



Santa Clara County Individualized Child Care Subsidy Pilot Project: Three-Year Report 2020/2021-2022/2023

Prepared By:
Kira Gunther, MSW
Ardavan Davaran, PhD
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INTRODUCTION FROM THE COUNTY SUPERINTENDENT OF SCHOOLS



Expanding access to affordable and high-quality child care has a positive and significant impact for children, families, and the economy. The findings of the Santa Clara County Individualized Child Care Subsidy Pilot Project showcase the outcomes of the three-year pilot project, which supported the early education and child care needs of low-income families while promoting stable care.

Origins for this pilot program are rooted in Assembly Bill 2368, which authorized an individualized child care subsidy plan for Santa Clara County. Funding for child care subsidies in the county was to meet the local needs and priorities. The pilot was extended twice through Assembly Bill 1294 and the Budget Trailer Bill.

Key findings from the 2022-2023 fiscal year include an increase in the number of children served. Two thousand more children were served in comparison to the previous year, for a total of 9,547 children served during the fiscal year. There was an increase in children served across the following contract types: California Center Based General Program (CCTR), California State Preschool Program (CSPP) and the Alternative Payment Program (AP). The largest portion of children were enrolled in Alternative Payment Programs. Through the life of the pilot program, 23,816 children have been served.

In addition to supporting families, the pilot aimed to expand subsidized care by implementing policies that improve reimbursement rates for contractors, promote contractor retention and reduce unearned contract funds. Over the three years, all but one pilot contractor were retained, resulting in a 96 percent retention rate.

The Santa Clara County Individualized Child Care Subsidy Pilot Project has resulted in successes and learning opportunities for meeting the needs of families and child care providers in a high-cost county. The momentum surrounding advocacy and policy for accessible, affordable and high-quality child care continues to bring hope for successful academic beginnings.

I want to extend my gratitude for the partnerships with the Local Early Education Planning Council of Santa Clara County (LPC), Indigo Project, and the 22 pilot contractors. The success of the Santa Clara County Pilot Program would not have been possible without the support of the LPC and inspiration from model programs in fellow Bay Area counties. The Santa Clara County Pilot Program is modeled on similar subsidy pilot plans in San Mateo, San Francisco, and Alameda Counties.

Through collaboration and shared resources, we are making a positive and meaningful impact on families by providing support that opens doors to economic stability and prepares children to become lifelong learners.

A handwritten signature in black ink that reads "Mary Ann Dewan".

Dr. Mary Ann Dewan

County Superintendent of Schools

ACKNOWLEDGEMENTS

This evaluation would not be possible without the support from the Santa Clara Pilot contractors and the Local Early Education Planning Council of Santa Clara County (LPC).

Santa Clara Pilot contractors participating in this evaluation:

Associated Students San Jose State University
California Young World, Inc.
Campbell Union School District
Catalyst Family Inc.
Choices for Children
East Side Union High School District
Foothill De Anza College Child Development Center
Gilroy Unified School District
Go Kids, Inc.
Kidango, Inc.
Martinson Child Development Center, Inc.
Milpitas Unified School District
Moreland School District
Mountain View Whisman School District
Palo Alto Unified School District (Palo Alto Community Child Care)
San Jose Grail Family Services
San Jose Unified School District
Santa Clara County Office of Education
Santa Clara Unified School District
SJB Child Development Centers
Sunnyvale Elementary School District
Think Together
YWCA Silicon Valley

Since its inception, the **Local Early Education Planning Council of Santa Clara County (LPC)** has played, and will continue to play, a pivotal role as a coordinating body for the Santa Clara County Individualized Child Care Subsidy Pilot by providing staff to help coordinate local policies, implementation processes, and data reporting.

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INTRODUCTION

The Santa Clara County Child Care Subsidy Pilot Project (the Pilot), implemented in September 2016 through Assembly Bill (AB) 2368, authorized an individualized child care subsidy plan for Santa Clara County to ensure that funding for child care subsidies in the County address local needs and priorities. The intent of the Pilot is to 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. The pilot also aims to expand subsidized care by implementing policies that improve reimbursement rates for contractors, promote contractor retention, and reduce unearned contract funds.

In January 2018, the California Department of Education (CDE) Early Education Support Division approved modifications to the Pilot. These changes include:

- Increasing the family eligibility income threshold from 70 percent to 85 percent of the state median income (SMI);
- Authorizing 24 months of eligibility for families entering subsidized care as long as their income does not exceed 85 percent of SMI;
- Authorizing 12 months of eligibility within a 24-month period for families who report that their only need is seeking employment;
- Authorizing eligibility for the CSPP programs for children who turn 3 years old by or before December 1st; and
- Changing service options for families seeking employment or permanent housing.

In May of 2018, CDE approved Pilot reimbursement rates for contractors.

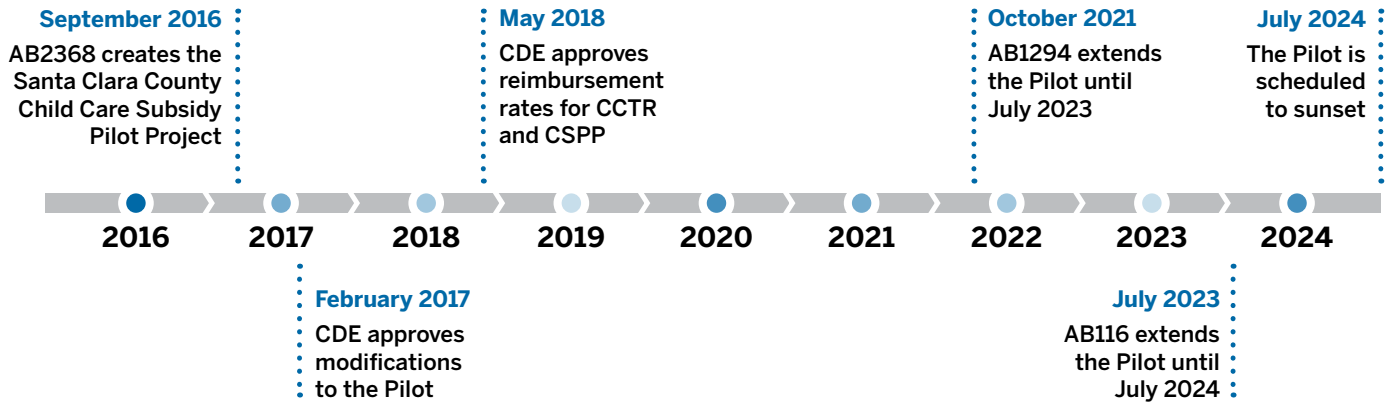
In July 2022, several changes were made statewide to part-time and full-time state preschool programs. These changes include:

- Authorizing all families enrolled to receive 24 months of eligibility;
- Increasing the income eligibility threshold from 85 percent of the State Median Income (SMI) to 100 percent of the SMI; and
- Allowing families in need of full-day services with incomes that are up to 15 percent over the income threshold to be eligible for full-day CSPP as long as no more than 10 percent of the total contract be children enrolled under this provision.

The Pilot, originally intended to sunset in July 2022 was extended for one year through AB 1294; AB 116 extended the pilot again to July 1, 2024.

This 3-Year report presents cumulative findings from the Pilot in Santa Clara County. Data include attendance and fiscal information submitted to the state from three years: FY 20/21, FY 21/22, and FY 22/23.

INTRODUCTION



Legislative Timeline

- AB2368 creates the Santa Clara County Child Care Subsidy Pilot Project in September 2016
- CDE approves modifications to the Pilot in February 2017
- CDE approves reimbursement rates for CCTR and CSPP in May 2018
- AB1294 extends Pilot until July 2023
- AB 116 extends the pilot to July 2024



INTRODUCTION

CONTRACT TYPES INCLUDED IN THE REPORT:

California Center Based General Program (CCTR): Direct service program for infants/toddlers and school-age children.

California State Preschool Program (CSPP): Direct service program for preschool-age children.

Alternative Payment (AP): Vouchers that allow flexibility in choosing family child care, center-based care, or license-exempt care. AP programs are not evaluated using earnings and family fee data. Only demographic data is provided for these programs.

This report contains information on the efficacy of the Pilot components in meeting the needs of children and families in Santa Clara. The purpose of this evaluation is two-fold:



1. What are the characteristics of children and families who received subsidized child care services in Santa Clara County?

2. To what extent does the Pilot meet its intended goals.



1. Increase the stability of Title 5 center-based child care and development services contractors and the families they serve.



2. Increase the percentage of contracts earned by providing funding flexibility.



3. Increase the ability of contractors to efficiently manage their contracts and maximize enrollment through enhanced technical assistance.





CHARACTERISTICS OF CHILDREN SERVED

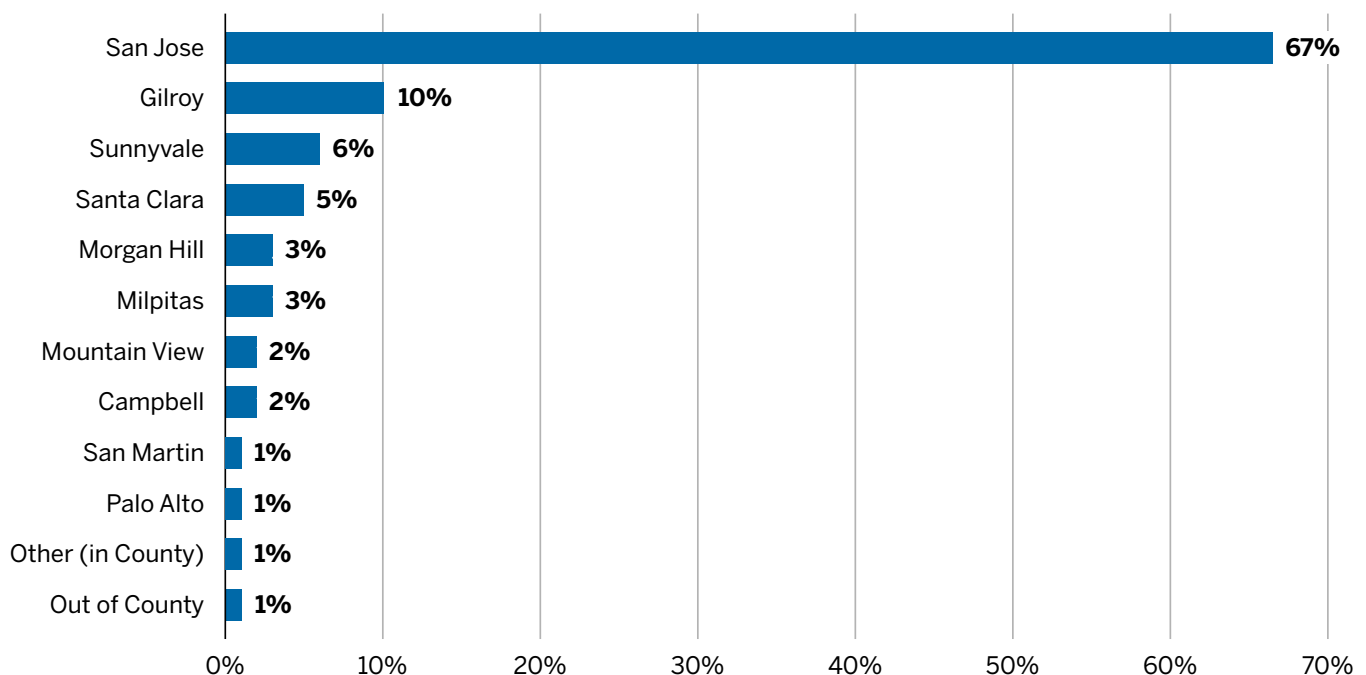
Across the years 2021, 2022, and 2023, the Pilot provided services to **23,816 children¹** (Table 1), all whom were served through AP, CSPP, and CCTR. Since many children receive care across multiple years, this represents **15,679 unique children served across the three years**.

Table 1. Children Served in Pilot (April of 2021, 2022, 2023)

Contract Type	Number of Children Receiving Care			Number and Percent of Children Receiving Care	
	2021	2022	2023	Total	
AP²	3,459	4,348	5,433	13,240	56%
CSPP	2,433	2,203	2,776	7,412	31%
CCTR	1,052	864	1,248	3,164	13%
Total	6,944	7,415	9,457	23,816	100%

Two-thirds (67%) of children served lived in San Jose, while 10% of children lived in Gilroy, 6% lived in Sunnyvale, and 5% lived in the City of Santa Clara. The remaining children were spread throughout the County, with approximately 1% of children served living out of county (see Figure 1).

Figure 1. Children Served by Zip Code (2021-2023)



¹ Data on children served come from 801A data extracts in the month of April of each report year.

² 75% of children served under an AP contract received either C2AP or C3AP

CHARACTERISTICS OF CHILDREN SERVED

As shown in the figures and table below, **the majority (80%) of children who received care identified as White; nearly ten percent of children identified as Asian.** Among families that identified their children as White or Native American/Native Alaskan, the vast majority also identified as Hispanic/Latino. **Across all races, 73% of children served identified as Hispanic/Latino.**

Figure 2. Race of Children Served (2021-2023, n=15,679)

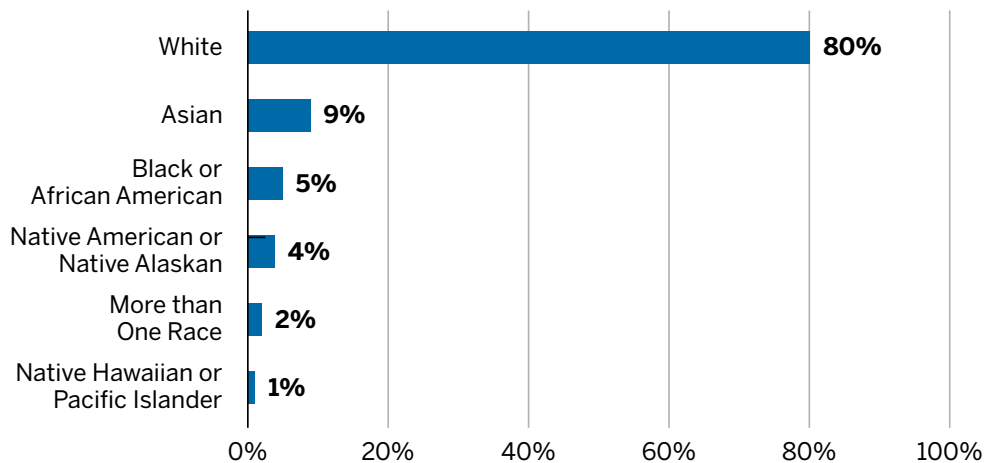


Figure 3. Ethnicity of Children Served (2021-2023, n=15,679)

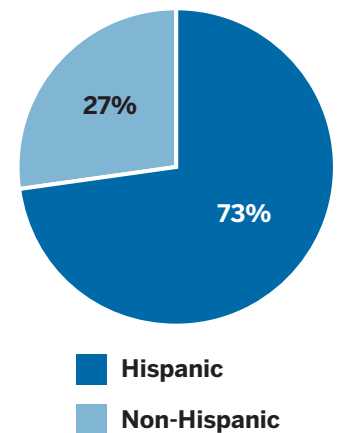


Table 2. Number and Share of Children Who Identified as Hispanic/Latino and Non-Hispanic/Latino, by Race (2021-2023, n=15,679)

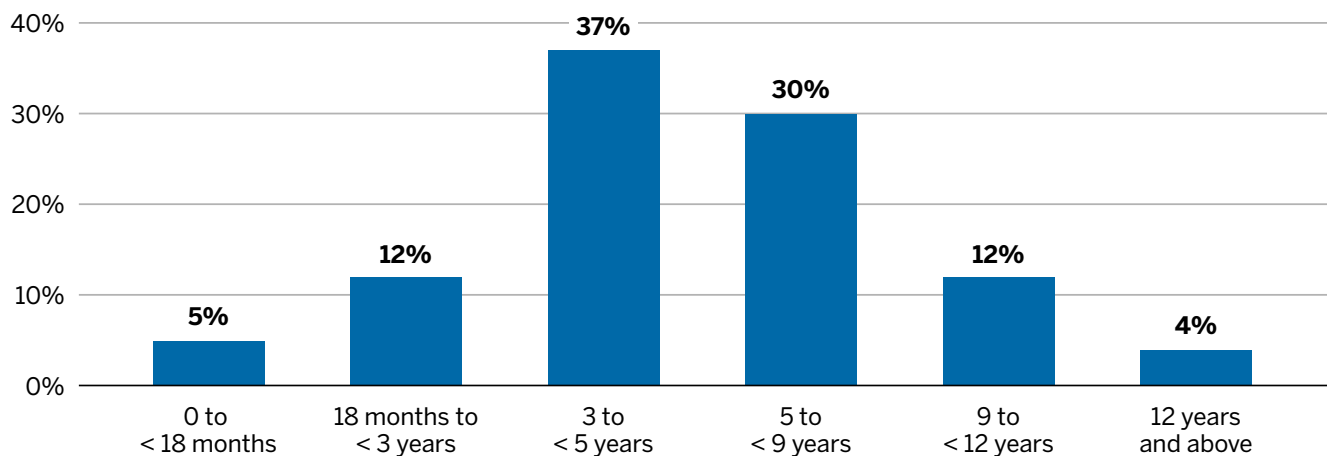
Race	Hispanic/Latino	Non-Hispanic/Latino	% Hispanic/Latino, by Race
Asian	48	1,424	3%
White	10,647	1,834	85%
Black or African American	65	771	8%
Native American or Native Alaskan	520	41	93%
Native Hawaiian or Pacific Islander	29	62	32%
More than One Race	126	112	53%



CHARACTERISTICS OF CHILDREN SERVED

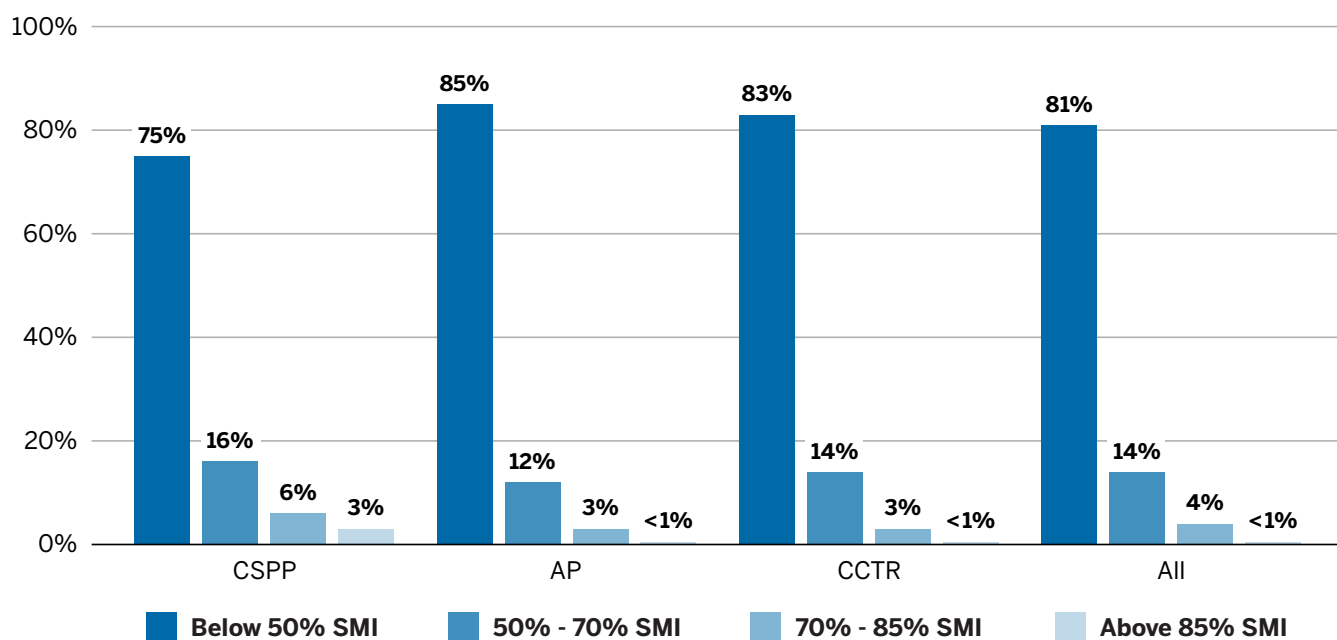
As shown in Figure 4, the **largest share of children (37%) were three or four years old**. Almost one-third (30%) of children served were five to eight years old. Infants and toddlers composed 17% of children served, while 16% of children served were age nine or above.

Figure 4. Children Served by Age (2021-2023)



Across all contract types, **the vast majority of families (81%) had incomes below 50% of the State Median Income (SMI)**. Approximately 5% of children across contract types had an income at 70% SMI or above.

Figure 5. Children Served by Family Income (2021-2023)³



³ Calculations based on American Community Survey, California State Median Income for 2021 from the California Department of Finance.

GOALS AND MEASURES



Goal 1: Increase the stability of Title 5 center-based child care and development services contractors and the families they serve.

Measure 1.1: The number of active direct service child care and development services contractors in Santa Clara County.

Over the past three years, Santa Clara County has retained all but one Pilot contractor. In Fiscal year 22/23, San Jose Unified School District relinquished their contract. This represents a 96% retention rate of contractors over this time period.

Measure 1.2: The time in services and year-to-year retention for children in subsidized child care.

A goal of the Pilot is to increase stability of child care for families. In each year from 2021 - 2023 over half of children who received care also received care the previous year; a much higher proportion (86%) of children receiving care in 2021 also received care the previous year. This may reflect the impacts of the COVID-19 pandemic resulting in fewer families seeking childcare in 2021 unless they had an already established provider. The total number of children excludes those expected to exit due to aging out of care. This indicates the Pilot is providing stability to a large share of children. The average length of participation for CCTR and AP contracts is over two years. It is just under one year for CSPP contracts. (See Appendix)

Table 3. Direct Service Contractors in Santa Clara County

Year	Direct Service Contractors
FY 20/21	23
FY 21/22	23
FY 22/23	22
Rate of Retention	96%

Source: California Department of Education, Child Development Division

Table 4. Compared to Previous April, Children Still Enrolled a Year Later

Enrollment	2021		2022		2023	
	n	%	n	%	n	%
Still Enrolled	4,601	86%	3,965	65%	4,640	58%

Source: 801A census forms from April 2017-2020.



GOALS AND MEASURES



Goal 2: Increase the percentage of contracts earned by providing funding flexibility.

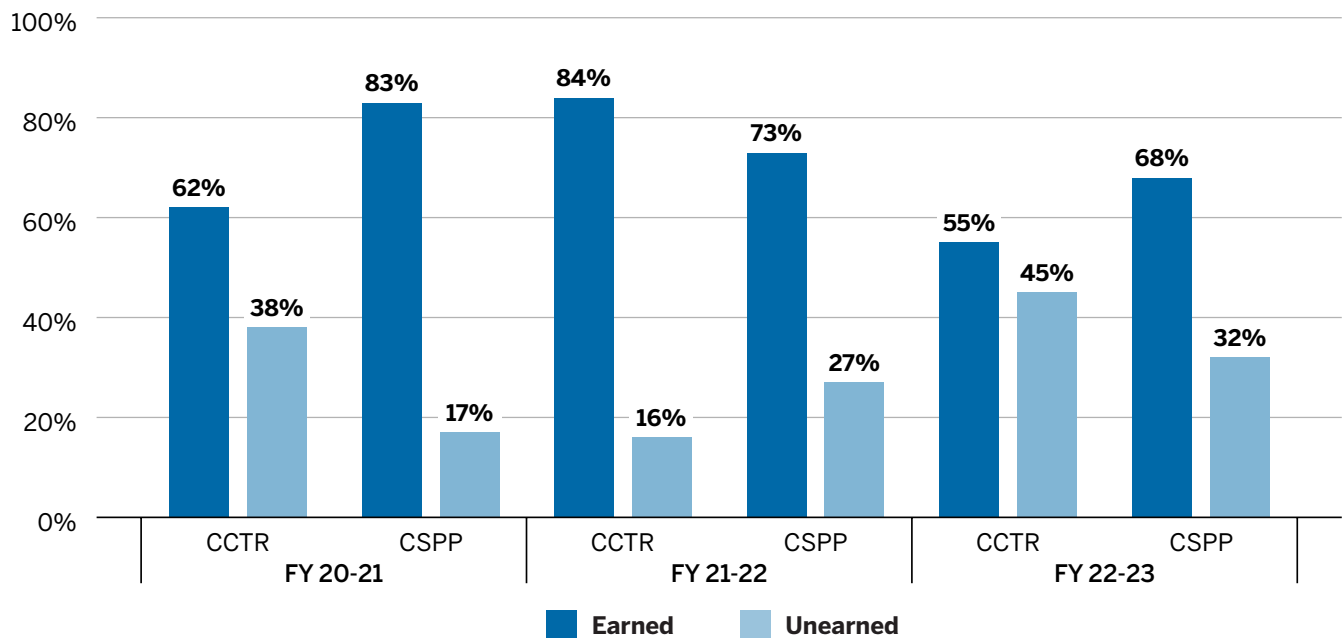
Measure 2.1: The amount of unearned direct service contract funds returned for CSPP and CCTR contracts. Over the last three years, between 21% and 38% of direct service contract allocations were relinquished by direct service contractors. In FY 22/23, contractors returned the largest amount and share of contract dollars, while contractors returned the smallest amount and share of contract dollars in FY 21/22. As shown in Figure 6, contractors retained the majority of contract dollars for both CSPP and CCTR contracts across all three years.

Table 5. Unearned Direct Service Funds in Dollars and as a Percentage of Total Direct Service Funds

Year	Unearned Direct Service Funds
FY 20/21	\$25,197,572 (28%)
FY 21/22	\$23,971,456 (21%)
FY 22/23	\$65,477,945 (38%)

Source: Contractors submitted attendance and fiscal reports and contracts, final maximum reimbursement contract dollars from CDE and CDSS

Figure 6. Percent of Earned and Unearned Direct Service Funds by Contract



Source: Contractors submitted attendance and fiscal reports and contracts, final maximum reimbursement contract dollars from CDE and CDSS



GOALS AND MEASURES

Measure 2.2: The aggregate adjusted child days of enrollment (cdes) among Pilot contractors.

The baseline is adjusted each year to reflect contract fluctuations. As shown in Table 6, in FY 21/22, the pilot exceeded prior years. The Pilot did not reach the adjusted baseline in FY 20/21 and FY 22/23, in part due to much higher contracted cdes.

Table 6. Earned Child Days of Enrollment at Participating Direct Service Contractors Compared to Baseline⁴

Year	Contracted cdes ⁵	Adjusted Baseline	Earned Child Days	Percent of Baseline
Baseline	1,171,514	–	930,816	100%
FY 20/21	1,754,578	1,394,084	1,075,075	77%
FY 21/22	1,418,900	1,127,374	1,170,160	104%
FY 22/23	2,160,125	1,716,308	1,200,926	70%

Source: Baseline information from Santa Clara Pilot Plan, Contractors submitted attendance and fiscal reports and contracts.

Table 7. Earned Adjusted Days of Enrollment, By Contract

Year	CCTR	CSPP	Total
FY 20/21	578,969	496,106	1,075,075
FY 21/22	699,864	470,296	1,170,160
FY 22/23	574,531	626,396	1,200,926

⁴ The adjusted baseline is a formula that was developed by CDE to account for changes each year in contracted dollars. For example, in 2020-21, Santa Clara County's contracted cdes were 150% of the contracted cdes in the baseline year so the revised baseline adjusted the goal upwards by 50%.

⁵ Contracted cdes in draft pending review and confirmation by fiscal analyst.



GOALS AND MEASURES



Goal 3: Increase the ability of contractors to efficiently manage their contracts and maximize enrollment through enhanced technical assistance.

Measure 3.1: The share of contractors managing contracts through Pilot technical assistance, training, and support.

During the course of the implementation of the Child Care Pilot Subsidy Program, the Local Early Education Planning Council (LPC) has continued to support program implementation and technical assistance to the Pilot providers in Santa Clara County. Every Pilot contractor participates in some aspect of Pilot technical assistance throughout the year. Examples of these supports include:

- **Periodic meetings of the Title 5 Providers Group:**

The LPC Title 5 Providers Group is charged with problem-solving and planning for the stabilization of CDE child care to make the most of CDE subsidized child care monies countywide. The goals of the network are to increase and advocate for quality improvement, access, partnerships, and shared resources among providers. The Group meets every other month to discuss Pilot administration, evaluation, and advocacy for continued implementation.

- **Pilot Enrollment Forms:** The LPC also hosts a clearinghouse (via Dropbox) of common enrollment forms. Examples include Employment Verification, Seeking Employment, Self-Declaration of Employment, and Seeking Permanent Housing. The LPC has also compiled a tickler list to support all program operators with State and Head Start mandated deadlines, required reports, and monthly compliance tasks.

- **Pilot Enrollment Training:** The LPC supports annual training around Pilot enrollment guidance and best practices to the enrollment staff from each of the Pilot providers.

- **LPC Website:** The LPC continues to provide Pilot contractors with online resources and support for ECE recruitment by posting Pilot contractor job openings and announcements.
- **Slot Survey:** The LPC, in partnership with the Santa Clara County Office of Education Research and Evaluation team, created a Pilot Slot Survey dashboard and geo-maps, which is a tool used to fill vacancies throughout the county. This slot survey is updated monthly by Pilot contractors and is intended for contractors that do not currently have vacancies to see who has available slots and make a referral.



DISCUSSION



Findings from this report indicate that despite a number of ongoing challenges with fully earning contracts as well as the added challenge of recovering in the aftermath of COVID-19, there are a number of ways the Santa Clara Pilot has been successful, although not fully adequate to meet the needs of such a high-cost county.

- **Stability for children:** Across each year of this report, between 58% and 86% of children who received care also received care the previous year suggesting the Pilot, including 24-month eligibility, is providing stability to a large share of children.
- **Retention of contractors:** Over the last three years, the Pilot has retained 96% of contractors. In Fiscal Years 2020/2021-2022/2023, one provider relinquished their contract. With that exception, all contractors have remained in the Pilot.
- **Support for contractors through Title 5 Provider Community:** Throughout the last three years, the Local Early Education Planning Council (LPC) has continued to support program implementation and technical assistance to the pilot providers in Santa Clara County. The Provider community with support from the LPC has included periodic meetings to share learnings, a clearinghouse of common enrollment forms, and annual training.

- **Successful earning of contracts:** Contractors retained the majority of contract dollars for both CSPP and CCTR contracts across all three years. However, despite technical assistance and support from the Pilot, between 21% and 38% of direct service contract allocations were relinquished by direct service contractors. There are several factors contributing to the consistent under-earning of Title 5 contracts:
 - The Standard Reimbursement Rate (SRR) is inadequate to cover the rising cost of providing quality early care and education services in the most expensive counties. This causes reduced access to services for families and erodes the total supply of early care and education services available in Santa Clara as Title 5 programs cannot recruit or retain qualified staff and face an increased budget deficit for every state-subsidized child that they serve. This is especially true for infant and toddler care despite a large need in the County to serve the youngest children who do not have access to other programs.
 - The increased availability of free Transitional Kindergarten classrooms for 4-year olds has decreased the number of families looking for CSPP spaces.
 - The COVID-19 pandemic has further exacerbated an already struggling system where contractors are unable to serve the same number of children.



APPENDIX

Table A.1. Mean and Median Income, by Contract Type

Contract Type	Income	
	Mean	Median
CSPP	\$3,414	\$2,913
CCTR	\$2,667	\$2,600
AP	\$2,645	\$2,559

Table A.2. Number of Children Receiving Part-Time Care, by Contract Type and Age

Contract Type	Receiving Part Time Care		
	0-5 years	6-12 years	12 years and above
CSPP	3,128	1,116	27
CCTR	10	836	7
AP	28	1,574	259

Table A.3. Number of Children Receiving TANF, by Contract Type

Contract Type	TANF
CSPP	163
CCTR	68
AP	1,195



APPENDIX

Table A.4. Average Age, by Contract Type

Contract Type	Average Age
CSPP	4.5
CCTR	6.0
AP	6.0

Table A.5. Reason for Receiving Services, by Contract Type

Reason for Receiving Services	CSPP	CCTR	AP
Employment (D)	2,349	2,622	10,218
Part-Day CA State Preschool Program (Q)	4,145	--	
Seeking Employment (G)	619	252	1,480
Both Employment and Education/ Vocational Training (F)	47	66	126
Education/Vocational Training (E)	82	70	466
Parent/Caretaker Incapacitated (B)	8	22	98
Seeking Permanent Housing (H)	14	6	62
Child Protective Services or At-Risk (A)	23	24	370
Experiencing Homelessness (C)	2	2	4
CSPP No Need (R)	91	--	--
CSPP Neighborhood School Eligibility (S)	32	--	--
Emergency Assistance (T)	--	--	416



APPENDIX

Table A.6. Average Length of Participation, by Contract Type

Contract Type	Average Length of Participation (in Months)
CSPP	11.7
CCTR	25.2
AP	32.2

Table A.7. Number of Children Aging Out of Services, by Contract Type

Contract Type	Number and Percentage of Children Aging Out of Services							
	2021		2022		2023		Total	
	n	%	n	%	n	%	n	%
CSPP	1,384	57%	1,150	52%	1,147	41	3,681	50%
CCTR	183	17%	130	15%	263	21%	576	18%





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1290 Ridder Park Drive, San Jose, CA 95131

www.sccoe.org