



# Santa Clara County Individualized Child Care Subsidy Pilot Project: Three-Year Report 2017/2018 - 2019/2020

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# INTRODUCTION FROM THE COUNTY SUPERINTENDENT OF SCHOOLS



Expanding access to high-quality child care programs is foundational to the long-term health, education and well-being of children in Santa Clara County. According to a 2017 Early Learning Facilities Study commissioned by the Santa Clara County Office of Education, there are nearly 32,000 children ages 0-5 in Santa Clara County that are in need of, yet do not have access to, licensed, quality child care. The lack of access disproportionately affects families who reside in Santa Clara, San Jose, Morgan Hill, San Martin and Gilroy communities.

Raising the monthly and annual income thresholds for families to access subsidized child care is a key part in expanding access to high-quality programs in Santa Clara County. Through the careful development of the Individualized County Child Care Subsidy Pilot Program, implemented in September 2016 through Assembly Bill (AB) 2368, the pilot program provided much needed support to Santa Clara County families who may have had household incomes above the eligibility threshold, but struggled because of the high cost of living in Silicon Valley. The program provided much needed stability for more than 25,000 children, while supporting and helping to maintain much needed child care providers during economic hardships and widespread closures across the state. Through AB1294, the pilot program was extended for one year so it can continue to serve families.

The success of the Santa Clara County Pilot Program would not have been possible without the support of the Local Early Learning Education Planning Council of Santa Clara County (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. Additionally, the LPC played a pivotal role as the coordinating body for the Santa Clara County Individualized Child Care Subsidy Pilot Program. Through these continued partnerships, the program will continue to meet the child care needs of thousands of families in Santa Clara County.

Every major city in our county has an unmet need for infant and toddler care. The expansion of subsidized child care in Santa Clara County is crucial for the workforce recovery following the pandemic and the overall affordability crisis in our county. With continued investments in early learning and childcare, we are ensuring every child has a strong foundation for success in life and future careers.

A handwritten signature in black ink that reads "Mary Ann Dewan". The signature is fluid and cursive.

**Dr. Mary Ann Dewan**

Santa Clara County Superintendent of Schools

# ACKNOWLEDGEMENTS

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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

Alum Rock Unified Elementary School District

California Young World, Inc.

Campbell Union School District

Catalyst Family Inc.

East Side Union High School District

De Anza College Child Development Center

Gilroy Unified School District

Go Kids, Inc.

Kidango, Inc.

Luther Burbank Elementary School District

Martinson Child Development Center, Inc.

Milpitas Unified School District

Moreland School District

Morgan Hill Unified School District

Mountain View Whisman School District

Palo Alto Unified School District (operated by Palo Alto Community Child Care)

San Jose Grail Family Services

San Jose Conservation Corps Charter School (operated by YWCA Silicon Valley)

San Jose Unified School District

Santa Clara County Office of Education

Santa Clara Unified School District

SJB Child Development Centers

Sunnyvale Elementary School District

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.

The Pilot, originally intended to sunset in July 2022 was extended for one year through AB 1294.

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: FY17/18, FY18/19, and FY19/20.

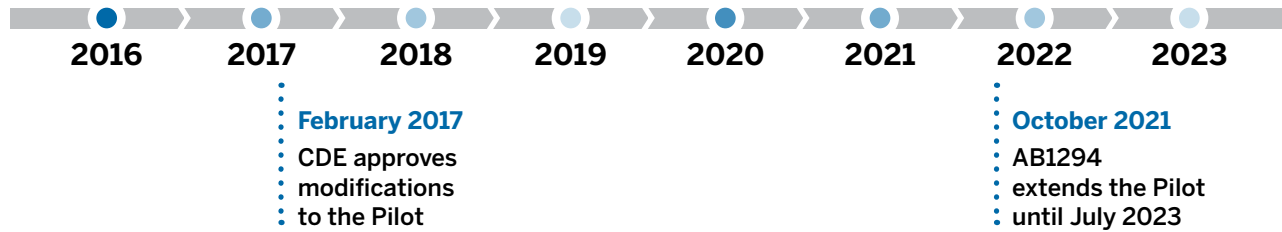


# INTRODUCTION

**September 2016** :  
AB2368 creates the  
Santa Clara County  
Child Care Subsidy  
Pilot Project

**May 2018** :  
CDE approves  
reimbursement  
rates for CCTR  
and CSPP

**July 2023** :  
The Pilot is  
scheduled  
to sunset



## 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 the Pilot until July 2023 in October 2021





# 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.

**Migrant Child Care (CMIG):** Direct services to families who earn at least 50 percent of their total gross income from employment in fishing or agriculturally related work.

**Family Child Care Home Education Networks (CFCC):** Direct services for children in licensed family child care homes that serve families eligible for subsidized child care.

**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

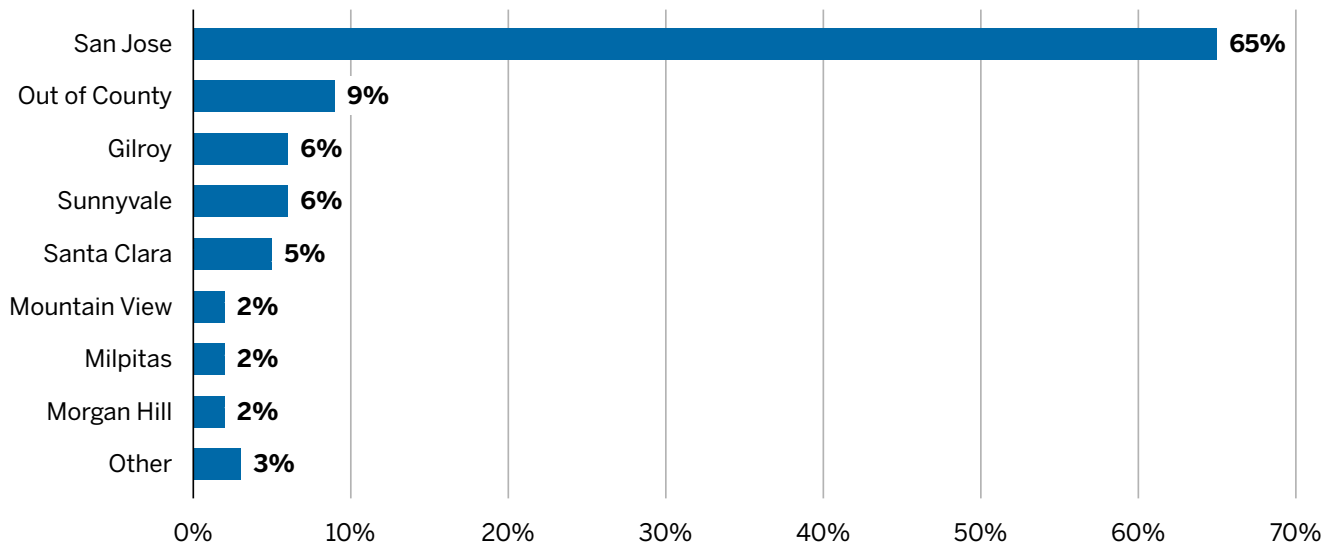
Across the years 2018, 2019, and 2020, the Pilot provided services to **25,124 children**<sup>1</sup> (Table 1). Since many children receive care across multiple years, this represents **17,780 unique children served across the three years**. The vast majority of children were served through CSPP, CCTR, and AP contracts.

**Table 1. Children Served in the Pilot (April of 2018, 2019, 2020)**

Contract Type	Number of Children Receiving Care			Number and Percent of Children Receiving Care	
	2018	2019	2020	Total	
<b>CSPP</b>	3,813	3,821	3,311	10,945	44%
<b>AP<sup>2</sup></b>	4,225	4,523	--	8,748	35%
<b>CCTR</b>	1,881	1,658	1,088	4,627	18%
<b>CFCC</b>	226	227	93	546	2%
<b>CMIG</b>	31	185	42	258	1%
<b>Total</b>	<b>10,176</b>	<b>10,414</b>	<b>4,534</b>	<b>25,124</b>	<b>100%</b>

**Almost two-thirds (65 percent) of children served lived in San Jose.** Almost 10% of children lived out of the county primarily in the areas of Salinas, Hollister, and Watsonville. The remaining children were spread throughout the County. (Figure 1)

**Figure 1. Children Served by Zip Code (2018-2020)**



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

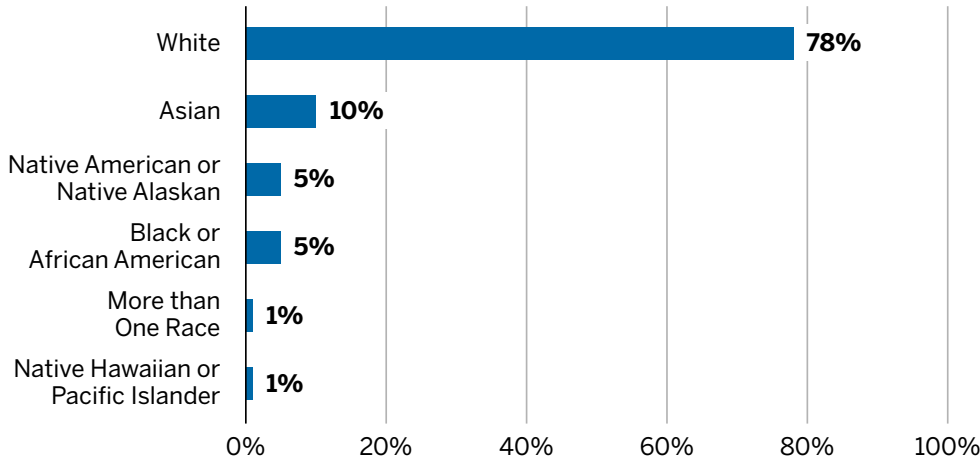
<sup>2</sup> 75% of children served under an AP contract received either C2AP or C3AP



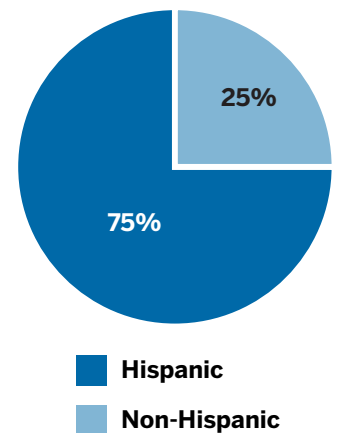
# CHARACTERISTICS OF CHILDREN SERVED

As shown in the figures and table below, **the majority (78%) of children who received care identified as White; ten percent of children identified as Asian.** Among families that identified their children as White, Native American/Native Alaskan, or Native Hawaiian/Pacific Islander, the vast majority also identified as Hispanic/Latino. **Across all races, 75% of children served identified as Hispanic/Latino.**

**Figure 2. Race of Children Served (2018-2020)**



**Figure 3. Ethnicity of Children Served (2018-2020)**



**Table 2. Number and Share of Children Who Identified as Hispanic/Latino and Non-Hispanic/Latino, by Race (2018-2020)**

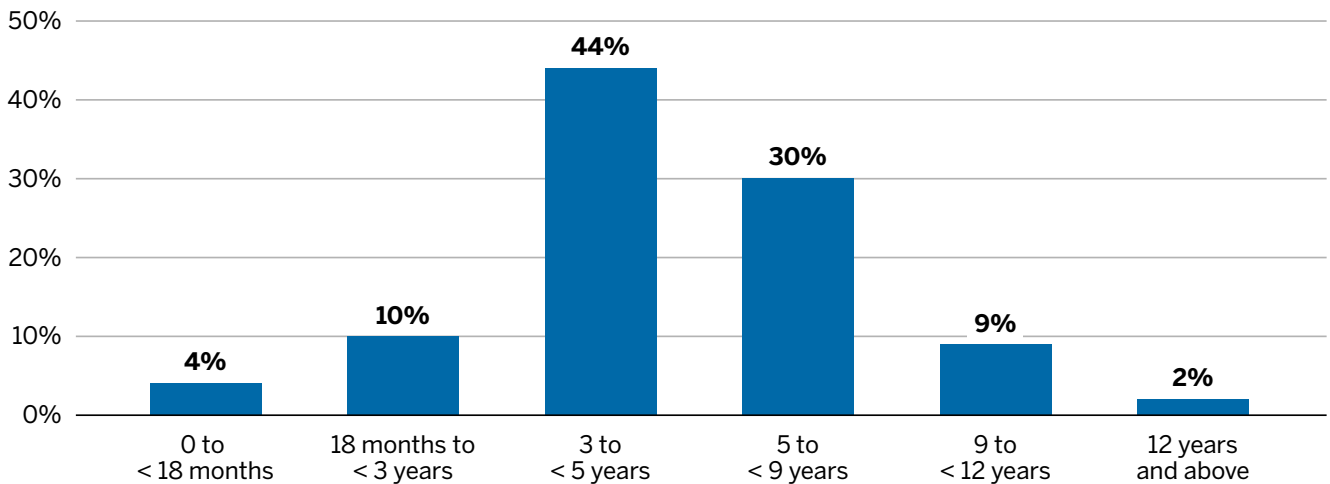
Race	Hispanic/Latino	Non-Hispanic/Latino	% Hispanic/Latino, by Race
Asian	57	1,728	3%
White	12,229	1,647	88%
Black	69	822	8%
Native American or Native Alaskan	856	47	95%
Native Hawaiian or Pacific Islander	26	106	80%
More than One Race	109	84	56%



# CHARACTERISTICS OF CHILDREN SERVED

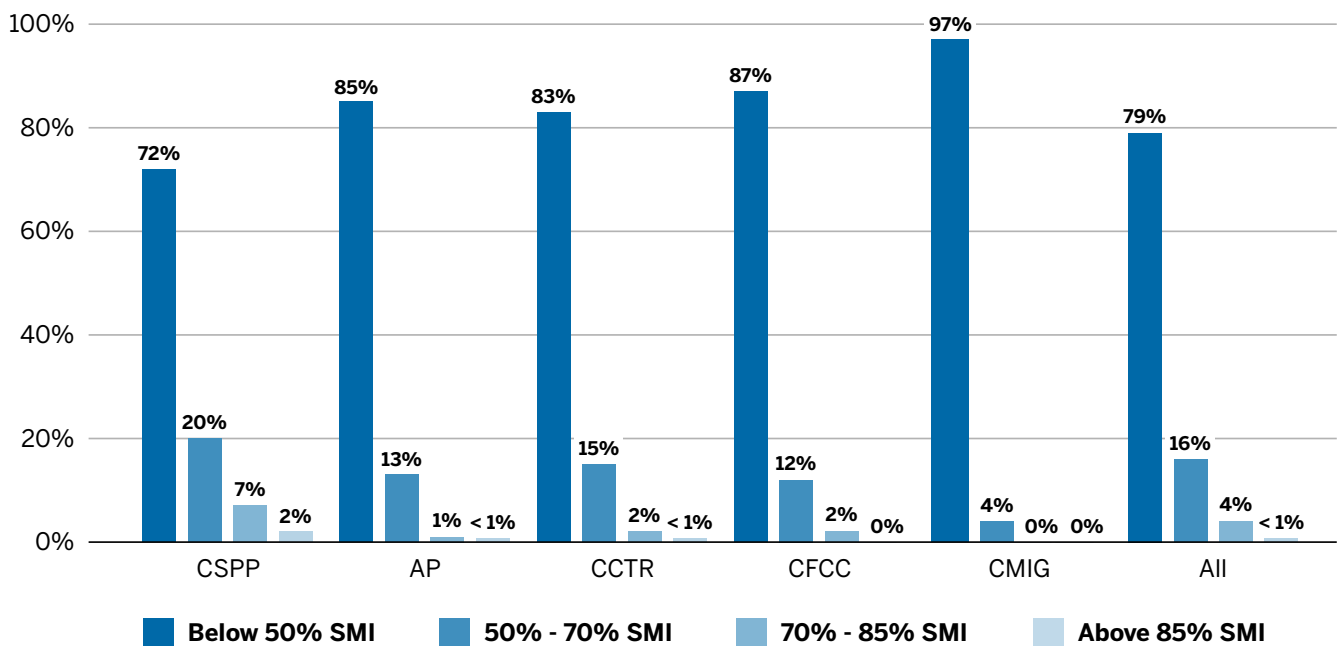
As shown in Figure 4, the **largest share of children (44%) were three or four years old**, which is to be expected as CSPP has the largest share of children. Almost one-third (30%) of children served were five to eight years old. Infants and toddlers composed 14% of children served.

**Figure 4. Children Served by Age (2018-2020)**



Across all contract types, **the vast majority of families (79%) had incomes below 50% of the State Median Income (SMI)**. Approximately 4% of children across contract types had an income at 70% SMI or above.

**Figure 5. Children Served by Family Income (2018-2020)**



# 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 services child care and development services contractors in Santa Clara County.

Despite some fluctuations, Santa Clara County has retained all but one Pilot contractor. In Fiscal year 18/19, one contract was not renewed by CDE due to circumstances unrelated to the Pilot project. The funds from this contractor were transferred to another services provider in the Pilot so all contract dollars remained in the County to provide services to children and families.

**Table 3: Direct Service Contractors in Santa Clara County**

Year	Direct Service Contractors
FY 17/18	22
FY 18/19	25
FY 19/20	25
<b>Rate of Retention</b>	<b>95%</b>

Source: California Department of Education, Child Development Division

In addition, four new direct service contractors entered the Pilot. Since then, all contractors have remained in the Pilot.

### Measure 1.2: The number of children still eligible at recertification due to the Pilot income threshold.

CSPP providers were most likely to serve children in the pilot income range. Overall, the percent of children served in the Pilot range was 4% over the three years, representing 947 children.

**Table 4: Children in the Pilot Range**

Contract Type	Number of Children Receiving Care	Number of Children in the Pilot Range	Percent of Children in the Pilot Range
CSPP	10,213	732	7%
AP	8,637	111	1%
CCTR	4,523	104	2%
<b>Total</b>	<b>23,373</b>	<b>947</b>	<b>4%</b>

Source: Contractors submitted attendance and fiscal reports and contracts.

**Measure 1.3: 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 2018 and 2019 over half of children who received care also received care the previous year; a smaller proportion (40%) of children receiving care in 2020 also received care the previous year. 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, CFCC, and AP contracts is over two years. It is just under one year for CSPP contracts. (See Appendix)

**Table 5: Compared to Previous April, Children Still Enrolled a Year Later**

Enrollment	2018		2019		2020	
	n	%	n	%	n	%
<b>Still Enrolled</b>	5,128	50%	5,597	54%	1,825	40%

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 to CDE. **Across all three years, the majority of the Pilot contractors fully earned or came close to earning their contracts.**

Over the last three years, between 14 and 20% of direct service contract allocations were relinquished by direct service contractors. In FY 18/19 contractors returned 14% of direct service funds, which amounted to more funds being returned than the previous year, but a lower share of total contracts. In FY 19/20, contractors returned 20% of contracted funds.

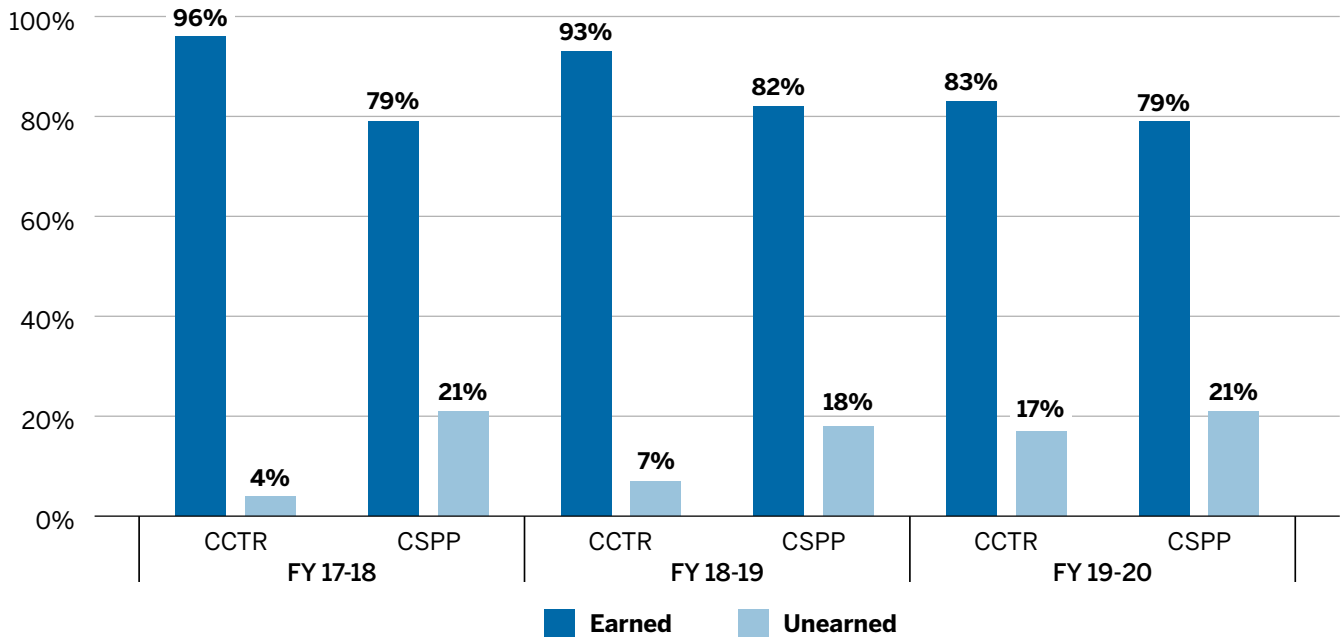
However, despite returning a larger share of funds in FY 19/20 than previous years, the vast majority of contracts – 83% of CCTR contracts and 79% of CSPP contracts – were earned by Pilot contractors.

**Table 6: Unearned Direct Service Funds in Dollars and as a Percentage of Total Direct Service Funds**

Year	Unearned Direct Service Funds
FY 17/18	\$8,717,538 (16%)
FY 18/19	\$12,359,288 (14%)
FY 19/20	\$10,370,334 (20%)

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

**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.



# GOALS AND MEASURES

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

The baseline is adjusted each year to reflect contract fluctuations. As shown in Table 7, in FY 18/19 and FY 19/20, the pilot exceeded prior years.

**Table 7: Earned Child Days of Enrollment at Participating Direct Service Contractors Compared to Baseline<sup>3</sup>**

Year	Contracted CDE <sup>4</sup>	Adjusted Baseline	Earned Child Days	Percent of Baseline
<b>Baseline</b>	1,171,514	1,171,514	930,816	100%
<b>FY 17/18</b>	1,311,780	1,042,263	945,019	91%
<b>FY 18/19</b>	1,828,753	1,453,019	1,618,103	111%
<b>FY 19/20</b>	984,425	782,166	845,878	108%

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

**Table 8. Earned Adjusted Days of Enrollment, By Contract**

Year	CCTR	CSPP	Total
<b>FY 17/18</b>	314,019	631,000	945,019
<b>FY 18/19</b>	676,271	941,832	1,618,103
<b>FY 19/20</b>	297,458	548,420	845,878

<sup>3</sup> The adjusted baseline is a formula that was developed by CDE to account for changes each year in contracted dollars. For example, in 2017-18, Santa Clara County's contracted CDE's were 112% of the contracted CDEs in the baseline year so the revised baseline adjusted the goal upwards by 12%.

<sup>4</sup> 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 Santa Clara County Child Care Subsidy Pilot Project, 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 Providers meet 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. More recently, the LPC 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, provided by the Pilot Administrator for Alameda County 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, is creating a Pilot Slot Survey dashboard and geo-maps, a tool that will be used to fill vacancies throughout the county. This slot survey is updated monthly by pilot contractors and is intended for Contractors that don't currently have vacancies to see who has available slots and make the referral.





# DISCUSSION

Findings from this report indicate that despite a number of ongoing challenges with fully earning contracts as well as the added challenge in 2020 of COVID-19, there are a number of ways the Pilot has been successful, although not fully adequate to meet the needs of such a high cost county.

- **Stability for children:** During this reporting period, the Pilot provided services to 25,124 children. This included providing services to 4% of children in the Pilot range, representing 947 children, who would otherwise have exceeded the income threshold for subsidized child care prior to the Pilot modifications. Additionally, across each year of this report, between 40% and 55% 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. Additionally, it is too soon to know if the drop in stability in 2020 will rebound post-COVID 19.

- **Retention of contractors:** Since the Pilot's inception in FY 2017-18, the Pilot has retained 95% of contractors. In Fiscal year 18/19, one contract was not renewed by CDE; however, four new direct service contractors entered the Pilot. Since then, 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:** Across all three years, the majority of Pilot contractors fully earned or came close to earning their contracts. However, despite technical assistance and voluntary transfers,



## DISCUSSION

between 14% and 20% 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 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.
- The increased availability of free Transitional Kindergarten classrooms for 4-year olds has decreased the number of families looking for CSPP spaces.
- Many contractors do not have the capacity to fully earn entire contracts but have projects in the pipeline to expand and serve more children/families in the future, some with no concrete timelines.
- Some families may be unable to access subsidized early childhood education due to the family fee requirement. For some families living in the low-income range, a small family fee charged can make a huge difference to family income even with a sliding scale.
- The emergency of 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<sup>5</sup>**

Contract Type	Income	
	Mean	Median
CSPP	\$2,829	\$2,600
CCTR	\$2,451	\$2,397
AP	\$2,252	\$2,317
CMIG	\$2,334	\$2,347
CFCC	\$2,262	\$2,328

**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	5,042	1,913	--
CCTR	13	1,594	32
AP	53	1,346	132
CMIG	--	9	--
CFCC	14	5	--

**Table A.3. Number of Children Receiving TANF, by Contract Type<sup>6</sup>**

Contract Type	TANF
CSPP	350
CCTR	145
AP	910

**Table A.4. Average Age, by Contract Type**

Contract Type	Average Age
CSPP	4.6
CCTR	5.5
AP	6.2
CMIG	4.5
CFCC	3.4

<sup>5</sup> CHAN and CFCC contracts were included in cases where individual children and families could not be identified by the information provided.

<sup>6</sup> Contract types were excluded if there were fewer than 5 children.



# APPENDIX

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

Reason for Receiving Services	CSPP	CCTR	AP	CMIG	CFCC
Employment (D)	3,141	4,028	7,388	250	486
Part-Day CA State Preschool Program (Q)	6,973	--	--	--	--
Seeking Employment (G)	440	225	517	3	33
Both Employment and Education/Vocational Training (F)	149	150	107	--	5
Education/Vocational Training (E)	167	137	447	--	22
Parent/Caretaker Incapacitated (B)	42	67	115	4	--
Seeking Permanent Housing (H)	16	5	13	1	--
Child Protective Services or At-Risk (A)	16	15	161	--	--

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

Contract Type	Average Length of Participation (in Months)
CSPP	10.7
CCTR	24.1
AP	33.7
CMIG	13.6
CFCC	24.2

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

Contract Type	Number and Percentage of Children Aging Out of Services							
	2018		2019		2020		Total	
	n	%	n	%	n	%	n	%
CSPP	2,023	53%	2,053	54%	1,826	55%	5,902	54%
CCTR	476	25%	412	25%	348	32%	1,236	27%



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## **Santa Clara County Individualized Child Care Subsidy Pilot Project: Three-Year Report 2017/2018 - 2019/2020**



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