CHILD CARE AND WORKING FAMILY RECOVERY AND RESILIENCE

County of San Diego Recommendations from the Early Care and Education Advocacy Coalition

It is imperative to our region's economic recovery that the County of San Diego invest $85M in local funding from the American Recovery Plan and County budget to support working families and to shore up the San Diego region's shrunken and fragile child care system. Without reliable, quality, and accessible child care, parents cannot return to work, food and housing insecurity persist, child poverty is exacerbated, and the resulting family stress increases the incidence of child maltreatment, substance abuse, and family fracture. Supporting access to child care is a critical prevention and recovery investment in family and economic well-being.

Decreased revenue, restrictive operational requirements, and increased costs of providing child care over the last year have amplified San Diego County's child care shortage, which was already severe prior to the pandemic. Recovery funds must be invested to incentivize closed child care businesses to re-open. Child care businesses in financial stress need immediate funding to keep their doors open to serve working families. The economic recovery of the child care sector is vital to the economic recovery of our County.

Below are recommendations from the San Diego Early Care and Education Advocacy Coalition on how the County of San Diego can support child care providers, children, their families, and employers through this pandemic and beyond. Recommendations include investments that will enable San Diego to move towards a more equitable child care system in the region, leveraging funding from the federal and state governments, while continuing San Diego's reputation as a leading champion for child care.

Recommendations are grounded in responses from 475 child care providers through the San Diego Spring 2021 Child Care Provider Survey, administered by the YMCA Childcare Resource Service on behalf of the San Diego Early Care and Education Advocacy Coalition.
CCCs- Child Care Centers | FCCHs- Family Child Care Homes

Recommendations are prioritized in the following areas of need:

1. **County infrastructure to support children and their families**

2. **Child care vouchers for working families**

3. **Child care provider grants**

4. **Mental and behavioral health supports**

5. **Increase child care supply through facility development and improvement**

6. **Child care workforce pipeline and wages**

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1. County Infrastructure: $2M ongoing

To meet the needs of working families and child care providers using a comprehensive approach that leverages policy and funding from the federal and state governments, there must be expanded County oversight and support of this sector that focuses on strengthening families with a 2Gen approach for children 0-12.

A new children and families focused department should include strategic alignment of County supports for working families, including alignment with First 5 San Diego, and a consideration of greater alignment with the Child Care and Development Planning Council (currently subcontracted to San Diego County Office of Education), as well as CalWorks Stage 1. Positions within this new department would support a comprehensive approach for community solutions, oversight of the recommended appropriations, and impact measurements for appropriations in the upcoming months and years.

The intentional development of this new department is to accelerate implementation of a unified, integrated, comprehensive family support approach through which we ensure that families can achieve their own goals through streamlined and customized access to food, housing, workforce development, child care, health care and mental health care without excessive eligibility processes and with compassionate, trauma-informed case management practices. This approach is in line with the Governor's vision for comprehensive family support services under the new State Department of Child Care and Development within the CA Department of Social Services, and would position the County for success as new State program requirements are released.

2. Child Care Vouchers for Working Families: $28 million

Child care vouchers to working parents, student parents, and parents seeking work, targeting families that are at 85% State Median Income (SMI) but are not receiving state vouchers, California State Preschool Program, or Head Start. The purpose of this voucher is to provide relief to some of the thousands of families in San Diego County who are in desperate need of child care so that parents can work (or look for work or attend school/training), but fall outside of the state's 'essential workers' criteria or cannot access the limited State voucher allocation due lack of availability.

***Funding Recommendation*:** $28 million
San Diego typically has a waiting list of around 2,500-3,000 eligible children that meet SMI criteria for the state's for the subsidized system. Local support for about a third of these children will greatly ease the significant need to pay for care, and help get available slots with child care providers filled.

- $23M appropriation to support approximately 1000 families through Summer 2022 in the local mixed delivery child care system;
- $5M appropriation specific for out-of-school time care to support potential hybrid learning schedules, or vacation time care through the mixed delivery system.

***Justification*:** Prior to the pandemic, only one out of every ten children who were eligible for the California child care subsidy program based on 85% state median income (SMI) received this benefit, resulting in 2,500-3,000 children on San Diego's child care subsidy waiting list (varies week to week). With more families qualifying due to lowered household income attributed to the pandemic, this parent-choice program is in high need. The San Diego Spring 2021 Provider Survey demonstrates that support to families through child care vouchers ranks second in the top five recommended local appropriations.

3. Flexible Provider Grants: $25 million

For providers that currently are serving children in-person, or are considering reopening on a defined timeline, and are not on a hold-harmless contract from the State or from Head Start.

Funding Recommendation: $25M in flexible grants to support providers bridge to economic stability due to lost revenue due to the pandemic. This stabilizes providers and fills some of the lost revenue gaps due to COVID related restrictions, while allowing providers the flexibility to decide what is best for their business.

Justification**:** Similar to other targeted COVID assistance endeavors, reinstating the Child Care Provider Grant will greatly support sustaining San Diego's child care supply, and set providers up for success to support children and their families this summer. The first ideation of this grant in 2020 was the difference between many providers closing their businesses indefinitely. The San Diego Spring 2021 Provider Survey demonstrates that flexible stipends ranks first in the top five recommendations for local appropriations. 47% of CCCs surveyed have lost $90K or more during the pandemic. 28% of FCCHs surveyed have lost $5,000-$15,000 during the pandemic. Many report not having equitable access, or being denied for other forms of assistance that have been made available on a federal, state, or local level.

4. Mental and Behavioral Health Supports: $10 million

Mental health supports are needed for parents, caregivers, providers, as well as mental and behavioral health supports for children. For full access, it is recommended that these are offered in an array of modes, from in-person to virtual, from one-on-one to group options. Flexible funding is needed to meet parents, caregivers, providers, and children where they are, as well as a family-centered approach to achieve this as a protective factor. Outreach for offerings should also be supported by and with existing, trusted community partners like child care provider networks, LEAs, family health centers, and other well-known social service providers in the community. Existing models can be leveraged and funded to reach more families, such as Parent Cafes and Early Childhood Mental Health Consultation (ECMHC) offered by mental and behavioral health professionals.

Funding Recommendation: *$10 million*

- Locally supplant $5M decreased state funding for First 5's Healthy Development Services program to alleviate the existing 6 mos. waitlist for behavioral support services;
- $5M for demonstration programs considering criteria listed above to expand access for 0-12 year olds, including access that is family-centered and incorporates the child care system.

Justification: Access to preventative mental health services within the community is extremely limited, with waiting lists ranging six months to nine months, and few options for 0-5 year olds. The pandemic has resulted in an increase in Adverse Childhood Experiences (ACEs) and aligned stressors to their primary caregivers. Access to support in time of need, including access to mental health supports align to the Family Strengthening model to support young children's development. Families need expedited access to culturally competent, family-centric services to mitigate the impact of, and respond to, potential ACEs connected to the pandemic. The San Diego Spring 2021 Child Care Provider Survey captures many provider testimonials around the increased stress they have seen in families they serve.

5. Increasing Child Care Supply through Facilities Development and Improvements: $12M

A significant barrier facing the community regarding child care supply is limited facility capacity. Both new facilities and renovations of existing facilities can help address this barrier. Below are specific recommendations for both:

- Establish, through an intermediary, a revolving facilities fund that would provide short-term financing—0% subordinate or forgivable—for new child care spaces, in which recipients could be operators or developers.
- Facilities grants of up to $250,000 per provider for acquisition, development, or build-out of new child care facilities, or preservation of licensed properties.
- Grants of up to $50,000 for expanding or modifying a child care facility to serve additional children or add COVID safety features such as improved ventilation, more functional outdoor learning space, reduced density, better sanitization, or hand-washing stations.
- Renovation of county-owned spaces or new construction on county-owned land for no-cost leasing (long-term) to child care providers.
- Preserve existing licensed child care programs by providing grants for employee-led buyouts of existing operators.
- Down Payment assistance for licensed family child care providers to move from rented units to owned homes, with preference for providers expanding from small licenses to large licenses.

***Funding Recommendation*:** $12M pilot to explore these tactics in child care supply expansion through 2024.

Justification: Supporting existing child care businesses through unique expansion opportunities honors entrepreneurial ambition. Due in part to historical injustice, it has traditionally been difficult for child care providers to obtain loans. The San Diego Spring 2021 Child Care Provider Survey demonstrates that 17%of CCCs and 38% of FCCHs have aspirations to grow their child care operation in the next 12 months.

6. Child Care Workforce Pipeline and Wages: $8 million

A 3-part investment in the sector is recommended to help address the crisis of child care professionals receiving an unlivable wage, which has resulted in a dwindling workforce pipeline:

- Job training for new early educators joining the field in a model that compensates interns and mentors;
- Scholarships for continuing education in child development for existing workforce;
- Pilot increasing hourly wages for child care staff as demonstration of quality retention and impact. This will entail:
    - Collaboration between public universities, community colleges, San Diego Workforce Partnership, large family child care providers, centers, and school districts;

- Wage subsidies as needed to ensure that thriving wages are available to individuals who commit to the early childhood field.

Funding Recommendation: $8M for the outlined 3-part investment outlined above for a local pilot project aligned with San Diego's Learn Well initiative and the San Diego Quality Preschool Initiative.

Justification: San Diego region child care providers were already struggling to fill open staff positions pre-pandemic. Statewide, a recent study found that half of child care workers turn over each year which is expensive for providers and detrimental to children's relationships with their caregivers. Low wages are the primary culprit in this crisis, as individuals passionate about early learning often choose to double their wages by acquiring a teaching certificate to work in K-12. The scarcity of child care workers is now even more desperate and will impede recovery of the sector, which in turn will impede recovery of the economy since the absence of child care options will keep many parents (mainly mothers) from rejoining the labor force. The San Diego Spring 2021 Child Care Provider Survey results demonstrate difficulty acquiring required staffing to expand to serve additional children.

Key partners:

- To expedite the childcare provider vouchers and provider grants through leveraged existing distribution infrastructure, utilize the YMCA Childcare Resource Service and Child Development Associates, the region's Alternative Payment Program administering agencies.

- For equitable access to these resources, utilize community-based organizations and unions who are working closest with families and child care providers to equitably distribute information about the opportunities.

- Continue to engage The San Diego Foundation, Catalyst of San Diego and Imperial Valley, and other philanthropic entities to maximize opportunities between the County, local philanthropy, and local nonprofits.

Total request: $85 Million

1. **Increased County Infrastructure = $2 million**

2. **Child Care Vouchers for Working Families = $28 million**

3. **Flexible Provider Grants = $25 million**

4. **Mental and Behavioral Health Supports = $10 million**

5. **Increasing Child Care Supply through Facilities Development and Improvement= $12 million**

6. **Child Care Workforce Pipeline and Wages = $8 million**