

Marin County

Individualized Child Care Subsidy Pilot

Local Child Care Policy and Evaluation Plan

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Prepared by:



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SUMMARY

Assembly Bill 435 authorizes an individualized child care subsidy plan (the Pilot Plan) for the County of Marin to ensure that funding for child care subsidies addresses local needs and priorities. The Pilot Plan tackles four main concerns:

- Children in Marin are less likely than children in other California counties to qualify for subsidized child care due to family incomes above the statewide entry income threshold.
- Housing costs are higher in the County than the statewide average.
- Reimbursement rates for direct service providers are well below market rates in the County.
- Marin County contractors are typically unable to serve all children who qualify for subsidized care due to a shortage of teachers.

The Pilot Plan has two main goals. First, the pilot will better meet the early education and child care needs of families in Marin County through policies that support low-income families and promote stable care. Second, the pilot will expand subsidized care by implementing policies that improve reimbursement rates for contractors (year 2), promote contractor retention, and reduce unearned contract funds. A summary of components is included below.

Pilot Components



1. Increase income threshold for initial eligibility for subsidized care to the exit threshold provided by the California Department of Finance (DOF).



2. Authorize 24-month eligibility for families entering subsidized care and eligible based on need other than seeking employment (12-month eligibility).



3. Restore the age eligibility for CSPP contracts to 2.9 years old as of September 1st of the fiscal year.



4. Incorporate additional changes to meet the needs of low-income families in Marin County such as authorizing 6.5 hours of services per day, five days a week, to families seeking employment or housing.



5. Establish a family fee schedule to set fees at approximately 10% of family income following any changes in the state fee schedule and any annual updates to the income threshold.

Marin County plans to apply for a plan modification in year two (FY19/20) to request increased pilot rates and an associated redistribution of unearned funds once the impact of the state and pilot policy changes can be accurately assessed. At that time, Marin County’s Local Planning Council will provide Early Education and Support Division (EESD) at the California Department of Education with recommended contract terms for participating pilot contractors, including maximum reimbursable amounts, child days of enrollment, and the pilot reimbursement rate.

LOCAL CHILD CARE SUBSIDY PLAN GOALS AND COMPONENTS

Subsidies for quality early education and child care services are important supports for low-income families, helping parents gain and maintain stable employment and promoting healthy development and school readiness for children. This Pilot Plan seeks to address two major breakdowns in the child care subsidy system as currently exists in Marin County. First, families barely earning enough to meet the high costs of housing in the county are too high income to qualify for child care subsidies under existing regulations and those that do qualify can easily lose subsidies with small increases in their income. Second, difficulties in staffing programs make it challenging for providers to utilize their full allocation of state and federal child care and child development funds. Thus, fewer children are subsidized through these providers, and funding goes unused in the county.

Recognizing these challenges, Pilot Plan components will address two goals:

1. To better meet the early education and child care needs of families in Marin County through policies that support low-income families and promote stable child care.
2. To expand subsidized care by implementing policies for child care contractors that increase earned child days of enrollment, improve reimbursement rates for contractors, reduce contractor administrative burden, reduce unearned funds, and promote contractor retention.

These policies are incorporated in five components where the local approach will differ from statewide regulations. For each component, we provide a conceptual overview, note whether the component is consistent with pilots in other counties, note relevant California Education and Welfare Code citations, and provide additional notes for background or clarification. Marin County is not including AP and CalWORKs programs in the Pilot in year 1, but will consider pursuing a Pilot Plan modification for their inclusion in the future.



1. Increase income threshold for initial eligibility for subsidized care for contractors to the exit threshold provided by the California Department of Finance (DOF).

Families will be eligible for subsidized care if their income does not exceed the exit threshold (85% of the state median income (SMI)) as provided by the California DOF. The same pilot income threshold will apply for both entry (initial enrollment) and exit eligibility.

Matched to Other Pilots	Relevant State Regulations	Notes
<input checked="" type="checkbox"/> Alameda <input checked="" type="checkbox"/> San Francisco <input checked="" type="checkbox"/> San Mateo <input checked="" type="checkbox"/> Santa Clara	Education Code (EC) Section 8263.1 (a) states that a family’s adjusted monthly income must be at or below 70% of the SMI. The entry income threshold for the pilot deviates from the entry income threshold established in the EC.	As needed, the County will seek modification of this threshold to ensure that the pilot income eligibility is the maximum allowable under federal guidelines. This component would apply to children in CCTR, CCFC, and CSPP programs.



2. Authorize 24-month eligibility for families entering subsidized care and eligible on the basis of need other than seeking employment.

The Pilot Plan will establish 24-month redetermination periods for families who meet the income threshold for subsidized care and meet the need criteria for eligibility by contract type. Families with seeking employment as the only need will have 12 months’ eligibility within a 24-month period.

Matched to Other Pilots	Relevant State Regulations	Notes
<input checked="" type="checkbox"/> Alameda ¹ <input checked="" type="checkbox"/> San Francisco <input checked="" type="checkbox"/> San Mateo <input checked="" type="checkbox"/> Santa Clara	Eligibility redetermination would be consistent with EESD Management Bulletin 17-14 and existing pilot county contractor handbooks. Eligibility may be based on the previous month’s income ² and no more than 12 months preceding initial certification consistent with Title V 18096 , with eligibility income calculated pursuant to Title V 18078(q) .	The 24-month eligibility would apply to all ages of children in CCTR and CCFC programs and to children in CSPP who meet the state age requirements.

¹ Alameda has a variant of 24-month eligibility. Sonoma County’s version is consistent with San Francisco, San Mateo, and Santa Clara.

² In the case of unpredictable income, eligibility would be based on average income from at least three consecutive months no more than 12 months preceding initial certification.



3. Restore the age eligibility for CSPP contracts to 2.9 years old as of September 1st of the fiscal year.

Serving children aged 2.9 to age 5 in CSPP will allow children to receive two years of state preschool before moving into TK. It will also allow contractors to fill CSPP classrooms at the beginning of the school year.

Matched to Other Pilots	Relevant State Regulations	Notes
<input checked="" type="checkbox"/> Alameda <input checked="" type="checkbox"/> San Francisco <input checked="" type="checkbox"/> San Mateo <input checked="" type="checkbox"/> Santa Clara	This would adjust the definition of “three-year-old children” in EC Section 8208 to include children who will have their third birthday on or before December 1st in the fiscal year in which they are enrolled in a CSPP program.	



4. Authorize families for 6.5 hours of services per day AND no more than 32.5 hours per week if their only need is seeking housing or seeking employment.

This additional component will assist in meeting the needs of families in the County and help contractors maximize enrollment.

Matched to Other Pilots	Relevant State Regulations	Notes
<input checked="" type="checkbox"/> Alameda <input checked="" type="checkbox"/> San Francisco <input checked="" type="checkbox"/> San Mateo <input checked="" type="checkbox"/> Santa Clara	Services for families seeking employment are outlined in EC Section 8263 . The plan allows 6.5 hours of services per day instead of 6 hours per day for families seeking housing or seeking employment.	This component would apply to children in CCTR, CCFC, and CSPP programs.



5. Establish a family fee schedule to set fees at approximately 10% of family income following any changes in the state family fee schedule and any annual updates to the income threshold.

The family fee scale will match those in the other pilots and will be updated following any changes in the state family fee schedule and when the income threshold is updated annually.

Matched to Other Pilots	Relevant State Regulations	Notes
<input checked="" type="checkbox"/> Alameda <input checked="" type="checkbox"/> San Francisco <input checked="" type="checkbox"/> San Mateo <input checked="" type="checkbox"/> Santa Clara	The EC sections 8273 and 8447(f) requires the State Superintendent of Public Instruction to establish a family fee schedule for families receiving child care services, subject to the approval of the schedule by the California Department of Finance.	This component will not take effect until and unless a modification to the income threshold under component 1 results in a pilot income range that exceeds the state eligibility threshold.

The following is the list of contractors who have formally agreed to participate in the pilot:

1. City of San Rafael (Pending Agreement)
2. College of Marin (Pending Agreement)
3. Community Action Marin (Pending Agreement)
4. Fairfax San Anselmo Children’s Center (Pending Agreement)
5. North Bay Children’s Center (Pending Agreement)
6. Novato Unified School District (Pending Agreement)
7. North Marin Community Services (Pending Agreement)
8. San Rafael Elementary School District (Pending Agreement)

LOCAL ECONOMIC AND CHILD CARE MARKET CONDITIONS

In developing this plan, Marin County stakeholders assessed the local child care market, economic conditions for working families, and the needs for and costs of child care. This review included consideration of:

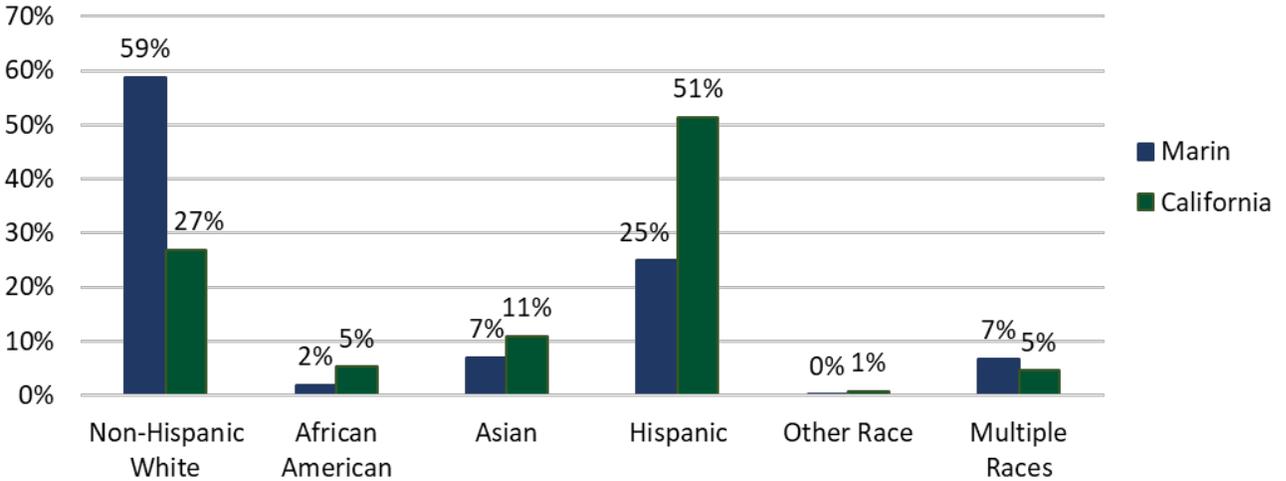
- Level of need for various types of subsidized child care services
- General demographics
- Income eligibility levels for subsidized child care and family fees
- Trends in the County's unemployment and housing affordability index
- County's self-sufficiency income level
- Cost of providing child care
- Standard reimbursement rates and regional market rates
- Current supply of available subsidized child care

Marin County faces key challenges with providing child care to families. The cost of living and housing is higher compared to the cost statewide. This leads to lower income families being considered too high income for subsidized child care. The increase in entry income eligibility to 85% of the state median income would allow lower income families access to subsidized child care. Additionally, teachers often cannot afford the higher cost of living and housing on their wages alone and typically live in nearby counties such as Solano and Sonoma County. High demand and limited supply of teachers, plus transportation issues, pose as barriers to bolster the workforce in Marin County.

Marin County Child Care Planning Council reports a shortage of child care slots in the County. Contractors are unable to staff available classrooms due to a lack of teachers in Marin County, thereby restricting the capacity of contractors to serve families in need of child care and to fully earn their contracts. The increase of the reimbursement rate through the redistribution of unearned funds, a plan modification Marin plans to apply for next year, can provide financial stability to child care providers, increasing their capacity to hire more teachers and serve more children.

Figure 1: Race/Ethnicity of Children, 2016

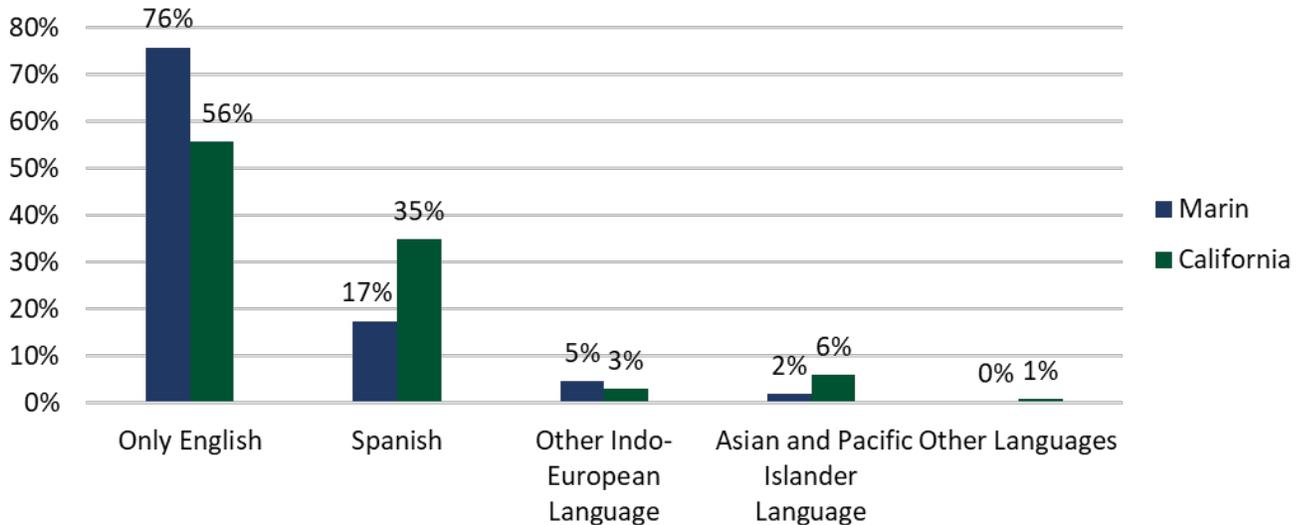
Non-Hispanic White children represent the largest share of children in Marin County, with Hispanic/Latino children representing the next highest share. Marin County has a higher percentage of Non-Hispanic White children than the state average.



Source: Kidsdata.org from California Dept. of Finance, Race/Ethnic Population with Age and Sex Detail, 1990-1999, 2000-2010, 2010-2016; U.S. Census Bureau, Current Population Estimates, Vintage 2015 (Jun. 2016)

Figure 2: Language Spoken at Home, 2016

About 24% of children in Marin County speak a language other than English at home, of whom 17% speak Spanish.



Source: 2016 American Community Survey Data (Table B16007)

Table 1: Marin County Children with Working Parents, 2016 Estimates

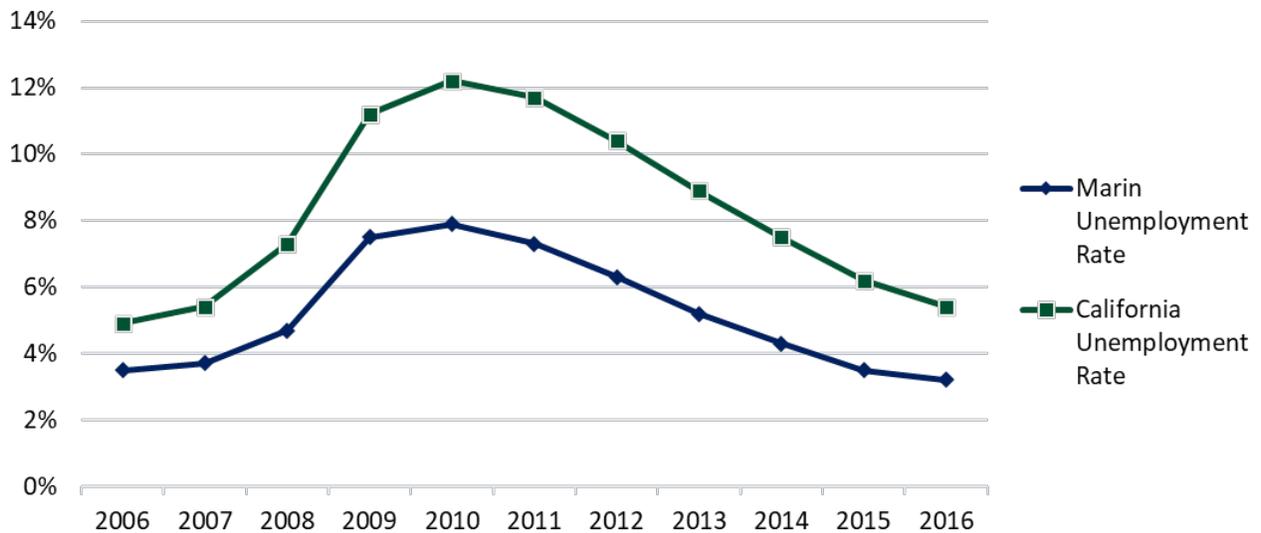
About 15,000 children in the County are under the age of 6, with a majority of children in this age group - and overall - in households where all parents work.

Age Category	Number of Children in Marin County	Number with All Resident Parents in Workforce	Share with All Parents Working ³
Under 6 years	14,962	10,150	68%
6 to 17 years	36,342	24,619	68%
Total	51,304	34,769	68%

Source: 2016 American Community Survey 1-Year Estimates (Table C23008)

Figure 3: Average Annual Unemployment Rate in Marin County, 2006-2016

The average unemployment rate in Marin County is about 3.2% by the most recent estimates.



Source: Bureau of Labor Statistics; Labor force data by County, 2006-2016 annual averages <http://www.bls.gov/lau/#tables>

³ Includes children of working single parents and children in two-parent families where both parents work.

Table 2: Income Distribution of Marin County Families with Children Under 18, 2016

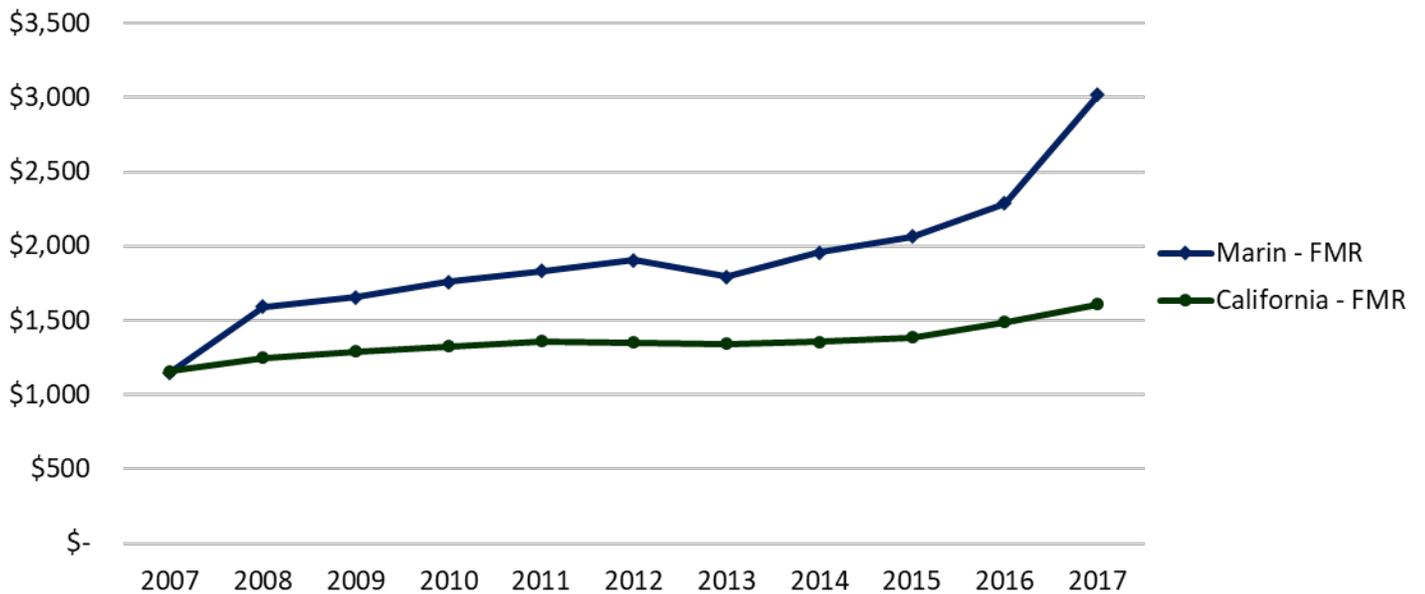
With an annual income threshold of \$58,524 per year, about 23% of families with children under 18 in the County qualify for subsidized childcare. A smaller percentage of families are eligible for state subsidized care in Marin County than are in California (43%).

Income Category	Marin	California
Up to \$20,000	6%	12%
\$20,000 to \$40,000	9%	17%
\$40,000 to \$60,000	8%	14%
\$60,000 to \$100,000	14%	20%
\$100,000 to \$150,000	16%	16%
\$150,000 to \$200,000	13%	9%
\$200,000 or more	35%	12%

Source: 2016 American Community Survey 1-Year Estimates (Table B19131)

Figure 4: Fair Market Rents (FMR) for 2 Bedroom Apartments, 2007-2017

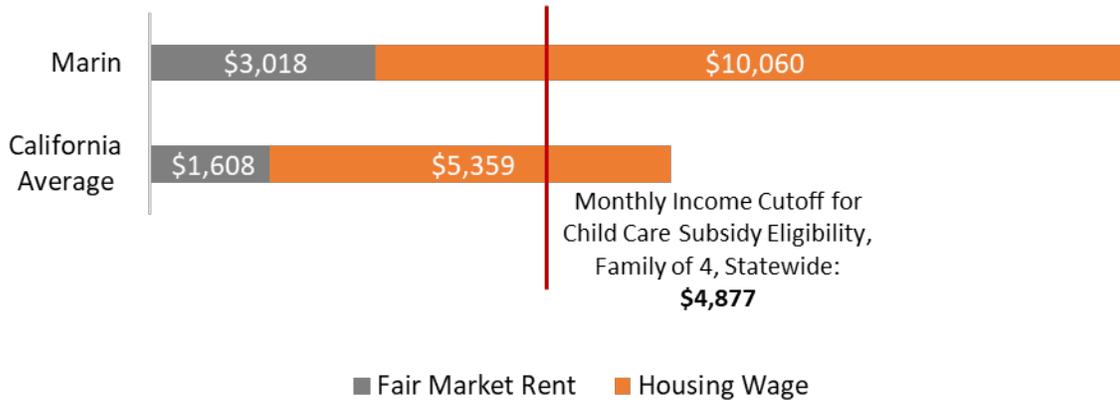
In 2017, Marin County’s fair market rent (FMR), the Department of Housing and Urban Development’s measure of current costs for available rental housing, for a 2-bedroom unit was \$3,018 monthly compared to \$1,608 statewide.



Source: Fair Market Rents (FMRs), huduser.gov

Figure 5: FMR, “Housing Wage” Income, and the Statewide Child Care Subsidy Eligibility Cutoff for Marin County, 2017

The National Low Income Housing Coalition (NLIHC) uses the FMR to calculate a “housing wage,” the wage income required to pay no more than 30% of income to afford rent at the FMR. The housing wage in Marin County is \$10,060, the highest in the state and nearly \$5,000 higher than the California housing wage, not to mention 106% higher than the statewide entry eligibility cutoff. Families earning the housing wage would not qualify for subsidized care.



Source: 2017 Fair Market Rents (FMRs), huduser.gov

Table 3: Self-Sufficiency Standards for Marin County

California Self-Sufficiency Standards put the monthly income to cover child care in Marin County at \$8,519, 75% over the subsidy eligibility cutoff.

Monthly Income for “Basic Needs” for a Family of Four with One Infant and One Preschooler	Marin	California
Income Cutoff for Child Care Subsidy (2017)	\$4,877	\$4,877
NLIHC Housing Wage (2017) ⁴	\$10,060	\$5,359
CBP Monthly Family Budget (December 2017) ⁵		
Without Child Care	\$7,271	\$5,029
With Child Care	\$9,212	\$6,329
California Self-Sufficiency Standards (2014) ⁶		
Without Child Care	\$6,042	N/A
With Child Care	\$8,519	N/A

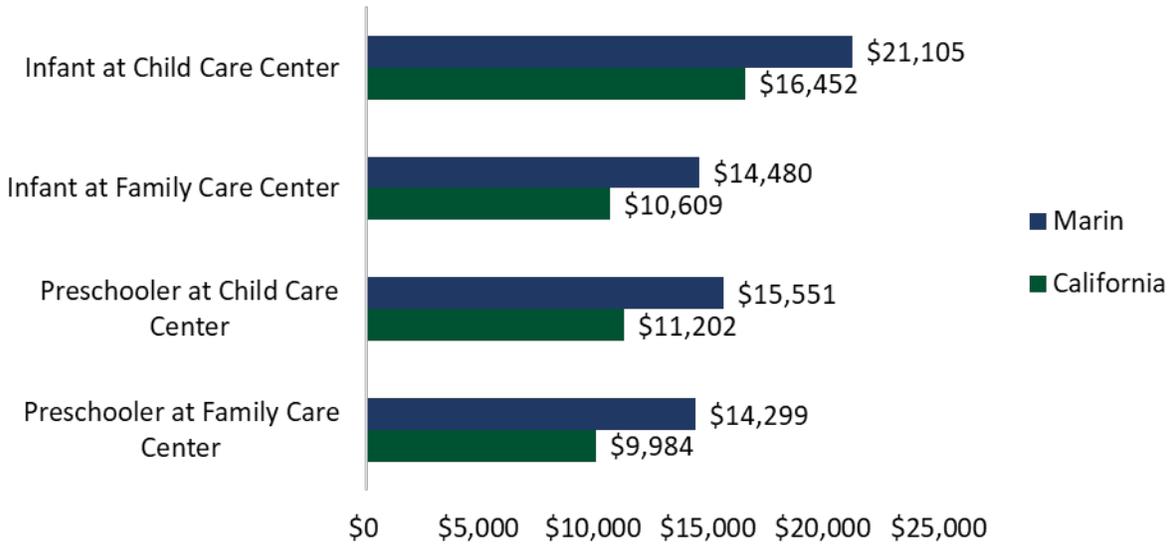
⁴ Out of Reach 2017: California from National Low Income Housing Coalition. <http://nlihc.org/oor/california#>

⁵ Estimated family budget (for a 4-person family, both parents working) from the California Budget Project (CBP), Making Ends Meet: How Much Does It Cost to Raise a Family in California (December 2017).

⁶ Insight Center for Community Economic Development: Self-Sufficiency Standard Tool for California for a 4-person family with one infant and one preschooler. <http://www.insightcced.org/tools-metrics/self-sufficiency-standard-tool-for-california/>

Figure 6: Average Annual Rate for Child Care, 2016

Market prices for child care are higher in Marin County than the state average.



Source: California Child Care Resource & Referral Network, California Child Care Portfolio (Nov. 2016); Cost data are from the Child Care Regional Market Rate Survey, 2016.

Table 4: Estimated Costs and Reimbursement Rates for Child Care Centers in Marin County, 2017

Reimbursement rates for direct service providers are well below market rates in Marin County, even though Title 5 regulations make care more expensive to provide.

Age Category	Daily RMR ceiling	Standard Reimbursement Rate (SRR)	% Maximum RMR Exceeds SRR
Full-time Infant (Age 12 months)	\$129.56	\$77.25	68%
Full-time Preschooler (Age 3 years)	\$95.11	\$45.73	108%
Full-time School Age (Age 7 years)	\$65.00	\$45.44	43%

Source: Reimbursement Ceilings for Subsidized Child Care 2017, Fiscal Year 2017-18 Child Care and Development Contract Changes

MEASURING OUTCOMES

Each year Marin County will prepare an annual report on the pilot project for submission to EESD. Each annual report will be submitted in November and will reflect on the previous fiscal year. The first evaluation report will be submitted by November 30st, 2019 and will cover fiscal year 2018/2019. These annual reports will track outcomes on selected measures described below. In addition, each annual report will profile the children and families served under the pilot, including the demographic characteristics of the children. The reports will also describe any major issues that arose in implementation or special challenges affecting specific contractors. Finally, they will identify any modifications in the pilot plan based on the previous year's experiences.

The annual report will draw on the following data sources:

- **801A Data:** A census report of children in services in April of the evaluation year. This report includes date services began, family income, family size, child's date of birth, CalWORKs receipt, and other demographic and care information.
- **Attendance and Fiscal Reports:** Contractor-submitted Attendance and Fiscal Reports (8501 and 9500 Forms) provide information on earned child days of enrollment and family fees.
- **Provider Satisfaction Surveys:** Annual online survey developed by the County to gauge contractor experiences, both positive and negative, and perceptions of the impact on families of the pilot project.
- **Additional Data from EESD:** Data provided by EESD on the number of contractors and the unearned contract funds.

The measures calculated from the data sources above are structured around the two major goals of the pilot: better meeting the needs of families and expanding the supply of subsidized care. See table below for details.

Measure	Source	Purpose	Details
Goal 1: Better meeting the needs of families			
Number and share of children in subsidized care with family income above the state entry income threshold.	April 801A	Examine the effect of a higher income threshold.	Number and share of children from families with initial income eligibility between state entry threshold and exit threshold (85% of the state median income).
Time in services and year-to-year retention for children in subsidized care by contract type.	April 801A	Examine the effect of the longer recertification period.	Days since date child began receiving services and share of children observed each year that were included in prior year's data.
Goal 2: Expanding the supply of subsidized care			
Number of active direct services child care contractors.	EESD	Examine effect of pilot on stability/retention of providers.	Number of child care providers offering subsidized care as of June 30 th of each fiscal year.
The aggregate adjusted child days of enrollment among pilot contractors.	4 th Qtr. Attendance and Fiscal Forms	Examine effect of pilot on child days of enrollment.	Total earned child days of enrollment in the fiscal year (with adjustment factors applied) compared to the baseline year. Legislation requires an increase from the baseline child days of enrollment. ⁷
Value and share of unearned direct service contract funds returned to CDE-EESD.	4 th Qtr. Attendance and Fiscal Forms	Examine effect of pilot on supply of care and utilization of contract funds.	Total contract allocations during a fiscal year that go unearned (not spent). This is the difference between total contract allocations and total dollars earned by participating contractors.

⁷ The baseline is a formula rather than a static number. If contract funds are reduced in a year of the pilot to 85% of the baseline contract funds, the baseline goal for that year would be calculated at 85% of the baseline child days of enrollment. This strategy is used in San Mateo, San Francisco, Alameda, and Santa Clara Counties. It was proposed by EESD staff to offset increases or decreases in funding provided to contractors.



*Approved by the Marin County Child Care Commission
on April 3rd, 2018.*

For more information, please contact:

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