

AMENDED IN SENATE FEBRUARY 26, 2008

AMENDED IN SENATE SEPTEMBER 7, 2007

AMENDED IN ASSEMBLY APRIL 16, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1279

Introduced by Assembly Member Coto
(Principal coauthor: Senator Cedillo)

February 23, 2007

~~An act to add Sections 66021.6, 69508.5, and 76300.5 to the Education Code, relating to student financial aid.~~*An act to amend Sections 8223 and 8450 of the Education Code, relating to child care.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1279, as amended, Coto. ~~Student financial aid: eligibility: California Dream Act.~~*Child care providers.*

(1) *The Child Care and Development Services Act provides child care and development services to children from birth to 13 years of age and their parents through full- and part-time programs. Existing law requires that reimbursement for alternative payment programs include the cost of child care paid to child care providers plus the administrative and support services costs of the alternative payment program. Existing law limits the total cost for administration and support services to 23.4567% of the direct cost-of-care payments to child care providers.*

This bill would, instead, limit the total cost for administration and support services to 20% of the total contract amount, as defined.

(2) *Existing law encourages child development contractors to develop and maintain a reserve within the child development fund derived from earned but expended funds. Existing law authorizes child development*

contractors to retain a reserve fund for alternative payment model and certificate child care contracts not to exceed the greater of 2% of the sum of the parts of each contract to which the contractor is a party or \$1,000.

This bill would, instead, limit the reserve fund for alternative payment model and certificate child care contracts to 3% of the sum of the parts of each contract to which the contractor is a party.

~~(1) The Donahoe Higher Education Act sets forth, among other things, the missions and functions of California's public and independent segments of higher education, and their respective institutions of higher education. Provisions of the act apply to the University of California only to the extent that the Regents of the University of California, by appropriate resolution, act to make a provision applicable.~~

~~Existing law requires that a person, other than a nonimmigrant alien, as defined, who has attended high school in California for 3 or more years, who has graduated from a California high school or attained the equivalent thereof, who has registered at or attends an accredited institution of higher education in California not earlier than the fall semester or quarter of the 2001–02 academic year, and who, if he or she is an alien without lawful immigration status, has filed a prescribed affidavit, is exempt from paying nonresident tuition at the California Community Colleges and the California State University.~~

~~This bill would amend the Donahoe Higher Education Act to require the Trustees of the California State University and the Board of Governors of the California Community Colleges, and request the Regents of the University of California, to establish procedures and forms that enable persons who are exempt from paying nonresident tuition under this provision, or who meet equivalent requirements adopted by the regents, to be eligible to receive student aid awards from private entities that are administered by these segments. The bill would declare that this provision is a state law within the meaning of a federal statute that permits a state to only provide an alien who is not lawfully present in the United States with eligibility for a state or local public benefit through the enactment of a state law affirmatively providing for that eligibility. This provision would apply to the University of California only if the regents, by appropriate resolution, act to make it applicable.~~

~~This bill would also provide that persons meeting these requirements, or who meet equivalent requirements adopted by the regents, are eligible to apply for, and participate in, any student financial aid program~~

~~administered by the State of California except the Competitive Cal Grant A and B award program and the Cal Grant C and T award programs. The bill would declare that this provision is a state law within the meaning of a federal statute that permits a state to only provide an alien who is not lawfully present in the United States with eligibility for a state or local public benefit through the enactment of a state law affirmatively providing for that eligibility.~~

~~(2) Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction, for prescribed fees, at community college campuses throughout the state. Existing law authorizes the waiver of these fees for, among others, students who are eligible under income standards established by the board of governors.~~

~~This bill would require community college districts to waive the fees of persons who are exempt from nonresident tuition under the provision described in (1), and who otherwise qualify for a waiver under this provision, under regulations and procedures adopted by the board of governors. Because the bill would impose new duties on community college districts with respect to determining eligibility for fee waivers, the bill would constitute a state-mandated local program.~~

~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: *yes-no*.

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

- 1 SECTION 1. (a) *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (1) *Alternative payment programs have many variable costs*
- 4 *that make maintaining a prudent reserve of funds vital to the*
- 5 *overall fiscal health of the program.*

1 (2) *Allowing child care contractors to maintain a fiscally*
2 *prudent reserve will extend the life of funds appropriated for child*
3 *care purposes.*

4 (3) *Every other year the state is required by federal law to*
5 *conduct a regional market rate (RMR) survey. If the RMR*
6 *maximums are raised significantly in a county in which an*
7 *alternative payment program is located, a child care contractor’s*
8 *costs can be increased to a higher level than anticipated. That type*
9 *of increase is a major concern for high-cost counties that, as a*
10 *result of RMR surveys, have been forced to stop providing services*
11 *to some children due to a lack of funds.*

12 (4) *Maintaining a prudent reserve account will provide a safety*
13 *net for child care contractors that do not know the exact cost of*
14 *care for each enrolled child due to changes in the parent fee*
15 *schedule, the type of provider, and the attrition rate.*

16 (b) *It is the intent of the Legislature in enacting this act to do*
17 *all of the following:*

18 (1) *Establish reserve funds for child care and development*
19 *contractors to ensure the continuation of approved early childhood*
20 *development and educational services for working poor families*
21 *and children.*

22 (2) *Allow alternative payment programs to maximize services*
23 *for working poor families who are currently placed on the*
24 *countywide centralized eligibility list.*

25 (3) *Continue funding child care contractors as changes in the*
26 *California regional market rates are implemented.*

27 (4) *Ensure that all earned family support and administration*
28 *funds stay within the community serviced by an alternative payment*
29 *program for the purpose of supporting child care and early*
30 *education programs that serve the children of working poor*
31 *families.*

32 (5) *Allow the State Department of Education to disburse*
33 *contracts that provide alternative payment program agencies with*
34 *the resources to ensure structural integrity, the provision of*
35 *adequate services, and the ability to maintain a baseline budget.*

36 SEC. 2. *Section 8223 of the Education Code is amended to*
37 *read:*

38 8223. (a) *The reimbursement for alternative payment programs*
39 *shall include the cost of child care paid to child care providers plus*
40 *the administrative and support services costs of the alternative*

1 payment program. The total cost for administration and support
2 services shall not exceed an amount equal to ~~23.4567~~ 20 percent
3 of the ~~direct cost of care payments to child care providers total~~
4 *contract amount*. The administrative costs shall not exceed the
5 costs allowable for administration under federal requirements.

6 (b) For purposes of this section, “total contract amount” means
7 either of the following, whichever is greater:

8 (1) The initial maximum reimbursable amount.

9 (2) The total of direct payments to providers, including, but not
10 limited to, family fees for certified children, interest earned on
11 advanced contract funds, and reimbursable administrative and
12 support services costs.

13 SEC. 3. Section 8450 of the Education Code is amended to
14 read:

15 8450. (a) All child development contractors are encouraged
16 to develop and maintain a reserve within the child development
17 fund, derived from earned but unexpended funds. Child
18 development contractors may retain all earned funds. For ~~the~~
19 purpose of this section, “earned funds” ~~are those~~ means funds for
20 which the required number of eligible service units have been
21 provided.

22 (b) Earned funds may not be expended for any activities
23 proscribed by Section 8406.7. Earned but unexpended funds shall
24 remain in the contractor’s reserve account within the child
25 development fund and shall be expended only by direct service
26 child development programs that are funded under contract with
27 the department.

28 (c) Notwithstanding subdivisions (a) and (b), a contractor may
29 retain a reserve fund balance for a resource and referral program,
30 separate from the balance retained pursuant to subdivision (b), not
31 to exceed ~~3~~ three percent of the contract amount. Funds from this
32 reserve account may be expended only by resource and referral
33 programs that are funded under contract with the department.

34 (d) Notwithstanding subdivisions (a) and (b), a contractor may
35 retain a reserve fund for alternative payment model and certificate
36 child care contracts, separate from the reserve fund retained
37 pursuant to subdivisions (b) and (c). Funds from this reserve
38 account may be expended only by alternative payment model and
39 certificate child care programs that are funded under contract with

1 the department. The reserve amount allowed by this section ~~may~~
 2 ~~shall~~ not exceed either of the following, whichever is greater:
 3 (1) ~~Two~~ *three* percent of the sum of the parts of each contract
 4 to which that contractor is a party that is allowed for administration
 5 pursuant to Section 8276.7 and that is allowed for supportive
 6 services pursuant to the provisions of the contract.
 7 (2) ~~One thousand dollars (\$1,000).~~
 8 (e) Each contractor’s audit shall identify ~~any~~ funds earned by
 9 the contractor for each contract through the provision of contracted
 10 services in excess of funds expended.
 11 (f) ~~Any interest~~ *Interest* earned on reserve funds shall be
 12 included in the fund balance of the reserve. ~~This~~ *The* reserve fund
 13 shall be maintained in an interest-bearing account.
 14 (g) Moneys in a contractor’s reserve fund may be used only for
 15 expenses that are reasonable and necessary costs as defined in
 16 subdivision (n) of Section 8208.
 17 (h) ~~Any~~ *A* reserve fund balance in excess of the amount
 18 authorized pursuant to subdivisions (c) and (d) shall be returned
 19 to the department pursuant to procedures established by the
 20 department and reappropriated as second-year funds consistent
 21 with Section 8278.
 22 (i) Upon termination of all child development contracts between
 23 a contractor and the department, all moneys in a contractor’s
 24 reserve fund shall be returned to the department pursuant to
 25 procedures established by the department, and reappropriated as
 26 second-year funds consistent with Section 8278.
 27 (j) Expenditures from, additions to, and balances in; the reserve
 28 fund shall be included in the agency’s annual financial statements
 29 and audit.

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**All matter omitted in this version of the bill
 appears in the bill as amended in Senate,
 September 7, 2007 (JR11)**