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California Child Care Resource & Referral **NETWORK**

**UDW** Child Care Providers United California  
AFSCME Local 3930 / AFL-CIO

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**CHILD CARE LAW CENTER**

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**CRYSTAL STAIRS, INC.**

**caaeyc**

California Association for the Education of Young Children

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**PEACH**  
An Early Childhood Higher Education Collaborative

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**United Way**

**United Ways of California**

**Early Care & Education Consortium**

**The Education Trust—West**

February 22, 2023

Governor Newsom  
State of California  
State Capitol  
Sacramento, CA 95814

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

Pro Temp Atkins  
California State Senate  
State Capitol, Room 205  
Sacramento, CA 95814

Speaker Rendon  
California State Assembly  
State Capitol, Room 219  
Sacramento, CA 95814

## **RE: The Early Care and Education's Priority Asks for the 2023-24 Budget**

The Early Care and Education (ECE) Coalition appreciates the Administration's and Legislature's long-term vision and continued commitment to ECE with the sustained commitment to provide 200,000 child care spaces and commitment to move to a single rate structure.

A critical investment in our ECE system is required to prevent catastrophic additional closures of child care and education programs, which are primarily owned and operated by women of color, to stem the vast exodus of early childhood professionals and to ensure the ECE environment and network meets the needs of working families. [The Rate and Quality Workgroup report](#) made clear that the current reimbursement rate system's reliance on a regional market rate survey perpetuates inequalities with our lowest income communities receiving artificially low reimbursement rates that don't cover the cost of care. Further, without ensuring that community-based providers are included in all state-funded early care and education programs for children under the age of five, families will be unable to access care that meets their diverse needs, and early care and education programs will face further destabilization. Families, children, and early care and education providers will be further marginalized unless we make significant investments to our ECE system in the 2023-24 budget through the following:

- **Provide a 25% increase to current rates for immediate relief and adopt an alternative methodology using a cost estimation model and include a timeline for implementation for the actual cost of care based on program enrollment without charging families fees;**
- **Allocate all 20,000 child care spaces scheduled to be released in 2023-24. We know thousands of families need access to child care TODAY, and if the state allocates funds by October of 2023, there would not be a delay in enrolling new families.**

California needs a rate system that covers the full cost of care. The new rate system must include the full cost of care, eliminating the need to charge families fees for those making below 75% of the State Median Income (SMI). This change will make a real difference in the lives of working families currently paying fees by putting money directly back into their pockets. Families need continued investment in community-based ECE spaces to ensure that all children, specifically 4-year-old children, and families, have equitable access to numerous ECE options that meet their needs.

Today, there are child care, preschool, and Head Start centers with empty classrooms, not for the lack of families in need of care, but rather the center cannot find staff willing to work for the low wages offered because of the current low reimbursement rate. In certain regions of California, providers are so short staffed, they have to close down for a day when a teacher calls in sick, leaving families scrambling to find care and/or forcing parents to stay home from work. Some Family Child Care Home providers are making so little, they are actually losing money to care for California's children.

As we have highlighted over the last few years, providers are leaving the ECE field, to find better wages at In-N-Out or other fast-food chains. Our antiquated rate system does not disperse resources equitably and lags behind the actual cost of care. Providers cannot wait another year to receive a rate increase

without harming California's ECE system, children, and families across the state. Children who were born during the pandemic, are going to need additional support for their social and emotional development. With the impact of social distancing, racial injustice, sickness, grief, and learning loss, it is imperative to provide stability to ECE providers and the families they support.

A well-funded mixed-delivery system, which includes *both* community-based providers and local educational agencies is essential. California's families need a Universal Preschool System that allows them access to community-based programs that offer a variety of settings and hours of care, and expansion can be accomplished more effectively by leveraging the expertise and infrastructure of these programs.

The ECE system has a unique place in our economy because it is necessary for all parents/guardians to work. Regardless of your tax bracket, parents and guardians need someone to care for and educate their children to work. Continuing to underfund the reimbursement rates means more providers will permanently close their doors, leaving families scrambling to find care and education programs for their children and limiting parents and guardians' participation in the labor market. Research and economists continue to find that public investment in ECE [supports economic development](#).

We call on the Administration and the Legislature to save our early learning and child care system from collapse and meet families' needs to enable families to work and support California's economic growth.

Sincerely,  
The ECE Coalition

Cc:

Joe Stephenshaw, Director, Department of Finance  
Kim Johnson, Director, Department of Social Services  
Senator Nancy Skinner, Chair, Senate Budget Committee; Chair Legislative Women's Caucus  
Senator John Laird, Chair, Senate Budget Sub. 1 Committee on Education  
Assemblymember, Phil Ting, Chair, Assembly Budget Committee  
Assemblymember Kevin McCarty, Chair, Assembly Budget Sub. 2 Committee on Education

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; integrate culturally, developmentally, and linguistically relevant and responsive high-quality care and education for children, inclusive of children with disabilities; and value and justly compensate all who serve children and families.

The Coalition advocates for state budget investments and policies that promote equity by serving the highest-need children first, are informed by current research and promising practices, and are led by the expertise of families and ECE professionals.

