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REVENUE/FUNDING RESOURCES FOR CHILD CARE OPERATORS IN CALIFORNIA

The Low Income Investment Fund's (LIIF) Affordable Buildings for Children's Development Initiative (ABCD) is a California-wide collaborative of existing organizations dedicated to building a comprehensive and sustainable financing and support system for child care. This guide of revenue/funding resources was developed for financial institutions and intermediaries to explain:

- various revenue and funding sources in California that child care operators may utilize in their business operation;
- federal, state, and local subsidy systems from which those revenues may be funded; and
- regulatory services required by operators in order to meet contractual agreements for funding.

In addition, there are seven appendices attached to this guide. Appendices 1-6 follow immediately after the revenue and funding sources information where they are referenced.

1. 2006 Health and Human Services Poverty Guidelines
2. 2006 Maximum Income Levels in 13 California counties in which LIIF provides deep level technical support.
3. State Median Income percentages
4. Rates of Family Fee Schedules for families earning from 50%-75% of the State Median Income:
 - a. for daily, full-time child care
 - b. for daily part-time child care
 - c. for hourly child care services
5. California Department of Education Maximum Reimbursement Rates for 13 California Counties in which LIIF provides deep level technical support.
6. Reimbursement Rates for the USDA Child Care and Adult Care Food Program:
 - a. Income Eligibility Guidelines for Free Meals
 - b. Income Eligibility for Reduced-Price Meals
 - c. Federal Reimbursement for child care centers
 - d. State Reimbursement for child care center
7. Glossary of terms commonly used in the child care sector and in this guide

All revenue and funding sources tables and rates in this guide are current for fiscal years 2006-2007. For future years, the website address is noted for ease of information.

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Introduction:

The operation and management of a child care center demands a high level of skill in both business administration and early childhood development. Operators often draw their revenue from varied sources of funding contracting with multiple funders and blending their operational funding streams. These sources may run the gamut from private to federal, state, and local subsidies. In projecting revenues, operators need be aware that frequently these subsidy rates are below market and therefore, do not fully cover the cost of operation. Operators must be resourceful in finding ongoing sources of income often relying on fundraising and/or possible grants to sustain financial viability. Furthermore, some funding sources are restricted to operators with a specific legal structure (i.e. for profit, nonprofit, public). For example, a *for profit operator* is not eligible to receive Head Start funding directly from the federal government—only nonprofit and public agencies can receive that funding. However, for profits, nonprofits, and public agencies may contract with the California Department of Education for operating subsidies if they agree to serve income eligible families. Public funding contracts restrict the population served in many ways. For example, Head Start eligibility is based on the family's income being at or below 100% of the Federal Poverty Level; State Alternative Payment Vouchers are predominantly based upon income eligibility at 75% of the State's median income level. Finally, the individual funding sources have varying regulatory, contractual, reporting and documentation practices. Operators experienced with managing the blending of funding sources must be adept at managing program administration parameters that come with each individual subsidy source.

Regardless of the operating funding source, a contract between the operator and each client is essential and required for operation. Besides the educational philosophy of the center, the contract covers all monetary issues including payment rate, payment scheduling (fees paid on a weekly, monthly, annual or other basis), payment for legal holidays, religious holidays, sick days, 10-month seasons, deposits required, sliding scale options, scholarships, tuition reduction for other family members, leave notices, transportation costs, field trip costs, hours of care, late policies, etc.

Revenue Sources:

Listed below are the nine different types of revenue sources available to child care operators.

- Parent Fees/ Private Pay**
- Head Start/Early Head Start**
- State Preschool**
- General Child Care**
- Voucher (Parent Based Subsidies)**
- Local Preschool Initiatives**
- Child Care and Adult Care Food Program**
- Fundraising**
- Other Possible Resources**

Parent Fees/Private Pay:

In this child care situation the family pays the tuition/fees directly to the operator for care of the child/ren. It is the only situation wherein ***the family pays the full cost*** of child care for their child/ren. However, the operator may also serve children who are subsidized by other funding sources.

Fees are set by the operator generally taking into account the location of the facility (high income vs. low income area, region, county, etc.), the market rate (what persons in that area can afford to pay and the “going-rate” for similar facilities in the area), the age of children in care (infant care being the most costly), the child’s needs (care for children with special needs is more costly**), and the quality of care (high quality child care costs are higher as more staff is employed, staff is generally better educated and trained, etc.).

**Note: Under the American Disabilities Act, an operator may not charge parents more just because the child has a special need. However, the operator may charge more if special care is required in attending to or accommodating the child’s special need (i.e. hiring additional staff for the child, purchasing special equipment, etc.) or may ask the parent to provide the special accommodations.

**Note: An operator who runs a facility that includes both private pay families and subsidized child care families may not legally charge the subsidy source more than they charge their private paying families for the same service; and vice-versa—the operator may not legally charge the private paying family more than is charged to the subsidy source for the same service.

Head Start and Early Head Start:

Head Start is a federally funded program (United States Department of Health and Human Services, Administration for Children and Families) for low-income families with children three to five years old. **Early Head Start** is a federally funded program for low-income pregnant women and their families with children zero to three years of age (enrollment must be prior to the child's 30th month of age). Head Start and Early Head Start programs offer high-quality education and early childhood development programs as well as other professional services such as medical, dental and mental health services, nutritional support, family literacy and parental advocacy training. These programs support strong staff professional development and training; and staff is generally paid at a higher level, including benefits not typically found in private or other nonprofit child care programs.

- Eligibility for both programs is based on family income being at or below 100% of the Federal Poverty Level.
- Both programs are bound by enrollment priorities for high risk children and/or their families.
- Families enrolled in Head Start and Early Head Start are not required to demonstrate a need for child care (working, enrolled in school, or looking for work).
- **There are no fees to the families.**

When initial application for administration of the program is made, a per capita (per child) fee is determined and then negotiated between the operator (Grantee) and their Head Start representative based on the cost of services. These negotiated rates may actually provide enough cash flow for the operator to carry debt, which is an allowable use under their contracts funds. The Grantee is paid their contract amount in a lump-sum.

- Prevalent in larger communities, a Grantee may subcontract with other agencies (Delegates) to provide services.
- Payment disbursements to Delegate agencies occur on a monthly basis.
- Federal authorization occurs every five years, but the Grantees and Delegates must reapply on an annual basis.

Contracts in good standing have successful track records and are generally renewed annually. New funding that would allow for expanded services is rare and extremely competitive when available.

Head Start and Early Head Start programs are generally part-day, though some Head Start and Early Head Start programs are full day.

- Full day programs may be run in-house or coordinated with other funding sources (known as *wrap-around services*—see Glossary Appendix 7) for each child.
- Because the Head Start and Early Head Start funding rates are different from other subsidy rates it is possible that differential payments may occur for the same child for varying hours of care.
- Many Head Start and Early Head Start centers operate on a 10-month traditional school-year calendar. Operators must enroll new students each year to meet their operating contracts or may be in jeopardy of losing the contracted slots not filled and may need to repay the unused contract balance to the federal government. Grantees and Delegates are

typically tuned into meeting the needs of the families and communities they serve; and in very few cases have returned money.

APPENDIX 1

2006 Health and Human Services Poverty Guidelines

www.atdn.org/access/poverty.html

Persons in Family or Household	California
1	\$ 9,800
2	13,200
3	16,600
4	20,000
5	23,400
6	26,800
7	30,200
8	33,600
For additional person, add	3,400

State Preschool:

These are preschool programs funded by the California Department of Education (CDE) (see Glossary Appendix 7) with contracts administered through local educational agencies, colleges, community-action agencies, and private non-profit agencies. State preschool programs are intended as part-day comprehensive developmental, cultural, linguistically, and nutritionally supportive programs for 3-5 year old low-income families emphasizing parental education, involvement, health and social services. Opportunities for staff development are also encouraged. In addition, state preschool programs are bound by enrollment priorities as set forth in Title 5 (see Glossary Appendix 7):

- Families must meet income eligibility (75% or 85% of the State Median Income depending on the county—see Appendices 2 & 3) as set annually by the State;
- If the state preschool program does not have eligible children on its waiting list (see Glossary Appendix 7) for enrollment into its preschool program, Title 5 also provides that operators may enroll children who exceed the age limitations and/or children from families whose adjusted monthly income exceeds the state preschool income ceiling by 15% or less. However, children meeting these exceptions may compromise no more than 10% of the total enrollment;
- Families enrolled in state preschools are not required to demonstrate a need for child care (working, enrolled in school, or looking for work); and
- **There are no fees to the families.**

Payment for state preschools is set by the legislature through the budget process.

- State preschools **are reimbursed at \$20.30 per child per day up to a maximum number of children in the program as set forth in their initial application for a 3-hour program.** Typically, the maximum number of children in the state preschool program's initial application cannot exceed the license capacity number.
- Because state preschools are half-day programs, some operators may run separate morning and afternoon programs to meet contract requirements. For example, an operator who is contracted for 120 children, but whose license only allows for 60 children may run two programs at 60 children each day. However, operators may not enroll the same child for both the morning and afternoon class. *In other words, state preschool funds may not be “wrapped” with state preschool funds.*
- Some state preschool contracts are half-day programs for 175-180 days per year. Centers operating on this schedule will usually suspend business operations for the summer months, retaining only one or two essential staff for enrollment/ramp-up in the fall.
- Operators choosing to run full-day and/or full-year programs must “wrap” funding with other sources with certain restrictions. When operators provide full-day services they typically operate as two half-day programs. One half follows state preschool regulations; the other half must follow general child care rules and regulations as set forth under Title 22 (see Glossary Appendix 7) for the remainder of the program day. Part day programs and full day programs have differential reimbursement rates depending upon the subsidy source. The full day program is not just “double the rate” of the part day program.
- State preschool operators bill monthly for reimbursement based upon reports indicating actual daily enrollment, money expended, etc. While State preschool operators are contracted for a specific number of children, they are reimbursed for actual expense only. Contracts are cost reimbursement contracts based on service earnings. If, for example,

the maximum possible number of children to be served is 50 (as determined in the initial application) and the preschool operator only served 45, they will be reimbursed for the 45 only. However, if in the following month they serve the full 50 children, the reimbursement will once again reflect the full 50 children.

- The California Department of Education (CDE) advises agencies have three months of operating capital available to operate the programs prior to receiving the state contract payments. In addition, CDE understands that new and/or expanding programs may have legitimate expenses without sufficient enrollment to meet contract levels. Title 5 allows up to 15 percent of the annual contract amount as a “start-up” allowance to be reimbursed, if claimed as expenses (i.e. employment, staff orientation, setting up the program facility, etc.), up to the limits specified in the individual contract. It is not additional funding, nor will this allowance be an annual term—but rather part of the total contract amount.

- Reimbursement rates generally do not pay for the full cost of care so many preschool operators supplement the cost with other sources of revenue including but not limited to fundraising.

Contracts between the agencies and the State are renewed on a year-to-year basis contingent upon compliance with contract terms. Contracted operators in good standing should, and likely have a track record of annual renewal without question.

- In general, contracted operators will lose contracts if they do not meet the contract requirements (i.e. not sustaining contracted enrollment capacity). However, operators have many opportunities and time to correct the problems including understanding and taking advantage of the ebb and flow of the child care market, the use of lengthy appeal processes, and much technical assistance by the California Department of Education bring the operator back into compliance.
- New funding or funding for expansion is rare and when available is released as Requests for Applications directly from the State. With the passage of AB172 (see Glossary Appendix 7) an additional \$50 million was allocated for expansion of state pre-schools that carry some program delivery requirements that are a little different from the traditional state preschool programs. The first round of applications for AB172 funding will be available in November 2006.

APPENDIX 2
California Tax Credit Allocation Committee
2006 Maximum Income Levels
(Revised by HUD, March 2006)

www.treasurer.ca.gov/ctcac/rentincome/06/max_income.pdf

COUNTY	ONE PERSON	TWO PERSON	THREE PERSON	FOUR PERSON	FIVE PERSON	SIX PERSON	SEVEN PERSON	EIGHT PERSON
ALAMEDA								
100% Income Level	\$58,700	\$67,000	\$75,400	\$83,800	\$90,500	\$97,200	\$103,900	\$110,600
60% Income Level	\$35,220	\$40,200	\$45,240	\$50,280	\$54,300	\$58,320	\$62,340	\$66,360
50% Income Level	\$29,350	\$33,500	\$37,700	\$41,900	\$45,250	\$48,600	\$51,950	\$55,300
40% Income Level	\$23,480	\$26,800	\$30,160	\$33,520	\$36,200	\$38,880	\$41,560	\$44,240
35% Income Level	\$20,545	\$23,450	\$26,390	\$29,330	\$31,675	\$34,020	\$26,365	\$38,710
AMADOR								
100% Income Level	\$43,900	\$50,200	\$56,400	\$62,700	\$67,700	\$72,700	\$77,700	\$82,800
60% Income Level	\$26,340	\$30,120	\$33,840	\$37,620	\$40,620	\$43,620	\$46,620	\$49,680
50% Income Level	\$21,950	\$25,100	\$28,200	\$31,350	\$33,850	\$36,350	\$38,850	\$41,400
40% Income Level	\$17,560	\$20,080	\$22,560	\$25,080	\$27,080	\$29,080	\$31,080	\$33,120
35% Income Level	\$15,365	\$17,570	\$19,740	\$21,945	\$32,695	\$25,445	\$27,195	\$28,980
CALAVERAS								
100% Income Level	\$40,700	\$46,500	\$52,300	\$58,100	\$62,700	\$67,400	\$72,000	\$76,700
60% Income Level	\$24,420	\$27,900	\$31,380	\$34,860	\$37,620	\$40,440	\$43,200	\$46,020
50% Income Level	\$20,350	\$23,250	\$26,150	\$29,050	\$31,350	\$33,700	\$36,000	\$38,350
40% Income Level	\$16,280	\$18,600	\$20,920	\$23,240	\$25,080	\$26,960	\$28,800	\$30,680
35% Income Level	\$14,245	\$16,275	\$18,305	\$20,335	\$21,945	\$23,590	\$25,200	\$26,845
KERN								
100% Income Level	\$35,600	\$40,600	\$45,700	\$50,800	\$54,900	\$58,900	\$63,000	\$67,100
60% Income Level	\$21,360	\$24,360	\$27,420	\$30,480	\$32,940	\$35,340	\$37,800	\$40,260
50% Income Level	\$17,800	\$20,300	\$22,850	\$15,400	\$29,450	\$29,450	\$31,500	\$33,550
40% Income Level	\$14,250	\$16,240	\$18,280	\$20,320	\$23,560	\$23,560	\$25,200	\$26,840
35% Income Level	\$12,460	\$14,210	\$15,995	\$17,780	\$20,615	\$20,615	\$22,050	\$23,485
LOS ANGELES								
100% Income Level	\$48,500	\$55,400	\$62,400	\$69,300	\$74,800	\$80,400	\$85,900	\$91,500
60% Income Level	\$29,100	\$33,240	\$37,440	\$41,580	\$44,880	\$48,240	\$51,540	\$54,900
50% Income Level	\$24,250	\$27,700	\$31,200	\$34,650	\$37,400	\$40,200	\$42,950	\$45,750
40% Income Level	\$19,400	\$22,160	\$24,960	\$27,720	\$29,920	\$32,160	\$34,360	\$36,600
35% Income Level	\$16,975	\$19,390	\$21,840	\$24,255	\$26,180	\$28,140	\$30,065	\$32,025
MERCED								
100% Income Level	\$35,600	\$40,600	\$45,700	\$50,800	\$54,900	\$58,900	\$63,000	\$67,100
60% Income Level	\$21,360	\$24,360	\$27,420	\$30,480	\$32,940	\$35,340	\$37,800	\$40,260
50% Income Level	\$17,800	\$20,300	\$22,850	\$25,400	\$27,450	\$29,450	\$31,500	\$33,550
40% Income Level	\$14,240	\$16,240	\$18,280	\$20,320	\$21,960	\$23,560	\$25,200	\$26,840
35% Income Level	\$12,460	\$14,210	\$15,995	\$17,780	\$19,215	\$20,615	\$22,050	\$23,485
ORANGE								
100% Income Level	\$56,800	\$64,900	\$73,000	\$81,100	\$87,600	\$94,100	\$100,600	\$107,100
60% Income Level	\$34,080	\$38,940	\$43,800	\$48,660	\$52,560	\$56,460	\$60,360	\$64,260
50% Income Level	\$28,400	\$32,450	\$36,500	\$40,550	\$47,060	\$47,050	\$50,300	\$53,550
40% Income Level	\$22,720	\$25,960	\$29,200	\$32,440	\$37,640	\$37,640	\$40,240	\$42,840
35% Income Level	\$19,880	\$22,715	\$25,550	\$28,385	\$32,935	\$32,935	\$35,210	\$37,485
RIVERSIDE								

100% Income Level	\$40,300	\$46,000	\$51,800	\$57,500	\$62,100	\$66,700	\$71,300	\$75,900
60% Income Level	\$24,180	\$27,600	\$31,080	\$34,500	\$37,260	\$40,020	\$42,780	\$45,540
50% Income Level	\$20,150	\$23,000	\$25,900	\$28,750	\$31,050	\$33,350	\$35,650	\$37,950
40% Income Level	\$16,120	\$18,400	\$20,720	\$23,000	\$24,840	\$26,680	\$28,520	\$30,360
35% Income Level	\$14,105	\$16,100	\$18,130	\$20,125	\$21,735	\$23,340	\$24,955	\$26,565
SACRAMENTO								
100% Income Level	\$45,800	\$52,300	\$58,900	\$65,400	\$70,600	\$75,900	\$81,100	\$86,300
60% Income Level	\$27,480	\$31,380	\$35,340	\$39,240	\$42,360	\$45,540	\$48,660	\$51,780
50% Income Level	\$22,900	\$26,150	\$29,450	\$32,700	\$35,300	\$37,950	\$40,550	\$43,150
40% Income Level	\$18,320	\$20,920	\$23,560	\$26,160	\$28,240	\$30,360	\$32,440	\$34,520
35% Income Level	\$16,030	\$18,305	\$20,615	\$22,890	\$24,710	\$26,565	\$28,385	\$30,205
SAN FRANCISCO								
100% Income Level	\$79,200	\$90,500	\$101,800	\$113,100	\$122,100	\$131,200	\$140,200	\$149,300
60% Income Level	\$47,520	\$54,300	\$61,080	\$67,860	\$73,260	\$78,720	\$84,120	\$89,580
50% Income Level	\$39,600	\$45,250	\$50,900	\$56,550	\$61,050	\$65,600	\$70,100	\$74,650
40% Income Level	\$31,680	\$36,200	\$40,720	\$45,240	\$48,840	\$52,480	\$56,080	\$59,720
35% Income Level	\$27,720	\$31,675	\$35,640	\$39,585	\$42,735	\$45,920	\$49,070	\$52,255
SANTA BARBARA								
100% Income Level	\$46,100	\$52,600	\$59,200	\$65,800	\$71,100	\$76,300	\$81,600	\$86,900
60% Income Level	\$27,660	\$31,560	\$35,520	\$39,480	\$42,660	\$45,780	\$48,960	\$52,140
50% Income Level	\$32,050	\$26,300	\$29,600	\$32,900	\$36,660	\$38,550	\$40,800	\$43,450
40% Income Level	\$18,440	\$21,040	\$23,680	\$26,320	\$28,440	\$30,520	\$32,640	\$34,760
35% Income Level	\$16,135	\$18,410	\$20,720	\$23,030	\$24,885	\$26,705	\$28,560	\$30,415
SOLANO								
100% Income Level	\$51,800	\$59,200	\$66,600	\$74,000	\$79,900	\$85,800	\$91,800	\$97,700
60% Income Level	\$31,080	\$35,520	\$39,960	\$44,400	\$47,940	\$51,480	\$55,080	\$58,620
50% Income Level	\$25,900	\$29,600	\$33,300	\$37,000	\$39,950	\$42,900	\$45,900	\$48,850
40% Income Level	\$20,720	\$23,680	\$26,640	\$29,600	\$31,960	\$34,320	\$36,720	\$39,080
35% Income Level	\$18,130	\$20,720	\$23,310	\$25,900	\$27,965	\$30,030	\$32,130	\$34,195
VENTURA								
100% Income Level	\$56,400	\$64,500	\$72,500	\$80,600	\$87,000	\$93,500	\$99,900	\$106,400
60% Income Level	\$33,840	\$38,700	\$43,500	\$48,360	\$52,200	\$56,100	\$59,940	\$63,840
50% Income Level	\$28,200	\$32,250	\$36,250	\$40,300	\$43,500	\$46,750	\$49,950	\$53,200
40% Income Level	\$22,560	\$25,800	\$29,000	\$32,240	\$34,800	\$37,400	\$39,960	\$42,560
35% Income Level	\$19,740	\$22,575	\$25,375	\$28,210	\$30,450	\$32,725	\$34,965	\$37,250

APPENDIX 3
State Median Income Percentages
www.cde.ca.gov

Family Size	(a) 100% of State Median Income (SMI) (\$/Month)	(b) 85% of State Median Income (SMI) (\$/Month) Multiply (a) by 0.85	(c) 75% of State Median Income (SMI) (\$/Month) Multiply (a) by 0.75
1	\$3,640	\$3,094	\$2,730
2	\$3,640	\$3,094	\$2,730
3	\$3,900	\$3,315	\$2,925
4	\$4,333	\$3,683	\$3,250
5	\$5,026	\$4,272	\$3,770

General Child Care:

These programs, known as General Child Care Centers, are funded by the California Department of Education for *full day child care*, and regulated under Title 5. General Child Care contracted operators provide child development services intended to support developmental, cultural, linguistically, and nutritionally supportive programs for low-income families with children *from birth through 12 years of age and older children with exceptional needs*, emphasizing parental education, health and social services. Opportunities for staff development are also encouraged.

The State delivers this funding from a blending of state and federal funds with contracts administered through local educational agencies, colleges, community-action agencies, private non profit, or for profit agencies.

- Families must meet income eligibility (75% and in some communities 85% of the State Median Income) as set annually by the State.
- *Families must demonstrate a need* for child care (working, enrolled in school, or looking for work).

General Child Care operators are reimbursed under the Standard Reimbursement Rate (see Glossary Appendix 7). The Standard Reimbursement Rate is set by the legislature through the budget process.

- Contracted operators are reimbursed at *\$30.18 (\$31.59 proposed 2006-2007) per child per day up to a maximum number of children in the program as set forth in the initial application for a minimum 6.5 hour day.* Typically the maximum number of children as set forth in the initial application equals the license capacity number. However, it can occur that the license capacity may exceed the maximum number of children eligible for subsidy. In that case, the operator may have additional space for private pay or other subsidized funded families as well.

While most of the child care cost is subsidized *a nominal family fee may be assessed to families based upon family size and income* (See Glossary Appendix 7 and Appendices 4A, 4B & 4C).

- Family fees are paid directly to the operator. The operator must report the fee amount to the State. These fees are to be expended and earned by the contractor prior to contract fund reimbursement. The fees must be used for reimbursable costs and earned by providing services to enrolled children. To be reimbursed for the full contract amount in addition to the family fees, the operator must provide services that are reimbursable and beyond the minimum number of child days of enrollment as required by the contract at a rate equal to the lesser of the daily contract rate or actual cost.
- All families eligible for a family fee are subject to the fee schedule with some exception (see Appendix 7).

General Child Care expansion funding is made available through a Request for Application process.

- Contracts are on a typical year-to-year renewal basis, and are generally renewed without question year after year to contracted operators in good standing.
- New or expansion funding for General Child Care is sporadically offered with some years no new funding and others multiple expansion opportunities.

APPENDIX 4A
Schedule of Family Fees Beginning at 50% of State Median Income to 75% of State Median Income
for
Daily, Full-Time Child Care
June 2006
www.cde.ca.gov

Daily Full-Time Fee	Family Size 1 or 2	Family Size 3	Family Size 4	Family Size 5	Family Size 6	Family Size 7	Family Size 8	Family Size 9	Family Size 10	Family Size 11	Family Size 12
\$2.00	\$1820	\$1950	\$2167	\$2513	\$2860	\$2925	\$2990	\$3055	\$3120	\$3185	\$3250
2.50	1893	2028	2253	2614	2974	3042	3109	3177	3245	3312	3380
3.00	1965	2106	2340	2714	3089	3159	3229	3299	3369	3440	3510
3.50	2038	2184	2426	2815	3203	3276	3349	3421	3494	3567	3640
4.00	2111	2262	2513	2915	3317	3393	3468	3544	3619	3694	3770
4.50	2184	2340	2600	3016	3432	3510	3588	3666	3744	3822	3900
5.30	2257	2418	2686	3116	3546	3627	3707	3788	3869	3949	4030
6.10	2329	2496	2773	3217	3661	3744	3827	3910	3993	4076	4160
6.90	2402	2574	2860	3317	3775	3861	3946	4032	4118	4204	4290
7.70	2475	2652	2946	3418	3889	3978	4066	4154	4243	4331	4420
8.50	2548	2730	3033	3518	4004	4095	4186	4277	4368	4459	4550
9.30	2621	2808	3120	3619	4118	4212	4305	4399	4492	4586	4680
10.10	2693	2886	3206	3719	4232	4329	4425	4521	4617	4713	4810
10.50	2730	2925	3250	3770	4290	4387	4485	4582	4680	4777	4875

APPENDIX 4B
Schedule of Family Fees Beginning at 50% of State Median Income to 75% of State Median Income
for
Daily, Part-Time Child Care
June 2006
www.cde.ca.gov

Daily Part-Time Fee	Family Size 1 or 2	Family Size 3	Family Size 4	Family Size 5	Family Size 6	Family Size 7	Family Size 8	Family Size 9	Family Size 10	Family Size 11	Family Size 12
\$1.00	\$1820	\$1950	\$2167	\$2513	\$2860	\$2925	\$2990	\$3055	\$3120	\$3185	\$3250
1.25	1893	2028	2253	2614	2974	3042	3109	3177	3245	3312	3380
1.50	1965	2106	2340	2714	3089	3159	3229	3299	3369	3440	3510
1.75	2038	2184	2426	2815	3203	3276	3349	3421	3494	3567	3640
2.00	2111	2262	2513	2915	3317	3393	3468	3544	3619	3694	3770
2.25	2184	2340	2600	3016	3432	3510	3588	3666	3744	3822	3900
2.65	2257	2418	2686	3116	3546	3627	3707	3788	3869	3949	4030
3.05	2329	2496	2773	3217	3661	3744	3827	3910	3993	4076	4160
3.45	2402	2574	2860	3317	3775	3861	3946	4032	4118	4204	4290
3.85	2475	2652	2946	3418	3889	3978	4066	4154	4243	4331	4420
4.25	2548	2730	3033	3518	4004	4095	4186	4277	4368	4459	4550
4.65	2621	2808	3120	3619	4118	4212	4305	4399	4492	4586	4680
5.05	2693	2886	3206	3719	4232	4329	4425	4521	4617	4713	4810
5.25	2730	2925	3250	3770	4290	4387	4485	4582	4680	4777	4875

APPENDIX 4C
Schedule of Family Fees Beginning at 50% of State Median Income to 75% of State Median Income
for
Hourly Child Care
June 2006
www.cde.ca.gov

Hourly Fee	Family Size 1 or 2	Family Size 3	Family Size 4	Family Size 5	Family Size 6	Family Size 7	Family Size 8	Family Size 9	Family Size 10	Family Size 11	Family Size 12
0.20	\$1820	\$1950	\$2167	\$2513	\$2860	\$2925	\$2990	\$3055	\$3120	\$3185	\$3250
0.25	1893	2028	2253	2614	2974	3042	3109	3177	3245	3312	3380
0.30	1965	2106	2340	2714	3089	3159	3229	3299	3369	3440	3510
0.35	2038	2184	2426	2815	3203	3276	3349	3421	3494	3567	3640
0.40	2111	2262	2513	2915	3317	3393	3468	3544	3619	3694	3770
0.45	2184	2340	2600	3016	3432	3510	3588	3666	3744	3822	3900
0.53	2257	2418	2686	3116	3546	3627	3707	3788	3869	3949	4030
0.61	2329	2496	2773	3217	3661	3744	3827	3910	3993	4076	4160
0.69	2402	2574	2860	3317	3775	3861	3946	4032	4118	4204	4290
0.77	2475	2652	2946	3418	3889	3978	4066	4154	4243	4331	4420
0.85	2548	2730	3033	3518	4004	4095	4186	4277	4368	4459	4550
0.93	2621	2808	3120	3619	4118	4212	4305	4399	4492	4586	4680
1.01	2693	2886	3206	3719	4232	4329	4425	4521	4617	4713	4810
1.05	2730	2925	3250	3770	4290	4387	4485	4582	4680	4777	4875

Voucher Programs (Parent Based Subsidies)

Currently, the State of California provides subsidized child care through two main systems:

- direct contracts with operators as explained above in state preschools and general child care centers; and
- child care voucher subsidy programs.

There are two types of child care voucher subsidy programs in California: the Alternative Payment Programs and/or California Work Opportunity and Responsibility to Kids (Cal WORKS). The combined programs subsidize child care for about 250,000 children statewide.

1. The *California Alternative Payment Program* is funded by state and federal funds and administered through state-contracted local intermediaries for child care from birth to 13 years of age as long as the family maintains its income eligibility and need.

- Rates for child care reimbursements are based upon Regional Market Rates (see Glossary Appendix 7). Regional Market Rates are determined by surveying both public and private child care operators and calculating the market rates in each of California's 58 counties. The state then uses these rates to establish the maximum reimbursements rates (ceiling rates See Appendix 5).
- ***Families must meet income eligibility*** (75% or 85% depending on the county) of the State Median Income as set annually by the State
- ***Families must demonstrate a need for child care*** (work, school or looking for work). If a family is a two-parent family, both parents must demonstrate a need for child care.
- To be selected for this program, families must be enrolled on a "waiting list" (see Glossary Appendix 7) or "centralized eligibility list" (see Glossary Appendix 7). Enrollment in this program is always dependent upon available State funding. When and if funding becomes available, families with the lowest income and greatest need at the time of open enrollment are enrolled first. The "waiting/centralized eligibility list" is not a 1st-come/1st-serve list.
- Payment reimbursement to the operator occurs on a variable 30-90 day time frame.

Funds are paid directly to the child care operator and are allowable in any one of three child care settings: license exempt child care (see Glossary Appendix 7), licensed family child care homes (see Glossary Appendix 7) and/or child care centers (see Glossary Appendix 7). Licensed family child care homes and child care centers must adhere to Title 22 (see Glossary Appendix 7).

- The ceiling rate for licensed family child care homes and child care centers is set at the 85th percentile of the rates charged by private market operators in the area offering the same type of child care.
- License exempt ceiling rates are set at 90% of the ceiling rate of licensed facilities (85th percentile) in that area.

Funding the three types of child care and the relatively higher reimbursement rates reflect an attempt to ensure:

- parental choice of child care to accommodate the family's individual needs; and
- low-income families receive similar levels of child care services as wealthier families in the same area.

In an attempt to try and cover as close to the actual cost of child care ***a nominal family fee may be assessed to families based upon family size and income.***

- Family Fees are paid to the intermediary agency or child care operator directly. Both must report the family fee amount collected to the State. When the family fee is paid to the intermediary agency, the agency uses those fees in turn to serve additional families. When the fee is paid to the operator, the operator must submit a copy of the parent's receipt to the intermediary agency. The intermediary must deduct the amount of the fee paid by the parent in calculating the payment due to the provider.
- All families are subject to the fee schedule with some exception (as explained under Title 5).
- In a child care operating budget the “family fees” should be itemized out separately from the voucher revenue source. Furthermore, as mentioned under Parent Fee/Private Pay, operators may not legally charge the subsidy source more than they charge their private paying families; and vice-versa, the operator may not legally charge the private paying family more than is charged to the subsidy source. Operators may be creative in complying with this regulation (i.e. setting up scholarship programs, allowing parents to volunteer as payment, charging all families the same as the ceiling rate, requiring subsidized families to pay the difference between the ceiling rate and regular private pay fee and including the family fee, etc.)

2. ***California Work Opportunity and Responsibility for Kids (CalWORKs)*** is California’s welfare-to-work program that requires parents receiving cash-aid (also referred to as welfare, TANF, AFDC, GAIN see Glossary Appendix 7) to engage in work, school or job seeking activities. CalWORKs participants have a maximum lifetime cash-aid eligibility of five years. To be eligible for child care, the primary caregiver must currently be receiving cash aid or have been on cash-aid within the last 24 months. CalWORKs child care is divided into three different stages depending upon the participant’s time in the system:

- ***Stage 1:*** is administered by the California Department of Social Services through county welfare departments. Stage 1 begins when a participant enters the CalWORKs program and engages in eligible activities. Depending upon the county or office, operators may be paid directly by the county welfare department, or through a local state-contracted intermediary. Payment reimbursement is direct to the operator; and is based upon individual county contractual agreements (typically following the Regional Market Rates). Reimbursement time may range from 1-week to 30 days or more. Stage 1 is an entitlement program—families are entitled to child care services regardless of funding availability.
- ***Stage 2:*** is administered by the California Department of Education through state-contracted local intermediaries; and the child care operator is paid directly by the intermediary. Families are transferred to Stage 2 when they are deemed “stable” (usually 6-months to 1 year). Participation in Stage 1 and Stage 2 is limited to 2 years after the family stops receiving cash aid. Reimbursement rates are determined by Regional Market Rates, and reimbursement is made within a 30-90 period. Stage 2 is not an entitlement program—families may receive child care services dependent upon funding availability.
- ***Stage 3:*** is administered by the California Department of Education through local state-contracted intermediaries. A family moves into Stage 3 after exhausting its 2 year limit in Stage 1 and Stage 2 (called “timing out”—see Glossary Appendix 7). A family is eligible for funding in Stage 3 as long as they are otherwise eligible for subsidized child care programs—(75% or 85% depending on the county of the State Median Income) as set annually by the State and demonstrating a need for child care (work, school or looking

for work). Payment is made directly to the child care operator. Reimbursement rates are determined by Regional Market Rates, and reimbursement is made within a 30-90 period. Stage 3 is not an entitlement program—families may receive child care services dependent upon funding availability.

APPENDIX 5

CALIFORNIA DEPARTMENT OF EDUCATION

REIMBURSEMENT RATES

13 Counties

(effective October 1, 2006)

www.cde.ca.gov/fg/aa/cd/ap/

Alameda County

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	71.66	313.82	1,279.38	11.32	247.97	902.1
2 through 5 Years	50.81	214.60	858.96	8.91	162.55	631.82
School Age	42.38	185.93	714.88	9.91	113.56	424.23

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	54.98	246.13	1,017.88	8.72	168.41	656.52
2 through 5 Years	38.07	176.66	708.22	7.02	116.95	448.66
School Age	31.67	142.49	544.11	7.07	81.69	312.91

Amador County

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	57.52	222.80	903.22	8.77	172.80	659.47
2 through 5 Years	38.07	160.22	646.29	6.33	166.23	630.07
School Age	32.83	138.52	528.52	7.82	84.84	330.93

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	43.40	191.22	780.14	6086	143.03	560.84
2 through 5 Years	29.17	132.04	526.90	5.05	98.23	365.45
School Age	24.18	112.22	423.50	5.98	65.15	258.81

Calaveras County

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	52.38	223.33	907.05	8.80	192.57	752.25
2 through 5 Years	37.80	52.38	648.47	6.32	131.51	528.68
School Age	34.79	142.20	554.02	7.77	94.80	382.53

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	43.72	193.28	792.61	7.02	151.38	611.36
2 through 5 Years	28.69	130.13	519.90	4.99	94.02	362.68
School Age	25.10	115.89	438.40	5.74	71.59	283.77

Kern

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	57.77	243.26	987.93	8.85	173.67	672.85
2 through 5 Years	38.76	167.40	674.04	6.42	151.83	618.34
School Age	34.65	142.88	553.55	7.92	87.04	334.40

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	43.64	192.69	784.16	6.85	144.88	571.82
2 through 5 Years	29.12	133.04	531.24	5.05	97.34	370.97
School Age	24.63	114.56	431.35	6.12	66.03	263.42

Los Angeles

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	59.58	253.65	1,028.94	9.43	205.33	795.30
2 through 5 Years	43.27	182.03	743.75	7.22	153.08	611.93
School Age	36.99	155.25	606.48	8.55	100.90	385.74

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	47.31	209.87	860.57	7.44	156.98	620.93
2 through 5 Years	32.67	150.22	602.18	5.84	105.09	405.14
School Age	27.77	127.20	481.78	6.37	73.74	288.55

Merced

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	52.76	209.37	889.22	8.71	172.80	659.47
2 through 5 Years	37.83	159.88	643.07	6.23	156.23	633.09
School Age	32.53	138.29	527.60	7.90	79.55	328.80

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	42.17	185.91	754.75	6.61	143.03	560.84
2 through 5 Years	28.01	128.93	513.68	4.74	95.23	363.82
School Age	23.62	110.75	414.62	6.17	63.90	256.82

Orange

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	68.25	291.93	1,200.76	10.62	242.83	856.85
2 through 5 Years	48.86	202.58	832.00	8.53	159.22	607.75
School Age	40.77	176.30	685.90	9.24	111.30	421.27

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	52.37	231.97	958.11	8.30	163.02	643.09
2 through 5 Years	36.33	167.40	672.87	6.65	113.20	424.92
School Age	30.24	136.40	517.18	6.71	80.10	306.70

Riverside

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	57.86	250.00	1,018.92	8.91	180.27	690.75
2 through 5 Years	39.35	170.83	683.67	6.61	141.31	583.33
School Age	35.49	151.29	584.39	7.94	91.23	354.40

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	44.61	197.19	804.83	7.02	148.24	591.13
2 through 5 Years	29.83	135.50	542.14	5.25	98.61	377.61
School Age	25.42	117.65	444.51	6.02	68.66	273.00

Sacramento

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	58.26	251.02	1,021.24	9.11	174.61	692.76
2 through 5 Years	39.80	171.99	685.92	6.72	141.85	572.82
School Age	35.50	151.07	583.60	7.93	93.72	357.16

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	45.99	203.35	829.16	7.26	146.72	581.19
2 through 5 Years	30.80	140.10	560.71	5.56	99.05	372.41
School Age	25.90	119.07	451.55	6.03	68.88	270.85

San Francisco

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	74.72	325.13	1,330.15	11.82	253.08	945.17
2 through 5 Years	55.17	243.01	974.12	9.96	176.00	680.06
School Age	47.32	202.16	774.57	10.55	114.98	426.22

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	57.51	257.20	1,071.46	9.20	176.85	668.46
2 through 5 Years	41.23	197.15	788.22	7.69	127.04	490.40
School Age	35.33	154.67	587.62	7.65	83.27	318.05

Santa Barbara

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	68.81	289.63	1,185.76	10.13	241.31	842.47
2 through 5 Years	48.33	199.80	810.60	7.86	164.31	670.32
School Age	36.96	153.33	604.83	8.30	103.87	394.91

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	49.40	219.48	908.14	7.85	164.28	640.24
2 through 5 Years	35.19	161.47	645.86	6.37	110.67	422.05
School Age	28.29	130.13	498.96	6.31	73.50	288.20

Solano

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	58.67	252.33	1,026.89	9.08	193.97	790.67
2 through 5 Years	41.24	176.84	713.42	7.35	134.74	529.99
School Age	38.12	164.01	625.80	8.23	100.36	386.52

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	47.63	211.15	863.76	7.44	153.02	619.42
2 through 5 Years	32.07	145.11	583.49	5.86	103.17	399.78
School Age	27.97	128.12	487.11	6.19	74.15	290.32

Ventura

Maximum Reimbursement

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	61.50	263.71	1,091.10	9.62	205.43	807.02
2 through 5 Years	42.75	184.77	755.32	7.79	141.36	549.92
School Age	40.20	176.03	684.17	8.67	104.31	402.19

Average Rate in This County

Age Group	Full-time Daily	Full-time Weekly	Full-time Monthly	Part-Time Hourly	Part-time Weekly	Part-time Monthly
Birth to 24 Months	50.38	222.98	917.93	7.90	159.11	647.40
2 through 5 Years	34.14	153.82	620.59	6.22	109.15	416.94
School Age	29.10	132.65	503.51	6.34	79.61	308.16

Child Care and Adult Care Food Program

Sponsored under the United States Department of Agriculture (USDA), the Child and Adult Care Food Programs is a federal and state program that funds monthly cash reimbursements to child care center operators and family child care home providers for meals served to children in their care that meet Federal nutritional guidelines. USDA's Child and Adult Care Food Program play a vital role in improving the quality of child care and making it more affordable for many low-income families.

In California, the child care food program is administered by the California Department of Education through intermediaries contracted with the State to assume administrative and financial responsibility for the food program operations. While other types of licensed child care operators may participate as operators in food programs, *for purposes of this document, only eligible public or private nonprofit, and for profit child care center operations are discussed.* Each center operator must be licensed or approved to operate by a federal, state or local government agency. All licenses must be current and a copy of each license or proof of approval to operate must accompany the application to the program.

Public or private non-profit center operators are eligible for reimbursement if they:

- Provide non-residential child care; and
- Have tax exempt status—both Federal and State

For profit child care center operators are eligible for reimbursement if they:

- Provide non-residential child care;
- Receive Title 10 funding (see Glossary Appendix 7) for at least 25% of enrolled children or licensed capacity (which ever is less); and
- Have at least 25% of the children in care eligible for free and reduced price meals.

Eligibility is defined as:

- Households with incomes at or below 130% of poverty are eligible for free meals (see Appendix 6A);
- Households with incomes between 130% and 185% of poverty are eligible for meals at a reduced price (see Appendix 6B);
- Children whose families receive Food Stamp Benefits, Food Distribution Program on Indian Reservations, and CalWORKs are automatically eligible for free meals; and
- Children who are income-eligible participants of Head Start or Even Start (see Glossary Appendix 7) programs are also automatically eligible for free meals without further application or eligibility determination.

For all participating operators, record-keeping of the program is rigorous:

- Accurate monthly claims for reimbursement must be submitted to the administering agencies, keeping records of meal patterns according to age and meal type served up to a maximum of two reimbursable meals and one snack or two snacks and one meal to each eligible child per day.
- For profit child care operators must track daily attendance and meals served to at least 25% of income eligible children to continue to receive funding for that month.

Reimbursement is computed by claiming percentages, blended per meal rates, or actual meal count by type (breakfast, lunch, supper or snack) and eligibility category (free, reduced price, and

paid—See Appendix 6C & 6D). Participating operators have the choice to charge a single fee that covers all their operating costs (non-pricing program) or separate meal fees (pricing program). Most operators participate in the non-pricing program.

APPENDIX 6A
Child and Adult Care Food Program
Income Eligibility Guidelines for Free Meals or Free Milk in Child Nutrition Programs
July 1, 2006 though June 30, 2007
www.cde.ce.gov/lis/nu/rs/rates0607.asp

Free Eligibility Scale
Lunch, Breakfast, Milk

HOUSEHOLD SIZE	ANNUAL INCOME	MONTHLY	TWICE PER MONTH	EVERY TWO WEEKS	WEEKLY
1	\$12,740	\$1,062	\$531	\$490	\$245
2	\$17,160	\$1,430	\$715	\$660	\$330
3	\$21,580	\$1,799	\$900	\$830	\$415
4	\$26,000	\$2,167	\$1,084	\$1,000	\$500
5	\$30,420	\$2,535	\$1,268	\$1,170	\$585
6	\$34,840	\$2,904	\$1,452	\$1,340	\$670
7	\$39,260	\$3,272	\$1,636	\$1,510	\$755
8	\$43,680	\$3,640	\$1,820	\$1,680	\$840
For each additional family member add:	+\$4,420	+\$369	+\$185	+\$170	+\$85

APPENDIX 6B
Child and Adult Care Food Program
Income Eligibility Guidelines for Reduced-Price Meals in Child Nutrition Programs
July 1, 2006 though June 30, 2007
www.cde.ce.gov/lis/nu/rs/rates0607.asp

Reduced-Priced Eligibility Scale
Lunch, Breakfast

HOUSEHOLD SIZE	ANNUAL INCOME	MONTHLY	TWICE PER MONTH	EVERY TWO WEEKS	WEEKLY
1	\$18,130	\$1,511	\$756	\$698	\$349
2	\$24,420	\$2,035	\$1,018	\$940	\$470
3	\$30,710	\$2,560	\$1,280	\$1,182	\$591
4	\$37,000	\$3,084	\$1,542	\$1,424	\$712
5	\$43,290	\$3,608	\$1,804	\$1,665	\$833
6	\$49,580	\$4,132	\$2,066	\$1,907	\$954
7	\$55,870	\$4,656	\$2,328	\$2,149	\$1,075
8	\$62,160	\$5,180	\$2,590	\$2,391	\$1,196
For each additional family member add:	+\$6,290	+\$525	+\$263	+\$242	+\$121

APPENDIX 6C
Child and Adult Care Food Program
Reimbursement Rates for
July 1, 2006 though June 30, 2007
www.cde.ce.gov/ls/nu/rs/rates0607.asp

Federal Reimbursement for Child Care Centers (per eligible child per meal)

	FREE	REDUCED-PRICE	BASE
BREAKFAST	\$1.31	\$1.01	\$0.24
LUNCH AND SUPPER	\$2.40	\$2.00	\$0.23
SUPPLEMENT	\$0.65	\$0.32	\$0.06

APPENDIX 6D
Child and Adult Care Food Program
Reimbursement Rates for
July 1, 2006 though June 30, 2007
www.cde.ce.gov/ls/nu/rs/rates0607.asp

State Reimbursement for Child Care Centers (per eligible child per meal)

	FREE	REDUCED-PRICE	BASE
BREAKFAST	\$0.1563	\$0.1563	Not Applicable
LUNCH AND SUPPER	\$0.1563	\$0.1563	Not Applicable

Local Preschool Initiatives:

First 5 Commission: Proposition 10, the ballot initiative (cigarette tax) that was approved by voters in 1998 established the California Children and Families State Commission (now referred to as First 5 California), and authorized the establishment of county First 5 Commissions. County First 5 Commissions throughout the state are designed to provide, on a community-by-community basis, all children prenatal to five years of age with a comprehensive, integrated system of early childhood development services. County Commission funding is based upon live birth rates in each county.

In their strategic plans, County Commissions set forth funding priorities, with many counties including school readiness and/or Universal Pre-Kindergarten (UPK) also referred to as “Preschool for All” (PFA) programs as part of their overall funding priorities. Each County Commission establishes its own individual set of priorities in its strategic plan and as such not every county will have a local First 5 Commission sponsored school readiness or preschool initiative. Some that do may be participating in a local matching program administered by the First 5 California or other initiatives like one administered by the David and Lucile Packard Foundation. Others may have their own initiative that is self funded or lead by a local County Office of Education or local School District. Regardless of how a county First 5 Commission is participating in school readiness or preschool activities, counties that do have such initiatives have their own unique set of criteria for implementation such as target communities, age of children served, characteristics of preschool operators, and options for operating and capital funding. While many of these characteristics on the surface may seem to be common elements of the preschool initiatives throughout California, it is important to first confirm with the County First 5 Commission if they have a school readiness or preschool and then what the program parameters are for the initiative.

Fundraising:

In order to subsidize the cost of doing business (i.e. tuition expenses, operational costs such as equipment purchasing and maintenance, subsidy shortfalls, etc.), it is a common practice for child care center operators to engage in fundraising activities. Activities such as bake sales, garage sales, sponsored events, private donor solicitation, direct corporate solicitation, and grant writing to foundations are common practices the savvy child care operator uses. In addition, fundraising activities are common to complete on time or periodic capital projects. For example, operators have on occasion solicited donations from local community businesses (i.e. local Home Depot stores with the help of local volunteers may provide paint and help paint a local child care center).

Other Possible Resources:

There are various public sources for core child care services and/or other enhancements funded through vouchers or contracts. These include funding for: special needs children, homeless children and families, mental or primary health consultations, social services, community development block grants, and staff compensation or development.

APPENDIX 7
GLOSSARY OF TERMS

AB172: funded by the California Department of Education provides \$50 million annually statewide for state preschool *Pre-Kindergarten and Family Literacy Programs*. \$45 million is for child care services at the regular state preschool rate of \$20.30 per child per day. The remaining \$5 million is for distribution to each classroom at a rate of \$2,500 per year requiring that programs provide age and developmentally appropriate activities designed to facilitate the child's transition to kindergarten through the integration of quality services programs such as parenting education components, family literacy services, and staff development and training components. AB172 also requires that programs operate 175-180 days per year, be located near elementary schools with 1-3 Academic Performance Index (API) desilces with priorities given to zip code areas identified by Local Planning Councils. Children are eligible for Pre-Kindergarten and Family Literacy Programs for only one year prior to kindergarten enrollment. Up to 20% of children may be from families whose adjusted monthly income exceeds the state preschool income ceiling. Moreover, AB172 encourages programs to offer full-day services combining subsidy sources, but not operating more than 246 days per year. For full day services, families must demonstrate eligibility and need. Children continue to be eligible for full-day care as long as they are enrolled in Pre-Kindergarten and Family Literacy Programs.

AFDC: Aid to Families with Dependent Children—acronym sometimes used for CalWORKs.

Alternate Payment Programs: free standing agencies or departments in child care resource and referral agencies contracting with California Department of Education to administer subsidized child care voucher programs

California Department of Education (CDE): a state government agency that administers the states subsidized child care programs. CDE has over 1000 contracts for more than a dozen program types, with both public and private agencies throughout the state. Centers receiving funds through the CDE operate under Title 5 regulations of the Education Code.

California Department of Social Services/Community Care Licensing: the state government agency that is responsible for licensing all child care centers and family child care homes defined in Title 22, Division 12, regulations of the Health and Safety Code.

California Work Opportunity and Responsibility to Kids (CalWORKs): California's welfare-to-work program that requires parents receiving cash-aid (also referred to as welfare, TANF, AFDC, GAIN) to engage in work, school or job seeking activities.

Centralized Eligibility List (CEL): is a system that combines subsidized child care and development programs, Head Start Programs, and Alternative Payment Programs in one central countywide list. The CEL eliminates duplicates, and allows subsidized child development providers in the system to access children that are eligible for their programs. The term "eligibility" is used because families are ranked by eligibility factors for subsidized care (income, size, and need), not just time on the list. A CEL enables families to have access to all programs for which they qualify, expanding their opportunity to access subsidized care. Providers can potentially pull from a wider net of eligible families. Communities and counties can plan better to

address the demand for care. State and federal funding can be more focused to address the needs of eligible waiting families. The CEL is under Title 5 and funded through the annual budget act.

Child Care Center: a licensed child care facility that is housed in a public building and licensed under Title 22 for a maximum number of children. The number of children is determined by a formula of 35 square feet per child indoors and 75 square feet per child outdoors. Among other requirements, child care centers must have staff who meets basic educational standards as set forth in Title 22.

Child Care Resource and Referral Agency: county agencies funded by California Department of Education to make free child care referrals to all families in their county, to educate families about choosing quality child care services, to keep updated lists of all licensed child care facilities in their counties, and to monitor complaints against licensed child care providers.

Delegate Agency: a community based organization that sub-contracts with the Grantee agency for Head Start services in its community.

GAIN: Greater Avenues for Independence—acronym sometimes used for CalWORKs.

Early Head Start: federally-funded programs for low-income pregnant women and their families with children 0 to three years of age (enrollment must be prior to the child's 30th month of age). Eligibility is based upon the family's income being at or below 100% of the Federal Poverty Level.

Even Start: also known as the Even Start Family Literacy Program is an education program for the Nation's low-income families that is designed to improve the academic achievement of young children and their parents, especially in the area of reading. The program offers grants to support local family literacy projects that integrate early childhood education, adult literacy (adult basic and secondary-level education and instruction for English language learners), parenting education, and interactive parent and child literacy activities for low-income families with parents who are eligible for services under the Adult Education and Family Literacy Act and their children from birth through age 7. Teen parents and their children from birth through age 7 are also eligible.

Family Child Care Home: child care that is licensed under Title 22 in an operator's own home for a maximum of 8 or 14 children.

Family Fee: the expectation that families share in the cost of child care to expand services to other families in need of subsidized child care assistance. Fees are prepared by California Department of Education and based upon family's adjusted gross monthly income and family size. Family fees are on a sliding scale and are applied when a family reaches 50% of the state median income. As changes occur in either the family's adjusted gross monthly income or family size, the family fee may change. The fee is assessed based on the schedule of the child who receives care for the longest period each day, regardless of number of children a family may have in care. If a parent defaults on his/her delinquent family fee payment arrangement the parent will receive a notice of action and operator will receive a notice terminating services in two weeks. To continue with care, parents must pay all delinquent fees and current fees in full. All families are subject to the fee schedule with the following exceptions:

- Families with at-risk children may be exempt from paying fees if the legally qualified professional in legal, medical, or social services agency or emergency shelter determines the fee waiver to be necessary;
- Families working with Child Protective Services may be exempt from paying a fee for up to 12 months if determined to be necessary by the county welfare department, child welfare services worker; and
- Families may be exempt from paying fees for no more than a total of 12 cumulative months.

First 5 Commission: the statewide commission originally established as the California Children and Families State Commission that was approved by voters under the “cigarette tax” ballot initiative, Proposition 10 in 1998. Funds from the tax are for statewide services serving children and their families from prenatal to 5 years old.

Head Start: federally funded programs for low-income families with children three to five years old. Eligibility is based on the family’s income being at or below 100% of the Federal Poverty Level.

Individual Education Plan (IEP): a team service plan that guides the intervention processes for children with disabilities. It is uniquely tailored to the child being served and includes assessment, diagnosis, treatment goals, and outcomes.

Individual Family Services Plan (IFSP): the vehicle for effective early intervention processes for children with disabilities and their families. It contains information about and implementation of the services necessary to facilitate a child’s development thereby enhancing the family’s capacity to ensure that development.

License capacity: the maximum number of children that a licensed child care facility (child care center or family child care home) may have at any one time in care.

License Exempt Child Care: child care that is legally exempted from licensing. Usually this type of care is provided by a relative, a neighbor, friend, etc. for one or more children of one family only.

Local Planning Councils (LPC): are funded by the California Department of Education in all 58 counties to plan for child care and development services based on the needs of families in local communities. LPC’s responsibilities include but are not limited to: conducting a child care needs assessment once every five years, preparing child care plans to mobilize public and private resources, identifying local funding priority areas for State Preschool and General Child Care services, coordinating part day child care programs with other programs for full day child care, and designing a centralized eligibility list.

Maximum reimbursements rates (ceiling rates): the maximum or ceiling rate paid to voucher operators as set by the California Department of Education

Parental Choice: the act of educating parents regarding all child care options and allowing them to choose the child care type that best fits their individual family needs.

Regional Market Rate (RMR): regionally based market rates used to determine reimbursements to voucher operators.

Slot: a licensed child care space

Standard Reimbursement Rate: the maximum daily per-child payment that general child care center-based programs under Title 5 may earn.

Subsidized child care: child care that is partially or fully paid for by an agency other than the family.

TANF: Temporary Assistance for Needy Families—acronym sometimes used for CalWORKs.

Timing Out: a family that has exhausted its two year limit in Stage 1 and Stage 2; or a family that has exhausted its lifetime 5-year maximum CalWORKs benefit.

Title 5: the California Code of Regulations containing authorized regulations pertaining to education. Regulations for state funded child care programs and priority enrollment are contained within this code section.

- 1st Priority: regardless of the child's age (3-4 year olds) is given to children in need of Child Protective Services or at risk of abuse, neglect or exploitation. However, if the operator cannot enroll a child in this 1st priority, the operator must refer the child's parent or guardian to the local child care resource and referral agency for services.
- 2nd Priority: the lowest adjusted monthly income families with eligible 4 year olds (children having their 4th birthday on or before December 2 of the fiscal year in which they are enrolled in a state preschool program) prior to serving the lowest adjusted monthly income families with eligible 3 year olds (children having their 3rd birthdays on or before December 2 of the fiscal year in which they are enrolled in a state preschool program).
- The operator has 120 days prior to the first day of the new preschool year to certify eligibility and enroll families into its program. Operators must certify to the State that enrollment priority is being given to 4 year olds. If more than one family has the same adjusted monthly income, the operator may establish priorities in an order determined by the operator. These priorities are:
 1. Children who are identified as limited English or non-English proficient
 2. Children with special needs whose Individualized Education Program identifies a state preschool program as being appropriate during part or all of the preschool day; and/or
 3. Children from families whose special circumstances may diminish the child's opportunity for normal development

Title 10: the Social Services Block Grant that allows states to receive grants from the federal government for their spending on social services programs that already qualified for a federal subsidy. The grant's goals are economic self-support, self-sufficiency, preventing neglect, abuse of children and adults, and preventing or reducing institutional care. Federal law allows the funds to be used for services such as child care, domestic violence intervention, home services, family planning, and health support.

Title 22: the California Code of Regulations for licensing of all child care centers and family child care homes developed by the Department of Social Services/ Community Care Licensing Division. Programs that fall under Title 22 regulations might include the following: private, non-subsidized, church related, family child care homes, etc.

Waiting List: traditional lists of families kept by individual child care program operators that are waiting to be served by that child care program.

Wrap-around services: child care services that serve to complete full day services for a program that is only partial day.

