**ORGANIZATION LOGO HERE**

**DATE**

The Honorable Toni G. Atkins

President pro Tempore, State Senate Chair, 1021 O Street, Suite 8518

Sacramento, CA 95814

The Honorable Nancy Skinner

Chair, Senate Committee on Budget & Fiscal Review

1020 N Street, Room 502

Sacramento, CA 95814

The Honorable John Laird

Chair, Senate Budget Subcommittee #1 1020 N Street, Room 502

Sacramento, CA 95814

The Honorable Susan Talamantes Eggman Chair, Senate Budget Subcommittee #3 1020 N Street, Room 502

Sacramento, CA 95814

The Honorable Anthony Rendon

Speaker, State Assembly

State Capitol, Room 219

Sacramento, CA 95814

The Honorable Philip Ting

Chair, Assembly Committee on Budget 1021 O Street, Suite 8230

Sacramento, CA 95814

The Honorable Joaquin Arambula

Chair, Assembly Budget Subcommittee #1 1021 O Street, Suite 8230

Sacramento, CA 95814

The Honorable Kevin McCarty

Chair, Assembly Budget Subcommittee #2 1021 O Street, Suite 8230

Sacramento, CA 95814

**RE: The Early Care and Education’s 2022-23 Budget Priority Ask**

Dear Legislative Leaders of California’s Child Care Systems,

To prevent a catastrophic hit to California’s economy due to lack of available child care, **ORGANIZATION HERE** is joining the ECE Coalition in asking for investments that are informed by current research and promising practices and are led by the expertise of families and ECE professionals.

**Specifically, we are asking for:**

* **Increasing child care provider wages and compensation**
* **Waiving family fees**
* **Investing in child care infrastructure and workforce development grants**

**Increasing Child Care Provider Wages:**

**$316 million Proposition 98 funds and $1.03 billion general fund & ARPA funds.** This money will fund a 20 percent rate increase on top of the 2018 RMR Survey for state subsidized programs and $50 million for federally funded Head Start programs to account for four years of minimum wage increases and 7 percent inflation in 2021.

Low compensation is one of the main reasons providers, predominantly Black and Latinx women, are leaving child care and new providers are not entering the profession. California’s child care reimbursement system is currently based on a 2018 market survey; since then, providers have experienced four years of minimum wage increases and a 7% inflation rate in 2021. Minimum wage increases and inflation also impact California’s Head Start programs, which provide high-quality care to some of California’s most vulnerable populations, including dual language learners and children with disabilities. Federal increases are inadequate for the high costs of living in California. Too many home-based family child care providers still are not earning the equivalent of minimum wage or are unable to afford health care or save for retirement.

These fiscal pressures coupled with the opportunity to make more money in other professions are forcing child care providers to make tough choices for the wellbeing of their own families. Some providers are closing classrooms, reducing hours, or even closing entirely, further exacerbating the lack of childcare and making it more difficult for young children to receive rich early learning experiences and for parents to return to work. We believe that increased investment in health care, retirement, and paid time off are crucial to strengthening and rebuilding the child care infrastructure for providers and the families that rely on them.

**Waiving Family Fees and Increasing Access:**

**$823.7 million for 36,000 child care spaces.** We support the Governor's addition of 36,000 spaces toward the goal of an additional 200,000 by 2025-26 ***with*** the adoption of rate increases & waiver of family fees to support these additional spaces.

In addition to increasing child care providers' wages, waiving family fees and reimbursing providers in full is essential to stabilizing California's child care system. Child care family fees require families who are already struggling to make ends meet, often families led by women of color, to pay far more than their budget allows. According to the CA Department of Social Services, over 26,000 families benefited from fee waivers, and it is estimated it will put $80 million dollars back into the pockets of families who have been devastated by the pandemic, increased basic living costs, and the expiration of the federal child tax credit. Extending these waivers through September 2024 will bring families more economic security when they need it the most.

We support the Governor’s proposed funding for 36,000 additional child care slots. Still, without adequate rates and other compensation for child care providers and the permanent waving of family fees, the Administration’s intentions will not be met. Some child care providers are experiencing such extreme staffing shortages that they have had to close classrooms due to the lack of staff. The State’s own data shows the huge number of family child care providers who have either closed permanently or for many days due to COVID.

We are also recommending systemic supports to ensure California’s child care system is sustained and grows equitably by dedicating additional resources to serve more children 0-3 in child care and preschool programs as Transitional Kindergarten grows.

**Infrastructure Grants:**

**$300 million of funding support for the Child Care and Development Infrastructure Grant Program**. This investment will ensure a targeted approach directed to communities and families with the greatest need with multi-year investment priorities.

**$10 million for the Department of Housing and Community Development (HCD)** toimplement a study and provide start-up funding for a grant program that supports gap financing for child care centers and family child care (FCC) housing units that are co-located with affordable housing projects.

The state must continue to invest in the Child Care and Development Infrastructure Grant Program and fund a Department of Housing and Community Development study on implementing and providing start-up funding for a grant program that supports gap financing for child care centers and family child care (FCC) housing units that are co-located with affordable housing projects. California lost a significant number of child care facilities and capacity from the reductions during the Great Recession, as well as the pandemic. The loss of existing facilities coupled with increasing construction costs, deteriorating conditions in current facilities, and climate changes have compounded the need for child care facilities.

**Workforce Development Grants:**

**$250 million for restoration and expansion of the Early Learning and Care Workforce Development Grants Program.**

According to the Bureau of Labor Statistics, California’s child care workforce is about 10 percent smaller than it was pre-pandemic. We request the reinstatement and increase of the Early Learning and Care Workforce Development Grants Program to rebuild and expand workforce capacity to support California’s children and families. Within this investment, we propose two set asides of $25 million each. One set aside would be for Workforce Development Grants for Family, Friend, and Neighbor (FFN) providers, which would support professional development opportunities for critical child care providers who are often detached from resources in the formal care system. FFN providers are essential in expanding the capacity of our child care system with providers who are as racially, ethnically, and linguistically diverse as the children they serve. The other set aside would go to professional development geared specifically to supporting Dual Language Learners (DLL), who make up nearly 60% of the children in California; and any remainder of this set aside would be allocated to local Resource and Referral Agencies, First 5s, the County Office of Education, or Local Planning Councils to ensure the workforce grants support local needs.

**COVID Fallout Protections:**

We are also requesting the continuance of several COVID-pandemic policies into 2022-23. To ensure child care providers can keep their doors open during a future COVID surge, they need to be “held harmless” for attendance drops, and they need additional paid COVID sick days. Additionally, several items in the 2021-22 budget were not distributed until later than anticipated in the current budget year. We recommend you carry those dollars over to next year and allow community contractors and providers to exhaust those funds.

Like so many in the care economy, California’s child care providers are emotionally and financially exhausted from the COVID-pandemic. The women of color who cared for California’s children, many of whom put their health and financial well-being at risk, need to be recognized and fairly compensated for their work. If California leaders truly want to achieve equity in the state, they should start with stabilizing the child care system by increasing provider wages and compensation, waiving family fees, and investing in child care infrastructure and workforce development grants.

Child care facilities will close, parents will not be able to work, and families will struggle if the child care workforce does not receive continued support in this year’s budget. We are asking state leaders to invest in the foundation of California’s economy and the future of our children.

Sincerely,

SIGNATURE HERE