Master Plan for Early Learning and Care:
Making California For All Kids

DECEMBER 2020
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Table of Contents

Preamble .................................................................................................................................................................................. 1
Introduction ............................................................................................................................................................................. 3
Our Approach .......................................................................................................................................................................... 6
Goal 1 | Unify and Strengthen Programs and Services to Support Children’s Learning and Development ...................................................... 8
  Expand Equitable Access to Paid Family Leave .................................................................................................................. 9
  Strengthen Learning and Care Opportunities for Infants, Toddlers, and Other Young Children ............................................... 9
  Provide California’s Three- and Four-Year-Olds with Access to a High-Quality Preschool Experience ............................................ 12
  Ensure Equitable Treatment of All Children and Eliminate Bias through Practices and Training .............................................. 14
Goal 2 | Support Children’s Learning and Development by Enhancing Educator Competencies, Incentivizing and Funding Career Pathways, and Implementing Supportive Program Standards ................................................................................. 17
  Enhance Educator Competency to Optimally Support Child Learning and Development ............................................................ 19
  Incentivize, Support, and Fund Career Pathways ................................................................................................................ 24
  Implement Supportive Program Standards .......................................................................................................................... 25
Goal 3 | Unify Funding to Advance Equity and Opportunity ..................................................................................................... 27
  Adopt a Tiered Reimbursement Rate with Appropriate Adjustments .................................................................................. 29
  Design a Sliding Scale for Family Contributions .................................................................................................................. 33
Goal 4 | Streamline Early Childhood Governance and Administration to Improve Equity .................................................................................. 35
  Remove Barriers to Service by Providing Streamlined Eligibility ...................................................................................... 36
  Create an Integrated Data System ........................................................................................................................................ 37
  Redesign Continuous Improvement Structures .................................................................................................................... 38
  Establish a System of Shared Services Networks to Support Sustainability ....................................................................... 39
  Expand Supply of Early Learning and Care Facilities ........................................................................................................ 40
Clear Direction for the Journey to a California for All Kids .................................................................................................. 43
Appendix A: Master Plan Action Plans ........................................................................................................ 44

Goal 1: Unify and Strengthen Programs and Services to Support Children’s Learning and Development .......................................................................................................................... 44

Goal 2: Support Children’s Learning and Development by Enhancing Educator Competencies, Incentivizing and Funding Career Pathways, and Implementing Supportive Program Standards ................................................................................................................. 56

Goal 3: Unify Funding to Advance Equity and Opportunity .................................................................................. 66

Goal 4: Streamline Early Childhood Governance and Administration to Improve Equity ........................................ 69

Appendix B: Workforce Framework .................................................................................................................. 80

Appendix C: Master Plan Analysis of Early Learning and Care (ELC) Use and Spending ........................................... 82

Use of Nonparental Care ........................................................................................................................................ 82

Hours of Nonparental Care .................................................................................................................................. 86

Total Spending on Birth 0–5 ELC by California Families .......................................................................................... 88

Federal, State, and Local Spending on ELC for California ....................................................................................... 91

Combined Private and Public Spending on ELC for California .............................................................................. 91

Appendix D: California Early Learning Cost Analysis and Scenarios ...................................................................... 95

Cost Model Overview ............................................................................................................................................... 95

Cost Model Assumptions ......................................................................................................................................... 96

Assumed Increments to Standards .......................................................................................................................... 97

Staff Compensation .................................................................................................................................................. 99

Adjustments across Policy Implementation Phases ................................................................................................ 101

Modeling California Per-Child Cost Estimates over Time .......................................................................................... 102

Policy Phases and the Aggregate Provider Cost of Paid Care ................................................................................ 107
Preamble

When Governor Gavin Newsom took office in 2019, he challenged California to provide all children with a great start by making comprehensive improvements to the state’s early learning and care system for young children from birth through age five.

His challenge built upon existing research and recommendations, including those made by the Assembly Blue Ribbon Commission, the Lifting Children Out of Poverty Task Force, California’s Transforming the Workforce for Children Birth Through Age 8, and the Rate Reform Work Group.

Medical research, social science, and the economics of human development support the goals of making California’s system comprehensive and shifting its focus to the advancement of whole-child development. The first three years of life are the most critical for brain development that shapes the foundational intellectual, emotional, and behavioral skills and knowledge necessary for a successful life. Children acquire such skills through nurturing interactions with their families, other children, caregivers, and early educators.

Unfortunately, not every family can find and afford the quality early learning and care that their children need. This is especially true among low-income families and families belonging to historically underserved groups. Research shows that providing children from these families with access to comprehensive developmental resources reduces inequitable outcomes by developing skills that foster achievement and well-being. An extensive body of research documents the economic returns from scaled-up public-sector investments in high-quality early childhood programs, with benefits to participants and society as a whole associated with improved educational performance, higher lifetime earnings and taxes paid, reduced reliance on social programs, and better health.\textsuperscript{1,2} In addition, workforce participation increases and the need for social supports decreases as quality early learning and care become more readily available to families experiencing poverty. In short, access to quality early learning and care for children who would otherwise not receive it is an effective vehicle for breaking the cycle of poverty.

Furthermore, programs that have the most positive impacts on child development, school readiness, and later performance in school and adult life have some common ingredients, including:

- Early learning and development program standards and aligned curricula
- Well-prepared and well-compensated workforce
- Ongoing professional development
- Sufficient learning time for children


• Small class sizes and favorable adult-to-child ratios to best support responsive instruction
• Screening and referral
• Meaningful family engagement

In November 2019, the California Health and Human Services Agency engaged a team of researchers led by WestEd to develop a Master Plan for Early Learning and Care (Master Plan) to create a roadmap that put into action past recommendations and research about the benefits of quality early learning and care. The team was tasked with addressing five interrelated substantive issue areas within California’s early learning and care system: access, quality, universal preschool, facilities, and financing.

The Master Plan was developed as the state, its people, and its economy continues to grapple with the COVID-19 pandemic and record breaking wildfires—and as the nation, awakened to its historical and enduring systemic racism, is called to break down barriers and leverage opportunities to create a more inclusive and equitable society.

Despite these challenges, we never let go of the mission to create a California For All Kids through a truly equitable early learning and care system. This must start by addressing the immediate need to stabilize and rebuild that system as California confronts new waves of COVID-19. The crisis demonstrates the essential nature and fragile state of our early childhood workforce and amplifies the needs that families have for high-quality early learning and care. At the onset of the pandemic nearly half of providers and programs projected that their operations may close due to the pandemic. Since then, many have reopened in part due to funding, supplies, and support provided by the state and federal government, but they are operating at lower capacity and higher costs due to smaller group sizes and increased cleaning and sanitation requirements.

In addition, families and parents are experiencing new challenges and strains that include caring for children and other family members, with women disproportionately leaving or reducing work hours to provide such care. Like all other states, California is experiencing state revenue gaps due to COVID-19 and multiple areas that need priority funding. The Master Plan provides a roadmap to guide our journey of recovery and over time the rebuilding of a better system—one that partners with families, takes a whole-child approach to ensure the best child outcomes, supports the advancement of early learning and care professionals so that every family has access to quality care and learning supports.

3 The research team included partners from RAND, Child Trends, AIR, Low-Income Investment Fund, Stanford, SparkPlace, and Glen Price Group.
Children are born ready to learn. Research shows that the first five years of life are uniquely important for a child’s growth and development and that they lay the foundation for lifelong health, well-being, and success.

By prioritizing the development and learning needs of young children, California can make a sound investment in our future that will yield benefits immediately. Children’s potential is unlocked as they interact with and receive care and support from family, caregivers, teachers, and peers. Families with reliable, affordable, high-quality care can pursue education, training, and careers that support their family and contribute to the state’s economic productivity.

The Master Plan translates California’s aspirations into an actionable roadmap, building forward to address the unique challenges and circumstances experienced in 2020. The Black Lives Matter movement in particular has called upon California to look more deeply at the ways in which equity is addressed. Furthermore, COVID-19 has highlighted the importance and fragility of early learning and care with many children, families, caregivers, and educators disproportionately impacted, especially in Brown and Black communities.
The Master Plan is a framework with which to realize the vision of ensuring that all California children thrive physically, emotionally, and educationally in their early years, through access to high-quality early learning and care resources; equitable opportunities for the workforce that advance equitable outcomes for children; and greater efficiencies to the state today and every day through structures for continuous improvement.

To achieve this vision by 2030, the Master Plan focuses on four key objectives:

1. **Improve the life outcomes of infants and toddlers by providing comprehensive early learning and care.**
2. **Ensure that all families can easily identify and access a variety of quality early learning and care choices that fit the diverse needs of their children, their financial resources, and workday and nonstandard schedules.**
3. **Promote school readiness through preschool for all three-year-old children experiencing poverty and universally for all four-year-old children.**
4. **Advance better outcomes for all children by growing the quality, size, and stability of the early learning and care workforce through improved and accessible career pathways, competency-based professional development supports, and greater funding.**

To achieve these objectives, the Master Plan has identified four policy goals that set high standards, create cohesion, fill gaps, and foster sustainability:

1. **Unify programs to improve access and equity.** Streamline requirements for birth through age three programs, providing access to care and learning for all three-year-olds experiencing poverty, and providing universal preschool access to all four-year-olds.
2. **Support children’s learning and development by enhancing educator competencies, incentivizing, and funding career pathways, and implementing supportive program standards.** Enhance standards and provide affordable and accessible pathways for the entire workforce to advance in their competency and compensation.
3. **Unify funding to advance equity and opportunity.** Adopt a new reimbursement and rate model that brings all types of care and learning support into one structure that acknowledges costs associated with quality, including characteristics of children and competencies of the workforce.
4. **Streamline early childhood governance and administration to improve equity.** Design and implement data systems that support positive impacts on the results and quality of care for children through sharing and integration of data that impact the ways in which families and the workforce experience the system.
Transforming the early childhood system will take time, intentionality through purposeful changes in the system, and significant resources—ranging from an additional $2 billion to $12 billion—supported through public investments, business contributions, philanthropy, and family fees. It will also require leadership and support not only by the present Governor and Legislature, but also by future policymakers who share their vision and commitment to a California For All Kids.

Embracing the Master Plan’s recommendations will position California to capitalize on federal initiatives likely to be advanced by President-elect Joe Biden, whose campaign prominently featured a detailed early learning and care plan. President-elect Biden called for comprehensive early learning and care that includes the integration of health and well-being, universal preschool for three- and four-year-olds, financial support for affordability, expanding paid family leave to low-income earners, inclusion of children with disabilities and dual language learners, funding for facilities expansion, and professional pathways for providers that lead to higher standards, competencies, and compensation. All of these features, including the focus on equity, mirror those outlined and integrated into the Master Plan.
Our Approach

Our approach to seizing opportunities and creating cohesion has been to build upon the collective wisdom provided in previous reports along with recommendations made by government, research groups, and advocates. We identified key findings, then filled in the knowledge gaps with our own research, so as to create substantive recommendations for a comprehensive network that will serve families with young children and prioritize those with the greatest need.

Our research team felt that it was critically important to combine what experts know with what families experience. Theoretical knowledge must be combined with the needs, preferences, and experiences of families as they themselves express them.

We engaged with families directly in order to better understand the barriers they experience and the services they value, and to capture any local examples that might be adapted and scaled. Unfortunately, the COVID-19 pandemic cut short our plans for a parent engagement effort that would accompany the research, development, and recommendation phases of the Master Plan. Fortunately, we were able to rely upon the Master Plan Parent Advisory Committee, a diverse array of parent, family, and child advocates who provided valuable insights into the experiences, needs, and priorities of diverse families throughout the state.
The Master Plan Parent Advisory Committee informed our work with critical perspectives, serving as a consistent and highly valued touchpoint throughout design, data collection, and analysis.

COVID-19 similarly affected our plan for large-scale stakeholder engagement. Social distancing required us to do this work virtually through California’s Early Childhood Policy Council (ECPC). The ECPC helped us engage families, community advocates, providers, policymakers, and other key stakeholders efficiently and continuously. The Council’s insights were critical to informing the long-term goals and contours of the Master Plan—and to understanding the immediate effects and long-term implications of COVID-19 for every layer of the early learning and care system.

We supplemented our engagement sessions with the ECPC and the Parent and Workforce Advisory Committees with targeted conversations with legislators, state agencies, resource organizations, researchers, equity advocates, parents (in English and Spanish), and historically underrepresented populations.

In addition to engaging more than 3,000 ECPC participants, we conducted a parent stakeholder webinar in Spanish with close to 300 participants.

The collective knowledge, wisdom, and experience across these modes of stakeholder engagement contributed to a framework that takes a family-centered approach, keeping the needs and experiences of families at the forefront and children at the heart of it all.

The Master Plan is not the end of the discussion, by any means. Rather, it is the beginning of a new discussion shaped by stakeholders’ shared goals.
However, only one in three children under age five who are eligible—according to the criteria of household income and parental employment status—participate in California’s publicly funded early learning and care programs.

California’s ability to broaden access to high-quality care and learning opportunities and address the pressing challenges of equity requires that we confront and address the complexity and dizzying array of publicly supported options for learning and care support. There are upwards of a dozen programs, each with its own rules and regulations and contracting requirements that make it challenging to manage and support streamlined access, communicate with families about their options, and consistently improve quality.

California can unify a range of programs that serve children ages birth through five, and thereby deliver equitable access to high-quality early learning and care, as follows: 1) expand access to paid family leave; 2) consolidate child care programs, streamline eligibility and enrollment, and strengthen workforce quality and sustainability; 3) provide three- and four-year-olds with access to high-quality preschool; and 4) eliminate...
bias and ensure equitable treatment for all children and families through better training and practices.

Taking such actions will lead to a more family-centered system that fully addresses the needs of each child and helps them thrive.

Linking the developmental resources the state already provides in healthcare, behavioral health, dental care, and vision screenings with improved access to high-quality early learning and care will help the state address the whole child with greater efficiency and effectiveness. It will make California a place where all families have the resources to nurture their child’s physical, intellectual, emotional, and social development, providing them with a great start in life.

Expand Equitable Access to Paid Family Leave

California was the first state in the nation to offer Paid Family Leave (PFL) in 2004, and more than a quarter million parents take advantage of it each year. Building on this achievement, Governor Newsom, in partnership with the Legislature, expanded job protections for all employees in the state who work for employers with five or more employees, and provided funding to support affected small businesses. Despite this progress, parents experiencing poverty and parents of color who need the leave the most continue to have the most trouble accessing it. By increasing the level of wage replacement, and continuing to provide supports for small businesses, we can ensure that these families can utilize PFL to care for their children from the very beginning.

How we get there:

1. **Increase wage replacement to support PFL.** Increasing wage replacement rates to at least 90 percent for those earning less than 70 percent of the state average weekly wage will effectively give them 100 percent of their take-home pay while they care for their newborns.

2. **Provide accommodations and support to encourage uptake of PFL among small businesses.** Offer employers with fewer than 10 employees support while workers are out on leave, such as program navigators who can offer guidance to both employees and employers, and training and placement resources that can retrain existing workers and/or hire temporary workers to fill in the gaps while their employees are on leave. A pilot grant program could also help small employers with increased labor and other costs associated with leave time.

3. **Increase duration of PFL.** With additional funding from the federal government, payroll taxes, or employer support and incentives, it would be ideal to allow families longer periods of paid leave to care for their infants.

Strengthen Learning and Care Opportunities for Infants, Toddlers, and Other Young Children

To ensure that all young children have the strongest possible start, California must use the opportunity that comes with the shifting of early childhood programs from the California Department of Education (CDE) to the California Department of Social Services (CDSS) to
align and combine existing programs. Differences in program operations, policies, and provider types have caused breaks in child care services, disrupted participation in welfare-to-work activities, and interrupted continuity of care for children. In addition, there are different standards for various providers and members of the workforce, all of whom need to be competent in early childhood development and critical learning needs. This change enables a whole-family approach to services with a goal of disrupting poverty and supporting optimal child development through simplification and coordination within the departments that are part of the California Health and Human Services Agency.

In July 2021, all early learning and care programs and funding streams—aside from the state preschool program, services for young children with disabilities, and After School Education and Safety (ASES) program administered by CDE—will be administered by CDSS. This includes care for infants and toddlers in a variety of settings; learning and care services for three- and four-year-olds that will continue alongside the preschool program; and, after-school care that is part of the contract-based general child care program and/or delivered through voucher services. With this transition, there is an opportunity to consolidate programs to develop a simplified and more family- and child-focused system of care.

Continuity and quality of care are critically important. A child’s brain undergoes an amazing period of development from birth to age three, producing more than a million new neural connections each second. Young children’s experiences—particularly their interactions with parents, caregivers, and teachers—shape the architectures of their brains and strengthen their cognitive, social, and emotional development. Unfortunately, from birth, wide disparities by income and race exist in children’s access to opportunities for learning and growth, and these disparities grow into gaps in development, even before children reach preschool or kindergarten. Less than one in five of California’s infants and toddlers experiencing poverty are enrolled in subsidized child care.

A consolidated system would bring together the rich array of the workforce—including family, friend, and neighbor (FFN), family child care providers, and those working in centers—into one coherent system that is ready and able to serve infants, toddlers, and other young children by giving them the early learning and care supports they need. It would also...
ensure that providers have the skills and competencies to serve those children—and that all providers are supported to thrive.

Access is clearly an issue that must be solved. So too is the need for access to quality.

Early learning and care professionals play an outsized role in producing better child outcomes. Positive interactions with teachers or caregivers promote the development and learning of infants and toddlers. Adults who are sensitive and responsive to infants’ cues use language in interacting with infants and provide emotional support that strengthens social, emotional, language, and cognitive development. Therefore, it is important for children to experience language during social interactions and for adults to adapt such learning experiences to each child’s developmental capacity for maintaining attention and interest. This not only supports language acquisition, but also children’s grasp of objects, numbers, cause-effect relationships, and the intentions of others.

Professional development helps teachers and caregivers adapt to the personal needs of each child and offer interactions that give them an emotionally secure base for exploration, discovery, and growth. Through professional learning, coaching, and hands-on experience, teachers and caregivers can increase their effectiveness with all children and their ability to address their unique learning needs, such as dual language learners (DLL) and inclusion of children with disabilities.

Beyond training, effectiveness also depends on structural elements, such as adult-to-child ratios that allow for care and learning to be personalized, and the time necessary to plan instruction and activities. The number of children in a group influences the frequency and quality of interactions that include engaging experiences with language. Having the time to know each child, plan lessons and activities, and confer with peers and parents is critical for quality that results in better outcomes for all children.

In addition, structures that promote continuity of care include a coherent system of services that support children and their caregivers. Stable relationships with caregivers and teachers have been found to benefit infants and toddlers in both family child care settings and centers. The quality of relationships for infants and toddlers is also affected by the amounts of stress their teachers and caregivers experience both inside and outside the program. Financial stability and connections with colleagues who share a commitment to caring for young children and who support one another can reduce stress, build knowledge, and contribute to positive interactions with children. COVID-19 has placed added stress on children, families, and members of the workforce. Stabilizing and supporting the workforce is critical to the state’s response and recovery process.

A consolidated, coherent system will bring children and their early learning and care professionals the support they need to thrive.

How we get there:

1. **Create a simplified and aligned system of care for infants, toddlers, and other young children.** Bring together and align under CDSS an array of programs and funding streams for early learning and care, including direct contracted programs (CCTR and Migrant), voucher-based funding streams—including the consolidation of all CalWORKs Child Care stages, Migrant Alternative
Payment—and Family Child Care Home Education Networks (FCCHENs).

2. **Streamline family eligibility and enrollment across programs to ensure an equitable and seamless experience for families.** Create a system that has “no wrong door” for parents through a common eligibility screener and enrollment application. Institute categorical and presumptive eligibility for programs to allow families easier access and more immediate services (See Goal 4).

3. **Strengthen workforce capacity to engage in quality interactions with children.** Implement an inclusive, competency-based system of education and training that ensures that all providers of publicly funded care receive support and incentives to develop key competencies and skills to engage effectively with infants, toddlers, and other young children (See Goal 2).

4. **Implement a unified and equitable rate structure and infrastructure supports to improve care delivery and strengthen sector sustainability.** Implement a unified and equitable rate structure (See Goal 3) and create a system that connects home-based programs and centers to a new system of Shared Service Networks (See Goal 4) that supports operational and programmatic strength and sustainability.

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**Provide California’s Three- and Four-Year-Olds with Access to a High-Quality Preschool Experience**

We recommend that California build one unified system of state-funded preschool for three-year-olds and four-year-olds, with the goals that all four-year-olds have access to a year of free, universally available, and fully inclusive preschool and that all three-year-olds in income-eligible households have access to an additional year of publicly funded, full-inclusion preschool, with economic incentives for all families to enroll.

A substantial body of research supports the long-term learning benefits of two years of quality preschool, especially for dual language learners and children experiencing poverty and adverse life experiences. Research also demonstrates that inclusive programs benefit both children with disabilities and their typically developing peers.

High-quality preschool programs can increase levels of school readiness at kindergarten entry and can improve long-term school performance. Preschool also helps reduce grade retention and referrals to special education. A review of the research shows that the key elements of effective preschool programs are early learning and development standards with aligned curricula; well-prepared and well-compensated teachers; ongoing professional development; sufficient learning time; small class size and favorable teacher-child ratios that support responsive interactions; screening and referral; and, meaningful family engagement.
The preschool programs with the highest impact on school readiness and longer-term school performance all have lead teachers with a bachelor’s degree and specialized training in early learning and care. They also all have compensation comparable with that of K–12 teachers. All operate at least 6.5 hours a day on the school calendar, not only to improve children’s learning outcomes, but also to increase access for children of working parents. The most successful preschool programs all have a socioeconomic mix; they are “universal” programs in that they are available to all children who meet the age requirements, at least within the “targeted” geographical areas where they exist. Children, especially those from low-income households, who attend two years of a quality preschool program fare better than those who attend only one.

With nearly 70 percent of all income-eligible four-year-olds enrolled in a preschool or Transitional Kindergarten class, California has an opportunity to build on this as a strong start toward achieving universal preschool. All of this should be done while strengthening quality standards and ensuring that the needs of income-eligible working parents are met through extended-day child care where necessary.

How we get there:

1. **Align and strengthen current program design and standards for an enhanced preschool program serving three- and four-year-olds.** Implement programmatic reforms of the existing California State Preschool Program (CSPP) and TK to create a unified state preschool program with common standards—including teacher qualifications, ratios and class sizes, and professional learning—to ensure that California delivers a preschool experience that truly supports kindergarten readiness and later school success.

2. **Phase-in Universal Preschool for all four-year-olds, starting with highest-need areas.** Expand access to preschool for all four-year-olds over time, building on California’s TK program, using a targeted geographic universalism approach. To the extent possible, prioritize expansion first for four-year-olds in the attendance area of high-poverty elementary schools in school districts and charter schools that receive Local Control Funding Formula Concentration Grant funds. In addition, encourage and support community-based preschool programs that meet state requirements to offer state-funded preschool options and create incentives and support for local education agencies to transition self-contained preschool classrooms to inclusive, universal programs. Programs should also offer mixed-delivery extended-day services for income-eligible families and sliding-scale fee options to other families.

3. **Phase-in access to preschool for all income-eligible three-year-olds, starting with highest-need areas.** Ensure access over time to three-year-olds in income-eligible families and for children with disabilities to a second year of publicly funded preschool. This will increase access to learning opportunities for the children.

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who stand to gain the most from such experience. This should be accompanied by economic incentives for all families to enroll their children, creating a more diverse experience.

Ensure Equitable Treatment of All Children and Eliminate Bias through Practices and Training

Among California’s strengths is its diversity, which has increased steadily over the past decades. Approximately 75 percent of California’s young children are nonwhite, sixty percent of whom speak a home language other than English, and thirteen percent of whom receive special education supports. Yet, California lacks a basic universal infrastructure for identifying DLLs and practices that lead to equitable identification of young children that benefit from special education supports.

Caregivers often lack the support they need in order to provide these children with high-quality, culturally relevant experiences in both English and the children’s home language. Research supports providing DLLs with high-quality language experiences in both English and their home language as a foundation for future academic success. Bilingualism has associated benefits such as strengthened cognitive and memory processes, improved communication abilities, social and cultural benefits, and advantages in the job market.

Research also strongly supports the inclusion of children with disabilities in early learning and care as part of the most effective way to support their learning and development while also demonstrating positive impacts on their peers’ development. Unfortunately, they often experience the early learning and care system as separate and unequal participants, with Black and Native American children under-identified as needing such services. To remedy this, we must also appropriately identify all children who have a disability and provide them with support and accommodations by including them with their peers.

It is vital that our early learning and care environments proactively include and serve the diverse children and families of this state while not excluding any children, such as through inequitable disciplinary practices that punish children experiencing poverty—especially Black boys—at disproportionate rates. While California has made significant strides by adopting legislation prohibiting publicly supported preschool programs from expelling or disenrolling a child due to behavior, there is a need for greater accountability, as well as training for the workforce in bias prevention, mental health, and positive behavioral supports.

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5 California Department of Education and California Department of Social Services.
How we get there:

1. \textit{Proactively identify and report children’s language status and special education program needs}. To help follow children’s learning and development all the way from preschool to high school, legislation should require identification and reporting of the language status of children from birth through five years in subsidized early learning and care (disaggregated by age, race, ethnicity, language, and disability); provider language status and qualifications; and, characteristics of the program setting, including language of instruction, and quality levels, if known. Likewise, identification and reporting of children with disabilities and of provider qualifications across program settings should be required in subsidized early learning and care settings (disaggregated by age, race, ethnicity, language, and disability).

2. \textit{Require specialized training and development to address dual language development, children with disabilities, and how to eliminate bias and inequitable practices}. More early learning and care providers need to add to their foundational understanding of child development further and specific understanding of responsive interactions, dual language development, and best instructional practices for serving DLLs, as well as training and coaching on identifying and working with children with disabilities in an inclusive environment. To ensure equitable treatment of children, training and support is also needed on implicit bias, the adverse consequences of exclusionary discipline, culturally responsive discipline, trauma-informed care, and effective practices that support the social and emotional health and well-being of children. These requirements should be embedded in standards for licensure and the Child Development Permit. Also important are additional incentives and supports for providers and programs, such as grants for professional development, access to targeted technical assistance, and early childhood mental health consultation.

3. \textit{Update early learning guidelines to expand and integrate throughout DLLs and children with disabilities}. Program sites and early learning providers face limitations in resources and in their capacities to serve DLLs and children with disabilities. They note a range of issues, including the limited availability of culturally and linguistically responsive materials. By updating early learning foundations, curriculum frameworks, program guidelines, and culturally responsive pedagogical materials, we can strengthen both dual language

\begin{tcolorbox}
\textbf{Dual Language Learners}

Embracing dual language learners is a prime example of how inclusivity can drive better outcomes for all children. Research shows that learning more than one language is highly beneficial to young children evidenced by greater cognitive, social and emotional and academic skills. DLLs make up 60% of California’s young children, providing the state with a great opportunity to foster a host of better child outcomes by considering language as part of equity in early learning and care.
\end{tcolorbox}
strategies and Universal Design for Learning practices that support learning for all children, and that promote authentic, reciprocal relationships with families as their children’s first teachers.

4. **Collect and use data to support DLLs and children with disabilities and address issues of equity.** Identification, assessment, and progress monitoring on language development for DLLs varies by funding stream (e.g., Head Start, State Preschool, private) and is limited by a lack of DLL-specific measures and tools to monitor instruction and learning for DLLs. Legislation could require monitoring through data collection of developmental assessments in English and in the child’s home language (e.g., Desired Results for Developmental Profile [DRDP] or other assessments). At the same time, data on early learning and care developmental assessments should be collected and analyzed, and it should reflect required support to ensure that all children with disabilities are growing and learning. Finally, we should collect suspension, expulsion, and discipline data, disaggregated by gender, age, race, ethnicity, home language, and disability, to focus on support for providers, including technical assistance, anti-bias training, and early childhood mental health consultation.

5. **Guarantee equitable access to learning and care for all.** Legislation should require all early learning and care programs contracting directly with the state to allocate a minimum of 10 percent of their child care slots for children with disabilities, including an enhanced rate to serve those children who require enhanced supports. Providers should also agree to a no-exclusionary-practice clause (banning suspensions and expulsions) as a condition of state or federal funding, as these practices disproportionately affect children of color and children with disabilities.
Goal 2 | Support Children’s Learning and Development by Enhancing Educator Competencies, Incentivizing and Funding Career Pathways, and Implementing Supportive Program Standards

California can advance equity for all young children by ensuring the early learning and care workforce has access to learning opportunities; support for pursuing them; compensation that aligns to qualifications; and authentic, unbiased, and straightforward pathways to career advancement—regardless of race, gender, age, culture, primary language, geographic location, or the setting in which one works.

This goal can be achieved through three interrelated actions: 1) enhancing educator competencies to optimally support child learning and development; 2) incentivizing and funding career pathways; and 3) implementing supportive program standards.

These reforms represent changes in:

- how existing workforce preparation and development are used and, in some cases, expanded to meet the needs of young children by focusing on competencies;
- the way in which the workforce is prepared to meet competencies through high-quality and accessible professional learning opportunities; and
- how programs are structured to support optimal child development through supportive program standards and reimbursement incentives for advancement.

A critical part of California’s investment in young children comes through the investments made in the workforce. Changes to program and workforce standards must follow or be aligned with increases in funding (compensation) and supports
(workforce development) to provide incentives and practical pathways to completion.

These recommendations are based on a body of research which strongly indicates that nothing is more critical to child outcomes than the skills of the adults who directly interact with them. In fact, one of the most predictive measures of children’s development and learning is the quality of the interactions with the adults in their lives.\(^8\)

This point is made clear by the Institute of Medicine (IOM) and the National Research Council (NRC) in their seminal report, Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation:

> Children are already learning at birth, and they develop and learn at a rapid pace in their early years, when the environments, supports, and relationships they experience have profound effects. Their development is not only rapid but also cumulative. Children’s health, development, and early learning provide a foundation on which later learning—and lifelong progress—is constructed. Young children thrive when they have secure, positive relationships with adults who are knowledgeable about how to support their development and learning and are responsive to their individual progress. Thus, the adults who provide for their care and education bear a great responsibility.\(^9\)

Many studies have demonstrated the importance of caregivers and educators who know how to provide sensitive, supportive learning environments. These individuals have the knowledge, skills, and dispositions to support each child’s well-being, learning, and development through culturally and linguistically responsive practices, including engaging and partnering with families and conducting observations that provide information to support and individualize learning experiences for every child.\(^10\) Early childhood educators also need skills to support the learning and development of dual language learners and children with disabilities, as well as language, literacy, and numeracy skills.\(^11,12\)

To facilitate their work with young children, early learning and care professionals working across a range of settings—homes, centers, and schools—need structural support. These foundational supports include:

- group sizes and ratios that allow them to give each child sufficient individual and small-group attention to support learning in all of the most critical domains of child development;
- tools, including developmentally appropriate curricula and assessments, that provide a framework for learning and continuous improvement;

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Enhance Educator Competency to Optimally Support Child Learning and Development

The current system is driven by a patchwork of federal, state, and local requirements that determine who can care for children. There are two steps to strengthening the early learning and care workforce. The first is to clearly articulate the competencies that educators need to support optimal child development. The second is to make corresponding changes to the workforce standards across all settings in which young children are cared for and taught.

California should unify its workforce standards to focus on the educator competencies that research demonstrates have the greatest impact on child outcomes and that communities identify as most critical.

In April 2019, the California Commission on Teacher Credentialing (CTC) adopted an aspirational set of Teacher Performance Expectations (TPEs), providing a strong starting point for redefining standards based on competencies that apply to all program settings and types. The TPEs were developed based on extensive input from early childhood practitioners, researchers, and other stakeholders, and they reflect the skills needed to support diverse children’s development on the most critical dimensions. Once in place, the TPEs can define and support stepping stones in the career and compensation of the early learning and care workforce.

Competency-Based System

By shifting to a competency-based workforce development system, California can provide more inclusive opportunities and expand pathways to attract and retain a diverse early learning and care workforce. Providing every member of the early learning and care workforce, regardless of the setting in which they work, a foundation of essential competencies and access to a system to continually improve will ensure that every child will develop the skills they need.

The current early learning and care workforce professional development structure is challenging for the home-based workforce to participate in, and it presents equity barriers for many providers from all settings, particularly women of color or those for whom English is not their preferred language. The current system is focused on higher education programs, and ongoing practice-based professional learning opportunities tailored to hone professionals’ knowledge and skills for supporting the development of essential child skills and allows them to enter and progress along career pathways;

• compensation commensurate with their level of competency and training, as well as financial support and incentives to participate in professional learning that allow them to advance in the workforce, if desired; and

• supportive and knowledgeable local leaders, including program directors, principals, and district and county administrators, and other stakeholders overseeing and supporting early learning programs, who empower early educators and align practice across children’s early years from birth through age eight.
education unit attainment required to work in center-based programs. Required courses concentrate more on conferring foundational knowledge about child development than on building the practical skills professionals need to support development and learning. Professional development opportunities outside of higher education are more accessible, but many do not provide units that can help individuals advance on the Child Development Permit Matrix, earn higher levels of compensation, or provide the type of practice-based instruction that improves interactions with children.

Research and analysis from the IOM and National Research Council recommend that all professionals working with children from birth through age eight must have a core set of competencies. The Master Plan recommends that California emulate IOM’s system of competency levels that 1) includes the entire workforce; 2) builds upon shared foundational competencies around health, safety, and child development; and 3) expands toward deeper dimensions of child development, pedagogy, and instructional and programmatic leadership. This is displayed in Figure 1.

Figure 1. Growing and Connecting a Workforce through Competencies

<table>
<thead>
<tr>
<th>TIER 3</th>
<th>Shared Core of Knowledge &amp; Competencies for Instructional and Other Practices Specific to Educators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Differentiated/Specialized Knowledge &amp; Competencies Specific to Role:</td>
</tr>
<tr>
<td></td>
<td>Lead Educators, Master Educators, Coaches, Family Child Care Owner/Operators, Center/Program Directors, Principals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TIER 2</th>
<th>Shared Core of Knowledge &amp; Competencies for Care and Education Professionals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Differentiated/Specialized Knowledge &amp; Competencies Specific to Role:</td>
</tr>
<tr>
<td></td>
<td>Home Visitors, Early Intervention Specialists, Infant Mental Health Consultants, Other Specialist Consultants</td>
</tr>
<tr>
<td></td>
<td>Assistant Roles in Care and Education Settings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TIER 1</th>
<th>Shared Core of Knowledge &amp; Competencies in Child Development (Fundamentals)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Differentiated/Specialized Knowledge &amp; Competencies Specific to Sector and Role:</td>
</tr>
<tr>
<td></td>
<td>Health Professionals; Social Workers; Other Social Services Professionals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entry Points Into 0–8 Professional Roles</th>
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</thead>
<tbody>
<tr>
<td>High School Graduates</td>
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<tr>
<td>2-Year and 4-Year College Graduates</td>
</tr>
<tr>
<td>Transitioning to Child Development and Early Learning Professions</td>
</tr>
<tr>
<td>Practicing Care and Education Professionals</td>
</tr>
<tr>
<td>Training or Practicing Health and Social Services Professionals</td>
</tr>
</tbody>
</table>
Minimum competency levels should build upon this core foundation to improve adult-child interactions, the quality of children’s experiences, and their learning and development. A competency-based system will focus on the practical skills the workforce needs to support essential child development skills that are most predictive of later success in school and life.

These foundational competencies include:

- a fundamental knowledge of child development and the critical role of language—talking, reading, and singing to children—as well as other domains of child development and how to support them;
- the ability to effectively construct and manage physically and emotionally supportive environments and activities that allow children to explore and learn from engaging in their world;
- the ability to develop trusting and nurturing relationships and engage in responsive interactions with each and every child and support the development of self-regulation so that children are ready and able to engage in school;
- the abilities to conduct regular observations and/or assessments and use information to individualize learning activities for all children;
- the ability to use best practices to support dual language learners, children who have experienced trauma, and full inclusion of children with disabilities; and
- the ability to initiate and engage in regular and responsive communication and partnership with families.

The following levels reflect a long-term vision for the way in which the settings and roles can serve as stepping stones to advanced competency and quality. They are designed to reflect the needs of children at different ages and the demands of different settings. The workforce will be supported to demonstrate these competency levels in multiple ways, from short trainings that lead to micro-credentials to unit-bearing and degree pathways.

**Foundational:** This is required for caregivers and teachers in all settings and ages, including state-subsidized license-exempt homes.

Competencies include health and safety and a basic or initial child development training addressing foundational topics.

**Early Intermediate:** This is targeted for licensed family child care providers serving children birth through two years and licensed family child care providers in small-home child care settings serving children three through five years.

The Early Intermediate competencies are akin to Title 22 requirements for a center teacher and Title 5 requirements for an associate teacher. However, instead of specifying the number of units (12), it specifies required competencies, such as knowledge and skill areas that might be added to Foundational Competencies, including early childhood development and education (such as strategies for supporting children’s language development (home language and English), social skills, self-regulation, cognitive development, and physical development); infant/toddler development and care; family engagement; cultural and linguistic diversity and equity; responsive interactions; and, screening for special needs and developmental delays.
**Intermediate:** This is targeted for operators (licensees) of large child care homes for children three through five years, and associate teachers in centers.

The Intermediate competencies are akin to Title 5 requirements for a center teacher. Instead of specifying the number of units (24), they include additional competencies, such as productively managing a group of children; effectively supporting social-emotional development; engaging children in learning activities; supporting dual language learners and children with disabilities; supporting the development of children’s social skills and productive child play; communicating with parents; and curriculum planning and child assessment.

**Advanced Intermediate:** This is targeted to lead teachers in centers serving children three through five years.

The Advanced Intermediate competencies would apply to all teachers involved with state-supported preschool programs administered by the California Department of Education (CDE). It can be achieved through a P-3 teacher credential (if developed) or a credential associated with TK, and can include additional competencies, such as those related to instructional planning; pedagogical knowledge related to language, literacy, and math; formative assessment; differentiated instruction; supervising other adults in the classroom; and planning family communication and programs.

**Supervisory:** This is required of site supervisors and program directors.

The Supervisory competencies include the Advanced Intermediate competencies, with the addition of demonstration of competencies related to adult supervision and administration.

As noted earlier, shifting from the current system to a competency-based model must be coordinated with increases to reimbursement rates and other incentives to support pursuit of competency development options and changes to existing standards to address performance and competency expectations. The Master Plan proposes that California build an integrated system of educational opportunities, ranging from accessible and manageable pieces (e.g., one to two hours), in which participants can demonstrate competencies that count toward badges and certificates to unit-bearing degree pathways and overall career advancement.

**Preparation and Support for Equitable Practices**

This system should offer professional development content on critical topics, including serving DLLs, supporting resilience/trauma-informed care, implicit bias and culturally and linguistically responsive care, effective interactions, and serving children with disabilities.

This content should be offered in a variety of modalities (including online, hybrid, and face-to-face), and allow workers to demonstrate competencies in a variety of ways (including “badges” and “microcredentials” that count toward permits, credentials, and degrees) as they pursue their career goals.
The state has several options to manage a competency-based system. The Master Plan recommends building off the significant body of work that was accomplished through the collaborative California Transforming the Workforce for Children Birth through Age 8 (TWB8) State Stewardship Group.13 Groups such as institutions of higher education, county offices, unions, and intermediary networks should be engaged as collaborative partners to inform and support the development and management of the system.

**How we get there:**

1. **Adopt and apply performance measures for the workforce to demonstrate competencies.** Expand the CTC TPEs to apply to all levels and for all settings and use them to develop Competency Performance Measures as the basis for guiding review and development of state-supported early learning and care preparation and professional learning programs in the future. These measures are needed to support children in the domains of social-emotional development, cognitive development, language and literacy development, mathematical and scientific reasoning, and physical development. These competencies include: 1) Engaging and Supporting All Young Children in Learning; 2) Creating and Maintaining Effective Environments for Student Learning; 3) Understanding and Organizing Subject Matter for Student Learning; 4) Planning Instruction and Designing Learning Experiences for All Students; 5) Assessing Students for Learning; and 6) Developing as a Professional Educator.14

2. **Revise workforce standards as part of revisions to licensing, program, and funding standards.** Revise workforce standards as a part of revisions to program standards across all settings (FFN, Licensed FCCH, Licensed Centers, and Transitional Kindergarten) to reflect health and safety and the TPEs. Shift from the current focus on hours and courses to the demonstration of competencies aligned with the reimbursement rate structure.

3. **Update the early childhood workforce permit structure.** Update the Permit Matrix structure with linkages to the reimbursement rate model that provides incentives for competency advancement and supports a career lattice that allows for multiple entry points and pathways to encourage diverse candidates to enter and advance in the profession.

4. **Provide multiple options for achieving the desired preparation and demonstrating competencies.** Support expansion and development of alternative pathways in addition to traditional degree-based programs, including high school career technical education and apprenticeship. Create a Pre-K–3 Early Learning and Care teaching credential for those who are interested in supporting children in center-based preschools through grade three, including transitional kindergarten.

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13 The TWB8 Stewardship Group included the California Department of Social Services (CDSS), California Department of Education (CDE), California Commission on Teacher Credentialing (CTC), and First 5 California (F5CA). This group could be engaged by authorizing these agencies, or subset thereof, to oversee the development and management of a competency-based system of preparation, professional development, and support.

14 The CTC is currently funded through Preschool Development Grant (PDG)-Renewal to develop a Teaching Performance Assessment (TPA) based on the existing CTC-adopted TPEs.
Incentivize, Support, and Fund Career Pathways

Like those in any other career, early learning professionals should be able to earn a living wage and have the ability to advance their careers and incomes through the demonstration of additional competencies and the adoption of new roles with greater responsibilities, if desired.

To make this workforce advancement more equitable and attainable, career lattices should be created that include multiple entry points and pathways, along with reasonable stepping stones toward demonstrating competencies through a variety of approaches, including embedding demonstration in professional learning opportunities and coursework.¹⁵

Tiered incentives and recognition, including within a level of the matrix, can support early learning and care professionals as they move toward increased compensation that may be available as reimbursement rate reform advances over time (see Goal 3). New certifications signaling special expertise (e.g., dual language learner [DLL], infant/toddler, serving children with disabilities), permits, educational attainment, and degrees can also help incentivize professionals to pursue additional training and development, while helping them better serve the children in their care.

California will also need to expand and strengthen recruitment, training, and development efforts—organized around the competencies and standards outlined above—to ensure there are enough well-prepared early learning and care professionals to meet the needs of a growing and diverse population of young children. These supports mean connecting caring, competent people with the roles and settings that work best for them and providing those people with ongoing professional development that helps them gain the necessary knowledge and skills to serve the state’s young children. Preparation and professional development opportunities must be engaging, relevant, and accessible, and there must be opportunities to practice in a clinical, practicum, or work-based setting as appropriate.

Preparation and professional learning experiences should be high-quality, engaging, and evidence-based. They should be aligned to the workforce competencies and offer many on-ramps for caregivers and early learning educators. These experiences could include pathways through higher education as well as apprenticeship programs and/or career and technical education opportunities that begin in high school and allow for on-the-job learning and coursework aligned with identified competencies.

Achieving these goals will require improvements to the existing professional learning opportunities supported by state, regional, and local providers. In addition, higher education institutions will need to expand and strengthen their competency-based instruction aligned to TPEs and to introduce degree pathways that award credit toward two- and four-year degrees as candidates demonstrate competencies. Ultimately, a comprehensive and coherent professional learning system and online learning platform could help early learning professionals gain additional training and support.

How we get there:

1. **Complete development of a comprehensive professional learning system that supports multiple pathways for early learning and caregivers and professionals.** Build upon the work of the CDE, regional training providers, Quality Counts California, and institutions of higher education to organize training content that aligns to the TPEs with the ability to map courses into stackable units. Demonstrating competence within these learning modules should lead to credit in the form of badges, micro-credentials, and eventually credentials associated with the career lattice and reimbursement structure.

2. **Improve higher education pathways.** Improve higher education opportunities for those members of the workforce who choose to pursue this pathway, including aligning coursework and practicum experiences with the competency performance measures, developing an IHE accreditation process that undergirds competency expectations, and creating connections with the professional learning system and professional development platform.

3. **Create an accreditation system for preparation and professional learning programs.** Create a system that offers credits that count toward degrees and permits to ensure their alignment to the TPEs.

4. **Strengthen and target quality improvement support for workforce development.** Strengthen the overall quality improvement system to provide responsive, targeted supports designed to support career advancement and meet higher program standards through evaluation, and redesign as needed.

5. **Establish and sustain financial supports for workforce development.** Expand state financial supports for career advancement, including linking the rate structure to increased workforce competencies in the long term and increasing other funding, such as the Quality Counts California Workforce Pathways Grant Program, with supports such as paid release time for educators to participate in professional learning opportunities, stipends for coursework, tuition reimbursements, and funding for cohort models and apprenticeships.

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**Implement Supportive Program Standards**

Ensuring that the necessary structural supports are available and accessible to all professionals regardless of setting requires California to address its disjointed system of program standards for early learning and care.

Currently, California’s standards vary by funding source, program type, and setting, and funding rarely aligns with the costs of providing care.

The system needs to be revamped to provide the workforce with conditions that support its effectiveness.
Aligned standards supported by adequate resources will ensure that all early learning and care professionals are able to meet these standards and provide optimal learning opportunities for all children.

How we get there:

1. **Streamline and enhance Title 22 licensing standards and standards for license-exempt providers receiving a state subsidy.** Streamline and enhance licensing standards for license-exempt providers who accept state subsidies to ensure that children and families who receive them have access to the full range of child care services.

2. **Revise Title 5 program standards.** Revise California’s existing Title 5 program standards to better align with Head Start and emphasize the program structure and process elements that are most important and directly linked to positive child outcomes including, but not limited to, group sizes and ratios, child assessments to inform planning and instruction, use of an evidence-based curriculum, and responsive interactions.

3. **Streamline monitoring processes.** Following the revision of program standards, make changes to monitoring standards that avoid duplication and minimize redundancies.

4. **Develop an approach to align policy and practice from birth through third grade.** Engage state and local leadership in developing a framework for effective transition periods and alignment from birth through grade 3 that support inclusion, multilingualism, coordination, and equity through professional learning, curricula, instructional strategies, assessment, and other relevant policies and practices.
Unifying funding, tying provider reimbursement rates to quality, and designing sliding-scale fees based on family income can help California advance equitable access to high-quality early learning and care while providing equitable opportunities for early educators.

The state’s current reimbursement rate structure is overly complex and inequitable. It can be better aligned to reflect the cost of caring for and teaching an increasingly diverse set of young children. This goal can be achieved by following previous recommendations made by the Rate Reform Work Group (November 2018), Poverty Task Force (November 2018), Blue Ribbon Commission (April 2019), and Preschool Development Grant Strategic Plan (October 2019), all of which called for a shift from the current reimbursement models to a tiered reimbursement model that unifies the system.

Unifying funding and increasing the child care subsidy to incentivize program improvements in quality would ensure that the workforce is supported to address the diverse needs of California’s young children, including dual language learners, those with disabilities, and children experiencing poverty, homelessness, or involved in the child welfare system.

In addition, implementing a sliding payment scale that adjusts as a family’s income grows can increase accessibility and affordability for more families of young children and increase the racial and economic diversity of settings.
The fees parents pay for all types of care account for 50 percent of expenditures statewide. The majority of these fees are paid by private-pay families, including school-age care. State, federal, and local funding account for the other half of spending. Further details about the type of care and learning supports used by families and spending on early learning and care can be found in Appendix D.

Making these changes would provide significant benefits to children, the workforce, employers, and the state. Children—especially those most at risk for developmental delays—would experience richer, more supportive early learning and care that improves their school readiness and subsequent educational outcomes. Access to affordable, high-quality early learning and care will help parents advance their careers and incomes while advancing skills and abilities in their children.

In the short-term, employers would benefit from increased workforce participation and less absenteeism and employee turnover. In the long-term, they would benefit from a better-educated and more productive future workforce when well-prepared young children become highly capable adults. As a result, California would benefit from a higher rate of economic growth both now and in the future; increased tax revenues; reduced expenditures on social welfare programs for the currently low-paid early learning and care workforce; and reduced public experiences associated with the K-12 education system, the criminal justice system, and the healthcare system, among other areas of public spending. Furthermore, a unified reimbursement structure could be less costly for the state to administer and for providers to manage.

The Master Plan recommends increasing the child care subsidy to incentivize program improvements in quality. Increasing the child care subsidy as quality increases would bring California in line with 30
other states and Washington, DC, and would ensure that the workforce is incentivized and supported to address the diverse needs of our state’s young children, including children with disabilities, dual language learners, children from families experiencing poverty, children in the child welfare system, and children experiencing homelessness.

Adopt a Tiered Reimbursement Rate with Appropriate Adjustments

Adopting a new reimbursement rate structure provides an anchor to transform the early learning and care system around the key values of equity and quality. The current structure has multiple independent rates. It lacks cohesion. Moving to a tiered reimbursement rate would facilitate connections that are currently lacking and help clarify and encourage workforce development, a key factor in improving quality. California’s subsidy reimbursement structure shares some features in common with other states but differs most notably on reimbursing for higher quality. For example, like California, all other states and Washington, DC adjust the child care subsidy reimbursement rate for part-time versus full-time care and for the child age group (usually tied to staff-child ratio changes) in recognition of the substantial per-child cost variation with these features. Like California, 33 states vary their subsidy reimbursement rate with the geographic area, either by distinct jurisdictions such as counties, by contiguous jurisdictions such as regions, or by groups of geographic areas or zones that share commonalities (e.g., the cost of care delivery). Unlike California, 30 states and Washington, DC increase their child care subsidy reimbursement rate with higher quality, typically as measured by the state’s quality rating and improvement system (QRIS). Children with special needs are one of the few child-level characteristics where adjustments are made, but then only in 15 states and Washington, DC.

16 These policies are as of October 1, 2018 and are documented in the Urban Institutes Child Care and Development Fund Policy Database, last updated December 12, 2019.
Table 1. Current California Reimbursement Rate Structure for Subsidized Care by Funding Stream—Provider-Level Factors

<table>
<thead>
<tr>
<th>Adjustment Factor</th>
<th>Alternative Payment</th>
<th>Title 5 CA Child Development Program</th>
<th>Title 5 CA State Preschool (CSPP)</th>
<th>Head Start</th>
<th>Transitional Kindergarten</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices charged by program</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Hours of ELC</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Staff-child ratio (child age group)</td>
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<td>Yes</td>
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<td>Quality rating</td>
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<td>Geography</td>
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<td>Public or private provider</td>
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Table 2. Current California Reimbursement Rate Structure for Subsidized Care by Funding Stream—Child-Level Factors

<table>
<thead>
<tr>
<th>Adjustment Factor</th>
<th>Alternative Payment</th>
<th>Title 5 CA Child Development Program</th>
<th>Title 5 CA State Preschool (CSPP)</th>
<th>Head Start</th>
<th>Transitional Kindergarten</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child has exceptional needs</td>
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<td></td>
<td>Yes</td>
<td></td>
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<td>Child is severely handicapped</td>
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<td>Yes</td>
<td></td>
<td></td>
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<tr>
<td>Child is a dual language learner</td>
<td></td>
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<td>Yes</td>
<td></td>
<td></td>
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<tr>
<td>Child is at risk of abuse or neglect</td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of high-needs students in the community</td>
<td></td>
<td></td>
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<td></td>
<td>Yes</td>
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</tbody>
</table>
Adopting a rate structure that includes all state-subsidized programs and funding would support:

- **Equity:** A unified approach would allow for a similar reimbursement given the program and child contexts—and the associated cost differential—regardless of the funding stream.

- **Simplicity:** A unified reimbursement structure would be less costly for the state to administer and for providers to manage.

- **Quality:** Reimbursement rates would vary with key quality cost drivers such as the staff-child ratio and teacher qualifications, and would incentivize providers to adopt and maintain higher quality.

The following is a possible reimbursement structure that models these features. The foundation is a base rate to which additional funding is added to adjustments reflecting cost variables associated with child needs, quality, and regional cost differences. This model can also address nonstandard hours of care, specifically care during evenings, nights, and weekends, when licensed centers and FCCHs typically do not offer services.\(^\text{17}\)

Data collected for the California Child Care Study in 2019 indicated that one-third of parents used child care on weekends, evenings, or overnight. The percentage was higher for children attending license-exempt home-based providers (74 percent) compared to a licensed family child care home provider (33 percent) or those in center-based care (26 percent).\(^\text{18}\) Thus, adjustments to reimbursement rates could incentivize providers to serve families with this need.


### Table 3. Proposed Subsidized Child Care Reimbursement Rate Formula:

\[ \text{Base rate} + \text{Adjustment for market/zone} + \text{Adjustment for quality} + \text{Adjustment for child characteristics} = \text{Reimbursement rate for early learning and care} \]

<table>
<thead>
<tr>
<th>Formula Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base rate +</td>
<td>Base rates are specific to provider/program type and organized into three categories: License-exempt FFN Licensed FCCH Licensed child care centers The base rate levels are based on a cost model that takes into account provider/program standards (also harmonized across funding streams), including staff-child ratios that vary with child age group (infants, toddlers, and preschoolers).</td>
</tr>
<tr>
<td>Adjustment for market/zone +</td>
<td>Some areas of the state are more expensive than others as reflected in the cost of housing, labor, and other factors. A set of zones with common cost levels would be defined and an adjustment applied to the base rate based on zone costs relative to the base rate.</td>
</tr>
<tr>
<td>Adjustment for quality +</td>
<td>Providers are encouraged to increase their competencies, enrich program environments to support care and learning, and collect and use data to inform practices. Providers that meet measurable quality indicators would increase their base rate by a multiplicative factor consistent with the associated increase in cost.</td>
</tr>
<tr>
<td>Adjustment for child characteristics +</td>
<td>The care needs of children vary. The rate structure provides incentives to care for children with diverse needs, including those with special needs, dual language learners, and those at risk for abuse and neglect. The adjustments could also include incentives to address high-need groups, such as infant/toddler care and care during nontraditional hours. The adjustment to the base rate is again a multiplicative factor.</td>
</tr>
<tr>
<td>= Reimbursement rate for early learning and care</td>
<td>The resulting reimbursement rates would be common across funding streams and would reimburse providers in similar circumstances with the same rate. The base rates plus the identified adjustments are designed to approximate the cost of care.</td>
</tr>
</tbody>
</table>
How we get there:

1. **Create a framework for a unified tiered reimbursement rate structure that harmonizes rates for providers/programs receiving a subsidy.** A common set of reimbursement rates should apply across all funding streams and settings informed by differentials in the cost of care and learning support, including age group, staff-child ratio, provider type, and level of quality. This takes into account licensing and other standards associated with provider type (including teacher-child ratios) and with child characteristics (e.g., child age group).

2. **Determine adjustments to the rate structure based on workforce, characteristics of children served, and location.** The Master Plan offers a cost model with adjustments aligned to cost variables that can be phased-in over time (See Appendix D). Adjustments to the base rate could include cost of living factors for providers in certain geographic regions; higher compensation for early learning and care professionals who increase their competencies and enhance their abilities; and incentivize care for infants and toddlers, children with disabilities, DLLs, and those who need care during nonstandard hours.

3. **Phase-in reimbursement rate structure as conditions allow for increases in funding.** The method proposed by the Rate Reform Work Group was to distribute new funding to proportionally close the gap between actual funding and targets. Such an approach provides increases to all, but with a greater share supporting those with the lowest levels of the funding, moving them closer to those that have historically received more.

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**Design a Sliding Scale for Family Contributions**

The Master Plan recommends adding a sliding scale that allows families to contribute based on family income relative to need, with no family fees for the lowest-income families and with a gradually increasing share of costs covered by families as income rises. California’s annual spending on early learning and care from all sources is approximately $12 billion, about half of which is paid by families. However, families range significantly in their ability to pay for the cost of care, and face an “eligibility cliff” as their income rises. The Blue Ribbon Commission commented on the need to design a system in which families remain with their early learning and care providers as their income rises, supporting continuity for children and success for families. A well-designed sliding scale for family contributions could increase equity in both access and outcomes.

How we get there:

1. **Establish initial fee structures aligned with rate restructuring.** Develop a phase-in plan for the fee structure that uses existing eligibility references (e.g., state median income, poverty, and/or percent of family income) as initial guideposts. These measures may shift over the course of implementation as rate restructuring unfolds.

2. **Pilot sliding-scale fees in a sample of counties.** Piloting sliding-scale models on a smaller scale will allow the state to identify and optimize administrative systems and procedures that minimize the workload for providers to collect fees and ease the process for families.
3. **Collect and review data to inform policies and support needs.** The CDSS should collect data from providers or intermediaries to assess the impact of the sliding-scale fees on access and affordability. Such information can be useful to inform continuous improvement of policies and support for families and early learning and care providers.

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**Long-term Cost to Grow and Advance Early Learning and Care**

To provide more and better care and learning opportunities for young children, over time more funding is needed. The Master Plan estimates that it could cost an additional $2 billion to make some improvements in the current system and upwards of $12 billion to reach a level that dramatically expands access and quality. Most of the costs are associated with increasing reimbursement rates and adjusting ratios, which supports improved compensation and conditions for the workforce. Such estimates are based on a cost model developed to address the components of the Master Plan. The amounts are consistent with spending in other countries and national studies.

Further details about the long-term cost estimates can be found in *Appendix D: California Early Learning Cost Analysis and Scenarios.*

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**Phasing-in a New Rate Structure**

The road to a new rate structure begins by putting in place a framework that includes funding levels or targets to meet in the long-term. As new funding becomes available there are a variety of ways that it can be distributed to transition to the new structure. The Rate Reform Work Group proposed that over time the gap between actual and target level funding be closed by applying new funding to proportionally close the gap. What this means is that those with rates farthest from the targets and those closest get the same proportion of their gap closed, which translates into a larger dollar increase for those with the farthest to travel to meet their target. Such an approach is comparable to how California transitioned to a new K–12 funding formula from 2012 through 2019. The amount of time needed to make the transition depends on the degree that new funding can be made available.

Further details about the cost model and phasing approach can be found in *Appendix D: California Early Learning Cost Analysis and Scenarios.*
Goal 4 | Streamline Early Childhood Governance and Administration to Improve Equity

California can maximize accessibility for families and improve services for children by streamlining eligibility, employing data for continuous improvement, encouraging information and resource sharing, and expanding facilities.

A truly equitable system is one where families know whether they are eligible for services and are able to retain them when their financial circumstances change until they reach self-sufficiency. Where parents could find the best fit for their children’s need through easy access to information on the choices of programs near their homes and workplaces. Where the state would have data that provides an accurate picture of performance and informs improvements in policies and practices. Where programs could share knowledge and resources to reduce overhead and allow them to spend more time on early learning and care. And, where every community would have a supply of quality early learning and care facilities that meets the diverse needs of its children.

This future state of early learning and care depends in large part on California making changes in administration and governance that better serve the needs of families and providers.

We recommend five key actions to achieve this goal: 1) streamline eligibility to remove barriers for those most in need; 2) create an integrated data system to provide families and the state with the information necessary to make informed choices; 3) use the data to drive continuous improvement in research, technical assistance, and policy development; 4) develop shared services networks to help providers reduce administrative costs and focus more on teaching; and, 5) expand facilities in underserved communities to guarantee equitable access to early learning and care.
Remove Barriers to Service by Providing Streamlined Eligibility

Eligibility for subsidies should be streamlined and easy to navigate to make early learning and care more accessible to families that need them most. Currently, families apply separately for early learning and care programs and other social and health services, all of which create significant time and information burdens that become barriers to access and continuity in care.

California can provide these families with greater access and stability—and reduce unnecessary administrative costs—by employing categorical1 and presumptive2 eligibility, as well as extending eligibility beyond 12 months for children and families experiencing persistent or deep poverty,3 system involvement, homelessness or child welfare.

Continuity of care will facilitate upward mobility for two generations by helping parents focus on their educational and career opportunities while advancing the physical, intellectual, social, and emotional development of young children that serve as the foundation for success throughout life.

How we get there:

1. **Provide streamlined eligibility and prioritize resources for those in need.** Streamline eligibility across programs and agencies. Child or family eligibility for one program should allow for broader eligibility across programs that share similar eligibility criteria. This will reduce complexity for families, increase enrollment, and help the state integrate services that stabilize families and assist them in their upward mobility. Streamlining eligibility is possible because MediCal, CalWORKs, CalFresh, and subsidized child care all have compatible thresholds for eligibility. Providing presumptive eligibility—which allows temporary eligibility while paperwork is in process—for children and families that may be in one or more of the following groups: MediCal and housing assistance recipients; children experiencing maltreatment; in households experiencing domestic violence; transitioning to lone parenthood (e.g., parental death, incarceration, etc.); families receiving Indian Health Service; children with disabilities; and children whose caregivers have disabilities improves support for children and families.

2. **Consider extending eligibility even further.** Provide extended periods of child care assistance to high-risk groups when they transition out of the status that made them eligible initially, including children who have been system-involved, in child welfare, who have lived in persistent poverty, or who have experienced homelessness.

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1 Categorical eligibility confers eligibility to groups as long as their eligibility status remains the same.
2 Presumptive eligibility expedites families’ enrollment for child care assistance if they self-certify income eligibility and are presumed temporarily eligible to receive services while they provide additional documentation or while the child care program verifies eligibility with other public assistance programs.
3 Deep poverty is defined as having an income below 30 percent of the local median income, the “extremely low income” threshold used by HUD to certify eligibility for housing assistance.
Create an Integrated Data System

Early learning and care services are administered by multiple agencies and do not coordinate services or share data, which hampers families’ ability to navigate care and learning options and burdens providers with redundant requests. To ensure that families have access to the high-quality care they need, the state must have comprehensive, accurate, real-time data about children birth to five, their families, and the early learning and care workforce that supports them. The state must create a data and governance infrastructure that can inform policy and funding decisions with a focus on quality and equity.

How we get there:

1. **Support statewide data integration through a new early childhood integrated data system.** A growing number of states are using integrated data systems to collect, connect, and share their data to inform their decision-making. For example, Minnesota’s Early Childhood Longitudinal Data System links data from the state Departments of Education, Health, and Human Services. Develop and implement a California system, or California Kids Integrated Developing System (CalKIDS). It would promote timely data-driven policies, practices, and resource allocation to support better outcomes for children and families inclusive of all races, ethnicities, incomes, languages spoken, and communities. Early learning and care data integration with other child service data into the Cradle to Career statewide longitudinal data system would inform key state actions such as policy-making, program funding, eligibility and enrollment of families, registration, and tracking of workforce competencies.

2. **Create a centralized eligibility system.** Implement a statewide centralized system to prioritize the provision of child care resources to members of high-risk groups—such as children experiencing homelessness, persistent poverty, and child welfare—without displacing current participants.

3. **Establish a parent portal to identify programs and choices.** This easy-to-access portal would build off current state efforts and serve as a multilingual consumer-facing hub that provides public education and information on various types of early learning and care programs and what to look for when selecting care. The portal should include: 1) geographic lists of open providers and their available capacity; 2) information about the type of child care, including exact location, hours of operation, costs, licensing history, quality, and cumulative and summative data about provider quality and inspection history; and, (3) connection to local resource and referral agencies.

4. **Establish a data governance body.** Successfully implementing and sustaining a vision for data integration through an integrated early childhood data system would require a strong data-governance body to coordinate efforts across agencies. Data governance bodies guide decisions regarding strategic planning, data collection procedures, security policies, and metrics to track progress toward state goals. Data governance functions include developing data-sharing agreements to securely integrate data and authorize the use of
integrated data for research and planning. They also include structures for partnering with communities and other stakeholders to promote transparency and equity, such as examining bias and using data to understand the root causes of inequities and the factors that create opportunities or barriers for children and families.

5. **Revise data-sharing practices.** Implement a unique child, family, program, and workforce identification system for use across programs and develop data-exchange standards to facilitate data integration between early learning and care programs. The state can design dashboards and reports for state leaders and the public when it has aligned data definitions and processes for collecting, coding, and analyzing shared data. These dashboards can track state investments, service needs, and outcomes, and support annual early learning and care assessment reports.

**How we get there:**

1. **Use data to advance equity.** Increase transparency and accountability by designing dashboards and reports for use by state leaders and the public. Systems-based metrics should be shared regularly through online dashboards to track state investments and service needs. Use population-based data to validate child-focused data that affects outcomes, such as access to early learning and care, inclusion, and suspension rates. Generate a publicly available annual early learning and care assessment report.

2. **Redesign the quality improvement infrastructure.** The current Quality Counts California (QCC) system should be redesigned to align with changes made to workforce, program, and funding standards. This action would leverage the state’s early learning and care workforce investments and quality initiatives to better address equity and support sustainability. As noted in Goal 2, in addition to streamlining administration of QCC, the state should align and consolidate workforce and quality-related funding terms and conditions, contracts, and timelines under the QCC banner and apply clear and transparent resource-allocation guidelines that use an equity lens. The QCC structure and operations should also be aligned to state licensing, program, and funding standards—and ensure that workforce investments, incentives, and supports are implemented through the QCC framework so that investments are tied to quality and providers are supported to improve.

Redesign Continuous Improvement Structures

Data for key system metrics such as access, quality, and equity can inform how programs and supports evolve to effectively address the needs of families and children. These should include assessments of quality, gaps in access, system equity, and integration of services within and beyond early learning and care. Changes to the state’s systems for supporting continuous improvement should be made to maximize impact, address equity, and support sector sustainability.
Early Childhood Data Dashboard

In June 2020 the North Carolina Early Childhood Foundation launched the Pathways Data Dashboard supports a statewide effort to improve the collection, analysis and use of early childhood data in North Carolina for young children, birth to age eight. It was designed to inform state and local policymakers, government agencies, community service providers, child advocacy organizations, partners to make data-informed decisions about investments in early childhood and changes to policies and practices that affect young children and their families.


Establish a System of Shared Services Networks to Support Sustainability

All providers can benefit from business and operational planning to support long-term financial viability, stability, and improved quality. The COVID-19 crisis has put increased pressure on an already fragile provider ecosystem, including centers and family child care homes that pre-COVID-19 struggled with significant reporting requirements and other administrative burdens.

In states across the nation, systems of Shared Services Alliances—community-based partnerships of small early learning and care businesses working together to share costs and deliver services more efficiently and effectively—are having a game-changing impact on the sector. By participating in a network, small early learning and care businesses in California can become stronger, more efficient, and more capable of providing affordable, high-quality early learning and care. With overhead costs reduced, more funding can go directly to teaching, supporting compensation and benefits for staff, time for reflective supervision and classroom observations, and improved learning environments.

How we get there:

1. **Pilot, design, and implement a statewide system of Shared Services Network hubs.**
   Launch a regional Shared Services Network by leveraging existing public funds, including state First 5 California, and other private partnerships, to inform programmatic design and implementation of a statewide system within two to three years after pilot completion.

2. **Design and institute a statewide system of Shared Services Networks.** Engage providers and advance legislation, make necessary administrative changes, and allocate funding as available to establish Shared Services Networks (SSN) that can serve FCCHs and small child care centers. In addition to ensuring that SSN provide both business and pedagogical support, institute other necessary policy reforms, including aligning funding, removing implementation
barriers, and negotiating technology solutions and data-sharing agreements.

Expand Supply of Early Learning and Care Facilities

Equitable access to early learning and care depends upon families having a choice of program settings near their homes or work. Ensuring such access requires not just having the funds to finance the care, but also having the facilities to deliver it.

Unfortunately, the children with the greatest need for early learning and care are those least likely to have access. Based on an analysis of American Community Survey and California Child Care Resource and Referral Network data combined in the American Institutes for Research’s Early Learning Needs Assessment Tool, as of 2016, California has 232 ZIP codes with children eligible for subsidized care that are without any licensed center or family child care home spaces. Some of these ZIP codes with no licensed settings have as many as 30 income-eligible children in the four-year-old age cohort alone.

While the greatest unmet need numerically is in the more densely populated counties, rural areas also face a severe shortage. During the Great Recession, the state lost 30 percent of its licensed family child care homes, or 91,000 spaces. The reduction in family child care particularly affected rural areas, where there are often not enough children in one location to establish a child care center. The loss of FCCH also reduced the supply of infant and toddler care in all parts of the state.

Fortunately, there is no shortage of provider interest in facility expansion. Sixty-one percent of centers responding to a statewide survey in October 2020 said they would be interested in expanding if funds were available. And, in a survey of providers conducted as part of the state’s PDG needs assessment, 55 percent of providers said they would be interested in expanding or renovating specifically to serve more infants and toddlers. In the same survey, 23 percent of small-family child care homes said they would be interested in expanding to become large-family child care homes.

The greatest challenge to expanding or renovating early learning and care facilities is lack of adequate funding. Other barriers include finding an available site and project management capacity to complete the work in the timeframe required by a potential funder, meeting licensing requirements, and gaining fire marshal or other regulatory approval. Lack of access to a list of architects with experience in designing early learning and care facilities is yet another barrier. Since a majority of center operators do not own their own buildings, many projects face obstacles in obtaining the owner’s approval for the project.

In contrast to center-based programs, most family child care providers (up to 80 percent in some recent surveys\(^7\text{,}^8\)) own their own homes. However, they face even more income insecurity and are thus even more reluctant than centers to take on small business loans. Family child care providers would also benefit from technical assistance on design of indoor spaces and backyards with safe play equipment.

At issue with child care facilities is not only the cost of expanding or constructing programs, but also the cost of renovating and repairing existing facilities. Historically, the federally funded Head Start and Early Head Start programs have made generous startup grants for facilities renovation as well as annual allocations for repairs. While the state formerly had a repair and renovation grant fund, it was a casualty of the Great Recession. The Grant Fund was converted to a loan fund, which was underutilized because providers could not afford to take on debt. In the October 2020 survey of providers, half of the responding centers and family child care homes said their program needed at least moderate renovations, such as plumbing to install new sinks and toilets, some flooring, some playground upgrades, and various measures to support ADA compliance. One in five centers said they needed major renovations, defined as complete replacement of ceilings, walls, roofing, external window replacement, or structural repairs. Family child care providers in particular need help with fencing and installation of safe outdoor play areas.

\(^7\) Master Plan Research Team, American Institutes for Research (AIR) and Low Income Investment Fund (LIIF). (October 2020). *Facilities Survey.*

\(^8\) American Institutes for Research (AIR) and Early Learning Project, Stanford University. (In press). *California’s Family Child Care Networks: Challenges and Opportunities.*
How we get there:

1. **Expand the early learning and care facilities infrastructure grant fund.** The 2019–20 Early Learning and Care Infrastructure Grant Fund created an opportunity for California to build greatly needed early childhood facilities. Contingent on the availability of state funds, new resources for the Early Learning and Care Facilities Grant funds could prioritize facility investments in communities with a shortage of early learning and care settings in relation to the number of subsidy-eligible children. Reimbursements for all subsidized settings, including family, friend, and neighbor care, should include provisions for annual repairs and maintenance, in addition to “forgivable loans” as recommended by the Blue Ribbon Commission.

2. **Create a data-informed plan and technical assistance capacity to address early learning and care facilities.** Analysis by ZIP code could be used to pinpoint mismatches between the number of subsidy-eligible children and the number of licensed facilities and FFN options available. Local Child Care Planning Councils could provide helpful information about the reasons for the lack of facilities. Such data would also be useful to deploy technical assistance consultants to help potential applicants apply for the facility expansion and retrofitting funds, and to implement the project once awarded.
Clear Direction for the Journey to a California for All Kids

The Master Plan for Early Learning and Care answers Governor Newsom’s call for a California For All Kids, embracing and enhancing decades of work done by researchers, policymakers, practitioners and advocates to provide a roadmap for building a truly equitable, comprehensive early learning and care system that will elevate the state and stand as a model for the nation.

The Master Plan shows how one state can achieve goals that are soon to become national ones as called for by the incoming Biden administration. The Master Plan and the work that has come before it demonstrates California’s readiness to put in place major change in how we care for and support young children. The potential for additional federal support presents an opportunity to accelerate the expansion of comprehensive services for children, families, and providers. There is nearly complete alignment between the Master Plan and President-elect Biden’s stated early learning and care plan—from equity to universal preschool, provider competencies and compensation, and facilities expansion. California can use the Master Plan to signal its fitness as an early partner with the incoming Biden administration. Together, we can illustrate how comprehensive early learning and care can be implemented in states.

The significant challenges California faces today should inform not cloud the state’s long-standing drive to deliver social innovation that uplifts people from all walks of life and propels a vibrant economy. Creating a California For All Kids will take time, additional funding and refinement. The benefits of such dedication and persistence will last a lifetime for every child cared for by those who gave them a great start in life.
## Appendix A: Master Plan Action Plans

The following describes key actions and conditions to support achievement of the Master Plan goals.

### Goal 1: Unify and Strengthen Programs and Services to Support Children’s Learning and Development

#### STRATEGY A. Expand Equitable Access to Paid Family Leave

**Action Plan I. Increase wage replacement to support Paid Family Leave.**

<table>
<thead>
<tr>
<th>Steps on the Path</th>
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<tbody>
<tr>
<td><strong>a.</strong> Increase wage replacement levels to at least 90 percent, with a goal of reaching 100 percent, for low-income families (i.e., below 120 percent of the federal poverty level or 70 percent of state median income). The cost impact of the state can be set to a manageable level based on where eligibility for expanded income replacement is set. Based on estimates by the Employment Development Division (EDD), which manages payments for Paid Family Leave (PFL), there is some capacity to increase benefits without increasing the State Disability Insurance (SDI) rate.</td>
</tr>
<tr>
<td><strong>b.</strong> Consider options to increase funding available to support PFL, including increasing the SDI rate within the statutory limit, seeking new sources of revenue through business contributions, and/or changing current law to increase the SDI statutory limit.</td>
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</table>

**Key Conditions**

Current law allows for SDI payroll withholdings to be increased up to 1.5 percent. The SDI payroll rate is currently set at 1 percent applied to a wage limit of $122,909. EDD estimates that in 2021, the rate will increase to 1.1 percent, in part to accommodate the expansion of time for PFL from eight to 12 weeks. Increasing the wage replacement level for the lowest-income earners can be accomplished by raising the SDI withholding rate within the statutory limits; such an approach places the cost exclusively on workers.

**Who’s Involved**

- **EDD**—Manages and administers the program that supports PFL to ensure that revenues are collected, and payments are made to those who are eligible.
- **Governor and Legislature**—Adopt legislation to authorize an increase in wage replacement for families experiencing poverty.
- **Partnerships**—Local chambers of commerce, business community, unions, and healthcare providers to promote PFL.
- **Stakeholders**—Families with young children.
Action Plan II. Provide accommodations and support to encourage uptake of Paid Family Leave among small businesses.

Steps on the Path

a. Develop resources to help small employers to understand the legal requirements to support PFL.
b. Offer technical assistance through EDD and/or the California Department of Fair Employment and Housing, and consider creating a role for a program navigator who can answer questions and offer guidance to both employers and employees about PFL.
c. Streamline and expedite small business access to training and placement resources through the Employment Training Panel. Provide support for small businesses to retrain existing workers and/or hire temporary workers to fill in gaps while their employees are on leave.
d. Consider creating a pilot grant program to help small employers with increased labor costs and other costs associated with leave time. If such a pilot program is created, require an evaluation of the program to be completed and reported to the legislature to determine longer-term viability and impact.

Key Conditions

Supports for small businesses can be started through existing infrastructure, but some changes could require new, but modest, funding.

Who’s Involved

EDD—Manages and administers the program that supports PFL, including providing resources and information.
CA Department of Fair Employment and Housing—Can partner with EDD or complement the support they provide.
Governor and Legislature—If needed, allocate new resources to support small businesses.
Partnerships—Local chambers of commerce, small business associations, and the business community.
Stakeholders—Small businesses and families with young children.

Action Plan III. Increase the duration of Paid Family Leave.

Steps on the Path

a. Identify new revenue sources to support expansion of PFL. Options include, but are not limited to, one or more of the following: federal funding, an employer contribution to the PFL and overall SDI program, payroll taxes (by increasing the taxable wage base so that the highest earners pay taxes on more of their earnings), business incentives to address coverage gaps, and private employer support.
b. Consider options to expand with a graduated income replacement schedule that provides more income replacement for lower-wage earners, or other strategies that support expanding PFL duration with a lower overall cost profile.

c. Adopt legislation specifying expansion targets that could be linked to the availability of revenue options.

Key Conditions

Expansion of PFL relies on identifying a revenue source to offset new costs. The present program is paid for exclusively by employee contributions. Expanding the revenue sources to include a business contribution could have the unintended effect of reducing other benefits to employees or reducing the numbers of jobs that employers sustain.

Who’s Involved

EDD—Manages and administers the program that supports PFL, including providing resources and information.

Governor and Legislature—Adopt legislation to authorize expansion of PFL.

Partnerships—Business community.

Stakeholders—Families with young children.

STRATEGY B. Strengthen Learning and Care Opportunities for Infants, Toddlers, and Other Young Children

Action Plan I. Create a simplified and aligned system of care for infants, toddlers, and other young children.

Steps on the Path

a. Transition early learning and care programs managed by the California Department of Education (CDE) to the California Department of Social Services (CDSS) as identified in the 2020–21 Budget Act. This included General Child Care and California alternative payment voucher programs, CalWORKs Stage 2 and 3, Family Child Care Home Education Networks (FCCHENs), and Migrant Childcare by July 2021.

b. Consolidate contracts for key programs, including:

i. Stages 1, 2, and 3 of the CalWORKs Child Care Program, including clarifying local/regional administration responsibilities.

ii. California Alternative Payment (AP), Migrant Alternative Payment Programs (CMAP), and the Migrant Child Development Program.

iii. Consider contract consolidation of General Child Care and Development (CCTR) with California State Program for Severely Disabled Children (CHAN), and also allow for contractors to serve children with severe disabilities up to age 22.
c. Continue to allow families using vouchers for FFN care to also access CCTR center-based care programs and California State Preschool programs.
d. Make changes to regulations to support consolidation and streamlining by 2022.

Key Conditions

The transition of early learning and care programs from CDE and CDSS is a major undertaking for both departments. It requires collaboration and transfer of staff, capacity, and knowledge that are needed to implement other changes outlined in the Master Plan.

This action complements actions in other areas of the Master Plan, including changes to workforce and program standards, rate reform, and eligibility streamlining.

Who’s Involved

CDSS—Becomes the lead agency for most child care programs once full transition is made of programs from CDE.

CDE—Responsible for overseeing the system and engaging partners to fully design and implement system changes. Collaborates with CDSS to support smooth transition of programs and staff, and ongoing management of State Preschool, Transitional Kindergarten, After School Education Safety, and special education programs.

Governor and Legislature—Approves any required statutory changes.

Partnerships—Agencies, programs and individuals that provide subsidized care.

Stakeholders—Family and provider voice strengthens design and implementation.

STRATEGY C. Provide California’s Three- and Four-Year-Olds with Access to a High-Quality Preschool Experience

Action Plan I. Align and strengthen current program design and standards for an enhanced preschool program serving three- and four-year-olds.

Steps on the Path

a. Advance legislation and promulgate regulations to create a new California preschool program with enhanced program standards/elements that apply to all organizations providing preschool services, including school districts, centers, and family child care:
   i. Core program hours: Core program hours for four-year olds should be four to six hours and 6.5 hours or more for three-year olds.
   ii. Teacher qualifications: In four-year-old classrooms, a Commission on Teacher Credentialing (CTC) issued teaching credential with specialization in Early Childhood Education (ECE) or the proposed PK-3 credential. In three-year-old classrooms and settings, an Associate degree with an ECE specialization. Higher standard by age applies in mixed settings; requirement for bilingual teachers.
in programs with a high concentration of dual language learner (DLL) children who speak a common home language. Comparable qualifications for Assistant and Associate Teachers.

iii. Ratios and class sizes: No higher than one adult to 10 children for three-year-old classrooms and no higher than one adult to 12 children for four-year-old classrooms, including paraprofessionals, with a class size of 20 or 24 children.

iv. Comprehensive early learning standards, and foundations, curricula, and linked assessments:
   For three-year-old classrooms, creation of a state-approved list of curricula with demonstrated impact on child outcomes; development of valid assessment options; updating the Desired Results Developmental Profile (DRDP) and refining the DRDP-K that aligns with K–3 state standards; and ensure alignment with approved curriculum. For four-year-old classrooms, require adherence to state-developed Transitional Kindergarten (TK) curriculum framework based on the Preschool Learning Foundations and the Common Core and assessment that aligns with K–3 standards and curriculum; for both three- and four-year olds, require support and provision of bilingual programs in areas with a high concentration of DLL children who share a common language.

v. Professional learning and development: For three-year-old classrooms, a robust system of ongoing professional development with coaching to support teacher practices (e.g., DLL, trauma-informed, inclusion practices, reflective practice, use of data to inform instruction). For four-year-old classrooms, current supports plus improvements to existing professional development to address TK-specific curriculum framework and core practices (e.g., DLL, trauma-informed, inclusion practices, reflective practice, use of data to inform instruction) that is developmentally appropriate and supports alignment of PK-3 assessments and instructional practices.

vi. Inclusion: Funding for special education is linked to program; all programs must support inclusive learning opportunities for children with disabilities, meeting least-restrictive environment requirements.

b. Sustain implementation and evaluate for potential program improvements.

Key Conditions

Expanding preschool requires preparation, including but not limited to funding and structures to ensure that there is a ready and growing workforce, facilities, and supports to guide teaching to maximize learning and outcomes for young children. This action is complemented by actions in other areas of the Master Plan, including changes to workforce and program standards, professional learning, and rate reform.

Who's Involved

CDE—Oversees state preschool and Transitional Kindergarten programs and engages partners to fully design and implement system changes.
CDSS—Coordinate with CDE to support alignment of wraparound services and whole-family approach including presumptive and categorical eligibility
CTC—Development and alignment of teacher qualifications as part of a broader system.
Governor and Legislature—Adopt necessary statutory changes.
Partnerships—Preschool providers including school districts, centers, and family child care homes that meet program requirements; IHEs.
Stakeholders—Parents and community-based organizations.

Action Plan II. Phase-in Universal Preschool for all four-year-olds, starting with highest-need areas.

Steps on the Path

a. Create necessary support (training, recruitment, financial support) to grow and sustain a workforce to support expansion of preschool to include all four-year olds.
b. Adopt legislation to create the Universal Preschool program and promulgate regulations.
c. Develop, plan, and implement necessary statutory and regulatory changes to provide a mixed-delivery extended-day service for income-eligible families who need care beyond core program hours. Consider combining general child care (CCCTR) school-age care and After School Education and Safety into a program that provides support for extended-day support for young children in preschool through grade 3.
d. Implement Phase I expansion of Universal Preschool by targeting it to those districts that receive Local Control Funding Formula (LCFF) Concentration Grants (55 percent or more students are low-income, English learners, and/or foster youth) in elementary schools in areas with schools with free and reduced priced meal (FRPM) eligibility of 90 percent or greater.
e. Implement Phase II expansion by adding districts that receive LCFF Concentration Grant funds in high-poverty elementary schools in areas with schools with FRPM between 75 percent and 90 percent.
f. Implement Phase III expansion within LCFF Concentration Grant districts in high-poverty elementary schools in areas with schools with FRPM less than 75 percent.
g. Implement Phase IV expansion to include any district in elementary schools with FRPM of at least 25 percent.
h. Achieve Universal Preschool access by implementing Phase V expansion within every elementary school
i. Sustain implementation and evaluate for potential program improvements.

Key Conditions

Sufficient funding from the following sources: LCFF, for ADA-based expansion, or General Fund, Proposition 98, for mixed-delivery expansion State General Fund for extended-care services for eligible four-year-olds
Sufficient workforce investments to support enhanced qualifications, including one-time funding for teacher stipends to support workforce development and ongoing investments in training programs and supports.
Who's Involved

CDE—Oversees preschool program design and development, including engagement of partners to fully design and implement system changes.
CDSS—Coordinate with CDE to support alignment of wraparound services and whole-family approach including presumptive and categorical eligibility
Governor and Legislature—Adopt necessary statutory changes.
Partnerships—Education organizations, including LEAs and early childhood ecosystems, to support successful design and implementation.
Stakeholders—Parents and community-based organizations.

Action Plan III. Phase-in access to preschool for all income-eligible three-year-olds, starting with highest-need areas.

Steps on the Path

a. Create necessary support (training, recruitment, financial support) to grow and sustain a workforce to support expansion of preschool to three-year-olds.
b. Follow a similar phased implementation approach as described for four-year old preschool and grow the program through a targeted universalism approach.
c. Design structures that encourage non-income-eligible families to enroll in preschool by paying fees that may be partially offset with financial incentives such as tax credits or offsets.
d. Sustain implementation and evaluate for potential program improvements.
e. Implement Phase II expansion by adding districts that receive LCFF Concentration Grant funds in high-poverty elementary schools in areas with schools with FRPM between 75 percent and 90 percent.
f. Implement Phase III expansion within LCFF Concentration Grant districts in high-poverty elementary schools in areas with schools with FRPM less than 75 percent.

Key Conditions

Sufficient program funding from General Fund and/or Proposition 98.
Expansion will require a similar infrastructure needed to support four-year old preschool.

Who's Involved

CDE—Oversees preschool program design and development, including engagement of partners to fully design and implement system changes.
CTC—Develop and align preschool qualifications into Permit and Credentials.
Governor and Legislature—Adopt necessary statutory changes.
Partnerships—Education organizations, including LEAs, early childhood ecosystems, and IHEs, to support successful design and implementation.

Stakeholders—Parents and community-based organizations.

STRATEGY D. Ensure Equitable Treatment of All Children and Eliminate Bias through Practices and Training

Action Plan I. Proactively identify and report children’s language status and special education program needs.

Steps on the Path

a. Advance legislation requiring programs providing subsidized child care to identify and report children's:
   i. home language;
   ii. disability status and type;
   iii. characteristics of program setting and language of instruction;
   iv. language and qualifications of their provider;
   v. suspensions and expulsions; and,
   vi. restraints and seclusions.

b. Develop an enrollment form for subsidized early learning and care programs that collects key information on child demographics from birth to five, including but not limited to home language, age, disability, race, and ethnicity.

c. Collect data regarding provider language, qualifications, and program setting as part of the Workforce Registry or similar system and share information about the workforce through an early childhood data system dashboard.

d. Share as part of an early childhood data dashboard, or other widely shared resource, annual suspension and expulsions disaggregated by race and ethnicity, language, and disability.

Key Conditions

Data systems are under development and critical to more equitably addressing the needs of children. The systems should allow for collection of data that can be disaggregated to assess equity and shared to inform local and state policies and practice.

Who’s Involved

CDE and CDSS—In coordination, oversee legislation, regulatory development, and professional development training and engage partners to inform development and implementation of technical assistance and identification and reporting requirements.
Governor and Legislature—Adopt necessary statutory changes and provide resources to fund technical assistance and training.

Stakeholders—Parents and families; early learning professionals and administrators; researchers; special education, DLL, and equity groups; and advocates, businesses, and unions.

**Action Plan II. Require specialized training and development to address dual language development, children with disabilities, and how to eliminate bias and inequitable practices.**

**Steps on the Path**

a. Advance legislation to address DLLs and children with disabilities for all providers, including publicly funded FCCHs and center-based care.

b. Make explicit, within licensure, CTC-issued permits and credentials, and other workforce requirements, the need for requirements to support anti bias, DLLs, children with disabilities, and children who have experienced trauma.

c. Incentivize and provide affordable community-based professional development and online professional development offerings to license-exempt providers on best practices and strategies that support DLLs and children with disabilities.

**Key Conditions**

This action is complemented by actions in other areas of the Master Plan, including changes to workforce and program standards, which should address training and other requirements to support this action area. In addition, the rate reform approach would include adjustments based on child characteristics and quality standards that could be used to provide incentives for workforce training and programs designed to support inclusive practices.

**Who’s Involved**

CDSS and CDE—In coordination, oversee the Title 5 and Title 22 regulatory changes to align and streamline requirements and engage partners to fully design and implement system changes.

Partnerships—CTC agency leads the process to update the CTC Permit Matrix and credentialing, in collaboration with, and with support from, state agency partners, IHEs, County Offices of Education (COE), California Childcare Resource and Referral (R&R) Network, early learning and care providers and other intermediaries and networks.

Stakeholders—Parents and families; early learning professionals and administrators; researchers; special education, DLL, and equity groups; and advocates, businesses; and unions.
Action Plan III. Update early learning guidelines to expand and integrate throughout DLLs and children with disabilities.

Steps on the Path

a. Update early learning foundations, curriculum frameworks, and program guidelines (infant/toddler and preschool) to incorporate culturally and linguistically responsive, family-centered, and evidence-based pedagogy and practices that:
   i. include anti-bias and trauma-informed practices;
   ii. reflect current strategies in support of Universal Design for Learning by addressing research on first quality instructional strategies;
   iii. include best practices and strategies for inclusive learning and supporting children with disabilities;
   iv. strengthen dual language strategies and practices and promote authentic, reciprocal relationships with families as their children's first and most important teachers; and,
   v. promote authentic, reciprocal relationships with families as their children's first and most important teacher.

b. Provide materials and resources for early learning and care professionals working with children with disabilities and their families.

c. Provide bilingual materials and resources for early learning and care professionals working with DLL children and families.

d. Update the English Learner Roadmap to address birth to age three to fully address the learning and development continuum for DLLs, acknowledging that language development begins at birth.

Key Conditions

With 60 percent of young children living in a home where at least one parent speaks a language other than English and approximately 13 percent receiving early intervention and special education program services, it is vital that California have in place guidance and supports to support the learning needs of DLLs and children with disabilities. State, federal, and/or philanthropic funding is needed to engage stakeholders, researchers, and experts that collectively should contribute to the update of early learning foundations, curriculum frameworks, program guidelines that address the needs of DLLs and children with disabilities, and updates to the English Learner Roadmap that address dual language learners ages birth to three.

Who's Involved

CDE and CDSS—In coordination, oversee development of early learning foundations, curriculum frameworks, and program guidelines, and engage partners to inform development and implementation.

Partnerships—CTC, early learning professionals, administrators, researchers, early learning experts in DLL, special education advocates, families, and early learning communities. Develop early learning foundations, guidelines, framework, and materials.
Stakeholders—Parents and families; early learning professionals and administrators; researchers; special education, DLL, and equity groups; advocates and businesses; philanthropy; and unions.

Action Plan IV. Collect and use data to support DLLs and children with disabilities and address issues of equity.

Steps on the Path

a. Require providers to agree to a no-exclusionary-practice (including suspensions and expulsions) clause as a condition of state or federal funding.
b. Ensure that continuous quality efforts reflect early learning guidelines that address the unique needs of DLLs and children with disabilities (i.e., a programmatic approach).
c. Establish an official education code definition for preschool exclusions, including suspensions and expulsions, through statute or regulation.
d. Advance legislation to provide cleanup language for AB 752 (Rubio) (Chaptered 2017), and amend the appropriate Education Code section, Health and Safety Code sections, and/or applicable state preschool program sections/articles to clarify out-of-school and exclusionary discipline—suspensions, expulsions, restraint, and seclusion—for public and private preschool and early learning programs that receive state subsidies.
e. Advance legislation requiring all subsidized early learning and care providers to allocate a minimum of 10 percent of their child care slots for children with disabilities, including an enhanced rate to serve children with disabilities who require additional support services.
f. Create additional incentives and supports for providers and programs, such as grants for professional development, access to targeted technical assistance for a one-year period, and a substitute provider pool to provide coverage to allow staff to attend Individualized Family Service Plan and Individualized Education Plan meetings.

Key Conditions

The steps associated with this action are intended to be made part of existing programs and funding, to ensure attention to equity through examining data, setting forth definitions and expectations for practice, and monitoring for improvement.

Who's Involved

CDE and CDSS—In coordination, oversee legislation, regulatory development, and professional development standards and competencies, and engage partners to inform development and implementation.
Governor and Legislature—Adopt necessary statutory changes.
Partnerships—Education organizations, including LEAs and early childhood ecosystems, to support successful design and implementation.
Stakeholders—Parents and families; early learning professionals and administrators; researchers; special education, DLL, and equity groups, advocates, and businesses; and unions.
### Action Plan V. Guarantee equitable access to early learning and care for all.

#### Steps on the Path

<table>
<thead>
<tr>
<th>a.</th>
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#### Key Conditions

The steps associated with this action are intended to be made part of existing programs and funding, to ensure attention to equity through examining data, setting forth definitions and expectations for practice, and monitoring for improvement.

#### Who's Involved

**CDE and CDSS**—In coordination, oversee legislation, regulatory development, and professional development standards and competencies, and engage partners to inform development and implementation.

**Governor and Legislature**—Adopt necessary statutory changes.

**Partnerships**—Education organizations, including LEAs and early childhood ecosystems, to support successful design and implementation.

**Stakeholders**—Parents and families; early learning professionals and administrators; researchers; special education, DLL, and equity groups, advocates, and businesses; and unions.
Goal 2: Support Children’s Learning and Development by Enhancing Educator Competencies, Incentivizing and Funding Career Pathways, and Implementing Supportive Program Standards

STRATEGY A. Enhance Educator Competency to Optimaliy Support Child Learning and Development

Action Plan I. Adopt and apply performance measures for the workforce to demonstrate competencies.

Steps on the Path

a. Build upon ongoing efforts to develop competency performance measures and enhance the teacher performance assessment development process that is currently underway with Preschool Development Grant Renewal (PDG-R) funding. An important next step is a collaboration between the CTC and California Health and Human Services Agency (CHHS) to expand the Teacher Performance Expectations (TPE) to better reflect the expectations to care for infants and toddlers, dual language learners, and children with disabilities. This development work should be completed according to the timeline established in the PDG-R work.

b. Develop aligned online learning modules in parallel with the development of competency performance measures. These modules should support the broad acquisition of competencies, be widely accessible at no cost to the workforce, and offer career and educational pathways in every sector of the early learning and care system.

c. Engage a diverse and inclusive team in the development process that includes practitioners across all settings. It will be essential to engage community-based organizations representative of California’s diversity in the development of competency performance measures.

d. Create reasonable stepping stones toward demonstrating competencies through a variety of approaches, including embedding demonstration in professional learning opportunities, coursework, and apprenticeships.

Key Conditions

The CTC’s TPEs offer a strong starting point for moving to a competency-based workforce system. Bringing the competencies into action requires defining:

- Methods for competency demonstration include, but is not limited to, portfolios, practicums, observations, performance assessments, and course or module completion.
- Responsibility for management of the system. Under the new governance structure, the CDSS in partnership with CDE and other collaborative partners would provide critical leadership.
- Increases in reimbursement rates and financial supports and incentives. These measures validate and motivate the workforce to meet new requirements and pursue opportunities for advancement, if they desire.
Who's Involved

CDSS, CDE, and First 5 California—Collaborate to oversee the system and engage partners to fully design and implement system changes. Consider reengaging the Transforming the Workforce B-8 Stewardship Group to align with state’s previous workforce efforts.

CTC—Support development of competency performance measures with PDG-R support.

Governor and Legislature—Adopt changes to the funding system to support implementation of the competency approach.

Partnerships—Support application of competencies to training and support through IHEs, COEs, and other intermediaries.

Stakeholders—Inform the refinement of TPAs to better reflect expected practices to meet the needs of young children, including infants and toddlers, DLLs, and children with disabilities.

Action Plan II. Revise workforce standards as part of revisions to licensing, program, and funding standards.

Steps on the Path

a. Streamline the standards for Title 22 licensing, Title 5, and other publicly funded early learning and care programs to provide coherent, integrated standards and clear career advancement opportunities. Reduce the undue burden on providers and focus on high-impact expectations appropriate for each setting in the mixed delivery system.

b. Identify critical health and safety as well as child development training topics for family child care homes, license settings, and nonfamilial FFN providers that receive a public subsidy. Ensure that these topics focus on the skills and competencies that the workforce needs to support California’s children (e.g., knowledge of development and learning that is culturally and linguistically informed, trauma-informed practice, language development for dual language learners). Allow exemptions of FFN care for emergency, short-term care, and kinship care.

c. Focus child development training on critical skills for the California workforce. Ensure that child development training includes a focus on serving DLLs and children with disabilities, and on how to provide trauma-informed care.

Key Conditions

The Master Plan includes a Workforce Framework that provides a phased approach to enhancing and aligning workforce and quality-related standards.

Changes to the reimbursement rate structure and levels of funding must be made in lockstep with enhancing requirements.

In addition, the state must also work towards having accessible and low-cost professional learning options for the full-range of workforce members. The state should take the initial 12 to 24 months to get the
infrastructure (funding and professional learning) in place to support implementation. As the foundation is developed, legislative and regulatory changes will be needed to fully operationalize the changes offered in the Master Plan Workforce Framework.

Who’s Involved

CDSS—Lead agency for Title 22 and Title 5 (infant/toddler); oversee the system and engage partners to fully design and implement system changes.

CDE—Lead agency for Title 5 preschool standards; partner with DSS to make Title 5 and Title 22 regulatory changes that align and streamline requirements.

Partnerships—Make adaptations to support changes through partners providing professional learning and guidance, such as Quality Counts California (QCC), R&R, Family Child Care Home Education Networks (FCCHENs), COE, IHEs, unions, and Quality Improvement-funded projects.

Stakeholders—Provide input to implementation planning and conditions needed to transition from one phase of implementation to another.

Action Plan III. Update the early childhood workforce permit structure.

Steps on the Path

a. Create degree on-ramps, including responsive, engaging, competency-based and job-embedded opportunities available at no cost to the workforce through the online professional development platform funded by PDG-R and other sources. Ensure certified professional learning opportunities are aligned to the required competencies and can provide college units and count toward degree requirements, whether offered in community settings or online.

Key Conditions

Once the competencies are agreed upon, they can be used to determine the allowable pathways to a permit, including creation of alternative pathways that reflect multiple options for competency demonstration, including but not limited to portfolios, practicums, observations, performance assessments, and course or module completion.

Who’s Involved

CTC—Lead agency. Oversee changes to the CTC Permit Matrix, with collaboration and support from state agency partners, IHEs, COEs, R&Rs, FCCHEN, and other intermediaries and networks.

Partnerships—Partner with state agencies (CDSS, CDE) that oversee programs with connection to the ECE Permit.

Stakeholders—Representatives of the workforce and those involved with preparing the workforce should inform the design of alternative permit pathways and competency demonstration options.
Action Plan IV. Establish conditions to support workforce effectiveness across all early learning and care settings.

Steps on the Path

a. Phase-in requirements for Health and Safety and basic child development for FFN care in support of alignment with reenvisioned workforce training requirements that align to a competency-based model.
b. Adopt changes for Title 22 and Title 5 workforce requirements and enforce requirements as workforce supports are available.
c. Align and streamline Title 22 and Title 5 standards by using the same age groupings to define standards and move towards ratios and group sizes that at least meet standards consistent with well-researched and evidence such as the National Association for the Education of Young Children.
d. Form an interagency workgroup that includes a representative from the Governor’s Office, CDSS, CDE, SBE, and unions to review research and recommendations from the Master Plan and analysis by CDE and others to make final decisions about program standards. Consider bringing forward discussion of such research and policy options through the Early Childhood Policy Council.
e. Eliminate duplication in monitoring efforts. Ensure that no monitoring efforts replicate or reassess the elements reviewed in annual licensing visits.
f. Design models for risk-based monitoring and program assessment. Utilize risk-based monitoring and program assessment to minimize the administrative burden on providers and the state.
g. Design and implement a monitoring system for FFNs that meets California’s needs and is responsive to the state’s FFN caregivers.

Key Conditions

Changes to program standards must follow or be aligned with increases in funding and supports to provide incentives and practical pathways to completion.

There are many decisions to be made with regard to streamlining and aligning program standards. The power in the standards lies in their relationship to one another. Decisions must be made about individual standards (e.g., ratio, group size, training requirements). They must be viewed as a whole as they interrelate and should complement each other.

Who’s Involved

CTC—Lead agency. Oversee the system and engage partners to fully design and implement system changes.
CDE—Partner and support alignment with program standards and overall workforce supports.
IHEs—Participate in the design and development of options to prepare candidates for the pre-K–grade 3 credential.
Stakeholders—Representatives of the workforce and those involved with preparing the workforce should inform the approach to such an option.
Stakeholders—Representatives of the workforce and those involved with preparing the workforce should inform the changes to reflect expected practices to meet the needs of young children, including infants and toddlers, DLLs, and children with disabilities.

# Action Plan V. Provide multiple options for program pathways, including a pre-K–grade 3 credential.

## Steps on the Path

a. Build an option for a pre-K–grade 3 credential. This can be accomplished by 1) creating a BA degree in early childhood education or child development through schools of education with primary elements of the multiple-subject credential, including a focus on practice and supervised practice teaching, or 2) defining requirements within the multiple-subject credential programs that include early learning competencies.

b. Create pilots and incentives for IHEs to develop models for pre-K–grade 3 preparation that would meet new credential requirements.

## Key Conditions

In preparation for universal preschool, it is necessary to create options to gain and demonstrate competency. The value of the credential is related to universal preschool. It will take several years to determine the exact requirements and options for implementation. It would be beneficial to have a small-scale pilot to gauge the interest and viability of models prior to full-scale implementation.

## Who's Involved

**CTC**—Lead agency. Oversee the system and engage partners to fully design and implement system changes.

**IHEs**—Participate in the design and development of options to prepare candidates for the pre-K–grade 3 credential.

**Stakeholders**—Representatives of the workforce and those involved with preparing the workforce should inform the approach to such an option.
STRATEGY B. Incentivize, Support, and Fund Career Pathways

Action Plan I. Complete development of a comprehensive professional learning system that supports multiple pathways for early learning and caregivers and professionals.

Steps on the Path

a. Provide aligned opportunities in different modalities. Provide modularized and stackable professional learning opportunities aligned to the teacher performance expectations, including online, blended, and face-to-face learning experiences supported by coaching and mentoring.

b. Provide realistic and achievable ways for the field to demonstrate competencies. Use the Competency Performance Measures to develop small units of competency demonstration embedded in professional learning opportunities, such as opportunities to earn "badges" or "micro-credentials" linked to the TPEs, which would count toward permits, college unit acquisition/educational attainment or credentials, and more general applications.

c. Continue to develop a robust online professional learning platform, building on current funding from PDG-R and CCDF. The development process will include partnerships with state and community-based partners and yield a platform that: 1) provides a rich ecosystem of responsive, engaging content that supports competency development, career advancement, and degree attainment; and, 2) ensures the full workforce has access to content on critical topics, including child development and learning that is culturally and linguistically informed; knowledge about how to effectively serve DLLs; practices to address resilience/trauma-informed care and implicit bias; and, include and meet the needs of children with disabilities.

d. Strengthen support networks. Use existing networks such as FCCHENs and emerging shared-service networks to ensure all professionals have access to supports that accelerate their career development. The mixed-delivery workforce should have the option to be part of a network that organizes and funds training and facilitates participation and career advancement through advising and administrative supports.

e. Expand upon existing high school pathways to the profession, such as the High School Career Technical Education pathways, which qualify graduates for a permit or set them on the pathway for a credential.

Key Conditions

Work is underway to build a Professional Learning Platform (at CDE) and design modules (at CDE and DSS) that address foundational topics (e.g., health and safety) and other critical topics (e.g., trauma-informed practice, DLL, family engagement, assessment, and data use). In addition, the CTC has studied micro-credentialing approaches.

There is no single entity responsible for the development of the professional learning system and related structures. As CDE and CDSS work on transition as guided by the 2020-21 Budget Act, this development can be incorporated into their planning, or a separate interagency body can be developed or re-engaged (e.g., Transforming the Workforce Stewardship Group), perhaps associated with the PDG-R work, to guide coherent system development.
Who's Involved

CHHS—Include several components that contribute to the build-out of the Professional Learning System in a comprehensive approach through PDG-R funding.

CDSS—Transition quality projects, which are included in the ecosystem for professional learning, from CDE to CDSS. In addition, CDSS has training resources that should be included in the system.

CDE—Shares history and capacity with quality projects that informs the design and approach to the future system and builds out future components in preschool, full inclusion, P-3 alignment (e.g., Universal Design for Learning), and special education.

Action Plan II. Improve higher education pathways.

Steps on the Path

a. Build higher education capacity to implement competency-based instruction. Expand the capacity of two- and four-year institutes of higher education to align program offerings with workforce competencies (this work is underway with the current TPEs and partially funded through PDG-R); strengthen practicum and apprenticeship opportunities; provide focused, formative feedback to candidates and current ECE teachers regarding areas of relative strength and areas for targeted improvement; and, apply the latest science to improve practice and child outcomes.

b. Evaluate degree pathways based on competency demonstration. Pilot degree pathways for incumbent members of the workforce wherein they receive credit toward a degree for demonstrating competencies.

c. Strengthen existing four-year degree pathways. Strengthen the Associate Degree for Transfer (ADT) program (e.g., develop credit by exam assessments or other ways to demonstrate prior learning for transfer courses; develop “booster courses” or other supports that help the existing workforce demonstrate their prior learning).

d. Implement a higher education program quality assurance system. Through the Commission on Teacher Credentialing (CTC), develop and provide ongoing support for an appropriate model for the review and accreditation of programs that lead to a Child Development Permit or credential and use the results of the Competency Performance Measures to inform areas of improvement for higher education programs (this work is underway through PDG-R).

e. Support tribal child care to partner with a tribal college to create degree pathways and courses that are responsive to the tribal perspective.

Key Conditions

There needs to be agreement on the competencies and how they can be applied to an accreditation process, with input from IHEs. Such work is included in the PDG-R.

Some resources or incentives for higher education are needed to support pilots and transitions to new approaches in the preparation of the workforce.
Who’s Involved

CTC—Lead agency. Coordinate with IHEs regarding competencies and their application to preparation.
CDSS and CDE—Coordinate and collaborate with CTC as managers of ELC programs reliant on CTC actions.
Partnerships—Design and pilot approaches through IHEs and related associations.
Stakeholders—Representatives of the workforce and those involved with preparing provide input to implementation planning and conditions needed to make the IHE pathways accessible and relevant.

Action Plan III. Routinely evaluate and align quality investments to support priorities for workforce competency development.

Steps on the Path

a. Align funding that supports professional development to areas needed to advance competencies with input and involvement from stakeholders. For instance, in the early years of implementation, focus on addressing foundational skills (e.g., health and safety, child development) and practices related to equity and inclusion (e.g., DLL, trauma-informed practice, children with disabilities, implicit bias). As resources permit and needs evolve, add investments that build towards competency demonstration and advancement by the workforce.
b. Examine current quality investments for alignment to TPEs and objectives of the Master Plan. Decrease existing investments by June 2021 that are not well-aligned with California’s standards and expectations.

Key Conditions

The majority of funding for professional learning comes from federal Child Care Block Grant funds and short-term PDG-R. Strategic investment of existing federal resources and plans to maximize potential additional federal funds are critical to workforce system progress.

Who’s Involved

CDSS—Coordinate with CDE as part of the transition of ELC programs from CDE to CDSS regarding how to routinely evaluate and prioritize the use of professional learning investments, and guide decision-making to align future investment to priorities.
Partnerships—Make adaptations to support changes through partners providing professional learning and guidance, such as QCC, R&R, FCCHENs, COE, IHEs, unions, K–12 school districts, and Quality Improvement-funded projects.
Stakeholders—Representatives of the workforce and those involved with preparing provide input to implementation planning and conditions needed to implement a competency-based system.
Action Plan IV. Strengthen and target quality improvement support for workforce development.

Steps on the Path

a. Provide evidence-based support designed to facilitate workforce success, such as Professional Growth or Academic Plan Advisors, to support the workforce along a career development trajectory. Provide support that facilitates access to trainings and credit-bearing classes for English language learners, such as translators, linked classes, curricula, texts in languages other than English, and other multilingual educational and career support, including tutoring and homework assistance. Provide supports designed to meet the unique needs of FFN providers, such as those offered in partnership with the state library system.

b. Expand access to on-site coaching and certified coaches. Ensure broad access to online coaching, training, and certification opportunities, increasing the number of certified coaches beyond the approximately 300 funded through PDG-R. Support the design and piloting of the new virtual coaching capacity funded through PDG-R to expand efficient and responsive access to coaching.

c. Ensure that coaches and trainers are culturally competent. Ensure that state-funded trainers and coaches are trained in cultural and linguistic responsiveness and implicit bias.

d. Provide state-level guidance and quality assurance for locally developed and administered supports.

Key Conditions

State and local infrastructure is needed to fully address the wide range of training, coaching, and competency demonstration supports needed by the workforce. The state will need to work with other regional or local organizations and networks to address the broad needs of the state. The state has a significant role in determining the specifications and quality assurance guidelines for any activities. Furthermore, existing resources for professional development will need to be aligned to training and coaching needs, and/or new resources will be needed to build the capacity of the workforce.

Who’s Involved

CDSS—Lead agency. Collaborate with other state and local agencies.

CDE and CTC—Collaborate with CDSS to develop standards, programs, and quality assurance measures.

Partnerships—Provide on-the-ground resources to deliver support through regional and local agencies, networks, and organizations.

Stakeholders—Representatives of the workforce and those involved with preparing provide input to implementation planning and conditions needed to implement a competency-based system.
Action Plan V. Establish and sustain financial support for workforce development.

Steps on the Path

a. Use the rate structure to support workforce development. Align the rate structure to increased workforce competencies.

b. Provide incentives for professionals to achieve key benchmarks on the career lattice, such as new certifications (e.g., DLL, infant/toddler, serving children with disabilities), permits, educational attainment, and degrees. These incentives could include scholarships, apprenticeships, stipends, financial aid, and resources to pay substitutes.

c. Expand the Quality Counts California (QCC) Workforce Pathways Grant Program.

d. Support degree attainment. Provide scholarships, tuition reimbursement, and incentives to complete the degree pathways and establish a higher-education debt repayment program for educators who work in a subsidized care setting for a specific length of time.

Key Conditions

Rate reform and other options for adding financial incentives are needed to make changes to requirements associated with a transition to a competency-based system.

Who’s Involved

CDSS—Lead agency. Oversee system and engage partners to fully design and implement system changes.

CDE—Manage state preschool programs, initiatives, and programs to support workforce incentives.

Governor—Determine with union partners conditions and funding that support competency development.

Partnerships—Make adaptations to support changes through partners providing professional learning and guidance, such as QCC, R&R, FCCHENs, COE, IHEs, unions, K–12 school districts, and Quality Improvement-funded projects.

Stakeholders—Representatives of the workforce and those involved with preparing provide input to implementation planning and conditions needed to implement a competency-based system.
Goal 3: Unify Funding to Advance Equity and Opportunity

STRATEGY A: Adopt a Tiered Reimbursement Rate with Appropriate Adjustments

Action Plan I. Adopt a tiered reimbursement rate with appropriate adjustments.

Steps on the Path

a. Refer to Appendix D: California Early Learning Cost Analysis and Scenarios for reimbursement rate to establish base rates by type of setting and age level. Such rates take into account cost factors including adult-to-child ratios, staffing models, and average wage levels.

b. Update the current California Regional Market Rate (RMR) survey with refined analysis that follows recommendations from the Rate Reform Working Group (2018) to address equity concerns, including differentiating by age group, adjusting the price distribution to exclude low outliers, and improving methods to better capture costs.

c. Define regional cost adjustment based on localized market differences. Construct an adjustment based on zones with similar cost features. Consider options to reduce the overall number of zones/areas.

d. Determine adjustments for quality standards aligned to policy decisions for the workforce. Options for a four-tiered quality standard differentiated by age and setting are illustrated in Appendix D.

e. Determine adjustments for child characteristics, including factors for DLL, children with disabilities, foster youth, poverty, and other factors. The setting of such adjustments addresses costs and provides incentives for inclusion.

f. Adopt legislation and construct regulations to implement the revised reimbursement model, including a framework for a model, cost of living adjustment to target, and phased implementation approach.

g. Phase-in cost model as resources permit.

Key Conditions

Revision of the rate structure requires a long-term commitment that starts with the adoption of a framework that defines how the rate structure will work at full implementation. The change will require phasing-in over many years, with progress made to meet rate targets with each round of additional investment.

Addressing inequities of the present system is a major factor when planning implementation. Development and implementation of the system must address equity concerns by more accurately addressing the costs associated with providing care that meets aspirations opposed to present market conditions.

Addressing the reimbursement rate supports changes to programs, workforce, and administration. The rates provide for the support, incentives, and reinforcement for transforming California’s approach to early learning and care. It will be critical to align change across all areas with the changes made to the reimbursement rate structure and level of funding.
**Who’s Involved**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Role Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDSS—Lead Agency</td>
<td>To oversee rate reform, including market rate survey and implementation management, including regulation development and infrastructure to manage the rollout of a new approach.</td>
</tr>
<tr>
<td>CDE—Critical partner</td>
<td>With historical responsibility for the market rate survey; responsible for administering preschool programs that are funded through the rate structure.</td>
</tr>
<tr>
<td>Governor and Legislature</td>
<td>Adopt legislation to guide implementation of rate reform.</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Associations and unions are involved and aware of changes to support implementation and awareness building.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Parents, providers, and local and regional agencies to provide input for implementation and planning of a tiered reimbursement system.</td>
</tr>
</tbody>
</table>

**STRATEGY B: Design a Sliding Scale for Family Contributions**

**Action Plan I. Design a sliding scale for family contributions.**

**Steps on the Path**

a. Establish affordability measure(s) for the fee structures aligned with the implementation of rate restructuring. The Blue Ribbon Commission proposed using measures of income relative to the state median income, poverty, and/or a percentage of family income. The measures selected at the onset of the sliding scale fee may be different than the measures used at the full implementation of the rate restructuring.

b. At least one year prior to planned implementation, pilot sliding-scale fee models within a sample of counties to identify and optimize administrative systems and procedures. Attention should be paid to limiting administrative workload for providers to collect fees and streamline processes for families. This may include local tax credits, payroll deduction models, and coordination through a new system of Shared Services Networks proposed by the Master Plan or other intermediaries.

c. Develop regulations to support implementation of sliding-scale fees. Regulations will guide local and regional implementation to support families to maintain continuity of services as income increases.

d. Collect and review data from providers or intermediaries to inform policies and support needs to assess the impact of sliding-scale fees on access and affordability. Such information can be useful to inform continuous improvement of policies and support for families and early learning and care providers.

**Key Conditions**

A sliding-scale fee supports continuity of care and effectively expands subsidies to those that would otherwise lose eligibility. Essentially, the sliding-scale fee expands access and comes with an increased cost. Implementation of the sliding-scale fee must be balanced with increasing reimbursement rates and expanding access through other programmatic changes (e.g., universal preschool, presumptive eligibility). Furthermore,
adoption of a new fee structure must be sensitive to the impacts of COVID-19 on the circumstances experienced by families and providers/programs. There is potential for increased administrative burden to collect the fee. As noted, there are models where fee collection occurs through tax credits, payroll deduction, or Shared Services Networks to support efficient management and limited impact on those providing care.

Who's Involved

CDSS and CDE—Administer programs affected by the proposed sliding-scale fee; develop regulations and guidance; manage the pilot; and provide ongoing monitoring and support.

Governor and Legislature—Adopt legislation to guide implementation of the sliding-scale fee.

Partnerships—Depending on structure for fee collection, partnerships may include the Franchise Tax Board, Shared Services Networks, or other intermediaries.

Stakeholders—Parents, providers, and local and regional agencies to provide input for implementation and planning of a tiered reimbursement system.
Goal 4: Streamline Early Childhood Governance and Administration to Improve Equity

STRATEGY A: Remove Barriers to Service by Providing Streamlined Eligibility

Action Plan I. Provide streamlined eligibility and prioritize resources to those in need.

Steps on the Path

a. Advance legislation to implement categorical and presumptive eligibility for subsidized child care and preschool to children and families who should be eligible based on involvement with specific programs or evidence of risk factors (e.g., foster youth, domestic violence).
   i. Require programs and systems to inform participants with children of their potential eligibility for subsidized child care or preschool assistance.
   ii. Allow applicants to apply jointly for child care assistance and consent to the use of application data in certification of child care assistance eligibility.

b. Provide extended eligibility to certain high-risk groups transitioning out of the status that made them eligible including children who have been system-involved, placed in foster care, have lived in persistent poverty, or have been homeless.

c. Engage stakeholders to develop a list of qualified programs to include presumptive eligibility.

d. Implement a statewide, centralized system to prioritize child care resources to high-risk groups among those eligible, without displacing currently participating families.

e. Monitor key outcomes, including gaps and continuity in childcare access, to continuously improve the design and implementation of categorical eligibility, presumptive eligibility, extended eligibility, and prioritization policies.

Key Conditions

The CDSS has several initiatives underway that aim to integrate and use data to streamline and improve the experience of families. This action can build on work underway to develop a common verification hub that includes joint applications and certification of eligibility within CDSS programs (CalFresh, CalWORKs, Refugee Resettlement Program, Cash Assistance Program for Immigrants, Foster Care, Adoption Assistance Program, and Child Welfare).

Other agencies that administer MediCal, SSI/SSP, WIC, housing assistance, the federal and California EITC, Indian Health Service, and CDE special-needs programs could support child care assistance, allow joint applications, and/or consent to data use by child care programs in eligibility certification, and share consented data with CDSS.
Who's Involved

CDSS—Lead agency to oversee verification hub and integration work to develop and implement eligibility and prioritization policies.

Governor and Legislature—Develop and advance legislation to support categorical and presumptive eligibility.

Partnerships—CHHS, CDE, Employment Development Department (EDD), Housing and Community Development (HCD), California Department of Corrections and Rehabilitation (DCR), and tribal governments could assist in coordinating the design and implementation of eligibility and prioritization policies and data-sharing across sectors.

Stakeholders—Parents, early learning and care providers, and programs, researchers, and advocates to provide input in the design and implementation of streamlined eligibility.

STRATEGY B: Create an Integrated Data System

Action Plan I. Support statewide data integration through a new early childhood integrated data system.

Steps on the Path

a. Establish a data governance body and conduct stakeholder engagement to define the system’s goals and purpose (See Goal 4, Strategy B, Action Plan III).

b. Conduct a business analysis of data needs to meet the goals proposed for CalKIDS

c. Establish the CalKIDS data infrastructure and technology needs to integrate data about young children, their families, early learning and care programs, and the workforce from the following data systems:
   i. Child Development Management Information Systems
   ii. California Department of Social Services Verification Hub
   iii. Workforce Data Systems
   iv. Quality Rating Improvement System Data System
   v. California’s Cradle to Career Longitudinal Data System

d. Generate data dashboards and reports to ensure data from CalKIDS is accessible to inform statewide decision-making by agencies, policymakers, and other stakeholders (See Goal 4, Strategy C, Action Plan I).

Key Conditions

There are a wide range of stakeholders affected by essential contributors and users of data systems. There are many recent investments to improve the quality and connections of data to better support children and families. This action therefore builds on and supports connections with other initiatives.

CDSS personnel and resources may be needed to facilitate agency and stakeholder engagement and to develop and manage implementation of new systems and related changes.
Who’s Involved

CDSS—Lead agency to oversee the data system and engage partners to fully design and implement system changes. The CDSS Chief Data Officer provides critical expertise on data governance to support data-sharing efforts and technological solutions.

Partnerships—CHHS, HCD, DCR, CDE, EDD, Head Start Tribal Child Care, First 5 California, and R&R Network and agencies, among others, are current data contributors responsible for the management and integration of early learning data.

Stakeholders—Parents, early learning and care providers, programs, researchers, advocates, businesses, philanthropy and unions to provide input on the design and purpose of CalKIDS.

Action Plan II. Establish a parent portal to identify programs and choices.

Steps on the Path

a. Build upon the CDSS-administered mychildcare.ca.gov to provide a user-friendly interface, including searchable data on public and private child care programs, to facilitate parent and family access to child care.
   
   i. Integrate licensing data, public program data (e.g., contracted programs, state preschools, Head Start), local resource and referral data, and other provider data available to the state.
   
   ii. Provide information on both licensed and licensed-exempt child care providers to meet diverse child care needs.
   
   iii. When available, provide information about child care type, location, vacancies, capacity, student-to-teacher ratio, hours of care, costs, specialties (e.g., curriculum, languages offered, children with special needs), and quality of care (e.g., qualifications and violations), and identify additional fields.
   
   iv. Identify fields that will be updated with close-to-real-time frequency to respond to emergencies.
   
   v. Build geographic features to facilitate family planning for transportation (including public transportation options) and time from/to home or the workplace.
   
   vi. Capitalize on big data and human-factor engineering to improve accessibility of this parent portal to caregivers who are less familiar with technologies, have less education or low literacy, and caregivers with disabilities. Provide the tool in multiple languages.

b. Develop embedded or linked information on child care assistance programs and other public assistance programs to increase applications and program participation.
   
   i. Build a tool that allows families to jointly apply for CDSS programs including child care assistance, check application and recertification status, and receive reminders. (See Goal 4, Strategy C, Action Plan I).
   
   ii. Explore with other agencies the possibility of a single portal for application and recertification for multiple programs, including child care assistance.
Key Conditions

The availability of timely, comprehensive, and accurate information is critical to the usefulness and responsiveness of a parent portal. The voice of parents is a critical source of input to inform the design, promotion, and evolution of the parent portal.

CDSS personnel and resources may be needed to facilitate agency and stakeholder engagement and to develop or purchase appropriate enterprise technology and system solutions.

Who's Involved

CDSS—Lead agency to oversee integration work and engage partner agencies and stakeholders to fully design and implement system changes.

CDE—Share with CDSS, public child care program data, including state preschool, Transitional Kindergarten, Head Start, and special education program data.

Governor and Legislature—Statutory, regulatory and resource support to operationalize an enhanced parent portal.

Partnerships—Head Start Tribal Child Care, First 5 California, and R&R Network and agencies are data contributors responsible for the management and integration of early learning provider and program data.

Stakeholders—Parents and caregivers, public and private child care programs, R&R agencies, tech companies, early learning professionals, researchers, advocates, businesses, and philanthropy and unions to provide input for the development and functionality of the parent portal.

Action Plan III. Establish a data governance body.

Steps on the Path

a. Identify policy and research questions that integrated data can help answer to inform early learning and care policies and practices.

b. Create a formal cross-agency data governance structure. This may be accomplished through a charter, legislation, or an MOU. The structure will include a description of roles, responsibilities, and the authority of members.

c. Develop a plan for stakeholder engagement to guide two-way communication, with communities as partners in the planning, collection, analysis, and use of their data, to promote changes to increase racial/ethnic, linguistic, and geographic equity for children and families.

d. Dedicate staff to support the coordination and work of the data governance body.

Key Conditions

Be aware of and examine bias in policy and research questions and prioritize questions to ascertain the root causes of disparities.

At each step, involve diverse representatives who possess direct knowledge and lived experiences related to the state’s early learning and care system.
Engage national and state early childhood integrated data systems experts to benefit from existing governance models and lessons learned.

Build upon staffing and data systems development efforts underway through PDG-R and the California Cradle to Career Data System

Who's Involved

CDSS—Lead agency to oversee the data system and engage partners to fully design and implement system changes. The CDSS Chief Data Officer provides critical expertise on data governance to support data-sharing efforts and technological solutions.

Partnerships—CHHS, HCD, DCR, CDE, EDD, Head Start Tribal Child Care, First 5 California, and R&R Network and agencies, among others, are data contributors responsible for the management and integration of early learning data.

Stakeholders—Parents, early learning professionals, researchers, advocates, businesses, philanthropy and unions to provide input on the roles, responsibilities and scope of work of the data governance body.

Action Plan IV. Revise data-sharing practices.

Steps on the Path

a. Develop a crosswalk of data definitions and standards to determine similarities and differences in data management. The crosswalk will be used to inform new data standards to guide how data are collected, defined, recorded, matched, and archived.

b. Create an identification system for agencies, provider sites, professionals, families, and children to support data security and integration.

c. Establish data-sharing agreements outlining the process and conditions under which data will be shared and used by stakeholders.

d. Develop a secure process for linking data across sources.

Key Conditions

Assess data privacy, confidentiality, and sharing policies for each data source. Requirements for consent or permissible uses of the data may vary.

Federal, state, and local reporting may require current data definitions and standards. Changes to data standards must account for or comply with any contractual requirements.

Who's Involved

CDSS—Lead agency to oversee the data system and engage partners to fully design and implement system changes. The CDSS Chief Data Officer provides critical expertise on data governance to support data-sharing efforts and technological solutions.
Partnerships—CHHS, HCD, DCR, CDE, EDD, Head Start Tribal Child Care, First 5 California, and R&R Network and agencies, among others, are data contributors responsible for the management and integration of early learning data.

Stakeholders—Parents, early learning professionals, researchers, advocates, businesses, philanthropy and unions to provide input on data privacy, sharing and use.

STRATEGY C: Redesign Continuous Improvement Structures

Action Plan I. Use data to advance equity.

Steps on the Path

a. Identify data for the annual report on the status of children and families.

b. Build and design an annual report. Utilize Early Childhood Policy Council (ECPC) to advise and engage stakeholders to inform the design of the annual report.

c. Develop and disseminate the annual report. Share information from the annual report and engage in actions to respond to findings from the data.

d. Evolve and improve the annual report. As new data become available and the use of the annual report evolves, make improvements to the content and the ways in which it is used so as to draw attention to the equity focus of the Master Plan.

e. Design dashboards and reports for state leaders and the public. Population-based data will be used to monitor child-focused data that affect outcomes (e.g., access to early learning and care, inclusion, and suspension rates), and to generate a publicly available annual early learning and care assessment report. Systems-based metrics will be shared regularly (e.g., monthly) through online dashboards to track state investments and service needs.

f. The data governance body will partner with ECPC and stakeholders to examine bias and use system- and population-based data to understand the root causes of inequities.

Key Conditions

Ensure access to high-quality data about California’s early learning system.

Disaggregate data by demographic and geographical subgroups to monitor changes for different subgroups (e.g., children in foster care and rural communities).

Involve diverse representatives and stakeholders, including families and providers at each step.

Build upon staffing and data systems development efforts underway through PDG-R and the California Cradle to Career Data System.

Who’s Involved

CDSS—Lead agency to oversee the data system and engage ECPC and partners to identify data, and help design, and build annual reports.
Partnerships—CHHS, HCD, DCR, CDE, EDD, Head Start Tribal Child Care, First 5 California, and R&R Network and agencies, among others, are partners and contributors to the development and design of an annual report.

Stakeholders—Parents, early learning professionals, researchers, advocates, businesses, philanthropy and unions to provide input in the data use and development of the annual report and dashboards.

### Action Plan II. Redesign quality improvement infrastructure.

#### Steps on the Path

a. Convene stakeholders, including FCCH, FFN, and center-based providers and programs to understand sector needs and experience with QCC as it is currently structured and administered.

b. Reconceptualize QCC as an overarching framework to align and leverage all of the state’s ELC workforce investments and quality initiatives to better address equity and support sustainability.

   i. Align and consolidate workforce and quality-related funding terms and conditions, contracts, and timelines under the QCC banner and apply clear and transparent resource allocation guidelines that use an equity lens.

   ii. Complete an equity audit of QCC to inform a redesign of the Quality Rating Improvement System (QRIS) indicators and QCC program design. The audit should include consideration of current research regarding child development and learning, supporting the workforce, and engaging families.

   iii. Specific criteria to be developed should consider—at a minimum—race/ethnicity, language of participants, and provider type and location so that resources can be directed to providers serving the highest-impact populations.

   iv. QCC structure and operations should align state licensing, program, and funding standards, and ensure that workforce investments, incentives, and supports are implemented through the QCC framework to advance equity so that supports and resources are tied to quality and providers are supported to improve.

c. Establish clear roles within QCC administration. This should include an umbrella organization, regional hubs, and local consortia.

#### Key Conditions

The redesign of QCC should follow and align to changes made to program, workforce, and funding standards. In this regard, the QCC system should align and support the larger ELC system design, funding, and supports. The QCC has and should continue to provide critical support to advance improvement of the system.

Involve diverse stakeholders, including local QCC leadership, in the effective design and implementation of the system.
Who's Involved

CDSS, CDE, and First 5 California—Collaborate to provide leadership and guidance for the management and administration of QCC.

Governor and Legislature—Support for required policies and investments.

Partnerships—Local QCC leadership including, but not limited to, IMPACT hub leaders, local First 5 organizations, county offices of education, R&Rs, regional and local leadership, and ECPC.

Stakeholders—Parents, FFN, FCCH, and center providers and program operators, as well as staff, early learning and care professionals and program associations and organizations, state and local First 5 organizations, Local Child Care Planning Councils, the R&R Network and local programs, researchers, advocates, businesses, philanthropy and unions. Input from stakeholders, including local QCC leadership, is critical to effective design and implementation of the system.

STRATEGY D: Establish a System of Shared Services Networks to Support Sustainability

Action Plan I. Pilot, design, and implement a statewide system of Shared Services Network hubs.

Steps on the Path

a. Launch regional Shared Services Network pilots funded by First 5 California and other public funds.

b. Document learnings for broader applications to statewide Shared Services Network (SSN) system design.

c. Define the essential business and pedagogical elements of Shared Services Network hubs as well as the process for network hubs to be created through a community-based competitive process.

d. Make necessary regulatory changes to allow testing of network hubs as the administrator of consolidated subsidy contracts on behalf of network participants.

e. Align data systems to ensure that all supply and demand data, regardless of program auspice, age of child, family, or type of care, can be viewed in the aggregate and that any unique needs of children, families, or communities are identified.

f. Advance legislation to create a statewide system of SSNs and promulgate associated regulations.

g. Allocate state funds to support launch, including technical assistance and infrastructure supports with a plan for SSN hubs to be self-sufficient within two to three years.

Key Conditions

Effective Shared Services Networks require some initial support but can be expected to yield significant returns on investment in the form of program savings, efficiencies, retention of programs and the workforce, and improved quality. They can exist as a statewide system but require local management and design to support
their success. Intensive stakeholder engagement is critical to inform Shared Service Network design given California’s context.

The impact and development of Shared Services Networks are enhanced with robust data system development. For instance, the Shared Services Networks could be helpful in supporting and promoting the use of provider-based Child Care Management Systems (CCMS) that enable SSN hubs to view data on key metrics and track progress.

Who’s Involved

CDSS—Lead agency to design and oversee development of the system of Shared Services Networks in coordination and partnership with CDE and First 5 California.

CDE and First 5 California—Collaborate with CDSS to design and support a Shared Services Network pilot.

Governor and Legislature—Support for required policies and investments.

Partnerships—Local competitively selected collaborations of trusted community-based program providers.

Stakeholders—Early learning and care providers, key state and local associations and organizations, businesses, philanthropy and unions to provide input on the Shared Service Network needs, and system design, development and implementation.

STRATEGY E: Expand Supply of Early Learning and Care Facilities

Action Plan I. Expand the early learning and care facilities infrastructure grant fund.

Steps on the Path

a. Develop facility infrastructure grant fund parameters on the amount of funding for various renovation, expansion, and construction activities, with provisions for one-time startup funds for new programs as well as occasional significant repairs on existing facilities. Provide for minimal, moderate, and major renovation of existing facilities, as well as new construction. The grant fund may include the following:

i. Assistance with financing new construction of centers and renovations of centers and family child care homes to meet health and safety standards—prioritizing family child care homes affiliated with state-supported Family Child Care Home Education Networks and other state-supported networks.

ii. Offer grants that do not require repayment. Such an approach is consistent with the Blue Ribbon Commission’s “forgivable loan” where the grantee would pay back at least a portion of the amount if it sells the facility or uses it for other purposes within a specified time period.

iii. Consideration of capacity of provider, estimated service expansion, age of underlying facility, commitment to serving subsidy-eligible and other high-needs children, and local funding available for proposed projects.

iv. Coordination with other funding such as bonds, Early Head Start and Child Care Partnerships, and child care facility projects within housing, transit-oriented development, or other developments.

b. Implement as funding permits with monitoring and evaluation of Grant activities to inform ongoing improvement.
### Key Conditions

State or other funding to support such a program will determine the scope and extent that grants can be made available. To maximize the impact of funds, technical assistance to potential grantees would be helpful (See Goal 4, Strategy E, Action Plan II). Such assistance could help with the targeting and impact of funds to achieve desired results.

### Who's Involved

**CDSS and CDE**—Oversee the development and administration of the grant fund.

**Governor and Legislature**—Support for required policies and investments.

**Partnerships**—Local Planning Councils, R&R Network and agencies, school districts, Early Head Start and Head Start programs, other local and county government entities, and non-profit financial intermediaries to confirm early learning and care facilities needs and associated funding and design and implementation of a grant fund.

**Stakeholders**—Early learning and care providers, key state and local early learning and care associations and organizations, businesses, philanthropy and unions to provide input on the design, development and implementations of the grant fund.

### Action Plan II. Create a data-informed plan and technical assistance capacity to address early learning and care facilities.

### Steps on the Path

a. Use data from the American Community Survey and the Child Care Resource and Referral Network as combined in the Early Learning Needs Assessment Tool to identify the neighborhoods with the greatest number and percentage of unserved subsidy-eligible children and the greatest shortage of early learning facilities available.

b. Compare data on the estimated decline in school enrollment in the areas of greatest unmet need for subsidized care. Partner with school district associations and school districts to determine willingness to make some of the spaces available for early childhood programs.

c. Consult Local Planning Councils and state-supported Family Child Care Networks on the priority neighborhoods identified and the input from school districts collected.

d. Develop and/or contract a pool of consultants for technical assistance in both center-based and family child care to help advise providers at the county and regional levels on expansion and construction projects and apply for funding.

e. Based on data, define the portion of programs that can be located in schools or other publicly owned (and operated) facilities, and the portion that must be financed by grants to privately owned facilities.
# Key Conditions

The needs and options for early learning and care facilities are wide-ranging throughout California. Data can help to pinpoint needs and identify options. Input and involvement of multiple agencies, including state, county, and city leaders, are needed to support the alignment of policies and investments targeted to meet needs and maximize impact.

# Who’s Involved

**CDSS and CDE**—Oversee data and analysis, policies, and technical assistance plan.

**Governor and Legislature**—Support for required policies and investments.

**Partnerships**—Local Planning Councils, R&R Network and agencies, school districts, Early Head Start and Head Start programs, and other local and county government entities to confirm early learning and care facilities needs and associated funding, and to help design and implement technical assistance support.

**Stakeholders**—Early learning and care providers, key state and local early learning and care associations and organizations, businesses, philanthropy and unions to help inform the development and implementation of technical assistance early learning and care facilities support.
Appendix B: Workforce Framework

The Master Plan proposes an approach that, over time, would move California to improve workforce quality and reformulate existing training to align with competency development. This approach includes ensuring that the early learning and care workforce builds on foundational knowledge of health, safety, and child development (including the development of social-emotional skills and language, literacy, and math skills) and an understanding of how to support dual language learners, children with disabilities, and trauma-informed practices. Making changes to workforce and program standards must occur in lockstep with increases to the reimbursement rate, in investments in professional learning, and in the capacity of those supporting the workforce in their advancement and development (e.g., regional training providers, institutions of higher education [IHE] and networks).

California’s current requirements for the early learning and care workforce are wide-ranging, from a background check to a college degree plus a teaching credential. The system has relied on a mix of training hours, courses, and unit/degree attainment to define the requirements of the workforce. These requirements reflect a combination of compliance, practicality, and research.

State and federal laws and regulations have established minimum standards for many areas of the workforce, such as Head Start requiring that teachers have an Associate degree (AA) in the field of child development, with at least half of them having a Bachelor’s degree (BA) in the field, to the Child Care Development Fund (CCDF) requiring background checks, basic health and safety requirements, and ongoing training. With funding constrained and limited, an unintended consequence of adding or modifying workforce requirements is shrinkage of the workforce as providers find other job opportunities that do not require additional training and/or that offer a higher wage.

The degree and training Head Start requires reflect research on factors associated with quality that affect child outcomes. Recent research on California’s early learning and care providers participating in Quality Counts California shows a positive relationship between programs achieving higher levels of quality and young children’s progress with learning. These results are backed up by research that indicates a positive association between the quality of provider interactions and young children’s outcomes.

The workforce can develop and advance by demonstrating increased competencies within their chosen setting or moving to a setting with higher standards and commensurate funding increases. Following is a description of the settings and requirements that are reflected in the long-term vision for the Master Plan.

Family, Friend, and Neighbor (license-exempt) care is focused on areas with unmet needs, close family members, overnight, non standard

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1 WestEd & University of California, Berkeley Evaluation and Assessment Research Center (UC BEAR). (2020). *High-quality preschool promotes learning and development for California’s children.* Information brief in progress for the California Department of Education.

hours, and emergency care. There are options to advance in the career of early learning and care through incentives and supports. All non-kinship care providers are required to have basic health and safety and foundational child development training, including CPR and first aid.

**Family Child Care Homes** support through Title 22 and Title 5 provides small- and large-group, home-based child care. Standards for Title 22 include basic health and safety. Incentives in place encourage and assist family child care homes to increase competencies, including those associated with Title 5 centers.

**Child Care Centers** focus on care and learning support for children birth through age five and meet Title 5 standards with incentives in place to advance evidence-based quality standards.

**Preschool and Transitional Kindergartens** focus on preschool (ages 3–4) with a California Commission on Teacher Credentialing (CTC) issued early childhood permit or teaching credential or equivalent and practices aligned to preschool and Transitional Kindergarten (TK) curriculum frameworks and standards.

### Table B1. Proposed Roles and Responsibilities of Early Learning and Care Workforce

<table>
<thead>
<tr>
<th>Family, Friend, and Neighbor—(immediate family caregiver)</th>
<th>0–3</th>
<th>Preschool (3–4)</th>
<th>School Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kinship care Emergency</td>
<td>Overnight and extended-day care</td>
<td>Kinship care Emergency</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FFN—CCDF Health and Safety + incentives</th>
<th>Same as Preschool (3–4)</th>
<th>Areas with unmet needs with incentives to advance in workforce, plus overnight and extended-day care</th>
<th>Same as Preschool (3–4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCCH—Title 22 (CCDF requirements) or Title 5 + incentives</td>
<td>Child care</td>
<td>Extended-day care Preschool; must meet criteria</td>
<td>Extended-day care</td>
</tr>
<tr>
<td>Centers—Title 5 + incentives</td>
<td>Child care</td>
<td>Extended-day care Preschool; must meet criteria</td>
<td>Extended-day care</td>
</tr>
</tbody>
</table>
Appendix C: Master Plan Analysis of Early Learning and Care (ELC) Use and Spending

Estimating the cost to transform California’s early learning and care system starts from an understanding of the current ways that families use early learning and care. The best and most recent source of information on care-use patterns in California for children prior to kindergarten entry comes from the National Household Education Survey (NHES), last conducted in 2016. The restricted-access data files were used to generate tabulations based on the California portion of the NHES sample. Estimates for the country as a whole were also computed for comparison. All estimates are weighted to represent the California and U.S. populations.

The focus of this analysis was on patterns of use of any nonparental care and hours of nonparental care.

Use of Nonparental Care

Results on the use of nonparental care are presented in Table C1 for all children disaggregated by age group and care type, while Table C2 records the same patterns stratified by family income relative to the federal poverty level (FPL). Child age groups are defined by kindergarten entry cohorts. For example, four-year-olds represent the cohort of children born September 1 to August 31 who will be eligible to enter kindergarten in the following fall. At the time of the survey, members of this cohort will be age four or five. All will be age five by the following September 1. Care type is defined as any regular use of nonparental care and any use of care disaggregated into three categories:

- Care in a center, preschool, or prekindergarten
- Care from a relative (e.g., grandparents, brothers, or sisters)
- Care in the child’s home or another home by a nonrelative in a home setting

Children may be in more than one setting at any point in time. Thus, the sum of the percentages using each type of care will sum to more than the percentage using any nonparental care.

These data show the following patterns with respect to the use of any nonparental care and by the type of care as of 2016:

- Use of nonparental care by California families increased sequentially by child age—40 percent for infants, 53 percent for one-year-olds, 58 percent for two-year-olds, 68 percent for three-year-olds, and 71 percent for four-year-olds (Table C1).

1 The patterns of care use examined here are assuredly different than what we would expect to see during the COVID-19 pandemic. However, for purposes of the Master Plan cost analysis, pre-pandemic data are expected to provide a more accurate picture of care use patterns when the pandemic crisis has subsided, the economy has recovered, and parents with young children have returned to the labor market.

2 The NHES asks the parent respondent if the focal child is now receiving care “on a regular basis” in three categories: “from a relative other than a parent or guardian, for example, from grandparents, brothers or sisters, or any other relatives,” “in your home or another home on a regular basis from someone who is not related to him/her,” and “a day care center, preschool, or prekindergarten not in a private home.”

3 Data from the California Health Interview Survey (CHIS) were also examined but several issues in the wording of the questions about care use are expected to produce an underestimate of care use for reasons discussed more fully in a technical appendix.
Among families using nonparental care, most used one care arrangement at a given point in time, but the use of multiple care arrangements was highest for three- and four-year-olds compared with younger children.

Much of the increase in care-use as children age from birth to the preschool years occurred through an increase in the share of families using center-based care, from about 6 percent for infants to 62 percent for four-year-olds. The share of families using home-based care with a relative or nonrelative did not vary as much as children get older.

- Use of nonparental care increased as family income rose across all age groups (Table C2).\(^4\) The same pattern is found as parental education increases. Use of nonparental care was higher for children in two-parent families compared with one-parent families, and higher when the parent is White, compared with Latinx.

- These patterns evident for California are similar for the country as a whole. One notable exception is that the use of nonparental care for infants is lower in California than in the rest of the country, perhaps because of paid family leave (PFL).

---

\(^4\) There are some exceptions to this rule in Table C1. For example, for children in families with income between 100 and 200 percent of FPL a pattern not evident in the national data. It is important to keep in mind that the sample sizes for the California portion of the NHES are very small when disaggregated by family income group. Thus, the table estimates have a wide margin of error. The national patterns provide a better picture of the types of patterns we would expect to see with a larger California sample.
Table C1. ELC Arrangements for California and U.S. Children by Kindergarten Entry Cohort: 2016 NHES

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Zero-Year-Olds</th>
<th>One-Year-Olds</th>
<th>Two-Year-Olds</th>
<th>Three-Year-Olds</th>
<th>Four-Year-Olds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a. California children</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any nonparental care (%)</td>
<td>38.8</td>
<td>53.0</td>
<td>58.3</td>
<td>68.3</td>
<td>71.3</td>
</tr>
<tr>
<td>ELC by setting type (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based ELC</td>
<td>5.6</td>
<td>14.9</td>
<td>27.7</td>
<td>53.2</td>
<td>61.5</td>
</tr>
<tr>
<td>Any relative care</td>
<td>27.5</td>
<td>30.6</td>
<td>32.3</td>
<td>26.1</td>
<td>24.4</td>
</tr>
<tr>
<td>Any nonrelative care</td>
<td>9.7</td>
<td>14.8</td>
<td>12.7</td>
<td>12.0</td>
<td>10.8</td>
</tr>
<tr>
<td>N (unweighted)</td>
<td>200</td>
<td>140</td>
<td>160</td>
<td>140</td>
<td>130</td>
</tr>
<tr>
<td><strong>b. U.S. children</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any nonparental care (%)</td>
<td>50.9</td>
<td>56.6</td>
<td>63.4</td>
<td>71.6</td>
<td>78.9</td>
</tr>
<tr>
<td>ELC by setting type (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based ELC</td>
<td>13.5</td>
<td>25.2</td>
<td>35.7</td>
<td>55.1</td>
<td>71.5</td>
</tr>
<tr>
<td>Any relative care</td>
<td>29.9</td>
<td>24.8</td>
<td>29.4</td>
<td>25.3</td>
<td>23.7</td>
</tr>
<tr>
<td>Any nonrelative care</td>
<td>15.0</td>
<td>15.2</td>
<td>15.2</td>
<td>13.3</td>
<td>10.5</td>
</tr>
<tr>
<td>N (unweighted)</td>
<td>1,460</td>
<td>1,110</td>
<td>1,070</td>
<td>1,100</td>
<td>1,000</td>
</tr>
</tbody>
</table>


NOTE: Tabulations are weighted. Unweighted Ns are rounded to the nearest 10 to comply with NHES disclosure requirements. NHES survey data were collected from February to September.
Table C2. ELC Arrangements for California and U.S. Children by Kindergarten Entry Cohort and Family Income: 2016 NHES

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Zero-Year-Olds</th>
<th>One-Year-Olds</th>
<th>Two-Year-Olds</th>
<th>Three-Year-Olds</th>
<th>Four-Year-Olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. California children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Any nonparental care by income relative to poverty (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 100 percent of FPL</td>
<td>11.5</td>
<td>16.7</td>
<td>56.9</td>
<td>54.1</td>
<td>66.5</td>
</tr>
<tr>
<td>From 100 percent to 200 percent of FPL</td>
<td>^a^</td>
<td>^a^</td>
<td>^a^</td>
<td>^a^</td>
<td>^a^</td>
</tr>
<tr>
<td>From 200 percent to 300 percent of FPL</td>
<td>25.8</td>
<td>56.9</td>
<td>60.4</td>
<td>62.3</td>
<td>92.1</td>
</tr>
<tr>
<td>Above 300 percent of FPL</td>
<td>55.7</td>
<td>65.8</td>
<td>73.1</td>
<td>70.0</td>
<td>96.3</td>
</tr>
<tr>
<td><strong>Any nonparental care by family income relative to current State Median Income (SMI) cutoff (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to income eligibility cutoff</td>
<td>23.1</td>
<td>33.1</td>
<td>48.7</td>
<td>67.2</td>
<td>65.0</td>
</tr>
<tr>
<td>Above income eligibility cutoff</td>
<td>47.5</td>
<td>63.6</td>
<td>64.6</td>
<td>69.3</td>
<td>74.0</td>
</tr>
<tr>
<td>N (unweighted)</td>
<td>200</td>
<td>140</td>
<td>160</td>
<td>140</td>
<td>130</td>
</tr>
<tr>
<td>b. U.S. children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Any nonparental care by income relative to poverty (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 100 percent of FPL</td>
<td>35.0</td>
<td>44.5</td>
<td>48.6</td>
<td>64.4</td>
<td>74.3</td>
</tr>
<tr>
<td>From 100 percent to 200 percent of FPL</td>
<td>35.9</td>
<td>40.4</td>
<td>46.0</td>
<td>61.5</td>
<td>72.4</td>
</tr>
<tr>
<td>From 200 percent to 300 percent of FPL</td>
<td>46.7</td>
<td>53.9</td>
<td>62.6</td>
<td>68.0</td>
<td>79.4</td>
</tr>
<tr>
<td>Above 300 percent of FPL</td>
<td>66.2</td>
<td>69.4</td>
<td>78.8</td>
<td>82.4</td>
<td>83.7</td>
</tr>
<tr>
<td><strong>Any nonparental care by family income relative to current SMI cutoff (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to income eligibility cutoff</td>
<td>35.7</td>
<td>43.4</td>
<td>49.5</td>
<td>63.9</td>
<td>77.6</td>
</tr>
<tr>
<td>Above income eligibility cutoff</td>
<td>60.9</td>
<td>65.6</td>
<td>72.2</td>
<td>77.5</td>
<td>79.7</td>
</tr>
</tbody>
</table>
### Hours of Nonparental Care

Table C3 records average weekly hours of nonparental care use for all children, both those using parental care only and those using nonparental care, while Table C4 shows average weekly hours of nonparental care among those using care (i.e., conditional on care use). Hours of care are reported separately by kindergarten entry cohort and by care type.

In terms of hours of care, we see the following patterns as of 2016. Among all California children (Table C3), average weekly hours of nonparental care increased from about 13 hours for infants to between 15 and 16 hours for one- and two-year-olds, and then 19 to 20 hours for three- and four-year-olds. Most of this growth resulted from increased use of center-based care as children became older, starting from an average of about two hours for infants and reaching about 12 hours for four-year-olds. For infants, weekly hours in relative care and nonrelative care started out higher than hours in center-based care (eight hours and three hours respectively, compared with two hours), but then gradually declined with each successively older age group. By the time children are one or two years from kindergarten entry, average weekly hours in center-based care (16 hours) dominated hours in the two other types of care (five and three hours for relative and nonrelative care, respectively).

These same patterns hold among children in nonparental care (Table C4), although average weekly hours are higher because we have excluded those using zero hours of nonparental care. Total weekly hours of care use were highest for infants (about 33 hours per week) and then remained relatively stable between 27 to 29 weekly hours of care for the older age groups. Thus, although a smaller share of infants are in nonparental care compared with children at older ages, infants are in care for slightly more hours per week compared with the older age groups. This is likely because parents who rely on nonparental care for infants do so primarily in order to work and to work full-time. The use of nonparental care at older ages includes both families where all available parents are employed, as well as those who choose to have their children in nonparental care to support early learning experiences, perhaps on a part-time basis.

Again, these patterns for California are similar to those estimated for the United States. For the country as a whole, the average weekly hours, whether unconditional or conditional on care use, are somewhat higher compared with California, but the differences would not be statistically significant given the uncertainty in the sample-based estimates.

---

### Indicator of Zero-Year-Olds, One-Year-Olds, Two-Year-Olds, Three-Year-Olds, and Four-Year-Olds

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Zero-Year-Olds</th>
<th>One-Year-Olds</th>
<th>Two-Year-Olds</th>
<th>Three-Year-Olds</th>
<th>Four-Year-Olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>N (unweighted)</td>
<td>1,460</td>
<td>1,110</td>
<td>1,070</td>
<td>1,100</td>
<td>1,000</td>
</tr>
</tbody>
</table>

*a Estimate omitted because of a small cell size.*

**SOURCE:** RAND Corporation analysis of the California and U.S. sample from the 2016 ECPP-NHES.

**NOTES:** Tabulations are weighted. Unweighted Ns are rounded to the nearest 10 to comply with NHES disclosure requirements. NHES survey data were collected from February to September.
Table C3. Average Weekly Hours of Care for California and U.S. Children by Kindergarten Entry Cohort among All Children: 2016 NHES

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Zero-Year-Olds</th>
<th>One-Year-Olds</th>
<th>Two-Year-Olds</th>
<th>Three-Year-Olds</th>
<th>Four-Year-Olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. California children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any nonparental care (N)</td>
<td>12.9</td>
<td>15.1</td>
<td>16.3</td>
<td>18.5</td>
<td>19.8</td>
</tr>
<tr>
<td>ELC by setting type (N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based ELC</td>
<td>1.7</td>
<td>4.0</td>
<td>6.1</td>
<td>9.8</td>
<td>12.4</td>
</tr>
<tr>
<td>Any relative care</td>
<td>7.9</td>
<td>7.0</td>
<td>6.6</td>
<td>4.8</td>
<td>4.9</td>
</tr>
<tr>
<td>Any nonrelative care</td>
<td>3.2</td>
<td>4.0</td>
<td>3.6</td>
<td>4.8</td>
<td>4.9</td>
</tr>
<tr>
<td>N (unweighted)</td>
<td>200</td>
<td>140</td>
<td>160</td>
<td>140</td>
<td>130</td>
</tr>
<tr>
<td>b. U.S. children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any nonparental care (N)</td>
<td>16.6</td>
<td>17.3</td>
<td>19.7</td>
<td>21.1</td>
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<td>ELC by setting type (N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based ELC</td>
<td>4.3</td>
<td>7.7</td>
<td>9.0</td>
<td>12.0</td>
<td>15.5</td>
</tr>
<tr>
<td>Any relative care</td>
<td>7.9</td>
<td>5.7</td>
<td>6.7</td>
<td>5.4</td>
<td>4.6</td>
</tr>
<tr>
<td>Any nonrelative care</td>
<td>4.3</td>
<td>3.9</td>
<td>3.9</td>
<td>3.7</td>
<td>2.6</td>
</tr>
<tr>
<td>N (unweighted)</td>
<td>1,460</td>
<td>1,110</td>
<td>1,070</td>
<td>1,100</td>
<td>1,000</td>
</tr>
</tbody>
</table>

SOURCE: RAND Corporation analysis of the California and U.S. sample from the 2016 ECPP-NHES.

NOTES: Tabulations are weighted. Unweighted Ns are rounded to the nearest 10 to comply with NHES disclosure.
Table C4. Average Weekly Hours of Care for California and U.S. Children by Kindergarten Entry Cohort among Children in Nonparental Care: 2016 NHES

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Zero-Year-Olds</th>
<th>One-Year-Olds</th>
<th>Two-Year-Olds</th>
<th>Three-Year-Olds</th>
<th>Four-Year-Olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. California children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any nonparental care (N)</td>
<td>33.1</td>
<td>28.5</td>
<td>28.0</td>
<td>27.0</td>
<td>27.7</td>
</tr>
<tr>
<td>ELC by setting type (N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based ELC</td>
<td>4.5</td>
<td>7.5</td>
<td>10.5</td>
<td>14.3</td>
<td>17.4</td>
</tr>
<tr>
<td>Any relative care</td>
<td>20.3</td>
<td>13.3</td>
<td>11.4</td>
<td>7.1</td>
<td>6.9</td>
</tr>
<tr>
<td>Any nonrelative care</td>
<td>8.3</td>
<td>7.6</td>
<td>6.1</td>
<td>5.7</td>
<td>3.4</td>
</tr>
<tr>
<td>N (unweighted)</td>
<td>200</td>
<td>140</td>
<td>160</td>
<td>140</td>
<td>130</td>
</tr>
<tr>
<td>b. U.S. children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any nonparental care (N)</td>
<td>32.6</td>
<td>30.6</td>
<td>31.0</td>
<td>29.5</td>
<td>28.8</td>
</tr>
<tr>
<td>ELC by setting type (N)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based ELC</td>
<td>8.5</td>
<td>13.6</td>
<td>14.2</td>
<td>16.8</td>
<td>19.7</td>
</tr>
<tr>
<td>Any relative care</td>
<td>15.5</td>
<td>10.1</td>
<td>10.6</td>
<td>7.5</td>
<td>5.8</td>
</tr>
<tr>
<td>Any nonrelative care</td>
<td>8.5</td>
<td>6.9</td>
<td>6.1</td>
<td>5.2</td>
<td>3.3</td>
</tr>
<tr>
<td>N (unweighted)</td>
<td>1,460</td>
<td>1,110</td>
<td>1,070</td>
<td>1,100</td>
<td>1,000</td>
</tr>
</tbody>
</table>

SOURCE: RAND Corporation analysis of the California and U.S. sample from the 2016 ECPP-NHES.

NOTES: Tabulations are weighted. Unweighted Ns are rounded to the nearest 10 to comply with NHES disclosure requirements. NHES survey data were collected from February to September.

Total Spending on Birth 0–5 ELC by California Families

When examining the potential cost of alternative policy options for early learning and care (ELC) in California, it is important to understand the resources currently spent on ELC by the private sector—primarily by families—and the public sector—primarily by federal, state, and local governments. In this brief, we present results generated by the RAND Corporation and WestEd teams, with input from other experts. One component of the brief focuses on estimating spending by California families for ELC using data from the 2018 Consumer Expenditure Survey (CEX). The other component of the brief compiles information from various sources about spending for ELC by the public sector in California as of the 2018–19 state fiscal year.
The most comprehensive source of information on spending on ELC for California comes from the CEX, an annual nationally representative survey of the spending patterns by approximately 30,000 consumer units across the United States.\(^5\) We analyzed data for the California sample in the 2018 CEX (the most recent year available), with results also estimated for the United States as a comparison.\(^6\) All estimates are weighted.

The CEX collects information on spending in two categories relevant for ELC:

- Babysitting and child care (expenditure code 340210)
- Day care center, nursery, and preschool (expenditure code 670310)

We estimate spending for these two categories separately and combined for consumer units with at least one child age 0 through 5. Because spending is not reported separately by child age, our estimates will include some spending for ELC on school-age children for those households with children in both age groups. Among the households with one or more children age 0 through 5 that are the focus of our analysis, about half will also have one or more children age 6 to 17.\(^7\)

Table C5 presents results for California and the United States. Overall, Californians spent about $961 billion on all goods and services in 2018, a figure that reached $7.6 trillion for the country as a whole. On a per consumer unit basis, Californians spent about nearly $67,000 compared with the national average of $58,000. Key findings specific to spending for ELC include the following:

- Spending on ELC by California families with at least one child age 0 through 5 was about $6.2 billion as of 2018, mostly in the “day care center, nursery and preschool” category ($4.5 billion) compared with the “babysitting and child care” category ($1.8 billion). As noted, this estimate of ELC spending is expected to be an overestimate, because some of this spending will be for school-age children in those households that also have young children.
- Viewed per consumer unit, average annual spending on ELC in California among all units was about $509 as of 2018 compared with $421 for U.S. consumer units on average.
- Among California consumer units with at least one child ages 0 to 5, per-unit spending on ELC was about $2,800 per year, a figure similar to the U.S. average of about $2,750. Consumer units with young children and no spending may either rely exclusively on parental care, use unpaid (e.g., by a relative), or receive care through fully subsidized publicly funded programs (e.g., Head Start, California State Preschool Program).

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\(^5\) The CEX is the source of data used by the Bureau of Labor Statistics to track spending patterns by U.S. families for computing inflation (namely the Consumer Price Index and related measures).

\(^6\) Our analysis replicates the published figures for the U.S. as a whole.

\(^7\) Data from the American Community Survey (ACS) indicate that, as of 2018, about half of California families with one or more children age 0 to 5 will also have one or more children age 6 to 17. See Table B11003 in the ACS summary files. However, ELC spending per child is lower for the school-age children, especially because care use drops off once children reach their early teen years.
Table C5. Number of Consumer Units, Aggregate Spending, and Spending per Consumer Unit for Selected Expenditure Categories: 2018 CEX

<table>
<thead>
<tr>
<th>Indicator</th>
<th>California</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer units (CUs)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of CUs (N)</td>
<td>14,338,405</td>
<td>131,439,111</td>
</tr>
<tr>
<td>Number of CUs with children &lt; six years old (N)</td>
<td>2,230,263</td>
<td>17,211,581</td>
</tr>
<tr>
<td>Percentage of CUs with children &lt; six years old (%)</td>
<td>15.6</td>
<td>13.1</td>
</tr>
<tr>
<td>Aggregate annual expenditures (billions of 2018 $)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>960.6</td>
<td>7,635.1</td>
</tr>
<tr>
<td><strong>Selected expenditure categories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>146.6</td>
<td>1,121.6</td>
</tr>
<tr>
<td>Housing</td>
<td>349.3</td>
<td>2,473.7</td>
</tr>
<tr>
<td>Transportation</td>
<td>146.8</td>
<td>1,320.1</td>
</tr>
<tr>
<td>Health care</td>
<td>62.5</td>
<td>622.4</td>
</tr>
<tr>
<td>Entertainment</td>
<td>40.5</td>
<td>368.0</td>
</tr>
<tr>
<td>Child care (all CUs reporting spending)</td>
<td>7.3</td>
<td>55.4</td>
</tr>
<tr>
<td>Babysitting and child care</td>
<td>2.4</td>
<td>13.2</td>
</tr>
<tr>
<td>Day care centers, nursery, and preschools</td>
<td>4.9</td>
<td>42.2</td>
</tr>
<tr>
<td>Child care (CUs with children &lt; six years old reporting spending)</td>
<td>6.2</td>
<td>47.4</td>
</tr>
<tr>
<td>Babysitting and child care</td>
<td>1.8</td>
<td>9.7</td>
</tr>
<tr>
<td>Day care centers, nursery, and preschools</td>
<td>4.5</td>
<td>37.7</td>
</tr>
<tr>
<td><strong>Aggregate annual expenditures per consumer unit (2018 $)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>66,993.6</td>
<td>58,088.5</td>
</tr>
<tr>
<td><strong>Selected expenditure categories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>10,227.8</td>
<td>8,533.2</td>
</tr>
<tr>
<td>Housing</td>
<td>24,359.3</td>
<td>18,820.5</td>
</tr>
</tbody>
</table>
Federal, State, and Local Spending on ELC for California

Table C6 provides an estimate of total public sector funds that support ELC in California as of the 2018–19 state fiscal year, which reached about $6.5 billion. This is a comprehensive list of primarily federally funded programs—Head Start and Early Head Start, Parts C and B of the Individuals with Disabilities Education Act (IDEA)—the federal- and state-funded subsidized child care through the CalWORKs and non-CalWORKs Alternative Payment programs, state-funded programs through Title 5 General Child Care and Development, the California State Preschool Program, and Transitional Kindergarten (TK). State and local funding comes through Proposition 10 funding. The table also includes other smaller funding streams, as well as tax expenditures through the federal and state Child and Dependent Care Tax Credits and employer-provided pre-tax dependent care spending accounts.

Combined Private and Public Spending on ELC for California

The combination of the estimated private funding by California families for ELC of $6.2 billion, combined with the public sector spending of about $6.5 billion, results in total spending of about $12.7 billion for California ELC as of 2018–19. Placed in the context of the California economy, this private and public sector spending represents about 0.4 percent of the state’s gross domestic product (GDP) of about $3.2 trillion as of 2019.8 This level of economic activity placed California as the fifth-largest economy in the world.

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### Table C6. Federal, State, and Local Funding Streams that Support California ELC Delivery and Infrastructure: Fiscal Year 2018–19 Allocations

<table>
<thead>
<tr>
<th>Funding Stream</th>
<th>2018–2019 Allocation (millions $)</th>
<th>Ages Served</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Head Start and Early Head Start (federal)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Start and Early Head Start</td>
<td>1,174.0</td>
<td>0–5</td>
</tr>
<tr>
<td>Early Head Start-Child Care Partnerships Grant</td>
<td>2.7</td>
<td>0–3</td>
</tr>
<tr>
<td>Early intervention, special education, and severely disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDEA, Part C, Early Education Programs (23761)</td>
<td>14.2</td>
<td>0–3</td>
</tr>
<tr>
<td>IDEA, Part B, Section 611, State Institutions (13008)</td>
<td>1.6</td>
<td>4–5</td>
</tr>
<tr>
<td>IDEA, Part B, Section 619, Federal Preschool Program (13430)</td>
<td>33.9</td>
<td>4–5</td>
</tr>
<tr>
<td>Special Education: Infant Program (LCFF)</td>
<td>74.4</td>
<td>0–1</td>
</tr>
<tr>
<td>Infant Discretionary Funds</td>
<td>1.9</td>
<td>0–2</td>
</tr>
<tr>
<td>State Early Intervention Grant</td>
<td>2.5</td>
<td>0–3</td>
</tr>
<tr>
<td>Severely Disabled Program</td>
<td>2.0</td>
<td>0–12</td>
</tr>
<tr>
<td><strong>CalWORKs and nonCalWORKs Alternative Payments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CalWORKS Stage 1</td>
<td>292.0</td>
<td>0–12</td>
</tr>
<tr>
<td>CalWORKS Stage 2 (C2AP)</td>
<td>559.9</td>
<td>0–12</td>
</tr>
<tr>
<td>CalWORKS Stage 3 (C3AP)</td>
<td>478.6</td>
<td>0–12</td>
</tr>
<tr>
<td>Alternative Payment Program (CAPP)</td>
<td>530.0</td>
<td>0–12</td>
</tr>
<tr>
<td>Migrant Alternative Payment Program (CMAP)</td>
<td>8.5</td>
<td>0–12</td>
</tr>
<tr>
<td><strong>Title 5 General Child Care</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Child Care and Development (CCTR)</td>
<td>288.4</td>
<td>0–12</td>
</tr>
<tr>
<td>Family Child Care Home Education Networks Program</td>
<td>43.2</td>
<td>0–12</td>
</tr>
<tr>
<td>Migrant Child Care and Development Programs</td>
<td>27.8</td>
<td>0–12</td>
</tr>
<tr>
<td>American Indian Early Childhood Education</td>
<td>0.6</td>
<td>0–12</td>
</tr>
<tr>
<td>Funding Stream</td>
<td>2018–2019 Allocation (millions $)</td>
<td>Ages Served</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>-----------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>State Preschool and TK</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California State Preschool Program</td>
<td>1,336.6</td>
<td>3–5</td>
</tr>
<tr>
<td>California State Preschool Program Expansion</td>
<td>112.0</td>
<td>3–5</td>
</tr>
<tr>
<td>California State Preschool Program QRIS Block Grant</td>
<td>50.8</td>
<td>3–5</td>
</tr>
<tr>
<td>Prekindergarten and Family Literacy Support</td>
<td>1.6</td>
<td>4–5</td>
</tr>
<tr>
<td>Transitional Kindergarten</td>
<td>861.0</td>
<td>4–5</td>
</tr>
<tr>
<td><strong>Other special populations and infrastructure supports</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Childcare Initiative Project (CCIP)</td>
<td>4.1</td>
<td>0–12</td>
</tr>
<tr>
<td>Childcare Initiative Project Expansion Grant</td>
<td>1.0</td>
<td>0–12</td>
</tr>
<tr>
<td>California Preschool Instructional Network Grant</td>
<td>3.5</td>
<td>3–5</td>
</tr>
<tr>
<td>Preschool Development Grant Birth through 5</td>
<td>1.0</td>
<td>0–5</td>
</tr>
<tr>
<td>Proposition 10 (First 5) state and local funding</td>
<td>349.8</td>
<td>0–5</td>
</tr>
<tr>
<td><strong>Tax expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal tax expenditures (estimated)</td>
<td>169.9</td>
<td>0–12</td>
</tr>
<tr>
<td>State tax expenditures (estimated)</td>
<td>84.9</td>
<td>0–12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,512.4</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

These consist of the federal and state Child and Dependent Care Tax Credit and employer-provided pre-tax dependent care spending accounts.

NOTES: For programs that serve children up through age 12, a prorated share of total funding was estimated and reported in this table for children birth through five based on Karoly (2012).
Information assembled by the Organisation for Economic Co-operation and Development (OECD) for the world’s advanced economies provides estimates of public-sector spending on ELC as a share of GDP, where spending extends through kindergarten. The OECD average for this indicator of the size of the public-sector ELC investment is about 0.8 percent. The United States overall is about half that amount, falling third from the bottom (better than only Iceland and Turkey). Replicating this estimate for California (where public-sector spending on kindergarten is estimated at about $5.7 billion) puts California at about 0.38 percent of state GDP spent on ELC ($6.5 billion plus $5.7 billion divided by $3.2 trillion), similar to the U.S. average and about half the size of the investment by other advanced economies in the world. Applying the 0.8 percent OECD average spending to California’s $3.2 trillion economy, the public-sector investment would need to be about $26 billion to reach the OECD average, an increase of about $14 billion or about 120 percent more than current public-sector spending.

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9 This is based on estimating per-pupil spending of $11,000 per year for 523,000 California kindergarten students.
Appendix D: California Early Learning Cost Analysis and Scenarios

California’s annual spending on early learning and care from all sources is approximately $12 billion. This includes approximately $6 billion in private payments by families for provider fees/tuition in licensed centers and licensed family child care homes, along with license-exempt care (e.g., family, friend, and neighbor [FFN]) and about $6 billion in public investment from federal, state, and local sources. An important research question addressed by the Master Plan is how to approach estimating the cost of transforming the existing early learning and care system and the extent to which the estimated future systems costs exceed the $12 billion in estimated private and public funding currently in the system.

Cost Model Overview

The cost model presented in this research brief is developed based on assumptions regarding key cost drivers related to areas addressed in the Master Plan, including quality, access, universal preschool, and facilities. In this brief, we describe assumptions that form the basis of the estimated cost to implement early learning and care in California. The model centers on estimates of cost for (a) licensed child care centers and (b) licensed small and large family child care homes (FCCHs). In prior work—such as the cost model developed for the National Academies of Sciences, Engineering, and Medicine (NASEM)1, entitled Transforming the Financing of Early Care and Education—the modeling effort did not include informal FFN home-based care. Such providers generally do not face licensing requirements and do not operate as a business with identifiable operating expenses. For purposes of our analyses, FFN care is included in the cost estimates by assuming that the cost of care can be represented by the provider’s hourly rate of pay adjusted to provide comparability to group-based care by licensed providers, with no other operating costs.2

In addition to accounting for variation in the cost of early learning and care by setting, the model also allows for variation in costs by child age in center-based settings, specifically children ages zero to 17 months, 18 to 35 months, three years, and four years. FCCH and FFN providers are assumed to operate with mixed age groups and thus FCCH and FFN care costs are not differentiated by child age. The model also assumes a baseline level of quality with adjustments for higher levels of provider quality, in accord with research evidence regarding the quality dimensions that improve child developmental outcomes. The model produces estimates of the per-child average cost of care in California on an annual, monthly, weekly, or hourly basis, tied to specific assumptions.

2 The hourly rate of pay may be established through negotiation between the provider and the family receiving the care services or through the reimbursement rate mechanism for subsidized care to capture other cost of providing care such as transportation costs to and from the child’s home (if relevant), the cost for meals (if paid for by the provider), and so on. For the purposes of the cost model, the FFN rate was adjusted to assume a care ratio of three children to each FFN provider.
These per-child cost estimates can be used for two further purposes. First, we use the estimates to generate a statewide estimate of the cost of early learning and care for California with a given set of assumptions. The statewide estimates presented here include the direct cost of care provision on the part of center- and home-based providers. The estimates do not include the system-level costs for early learning and care, such as data systems, quality improvement, workforce professional development, and investments in facilities. Based on assumptions about the availability of publicly funded subsidies to families to reduce the cost of early learning and care, the total cost estimates provide an estimate of the share of the total cost that would be covered by the public sector—through federal, state, and local sources of funds—and the share that would be paid by families including those who do not receive a state subsidy.

Second, the per-child cost estimates can be used to inform the structure of reimbursement rates for providers that deliver subsidized care. These cost estimates may not be the same as the market rates (or prices) charged by providers collected through periodic market rate surveys. The price information indicates the hourly, weekly, monthly, or annual rates that early learning and care providers charge families who enroll their children. Such prices may differ from the true cost of care if providers alter their price structure to reflect what the market will bear and possibly to cross-subsidize care provision across different age groups. The 2014 reauthorization of the Child Care Development Block Grant (CCDBG) program recommends the use of cost information from provider surveys or cost models as an alternative method to inform the setting of reimbursement rates for child care subsidies.3

In the next section, we summarize key assumptions used for the cost model. The estimated per-child costs are presented next, with variation by setting, child age, quality, and policy phases. We then discuss the total direct cost of care under assumptions about the use of care on the part of California families by child age and setting. Finally, we discuss an approach to establishing a uniform reimbursement rate schedule, building from cost estimates such as those presented here. In viewing the estimates, it is important to keep in mind that they rest on a set of assumptions and that substantial changes in the assumptions could result in sizable changes in the estimates.

Cost Model Assumptions

An extensive body of research documents the role that quality plays in early learning and care settings and the beneficial effects for children’s developmental outcomes in multiple domains as quality improves.4 Drawing on that literature, the cost model rests on key assumptions about the resources required to deliver early learning and care, where the cost structure varies across the following dimensions:

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• Provider type (licensed centers and licensed small and large FCCH)\(^5\)

• For center settings, age group served, where four age groups are considered: zero to 17 months, 18 to 35 months, three years, and four years\(^6\)

• Provider quality, starting with a baseline quality (Level 1 standards) and assuming three higher levels (Level 2 through Level 4 standards)

We have selected these assumptions as they reflect prior cost modeling efforts and align with the research and evidence base regarding key cost drivers for early learning and care.\(^7\) In the case of the standards at each level, as detailed next, we currently assume improvements in three areas that have implications for resource use and therefore per-child cost, as well as evidence that advances in these areas improve child outcomes.\(^8\)

### Assumed Increments to Standards

The model assumes four standards increments for centers and FCCHs, starting with Level 1 and extending to Level 4. As shown in Table D1, these standards cover key cost drivers: the staff-child ratio (which applies to center-based settings only), workforce capacities and compensation, and other resources. For staff-child ratios in centers, we assume a Level 1 ratio that starts with 1 to 4 for the youngest age group and reaches 1 to 12 for the two older age groups. With the Level 2 standard, the ratio is assumed to be reduced for the 18 to 35 month age group. All ratios are reduced to Level 3 and there is no assumed change in the ratios for the Level 4 standards. The second domain of quality improvements concerns changes related to staff competencies and compensation (salaries and employer contributions to taxes and fringe benefits), classroom staff planning time to support high-quality teaching and learning, and staff development time and resources. At each level, these resources are assumed to increase from the prior level. Finally, the third domain covers classroom learning resources, accreditation, and financial practices (e.g., an annual audit) which are assumed to improve with each level.

---

\(^5\) As noted earlier, we did not develop a detailed cost model for FFN care, but rather assumed an hourly rate for care cost (to be detailed later in this section) that reflects adjustments for care levels comparable to family child care.

\(^6\) Given the focus of the Master Plan on early learning and care, we have not modeled the cost of school-age care for children in kindergarten and older ages. The cost model could be extended to account for such care use. Transitional Kindergarten provided by public schools and any wraparound care is included in the estimate for early learning and care.

\(^7\) National Academies of Sciences, Engineering, and Medicine, et. al. (2018).

Table D1. Features Assumed to Change with Increments to Standards and FCCHs

<table>
<thead>
<tr>
<th>Standards</th>
<th>Staff-Child Ratio (Centers Only)a</th>
<th>Staff-Related Changes</th>
<th>Other Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 Standards</td>
<td>Birth to 17 months 1:4 18 to 35 months 1:8 3 years 1:12 4 years 1:12</td>
<td>• Level 1 wage level  • Fringe rate: 11%</td>
<td></td>
</tr>
<tr>
<td>Level 2 Standards</td>
<td>Birth to 17 months 1:4 18 to 35 months 1:6 3 years 1:12 4 years 1:12</td>
<td>• Increases in wages over Level 1  • Fringe rate: 16%  • Added planning time over Level 1  • Added staff development over Level 1</td>
<td>• Added learning resources over Level 1</td>
</tr>
<tr>
<td>Level 3 Standards</td>
<td>Birth to 17 months 1:3 18 to 35 months 1:4 3 years 1:10 4 years 1:10</td>
<td>• Increases in wages over Level 2  • Fringe rate: 21%  • Added planning time over Level 2  • Added staff development over Level 2</td>
<td>• Added learning resources over Level 2  • Preparing for accreditation</td>
</tr>
<tr>
<td>Level 4 Standards</td>
<td>Birth to 17 months 1:3 18 to 35 months 1:4 3 years 1:10 4 years 1:10</td>
<td>• Increases in wages over Level 3  • Fringe rate: 26%  • Added planning time over Level 3  • Added staff development over Level 3  • Add part-time curriculum director</td>
<td>• Added learning resources over Level 3  • Maintaining accreditation  • Annual audit</td>
</tr>
</tbody>
</table>

a For small and large FCCHs, the ratio is assumed to be 1 to 6 across all levels, with a maximum of six and 12 children in small and large FCCHs, respectively.

SOURCE: RAND Corporation cost model assumptions.

NOTE: Text in bold indicates the assumptions that are different from the prior level. The fringe rate covers employer-paid taxes and other fringe benefits. The rates shown are for centers. The rate is assumed to be lower for FCCHs.
Staff Compensation

The cost model captures this full cost of providing care in the three settings. It is not the same as the subsidy reimbursement that a provider would receive when caring for children who are qualified, as those rates may be set below or above the estimated cost of care. To determine the full cost of care, a major input concerns the compensation for provider staff, as these are the most significant cost drivers, followed by care staff-child ratios.\(^9\) Table D2 shows the average salary assumptions for staff by role in centers and FCCHs, as well as for FFN providers and how the salaries vary from the Level 1 to Level 4 standards. The salaries are based on occupational wage data for California assembled by the U.S. Bureau of Labor Statistics (BLS) and reflect points in the current distribution of wages for the relevant occupations.\(^10\) The Level 1 average salaries assume a minimum wage for a lead teacher of at least $15 per hour, above the state current minimum wage. Salaries are assumed to increase moving from Level 1 to each higher set of standards, consistent with the expectation that quality improvements come through staff with greater competencies, skills, and knowledge that will lead to improved child developmental outcomes. The salaries for the lead and assistant teachers in center classrooms are assumed to be the same as those earned by FCCH owners and assistants, respectively. The assumed annual pay for FFN providers through the first two levels.\(^11\) Thus, there is less change across phases in the assumed value of time for FFN providers relative to center or FCCH staff. All of these salaries represent the assumed state average and would be expected to vary across geographic areas of the state.

To compute the full cost of care, center and FCCH providers are assumed to have cost for program administration, for facilities, for learning materials and supplies, and the other resources for high-quality care. The FFN providers are assumed to only have cost associated with the provider’s time.

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\(^9\) By definition, license-exempt providers in general need not fulfill requirements for the number of children cared for, the education or competencies of the FFN provider, or other such requirements associated with licensing. Requirements may be specified for those FFN providers that accept voucher-based reimbursement and the reimbursement rates may be computed differently because the per child cost of care depends on the number of children cared for.


\(^11\) The salaries indicate the value of the time for providers in various roles and are used to estimate total system cost with adjustments as noted.
Table D2. Assumed Salary Level for California Center, FCCH, and FFN Providers by Standards Level to Estimate Economywide Cost of Care: Phase 1 (2019 dollars)

<table>
<thead>
<tr>
<th>Staff Role</th>
<th>Level 1 Standards</th>
<th>Level 2 Standards</th>
<th>Level 3 Standards</th>
<th>Level 4 Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a. Centers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classroom staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead teacher</td>
<td>32,100</td>
<td>34,600</td>
<td>42,800</td>
<td>52,610</td>
</tr>
<tr>
<td>Assistant teacher/floater</td>
<td>28,320</td>
<td>30,000</td>
<td>32,050</td>
<td>38,150</td>
</tr>
<tr>
<td>Administrative staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Center director</td>
<td>52,830</td>
<td>67,670</td>
<td>87,300</td>
<td>100,220</td>
</tr>
<tr>
<td>Center associate director</td>
<td>42,264</td>
<td>54,136</td>
<td>69,840</td>
<td>80,176</td>
</tr>
<tr>
<td>Office manager</td>
<td>30,300</td>
<td>35,320</td>
<td>45,370</td>
<td>57,900</td>
</tr>
<tr>
<td>Administrative assistant</td>
<td>28,320</td>
<td>30,000</td>
<td>32,050</td>
<td>38,150</td>
</tr>
<tr>
<td><strong>b. FCCHs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner/operator</td>
<td>32,100</td>
<td>34,600</td>
<td>42,800</td>
<td>52,610</td>
</tr>
<tr>
<td>Assistant teacher/floater</td>
<td>28,320</td>
<td>30,000</td>
<td>32,050</td>
<td>38,150</td>
</tr>
<tr>
<td><strong>c. FFN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFN provider*</td>
<td>31,200</td>
<td>32,240</td>
<td>33,280</td>
<td>34,320</td>
</tr>
</tbody>
</table>

* The FFN amounts reflect an assumption about the value of FFN time if they were caring for children on a full-time basis and compensation for doing so. Half of FFN care is uncompensated, as noted in current use and payment patterns, and therefore not part of the overall cost of care to the system.

SOURCE: RAND Corporation cost model assumptions and BLS (undated).

NOTES: BLS data for California are for May 2019.
Adjustments across Policy Implementation Phases

Tables D1 and D2 summarize key assumptions that would apply in a first-phase policy scenario. The model produces estimates of per-child cost assuming four phases in total. As summarized in Table D3, a number of features of the early learning and care system are assumed to vary across the policy phases:

Table D3. Features Assumed to Change with Implementation Phase

<table>
<thead>
<tr>
<th>Features Advancing in Each Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase in funding for reimbursement rate, indirectly supporting compensation of early learning and care center and FCCH staff</td>
</tr>
<tr>
<td>• Distribution of providers by standards levels shifts to higher standards</td>
</tr>
<tr>
<td>• Increase in public sector funding for subsidized early learning and care</td>
</tr>
<tr>
<td>• Increase in share of families using any early learning and care</td>
</tr>
<tr>
<td>• Increase in hours of care among those who use early learning and care</td>
</tr>
<tr>
<td>• Shift in early learning and care use toward center-based settings, especially for infants and toddlers*</td>
</tr>
</tbody>
</table>

* This assumption is based on national models and examples of use patterns as services are expanded.

SOURCE: RAND Corporation cost model estimates.

- Increases in compensation. The early learning and care staff salaries in Table D2 are assumed to hold for the first policy phase and then increase thereafter as reimbursement rates increase and workforce supports are in place to incentivize and validate advancement on a career lattice. The salary increases are assumed to be greater for staff in programs at Levels 1 and 2, relative to the two higher-standards groups.

- Improvements in the distribution of provider quality. We assume in the first policy implementation phase that a greater share of providers meet lower standards, but that average quality increases in each subsequent phase because of greater investments in the workforce, facilities, and other system-level supports. For example, the model assumes 70 percent of providers are at the Level 1 or Level 2 as of policy implementation Phase I. By Phase IV, the 70 percent share is assumed for providers at Levels 3 or 4. The specific assumptions are in the final column of Table D1.

- Increase in public sector funding for early learning and care. The model assumes that there are increased public sector investments in each subsequent policy implementation phase to support subsidized early learning and care. The added investments may come from federal, state, or local dollars, but those funds support the
investment in high-quality early learning and care and the movement toward a fully-funded early learning and care system with adequate subsidies for families who cannot afford to pay the full cost of early learning and care.

- Shifts in family utilization of early learning and care. With the increase in public sector subsidies for early learning and care, more families are forecast to use nonparental care compared with the status quo. The increased use of care is expected to be concentrated among lower-income families who currently use early learning and care at lower rates, the group for whom cost is a key barrier. In addition, the model assumes an increase in care hours among families using care, again because of the increased subsidies which would lower the cost of care, especially for lower-income families. We also forecast a relative shift in care-use toward center-based settings, although there are still absolute increases in hours spent in FCCH and FFN care. These expected changes in care-use patterns are consistent with research documenting increased use of nonparental care overall with increased access to care subsidies, as well as higher hours of care-use and a relative shift toward formal, licensed care, especially in centers, over informal and unpaid care (See the summary of the research in NASEM, 2019).

Modeling California Per-Child Cost Estimates over Time

Given the assumptions in Tables D1 to D2, along with assumptions about other resources for early learning and care provisions and their associated unit costs, the cost model generates estimates of the cost by quality for full-time year-round care in centers by child age and separately for small and large FCCHs. These results are reported in Table D6 for the four policy implementation phases. In each phase, the average cost of annual and hourly care across quality is calculated using the quality distribution weights reported in the last column. FFN care is included as well, based on the assumed hourly rate of pay.

As shown in these estimates, the annual and hourly per-child cost of care in center settings decreases in moving from care for the youngest age group (zero to 17 months) to the two oldest age groups (threes and fours), largely because of the increase in the staff-child ratio as children get older. The per-child cost also increases with quality because of the assumptions made about increases in staff compensation with quality, in alignment with improved competencies and other qualifications and the increased use of other resources with higher quality. Per-child cost is estimated to be slightly lower in large FCCHs compared with small ones because of some economies of scale.

The FFN care is potentially inefficient if a single provider cares for just one child. Thus, we assume three children in care so that the estimated cost of care is more comparable with the cost of care in licensed settings. As noted at the outset, FFN care does not require a formal cost model, given that the primary resource is the caregiver’s time. As shown in Table D4, we assume an annual compensation of FFN care equivalent to $15 per hour for Level 1 in Phase I, increasing by $0.50 per hour with each standards increment. This level of earnings is consistent with goals to ensure that FFN providers as well as those in licensed settings, receive compensation that supports a basic standard of living. A 5 percent FFN hourly
wage growth rate is assumed across each of the policy implementation phases, which is less than the assumed increase for licensed providers who have incentives to increase quality over time, with a corresponding increase in reimbursement.

Table D4. Estimated Annual and Hourly Per-Child Cost of Care in Centers, FCCHs, and FFNs by Standards Level and Policy Implementation Phase

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Center 0–17 Months</th>
<th>Center 18–35 Months</th>
<th>Center Three-Year-Olds</th>
<th>Center Four-Year-Olds</th>
<th>Small FCCH</th>
<th>Large FCCH</th>
<th>FFN</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Phase I</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standards level 1</td>
<td>15,066</td>
<td>8,933</td>
<td>6,888</td>
<td>8,595</td>
<td>7,817</td>
<td>10,000</td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td>Standards level 2</td>
<td>16,550</td>
<td>12,095</td>
<td>7,640</td>
<td>7,640</td>
<td>9,186</td>
<td>8,261</td>
<td>10,333</td>
<td>0.3</td>
</tr>
<tr>
<td>Standards level 3</td>
<td>24,815</td>
<td>19,638</td>
<td>10,320</td>
<td>11,366</td>
<td>9,704</td>
<td>10,667</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>Standards level 4</td>
<td>30,782</td>
<td>24,424</td>
<td>12,978</td>
<td>14,469</td>
<td>12,025</td>
<td>11,000</td>
<td></td>
<td>0.1</td>
</tr>
<tr>
<td>Weighted average annual cost</td>
<td>19,033</td>
<td>13,572</td>
<td>8,409</td>
<td>8,409</td>
<td>9,914</td>
<td>8,749</td>
<td>10,333</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Weighted average hourly cost</td>
<td>9.52</td>
<td>6.79</td>
<td>4.20</td>
<td>4.20</td>
<td>4.96</td>
<td>4.37</td>
<td>5.17</td>
<td>Not applicable</td>
</tr>
<tr>
<td>b. Phase II</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standards level 1</td>
<td>17,285</td>
<td>10,157</td>
<td>7,781</td>
<td>11,335</td>
<td>10,309</td>
<td>10,920</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td>Standards level 2</td>
<td>18,821</td>
<td>13,698</td>
<td>8,575</td>
<td>12,115</td>
<td>10,895</td>
<td>11,284</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>Standards level 3</td>
<td>28,056</td>
<td>22,161</td>
<td>11,549</td>
<td>14,989</td>
<td>12,798</td>
<td>11,648</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td>Standards level 4</td>
<td>34,486</td>
<td>27,318</td>
<td>14,415</td>
<td>19,082</td>
<td>15,859</td>
<td>12,012</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>Weighted average annual cost</td>
<td>24,264</td>
<td>17,899</td>
<td>10,397</td>
<td>14,137</td>
<td>12,283</td>
<td>11,430</td>
<td></td>
<td>Not applicable</td>
</tr>
<tr>
<td>Weighted average hourly cost</td>
<td>12.13</td>
<td>8.95</td>
<td>5.20</td>
<td>7.07</td>
<td>6.14</td>
<td>5.50</td>
<td></td>
<td>Not applicable</td>
</tr>
<tr>
<td>c. Phase III</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standards level 1</td>
<td>19,488</td>
<td>11,373</td>
<td>8,668</td>
<td>13,767</td>
<td>12,521</td>
<td>11,466</td>
<td></td>
<td>0.2</td>
</tr>
</tbody>
</table>
| Indicator | Center 0–17 Months | Center 18–35 Months | Center Three-Year-Olds | Center Four-Year-Olds | Small FCCH | Large FCCH | FFN | Weight  \\
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards level 2</td>
<td>21,052</td>
<td>15,273</td>
<td>9,494</td>
<td>9,494</td>
<td>14,714</td>
<td>13,232</td>
<td>11,848</td>
<td>0.2</td>
</tr>
<tr>
<td>Standards level 3</td>
<td>31,203</td>
<td>24,610</td>
<td>12,745</td>
<td>12,745</td>
<td>18,205</td>
<td>15,544</td>
<td>12,230</td>
<td>0.3</td>
</tr>
<tr>
<td>Standards level 4</td>
<td>38,027</td>
<td>30,086</td>
<td>15,793</td>
<td>15,793</td>
<td>23,175</td>
<td>19,261</td>
<td>12,613</td>
<td>0.3</td>
</tr>
<tr>
<td>Weighted average annual cost</td>
<td>28,877</td>
<td>21,738</td>
<td>12,194</td>
<td>12,194</td>
<td>18,110</td>
<td>15,592</td>
<td>12,116</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Weighted average hourly cost</td>
<td>14.44</td>
<td>10.87</td>
<td>6.10</td>
<td>6.10</td>
<td>9.06</td>
<td>7.80</td>
<td>5.82</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

**d. Phase IV**

| Indicator | Center 0–17 Months | Center 18–35 Months | Center Three-Year-Olds | Center Four-Year-Olds | Small FCCH | Large FCCH | FFN | Weight  \\
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards level 1</td>
<td>21,719</td>
<td>12,605</td>
<td>9,566</td>
<td>9,566</td>
<td>16,390</td>
<td>14,907</td>
<td>12,039</td>
<td>0.1</td>
</tr>
<tr>
<td>Standards level 2</td>
<td>23,299</td>
<td>16,859</td>
<td>10,420</td>
<td>10,420</td>
<td>17,518</td>
<td>15,754</td>
<td>12,441</td>
<td>0.2</td>
</tr>
<tr>
<td>Standards level 3</td>
<td>34,347</td>
<td>27,059</td>
<td>13,939</td>
<td>13,939</td>
<td>21,674</td>
<td>18,506</td>
<td>12,842</td>
<td>0.3</td>
</tr>
<tr>
<td>Standards level 4</td>
<td>41,533</td>
<td>32,828</td>
<td>17,158</td>
<td>17,158</td>
<td>27,592</td>
<td>22,932</td>
<td>13,243</td>
<td>0.4</td>
</tr>
<tr>
<td>Weighted average annual cost</td>
<td>33,749</td>
<td>25,881</td>
<td>14,085</td>
<td>14,085</td>
<td>22,682</td>
<td>19,366</td>
<td>12,842</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Weighted average hourly cost</td>
<td>16.87</td>
<td>12.94</td>
<td>7.04</td>
<td>7.04</td>
<td>11.34</td>
<td>9.68</td>
<td>6.17</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

**SOURCE:** RAND Corporation cost model estimates.

The estimates of per-child cost of care summarized in Table D5 can be used to estimate the aggregate cost of provider-level cost of care for California for any given pattern of care use (i.e., the assumed hours of care use by child age and setting). In Phase I, the care-use patterns are based on estimates from the 2016 National Household Education Survey (NHES) presented in Appendix C.12 Table D5 summarizes the percentage of children by age group (using the four age groups assumed in the model) in any nonparental care and the average weekly hours of care use by setting type among those using care. The top panel reflects the Phase I estimates, while the bottom panel shows the Phase IV estimates. Phases II and III fall between these lower and upper estimates. By Phase IV, the

estimates are based on assuming 1) an increase in care use overall, 2) an increase in hours among those using care, and 3) a relative shift toward care use in centers—all factors noted earlier that were assumed to change across the policy implementation phases (See Table D4). These shifts are the result of assuming wider access to early learning and care subsidies, especially for lower-income families, with a fully funded subsidy system by Phase IV. Note that even with the relative shift toward center-based care, average hours in home-based settings stays about the same or increases between Phases I and IV.

Table D5. Estimated and Assumed Use of Nonparental Care and Hours of Care by Child Age Group and Policy Implementation Phase

<table>
<thead>
<tr>
<th>Indicator</th>
<th>0–17 Months</th>
<th>18–35 Months</th>
<th>Three-Year-Olds</th>
<th>Four-Year-Olds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a. Phase I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage in any nonparental care (%)</td>
<td>38.8</td>
<td>53.0</td>
<td>68.3</td>
<td>71.3</td>
</tr>
<tr>
<td>Average weekly hours among those in care (N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based care</td>
<td>4.5</td>
<td>7.5</td>
<td>14.3</td>
<td>17.4</td>
</tr>
<tr>
<td>Any relative care (FFN)</td>
<td>20.3</td>
<td>13.3</td>
<td>7.1</td>
<td>6.9</td>
</tr>
<tr>
<td>Any nonrelative care (FCCH)</td>
<td>8.3</td>
<td>7.6</td>
<td>5.7</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>b. Phase IV</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any nonparental care (N)</td>
<td>50.0</td>
<td>60.0</td>
<td>75.0</td>
<td>85.0</td>
</tr>
<tr>
<td>Average weekly hours among those in care (N)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any center-based care</td>
<td>7.0</td>
<td>13.0</td>
<td>22.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Any relative care (FFN)</td>
<td>20.0</td>
<td>14.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Any nonrelative care (FCCH)</td>
<td>8.0</td>
<td>8.0</td>
<td>6.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>

**SOURCE:** RAND Corporation analysis of the California and U.S. sample from the 2016 NHES and assumptions.

When applying the per-child cost of care estimates in Table D4 with the use patterns in Table D5, we assume that the hours in center-based care are valued using the center-based cost estimates. Nonrelative care is assumed to be care in licensed FCCHs, although some of this care may be provided in the child’s home as FFN care. Likewise, we assume that relative care is equivalent to FFN care.

It is important to acknowledge that not all early learning and care provided is compensated. Estimates from the 2016 National Household
Education Survey (NHES) indicate that, at the national level, about 75 percent of relative care is not compensated, while only about 10 percent of nonrelative care is not compensated.\textsuperscript{13} Similar patterns are found in national data from the 2012 National Survey of Early Care and Education (NSECE).\textsuperscript{14} With these patterns, we assume that half of the FFN care is paid care that should be counted in the overall system-level cost estimate, a higher share than what is suggested with current care patterns. The same share is assumed to remain paid with each policy implementation scenario. If more of the FFN care were compensated up to 100 percent of this type of care the estimated cost from the model for FFN care would double.

Combining the estimated cost of care by setting and child age recorded in Table D4 (for centers and FCCHs) with the assumed hours of care use reported (partially) in Table D5, the model produces an aggregate provider-level cost of paid early learning and care for California separately for each policy implementation phase. Table D5 provides the bottom-line model-based estimates.

Overall, in Phase I implementation, the estimates indicate $4.9 billion in provider-level cost for center-based care, $2.0 billion in cost for FCCH care, and $2.0 billion for FFN care, for a total cost of just under $9 billion.

By implementation Phase IV, the estimates indicate that the largest cost for early learning and care would be associated with center-based care (about $14.3 billion), consistent with the assumed increase in care use in this setting. FFN care, still assuming just half of FFN care is compensated, reaches $2.9 billion, while FCCHs total $5.6 billion. The combined total is about $23 billion, about $14 billion over the Phase I estimate. Assuming that the absolute contribution by families to the cost of care remains at about $6 billion, to support affordable access, the public and other private sector contribution would need to reach about $14 billion higher than the current estimated $6 billion contribution. Although these contributions would come from public sector spending on subsidies, those public funds may be raised through varied sources, such as taxes on personal income, taxes on business activities, or taxes on property (personal or corporate). Based on the combination of tax sources employed, the expectation would be that the cost of early learning and care would be a shared responsibility between families, businesses, and the public sector (based on taxes raised from families and businesses).

Again, it is important to remember that the aggregate cost estimates reported in Table D6 do not include system-level costs for early learning and care—which, depending on the assumed system-level supports, could add 10 percent or more to the provider-level estimates in Table D6.

\textsuperscript{14} National Survey of Early Care and Education Project Team, et. al. (2016).
Table D6. Estimated Aggregate Provider-Level Cost of Paid Early Learning and Care for California by Policy Implementation Phase (millions of constant dollars)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Centers</th>
<th>FCCH</th>
<th>FFN</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct-Care Costs (millions of constant dollars)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase I</td>
<td>$4,921</td>
<td>$2,003</td>
<td>$2,024</td>
<td>$8,948</td>
</tr>
<tr>
<td>Phase II</td>
<td>$7,356</td>
<td>$3,064</td>
<td>$2,291</td>
<td>$12,711</td>
</tr>
<tr>
<td>Phase III</td>
<td>$10,508</td>
<td>$4,200</td>
<td>$2,576</td>
<td>$17,283</td>
</tr>
<tr>
<td>Phase IV</td>
<td>$14,344</td>
<td>$5,603</td>
<td>$2,887</td>
<td>$22,833</td>
</tr>
</tbody>
</table>

NOTE: For FFN, estimates assume 50 percent of FFN care is paid. Estimates do not include system-level costs.

Policy Phases and the Aggregate Provider Cost of Paid Care

As noted in the Introduction, the estimates of per-child cost of care summarized in Table D5 can be used to estimate the aggregate cost of provider-level cost of care for California for any given pattern of care use (i.e., the assumed hours of care use by child age and setting). In Phase 1, the care use patterns are based on estimates from the 2016 National Household Education Survey (NHES) presented in Appendix C. Table D5 summarizes the percentage of children by age group (using the four age groups assumed in the model) in any nonparental care and the average weekly hours of care use by setting type among those using care. The top panel reflects the Phase 1 estimates, while the bottom panel shows the Phase 4 estimates. Phases 2 and 3 fall between these lower and upper estimates. By Phase 4, the estimates are based on assuming (1) an increase in care use overall, (2) an increase in hours among those using care, and (3) a relative shift toward care use in centers—all factors noted earlier that were assumed to change across the policy implementation phases (See Table D3). These shifts are the result of assuming wider access to early learning and care subsidies, especially for lower-income families, with a fully funded subsidy system by Phase 4. Note that even with the relative shift toward center based care, average hours in home-based settings stays about the same or increases between Phases 1 and 4.