

RECOMMENDED PURSUIT OF POSITION – CALIFORNIA BUDGET FY 2025-26: EARLY CARE AND EDUCATION

Introduction

The Policy Roundtable for Child Care and Development Commission (Policy Roundtable) firmly believes that all young children in Los Angeles County have an undeniable right to develop and thrive without explicit and implicit bias. Due to structural inequity, all legislation and policies should be examined through an equity lens to build a system where all children have access to high quality affordable early care and education (ECE). With this as a core value, the Policy Roundtable recommends that the Board of Supervisors adopt the following proposed pursuit of position to increase access to and strengthen the ECE system:

- **Establish by July 1, 2025 an alternative rate methodology that reimburses ECE providers the true cost of providing state-subsidized child care based on Federal requirements; implement the new reimbursement rate structure by summer 2025; and allocate ongoing funding for the new reimbursement rate structure**

This document provides a brief analysis of the proposed policy position and justification. It concludes with the recommended pursuit of position and demonstrates consistency with existing Los Angeles County legislative policies.

Summary Analysis of Proposed Establishment and Implementation of Alternate Rate Methodology

The current child care subsidy reimbursement rates do not cover the full cost of operating ECE programs serving income eligible families. As a result, early educators earn inadequate wages and have few benefits thereby driving early educators away from the profession, as well as deter new people from entering the ECE workforce. In California, 65 percent of the ECE workforce are women of color.¹ According to the Bureau of Labor Statistics, in 2023 California was home to more than 37,000 child care workers and the average annual salary for this workforce was \$40,060.² By comparison, the living wage in Los Angeles County for a single adult with one child is \$101,200.³ The California ECE Workforce Study also found that in 2023, 50 percent of early educators in family child care homes, 38 percent of Assistants/Aides in early education centers, and 29 percent of teachers in early education centers participated in at least one or more public assistance programs.⁴

Many families struggle to find the child care they need. In 2023, more than 85% (1.8 million) of California's children eligible for subsidized child care were not accessing these services.⁵ Inadequate reimbursement rates suppress wages causing an ECE workforce shortage and limited supply of programs to meet child care needs of working families.

In June 2024, the California Department of Social Services submitted to the Administration for Children and Families Office of Child Care the state's Child Care and Development Fund (CCDF)

¹ Kim, Y., Austin, L.J.E., & Hess, H. (2024). The Multilayered Effects of Racism on Early Educators in California: An Examination of Disparities in Wages, Leadership Roles, and Education. Center for the Study of Child Care Employment, University of California, Berkeley. March 23, 2024 <https://cscce.berkeley.edu/publications/report/effects-of-racism-on-california-early-educators>

² U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics Query System. March 2, 2025 <https://data.bls.gov/oes/#/occGeo/One%20occupation%20for%20multiple%20geographical%20areas>

³ Living Wage Calculation for Los Angeles County, California. (2025). Massachusetts Institute of Technology. March 2, 2025 <https://livingwage.mit.edu/counties/06037>

⁴ Muruvi, W., Powell, A., Kim, Y., Coperman Petig, A., and Austin, L., The Economic Well-Being of Early Educators in California (2024). Center for the Study of Child Care Employment, University of California, Berkeley. March 2, 2025 <https://cscce.berkeley.edu/wp-content/uploads/2024/10/CA-economic-wellbeing-2024-1.pdf>

⁵ Pryor, L. and Schumacher K., The Unmet Need for Child Care Remains Staggeringly High (2025). California Budget & Policy Center. March 2, 2025 <https://calbudgetcenter.org/resources/the-unmet-need-for-child-care-remains-staggeringly-high/>

Plan Federal Fiscal Years 2025-2027. The CCDF Plan outlined the process and agreements prescribed in state statute (SB 140) to transition from using the market rate survey reimbursement rate structure (how much parents can afford to pay) to a single rate structure that was determined by an alternative methodology. The CCDF Plan specified that by July 1, 2025 “rates informed by the alternative methodology will be set.”⁶ The alternative reimbursement rate methodology is based on a “cost estimation model”; thus, paving the path for reimbursement rates to move closer toward covering the true cost of care and providing higher wages.

Justification

The State of California has committed to transition how it calculates its subsidized child care reimbursement rates from a market-based approach to a cost-based model. This is a positive step forward to closing the gap between expenses and revenue, addressing long standing inequities in the system, and stopping the cycle of early educators continually receiving low wages. Implementation of the single rate structure establishes the parameters of the reimbursement rates and does not dictate the amount of funding to appropriate in the budget. The percentage of rates that will be paid to providers is determined through a separate budget process. Organizations requesting implementation of the single rate reimbursement structure using the alternative reimbursement rate methodology by summer 2025 are listed below:

1. California Legislative Women’s Caucus
2. Early Care and Education Coalition
3. SEIU – Child Care Providers United

Recommended Pursuit of Position – Support

The Policy Roundtable, with input from the Joint Committee on Legislation, recommends the following position to support in order to increase access to high-quality ECE services:

- Establish by July 1, 2025 an alternative rate methodology that reimburses ECE providers the true cost of providing state-subsidized child care based on Federal requirements; implement the new reimbursement rate structure by the summer of 2025; and allocate ongoing funding for the new reimbursement rate structure

County Legislative Policy

These positions are consistent with the Los Angeles County 2025 State Legislative Agenda:

Human Services

- Increase access to high-quality early care and education services provided by a qualified and well compensated workforce.

Equity

- Address and combat discrimination based on age, disability, disease status, gender identity, language, immigration status, national origin, race, religion, sex, sexual orientation, or other protected characteristics.

Supporting Materials

The recommended pursuit of position is consistent with positions adopted by the following statewide entities:

1. California Legislative Women’s Caucus: Legislative Women’s Caucus Support for Child Care Rate Reform and Slots in the 2025 Budget Act. February 12, 2025 (attached)
2. Early Care and Education Coalition: Alternative Methodology Advocacy Letter. February 5, 2025 (attached)

⁶ Child Care and Development Fund (CCDF) Plan for California FFY 2025-2027, pg. 55. March 2, 2025
https://www.cdss.ca.gov/Portals/9/CCDD/CCDF_2025-2027_CCDF_Approved.pdf

3. SEIU – Child Care Providers United: CCPU Implementation Report Response. February 27, 2025 (attached)

Acknowledgement of Current LA County Positions

The Policy Roundtable applauds the Board of Supervisors' leadership to approve Supervisor Holly Mitchell's Motion titled "Los Angeles County Early Care and Education Child Care Windstorm and Wildfire Recovery Efforts" (2/18/2025) that recognizes the County "needs to take aggressive steps" to support ECE programs impacted by the January 2025 windstorms and wildfires. More than 330 ECE programs were impacted by these weather events resulting in a loss of 2,802 ECE spaces. The California Legislative Women's Caucus, ECE Coalition, and SEIU Child Care Providers United released positions that request ECE programs receive dedicated funding and supports to recover from the wildfires and that funding and support should be equitably distributed to ensure Los Angeles' most vulnerable communities can rebuild and thrive. Pursuant to Supervisor Mitchell's Motion, the Board of Supervisors directed Los Angeles County's Chief Executive Office, "through the Legislative Affairs and Intergovernmental Relations Division, to support State budget proposals, legislation and other administrative efforts to meet the needs of child care providers affected by the wildfires, including but not limited to health and safety assessments and remediation for child care facilities." Los Angeles County's support for these policies are critical to ensuring these communities rebuild child care capacity to serve families and have the building blocks for economic recovery.

Additional Sources

- Child Care and Development Fund (CCDF) Plan for California FFY 2025-2027, pg. 55. March 2, 2025 https://www.cdss.ca.gov/Portals/9/CCDD/CCDF_2025-2027_CCDF_Approved.pdf
- Child Care Portfolio. (2023). California Child Care Resource and Referral Network. March 2024 https://rrnetwork.org/research/child_care_portfolio
- Kim, Y., Austin, L.J.E., & Hess, H. (2024). The Multilayered Effects of Racism on Early Educators in California: An Examination of Disparities in Wages, Leadership Roles, and Education. Center for the Study of Child Care Employment, University of California, Berkeley. March 23, 2024 <https://cscce.berkeley.edu/publications/report/effects-of-racism-on-california-early-educators>
- Living Wage Calculation for Los Angeles County, California. (2025). Massachusetts Institute of Technology. March 2, 2025 <https://livingwage.mit.edu/counties/06037>
- Millions of Californians Are Struggling to Make Ends Meet. California Budget and Policy Center. March 22, 2024 <https://calbudgetcenter.org/resources/millions-of-californians-are-struggling-to-make-ends-meet/>
- Muruvi, W., Powell, A, Kim, Y., Coperman Petig, A., and Austin, L., The Economic Well-Being of Early Educators in California (2024). Center for the Study of Child Care Employment, University of California, Berkeley. March 2, 2025 <https://cscce.berkeley.edu/wp-content/uploads/2024/10/CA-economic-wellbeing-2024-1.pdf>
- Poverty Rapidly Increased for California's Youngest Children, California Budget and Policy Center. March 20, 2024 <https://calbudgetcenter.org/resources/poverty-rapidly-increased-for-californias-youngest-children/>
- Pryor, L. and Schumacher K., The Unmet Need for Child Care Remains Staggeringly High (2025). California Budget & Policy Center. March 2, 2025 <https://calbudgetcenter.org/resources/the-unmet-need-for-child-care-remains-staggeringly-high/>
- SEIU Child Care Providers United Letter to Candace Hyatt (January 23, 2025)

- U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics Query System. March 2, 2025
<https://data.bls.gov/oes/#/occGeo/One%20occupation%20for%20multiple%20geographical%20areas>



February 12, 2025

The Honorable Gavin Newsom
Governor of the State of California
1021 O Street, Suite 9000, Sacramento, CA 95814

The Honorable Mike McGuire
President Pro Tempore, California State Senate
1021 O Street, Suite 8518, Sacramento, CA 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330, Sacramento, CA 95814

The Honorable Scott D. Wiener
Chair, Senate Budget and Fiscal Review Committee
1020 N Street, Room 502, Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230, Sacramento, CA 95814

Re: Legislative Women's Caucus Support for Child Care Rate Reform and Slots in the 2025 Budget Act

Dear Budget Leaders:

Over the last several years, we have appreciated the strong partnership between the Legislative Women's Caucus (LWC), Governor Newsom and legislative budget leaders to support workers in their quest to strengthen the child care workforce, which drives California's economy by allowing parents to work and ensuring their children are in a safe, affordable, and quality learning environment. We appreciate the Governor's proposed balanced funding plan that preserves the state's fiscal stability while protecting key investments, including commitments to maintain funding for state-subsidized child care programs and implement 146,000 new child care slots and believe this offers a great start to this year's budget negotiations.

For over a decade, the LWC has been at the forefront of advocating for the State to improve access to affordable child care and ending poverty wages amongst the child care workforce. This is both because of the outsized impact child care has on the lives and economic stability of California working women and because over 95% of the workforce are women. Simply put, California women do better when there is a strong and stable child care system.

The LWC is requesting that the Budget Act include funding to secure California's existing child care service system and stabilize the industry for future growth and expansion to serve children and their families. **To achieve this goal, we request the following actions:**

- Secure a summer implementation of the new reimbursement structure to be based on the true cost of providing child care, with plans for regular updates as required in the federal Child Care and Development Block Grant, including a specific date of enactment of the new reimbursement structure.
- Ensure that the new reimbursement structure, to be achieved through an agreement between California and the Child Care Providers United Union, is applied to all providers.
- Certify the commitment to 200,000 new child care spaces as agreed upon in the 2024-25 Budget Act.

Additionally, in light of the recent fires in Los Angeles, **we request the following action from the Administration to ensure California is prepared to support families and providers in the event of future disasters.** Specifically, the trailer bill would ensure state agencies immediately implement the following provisions:

- Seamless, enrollment-based payments to child care providers in the disaster area.
- Allow families residing in the disaster area who receive subsidized child care flexibility to select alternative care.
- Flexibility for existing licensees to quickly receive an expedited emergency license when they open an alternate site.

California must take the necessary steps to invest in the future of our state's child care system and follow through on commitments made in previous budget years. These simple but impactful priorities will ensure full implementation of the agreements made between the Administration and the LWC over the past five years, stabilize the existing child care workforce and supply, and increase access to child care services for working women. Simply put, by achieving the budget goals we have presented here, this year's budget act will be pivotal in securing the child care system we all believe in and we all have worked so hard to achieve.

We look forward to partnering with you to improve the lives of California's children, families, and essential child care providers.

If you have any questions or concerns, don't hesitate to contact our consultants, Sulema Landa, at Sulema.Landa@asm.ca.gov, or Margaret Hanlon-Gradie, at Margaret.Hanlon-Gradie@sen.ca.gov.

Sincerely,



Cecilia Aguiar-Curry, Chair
Assemblymember, 4th District



Monique Limón, Vice Chair
Senator, 21st District



February 27, 2025

Child Care is Essential

Max Arias

CCPU Chairperson
Executive Director
SEIU Local 99

Johanna Hester

CCPU Vice-Chair
Assistant Executive Director
UDW/AFSCME Local 3930

Riko Mendez

CCPU Secretary Treasurer
CEO, SEIU Local 521

The Honorable Mike McGuire
President Pro Tempore, California
State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Scott D. Wiener
Chair, Senate Budget and Fiscal
Review Committee
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Dr. Corey A. Jackson
Chair, Assembly Budget
Subcommittee #2
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Cecilia M. Aguiar-Curry
Chair, Legislative Women's Caucus
1021 O Street, Suite 8210
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable David A. Alvarez
Chair, Assembly Budget
Subcommittee #3
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Monique Limón
Vice Chair, Legislative Women's
Caucus
1021 O Street, Suite 8210
Sacramento, CA 95814

RE: CCPU Implementation Report Response

Dear President Pro Tempore McGuire; Speaker Rivas; Chairs Wiener, Gabriel, Jackson, Alvarez, and Aguiar-Curry; and Vice Chair Limón:

Child Care Providers United (CCPU) has reviewed the "Implementation of the Single Rate Structure for Subsidized Child Care and Preschool: Report to the Legislature" (the Report) submitted on January 7, 2025. CCPU responds to the Report as follows:



The Report claims that CDSS and CDE are “fully engaged in planning for implementation” (at page 6), yet fails to describe the nature of such engagement. In fact, to date, CDSS and CDE have not meaningfully engaged with CCPU regarding the implementation of policies and other matters within the scope of representation, despite CCPU's repeated and continuing attempts to do so. Also, the Report does not estimate costs and timelines to implement the Cost of Care rate structure, as mandated by the Legislature.

The July 1, 2025 implementation date for the cost of care alternative methodology is expressly noted at least 12 times (at pages 3, 5, 7, 9, 35, 36, 37 and 38)). However, the Report also states that this deadline will likely not be met, and attempts to shift blame for this to the Legislature and its budget process (at pages 3, 35 and 37). The Report contains a long list of work that needs to be done, including steps that are unnecessary, such as reaching agreement on values/selection points of each cost model variable (at page 18), rather than what must be done to move to the cost of care on a timeline that meets the urgency of families in California.

The Report acknowledges that “if the new reimbursement rates informed by alternative methodology do not take effect on July 1, 2025, CDSS must provide the Legislature with a timeline for transitioning from current rates to the new single rate structure, and further stipulates that ‘rates established as part of the transition timeline . . . shall be, at minimum, equivalent to the reimbursement rates established pursuant to current law, inclusive of the monthly Cost of Care Plus rates.’ ” (at page 37). The Report also accurately states that the rates established as part of such transition timeline “will be ... **through the collective bargaining process for family child care providers**” (at page 38, emphasis added here). To this end, CCPU submitted a written proposal to the State on October 15, 2024. To date, the State has only engaged CCPU superficially on the transition timelines and rates, and has not provided a counterproposal or other substantive reply. The timeline for full implementation of the new rate structure, as summarized in Chart 1 (at page 36) is based on arbitrary criteria and time estimates, and will be determined in fact by the progress made in reaching agreement with CCPU in bargaining.

The Report makes it clear that the State does not have a rational plan for moving from the current, broken RMR payment methodology to the alternative Cost of Care methodology. Following multiple requests from CCPU to initiate negotiations necessary to proceed with the transition to the Cost of Care methodology, the parties met on December 8-9, 2024, and CCPU made proposals in writing to restructure the current subsidy reimbursement rates, and the associated funding, to be applied to family child care providers consistent with the ACF-approved Single Rate Structure, and the implementation thereof. To date, the State has not offered a substantive reply to these initial CCPU proposals. CCPU contends, as a matter of fact, that the determination of an implementation timeline (including available funding for this purpose) can not be accomplished in a meaningful way until the parties have reached an agreement about the substance of the primary components and structure of the Cost of Care alternative methodology.

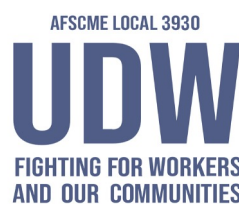
Given the concerns raised above, CCPU requests support from the Legislature for the following:

1. Require the Administration (specifically DSS and CDE) to create with CCPU a specific implementation timeline to transition to the Cost of Care alternative methodology, including the timeline for negotiating temporary rates beginning July 1, 2025;
2. Encourage the Administration to act with urgency to engage in meaningful negotiations with CCPU on all mandatory bargaining subjects regarding the transition to the Cost of Care alternative methodology;
3. Appropriate sufficient funding to initially implement the Cost of Care alternative rates, as well as continuing appropriate, negotiated temporary rates until the new rates are in place.

Sincerely,

A handwritten signature in black ink, reading "Alexa Frankenberg". The signature is fluid and cursive, with the first name "Alexa" and last name "Frankenberg" clearly distinguishable.

Alexa Frankenberg
Executive Director
Child Care Providers United (CCPU)



February 5, 2025

Governor Newsom
State of California
303 10th St Suite 1173
Sacramento, CA 95814

Tony Thurmond
State Superintendent of Public Instruction
1430 N Street, Suite 5000
Sacramento, CA 95814

Pro Temp McGuire
California State Senate
1021 O St., Suite 8518
Sacramento, CA 95814

Speaker Rivas
California State Assembly
1021 O St., Suite 8330
Sacramento, CA 95814

The Early Care and Education (ECE) Coalition envisions child care and early childhood education systems that serve and meet the diverse needs of all children, families, and ECE professionals, especially Black, Latinx, Indigenous people, and others harmed by systemic racism and additional injustices. These systems will justly compensate all who serve children and families and will integrate culturally, developmentally, and linguistically relevant, responsive, and affirming high-quality care and education for children, inclusive of children with disabilities.

The Coalition advocates for state budget investments and policies that aim to promote equity by serving the highest-need children first. We hold ourselves accountable for ensuring the investments, policies, and research we advance are anti-racist and will liberate all children and families. To do this, the Coalition follows and uplifts the expertise and stories of families and ECE professionals.

The ECE Coalition requests that the budget act include:

- **Implementing a cost-based rate system** that reimburses ECE providers the true cost of care of a **child's authorized enrollment**, based on the Federal requirements, and allocating **ongoing funding** for the new rate system.
- Prioritizing the release of **additional ECE spaces**.
- Ensuring ECE programs receive dedicated funding and support to **recover from the devastating LA wildfires**. Funding and support should be equitably distributed to ensure LA's most vulnerable communities can rebuild and thrive.

California pays ECE providers for delivering publicly-funded ECE services to families, but state policies have underpaid these providers for too long. Fortunately, providers, advocates, Governor Newsom, the Legislative Women's Caucus, and the Legislature have worked to address the systemic inequalities built into the ECE rate structure. Under current law, ECE providers set their fees based on **how much families can afford to pay**. The State then sets a percentage of that fee to "reimburse" child care providers who care for children in families with lower incomes. This amount **does not cover the full cost of providing** enriching care to our children.

Significant State dollars have been invested to improve families' access to publicly-funded ECE services. Unfortunately, as the Legislature and Administration have recognized, the cost of living has significantly increased in California and nationwide. Today, 1.8 million California children, the majority of whom are children of color, are eligible for publicly funded ECE services but do not have access.

Since World War II, California has provided children and families with publicly-funded ECE programs. The Legislature, particularly the Legislative Women's Caucus, has championed increasing investments in ECE for decades. Governor Newsom was the first California Governor to champion investing in ECE, developing the state's first **Master Plan for Early Learning and Care that calls for updating how the state pays providers to reflect the actual cost of care.**

California's ECE system has made significant investments over the last six years by: committing to 206,800 additional ECE spaces, two successful collective bargaining contracts between CCPU and the state including Cost of Care Plus monthly payments for subsidy providers, implementing equitable family fees, universal transitional kindergarten, and advancing a multitude of policy reforms to improve children's and families' access to care. Over the same period, other states have implemented universal preschool programs and surpassed California's investments in ECE by adopting dedicated funding streams for ECE, offering universal child care to families under 400% of the poverty level, adopting a reimbursement rate system that covers the full cost of providing care, and establishing [ECE as a constitutional right](#). Moreover, we must prioritize ECE providers as LA recovers and rebuilds from the fires. Before the fires, LA parents were struggling to find ECE programs. Without additional support to reopen or establish a program, we cannot expect ECE providers to have the capacity to reopen.

2025 is the year for California to lead the nation again in ECE by embracing the priorities highlighted above. We look forward to working with you this session to once again make California the national leader in ECE!

Sincerely,

Members of the ECE Coalition

Cc:

Joe Stephenshaw, Director, Department of Finance
Jennifer Troia, Director, Department of Social Services
Senator Scott D. Wiener, Chair, Senate Budget Committee; Chair Legislative Women's Caucus
Senator Akilah Weber-Pierson, M.D, Chair, Senate Budget Sub. 3 Committee on Health and Human Services
Assemblymember Jesse Gabriel, Chair, Assembly Budget Committee
Assemblymember Dr. Corey Jackson, Chair, Assembly Budget Sub. 2 Committee on Human Services
Assemblymember David Alvarez, Chair, Assembly Budget Sub. 3 Committee on Education Finance