

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3

Agenda

Senator Susan Talamantes Eggman, Ph.D., Chair
Senator Melissa Melendez
Senator Richard Pan, M.D.



Tuesday, May 18, 2021
1:30 pm
State Capitol - Room 3191

Part B Agenda

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ISSUES FOR DISCUSSION

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PUBLIC COMMENT

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ISSUES FOR DISCUSSION

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 1: May Revision Overview - CalWORKs

May Revision. The May Revision proposes \$6.7 billion total funding in 2021-22 for CalWORKs. The caseload is projected to increase to a monthly average of 358,110 cases. Additional budget adjustments relating to the CalWORKs program include:

- **CalWORKs Grant Increases.** An increase of 5.3 percent, beginning on October 1, 2021, to maximum aid payments funded by the Child Poverty and Family Supplemental Support Subaccount.
- **CalWORKs Single Allocation (Issue 192).** The 2021-22 total Single Allocation is proposed at \$2.1 billion total funds. The May Revision also proposes to move the Stage One Child Care component (\$362.4 million) out of the Single Allocation beginning in 2021-22. With this component removed, the Single Allocation representing only the Employment Services, Eligibility, and Cal-Learn components includes \$1.7 billion total funds in 2021-22. The May Revision also includes a request for provisional language to revert \$250 million appropriated in 2019 for the Single Allocation.
- **COVID-19 Overpayment Collections Relief (Issue 168).** An increase of \$2 million (\$1.5 million federal funds and \$450,000 General Fund) to provide collection relief for non-fraudulent overpayment claims related to the benefit months of April 2020 through June 2022 or the end of the Public Health Emergency, whichever is sooner. This also requires statutory changes.
- **Family Reunification (Issue 167).** An increase of \$9 million to provide an additional six months of cash aid and services, to parents whose children have been removed from the home by child welfare services and placed in out-of-home care and who would not otherwise qualify for CalWORKs. The continuation of aid and services will promote prevention of foster care placement or reunification of families connected to the CalWORKs program. The Administration has indicated that trailer bill language will accompany this proposal. Language was not available at the time of the writing of this agenda.
- **CalWORKs Indian Health Clinics (Issue 165).** An increase of \$3.9 million ongoing to restore 2009 funding levels.
- **Federal Pandemic Emergency Assistance Fund (Issue 166).** An increase of \$202.6 million to provide a one-time cash-aid payment of \$640 to CalWORKs families. The Administration has indicated that trailer bill language will accompany this proposal. Language was not available at the time of the writing of this agenda.

- **Time on Aid Provisional Language.** The addition of provisional language to extend the pause of the CalWORKs 48 month time clock until DSS is able to implement the 60 month time clock (May 2022) is requested. The language is necessary to implement the Time on Aid proposal included in the Governor's January budget.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision in the CalWORKs program.
2. At what percentage of the federal poverty level will grants be with the additional grant increases proposed in the May Revision? Will these grant increases meet the longtime Senate priority of reaching 50 percent of the federal poverty level for the assistance unit plus one?

Staff Recommendation. Hold open.

Issue 2: May Revision Overview – Housing and Homelessness Programs

May Revision. The May Revision proposes a one-time, \$3.4 billion multi-year investment to support the expansion of the department's various housing and homeless assistance programs. Investments include:

- **CalWORKs Housing Support Program (HSP) (Issue 164).** \$570 million in 2021-22 and 2022-23 to address the immediate housing needs of families experiencing homelessness in the CalWORKs program to help them obtain and keep permanent housing. This investment will be available for expenditure over multiple years and is supported by \$250 million in early reversion funds allocated to the CalWORKs Single Allocation in 2019-20. The May Revision includes trailer bill language regarding all county letter authority for the program. Language was not available at the time of the writing of this agenda.

The HSP's current funding allocation is \$95 million annually.

- **Bringing Families Home (BFH) (Issue 172).** \$280 million General Fund in 2021-22 and 2022-23 to help reduce the number of families in the child welfare system experiencing homelessness, to increase family reunification, and to prevent foster care placements. The Administration has indicated that it is working on trailer bill language associated with this program. Language was not available at the time of the writing of this agenda.

The 2019 Budget Act included a one-time allocation of \$25 million General Fund for BFH. The program requires a dollar-for-dollar grantee match, bringing current total funding to \$50 million over a three year period ending in June 2022.

- **Housing and Disability Advocacy Program (HDAP) (Issue 154).** \$175 million General Fund one-time to be spent over four years to support the provision of outreach, case

management, disability benefit advocacy services, and housing assistance to individuals in need. The HDAP is designed to assist homeless people stabilize in permanent housing while also advocating for disability benefits. The Administration has indicated that it is working on trailer bill language associated with this program. Language was not available at the time of the writing of this agenda. The CDSS also requests provisional language to allow the reappropriation of unexpended funds for the HDAP appropriated in the 2020 budget.

The HDAP's current funding allocation is \$25 million annually.

- Home Safe Program (Issue 155). \$100 million General Fund one-time to be spent over two years to support homelessness assistance and prevention services for older and dependent adults experience or at risk of abuse and neglect.

The 2018 Budget Act included an allocation of \$15 million General Fund one-time for Home Safe. The program requires a dollar-for-dollar grantee match, bringing current total funding to \$30 million, ending in June 2021.

- Project Roomkey (Issue 156). \$150 million one-time to provide funding to counties and tribes operating Project Roomkey non-congregate sheltering and rehousing efforts out of Project Roomkey. Funding may be used for non-congregate sheltering for people experiencing homelessness or for rehousing out of Project Roomkey.
- Community Care Expansion Program (Issue 182). \$497.5 million (\$450 American Rescue Act funds and \$47.5 million General Fund) in 2021-22 and \$500 million General Fund in 2022-23 to fund the acquisition, construction, and/or rehabilitation of adult and senior care facilities in support of individuals and families that are homeless or at risk of homelessness. The Administration has indicated that the funds will be granted to counties and tribes and then awarded to facility operators by the county/tribe. Trailer bill language is associated with this proposal but was not available at the time of the writing of the agenda.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision to the department's housing and homelessness programs.
2. Is there a time by which the American Rescue Act funds must be used?

Staff Comment and Recommendation. Hold open.

The May Revision proposes significant investments in the department's housing and homelessness programs, several fold higher than current program funding. While additional funding is important to address barriers to obtaining housing and staying housed, there are additional considerations to think about when deliberating the proposed investments. Some of the above programs require a local match in order to receive funding. The subcommittee should consider whether local entities will have the resources to provide a match to the significantly increased funding level. The

subcommittee must also consider the time frame within which the federal funds must be spent and whether there is capacity to spend those funds within that amount of time.

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| Issue 3: May Revision Overview - Automation Programs |
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May Revision. The May Revision includes the following investments for the department's automation programs:

- CalFresh Notice of Denial or Pending Status (Issue 179). \$1.3 million (\$650,000 General Fund) in automation funding to update the Notice of Denial or Pending Status (CF 377.1A) form. This form is used by counties to notify households of their application status at initial application. The current form is not compliant with federal policy.
- Translations for CalSAWS Consolidated Portal and Mobile Functionality (Issue 183). \$1 million General Fund one-time for translations work needed for the CalSAWS project.
- Enterprise Data Infrastructure (Issue 187). \$3 million General Fund to improve the efficiency and effectiveness of data acquisition and processing operations. The funding will be used for the procurement of new integration and data warehouse platforms and to expand current innovative technologies across the department.
- Child Welfare Services/Case Management System (CWS/CMS) Data Cleanup (Issue 181). \$1.5 million (\$583,000 General Fund) for counties to support CWS/CMS data clean-up activities to remove duplicate data in the system.
- CWS/CMS Migration (Issue 180). \$5.7 million (\$1.2 million General Fund) to migrate the existing platform so it can be supported by Microsoft and International Business Machines (IBM). The current platform is no longer supported by Microsoft.
- Revised CWS-CARES Cost Estimate. (Issue 169). An increase of \$39.4 million General Fund and \$31.8 million federal funds one-time to reflect revised costs for the CWS-CARES system. Provisional language to clarify total project costs is also requested. Expenditure of these funds is dependent upon Department of Technology approval of project documents.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision to the department's automation programs.

Staff Recommendation. Hold open.

Issue 4: May Revision Overview – Supplemental Security Income/State Supplemental Payment (SSI/SSP)

May Revision. The May Revision includes a total of \$9.7 billion (\$2.7 billion General Fund) for the SSI/SSP program. The May Revision includes \$66.3 million General Fund in 2021-22, and \$131.5 million ongoing to increase SSP, Cash Assistance Program for Immigrants (CAPI), and California Veterans Cash Benefit payments for individuals (Issue 151 in DSS Finance Letter). This also includes \$500,000 in SAWS automation costs. The Administration has indicated that trailer bill language will accompany this proposal. Language was not available at the time of the writing of this agenda.

Background. Grant levels for SSI/SSP are determined by both the federal government and the state. The federal government, which funds the SSI portion of the grant, is statutorily required to provide an annual cost-of-living-adjustment (COLA) each January. The state has full discretion over whether and how to provide increases to the SSP portion of the grant. Until 2011, the state had a statutory COLA.

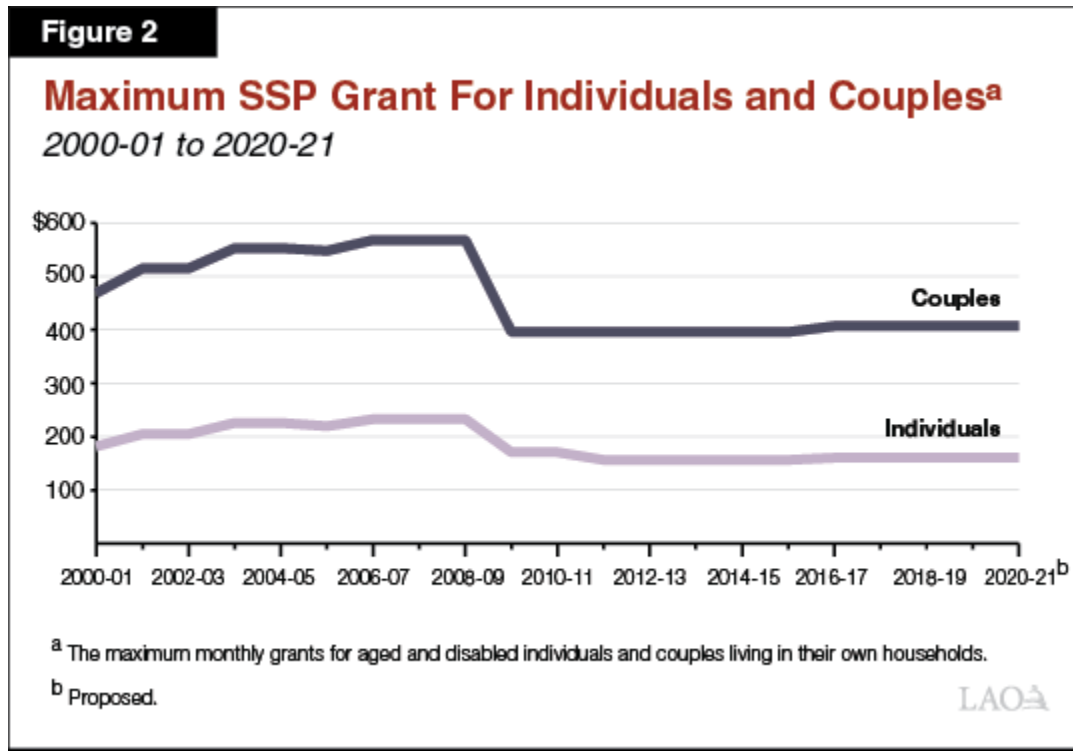
The state is required to maintain SSP monthly grant levels at or above the levels in place in March 1983 (\$156.40 for SSP individual grants and \$396.20 for SSP couple grants) in order to receive federal Medicaid funding. Beginning in 2008-09 and during times of budget constraints, the state incrementally decreased SSP grants for individuals and couples until they reached these minimum levels. Since these reductions, SSP grants for individuals and couples have only been increased once in 2016-17 when the budget provided a COLA of 2.76 percent on the SSP grant.

Questions.

1. Please provide a brief overview of the changes proposed in the May Revision for the SSI/SSP program.

Staff Comment and Recommendation. Hold open.

The proposed budget would raise grants to 2011 levels, which was after many of the major Great Recession cuts. On January 1, 2009, the SSP grant for an individual was \$233. A series of reductions made between 2009 and 2011 reduced SSP grants to the minimum level allowed by law to maintain federal funding (\$156.40). Currently, the SSP grant for an individual is \$160.72. The May Revision proposal would increase SSP grants to \$170.36, far lower than the \$233 provided before major recession cuts and when grants were at their highest levels. The graph below, provided by the Legislative Analyst's Office, shows that grants were at their highest in 2008-09, and the proposed grant increases would bring payments to what they were after the greatest reductions made before 2011. The May Revision proposal is an important step but not a complete restoration of SSP grants to the levels that they were at prior to the last recession and to the levels that older adults and people with disabilities need. The Senate Build Back Boldly plan included a full restoration of past reductions to the SSP grant, bringing grants back to 2009 levels.



Issue 5: May Revision Overview – In-Home Supportive Services (IHSS)

May Revision. The May Revision includes a total of \$17.2 billion (\$5.5 billion General Fund) for the IHSS program. Additionally, it includes the following budget adjustments relating to the IHSS program:

- Elimination of Suspension Language for the IHSS Seven Percent Reduction. Provisional language to strike out suspension language related to the reduction in IHSS service hours is requested.

Note that the subcommittee took action on May 11, 2011 to strike out this language, as well as to repeal statute implementing the seven percent reduction.

- IHSS State and County Sharing Ratio (Issue 152). \$203.8 million (\$57.3 million General Fund) to maintain the state and county share of the non-federal costs at the traditional 65 percent state and 35 percent county levels, as well as the ten percent county options, discussed in previous subcommittee hearings.
- Permanent Provider Backup System. \$12.9 million (\$5.8 million General Fund) for 2021-22 and \$17 million (\$7.5 million General Fund) for 2022-23. This funding will support the permanent establishment of a backup provider system that includes a wage differential to serve severely impaired IHSS recipients when their regular provider is unavailable. For the wage differential, the Independent Provider Mode back-up providers will receive a \$2.00

wage differential and Contract Mode back-up providers will receive the wage reflected in the contract between the county and the agency providing the services.

- Long-Term Care Career Pathways (Issue 150). \$200 million General Fund one-time to incentivize, support, and fund career pathways for IHSS providers, allowing workers to build their experience to obtain a higher level job in the home care and/or health industry. Provisional language is also requested to implement this proposal.
- Trailer Bill Language – Electronic Visit Verification (EVV) Guiding Principles. The May Revision includes trailer bill language on EVV guiding principles to align with federal requirements for the EVV system.
- Trailer Bill Language – IHSS Medi-Cal Residual Conformity. The May Revision includes trailer bill language clarifying eligibility rules for IHSS recipients that are also on Medi-Cal.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision to the IHSS program.
2. Does the Administration proposal to eliminate the suspension language for the IHSS seven percent service hour reduction also include the repeal of statute enacting the original seven percent reduction?
3. Is the proposal to maintain the 65 percent state and 35 percent county sharing ratio and the ten percent over three years option an ongoing proposal or is it only for a limited time?
4. Please provide additional detail on how the funding to support long-term career pathways will be used and how this program will be rolled out.
5. What is the reasoning for limiting the permanent backup provider system to severely impaired IHSS recipients?

Staff Comment and Recommendation. Hold open.

Staff notes that the funding for a permanent backup provider system is limited to severely impaired IHSS recipients. The current COVID emergency backup system is available to all IHSS recipients. The subcommittee may wish to inquire as to the reasoning for limited the permanent system to severely impaired recipients.

Issue 6: May Revision Overview – Children and Family Services

May Revision. The May Revision proposes a total of \$9.2 billion (\$921.4 million General Fund) for children and family services, including the following:

- Addressing Complex Care Needs/Reducing Out-of-State Placements (Issue 175). \$42.1 million (\$39.2 million General Fund) for System of Care activities to meet the immediate needs of foster youth with acute and complex needs, including youth that returned from out-of-state group home placements. These funds will help develop a more comprehensive continuum of care and support activities. The Administration has indicated that trailer bill language will accompany this proposal. Language was not available at the time of the writing of this agenda.
- Family First Prevention Services Act (FFPSA) (Issue 173). \$148.9 million (\$122.5 million General Fund) one-time for a three-year block grant to support counties in their implementation of the Part I prevention services of the FFPSA. The May Revision also includes additional program funding made available through the federal American Rescue Plan Act (ARPA): \$12 million for the Child Abuse Prevention and Treatment Act, \$29 million for Community-Based Child Abuse Prevention, and \$7.8 million for Promoting Safe and Stable Families. These funds will be combined with the funding for FFPSA to support a comprehensive Child and Family Well-Being System.

To apply for the General Fund block grant, counties will be required to develop a comprehensive Child and Family Well-Being System Prevention Plan for submittal to DSS for approval. The plan must describe primary and secondary prevention strategies and how the strategies will impact outcomes, specifically prevention of recurrence of child maltreatment and re-entry into the system. The Administration has indicated that trailer bill language will accompany this proposal. Language was not available at the time of the writing of this agenda.

- Continuum of Care Reform (CCR) Reconciliation (Issue 170). \$7.1 million one-time for eligible CCR reconciliation administrative costs, which include expenditures for Child and Family Teams for 2018-19. Total county administrative expenditures exceed the amount that was budgeted for CCR administrative costs for 2018-19.
- Placement Prior to Approval (Issue 177). An increase of \$12.9 million (\$9.8 million General Fund) to provide emergency caregiver support for resource families pending approval for 120 days up to 365 days with good cause. The Administration proposes total funding of \$32.4 million (\$24.5 million General Fund) for this purpose.
- Stipend for Tribal Social Work Students (Issue 174). \$4.2 million (\$3 million General Fund) one-time, available over three years, to provide stipends and scholarships to Native American students pursuing a Master of Social Work degree who have committed to practicing in public child welfare for tribal or county social services.

- Child and Adolescent Needs and Strengths (CANS) Assessment Workload (Issue 171). An increase of \$3.4 million General Fund in 2021-22 for county workload associated with the implementation of the CANS assessment tool.
- Federal Flexibilities for Former Nonminor Dependents 21 and older. Amendments to provisional language needed to comply with COVID-19 federal flexibilities related to the voluntary reentry into extended foster care for a nonminor dependent that exited extended foster care between January 27, 2020 and April 17, 2020 are requested.
- Elimination of Suspension Language. Provisional language to strike out suspension language for the Family Urgent Response System (FURS), Foster Family Agency Social Worker Rate Increase, Emergency Child Care Bridge Program Augmentation, and the Public Health Nurse Early Intervention Program. Reappropriation language for the Emergency Child Care Bridge program and the FURS is also requested.

Note that the subcommittee took action to strike out this suspension language at its May 11, 2021 hearing.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision for children and family services.
2. Is the funding to address complex needs intended to be an ongoing investment? If not, over how many years is this funding intended to be used? Please provide some examples of the support activities that may be implemented with this funding to address the complex needs of youth involved in the system.
3. Is the Administration and/or counties planning to review cases of youth that were placed out of state to determine what services they needed that were not available in California to see if there are commonalities among those cases and to direct how the proposed funding will be used?
4. Is the additional funding to provide emergency caregiver support for resource families only for the budget year?

Staff Comment and Recommendation. Hold open.

As discussed during this subcommittee's May 6, 2021 hearing, the CDSS has recently decertified out-of-state facilities, halted admissions of California youth to out-of-state facilities, and returned all youth that were placed out-of-state back to California. While these steps as well as the funding proposed in the May Revision are important, there not a prohibition on youth being sent to other out-of-state facilities in the future. In addition to providing additional funding to build up supports and services for youth with complex needs in California the Legislature may want to consider prohibiting California youth from being sent out-of-state in the future. The subcommittee may also

want to consider setting aside a portion of funds as a flexible funding pool for unfunded/unavailable needs identified by foster youth.

The budget has provided funding for caregiver payments prior to placement approval beyond 120 days for several years. There has been a longstanding goal to approve these placements within 90 days but it is still a struggle to meet that deadline. Considering the delay in reaching that timeline and the delays that the recent pandemic has caused, the subcommittee may want to consider extending these payments past 120 days for more than the 2021-22 fiscal year.

Issue 7: May Revision Overview – Immigrant Integration Services

May Revision. The May Revision proposes the below funding for immigrant integration services:

- Support for Unaccompanied Undocumented Minors (Issue 158). \$20 million General Fund one-time time to provide additional support for Unaccompanied Undocumented Minors (UUMS) through Opportunities for Youth pilot project, the UUM legal services, and state operations. It is also requested that provisional language be added to identify funding is allocated for these purposes.
- Rapid Response Funding (Issue 157). \$100 million General Fund one-time in 2021-22 for the Rapid Response Program. The program provides funds to entities that provide critical services such as shelter, food, and emergency medical care to immigrants and immigrant families during times of need, particularly when federal funding is not available. Provisional language to allow the reappropriation of unexpended funds appropriated in the 2020 Budget Act is also requested.
- Migrant Border Arrival Support. Half-year costs of \$8 million General Fund in 2020-21 to provide non-congregate shelter and support services to arriving immigrants at the Southern California border. Services will support the orderly entrance of migrant populations who need shelter and COVID-19 screening prior to travelling to their final destination or require shelter to quarantine after testing positive for COVID-19 or exposure to COVID-19.
- Deferred Action for Childhood Arrivals (DACA) and Naturalization Filing Fees (Issue 189). \$25 million General Fund one-time million to provide funding for immigration services for work on behalf of clients involved in, applying for, or subject to, federal DACA status. This includes filing fees and naturalization. Provisional language is also associated with this request.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision for immigrant integration services.

Staff Recommendation. Hold open.

Issue 8: May Revision Overview – Child Care

May Revision. The May Revision proposes the below funding for child care services:

- **Additional Child Care Slots.** With the addition of 100,000 subsidized child care slots, the May Revision proposes the largest expansion of this kind. Of the total, approximately 63,000 will be Alternative Payment Vouchers, 1,300 Migrant Child Care slots, and will be 500 emergency bridge slots that begin October 1, 2021 and the remaining 42,000 slots are General Child Care and begin April 1, 2022.
- **Proposition 64 Cannabis Funded Slots.** Updated Proposition 64 cannabis tax revenues will provide an additional \$83 million for child care slots in 2021-22 and ongoing. These funds will provide for an additional 6,500 new child care slots.
- **Infrastructure Facilities.** \$250 million one-time federal American Rescue Plan Act of 2021 (ARPA) funds to provide infrastructure grants for the acquisition, construction, development, and renovation of child care facilities focusing on desert areas to be spent through September 30, 2024.
- **Child Care Resource and Referral Programs.** \$10 million ARPA funds to support continued Resource and Referral partnerships to strengthen their role serving as intermediaries to develop new child care facilities and capacity, and to streamline and improve data collection processes.
- **Quality Improvement.** \$20 million for a multi-year effort to strengthen existing quality improvement supports and systems. DSS will engage with stakeholders to inform policy-setting and program design with a focus on addressing inequities. Quality projects funded by the federal Child Care and Development Fund (CCDF) will transfer to DSS as part of the child care and development transition without any immediate changes.
- **State Operations.** The May Revision shifts \$31.7 million (\$0.9 million General Fund) and 185.7 positions from the California Department of Education (CDE) to the DSS to administer child care, and nutrition programs. Additionally, to continue to support this transition, additional state operations resources of \$10.9 million (\$10.4 million General Fund) and 79 positions to provide adequate infrastructure to support the system, program enhancements, and a whole-child/whole-family approach to child care integration and data development are proposed.
- **Local Assistance.** \$3 billion (\$1.5 billion General Fund) and shifts the following programs to DSS, including: General Child Care, Alternate Payment Programs, CalWORKs Stage 2 & Stage 3, Resource & Referral Programs, Migrant Child Care Program, Severely Disabled Program, California Child Care Initiative, Quality Improvement Activities, Local Planning Councils, and Child and Adult Care Food Program.
- **Direct Deposit.** \$6 million to modernize payment options to child care and development

contractors through the option of direct deposit.

- **Child Care Data Landscape.** \$4.8 million General Fund to support planning and initial implementation for the design of a child care data system to meet the needs of families and the workforce. This proposed data system aligns with the Master Plan for Early Learning and Care and would strengthen the administrative processes used for data collection. DSS will build on prior efforts and engage stakeholders in the design.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision for child care.
2. What amount of federal funds are expended for the additional slots and are these ongoing child care slots?
3. How will the infrastructure funds be distributed? Are funds available within this proposal across the system, for small family child care providers as well as larger center-based providers? How will projects be prioritized?
4. When does DSS anticipate direct deposit will become an option for child care providers?
5. How will the child care Data System align with the child care data efforts at the Department of Education and the Cradle to Career Data system? What are the anticipated functionalities of the data system, what is the total cost, and when is the expected completion date?

Staff Comment and Recommendation. Hold open.

The increase of 100,000 slots in child care is a historic one-year investment in child care access. However, the pandemic has highlighted the importance of access to quality, affordable child care, especially for our state's low income working families, many of whom are essential workers. Those employees staffing child care centers, that remained open and provided care during the pandemic while most schools and many workplaces are closed, are also clearly essential workers, supporting the economy before, during and after the pandemic. The subcommittee may want to consider additional investments in child care provider rates to ensure providers are available to support new investments of slots and to recognize and respect the vital work that child care employees do for California's children every day.

Several items highlighted in the Senate's Build Back Boldly budget plan are not included in the May Revision. In addition to rate reform, the plan called for up to 200,000 additional slots, and additional investments in child care workforce training, ensuring that essential workers who had temporary care vouchers during the pandemic are retained in the system, and other ongoing stabilization measures for providers. Finally staff notes that significant ongoing funds are provided for Transitional Kindergarten (TK) in the May Revision, without a plan in place to stabilize the state preschool system. While TK provides educational benefits for all children, regardless of

income, it may not meet the needs of our most vulnerable families who need year round child care that includes kindergarten preparation, but with hours and access that match families' work schedules.

Issue 9: May Revision Overview – Child Care Pandemic Relief

Pandemic Relief Package to Support Early Learning and Care Workforce. The May Revision proposes \$579 million in one-time Coronavirus Response and Relief Supplemental Appropriations (CRRSA) funds. The pandemic relief package includes:

- A tiered licensed provider one-time stipend based on licensing capacity of between \$3,500 to \$6,500.
- A third round of per-child stipends for subsidized child care and preschool providers. Stipends will be \$600 per child and costs a total of \$206 million.
- Family fee waivers for eligible families beginning July 1, 2021 through June 30, 2022.
- \$25 million one-time CRRSA funds available through September 30, 2023, for the expansion of the California Child Care Initiative Project to target areas such as child care deserts and building capacity of new licensed family child care homes.
- \$10.6 million one-time CRRSA funds available through September 30, 2023 for early childhood mental health consultation. This investment will expand the California Inclusion and Behavior Consultation project which offers support to child care programs and providers on such topics as children's social emotional development, trauma-informed practices and health and safety for the wellbeing of children and families impacted by the pandemic and beyond.
- Sixteen non-operational days for providers accepting vouchers that have to close due to COVID-related reasons beginning July 1, 2021, through June 30, 2022.
- Continued hold harmless funding for child care providers that contract directly with the state and provider reimbursement at a child's maximum certified level of need for all providers accepting vouchers through June 30, 2022.

Background. The pandemic has affected child care providers and families. The COVID-19 emergency, has placed increased fiscal pressure on child care providers. Providers are serving fewer children and reporting higher costs. Of open providers, 80 percent reported higher costs for cleaning, sanitation, and personal protective equipment. Families receiving child care also have been affected, particularly due to school and child care closures that have required families to find new child care arrangements. During the pandemic, multiple short-term actions were taken through the beginning of 2021 as follows:

 Pandemic-Related Child Care Actions
(In Millions)

| <u>Policy</u> | <u>Description</u> | <u>Total</u> |
|---|--|--------------|
| Alternative Payment Voucher Slots for Essential Workers | Provided \$50 million one time in 2019-20 to provide temporary vouchers and \$47 million ongoing federal funds in 2020-21 to transition families to permanent vouchers. Provided an additional \$138 million on a one-time basis for 2020-21. | \$235 |
| Voucher Reimbursement Flexibility | In 2020-21, voucher-provider payments are based on a child's authorized hours of care instead of the amount of care used. This holds voucher providers harmless if a child temporarily does not attend child care. | 63 |
| Family Fees | From April 2020 through August 2020, the state temporarily waived family fees for those receiving subsidized care. From September 2020 through June 2021, the state has waived family fees for families not receiving in-person care. | 62 |
| Cleaning Supplies and Protective Equipment | The state provided funds for gloves, face coverings, cleaning supplies, and labor costs associated with cleaning child care facilities. | 50 |
| Voucher Paid Operation Days | Provides an additional 14 paid non-operation days. Funds used so child can attend another provider while the original provider is closed. | 40 |
| School-Aged Care | Funds were to cover the additional cost of providing care to school-aged children. During the school year, school-aged children would typically receive care before and/or after school. As schools in most of the state remain closed, many school-aged children participating in distance learning also are receiving care from a child care provider during the school day. | 38 |
| Voucher Stipends | Stipends to voucher providers based on the number of subsidized children enrolled. | 31 |
| Direct Contract Reimbursement Flexibility | Direct contract providers were provided reimbursement flexibility in 2020-21. To receive this flexibility, providers must have opened to begin the school year or have been closed due to local or state public health guidance. Providers also must provide distance learning services to children enrolled in its programs and submit a distance learning plan to CDE. For providers that meet these | — |

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| | conditions, reimbursement will be the lesser of their contract amount or program costs. Typically, provider reimbursement is also generally based on the attendance of eligible children. | |
| Attendance Record Requirements | Trailer legislation allows voucher providers to submit attendance records during 2020-21 without a parent signature if the parent is unable to sign due to the COVID-19 pandemic. Typically, providers are required to submit attendance records with a parent signature to receive reimbursement. | |
| Total | | \$518 |

Source: Legislative Analyst's Office

With the recent passage of H.R. 133 in December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, the state received an additional \$964 million in supplemental CCDBG funds. Early actions have already been taken to shore up the child care system, totaling approximately \$400.3 million of these new funds, as follows:

- \$244 million for stipends for child care providers (including State Preschool) that accept state subsidies. Stipends will be \$525 per eligible enrolled child.
- \$80 million to provide more than 8,000 children of essential workers access to subsidized child care, through June 30, 2022.
- \$76 million to extend the care of children on temporary subsidies through June 30, 2022.
- \$250,000 for administrative costs to ensure expedient allocation of funding and slots to providers and families.
- An increase in paid non-operational days for child care providers that accept state vouchers, from 24 to 40 days. These additional days will allow providers that experience multiple closures due to COVID-19 to better sustain their business during these difficult times and protect the fragile statewide system of care. These additional non-operational days will be paid for with unused child care funds provided in the 2020 Budget Act.

Questions.

1. Please provide a brief overview of major changes proposed in the May Revision to provide pandemic relief for child care providers.
2. Combined with the investments made in the previous item, how much in federal stimulus funding remains available for allocation?

Staff Recommendation: Hold open.