



Santa Clara County

Individualized Child Care Subsidy Pilot

Local Child Care Policy and Evaluation Plan

November 2017

Prepared by:



235 Montgomery Street, Ste. 1049
San Francisco, CA 94104

SUMMARY

Assembly Bill 2368 (Gordon) authorizes an individualized child care subsidy plan for the County of Santa Clara to ensure that funding for child care subsidies in the county address local needs and priorities. The existing subsidy regulations do not meet the needs of either families or child care contractors in the county. Children in Santa Clara County are less likely than children in other California counties to qualify for subsidized child care, because of family incomes above the statewide income threshold. However, housing costs are substantially higher in the county than the statewide average: the “housing wage” to afford fair market rents in Santa Clara County is 70% greater than the income cutoff for subsidies. Families in Santa Clara County also face child care prices for unsubsidized care that are 22% to 35% higher than in California overall. Child care contractors offering subsidized care are also financially squeezed. Reimbursement rates for direct service providers are well below market rates in the county, even though regulations for subsidized care make it substantially more expensive to provide. In the major cities in the county, minimum wages are also going up faster than the state increases, which will further pressure subsidized child care contractors. The large share of families above the income threshold coupled with low reimbursement rates and other regulations have resulted in child care contractors not drawing down all the funding available in contracts in the county. Thus, fewer children are receiving subsidized care than intended with the funding for the county.

This local child care subsidy plan, therefore, has two main goals. First, the pilot will better meet the early education and child care needs of families in Santa Clara 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, promote contractor retention, and reduce unearned contract funds. AB2368 requires the plan to meet these goals under the following restrictions:

- No family who would have been eligible under state rules can either become ineligible or be asked to pay higher family fees;
- Provider participation is entirely voluntary;
- The number of child days of enrollment across participating providers must increase overall from the base year; and
- There are no additional resources for the pilot – only unearned and unallocated funds from existing contracts and funding streams.

The Santa Clara County Local Child Care Policy will therefore include seven components that differentiate it from the existing requirements in child care subsidy contracts, as shown below. The pilot will monitor the effect of these changes on the aggregate earned child days of enrollment among participating contractors. In addition, the County will monitor how many children are served from families with income above the state income threshold and the year-to-year retention of children in subsidized care. From the contractor side, the pilot will track the retention of contractors and the value and share of unearned direct service contract funds.

Summary of Santa Clara County Pilot Components	Alignment of Pilot Components		
	San Mateo	San Francisco	Alameda
1. Increase income threshold for eligibility for subsidized care for Title 5 contractors to 85% of the state median income as provided by the California Department of Finance (DOF)	X	X	X
2. Recommend contract terms for pilot year one to redistribute unearned funds	X	X	X
3. Authorize 24-month eligibility for families entering subsidized care and eligible based on need other than job search	X	X	Has a variant of 24-month eligibility
4. Authorize 12-month eligibility for families certified with seeking employment as the only need	X	X	X
5. Establish a family fee schedule for families with income above the state eligibility cutoff to set fees at approximately 10% of family income	X	X	X
6. Restore the age eligibility for CSPP contracts to 2.9 years old	X	X	X
7. Incorporate additional changes to meet the needs of low-income families in Santa Clara County, such as authorizing 6.5 hours of services to families seeking employment or housing	X	X	X

1 INTRODUCTION

In September 2016, Governor Brown approved Assembly Bill 2368, authorizing an individualized child care subsidy plan for the County of Santa Clara. Authored by Assemblymember Rich Gordon and co-sponsored by the Santa Clara Office of Education and Kidango, the legislation allows Santa Clara County to develop and implement a plan through January 1, 2022. Modeled on similar bills, especially AB833 for Alameda County, the legislation removes some of the regulatory constraints in providing subsidized child care through Title 5 contracts with the California Department of Education (CDE). Under AB2368, the individualized child care plan is designed to “ensure that child care subsidies received by the County of Santa Clara are used to address local needs, conditions, and priorities of working families in the community.”

AB2368 provides the county only limited flexibility in designing its subsidy rules. There are four fundamental limitations on the pilot:

- No family who would have been eligible under state rules can either become ineligible or be asked to pay higher family fees;
- Provider participation is entirely voluntary;
- The number of child days of enrollment across participating providers must increase overall from the base year; and
- There are no additional resources for the pilot – only unearned and unallocated funds from existing contracts and funding streams.

This plan lays out the County’s goals for its subsidized child care system. It contains three main parts: Chapter 2 reviews local economic and child care market conditions in Santa Clara County and the challenges to be addressed by the pilot. Chapter 3 summarizes the County’s goals for the pilot and describes the components of the local plan to be implemented to meet these goals within the constraints of AB2368. Chapter 4 offers a list of outcome measures to evaluate the success of the plan.

As called for by the legislation, this plan will go through the following approval process:

Review Body	Approval Date
Local Early Education Planning Council (LPC) of Santa Clara County	April 11, 2017
Board of Supervisors of the County of Santa Clara	April 25, 2017
Early Education and Support Division (EESD), CDE	

2 LOCAL ECONOMIC AND CHILD CARE MARKET CONDITIONS

In developing this plan, Santa Clara 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

Santa Clara County is home to over 400,000 children, including almost 300,000 with all parents employed.

In 2014, an estimated 421,852 children lived in Santa Clara County, including 142,222 children under age 6 and approximately 143,651 children aged 6 to 12. Among children under six years of age in Santa Clara County, 64% have all parents working compared to 61% statewide. For children six to 17 years of age, the percent increases to 70% in Santa Clara County and 66% statewide.¹

Table 1: Santa Clara County Children with All Parents Working, 2014 Estimates

Age Category	Number of Children in Santa Clara County	Number with All Resident Parents in Workforce	Share with All Parents Working²
Under 6 years	142,222	91,616	64%
6 to 17 years	279,630	195,382	70%
Total	421,852	286,998	68%

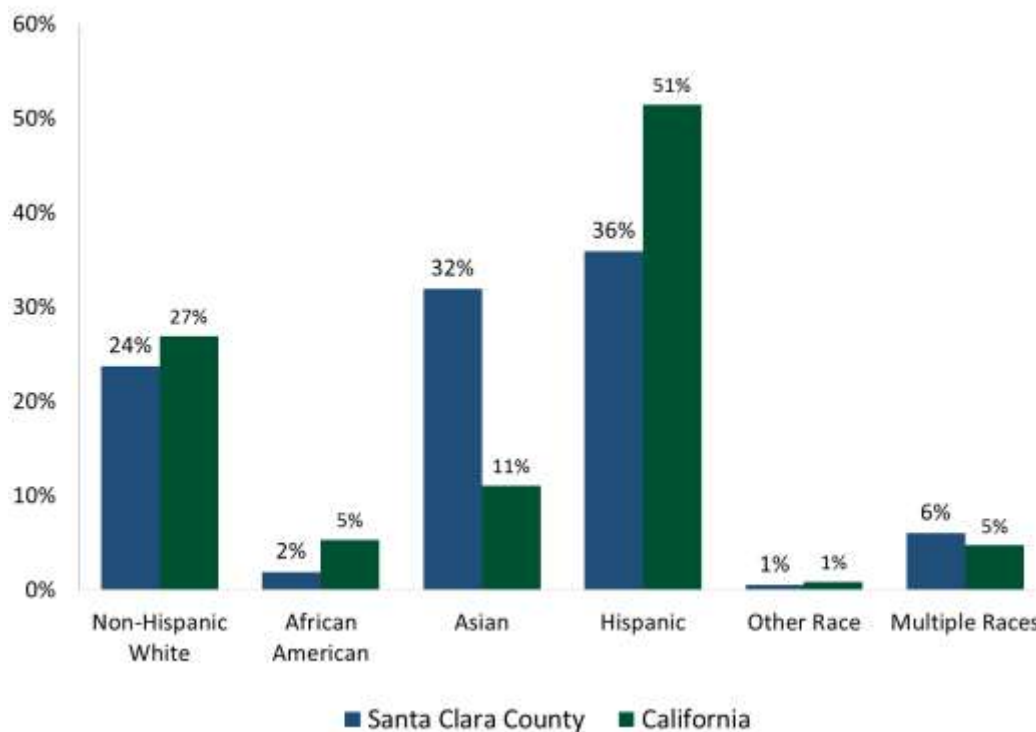
Source: 2014 American Community Survey 1-Year Estimates (Table C23008)

¹ 2014 American Community Survey 1-Year Estimates

² Includes children of working single parents and children in two-parent families where both parents work

The racial/ethnic profile of children in Santa Clara County differs from California overall. As elsewhere, Hispanic/Latino children represent the largest share of children in the county, but Asian children represent nearly as large a share. Non-Hispanic white children account for just under one-fourth of the children. The county has a relatively small population of African American children, but a slightly higher share of children classified as multiple races.

Figure 1: Race/Ethnicity of Santa Clara County Children, 2016

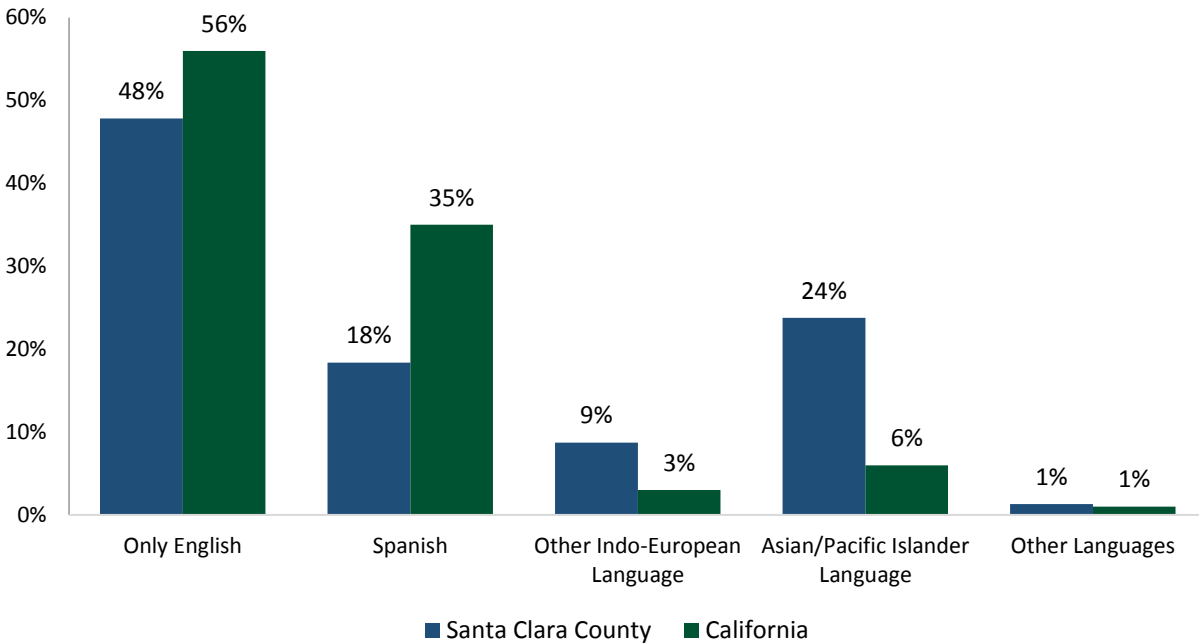


Source: Kidsdata.org from California Dept. of Finance, Race/Ethnic Population with Age and Sex Detail, 1990-1999, 2000-2010, 2010-2060; U.S. Census Bureau, Current Population Estimates, Vintage 2015 (Jun. 2016)

Consistent with this profile, a higher share of children speaks Asian/Pacific Islander languages (24%) in Santa Clara County than statewide (6%). Nearly 51% of children in Santa Clara County speak a language apart from just English at home. The County also has a slightly higher percentage of English Language Learners compared to the statewide average, with about 25% of public school students in English Learner programs compared with 23% statewide.³

³ <http://www.kidsdata.org/topic/51/english-language-learners/table#fmt=205&loc=2,127,347,1763,331,348,336,171,321,345,357,332,324,369,358,362,360,337,327,364,356,217,353,328,354,323,352,320,339,334,365,343,330,367,344,355,366,368,265,349,361,4,273,59,370,326,333,322,341,338,350,342,329,325,359,351,363,340,335&tf=79&sortColumnId=0&sortType=asc>

Figure 2: Language Spoken at Home of Santa Clara County Children, 2014



Source: 2014 American Community Survey Data (Table B16007)

Fewer Santa Clara County children live in households that qualify for subsidized child care, yet families face significant financial pressures from high costs of housing.

Children in Santa Clara County are about half as likely as other California children to live in families that qualify for child care subsidies. The monthly income threshold for subsidized child care in California stands at \$3,908, or \$46,896 per year. Approximating this at \$50,000, Census Bureau data show only about 21% of Santa Clara County families with children under 18 have incomes below \$50,000 compared to 41% statewide.

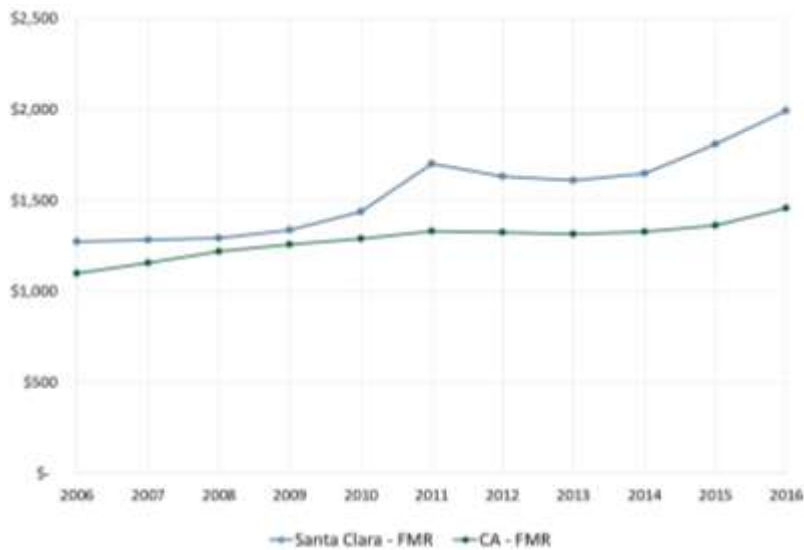
Table 2: Income Distribution of Santa Clara County Families with Children Under 18, 2014

Income Category	Santa Clara County	California
Less than \$25,000	8%	20%
\$25,000 to \$50,000	13%	21%
\$50,000 to \$75,000	11%	15%
\$75,000 to \$100,000	10%	11%
\$100,000 to \$150,000	19%	15%
\$150,000 and up	39%	18%

Source: 2014 American Community Survey 1-Year Estimates (Table B19131)

The smaller share of families below \$50,000 income in Santa Clara does not mean that families find it easier to afford child care. The higher average incomes reflect in large part higher housing costs. Housing costs are commonly measured using fair market rent (FMR), the Department of Housing and Urban Development’s measure of current costs for available rental housing. The FMR for a two-bedroom in Santa Clara County in 2016 was 37% higher than the state (\$1,994 in Santa Clara County compared to \$1,458 statewide).⁴ The difference in housing costs in Santa Clara relative to the state was higher in 2016 than at any time in the last decade.

Figure 3: Fair Market Rents (FMR), 2006-2016 (2 Bedrooms)



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

Statewide the income cutoff for subsidized child care is just below the income level where average California rents would be considered affordable. The National Low Income Housing Coalition uses the FMR to calculate a “housing wage,” defined as the wage income required pay no more than 30% of income to afford rent at the FMR.⁵ The average housing wage for California was \$4,102 per month in 2016. In Santa Clara County, the equivalent housing wage was \$6,647, or 70% higher than the income cutoff. Only two metropolitan areas in California have higher housing wages: the San Francisco-San Mateo-Marín area and the Alameda-Contra Costa Counties area.

⁴ The Department of Housing and Urban Development (HUD) defines the FMR as the rent level where 40% of recent movers pay less than the FMR and 60% pay more than the FMR.

⁵ <http://nlihc.org/oor/california>

Figure 4: FMR, “Housing Wage” Income, and the Statewide Child Care Subsidy Eligibility Cutoff for High Cost Counties, 2016



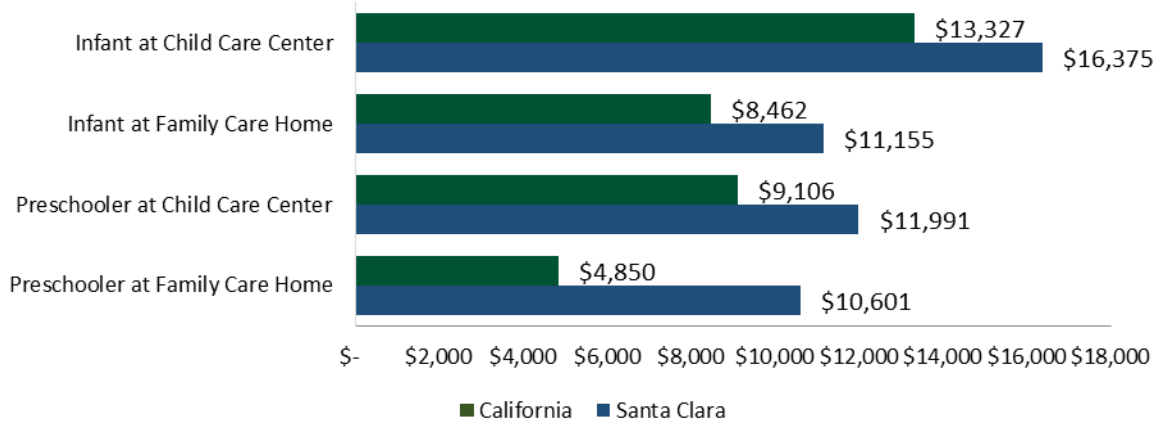
Source: 2016 Fair Market Rents (FMRs), huduser.gov

Market prices for child care are 22% to 35% higher in Santa Clara County than in California overall.

In both family care homes and child care centers, Santa Clara County residents can expect to pay more annually for child care than other California residents (Figure 5). The average price for center-based preschool care was about 32% higher than the state average. For center-based infant care, families may pay nearly 23% more than the statewide average. In fact, with income just over the subsidy threshold – say \$4000 per month – a family in Santa Clara County would typically have to pay one-quarter of their income to have one child in center-based preschool care at \$11,991 annually or \$999 per month. Add an infant and even family care home care would require 45% of a family’s income.

Thus, once child care costs are considered, an even higher income is required to meet self-sufficiency standards in Santa Clara County. The California Budget Project (CBP) and the Insight Center for Community Economic Development have both calculated self-sufficiency standards with and without child care. With child care, these organizations estimate that a family of four with two working parents would have to earn \$7,744 to \$7,959 per month to meet basic needs, based on 2013 and 2014 data. Given the increasing costs of housing and child care, these would be even higher with more current data.

Figure 5: Average Annual Rate for Child Care, by Age Group, 2014



Source: California Child Care Resource & Referral Network, California Child Care Portfolio (Nov. 2015); Cost data are from the Child Care Regional Market Rate Survey, 2014.

Table 3: Subsidy Cutoff Relative to Self-Sufficiency Standards

Monthly Income for “Basic Needs” for a Family of Four with One Infant and One Preschooler	Santa Clara County	California
Income Cutoff for Child Care Subsidy (2017)	\$3,908	\$3,908
NLIHC Housing Wage (2016)	\$6,647	\$4,102
CBP Monthly Family Budget (December 2013) ⁶		
Without Child Care	\$6,413	\$5,688
With Child Care	\$7,744	\$6,796
California Self-Sufficiency Standards (2014) ⁷		
Without Child Care	\$5,621	N/A
With Child Care	\$7,959	N/A

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

Direct service providers who contract with CDE to provide subsidized child care typically receive the Standard Reimbursement Rate (SRR) of \$40.45 per day for full-time preschool care, regardless of where they are located (Table 5). In contrast, child care vouchers allow providers to receive up to the 75th percentile of the local child care market, based on 2014 data from the

⁶ 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 2013). <http://calbudgetcenter.org/MakingEndsMeet/>
⁷ 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.insightccd.org/tools-metrics/self-sufficiency-standard-tool-for-california/>

Regional Market Rate (RMR) survey. The maximum RMR payment rate for preschool is 93% higher than the SRR. Adjustment factors applied to the SRR increase the reimbursement for contractors serving infants 0 to 18 months and toddlers 18 to 36 months. The infant adjustment is 1.7 and the toddler adjustment is 1.4, providing effective SRRs of \$61.37 and \$50.54 respectively. However, these still fall short of market prices, which go up to \$103.76 for center-based infant care.

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

Age Category	Daily RMR ceiling	Standard Reimbursement Rate (SRR)	% Maximum RMR Exceeds SRR
Full-time Infant (Age 12 months)	\$103.76	\$68.34	52%
Full-time Preschooler (Age 3 years)	\$74.71	\$40.45	85%
Full-time School Age (Age 7 years)	\$58.94	\$40.20	47%

Source: Reimbursement Ceilings for Subsidized Child Care 2017, CDE Management Bulletin 16-11

Families who qualify for child care vouchers – largely current and former CalWORKs participants – can use the voucher for care at a licensed child care center or family child care home or with a relative. For preschool care, the SRR is lower than the Santa Clara County RMR in all three settings. Yet the Title 5 contractors must meet more stringent regulations than state licensing requires under Title 22. There are higher education qualifications for Title 5 and stricter child staff ratios. For example, Title 22 requires one adult per 12 preschool children in child care centers; Title 5 requires one adult per 8 preschool children.⁸ There are similar differences for younger children.

Minimum wage boosts increase labor costs for child care providers in Santa Clara County.

It will be increasingly difficult to provide child care at the SRR as labor costs rise in Santa Clara County. Labor costs are the largest budget item for child care centers; one recent study estimates labor to account for 64 percent of operating costs.⁹ In 2016, child care workers in Santa Clara County had an average wage of \$14.38 per hour, with one in four making less than \$11.13 per hour. Wages were slightly higher for preschool teachers, who made an average of \$18.11 per

⁸For a comparison of the regulations see:

https://d3n8a8pro7vdmx.cloudfront.net/rrnetwork/pages/78/attachments/original/1451607399/CA_Licensing_Regulations_Compare.pdf?1451607399

⁹ Welsh-Loveman, J. (2015). The Impact of Minimum Wage Regulations on the Early Care and Education Industry in California. Oakland, CA: Alameda County Early Care and Education Planning Council.

https://www.acgov.org/ece/documents/Welsh-Loveman_APA_5202015.pdf

hour, with one in four below \$15.03.¹⁰ At the time, the California minimum wage was \$10 per hour.

State and local minimum wage increases will push child care wages up further. Statewide, the minimum wage will rise to \$15.00 in 2022 (2023 for small employers). Many Santa Clara County jurisdictions have increases going into place more quickly. San Jose, the county’s largest city, will rise to \$12.00 on July 1, 2017 and \$13.50 on January 1, 2018, hitting \$15.00 per hour in 2019. Cupertino is following the same pattern. Mountain View and Sunnyvale instituted \$13.00 minimum wages on January 1, 2017 and will go to \$15.00 in 2018. (These wage increases not only increase costs for child care providers, but under current regulations put minimum wage earners in families with two working parents over the income threshold for a family of four.)

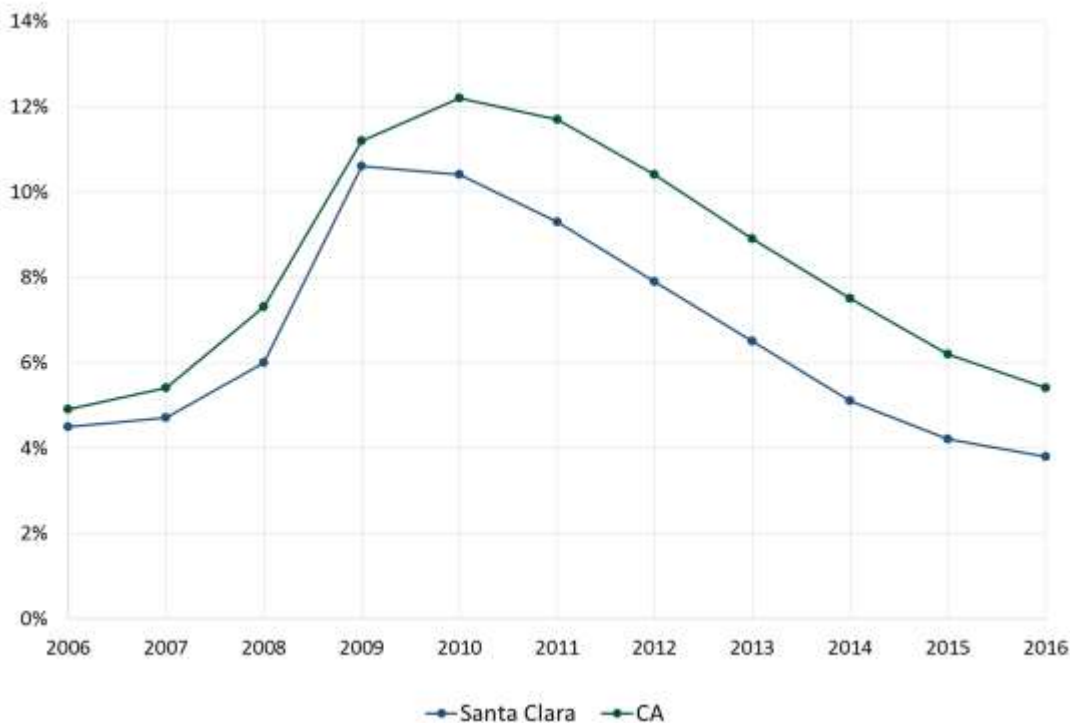
Minimum wage increases generally increase wages not just for those workers previously earning less than the new minimum, but also for workers earning just above it, as employers seek to maintain wage differentials for experience and education. This is particularly important in early childhood education where educational requirements rise with increased classroom responsibilities. CDE and the Child Care Law Center warn of the increased turnover from wage compression and competition from other sectors as minimum wages increase.¹¹ Labor markets are tight in Santa Clara County. By the end of 2016, the county’s unemployment rate was below 4%, more than a percentage point lower than the average for California.

A 2016 survey of Santa Clara providers with California State Preschool Program (CSPP) contracts asked contractors why they chose not to request expansion funds to serve more children. Sixty percent reported that they could not afford the cost of expansion due to staff salaries. Additional state staffing requirements and staff quality standards put additional pressure on salaries.

¹⁰ <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/oesWageReport.asp?menuchoice=OESWAGE>

¹¹ California Department of Education. (2017). Bringing Child Care Policy in Line with the New Minimum Wage. Sacramento, CA.

Figure 6: Average Annual Unemployment Rate, 2006-2016



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

Families above the income threshold, low reimbursement rates and other regulations together led to underearned state contracts.

In each of the last two years, Santa Clara County providers with CSPP, General Child Care (CCTR) and Migrant Child Care (CMIG) contracts returned more than \$8.855 million allocated to child care in the county. With funding for approximately 8,000 children, just over 7,000 children received subsidized care.¹² CSPP accounted for the largest share of unearned funds, with more than 18% of contract dollars unearned.

Many CSPP contractors cited low reimbursement rates as a barrier to serving more children. As one indicated:

“Yearly we face a \$350,000 deficit due to low reimbursement rates. We have deteriorating facilities and materials, with negative funding to improve the quality and capacity of the child development centers for our youngest, most vulnerable learners.”

¹² Calculated from expected child days of enrollment for an average of 236 days in operation per year at the SRR for preschool care.

Another contractor wanted to renovate, but could not take on more debt without passing the cost on to parents or lowering wages. Other contractors indicated that they could not hire adequate staff to provide the quality of service needed by families.

Other challenges included staffing to meet Quality Rating and Improvement System (QRIS) standards and enrollment losses to Transitional Kindergarten.

3 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. At the same time, high quality programs promote healthy development and school readiness for children, including cognitive development and social and emotional skills. Moreover, research shows that stable child care is important for children’s development and may be particularly important for children at risk of poor developmental outcomes. The lack of reliable child care also affects mothers’ ability to remain employed, while many parents who receive subsidized child care work in sectors such as retail and service areas that are associated with employment volatility.¹³ Indeed, one goal of the reauthorization of the federal Child Care and Development Block Grant Act in 2014 was to incorporate more family friendly eligibility policies to promote greater child care stability for parents and children.

In its local child care subsidy plan, Santa Clara County seeks to address two major breakdowns in the child care subsidy system as currently exists. 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 finding, certifying and recertifying children as eligible for subsidies combined with very low reimbursement rates make it difficult 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, the local child care subsidy plan has two main goals:

Better meet the early education and child care needs of families in Santa Clara County through policies that

- Support low-income families, and
- Promote stable child care.

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.

¹³ For an overview of the role of child care stability, see Adams, G., & Rohacek, M. (2010). *Child Care Instability: Definitions, Context and Policy Implications*. Washington, DC: Urban Institute.

These policies are incorporated in seven components where the local approach will differ from statewide regulations. For each component, we provide a conceptual overview, link it to the goals above, note whether the component is consistent with pilots in other counties, and provide additional notes for background or clarification.

Component 1: Increase income threshold for eligibility for subsidized care for Title 5 contractors to 85% of the state median income as provided by the California DOF	
Concept	Families will be eligible for subsidized care if their income does not exceed 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.
Goal(s)	<ul style="list-style-type: none"> • Support low-income families • Reduce unearned funds • Increase earned child days of enrollment
Matched to Other Pilots	San Mateo, San Francisco, Alameda
Notes	As needed, the County will seek modification of this threshold to ensure that the pilot income eligibility is the maximum allowable under federal guidelines. The entry income threshold for the pilot deviates from the entry income threshold established in the California Education Code 8263.1 (a), which states that a family’s adjusted monthly income must be at or below 70% of the SMI.

**Component 2:
Recommend contract terms for pilot year one to redistribute unearned funds**

Concept	The Santa Clara County LPC will provide EESD with recommended contract terms for participating pilot contractors, including maximum reimbursable amounts (MRA), child days of enrollment and the pilot reimbursement rate (PRR). The contract terms will reflect a recommended allocation of contract funds, recognizing that some direct service contractors will not fully earn their contracts, but that others will over-earn. Funds will be used in part to implement higher contractor reimbursement rates.
Goal(s)	<ul style="list-style-type: none"> • Reduce unearned funds • Increase earned child days of enrollment • Promote contractor retention
Matched to Other Pilots	Contract terms included San Mateo, San Francisco, Alameda.
Notes	Consistent with EESD requirements, the contract terms will maintain the existing funding streams and match the current county funding by contract type. At the end of the pilot or on a contractor’s withdrawal from the pilot, contract terms would revert to the previous terms adjusted for any statewide changes in terms (e.g. changes in the statewide standard reimbursement rate). The pilot proposes to update the PRR in future years to address any continued underearning or other priorities as they emerge. Final calculations for the PRR for Santa Clara County are included in the appendix to this plan.

**Component 3:
Authorize 24-month eligibility for families entering subsidized care and eligible on the basis of need other than job search**

<p>Concept</p>	<p>Consistent with federal goals to provide stable child care financial assistance to families, the Santa Clara pilot will establish 24-month redetermination periods for families who meet the income threshold for subsidized care and, as required by the contract type, meet the need criteria for eligibility. (See below for eligibility based on job search.) The 24-month eligibility would apply to all ages of children in CCTR, CMIG, and CFCC, and to children in CSPP who meet the state age requirements.</p>
<p>Goal(s)</p>	<ul style="list-style-type: none"> • Support low-income families • Promote stable child care • Reduce contractor administrative burden • Promote contractor retention
<p>Matched to Other Pilots</p>	<p>Alameda and San Francisco/San Mateo have variants of the 24-month eligibility. Santa Clara’s version in authorizing 24-month eligibility is consistent with San Francisco and San Mateo.</p>
<p>Notes</p>	<p>Eligibility redetermination guidelines would be consistent with those now embedded in contractor handbooks developed for Alameda and San Francisco Counties and the EESD Management Bulletin 17-14 (September 2017). Specific features of this component include:</p> <ul style="list-style-type: none"> • Family fees and subsidized hours of care would be stable over 24-month eligibility period. • Earlier redetermination could be triggered by the family by their choice to lower the family fee or expand hours of care. • At initial eligibility and redetermination, eligibility may be based on either the previous month’s income (or in the case of unpredictable income, the average from at least three consecutive months) and no more than 12 months preceding initial certification, consistent with Title V 18096. • Families must submit documentation of total income to the contractor who will verify the information. An income calculation worksheet will be used to help determine income eligibility. Income is calculated pursuant to Title V 18078(q). • Families will be instructed that they must notify the agency if their monthly income will disqualify them for subsidies. This includes income exceeding 85% of the SMI as determined by the CA DOF. <p>Note: Because no funding has been relinquished for CMIG slots, there will be no change in reimbursements for CMIG under the pilot. However, other</p>

applicable pilot changes will apply to CMIG slots for services provided within Santa Clara County (e.g. care at the Ochoa Migrant Center in Gilroy, funded through GoKids CMIG contract).

Component 4: Authorize 12-month eligibility for families certified with seeking employment as the only need	
Concept	Stable child care financial assistance is also a goal for families seeking employment. For these families, the period of eligibility will be 12 months, with no more than 12 months' eligibility based on job search within a 24-month period.
Goal(s)	<ul style="list-style-type: none"> • Support low-income families • Promote stable child care • Reduce contractor administrative burden
Matched to Other Pilots	San Mateo, San Francisco, Alameda
Notes	

**Component 5:
Establish a family fee schedule for families with income above the state eligibility cutoff to set fees at approximately 10% of family income**

Concept	To promote transition from subsidized care, family fees will rise with income in the “pilot income range” between the state income threshold and the pilot threshold. The family fee scale will match those in the other pilots.
Goal(s)	<ul style="list-style-type: none"> • Support low-income families • Reduce unearned funds • Increase earned child days of enrollment
Matched to Other Pilots	San Mateo, San Francisco, Alameda
Notes	The pilot family fee scale will be updated following any changes in the state fess schedule and when the income threshold is updated annually.

**Component 6:
Restore the age eligibility for CSPP contracts to 2.9 years old**

Concept	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.
Goal(s)	<ul style="list-style-type: none"> • Promote stable child care • Reduce unearned funds • Increase earned child days of enrollment
Matched to Other Pilots	San Mateo, San Francisco, Alameda
Notes	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 1 in the fiscal year in which they are enrolled in a CSPP program.

Component 7:
 Incorporate additional changes to meet the needs of low-income families in Santa Clara County, including:
 a. Authorizing families for 6.5 hours of services if their only need is seeking housing or seeking employment

Concept	These additional components will assist in meeting the needs of families in the county and help contractors maximize enrollment
Goal(s)	<ul style="list-style-type: none"> • Support low-income families • Promote stable child care
Matched to Other Pilots	Alameda, San Mateo and San Francisco
Notes	

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

1. Associated Students, San Jose State University
2. California Young World, Inc.
3. Campbell Union School District
4. Continuing Development Inc./Child Development Centers
5. Community Child Care Council (4Cs) of Santa Clara County
6. East Side Union High School District
7. Estrella Family Services
8. Foothill-Deanza Community College
9. Gilroy Unified School District
10. Go Kids, Inc.
11. Kidango
12. Martinson Child Development Center Inc.
13. Milpitas Unified School District
14. Moreland Elementary School
15. Mountain View- Whisman School District
16. Palo Alto City Unified School District
17. San Jose Unified School District
18. San Jose/Evergreen Community College
19. San Juan Bautista Child Development Centers
20. Santa Clara County Office of Education
21. Santa Clara Unified School District
22. Sunnyvale Elementary School District
23. YWCA Silicon Valley

4 MEASURING OUTCOMES

Each year the County of Santa Clara 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 2018 and will cover fiscal year 2017/2018. 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:

- 1) **801A Data:** Each month, contractors are required to submit to EESD a list of all families that received subsidized services. For each child in subsidized care, the 801A lists the date services began, family income, family size, child's date of birth, CalWORKs receipt, and other demographic and care information. Pilot contractors will provide an extract of their April submission for March 801A data for inclusion in the annual report. A subset of providers will provide more frequent reports as needed to track specific outcomes. To do a pre-post analysis, we will capture 801A data for March 2017 as a comparison.
- 2) **Attendance and Fiscal Reports:** Contractors will provide the LPC with a copy of each quarter's Quarter Attendance and Fiscal Reports (8501 and 9500 Forms). This will provide information on earned child days of enrollment and family fees. This information will be used to determine an increase in the aggregate child days of enrollment from the aggregate child days of enrollment in the last quarter of the 2015-2016 fiscal year pursuant to the California Education Code Section 8332.4.
- 3) **Provider Satisfaction Surveys:** Each provider will complete an annual online survey regarding their experiences with the pilot project. The survey will be developed in collaboration with Santa Clara County and will examine contractors' experiences both positive and negative, and their perception of the impact of the pilot on families.
- 4) **Additional Data from EESD:** We will also use data provided by EESD on the number of contractors and the unearned contract funds.

The measures tracked are structured around the two major goals of the pilot: better meeting the needs of families and expanding the supply of subsidized care.

Understanding how the pilot meets the needs of families

The first two measures will examine the effect of the higher income threshold and the longer recertification periods.

Measure 1: The number and share of children in subsidized care with family income above the state income threshold.

We will track the number and share of children from families with income in the “pilot range” (income above the state income threshold but below the pilot threshold). Over time, we expect to see a larger share of children with income in this range. These are children who, without the pilot, would not be eligible for subsidized child care. However, with 24-month recertification, we may not observe families as they move into this category.

Data Source: April 801A data provided by contractors

Measure 2: The time in services and year-to-year retention for children in subsidized care by contract type.

For children in subsidized care, we will measure the time in services, measured as the days since the date the child started receiving services. We will also measure the share of children observed in each year that were also included in the prior year’s data. We expect children to remain in care longer, recognizing that children will “age out” of care especially in CSPP.

Data Source: April 801A data provided by contractors

Understanding how the pilot expands subsidized care

Additional measure will track the effect of the pilot on the supply of care and the stability of providers.

Measure 3: The number of active direct services child care and development services contractors in Santa Clara County.

We expect that higher reimbursement rates and lower administrative burden will promote the retention of contractors offering subsidized care through CSPP, CCTR and CMIG contracts. We will measure the number of direct service contractors providing contracted child care and development services on June 30th of each year. For comparison, we will also plan to obtain data from EESD on retention of direct service contractors in nearby counties over the same period.

Measure 4: The aggregate adjusted child days of enrollment among pilot contractors.

The legislation requires that the pilot achieve an increase in child days of enrollment compared to the baseline. For Santa Clara County, the baseline is the earned child days of enrollment among participating contractors in Fiscal Year 2015/2016. Please see the appendix for the baseline numbers. Each year the evaluator will re-calculate the baseline days of enrollment based on data provided by EESD to adjust for fluctuations in contract funds. Thus, the baseline is a formula rather than a static number. For example, if contract funds were reduced in a year of the

pilot to 85 percent of the baseline contract funds, the baseline goal for that year would be calculated at 85 percent of the baseline child days of enrollment. This strategy is in use in San Mateo and San Francisco Counties and was proposed by EESD staff to offset increases or decreases in funding provided to contractors.

Data Source: 4th Quarter Attendance and Fiscal Forms.

Measure 5: The value and share of unearned direct service contract funds returned to the California Department of Education.

This measure is defined as the total contract allocations during a fiscal year that are unearned (not spent). The amount of unearned contract dollars is defined as the difference between the total contract allocations and the total dollars earned by participating contractors.

Data Source: 4th Quarter Attendance and Fiscal Forms