Early Childhood Policy Council

Joint Meeting of Parent and Workforce Advisory Committees

Meeting Agenda, Attendance and Summary

Tuesday, December 6, 2022
12:00 p.m. – 2:00 p.m.

Agenda

1. Welcome
   - Welcome
   - Public comment
2. Budget Recommendations
   - Presentation
   - Committee discussion
   - Public comment
3. Adjourn

Attendance:

ECPC Council Members: Kim Johnson, Lupe Jaime-Mileham, Janet Zamudio, Robin Layton

Parent Advisory Committee Members: Cheryl (Cherie) Schroeder, Deborah Corley-Marzett, Mary Ignatius, Patricia Lozano, Patrick MacFarlane, Yenni Rivera

Workforce Advisory Members: Amelia Soto, AnnLouise Bonnitto, Debra Ward, Miren Algorri, Patricia Alexander, Tonia McMillian, Virginia Eigen, Zoila Carolina Toma

Guest Panelist: Scott Graves

Summary Report

Tonia McMillian, Chair of the Workforce Advisory Committee

Tonia McMillian opened the meeting with Mary Ignatius, chair of the Parent Advisory Committee.

Ms. McMillian shared that both committees play an essential role in representing the voices of families and the early childhood workforce across the state and thanked everyone for making the commitment to serve on the committees. She then shared the central topics for the day's meeting: the state's budget and investments that support families, parents, and the early childhood workforce.

Early next month, Governor Newsom will be releasing his proposed 2023–24 budget and the California State Legislature's annual budget development process will begin. In anticipation of that process, the Early Childhood Policy Council (ECPC) will be submitting a letter to the governor and the Legislature that underscores the importance of supporting investments in early childhood care and learning. ECPC will review this letter at their December 14 meeting, but Ms. Ignatius and Ms. McMillian wanted to give the advisory committees an opportunity to contribute their ideas for that letter.

Mary Ignatius, Chair of the Parent Advisory Committee

Ms. Ignatius shared that there has not been a set process for putting forth recommendations from ECPC during previous budget cycles, and they are trying something new to see if it works.

She welcomed Scott Graves, Director of Research at the California Budget and Policy Center, who was present to share information on existing and pending child care investments and provide context about the state budget. The hope was that this context would help guide the group's recommendations to the full committee.

Ms. Ignatius reminded committee members of the survey sent in mid-November that invited budget investment concepts. This survey would be reviewed at the meeting to be advanced to the full ECPC for their consideration.

Scott Graves, Director of Research at the California Budget and Policy Center

Mr. Graves shared that he has been with the Budget and Policy Center for many years and covered early care and education from 2002 to 2013. At that time the role was picked up by Kristen Schumacher who did a tremendous job advancing the work, including supporting ECPC and providing the data and analysis to make cases before the administration and the Legislature. Ms. Schumacher left the Center in Summer 2022, and there is currently a search for a Senior Policy Fellow to take on the early care and education work.

Mr. Graves provided a summary of the recent history of early childhood care and education investments: When the Great Recession began and revenues collapsed in 2008, state policymakers found themselves facing unprecedented budget shortfalls. It was an especially difficult time for policymaking because California entered the Great

Recession with nothing in reserves and very little in the way of cash balances. The state was woefully underprepared, which meant policymakers had two main decisions to make: what to cut and what taxes to raise. They also did some “gimmicks” that have to be done when trying to get through a budget crisis.

Mr. Graves offered an important reminder that funding for child care and development programs dropped into a hole between 2010 and 2014. When adjusting for inflation, annual spending fell by more than $1 billion from 2007 to 2013. That was an incredible loss of funding for the child care system. There were other harmful policy changes that were made.

Jerry Brown came back into office for his third and fourth terms as governor in 2011, and beginning in 2014, California started to see gradual funding increases trying to fill the hole created by the Great Recession and the resulting cuts. It took a dozen years, from 2007 to 2019, to get child care and development funding back to its previous level. Then COVID happened.

All of a sudden, there was a significant infusion of federal dollars from legislation signed by both Presidents Trump and Biden. These additional and largely one-time investments elevated total funding for the child care and development system to over $5 billion in 2020. The federal relief funds need to be spent before they expire in September of 2023 or 2024, depending on which pot of money is being discussed.

Then in 2021, Governor Newsom and the Legislature significantly boosted ongoing funding for child care slots with a promise to fund potentially another 80,000 slots by 2026, with an ongoing general fund cost of $1 billion. There were also some increases that took effect in 2021 and 2022, including supplemental payments to child care providers using one-time federal relief funds and waiving of family fees for the in 2021 and 2022 fiscal years.

This year’s budget largely recognizes the gains that were made in terms of additional slots and provides some new slots, but it does not go as far as the previous year in terms of expansions. Much of the substantial funding now in the system is one-time federal funds that will disappear, and we’re still falling short by billions of dollars in the support that is needed to provide fair and just wages and to boost access to early care and learning for more families with low and moderate income.

Substantial gains have been made in recent years, yet there is more to do to shore up a critical system for working families in California and ensure that families have access and providers are able to meet their costs. The Legislative Analyst's Office (LAO), the nonpartisan fiscal advisor to the Legislature, released an annual report last month. This provides their fiscal outlook for state revenues for the current year and a few years down the road. The LAO also looks at how much the state is expected to spend based on current legislative and constitutional requirements. Looking at both revenue and spending, the LAO makes projections to inform policymakers if they should expect the budget cycle to result in a surplus—more revenue than is needed to support current services—or a deficit—not enough revenue for the current level of services.

By the most recent LAO estimates, California is facing a projected budget shortfall of $25 billion heading into the 23/24 fiscal year, which begins on July 1st. That is a much different scenario than a year ago when the LAO estimated a surplus of around $30 billion, which was actually in the range of $60–$70 billion by the time this year's budget was finalized. California has been in a period of rising revenues, largely because of its very progressive tax system. As inequality continues to rise and those at the top of the income spectrum continue to make gains, the state is capturing at least a portion of that as tax revenue that is used to fund public services and systems in California. Now the LAO is projecting that those days are gone, at least temporarily, and California needs to figure out how to close a projected budget shortfall of $25 billion. This is relatively small compared to the overall budget—well over $200 billion—and estimates can change and be wrong. So while advocates may be thinking they need to go to the Legislature and the Governor to argue for more funding—to boost provider rates, fund more slots, get more general fund money in the system, or to backfill federal dollars that are gradually going to go away over time—what is reasonable?

The governor will likely be releasing his proposed budget on January 9 or 10, 2023. This proposal may be based on higher or lower revenue estimates from the Governor's Economic Forecast. The revenue picture is always changing, and there will not be a true sense of the state's revenue situation until personal income taxes, due in April, start to flow into the state. The governor is required by state law to release his revised budget, known as the May revision, on or before May 14. So, while January is not the end of the story, it does set the narrative for weeks or months.

As advocates, you should plan for what is known now, but also be nimble. There is no need start self-editing or not asking for things from the state. As one longtime California advocate said, a closed mouth does not get fed. Democratic leaders in the Legislature have no interest in looking at cuts to safety net programs, including child care, to close a $25 billion deficit. They are using the hashtag #ProtectTheProgress on Twitter to signal their desire to maintain the gains that have been made in recent budgets. The Legislature and governor have lots of options to address a budget shortfall of $25 billion in the short term, including shifting general fund costs into special funds or borrowing from special funds with substantial reserves. State leaders have been very prudent about saving for a rainy day, so California has tens of billions of dollars sitting in reserves, which can be borrowed and paid back over time at a low interest rate to avoid the need for more drastic action. Although reserves should be protected for as long as possible, it is possible that leaders could decide to draw money from reserves to stabilize funding for critical programs and services.

Tonia McMillian, Chair of the Workforce Advisory Committee

Ms. McMillian thanked Mr. Graves for his update and the useful context it provided about the state budget. She then invited participant comments and questions.

Public Discussion

Deborah Corley-Marzett, family child care provider, thanked Mr. Graves. She shared that while the state recognized and supported child care during COVID, it now seems to be going backwards. Family child care providers were going through a lot before

COVID. While there might not be intent, cuts happen, but cuts to child care are unsustainable. This is the time to continue every single program put into place to help stabilize the industry because it worked. California does have the money—and the support—to continue supporting the industry. Hopefully, the governor has listened to what Child Care Providers United (CCPU) and parents have put out there and read the signs of our kids and continue to support the industry. “We can't afford this… I hope the governor recognizes that every single thing that he did positive to stabilize this industry worked. And it should be continued.”

Mr. Graves thanked Ms. Corley-Marzett and shared the importance of continuing to fight. “…you're starting from a much stronger position than advocates, maybe some of you were, back in 2008 heading into the Great Recession… conversations with capital insiders, the Legislature, they don't think that they need to start looking at cuts to safety net programs in order to get through a deficit situation. They just don't see that it's in the cards now. They don't get to make the final decisions. It's ultimately the compromise with the governor. It would only be, as I understand it, a last resort. And that would probably be a severe recession, where the size of the deficit ballooned to something closer to $50 or $60 billion.”

Amelia Soto shared that child care providers were “…down in the trenches for our children's health and for our children's well-being… also their learning. We were there for them. A lot of people were taking advantage of these situations, not the teachers, not our child care providers, not our homes. These homes are important to a lot of people because they have to go to work. These eye-opening years have brought to light that the budget is so important. And as Scott was saying, yes let's keep on fighting…” She emphasized the staff shortage. In an agency meant to be 500 staff, there are closer to 300 staff doing the needed work.

Miren Algorri said, “thank you for the advice, we will not stop asking. And we will not stop fighting for the children, their families, and their providers across the state of California. And when we look at numbers, we want to see a surplus, of course. This surplus will only be possible, as long as we support these workforce, because we are the workforce behind the workforce. And as long as we have a strong ECE workforce, we’ll have a strong economy. Because parents cannot remain or rejoin or enter the workforce if they don't have early childhood educators supporting them, educating and taking care of their children.” She added that families should not have to be paying family fees, and child care providers should be making a livable wage so everyone can thrive.

Ms. McMillian raised a question for Mr. Scott. “Historically, like when you watch a western movie, two things are always built: a church and a schoolhouse. Two things. Mostly your seniors are in the church and your children are in the school house. But when it comes to budget cuts, historically, those two areas are the two that get placed on the chopping block right away. And unfortunately, for child care providers, we catch it at both ends. We catch it at the beginning, in the work that we do working with children. And then we catch it in the end, when we age out of this industry and become seniors. And I'm trying to figure out how do we… fight against always being the targets that are placed on the chopping block? To me, it just seems very easy for those two areas to be attacked. And I don't think that's fair, especially with the roles that we play historically and for forever, literally."

Mr. Graves appreciated Ms. McMillian's comment and reiterated that he did not believe child care was going to be cut. However, he said that if cuts come up again in the future, "we should not be contemplating cuts to critical services for our seniors, for people with disabilities, for families with young children, when we know that we still have space in our revenue system to ask those who are doing the best in California to pay a little bit more in order to ensure that we can get through a temporary budget crisis and move forward from there without engaging in more of the kinds of budget cutting we saw a dozen years ago… And I think you're also going to have a much more sympathetic Legislature then you did, maybe back in 2008 or 2012…"

Robin Layton agreed with Ms. Algorri and Ms. McMillian and added that the group still needs to make their ask. "We're still going in with our increase ask. We are the essential workers for the essential workers."

Mary Ignatius, Chair of the Parent Advisory Committee

Ms. Ignatius shared the progress she has seen. At the start of the Great Recession, ECPC and its parent and workforce subcommittees did not exist, and neither did Child Care Providers United, the associations that represent the different parts of the workforce, the Legislative Women's Caucus, or strong budget chairs. "I'm just feeling like this isn't the same, and we do have to ask."

Ms. Ignatius stated that at the last full ECPC meeting on December 14, she and Ms. Layton plan to share budget investment recommendations based on feedback from committee members' survey responses:

- Extend the public health emergency policies established during COVID.
- Make child care accessible and affordable for working and low-income families.
- Reimburse providers based on enrollment, not attendance.
- Increase educator wages.
- Ensure providers and families have the support and specialists needed to care for children with special needs.
- Encourage new providers' entry to the field and existing providers' expansion of services.
- Remove child care barriers for prospective resource families (Child Care Bridges Program).

Ms. Ignatius then referred to a slide deck sharing the process of compiling survey responses into clear, concise, and strategic recommendations. Rather than pit the needs of parents and children against the needs of the workforce, the intent was to protect and preserve access to quality affordable child care. Avenues for this include making COVID-19 policies (such as the hold harmless around enrollment rather than attendance) and the family fee waivers permanent. "As Scott mentioned, those do expire June 30, 2023 through the state budget process. So, if we don't act… that will have a real impact on the communities that we represent.” Ms. Ignatius went on to say that these ideas were reflected in the first three recommendations. The Council also wants to highlight previous budget commitments that should be maintained, such as the funding of 200,000 slots by the end of 2025. The subsequent recommendations are to protect and expand the early care workforce with a goal of transition to a “true cost” model. Ms. Ignatius pointed out that the Governor's Rate and Quality Workgroup shares several members with ECPC—Dean Tagawa, Donna Sneeringer, Deborah Corley-Marzett, and parent leader Lily Marquez.

Ms. Layton expanded by sharing that the governor convened this workgroup to address rate changes. “This is a report that he asked for, and so our expectation is that they fund it.”

Ms. Layton also shared that the perception that COVID is over is inaccurate. “It's really, really important that our sector let them know that it's not over in child care, and they need to hear stories, and they need to hear why. So if anybody wants to share, that'll also help me when I'm in Sacramento… unless we tell them, they won't know.”

Ms. Ignatius continued her explanation of the recommendations, noting that higher wages and other supports would encourage new providers to enter the field and existing provides to remain and expand. Other recommendations relate to the social, emotional, and developmental needs of children, leveraging the governor’s focus on mental health and behavioral health supports. All the recommendations are written to ensure support starts with infants and toddlers rather than only impacting the K-12 system.

Ms. Layton emphasized that the goal is to have all the recommendations funded.

Committee Discussion

Ms. Layton expressed her excitement to be sending a proactive rather than reactive letter. While another letter may be sent after January, this letter shows the governor that the council he created is active, ready to advise, and looking at the big picture.

Ms. Ignatius reinforced the possible need to prepare a response after January in anticipation of the May revise. She also expressed that future efforts to provide input would be smoother with longer timelines.

Virginia Eigen shared her appreciation for everyone’s hard work and recognized the importance of the social-emotional and developmental support early childhood workers provide. “Our children, our babies, they have had no normal social interactions for the last couple of years during COVID, and I can see a huge change in this field that's going to require more and more support from the governor and from all of our systems.”

Ms. Ignatius asked if anyone had feedback on the recommendations process. There was none aside from appreciation, especially for the leadership Ms. McMillian, Ms. Layton, and Ms. Ignatius provided through the process.

Ms. Ignatius closed by informing attendees that the letter would be with ECPC next week (December 14) and then sent to the governor

Public Comment

Ms. Ignatius briefly shared information on the windfall profit tax on oil companies and high gas prices over the last year and her thoughts on including a recommendation for the use of revenue from this tax in ECPC's letter to the governor.

Jolene Edwards discussed working at a private nonprofit preschool in rural Trinity County, and the plans to expand their facility in order to offer a zero to three program. They receive subsidized payments through the local Resource & Referral Agency using AP funds. The funding is 75 percent subsidized and 25 percent private pay. She was interested in additional funding opportunities and has applied for CCTR monies as well.

Attendees were told to visit the [CCDD website] for information on funding opportunities.

Celine Theano inquired about grant opportunities for a for-profit facility. She is having to raise teacher wages with the new regulations, but with only 30-40 percent subsidized funding she has no funds to cover those fees because tuition does not cover all costs.

Samantha Thompson, Associate Director of Early Learning Policy at the Education Trust, spoke to acknowledge and celebrate the progress in the field, despite historical cuts. She also wanted more information related to multi-year commitments and the implementation of transitional kindergarten. "There has been significant impacts to the child care system as a result of TK but also as a result of COVID with providers leaving the field. This existing system already has supply issues to meet ongoing demands of families. This can continue to be disastrous, and families have or intend to use TK to offset their child care costs, and they would no longer have access to it." She encouraged ECPC to consider budget implications and submit a proposal that would address the significant impacts on children of color, those who live in poverty, and dual language learners, as these children are historically marginalized and farthest from opportunity. They only continue to be impacted when tough fiscal decisions are made.

Nikki Brock, Director for CAPE Headstart in Alameda County, wanted information about addressing the social-emotional impacts the pandemic has had on lower income populations and whether there is any legislation moving forward funding for supports. She also asked about the impact of the reduced staffing and low numbers of people even pursuing ECE majors in college.

Anthony Garcia, from a Resource & Referral Agency known as Child Action, thanked ECPC for their work and mentioned that it may be important to pay attention to the definition of mixed delivery system. "What we're seeing across the field is that term is being used very widely and generally. And what's happening with the work on the TK side on the California Department of Education is they've defined the mixed delivery system to be inclusive of only family child care providers who are a part of a family child care education network. Which would then exclude all other private providers and exclude family, friend, and neighbor providers. So really thinking about how we might be able to solidify the definition of a mixed delivery system so that it's from the perspective of children and families and what their needs are and not from the perspective of where the investments are being made in this case. Because the investments in the dollars are flowing through the California Department of Education. They're being attached to Title Five requirements…”

Janet Zamudio wanted to request to meet with the governor’s key legislative leaders to talk about the issues, build those relationships directly as a council, and walk through the critical recommendations contained in the letter.

Ms. Layton and others agreed it was wise to request a meeting or possibly invite the staff to a 2023 ECPC meeting, as well as place the request in the letter.

Crystal Jones, a family child care provider, shared her agreement that COVID is still very real and there is a need to protect progress and support the work being done by the most vulnerable providers who are trying their best to stay in recovery and sustainable. “It's a business, but as a provider it’s more than a business. It’s more like ministry…The church for the older ones, because we deal with the parents and also the children, so we are teachers to both generations. And the effectiveness of our position to stay in a permanent place of serving is critical, especially in these times. And… from an advocate perspective, there's no way that me and my own kids should be homeless while serving. That's unacceptable. For all the resources that have come across this table, how do we draw the line to say we keep the platform moving forward and increasing instead of the inequities and decreasing and downfalls.”

ECPC members thanked all participants for their comments and support. Ms. Ignatius reiterated how important it is to mitigate the harm to “workforce and families, particularly those who are families and providers of color, who are serving low-income communities who've been left out. It's us collectively recognizing that our needs are interconnected and interdependent. And when we do work together… children are going to benefit the most.” Ms. Layton encouraged everyone on the call to attend next week’s ECPC meeting and repeat everything they said today because it is really important. “There are a lot more legislative staffers that attend that meeting… really important that you all know that your voices are being heard and will be heard, so hopefully you can attend next week.”

Ms. McMillian, Ms. Ignatius and Karin Bloomer thanked everyone, including special guest Scott Graves, wished happy holidays, and the meeting was adjourned.