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, March 1, 2022
1:30 p.m.
State Capitol - Room 2040

Consultant: Renita Polk, Ph.D. and Elisa Wynne

PUBLIC COMMENT

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5180 DEPARTMENT OF SOCIAL SERVICES – STATE HEARINGS

Issue 1: Hearings Workload and Legal Infrastructure Support

Governor's Proposal. The Governor's budget includes $6.4 million ($3.2 million General Fund) in 2022-23 and $6.2 million ($3.1 million General Fund) ongoing for 32.5 permanent positions to support new workload associated with fair hearing processes for the Department of Rehabilitation (DOR) and to manage current workload in the State Hearings Division (SHD) and Legal Division.

Background. CDSS provides administrative oversight to numerous social service programs which provide critical services to millions of needy and vulnerable individuals. Over the last few year CDSS has experienced significant increases in the number and complexity of programs it operates. Historically, CDSS has used temporary help, limited-term vacancy redirections, and overtime to meet the workload demand.

The department received twenty-eight additional Administrative Law Judge (ALJ) resources in the 2020-21 Budget. However, the department did not receive resources for support staff at that time. The ALJs and support staff have distinct duties; and budgeted support staff have not been approved since 2014. This has resulted in an increased number of inquiries/challenges from the ALJ Union, alleging ALJs are being tasked with support staff/clerical duties. Additionally, data for the last three fiscal years show with the impending termination of the Executive Order flexibilities which kept benefits in place during the pandemic, SHD's workload will increase by 8.6 percent to pre-pandemic levels. Beginning January 2022, SHD will conduct hearings in cases for disabled Californians pursuant to a new interagency agreement with DOR. The DOR cases require new and different scheduling and hearing elements from existing SHD workload, including formal mediation which requires the training and certification of SHD staff in the Mediation/Alternative Dispute Resolution process.

The department requests sixteen positions be approved to place the existing staff (eighteen student assistants [equivalent to nine full time positions], five temporary SSA/AGPA; and six retired annuitants [equivalent to three full time positions]) into funded positions, rather than continuing to carry them in the temporary blanket. Additionally, two positions are requested exclusively for the DOR caseload.

The Legal Division provides professional and ethical legal advice, representation, and consultation services to enable the department to develop, implement, operate, and enforce CDSS' mission, goals, and program policies. This includes, but is not limited to, policy development, implementation instructions and training to the counties, legislation, trailer bill language to effectuate changes in statute, and administrative hearings. Historically, department budget change proposals are processed specific to individual program needs. This does not allow for a holistic account of resources necessary to provide comprehensive legal support. Over the years, this has led to deficits in the Division's organizational structure, managerial support, and hearing-related funding, administrative services, and overall staffing needs.

Requested resources for the Legal Division include eleven and one-half (11.5) positions, position authority for three Supervising Attorneys, and $602,000 for contracts to address increased workload in legal areas. Funding for contracts includes $400,000 for the Office and Administrative Hearings costs, $2,000 for interpreter services costs, and $200,000 for Department of Justice service costs.

Each year, the Division must redirect funds or request other Department funding to cover the overages related to hearings, interpreter, and Department of Justice services. The shortages in these areas are steadily increasing and these increased costs have put a strain on current resources.

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of the proposal for increased support for state hearings and legal infrastructure.

2. Please provide a description of the new processes SHD staff will need to be trained in due to the DOR workload.

5180 DEPARTMENT OF SOCIAL SERVICES – OFFICE OF EQUITY

Issue 2: Office of Equity Overview

Governor's Proposal. The Governor's budget includes the following proposals related to the Office of Equity and its programs:

- Refugee Cash Assistance. $37.3 million in 2021-22 and $35.9 million in 2022-23 for refugee cash assistance and $13.7 million in 2021-22 and $12.8 million in 2022-23 for administration. The increase is due to increased presidential determination, Afghan resettlement in California (for approximately 5,000 Afghan humanitarian parolees), Cuban/Haitian arriving in California, and continued outreach to asylees that are eligible for this assistance.

- Refugee Supportive Services. $77.9 million in 2021-22 and $12.8 million in 2022-23 for refugee support services.

- Services for Survivors and Victims of Hate Crimes. $40 million in 2022-23 to provide grants to qualified organizations to provide support and services to victims and survivors of hate incidents and hate crimes and their families and facilitate hate incident or hate crime prevention measures.

- Resources for Compliance Reviews and Complaint Obligations. $4.8 million in 2022-23, $4.4 million in 2023-24, and $2.1 million ongoing for thirteen permanent positions and two-year limited-term resources equivalent to fifteen positions to help the Office fulfill its civil rights compliance reviews and complaints obligations.

Note that the CalWORKs program budget also reflects costs to provide support to Afghan arrivals ($36.5 million in 2021-22 and $80.5 million in 2022-23). On September 30, 2021, Congress passed the Afghanistan Supplemental Appropriation Act, 2022 (PL 117-43) which provides that Afghan humanitarian parolees are now eligible to receive federal benefits, from the date of enactment. Costs within the CalWORKs program reflect households with children under eighteen years of age. Costs for individuals without children are reflected above.

Background. The Office of Equity was established in 2019 and reflects CDSS' commitment to serve all Californians. As a department providing food, shelter, safety and security, employment and job supports and training, CDSS is uniquely well-positioned to reduce structural inequities through its programs and practices.

Civil Rights Accessibility and Racial Equity (CARE) Office. The CARE office within the Office of Equity is charged with providing state-level leadership and direction to ensure compliance with civil rights laws and to develop, promote, and foster policies and programs that ensure access and promote equitable outcomes in alignment with the department's equity goals. Initiatives of the CARE Office include the Community Response Initiatives to Strengthen Emergency Systems (CRISES) grant pilot program, Services for Survivors and Victims of Hate Crimes program, and the CalHHS Language Access implementation.

The CRISES grant program provides $10 million over three years to cities, counties, or tribal government agencies to partner with community-based organizations. The goal of the program is to create and strengthen community-based alternatives to law enforcement in crisis situations. Grants must be a minimum of $250,000 and the department must work with a stakeholder workgroup to provide recommendations on program implementation. Grants must be awarded by January 1, 2023. The department released a Request for Information for consultants to assist with implementation on January 18, 2022. As of January 2022, the department planned to begin workgroup meetings in the spring of 2022, and release Request for Applications (RFA) and begin awarding grants in the fall/winter of 2022.

The 2021 budget included $110 million General Fund over three years to implement a grant program to provide services for hate crime victims and survivors. The program provides grants of up to $250,000 to community-based organizations to provide trauma-informed and culturally and linguistically appropriate services for victims of hate incidents and their families, both for populations experiencing a recent increase in hate incidents as well as those with historically high rates. These services include, but are not limited to, mental health services, legal assistance, and victim advocacy, as well as education about how to report hate incidents and access services and support for community-level hate incident prevention initiatives. The department held three listening sessions in October 2021 with participation from over 100 organizations. An RFA was issued on November 16, 2021 and the application period closed on December 17, 2021. As of January 2022, the department planned to award grants in March 2022.

The 2021 budget also included $20 million over three years for the California Health and Human Services Agency (CalHHS) to improve and deliver language access services across health and human services programs. CDSS is leading the implementation of this initiative. A framework for the project was submitted to the Legislature in August 2021. That framework consisted of the translation of vital documents and website content, the provision of oral and sign language interpretation services upon request, the development of department-level language assistance plans, and the expansion of centralized translation and interpretation capacity at CDSS. The Administration expects to have Language Access Coordinators hired and brought on in the spring of 2022 with language access policies formalized by the summer of 2023.

Immigrant Integration Branch (IIB). The IIB within the Office of Equity oversees immigration legal services, refugee resettlement, and immigrant support service programs that welcome and integrate new Californians. The IIB serves immigrant (foreign-born) Californians with a variety of immigration status, including undocumented residents, humanitarian parolees, refugees, asylees, and legal permanent residents seeking to become naturalized U.S. citizens. The table below provides a snapshot of IIB programs and funding for those programs.

Program	FY 2020-21	FY 2021-22	Program Overview
Federal Refugee Support Services	$28 million	*$85 million (projected)	Funding for support services, including employment and English language acquisition, for counties with high numbers of federally eligible immigrants (e.g. refugees, asylees, and Special Immigrant Visa Holders -SIVs)
- Federal Cash and Medical Assistance - Unaccompanied Refugee Minors	$38 million	*$76 million (projected)	Funding for cash assistance and medical services for federally eligible immigrants (e.g. refugees, asylees, and SIVs)
Trafficking and Crime Victims Assistance Program (TCVAP)	$8 million	$9 million	Cash assistance program for non-citizen victims of crime who are obtaining a legal humanitarian status or assisting in the prosecution of a crime
- Immigration Services Funding - Unaccompanied Undocumented Minors (UUM) Legal Services - Higher Ed Legal Services	$75 million	$75 million	Free immigration legal services through nonprofits across the state, as well as funding to increase service capacity for target populations
Immigrant Rapid Response Funding	$105 Million	$97 million	Funding for entities that provide critical assistance to immigrants ineligible for federal assistance during times of need

Source: California Department of Social Services

The Immigration Services Funding program, also known as "One California" provides services to immigrants who reside in California. Services include 1) assistance to help applicants obtain DACA or other immigration remedies; 2) assistance to help applicants with naturalization; 3) legal training and technical assistance to CDSS contractors that provide immigration legal services to these applicants; and 4) education and outreach activities to immigrant communities about DACA or other immigration remedies and naturalization. The federal immigration assistance services are provided by nonprofit organization contractors who meet the requirements set forth in Internal Revenue Code section 501(c)(3) or 501(c)(5). The 2021 Budget provided a $30 million augmentation for this program.

The department requests additional resources to implement new funding initiatives and expand the "One California" initiative. More specifically, the resources would be used to develop, design, and implement funding initiatives that support free and qualified education, outreach, and application assistance for immigrants eligible for naturalization or affirmative immigration relief.

Afghan Arrivals. On August 14, 2021, the United States initiated mass evacuation of Afghan citizens and nationals at-risk due to political instability in Afghanistan. As of January 25, 2022, the federal government reported 7,022 Afghan Humanitarian Parolees of the total anticipated 13,520 had arrived in California. The four counties receiving the largest numbers of Afghans are Sacramento (twenty-eight percent), San Diego (twenty-eight percent), Los Angeles (fifteen percent), and Stanislaus (seven percent). The other receiving counties are Alameda, Contra Costa, Fresno, Orange, and Santa Clara. The federal government is responsible for the evacuation, transportation, processing, and initial placement of Afghan arrivals into communities. Resettlement Agencies and their partners welcome arrivals at airports, identify housing, and connect individuals and families to health care and public benefits and services. The state provides federal funding to county welfare departments and resettlement agencies, their service contracts, and select school districts to provide additional supports to newcomers.

Discrimination Complaints. The Office of Equity is also responsible for receiving and reviewing discrimination complaints from the public and conducting compliance reviews at welfare department locations serving the public. These regulations require counties to be visited and audited in accordance with their designation as small, medium, or large, as determined by their CalFresh caseloads, dictating that an average of 25 reviews be performed per year. The CDSS has been averaging eight reviews a year and is currently unable to meet its compliance mandate of 25 reviews annually.

In 2020-21, the CDSS received 878 discrimination complaints, which is 100 more than 2019-20. Complaints have increased every year, which has created a backlog of 800 cases, putting the CDSS a year behind in terms of discrimination complaint case reviews. Per the CDSS' Manual of Policies and Procedures (Division 21), the guiding authority requires discrimination complaints to be completed within 100 days of receiving the complaint. The CDSS is currently unable to meet Division 21's deadlines due to the number of cases in the backlog. The CDSS has noticed discrimination complaints becoming more complex and requiring assistance and consultation with legal partners related to the definitions of protected classes and who is considered qualified under a legally protected class.

CDSS requests additional resources to help meet its statutory obligations to conduct 25 reviews each year, address the backlog of discrimination complaints, and meet the demands created by the increase in discrimination complaints every year. The requested resources will provide technical assistance and trainings to counties, focus on policy development, and provide subject matter expertise on civil rights laws. They will draft and publish the All-County Letters and will have subject matter expertise on language access and services, reasonable accommodations, and other accessibility, and effective communication on laws and regulations.

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of the significant funding augmentations in the proposed 2022-23 budget for the Office of Equity programs.

2. Please provide an update on the implementation of the Services for Survivors and Victims of Hate Crimes program funded in the 2021 Budget Act. When does the department expect funding for this program to be distributed to organizations?

3. How has the $30 million augmentation provided in the 2021 Budget Act for the One California program been used? How does the department prioritize funding in this area? What steps has the state taken to expand capacity?

4. Please provide an overview of the work the department is doing to support arrivals from Afghanistan.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILDREN AND FAMILY SERVICES

Issue 3: Children and Family Services Overview

Governor's Proposal. The Governor's budget includes $9.9 billion ($1.5 billion General Fund) in 2021-22 and $8.8 billion ($761 million General Fund) in 2022-23 for the Children and Family Services division. This represents a net decrease of $1.1 billion ($732 million General Fund) from the 2021-22 Revised Budget. The decrease reflects the sunset of one-time funding to support youth and families involved in child welfare services and foster care during the COVID-19 pandemic, the investments in Part I of the Family First Prevention Services Act, to develop or expand programs and services for youth with complex care needs, and to provide a General Fund augmentation for child welfare services.

Figure 3

Changes in Local Assistance Funding for Child Welfare and Foster Care

Includes Child Welfare Services, Foster Care, AAP, KinGAP, and ARC (In Millions)

	Total	Federal	State	County	Reimbursements
2021-22 revised budget	$9,872	$3,622	$1,494	$4,564	$192
2022-23 Governor's Budget	8,756	3,056	761	4,723	215
Change From 2021-22 to 2022-23	**-$1,116**	**-$566**	**-$732**	**$159**	**$23**

AAP = Adoption Assistance Program; KinGAP = Kinship Guardianship Assistance Payment; and ARC = Approved Relative Caregiver

Note: Does not include Child Welfare Services automation.

Source: Legislative Analyst's Office

Significant proposals related to children and family services within the proposed 2022-23 budget not discussed elsewhere in this agenda document include:

- $4.7 million General Fund one-time with three years of spending authority for the California Parent and Youth Helpline. The funding will continue a helpline that provides support to children and their families who may be at risk of involvement with CWS or entry to foster care. An emergency contract for this service was initially funded in response to the COVID-19 pandemic.

- $1 million General Fund one-time for the Foster Youth Independence Pilot Program. The funding will support case management and support services to increase utilization of housing choice vouchers for former foster youth under 25 years of age who are, or are at risk of, experiencing homelessness. The housing vouchers are funded by the federal government, but the required 36 months of case management required by the federal government is not.

- $311,000 ($227,000 General Fund) to cover administrative costs associated with filing requests for reconsideration when applications for SSI benefits for transition age foster youth are denied. Existing law requires county welfare agencies to screen all youth in foster care between the ages of sixteen and six months and seventeen and six months for potential eligibility for SSI benefits. The proposed funding would support the filing of requests for reconsideration when SSI applications for these foster youth are initially denied.

- $100,000 General Fund one-time to support federally recognized tribes in providing technical assistance to county child welfare agencies and probation departments to develop tribal consultation protocols.

- $1 million General Fund in 2022-23 and $959,000 General Fund in 2023-24 and 2024-25 for limited-term resources to address the workload associated with developing a Congregate Care Continuous Quality Improvement framework to increase oversight and accountability of foster care placement services.

Background. When children experience abuse or neglect, the state provides services to protect children and strengthen families. The Child Welfare Services (CWS) program in California is an intervention program designed to protect abused, neglected, and exploited children. Counties provide prevention services, such as substance use disorder treatment and in-home parenting support, to families at risk of child removal. When children cannot remain safely in their homes, the state provides temporary out-of-home placements through the foster care (FC) system.

FC provides a state supervised living arrangement for youth who require temporary care due to abuse or neglect. CDSS oversees the county-administered foster care system. Youth are typically placed in foster care because a county child welfare agency has removed them from their home and a juvenile court has found that their parents cannot care for them. The court may place a youth who has broken the law and has been declared a ward of the court in foster care if it finds that returning the youth to their home would be unfavorable to their welfare. Counties make arrangements for temporary placement and the delivery of family reunification services if the court determines that out-of-home placement is the only safe option. The initial goal of these placements is family reunification.

When a court determines that a child must be removed from their home they can be placed in various foster care placement types that include resource families, therapeutic residential treatment programs, and independent and transitional placements. The preferred placement is in a home with a resource family. A resource family may be either a noncustodial parent or relative, nonrelative family member, a foster family approved by the county, or a foster family approved by a private foster family agency (FFA). FFA-approved foster families receive additional supports through the FFA and may care for youth with higher-level physical, mental, or behavioral health needs.

Continuum of Care Reform. Significant research documents the poor outcomes of children and youth in congregate care, such as higher re-entry rates into foster care, low high school graduation rates, and increased risk of arrest. The placement of children in group care settings has been increasingly viewed as a temporary solution in instances where emergency or crisis treatment is warranted. To address this, the Legislature passed a series of legislation implementing the "Continuum of Care Reform" (CCR) framework for state and local governments, beginning in 2012. CCR implemented child-and-family centered reforms and developed a continuum of integrated child welfare and behavioral health supports designed to meet the needs of children and families served by the child welfare system. Within the past two years the number of youth in foster care has remained relatively stable, but the number of youth placements in congregate care facilities has decreased, in alignment with the goals of CCR. CCR is a multi-year effort and the state continues to work toward full implementation of CCR.

In 2018, DSS selected the Child and Adolescent Needs and Strengths (CANS) assessment tool as the functional tool to be used in Child and Family Team (CFT) meetings, as part of CCR. CFTs began implementing the tool in 2019. The CANS tool is also used to meet federal congregate care assessment requirements (discussed more below), as of October 1, 2021. Guidance from DSS required child welfare agencies to begin entering CANS data into an automated system by July 1, 2021. However, not all counties currently have access to this system. Additionally, there are some CANS reporting differences across the child welfare and behavioral health systems that DSS and the Department of Health Care Services (DHCS) are working to address, while current coordination between child welfare and behavioral health staff to complete all CANS requirements differs by county.

Federal Family First Prevention Services Act (FFPSA). Federal Title IV-E funds have been one of the main funding sources for child welfare activities among states. The FFPSA of 2018 changed the way Title IV-E funds can be spent by states. Before FFPSA, Title IV-E funds could not be used to fund prevention services to prevent foster care placement. The law is divided into several parts; Part I (which is optional and related to prevention services) and Part IV (which is required and related to congregate care placements) have the most significant impacts for California. Part I of FFPSA expands the use of Title IV-E funds for prevention services. As required by the law, California began implementation of Part IV on October 1, 2021, to prevent the loss of federal funds for congregate care. FFPSA also makes changes to ensure the appropriateness of all congregate care placements, reduce long-term congregate care stays, and facilitate stable transitions to home-based placements.

2021 Budget Act. The 2021 budget included $222.5 million General Fund in 2021-22, to be expended over three years, to assist counties with new prevention services implementation efforts allowable under the FFPSA. These one-time resources will assist counties to build locally-driven prevention services and supports for children, youth, and families at risk of entering foster care. This funding has not yet been allocated or disbursed, as the department continues to develop the block grant allocation methodology and guidance for counties and tribes interested in opting in. The 2021-22 budget also included around $32 million General Fund for the state’s share of new costs required to meet the requirements of FFPSA Part IV. The department issued guidance to counties regarding new requirements of the law in September 2021 and has been providing technical assistance to counties since October to support them in meeting these new requirements.

The 2021 Budget Act included a total of $139.2 million General Fund and accompanying trailer bill legislation to help serve foster youth that present with complex needs. Between October and December 2021, DSS issued guidance and allocations for counties to claim funds for child-specific work and to support capacity building. Funding was also included for a Children’s Crisis Continuum Pilot. DSS anticipates releasing RFP guidance for that pilot in the spring of 2022.

The budget also changed the process for certifying out-of-state placements, beginning July 1, 2021, and prohibited new out-of-state placements beginning July 1, 2022, with limited exemptions. All out-of-state placements will be decertified as of January 1, 2023, and any youth out-of-state shall be returned to California by that date. As of July 1, 2021, out-of-state placements may only be approved on a case-by-case, child-specific basis and only after all in-state placement and service alternatives have been expended. Note that these changes do not apply to children who are placed in out-of-state facilities for special education purposes per the federal Individuals with Disabilities Education Act, or to Native American children who are placed out-of-state under the federal Indian Child Welfare Act.

Pandemic Response. Since the onset of the COVID-19 pandemic, the state has provided a variety of financial supports and flexibilities to families involved with the child welfare and foster care systems. The table below, provided by the LAO, offers additional detail on the child welfare pandemic response supports provided by the state. A few components of the state's pandemic response are proposed to continue in 2022-23. The administration proposes to provide $50 million one time for counties to increase their emergency response capacity ($50 million one-time for this purpose also was included in the 2021-22 budget) and $4.7 million one-time to continue supporting the operation of the parent and youth helpline. For supports newly funded in 2021-22, some funds have not yet been disbursed as DSS has needed time to establish guidelines and determine specific allocations.

Figure 5

Summary of State Funds for Pandemic Response Within Child Welfare

General Fund (In Millions)

Assistance Area	2019-20[a]	2020-21[b]	2021-22[c]	2022-23[d]	Implementation Status
Cash cards for families at risk of foster care	$27.8	$28.0	—	—	Payments of up to $1200 per eligible family are being disbursed in several rounds, with the latest round launched in January 2022. Payments will continue until funds are fully expended. Cash cards are issued to caregivers by a third-party vendor. As of January 31, 2022, payments had been issued for more than 38,000 children.
Family Resource Centers funding	3.5	7.0	$6.0	—	Funding has been issued to 378 FRCs in 53 counties, and is expected to serve more than 250,000 individuals. FRCs are using funding to cover costs for services such as parenting resources, counseling, education and distance learning, as well as for material goods and for staffing.
State contracts for technology distribution (laptops, cell phones) and helpline for youth and families[e]	—	2.0	1.8	$4.7	Contracts have been issued to iFoster to distribute laptops and cell phones primarily for remote learning, and to Parents Anonymous to operate the California Parent and Youth Helpline. Through December 2021, iFoster distributed 570 laptops and 162 cell phones, and the Helpline had fielded more than 27,000 calls, texts, and live chats. The 2022-23 Governor's Budget proposal includes one-time funding in the budget year with three years of spending authority to continue supporting the Helpline.
Administrative workload for child welfare social workers (overtime, pandemic outreach)	5.0	—	—	—	Funding provided during the early months of the pandemic.
Rate flexibilities for resource families directly impacted by pandemic[f]	3.0	3.5	3.5	—	DSS did not track how many families received rate flexibilities (rather, the department receives aggregated claims data from counties). We note that, since these flexibilities expired at the end of the 2021 calendar year, families impacted by the Omicron variant in early 2022 are not eligible.
Flexibilities and expansions for NMDs/ former NMDs who turn 21 or otherwise lose eligibility for EFC due to pandemic	1.8	37.4	49.1	—	Federal flexibilities and expansion ended September 30, 2021. State flexibilities and expansion ended December 31, 2021. DSS estimates that nearly 5000 youth benefitted from this expanded support.
Pre-approval funding for emergency caregivers, beyond 365 days	1.3	1.2	—	—	DSS did not track how many families received rate flexibilities (rather, the department receives aggregated claims data from counties).
Grants to STRTPs that experienced increased expenses and revenue losses due to pandemic	—	—	42.0	—	As of January 31, 2022, funding had not yet been issued to STRTPs. According to an initial assessment of STRTPs' total pandemic losses, facilities are requesting around $115 million—nearly three times more than total funding available.

Assistance Area	2019-20[a]	2020-21[b]	2021-22[c]	2022-23[d]	Implementation Status
Pandemic assistance payments for resource families, emergency caregivers, tribally approved homes, and guardians	—	—	80.0	—	As of January 31, 2022, funding had not yet been issued to caregivers. DSS estimates payments will begin going to caregivers in February 2022, and that the average assistance amount will be about $1200-$1500. The maximum assistance payment will be $5000 per caregiver.
Increase emergency response child welfare social workers	—	—	50.0	50.0	DSS has indicated counties must opt in (by March 4, 2022) to receive 2021-22 funding. Funds provided in 2021-22 and funds proposed for 2022-23 are available over four years.
Totals	**$42.5**	**$79.2**	**$232.3**	**$54.7**	

[a] For 2019-20, funds were provided April through June 2020. Activities were approved by the Legislature through the Section 36.00 letter process.

[b] For 2020-21, pandemic-response activities were proposed for January through June 2021 as part of the *2020-21 Governor's Budget Proposal* for all actions other than flexibilities and expansions for NMDs. (Flexibilities and expansions for NMDs were included in the *2020-21 Budget Act.*) For all other activities for 2020-21, the Legislature approved the listed amounts as part of the Budget Bill Jr. package in April 2021.

[c] 2021-22 funding expired December 31, 2021 for technology distribution, rate flexibilities for resource families, and flexibilities and expansion for NMDs/former NMDs. 2021-22 funding is anticipated to end June 30, 2022 for Family Resource Centers, grants to STRTPs, and pandemic assistance payments to caregivers. 2021-22 funding will continue until funds are fully expended for cash cards for families at risk of foster care.

[d] Funding is proposed for July 1, 2022-June 30, 2023 with multiple years of expenditure authority for the helpline and increase in emergency response child welfare social workers.

[e] Funding for state contracts for technology and hotlines in 2019-20 was included in the amount for Family Resource Centers funding.

[f] In addition to the General Fund amount, $5.678 million funding from DREOA is budgeted for foster care rate flexibilities in 2020-21.

Notes: Where applicable, amounts include assistance plus administrative costs. 2020-21 and 2021-22 amounts reflect 2021 May Revision estimates.

NMDs = non-minor dependents; EFC = extended foster care; STRTPs = Short-Term Residential Therapeutic Programs; and DREOA = Disaster Response Emergency Operations Account.

Source: Legislative Analyst's Office

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of the significant funding augmentations in the Children and Family Services Division budget.

2. Several significant augmentations funded in the 2021-22 budget have not been allocated or only partially allocated (e.g., FFPSA Part I, Children's Crisis Continuum Pilot). Please provide an update on the timeline for those allocations. Should timelines for those programs be extended given the delayed allocation process?

3. Please provide an update on the implementation of the CANS assessment tool. When does the department expect all counties will have access to the automated system to enter CANS data? How are CDSS and DHCS working to address differences across the child welfare and behavioral health systems and ensure consistency of CANS data at the state level?

4. Please provide an update on FFPSA implementation. What steps is the department taking to understand any challenges that counties and other stakeholders are encountering while implementing new congregate care requirements under FFPSA? What technical assistance is DSS providing to counties and other stakeholders?

5. When does the department expect to issue grants to STRTPs that experienced losses due to the COVID-19 pandemic? Have pandemic assistance funds for resource families and other caregivers been disbursed yet? If not, when does the department expect for those funds to be distributed?

6. How many calls has the parent and youth helpline received since it began receiving state funding? Please provide any data on the outcomes of those calls. Were callers referred to other services or programs?

Issue 4: Connecting Youth to Families and Supporting Foster Youth and Families in Family-Based Care

Panel. In addition to the CDSS, Department of Finance (DOF), and the Legislative Analyst's Office (LAO) the Subcommittee has requested the following individuals to provide comment:

Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association (CWDA)

Brian Blalock, Senior Staff Attorney, Youth Law Center

Christine Stoner-Mertz, Chief Executive Officer, California Alliance of Child and Family Services

Governor's Proposal. The Governor's budget includes the following proposals to help connect youth to families and support youth in family-based care.

- $1 million ($750,000 General Fund) ongoing for family finding and engagement activities

- $6.1 million ($4.4 million General Fund) one-time to expedite the movement of homes through the Resource Family Approval (RFA) process with funding targeted to pending or probationary resource families with approval times over 90 days.

- $729,000 General Fund in 2022-23 and $687,000 General Fund ongoing for five permanent positions to implement SB 354 (Skinner), Chapter 687, Statutes of 2021.

Background. The CCR, and now, the FFPSA, seek to achieve California's longstanding goal that children live as members of committed, nurturing, and permanent families. To advance that goal, children in foster care and their families must have local access to a broad continuum of services and support to maintain permanent family settings. This will continue to decrease the incidence of placement changes and decrease the reliance on placements in congregate care facilities.

The CCR emphasized family engagement in the decision-making process. Unfortunately, many children and youth lose contact with their families when placed in the foster care system. Data has shown the value of family engagement to the success of youth in the foster care system and that early family engagement can prevent out-of-home placement or decrease the length of time in the system. According to the California Social Work Education Center, youth who do not have family connections are more likely to experience mental health issues, homelessness, school disruptions, and other unfavorable outcomes.

Family Finding and Engagement. The proposed 2022-23 budget contains $1 million ($750,000 General Fund) ongoing to provide technical assistance and training for counties to conduct family finding and engagement. In the typical family finding and engagement process, workers conduct rigorous searches to find and involve family members and others within the youth's network, such as close family friends. Connecting youth to their family members and others in their network improves long-term outcomes for foster youth. It can also avoid congregate care placements or shorten the length of placements which are two of the primary goals of both CCR and the FFPSA. Even if family members cannot commit to taking in youth, those networks are still advantageous and contribute to success. This process not only supports legal permanency but emotional stability. However, it is unclear if the Administration's proposal will include funding for all counties to perform this process.

Resource Family Approval. Resource Family Approval (RFA) was created to be an approval process that combines elements of the former foster parent licensing, relative approval, and approvals for adoption and guardianship processes to streamline the approval. RFA is a singular path by which all family caregivers are approved in California. Relatives may begin providing care to foster youth on an emergency basis prior to formal approval as a resource family. The target time frame for RFA approval is 90 days but the state has yet to meet that target. Statute specifies that the maximum duration of placement prior to approval (PPA) will decrease from 120 days (with possible extension up to 365 days) in 2021-22 to 90 days (no extension possible) in 2022-23. As of the third quarter of 2021, median approval time was 120 days overall, and 109 days for PPA. Time to approval increased steadily throughout 2020 as a result of the pandemic, reaching a peak of 150 days (140 days for PPA), but decreased again in 2021.

Current RFA statute includes a requirement for a criminal background check and prohibits the approval of an applicant that has been convicted of certain offenses, including a felony conviction for child abuse or neglect, spousal abuse, crimes against a child, including child pornography, or for a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault and battery. SB 354 (Skinner) Chapter 687, Statutes of 2021, made changes to criminal background check requirements to remove barriers to RFA, specifically for relative and nonrelative extended family member (NREFMs) caregivers. SB 354 changed statute to allow, but not require, a narrow exception for relatives and any other adult residing in their home to be granted an exemption when they have a conviction in their criminal history for a state or federal non-exemptible crime. This exemption would allow for a child-specific approval process and would be limited to only care for that child/children. SB 354 was signed as part of the 2021 legislative session and includes specific data elements and tracking requirements, as well as changes to the criminal record exemption process for RFA applicants and other adults in the applicant's home who have been convicted of a crime. Accordingly, there is a need for the CDSS to revise regulations and various manuals, provide notification and instructions to stakeholders on the changes in law, and process these very detailed cases that will now have a narrow exception in the law. The proposed 2022-23 budget includes $729,000 General Fund to do this work.

Staff Comment and Recommendation. Hold open.

California has long expressed its desire that every child served by the foster care system be part of a loving family. To that end, the state has made several policy changes to decrease its reliance on congregate care and ensure more youth are placed in family settings when removed from their home. While the proposed 2022-23 budget includes some funding to help place foster youth in families there is additional work that can be done to meet this goal. For example, the Subcommittee may want to inquire about and consider expanding funding for family finding and engagement so that the process is required for every youth in out-of-home care. In past years the state has provided funding to counties to help recruit, retain, and support caregivers, known as FPRRS. It seems that those funding dollars were beneficial in connecting youth with families. The Subcommittee may also want to consider the possibility of reinstating those funding opportunities for counties. Lastly, the Subcommittee may want to consider additional funding opportunities to provide as much stability as possible for youth in foster care.

Questions.

The subcommittee has requested CDSS respond to the following:

1. Please provide an overview of the proposals in the 2022-23 budget related to supporting youth and families in family-based care. Please discuss the function of family finding and supports in the implementation of CCR and FFPSA.

2. Please provide additional detail on what specific activities would be funded with the family finding and engagement dollars. Would funding go directly to counties to do this additional work, or does the department propose to fund a contractor to do this?

3. What impact would the proposed $4.4 million have on reducing the RFA backlog? When does the department estimate the backlog will be cleared?

The Subcommittee has requested **Cathy Senderling-McDonald**, CWDA respond to the following:

1. What strategies have been successful for counties in building family-based care?

2. How can the state and counties better support family-based caregivers?

The Subcommittee has requested **Brian Blalock**, Youth Law Center respond to the following:

1. What activities can the state implement and fund to help stabilize youth in family placements and eliminate barriers to that stabilization.

2. How can the state better support youth in family-based care? Please discuss the role of youth-specific supports in providing stability for youth in out-of-home care, including supports for children in crisis and for those not in crisis.

The Subcommittee has requested **Christine Stoner-Mertz**, California Alliance of Child and Family Services respond to the following:

1. What activities should the state consider funding to help connect youth in care to families?

2. How can the state better help connect youth in care to families?

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD CARE AND DEVELOPMENT

Issue 5: Child Care Overview

Governor's Proposal:

The Governor's budget includes $5.8 billion ($2.3 billion General Fund) for child care programs, including continued support for the historic multi-year commitment to rate increases taking effect in January 2022 and eventually expanding child care access by 200,000 slots.

- Child Care Slots. The budget includes 36,000 child care slots, and annualizes 110,000 slots added in the 2021 Budget Act, at an approximate cost of $823.7 million, with the goal of adding 200,000 slots by 2025-26.

- Child Care Rate Increases. The budget includes $373 million ongoing to support a full year of rate increases while the state continues work with partners and stakeholders toward further rate reform.

Background:

Generally, programs in the early care and education system have two objectives: to support parental work participation and to support child development. Children, from birth to age five, are cared for and instructed in child care programs, State Preschool, transitional kindergarten, and the federal Head Start program.

Commencing July 1, 2021, the administration of state child care programs, with the exception of the California State Preschool Program, has transitioned from the Department of Education (CDE) to the Department of Social Services (DSS).

Child Care. California provides child care subsidies to some low-income families, including families participating in CalWORKs. Families who have participated in CalWORKs are statutorily guaranteed child care during "Stage One" (when a family first enters CalWORKs) and "Stage Two" (once a county deems a family "stable", defined differently by county). In the past, the state has funded "Stage Three" (two years after a family stops receiving cash aid) entirely while it is not a statutorily guaranteed entitlement program. Families remain in Stage Three until their income surpasses a specified threshold or their child ages out of the program. For low-income families who do not participate in CalWORKs, the state prioritizes based on income, with lowest-income families served first. To qualify for subsidized child care: (1) parents demonstrate need for care (parents working, or participating in an education or training program); (2) family income must be below 85 percent of the most recent state median income (SMI) calculation; and (3) children must be under the age of 13. Families have 12 month eligibility once they qualify for a program.

State Child Care Programs

Program	Description
CalWORKs Child Care	
Stage 1	Child care becomes available when a participant enters the CalWORKs program.
Stage 2	Families transition to Stage 2 child care when the county welfare department deems them stable.
Stage 3	Families transition to Stage 3 child care two years after they stop receiving cash aid. Families remain in Stage 3 until the child ages out (at 13 years old) or they exceed the income-eligibility cap.
Non-CalWORKs Child Care	
General Child Care	Program for other low-income, working families.
Alternative Payment	Another program for low-income, working families.
Migrant Child Care	Program for migrant children from low-income, working families.
Care for Children with Severe Disabilities	Program for children with severe disabilities living in the Bay Area.

Source: Legislative Analyst's Office

Funding. California provides child care and development programs through vouchers and contracts.

- **Vouchers.** The three stages of CalWORKs child care and the Alternative Payment Program are reimbursed through vouchers. Parents are offered vouchers to purchase care from licensed or license-exempt caregivers, such as friends or relatives who provide in-home care. Families can also use these vouchers at any licensed child care provider in the state, and the value of child care vouchers is capped. The state will only pay up to the regional market rate (RMR) — a different amount in each county and based on regional surveys of the cost of child care. Prior to 2022, the RMR was set to the 75th percentile of the 2016 RMR survey. If a family chooses a child care provider who charges more than the maximum amount of the voucher, then a family must pay the difference, called a co-payment. Typically, a Title 22 program – referring to the state Title 22 health and safety regulations that a licensed provider must meet — serves families who receive vouchers. The Department of Social Services (DSS) funds Alternative Payment agencies for most voucher programs and county welfare departments who locally administer the CalWORKs Stage 1 program. Alternative Payment agencies (APs), which issue vouchers to eligible families, are paid through the "administrative rate," which provides them with 17.5 percent of total contract amounts.

- **Contracts.** Providers of General Child Care, Migrant Child Care, and State Preschool – known as Title 5 programs for their compliance with Title 5 of the California Code of Regulations — must meet additional requirements, such as development assessments for children, rating scales, and staff development. Title 5 programs contract with, and receive payments directly from, CDE. Prior to 2022, these programs received the same reimbursement rate (depending on the age of the child), no matter where in the state the program was located. The rate was increased by a stautory adjustment factor for infants, toddlers, children with exceptional needs, severe disabilities, cases of neglect, and English learners. All Title 5 programs also operate through family child care home education networks, which serve children in those programs through family child care homes that are members of the network.

Child care and early childhood education programs are generally capped programs, meaning that funding is provided for a fixed amount of vouchers and fixed funding amount for slots, not for every qualifying family or child. The exception is the CalWORKs child care program (Stages One and Two), which are entitlement programs in statute.

Subsidized child care programs are funded by non-Proposition 98 state General Fund and funding from the federal Child Care and Development Fund (CCDF), which is comprised of federal funding for child care under the Child Care and Development Block Grant (CCDBG) Act and the Social Security Act and from federal TANF funds.

Collective Bargaining. In 2019, Governor Newsom signed legislation granting collective-bargaining rights to child care providers in California allowing them to negotiate with the state over matters related to the recruitment, retention, and training of family childcare providers. In 2021, Child Care Providers United - California (CCPU) and the state negotiated their first Master Contract Agreement. The CCPU represents both voucher and direct contract providers that are family child care homes, or license-exempt home providers. The 2021-22 budget included ratification of the Child Care Providers United - California bargaining contracts, which included rate increases, provider stipends, hold harmless policies, and a variety of other supports. In addition, the contracts included a process for continuing conversations through Joint Labor Management Committees on a single reimbursement rate system, and other provider needs such as retirement, and healthcare, among other topics.

2021-22 Budget Package:

The 2021-22 Budget package included significant investments in early care and education:

- **Additional Slots.** The budget package included approximately $783 million in 2021-22 ($1.6 billion ongoing) across state and federal fund sources to provide additional 120,000 slots for child care (inclusive of essential worker slots). Slots are to be spread across the Alternative Payment Program, General Child Care, and Migrant Child Care. The budget package included a multi-year agreement to add 80,000 child care slots by 2025-26 for a total of 200,000 additional child care slots. Slots added in 2021-21 included AP slots scheduled to be released in October 2021 (actual release was late November 2021) and General Child Care slots to be added in of April 2022, with the full year costs to be annualized in the 2022-23 budget act.

- **Increased Rates for Child Care and Preschool Programs.** The budget package provided

$604 million in 2021-22 ($1.1 billion ongoing) across several fund sources to increase rates for child care and preschool providers. Starting July 1, 2021, direct contract providers received a 4.05 percent cost-of-living adjustment. Effective January 1, 2022, all child care and preschool provider rates were adjusted to the higher of their current rate or the equivalent of the 75th percentile of the 2018 regional market rate survey rate as determined by the DSS (or by CDE for California State Preschool Programs.)

- **Supplemental Rate Funding for Providers.** The budget package also included one-time funding available to allocate temporary supplemental rates to providers from January 1, 2022 through December 31, 2023. The funding methodology and other implementation details are to be determined by the Department of Social Services (DSS) and Child Care Providers United–California (the union representing family child care home and license-exempt providers). Of this total:
    - $289 million in one-time funds is for CCPU providers
    - $188 million in one-time funding for center-based providers
    - $27.5 million in one-time funding for administrative costs for providing supplemental payments (Added in Chapter 5, Statutes of 2022)
    - $47.7 million in one-time funding (including administrative costs) for non-CCPU voucher providers (Added in Chapter 2, Statutes of 2022)

- **Infrastructure Grants.** The budget package also includes $250 million one-time funding for the Child Care and Development Infrastructure Grants Program to expand access to child care and development and preschool opportunities for children up to five years of age by providing resources to build new facilities or retrofit, renovate, repair, or expand existing facilities, with a focus on child care deserts. Of the total, $100 million of this funding needs to be used minor construction and repair to abide by American Rescue Plan Act guidelines.

The following charts from the LAO provide a more comprehensive picture of the significant investments in the current year to the early education budget. Note the following charts include funding for the California State Preschool Program and Transitional Kindergarten which are administered by the Department of Education.

Child Care and Preschool Budget

(Dollars in Millions)

	2019-20 Revised[a]	2020-21 Revised[a]	2021-22 Enacted	Change From 2020-21	
				Amount	Percent
Expenditures					
CalWORKs Child Care					
Stage 1	$367	$486	$366	-$120	-24.7%
Stage 2[b]	536	560	402	-158	-28.3
Stage 3	539	663	705	43	6.4

Subtotals	**($1,443)**	**($1,709)**	**($1,473)**	**(-$236)**	**(-13.8%)**
Non-CalWORKs Child Care					
Alternative Payment Program	$536	$820	$1,304	$483	58.9%
General Child Care[c]	522	526	785	259	49.2
Bridge program for foster children	54	58	54	-4	-6.5
Migrant Child Care	45	45	67	22	48.3
Care for Children With Severe Disabilities	2	2	2	—[d]	3.9
Subtotals	**($1,158)**	**($1,451)**	**($2,212)**	**($761)**	**(52.4%)**
Preschool Programs[e]					
State Preschool[f]	$1,431	$1,277	$1,856	$578	45.3%
Transitional Kindergarten[g]	872	862	920	58	6.8
Preschool QRIS Grant	50	50	50	—	—
Subtotals	**($2,353)**	**($2,189)**	**($2,826)**	**($637)**	**(29.1%)**
Support Programs	$284	$194	$2,189	$1,994	1027.4%
Totals	**$5,239**	**$5,544**	**$8,699**	**$3,156**	**56.9%**
Funding					
Proposition 98 General Fund	$1,846	$1,700	$2,445	$745	43.8%
Non-Proposition 98 General Fund	1,986	1,945	3,058	1,113	57.2
Proposition 64 Special Fund	80	146	235	89	60.8
Federal	1,326	1,753	2,962	1,209	69.0

[a]Reflects Department of Social Services' revised Stage 1 estimates, Department of Finance's revised estimates for Stage 2 and Stage 3, and budget appropriations for all other programs.

[b]Does not include $9.6 million provided to community colleges for certain child care services.

[c]General Child Care funding for State Preschool wraparound care shown in State Preschool.

[d]Less than $500,000.

[e]Some CalWORKs and non-CalWORKs child care providers use their funding to offer preschool.

[f]Includes $1.2 million each year used for a family literacy program offered at certain State Preschool sites.

[g]Reflects preliminary LAO estimates in 2020-21 and 2021-22 as enrollment data are not yet publicly available.

QRIS = Quality Rating and Improvement System.

One-Time Child Care and Preschool Augmentations in 2021-22

(In Millions)

Preschool, TK, and full-day kindergarten facilities	$490

State Preschool and TK planning and implementation grants	300
Child care facilities	250
Stipends for subsidized providers	206
Stipends for licensed providers	177
Voucher reimbursement flexibility	74
Family fee waivers	72
Training partnership fund for family child care providers	40
Paid non-operation days	33
Child Care Initiative Project	25
Rate reform working group	20
Resource and Referral	20
California Inclusion and Behavior Consultation	11
Preschool learning foundations update	10
Shortfall for temporary voucher slots	7
Incentive to increase family child care capacity	3
Total	**$1,737**

TK = Transitional Kindergarten.

Source: Legislative Analyst's Office

2022-23 Governor's Budget Proposal Concerns.

Upon review by the LAO, a concern has been identified in Governor's budget funding provided for annualizing General Child Care slots added in 2021-22. Specifically the 2021-22 budget included $208 million for 46,000 new General Child Care slots. The amount of funding provided was based on the assumption that these slots would be released April 1, 2022. In past practice, to annualize the cost of the slots for 2022-23, the budget should include quadruple the amount of funding—to go from 3 months' worth to 12 months' worth of funding. This would require a total of $832 million in 2022-23 for these slots. The administration's 2022-23 budget, however, only provides $493 million to cover the full-year cost of the slots—**$339 million less** than anticipated. Based on LAO conversations with DSS, this is due to a change in methodology in how they are calculating the cost per General Child Care slot.

The LAO notes that while there are a number of ways to calculate the cost per child care slot, this calculation is a significant departure from the 2021-22 budget agreement. With this change in calculations, the administration is only providing 60 percent of the funding for General Child Care that we would have expected based on the agreement, resulting in less funding available on an ongoing basis.

Staff Comment and Recommendation. Hold open.

Staff notes that implementation of the changes in the child care field from the 2021-22 budget agreement are still underway. The historic investments in rates and slots and the provision of pandemic response funds were made in the same time frame that the bulk of child care programs shifted from the Department of Education to the California Department of Social Services and the state negotiated its first contract with Child Care Providers United. At the same time, the industry has been and continues to be heavily impacted by the COVID -19 pandemic, from the need for continued protection of the health of providers and the children they serve, to the devastating impact closures have on the economic stability of providers, families, and the overall economy, and the growing burdens of rising costs and supply issues.

The Legislature should continue to monitor implementation of funding and changes agreed to in the 2021-22 budget package. In particular, ensuring that ongoing and full funding is provided so that expansion of access through slots agreed to in 2021-22 is realized to support child care needs across the state in the 2022-23 fiscal year and future years.

The Legislature should also continue to closely monitor the implementation of rate reform, staff is concerned that rate increases as implemented January 1, 2022 provide uneven support across different regions of the state, across various age-groups, and across provider types and may result in unintended consequences without further action to move towards a more consistent and comprehensive child care rate system.

The Legislature may also wish to further work with the Administration to determine needed immediate investments to continue to shore up the child care industry given ongoing challenges related to the COVID-19 pandemic.

Questions.

The subcommittee has requested that DOF provide:

- An overview of proposed funding/slot increases for the 2022-23 fiscal year.
- An update on the expenditure of federal ARPA funds provided for child care.

The subcommittee has requested that the LAO provide:

- A brief overview of the 2021-22 Budget actions.
- Comments on the Governor’s 2022-23 proposals.

The subcommittee has requested CDSS respond to the following:

- Provide an update on the transition of the administration of child care programs to the Department of Social Services.
- Provide an overview/update on implementation of rate increases that were set to begin January 1, 2022.
- Provide an update on additional slots released to the field in the 2021-22 fiscal year.
- Provide an update on supplemental payments to providers.

The Subcommittee may wish to ask:

- If federal ARPA funds provided for child care will need to be re-appropriated to be expended by federal deadlines? If so, does DOF/CDSS/LAO have an estimate of the amount remaining?
- What the differences are between the Administration's methodology of costing additional slots provided in the 2022-23 fiscal year and the LAO's estimate for the cost of additional slots? How does this impact the number of slots available in 2022-23 and future years?
- How do the additional rate increases commencing in January 2022 impact the child care field and how are benefits spread across the state?
- What challenges facing the child care field, does the Administration see as needing immediate attention in the 2022-23 fiscal year?

Issue 6: Child Care Stakeholder Perspectives

Panel. The Subcommittee has requested the following individuals to provide comment on the ongoing challenges in the child care field:

- Justin Blakely, Public Policy Associate, Crystal Stairs Inc.
- Ken Herron, Chief Financial Officer/Co-Owner, Early Childhood Discovery Centers Inc.
- Deborah Corley, Family Child Care Provider
- Kimberly Rosenberger, Service Employees International Union
- Marisol Rosales, Parent Voices Leader.

Staff Comments:

Staff notes that stakeholders have noted priority needs from the field including, but not limited to, the following:

- Additional Rate Increases: Stakeholders note that while many providers are seeing increases in rates as of January 1, 2022, the actual costs of providing care and the rising impacts of inflation continue to outstrip reimbursement rate funding for much of the state. Higher rates allow providers to retain and pay their workforce, cover administrative and other fixed costs, increase quality of care, and support expansion to meet family and state needs.

- Workforce Stability: Many child care workers do not have access to affordable healthcare or retirement savings. Retaining the workforce in this essential sector may require additional investments in these and other areas.

- Family Fees Waivers: As part of the ongoing pandemic response, the state waived family fees through the 2021-22 fiscal year and backfilled the cost to providers. This policy provided additional support to low-income families that may continue to be needed as pandemic-related health and economic costs continue to impact families.

- Additional Supports: Providing paid non-operational days to stabilize providers who close temporarily due to the pandemic is essential for health and safety of providers and continuity of care for families who rely on subsidized child care. Continuing hold harmless policies would ensure providers are paid based on enrollment rather than attendance and account for fluctuations in child attendance due to health and safety needs of families.

- Food Services: Only a portion of providers participate in the Child and Adult Care Food Program and funding received currently is only 75 percent of that provided in school-based settings. Additional expansion supports both providers and the families they provide care to.

- Infrastructure and Workforce Investments: Additional infrastructure funding and workforce investments make it possible for existing providers to continue providing services and expand offerings, and for new providers to enter the market, particularly in areas where child care is difficult to find.

Staff Recommendation: Information Only