

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 765

Introduced by Assembly Member Ridley-Thomas

February 25, 2015

An act to amend Section 8265 of the Education Code, relating to child care and development.

LEGISLATIVE COUNSEL'S DIGEST

AB 765, as amended, Ridley-Thomas. Child care and development: reimbursement rates.

Existing law requires the Superintendent of Public Instruction to implement a plan that establishes reasonable child care standards and assigned reimbursement rates, as provided. Existing law requires the standard reimbursement rate to be increased annually by a cost-of-living adjustment, as provided.

~~This bill would make nonsubstantive changes to these provisions.~~

This bill would provide that the standard reimbursement rate is not intended to fund mandated costs imposed upon child development programs due to actions of law relating to minimum wage requirements, health insurance requirements, new or increased fees, new or expanded program requirements, or other cost increases due to legislative action. The bill would also require the standard reimbursement rate to be raised as needed to provide a living wage, reasonable health insurance, and retirement benefits for employees, to support the recruitment and retention of skilled and trained teachers, to support the financial stability of programs and educational quality, and to achieve gender pay equity. The bill would define cost-of-living adjustment to be, among other

things, at least equal to the amount of the inflation adjustments given to K–12 education programs, as provided.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: 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) *Teachers in state-funded educational child development*
- 4 *programs are denied living wages.*
- 5 (2) *Low wages for the predominantly female staff of these*
- 6 *programs contributes significantly to the gender pay gap in*
- 7 *California.*
- 8 (3) *Many nonprofit, community-based child development*
- 9 *agencies are unable to provide employer-paid health insurance*
- 10 *to their employees and their families.*
- 11 (4) *There is a steady stream of both school district and nonprofit*
- 12 *agencies closing their child development programs.*
- 13 (5) *The cause of these problems is an inadequate standard*
- 14 *reimbursement rate for state-funded child development centers,*
- 15 *due to a 34-year history of either no annual cost-of-living*
- 16 *adjustment (COLA) or substandard raises. The lack of adequate*
- 17 *COLAs has cut the buying power, wages, and benefits in these*
- 18 *agencies by 22 percent since 1980, and has bankrupted programs.*
- 19 (b) (1) *It is the intent of the Legislature to both consistently*
- 20 *provide these state-funded child development programs with annual*
- 21 *cost-of-living adjustments equal to the inflation adjustments given*
- 22 *to K–12 education programs, and to take additional steps to rebuild*
- 23 *wages, benefits, and financial stability in these programs.*
- 24 (2) *It is the intent of the Legislature to eliminate gender pay*
- 25 *inequity in wages for the predominantly female and college*
- 26 *educated staff of these programs.*
- 27 (3) *It is the intent of the Legislature to ensure and enhance the*
- 28 *ability of these programs for young children to meet the high*
- 29 *educational standards required by state and federal law and*
- 30 *regulations, and to retain skilled and trained teachers by increasing*
- 31 *the standard reimbursement rate.*

1 SECTION 1.

2 SEC. 2. Section 8265 of the Education Code is amended to
3 read:

4 8265. (a) The Superintendent shall implement a plan that
5 establishes reasonable standards and assigned reimbursement rates,
6 which vary with the length of the program year and the hours of
7 service.

8 (1) Parent fees shall be used to pay reasonable and necessary
9 costs for providing additional services.

10 (2) When establishing standards and assigned reimbursement
11 rates, the Superintendent shall confer with applicant agencies.

12 (3) The reimbursement system, including standards and rates,
13 shall be submitted to the Joint Legislative Budget Committee.

14 (4) The Superintendent may establish any regulations he or she
15 deems advisable concerning conditions of service and hours of
16 enrollment for children in the programs.

17 (b) (1) The standard reimbursement rate shall be nine thousand
18 twenty-four dollars and seventy-five cents (\$9,024.75) per unit of
19 average daily enrollment for a 250-day year, and commencing
20 with the 2015–16 fiscal year, shall be increased by the
21 cost-of-living adjustment granted by the Legislature annually
22 pursuant to Section 42238.15. *The standard reimbursement rate*
23 *is not intended to fund mandated costs imposed upon child*
24 *development programs due to actions of law relating to minimum*
25 *wage requirements, health insurance requirements, new or*
26 *increased fees, new or expanded program requirements, or other*
27 *cost increases due to legislative action.*

28 (2) *In addition to the increase in paragraph (1), the standard*
29 *reimbursement rate shall be raised as needed to provide a living*
30 *wage, reasonable health insurance, and retirement benefits for*
31 *employees, to support the recruitment and retention of skilled and*
32 *trained teachers, to support the financial stability of programs*
33 *and educational quality, and to achieve gender pay equity.*

34 (3) *For purposes of this subdivision, “cost-of-living adjustment”*
35 *means an annual increase in funding and the standard*
36 *reimbursement rate to maintain buying power as the result of*
37 *inflation. Notwithstanding any other law, for each fiscal year, the*
38 *amount of cost-of-living adjustment provided by Section 42238.15*
39 *shall at least be equal to the amount of the inflation adjustment*
40 *provided by Section 42238.1.*

- 1 (c) The plan shall require agencies having an assigned
2 reimbursement rate above the current year standard reimbursement
3 rate to reduce costs on an incremental basis to achieve the standard
4 reimbursement rate.
- 5 (d) The plan shall provide for adjusting reimbursement on a
6 case-by-case basis, in order to maintain service levels for agencies
7 currently at a rate less than the standard reimbursement rate.
8 Assigned reimbursement rates shall be increased only on the basis
9 of one or more of the following:
- 10 (1) Loss of program resources from other sources.
11 (2) Need of an agency to pay the same child care rates as those
12 prevailing in the local community.
13 (3) Increased costs directly attributable to new or different
14 regulations.
15 (4) (A) Documented increased costs necessary to maintain the
16 prior year's level of service and ensure the continuation of
17 threatened programs.
18 (B) Child care agencies funded at the lowest rates shall be given
19 first priority for increases.
- 20 (e) The plan shall provide for expansion of child development
21 programs at no more than the standard reimbursement rate for that
22 fiscal year.
- 23 (f) The Superintendent may reduce the percentage of reduction
24 for a public agency that satisfies any of the following:
- 25 (1) Serves more than 400 children.
26 (2) Has in effect a collective bargaining agreement.
27 (3) Has other extenuating circumstances that apply, as
28 determined by the Superintendent.