



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

January 12, 2018

Michael Garcia
Santa Clara County Office of Education
Local Early Education Planning Council
1290 Ridder Park Drive
San Jose, CA 95131

Dear Mr. Garcia:

Subject: Santa Clara County Pilot Program Plan

This letter is to inform you that the California Department of Education (CDE), Early Education and Support Division (EESD), has approved the following components of the Santa Clara County Individualized Child Care Subsidy Pilot Local Child Care Policy and Evaluation Plan, hereafter Plan, as submitted on December 8, 2017.

- **Component One**

Authorize initial eligibility and ongoing eligibility, currently set forth in California *Education Code (EC)* sections 8263.1(a) and 8263.1(b), to be changed to 85 percent of the State Median Income (SMI) as calculated by the California Department of Finance pursuant to *EC* Section 8263.1(c). **Note:** Contractors must still enroll in priority order specified in *EC* sections 8263(a) and 8236(b).

- **Component Three**

Supersede *EC*, Section 8263(h)(1) by authorizing families to remain eligible for services for 24 months instead of 12 months. Upon initial certification or recertification on the basis of need other than seeking employment, a family shall remain eligible, shall receive those services, and not be required to report changes during the 24-month eligibility period.

- **Component Four**

Supersede *EC*, Section 8263(h)(3) by authorizing families to remain eligible for services for 12 months instead of 6 months. A family whose only basis of need, at initial certification or recertification, is seeking employment shall remain eligible, shall receive those services, and not be required to report changes during the 12 month eligibility period.

- **Component Six**

Change the definition of "three-year-old children" set forth in *EC* Section 8208(ai) 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 California State Preschool Program. "Three-year-old children" means children who will have their third birthday on or before December 1 of the fiscal year in which they are enrolled in a California state preschool program.

- **Component Seven**

Supersede service limitations, currently set at no more than five days per week and for less than 30 hours per week, in accordance with *California Code of Regulations*, Title 5 (5 *CCR*), sections 18086.5(a) and 18091(a). Families whose only basis of need is seeking employment or seeking permanent housing for family stability may be certified for no more than five days per week and up to 6.5 hours per day.

The CDE will continue to work with pilot administrators to further develop and clarify the following components (Two and Five) and to submit plan modification as necessary.

- **Component Two**

Recommend contract terms for Pilot Year One to redistribute unearned funds. The Santa Clara County Local Child Care and Development Planning Council 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. 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 under earning or other priorities as they emerge. Final calculations for the PRR for the Plan are included in the appendix.

The CDE interprets Component Two as the pilot's intent to increase participant contract reimbursement rates through the use of unearned contract funds. As was discussed on December 7, 2017, by telephone conference with the CDE, the CDE and the pilot administrator have not reached an agreement yet on the PRR. As such, this component of the Plan is not approved at this time. Once the CDE and the Plan have reached an agreement on the PRRs, the county may submit these rates as a modification to the Plan.

- **Component Five**

Establish a family fee schedule for families with income above the state eligibility cutoff to set fees at approximately 10 percent of family income. 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.

The CDE is not clear on what exemption to the *EC* or the 5 *CCR* that the pilot administrator is requesting. Currently, all "pilots" are using the family fee schedule established in accordance with *EC* Section 8273(d) and available at <https://www.cde.ca.gov/sp/cd/ci/documents/famfeeschedjuly2017.xls>. If the Plan is requesting an alternate family fee schedule, please submit a plan modification and attach the proposed fee schedule.

Michael Garcia, Program Administrator
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If you have any questions regarding this subject, please contact David Rude, Education Programs Consultant, EESD, Policy Office by phone, at 916-319-0536 or by e-mail at drude@cde.ca.gov.

Sincerely,



Sarah Neville Morgan, Director
Early Education and Support Division

SNM:dr