

## Assembly Bill No. 1326

### CHAPTER 691

An act to add and repeal Article 15.3 (commencing with Section 8340) of Chapter 2 of Part 6 of the Education Code, relating to child care.

[Approved by Governor October 8, 2003. Filed with Secretary of State October 9, 2003.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1326, Simitian. Child care subsidies: County of San Mateo: pilot project.

Existing law requires the Superintendent of Public Instruction to adopt rules and regulations on eligibility, enrollment, and priority of services for federal and state subsidized child care programs.

This bill would authorize the County of San Mateo, as a pilot project, to develop and implement an individualized county child care subsidy plan. The bill would require the plan to ensure that child care subsidies received by the county are used to address local needs, conditions, and priorities of working families in the community. The bill would require the County of San Mateo, prior to implementing the plan, to develop a plan with specified elements, including development of local policies that may, except as specified, supersede existing law with regard to eligibility requirements, fees, reimbursement rates, and methods of maximizing use of funds. The bill would require the plan to be approved by the local child care planning council and the Child Development Division of the State Department of Education, as provided. The bill would require the Legislative Analyst and the Senate Office of Research to review the data contained in the child care subsidy plan before the plan is submitted to the local child care planning council for approval. The bill would require the County of San Mateo to submit annual reports to the Legislature, the State Department of Social Services, and the State Department of Education that summarize the success of the plan and to submit a final report to those entities on or before December 31, 2008.

This bill would authorize the County of San Mateo to implement the plan until January 1, 2009, as specified. The bill would provide for the repeal of its provisions on January 1, 2011. The bill would provide that a child who enrolls in subsidized child care in the County of San Mateo after January 1, 2009, may not be enrolled in the pilot program and is subject to existing state laws and regulations regarding child care subsidies.

*The people of the State of California do enact as follows:*

SECTION 1. Article 15.3 (commencing with Section 8340) is added to Chapter 2 of Part 6 of the Education Code, to read:

Article 15.3. Individualized County Child Care Subsidy Plan

8340. The County of San Mateo may, as a pilot project, develop and implement an individualized county child care subsidy plan. The plan shall ensure that child care subsidies received by the county are used to address local needs, conditions, and priorities of working families in the community.

8341. Prior to implementing the local subsidy plan, the County of San Mateo, in consultation with the department, shall develop an individualized county child care subsidy plan that includes the following four elements:

(a) An assessment to identify the county's goal for its subsidized child care system. The assessment shall examine whether the current structure of subsidized child care funding adequately supports working families in the county and whether the county's child care goals coincide with the state's requirements for funding, eligibility, priority, and reimbursement. The assessment shall also identify barriers in the state's child care subsidy system that inhibit the county from meeting its child care goals. In conducting the assessment, the county shall consider all of the following:

(1) The general demographics of families who are in need of child care, including employment, income, language, ethnic, and family composition.

(2) The current supply of available subsidized child care.

(3) The level of need for various types of subsidized child care services including, but not limited to, infant care, after-hours care, and care for children with exceptional needs.

(4) The county's self-sufficiency income level.

(5) Income eligibility levels for subsidized child care.

(6) Family fees.

(7) The cost of providing child care.

(8) The regional market rates, as established by the department, for different types of child care.

(9) The standard reimbursement rate or state per diem for centers operating under contracts with the department.

(10) Trends in the county's unemployment rate and housing affordability index.



(b) Development of a local policy to eliminate state-imposed regulatory barriers to the county's achievement of its desired outcomes for subsidized child care.

(1) The local policy shall do all of the following:

(A) Prioritize lowest income families first.

(B) Follow the family fee schedule established pursuant to subdivision (f) of Section 8263 for those families that are income eligible, as defined by Section 8263.1.

(C) Meet local goals that are consistent with the state's child care goals.

(D) Identify existing policies that would be affected by the county's child care subsidy plan.

(E) (i) Authorize any agency that provides child care and development services in San Mateo County through a contract with the department to apply to the department to amend existing contracts in order to benefit from the local policy once it is adopted.

(ii) The department shall approve an application to amend an existing contract if the child care subsidy plan is approved pursuant to subdivision (b) of Section 8342, or modified pursuant to subdivision (c) of Section 8342.

(iii) The contract of a department contractor who does not elect to request an amendment to its contract remains operative and enforceable.

(2) (A) The County of San Mateo shall, by the end of the first fiscal year of operation under the approved child care subsidy plan, demonstrate an increase in the aggregate child days of enrollment in the county as compared to the enrollment in the final quarter of the 2002–03 fiscal year.

(B) The amount of the increase shall be at least equal to the aggregate child days of enrollment in the final quarter of the 2002–03 fiscal year for all contracts amended as provided in subparagraph (E) of paragraph 1, under which the contractor receives an increase in its reimbursement rate, times 2 percent.

(3) The local policy may supersede state law concerning child care subsidy programs with regard only to the following factors:

(A) Eligibility criteria including, but not limited to, age, family size, time limits, income level, inclusion of former and current CalWORKs participants, and special needs considerations, except that the local policy may not deny or reduce eligibility of a family that qualifies for child care pursuant to Section 8353. Under the local policy, a family that qualifies for child care pursuant to Section 8354 shall be treated for purposes of eligibility and fees in the same manner as a family that qualifies for subsidized child care on another basis pursuant to the local policy.



(B) Fees including, but not limited to, family fees, sliding scale fees, and copayments for those families that are not income eligible, as defined by Section 8263.1.

(C) Reimbursement rates.

(D) Methods of maximizing the efficient use of subsidy funds, including, but not limited to, multiyear contracting with the department for center-based child care, and interagency agreements that allow for flexible and temporary transfer of funds among agencies.

(c) Recognition that all funding sources utilized by direct service contractors that provide child care and development services in San Mateo County are eligible to be included in the child care subsidy plan of the county.

(d) Establishment of measurable outcomes to evaluate the success of the plan to achieve the county's child care goals and to overcome any barriers identified in the state's child care subsidy system. The Department of Social Services shall have an opportunity to review and comment on the proposed measurable outcomes before they are submitted to the local child care planning council for approval pursuant to Section 8342.

8341.5. To ensure that the annual and final reports required pursuant to Section 8343 provide useful comparative information, the Legislative Analyst and the Senate Office of Research shall review the evaluation design, the baseline data, and the data collection proposed in the child care subsidy plan of the county before the plan is submitted to the local child care planning council for approval.

8342. (a) The plan shall be submitted to the local child care planning council for approval. Upon approval of the plan by the local child care planning council, the county board of supervisors shall hold at least one public hearing on the plan. Following the hearing, if the county board of supervisors votes in favor of the plan, the plan shall be submitted to the Child Development Division of the department for review.

(b) Within 30 days of receiving the plan, the Child Development Division shall review and either approve or disapprove the plan.

(c) Within 30 days of receiving any modification to the plan, the Child Development Division shall review and either approve or disapprove that modification to the plan.

(d) The Child Development Division may disapprove only those portions of the plan or modifications to the plan that are not in conformance with this article or that are in conflict with federal law.

8343. (a) Upon approval of the plan by the Child Development Division, the County of San Mateo shall annually prepare and submit to the Legislature, the Department of Social Services, and the department



a report that summarizes the success of the pilot project and the county's ability to maximize the use of funds and to improve and stabilize child care in the county.

(b) On or before December 31, 2008, the County of San Mateo shall submit a final report to the Legislature, the Department of Social Services, and the department summarizing the impact of the plan on the child care needs of working families.

8344. The County of San Mateo may implement its individualized county child care subsidy plan until January 1, 2009, at which date the County of San Mateo shall terminate the plan. Between January 1, 2009, and January 1, 2011, the County of San Mateo shall phase out the individualized county child care subsidy plan and, as of January 1, 2011, shall implement the state's requirements for child care subsidies. A child enrolling for the first time for subsidized child care in San Mateo County after January 1, 2009, may not be enrolled in the pilot program established pursuant to this article and is subject to existing state laws and regulations regarding child care eligibility and priority.

8345. A participating contractor shall receive any increase or decrease in funding that the contractor would have received if the contractor had not participated in the local subsidy plan.

8346. This article shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2011, deletes or extends that date.

