPP contractors to fill more vacancies in child care programs. Now, if programs cannot find enough four-year-olds to meet the 50% requirement, they cannot move forward with enrolling children in the 2.9 to 3.9 range. Programs are required to grant first priority to four-year-old children. This component has been authorized through AB 108.

**Component 4:**

Establish a family fee schedule for families with income above the state eligibility cutoff to set fees at approximately 10% of family income.

<b>Concept</b>	To promote transition from subsidized care, family fees will rise with income in the “pilot income range” between the state income threshold and the pilot threshold. The family fee scale will match those in the other pilots.
<b>Goal(s)</b>	<ul style="list-style-type: none"><li>• Support low-income families</li><li>• Reduce unearned funds</li><li>• Increase earned child days of enrollment</li></ul>
<b>Contract Type(s) Affected</b>	CCTR, CSPP, CalWORKs Stages 2 and 3, AP
<b>Matched to Other Pilots</b>	San Mateo, San Francisco, Alameda, Santa Clara
<b>Notes</b>	The pilot family fee scale will be updated following any changes in the state fee schedule and when the income threshold is updated annually. As of June 2018, the fee scale will not differ from the state, given the state exit income eligibility.

<b>Component 5:</b> Restore the age eligibility for CSPP contracts to 2.9 years old as of September 1st of the fiscal year and allow children to enroll immediately on or after their third birthday if born after December 1st.	
<b>Concept</b>	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 and in the middle of the school year.
<b>Goal(s)</b>	<ul style="list-style-type: none"> <li>• Promote stable child care</li> <li>• Reduce unearned funds</li> <li>• Increase earned child days of enrollment</li> </ul>
<b>Contract Type(s) Affected</b>	CSPP
<b>Matched to Other Pilots</b>	San Mateo, San Francisco, Alameda, and Santa Clara only include eligibility for CSPP contracts to 2.9 years old as of September 1st. Contra Costa has a variant of age eligibility which includes children to enroll immediately on or after their third birthday if born after December 1st.
<b>Notes</b>	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 in which they are enrolled in a CSPP program.

<b>Component 6:</b> Authorize families for 6.5 hours of services if their only need is seeking housing or seeking employment.	
<b>Concept</b>	This components will assist in meeting the needs of families in the county and help contractors by better matching authorized hours to full time care schedules
<b>Goal(s)</b>	<ul style="list-style-type: none"> <li>• Support low-income families</li> <li>• Promote stable child care</li> </ul>
<b>Contract Type(s) Affected</b>	CCTR, CSPP, CalWORKs Stages 2 and 3, AP
<b>Matched to Other Pilots</b>	Alameda, San Mateo, San Francisco and Santa Clara
<b>Notes</b>	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. This will allow families more time to seek housing or seek employment and maximize child days of enrollment.

**The following is the list of contractors who have formally agreed to participate in the pilot.**

1. CoCoKids
2. Community Services Bureau – Contra Costa County Employment  
Human Services Department
3. Concord Child Care
4. ICRI-El Nuevo Mundo Children's Center
5. Kidango, Inc.
6. Martinez Early Childhood Center, Inc.
7. The Child Day School
8. The Unity Council
9. YMCA of the East Bay

## MEASURING OUTCOMES

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Each year as required in legislation, the County of Contra Costa will prepare reports on the pilot project for submission to EESD following years one, three and five of the pilot. Each report will be submitted the November after the end of the fiscal year and will reflect results since the previous report. The first evaluation report will be submitted by November 30<sup>st</sup> 2019 and will cover fiscal year 2018/2019. These reports will track outcomes on selected measures described below. In addition, each 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 in implementation or special challenges affecting specific contractors. Finally, they will identify any requested modifications in the pilot plan based on the previous year's experiences.

The annual report will draw on the following data sources:

- 1) **801A Data:** Each month, contractors are required to submit to EESD a list of all families that received subsidized services. For each child in subsidized care, the 801A lists the date services began, family income, family size, child's date of birth, CalWORKs receipt, and other demographic and care information. Pilot contractors will provide an extract of their May submission for April 801A data for inclusion in the annual report. A subset of providers will provide more frequent reports as needed to track specific outcomes.
- 2) **Attendance and Fiscal Reports:** Contractors will provide the LPC with a copy of each quarter's Quarter Attendance and Fiscal Reports (8501 and 9500 Forms). This would only apply to CCTR and CSPP programs. This will provide information on earned child days of enrollment and family fees. This information will be used to determine an increase in the aggregate child days of enrollment from the aggregate child days of enrollment in the last quarter of the 2016-2017 fiscal year pursuant to the California Education Code Section 8332.4(c).
- 3) **Provider Satisfaction Surveys:** Each provider will complete an annual online survey regarding their experiences with the pilot project. The survey will be developed in collaboration with Contra Costa County and will examine contractors' experiences both positive and negative, and their perception of the impact of the pilot on families.
- 4) **Additional Data from EESD:** We will also use data provided by EESD on the number of contractors and the unearned contract funds.

The measures tracked are structured around the two major goals of the pilot: better meeting the needs of families and expanding the supply of subsidized care.

### **Understanding how the pilot meets the needs of families**

The first two measures will examine the effect of the higher income threshold and the longer recertification periods.

#### **Measure 1: The number and share of children in subsidized care with family income above the state income threshold.**

We will track the number and share of children from families with income in the “pilot range” (income above the state income threshold but below the pilot threshold). Over time, we expect to see a larger share of children with income in this range. These are children who, without the pilot, would not be eligible for subsidized child care. However, with 24-month recertification, we may not observe families as they move into this category.

Data Source: April 801A data provided by contractors

#### **Measure 2: The time in services and year-to-year retention for children in subsidized care by contract type.**

For children in subsidized care, we will measure the time in services, measured as the days since the date the child started receiving services. We will also measure the share of children observed in each year that were also included in the prior year’s data. We expect children to remain in care longer, recognizing that children will “age out” of care especially in CSPP.

Data Source: April 801A data provided by contractors

### **Understanding how the pilot expands subsidized care**

Additional measure will track the effect of the pilot on the supply of care and the stability of providers.

#### **Measure 3: The number of active direct services child care and development services contractors in Contra Costa County.**

We expect that higher reimbursement rates and lower administrative burden will promote the retention of contractors offering subsidized care through CSPP and CCTR contracts. We will measure the number of direct service contractors providing contracted child care

and development services on June 30<sup>th</sup> of each year. For comparison, we will also plan to obtain data from EESD on retention of direct service contractors in nearby counties over the same period.

Data Source: EESD

**Measure 4: The aggregate adjusted child days of enrollment among pilot contractors.**

The legislation requires that the pilot achieve an increase in child days of enrollment compared to the baseline. For Contra Costa County, the baseline would be 2017/2018. Each year the evaluator will re-calculate the baseline days of enrollment based on data provided by EESD to adjust for fluctuations in contract funds. Thus, the baseline is a formula rather than a static number. For example, if contract funds were 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 in use in San Mateo and San Francisco Counties and was proposed by EESD staff to offset increases or decreases in funding provided to contractors.

Data Source: 4<sup>th</sup> Quarter Attendance and Fiscal Forms.

**Measure 5: The value and share of unearned direct service contract funds returned to the California Department of Education.**

This measure is defined as the total contract allocations during a fiscal year that are unearned (not spent). The amount of unearned contract dollars is defined as the difference between the total contract allocations and the total dollars earned by participating contractors.

Data Source: 4<sup>th</sup> Quarter Attendance and Fiscal Forms