Bay Area Caucus to Raise the Standard Reimbursement Rate

The Bay Area Caucus was formed in 2015 by a coalition of Child Development Center directors and staff, Local Planning Council representatives, and others to recommend solutions to the funding crisis in State-Contracted Programs.

The chart shows the erosion of the Standard Reimbursement Rate's (SRR) buying power. The current SRR is $38.14 per day however if it had received the cost of living adjustments K-12 programs received starting in the early 1980's, it would be $47.14 per day.

1. <u>We are asking to modernize the SRR by adjusting it for inflation so programs can keep pace with current costs.</u>

Early Learning Programs funded by the SRR are underfunded and augment their budgets by between 20-40% using a variety of methods that are not sustainable. One of the most common ways that programs make ends meet is by offering staff sub-standard wages.

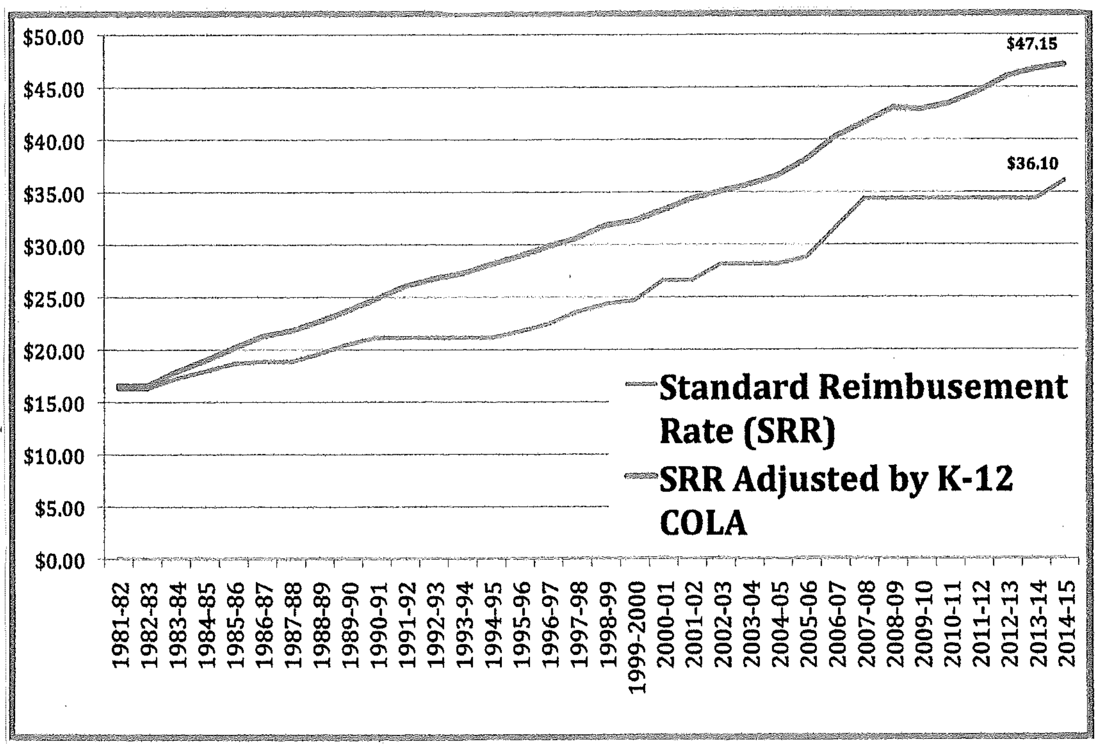

Chart prepared by California Child Development Administrators Association

2. <u>The SRR primarily impacts staff who are Women, Black, Latino and single parents</u>[i]

Females represent 96% of the child care work force. Fifty percent of child care workers are enrolled in at least one public support program compared to 25% of the US workforce. Minority women represent 63% of the assistant teachers in early education.

3. The SRR does not permit compliance with new proposed and implemented Minimum Wage/Living Wage Laws.

A recent study "Effects of Minimum Wage on ECE Centers" found that Assistant Teachers currently average $11.50 per hour. The impact of the minimum wage proposals on ECE wages is a mean wage increase in child care worker wages of 19%. With these increases comes increased cost to benefits tied to salary, cost of sick and vacation benefits and the increased cost for higher positions.

Comments from the Directors of State Title 5 program:

"The current reimbursement rate does not cover the cost. There is no way my and other Districts will be able to subsidize the program out of the general fund."

"Our nonprofit barely breaks even after much work in seeking funds from foundations, corporations and bake sales."

"Our mission is to serve low-income children in high quality preschool. There is no way we can serve more children when the state does not pay us enough to break even."

"Our staff can no longer subsidize the state in the provision of preschool for low income children."

Conclusion:

The increase of unfunded costs, including wage ordinances and a continuously declining Standard Reimbursement Rate (in real terms) does not allow programs to serve more children or enhance the quality of services. There is a great need for child development services to low-income children in order to provide them the opportunity to graduate from high school and attend college. We know that quality programs have a much greater impact on child outcomes including higher incomes, lower incarceration, better health and stronger families for the next generation.

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[1] Diversity and Stratification in California's Early Care and Education Workforce Report, UC Berkeley http://www.irle.berkeley.edu/cscce/2008/diversity-and-stratification-in-californias-early-care-and-education-workforce/

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California's Subsidized Child Care Center Reimbursement Rate Crisis

Executive Summary

Last year, California appropriated over $260 million to partially restore the $1.1 billion in cuts to preschool services for low income families. The increase in the rate (standard reimbursement rate) was 5% after 25 years of minimal attention to the rate. The rate (SRR) is 75% below the Regional Market Rate as set by the State for other subsidy programs. This is on the heels of significant increase in unfunded mandates such as wage ordinances at the local and state level and quality improvement efforts. The impact of the untenable standard reimbursement rate threatens the survival of preschool for low income children in California and certainly will make expansion or quality enhancement impossible to attain. The effect of the **atrocious SRR has resulted in 50% of the teaching staff must rely on public assistance**

California's system of subsidized child care and development services for low-income families relies on a mix of over six hundred diverse providers. They consist of community-based organizations, school districts and local governments that enter into contract with the State Department of Education. Together they serve over 208,400 low-income preschool children in Title 5 centers.

For many years these programs have argued that the reimbursement rates are too low to assure stable operations due to inadequate rate adjustments, a stable workforce with unlivable wages. A program whose goal is to lessen the effects of poverty on women, minorities and children actually has a significant number of female, minority staff with unlivable wages. The SRR makes it impossible for agencies to comply with the implementation of significant increases to the California minimum wage in Cities, Counties and the State.

The Legislature and Governor must increase the amount of subsidized preschool to cover all low income four year olds who need the service. The preschool must be high quality to obtain the benefits of children ready to learn. This is not possible without a realistic standard reimbursement rate.

The Legislature and Governor must start to fix this inequity by providing next year a increase in the Standard Reimbursement Rate adjust it for cost of living.