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REPORT

Early Care and Education in the Golden State

Publicly Funded Programs Serving California's Preschool-Age Children

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RAND LABOR AND POPULATION

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Preface

Faced with mounting evidence that California has fallen behind on many key indicators of education performance, policymakers and the public share considerable interest in exploring whether California should expand public funding for preschool education. This expanded funding will be most effective if resources can be directed to their most efficient uses. Doing so requires an understanding of how resources are currently allocated, what education objectives preschool education can help achieve, and where preschool resources can be most effective.

To investigate these issues, RAND has undertaken a multicomponent study called the California Preschool Study to examine the adequacy and efficiency of preschool education in California. The overall study effort seeks to address four overarching questions:

- What are the achievement shortfalls and cross-group gaps for California's children in terms of the state's kindergarten through third grade (K–3) education standards, and what is the potential for high-quality preschool programs to raise achievement?
- How adequate is the quality of preschool education California children are receiving, and what proportion of families have access to high-quality preschool that would be expected to produce the cognitive, social, and emotional benefits necessary to help children achieve the state's early elementary standards?
- What efficiencies can be obtained in the current system of funding for early care and education (ECE) programs serving children one or two years before kindergarten entry in order to improve K–3 education outcomes?
- What additional ECE policies or resources would be required to ensure that all children in California are prepared to meet K–3 standards?

To address these questions, three interrelated studies will fill important gaps in our knowledge base regarding (1) gaps in school readiness and achievement in the early grades among California children and the potential for high-quality

preschool programs to close existing gaps, (2) the system of publicly funded ECE programs in California in the two years before kindergarten entry, and (3) the utilization of ECE services among California's children and the quality of those experiences. A fourth synthesis study will integrate the results from the three focused studies, as well as relevant prior research, to address broader issues related to preschool adequacy and efficiency.

The objective of this analysis, the second study component, is to fully document the current system of publicly funded ECE programs in California. Specific questions we address include the following:

- What federal, state, and local funding streams currently fund ECE programs for California children one or two years before kindergarten entry?
- What are the eligibility requirements for these programs and how are children enrolled? How many children are eligible, how many children participate, and what fraction of eligible children is served?
- What requirements for service delivery are maintained for these programs (e.g., requirements for provider or teacher training, group sizes, and program services) and how do those requirements relate to benchmarks for high-quality programs?
- How are programs funded and providers reimbursed? How much funding is available, and do the reimbursement mechanisms provide an incentive to deliver high-quality programs?
- Are there inefficiencies within or across programs in terms of funding streams, program eligibility, service delivery, and program administration?

The analysis provides a comprehensive assessment of ECE programs—for California as a whole, as well as four case study counties: Los Angeles, Merced, San Diego, and San Mateo counties.

This study component should be of interest to policymakers, practitioners, and researchers, as well as the public more generally, who seek a more complete understanding of the system of publicly subsidized early care and education for preschool-age children in California. Results for the other study components available to date can be found in the following:

- Jill S. Cannon and Lynn A. Karoly, *Who Is Ahead and Who Is Behind? Gaps in Student Achievement in the Early Grades for California's Children*, TR-537, Santa Monica, Calif.: RAND Corporation, 2007.

This project was requested by the California Governor's Committee on Education Excellence, the California State Superintendent of Public Instruction, the Speaker of the California State Assembly, and the President pro Tempore of the California State Senate. Funding was provided by The David and Lucile Packard Foundation, W. K. Kellogg Foundation, The Pew Charitable Trusts through the National Institute for Early Education Research (NIEER), The W. Clement and Jessie V. Stone Foundation, and Los Angeles Universal Preschool (LAUP). The project has been guided by an advisory group of academic researchers, policy experts, and practitioners.

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Summary

California has a long-standing commitment to use public funds to subsidize early care and education (ECE) programs partially or fully for preschool-age children, with the dual goals of promoting child development and covering the costs of child care for low-income working parents. With more than 65 percent of three-year-olds and 80 percent of four-year-olds nationally in some form of regular nonparental care, policymakers and the public are interested in understanding the system of publicly funded ECE programs to determine who is being served and whether the system is making the best use of the resources deployed.

Like other states, California currently employs a mix of federal, state, and local funding to provide ECE programs to preschool-aged children, primarily targeting low-income families or those with young children with special needs. The system of publicly funded ECE programs that has evolved represents a complex set of programs that vary in terms of their objectives, eligibility requirements, the range of services provided and requirements for program features, and funding levels. Given the complexities of the current system, it is often difficult to understand the set of programs in effect, the numbers of children served, and the levels of funding involved. As the menu of programs has evolved over time, there is no guarantee that the system is using resources effectively to deliver high-quality programs that benefit participating children and families.

In support of our larger study investigating the adequacy and efficiency of preschool education in California, the objective of this analysis is to fully document the current system of publicly funded ECE programs in California. This study focuses on programs that provide child care or early education services to children one or two years before kindergarten entry. Thus, we do not focus exclusively on public funding for preschool programs, but more broadly on programs that also subsidize child care. These programs can be funded by federal, state, or local sources. The study addresses the following questions:

- What federal, state, and local funding streams currently fund ECE programs for California children one or two years before kindergarten entry?

- What are the eligibility requirements for these programs, and how are children enrolled? How many children are eligible, how many children participate, and what fraction of eligible children is served?
- What requirements for service delivery are maintained for these programs (e.g., requirements for provider or teacher training, group sizes, and program services), and how do those requirements relate to benchmarks for high-quality programs?
- How are programs funded and providers reimbursed? How much funding is available, and do the reimbursement mechanisms provide an incentive to deliver high-quality programs?
- Are there inefficiencies within or across programs in terms of funding streams, program eligibility, service delivery, and program administration?

This summary highlights key findings that emerge from our comprehensive assessment of ECE programs for California as a whole, as well as four case study counties—Los Angeles, Merced, San Diego, and San Mateo—that provide a deeper understanding of the system at the local level.

A Complex System with Mixed Motivations

California's system of publicly subsidized ECE programs for preschool-age children has evolved over time into a complex array of programs, supported through multiple funding streams, that primarily serve targeted populations of children. In our analysis, we catalogue the 11 distinct publicly funded ECE programs in California shown in Table S.1, some of which have variants such as part- and full-day versions (for additional detail on these programs, see Table 2.1).[1] These programs serve children one or two years before kindergarten entry (cohorts we refer to as "four-year-olds" and "three-year-olds"), but in many cases the same programs also serve younger and older children. Beyond the common element of serving our age group of interest, the programs differ on key

[1] In our analysis, we do not cover programs that exclusively serve children with disabilities such as federal funding for ECE services for children with disabilities available through Part B of the Individuals with Disabilities Education Act and the Severely Handicapped program administered by the California Department of Education. Other programs at the local level, such as the School Readiness Language Development Program operated by the Los Angeles Unified School District, are only covered in the context of our four case study counties.

dimensions such as their objectives, target population, funding streams and reimbursement mechanisms, degree of subsidization, intensity of program services, regulatory oversight, and service delivery settings.[2]

Within this complicated array of programs, there are two sometimes conflicting motivations for providing subsidized care to preschool-age children: to promote healthy child development and school readiness, particularly for disadvantaged children, and to provide affordable child care for low-income working families. Some programs are motivated primarily by the first objective, others by the second. Still other programs share both motivations. This divergence in motivations means some programs have more extensive requirements for delivering developmentally appropriate care but often on a part-day basis that does not meet the needs of employed parents, while other programs focus on parental choice and flexibility in arrangements at the expense of imposing requirements on the services providers offer. Among the programs listed in Table S.1, we group together Title I, Head Start and the state Title 5 programs as having the strongest child development orientation based on their motivation and program requirements.

Table S.1—Publicly Funded ECE Programs in California Covered in Study

Program
Federal Programs
Title I
Head Start
CalWORKs and non-CalWORKs Alternative Payment Programs
CalWORKs Stages (Stages 1, 2, and 3)
CalLearn
Alternative Payment (AP) (non-CalWORKs)
State Title 5 Child Development Programs
State Preschool (part-day and full-day)
General Child Care and Development (CCD)
Prekindergarten and Family Literacy (PKFL) (part-day and full-day)
Migrant Child Care and Development (CCD)
Cal-SAFE (California School Age Families Education)
State and Local Preschool Expansion Programs
Power of Preschool (POP) Demonstration Projects

[2] In addition to the programs providing subsidized care listed in Table S.1, the body of the report also covers support programs related to ECE service delivery, including funds supporting resource and referral functions and investments in facilities and the ECE workforce.

These sometimes competing policy objectives mean that the quality of services children receive and the implications for child development are not always central to program design and delivery. This issue is relevant for preschool-age children, for whom there is an opportunity to use the publicly subsidized care system to promote child development and school readiness. The collection of multiple funding streams and varied programs also makes it challenging for policymakers to understand the system as a whole in terms of the resources involved and who is being served. It can be difficult for providers to operate multiple programs given the variation in program delivery requirements, obligations for programmatic and financial reporting, and other mandates. Finally, the complexities of the system can make it challenging for parents to comprehend their options and navigate their way to the programs for which they qualify.

Most Programs Are Targeted, but Not All Eligible Children Are Served

For the most part, the programs listed in Table S.1 serve a targeted population. Families with preschool-age children may be eligible for care because of low family income (adjusted for family size), or low family income and a demonstrated need for care. Income eligibility for some programs, like Head Start, is limited to families below the federal poverty guidelines, while state-administered child development programs employ higher income thresholds that extend closer to 240 percent of the poverty guidelines (or 75 percent of benchmark state median income (SMI)). None of the income thresholds account for the substantial differences in the cost of living or cost of care in different areas of the state. Because of overlapping eligibility requirements, children may qualify for multiple programs at a time. Changes in family circumstances may also affect whether children remain eligible for continued services in a given program.

We estimate that in 2006, 23 percent of California preschool-age children would have income below poverty and would therefore be eligible for Head Start. The higher income thresholds for state-administered programs means an estimated 53 percent of preschool-age children qualify on the basis of income alone for the State Preschool program and may also qualify for other state-administered programs such as General Child Care and Development (CCD) if they have demonstrated need.

Despite serving targeted populations, not all the programs listed in Table S.1 are fully funded to serve all eligible children, particularly those programs with a child development focus. Key findings with respect to enrollment, participation rates, and the numbers of eligible children not served include the following:

- As of fall 2005, the federal- and state-funded ECE programs listed in Table S.1 served nearly 500,000 California children from birth through age 12. Focusing on participation for preschool-age children, we find the programs served approximately 92,000 three-year-olds and 167,000 four-year-olds, or a total of 259,000 preschool-age children.
- Applying our estimates of eligibility and program participation to 2006, about 53 percent of eligible four-year-olds and 25 percent of eligible three-year-olds were served by child development-oriented programs (e.g., all programs listed in Table S.1 with the exception of California Work Opportunity and Responsibility to Kids (CalWORKs) and the non-CalWORKs Alternative Payment (AP) programs).
- If we assume 80 percent rather than 100 percent of eligible children would be enrolled in such programs, current enrollments reach an estimated 66 percent of eligible four-year-olds and 32 percent of three-year-olds.
- If we include all other subsidized ECE programs such as CalWORKs and non-CalWORKs AP programs, the proportion of eligible children currently being served by any subsidized ECE program, again assuming 80 percent participation, rises to 73 percent for four-year-olds and 39 percent for three-year-olds.
- These participation rates translate into sizeable gaps between the number of children eligible and the number of children served. Assuming an 80 percent participation rate to be conservative, there is a gap between eligibility and enrollment in child development-focused programs of approximately 77,000 four-year-olds and 156,000 three-year-olds.

Preschool-Age Children Are Largely in Regulated Settings, but Quality Is Uncertain

The programs listed in Table S.1 serve children in a range of settings, with variation in the range of requirements for program delivery and the extent to which minimum standards are consistent with benchmarks associated with quality programs. With the exception of some home-based Head Start programs,

all the child development-oriented programs—Title I, Head Start, and state Title 5 programs—serve children exclusively in licensed settings, either centers or family child care homes. By comparison, the CalWORKs and non-CalWORKs AP programs also reimburse care from license-exempt providers, who may be relatives or nonrelatives providing care in a home setting. In the CalWORKs stages across children of all ages, 50 to 60 percent of care is by license-exempt providers. The percentage in license-exempt care is closer to 30 percent in non-CalWORKs AP programs.

While license-exempt providers are essentially unregulated, federal Head Start Performance Standards or state Title 5 regulations govern the program features of subsidized child development programs. The program requirements specified in these regulations are more extensive than the Title 22 licensing requirements that generally apply to providers who provide care through AP programs (except those who are license-exempt). These additional requirements include regular child assessments, parent involvement activities, staff development opportunities, and periodic program compliance reviews. Where requirements overlap, such as for staff-child ratios and teacher qualifications, the Head Start and Title 5 regulations achieve or are closer to established benchmarks, whereas Title 22 regulations are less stringent. However, the staff education requirements under Head Start, Title 5, and Title 22 all fall short of benchmarks that call for the lead classroom teacher to have a post-secondary degree, whether an associate or bachelor's degree.

We estimate that 81 percent of preschool-age children in subsidized care in California are in settings with a child development focus (i.e., Title I, Head Start, or a state-administered Title 5 program)—the settings with the most extensive and stringent program requirements among California's subsidized ECE programs. Among children in these settings, nearly all are in centers rather than family child care home networks. Another 9 percent of those in subsidized care are served by providers who, at a minimum, must meet the less stringent Title 22 regulations, while the remaining 11 percent are served in license-exempt care, which is essentially unregulated.

Nonetheless, for the 81 percent of preschool-age children in subsidized care that are in developmentally focused settings, the extensive regulatory requirements do not guarantee that the programs provide the quality of care associated with effective preschool programs. Moreover, with fewer and less stringent requirements in programs governed by Title 22 regulations, and minimal, if any, requirements for license-exempt care, there is little oversight to ensure that

resources in these programs will produce the maximum benefits in terms of child development (e.g., the cognitive and noncognitive benefits demonstrated in the research on high quality preschool programs).

Funding Mechanisms Provide Little Incentive for Raising Quality

The sometimes low standards are compounded by a reimbursement structure for subsidized care in California that gives little incentive for providing higher-quality care. Our calculations indicate that California invests substantial federal and state dollars—an estimated $1.9 billion in state fiscal year (SFY) 2005–06—in subsidized ECE programs for preschool-age children. Consistent with participation patterns, most of this funding (80 percent) is for child development-oriented programs through Title I, Head Start, or state-administered Title 5 programs. For the Title 5 programs in particular, the reimbursement mechanism, the standard reimbursement rate (SRR), is not higher for providers who operate programs that exceed the Title 5 requirements, and the reimbursement does not vary to reflect differential costs of providing care across regions of the state. In contrast, providers who deliver subsidized care through the AP programs with vouchers/certificates are reimbursed up to the regional market rate (RMR) ceilings, which vary across the 58 counties.

As a result of differential evolution over time of the SRR versus the RMR, the SRR was below the RMR in 22 of California's 58 counties as of October 2006. These counties contain close to 80 percent of the preschool-age population. This shortfall between the SRR and market rates results in a disincentive for providers to participate in the Title 5 contract programs and makes the voucher/certificate AP program, governed by the less rigorous Title 22 regulations, more attractive.

In light of these issues, a number of California counties, under funding from First 5 California and their local First 5 Commission, are expanding preschool programs using a tiered reimbursement system in their Power of Preschool (POP) Demonstration Projects. The tiers explicitly reward programs that are move beyond the Title 5 requirements for teacher qualifications and other program features with a higher rate of reimbursement, recognizing that these improvements in program features add to program costs.

Potential Inefficiencies May Limit the Benefits from the Dollars Spent

Our analysis of fiscal data for the set of subsidized ECE programs serving preschool-age children did not identify any major sources of inefficiencies that could generate substantial savings to redirect toward program services. Several analyses, including our own, show that a range of 5 to 10 percent of contract funds for ECE programs are not spent in a given year. These unspent contract funds are a potential source of dollars that could allow more children to be served, although the gains from more effective resource allocation are likely to be modest. Experience in San Mateo County with a pilot project to allow a higher SRR and more flexibility to move funds across providers suggests that the potential percentage increase in child days of enrollment would be in the single digits. These are not inconsequential gains, so it appears that strategies to improve contract allocations would be worthwhile. Likewise, there may be room to reduce administrative costs, particularly in a more streamlined system. However, the magnitude of the potential savings is difficult to judge, savings that might accrue to state- and county-level bureaucracies and to the providers themselves, who now must contend with a multiplicity of program regulations and requirements.

Beyond these potential fiscal inefficiencies, our study has documented a system in California for preschool-age children that devotes substantial resources each year to subsidize the care of preschool age children, but those dollars are not closely tied to the quality or stability of the care children receive. This can be viewed as an inefficiency from the perspective of child development, as the dollars spent do not have the greatest possible impact on children's developmental trajectories during the important preschool years. On the other hand, some of the features of the system that make it inefficient from the perspective of child development are in place to provide care for the preschool-age children of working parents.

To fully understand the potential inefficiencies with respect to child development, we must fill some important data gaps. For example, we know relatively little about the characteristics of the preschool-age children served in subsidized programs. As a result, it is difficult to assess how well programs are reaching the populations they intend to target, the extent of program overlaps, and the stability of children in programs and care arrangements. Information to address these questions could be obtained if the statewide student identifier system being implemented for the K–12 system were extended to include

preschool-age children who participate in publicly subsidized programs. Another important gap is that there is no systematic collection and reporting of data on the quality of programs or providers that deliver subsidized care across the full range of settings, so policymakers and the public don't know what quality of services the resources are buying.

Ultimately, public subsidies that support the care and education of preschool-age children provide a tremendous opportunity to enhance child development and promote school readiness, to have the kind of impact on children's development evidenced by the high-quality preschool programs reviewed in a companion report to this study. In considering reforms to the system, it is relevant to identify strategies that would allow greater efficiency with respect to the goal of improving child development, without necessarily detracting from the goal of supporting working parents. In other cases, policymakers may need to make choices about system reform that involve tradeoffs between these two policy objectives. Identifying the menu of policy options and their implications for these dual goals will be the focus of another companion report to this study.

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Abbreviations

4Cs	child care coordinating council
AB	Assembly Bill
ACF	Administration for Children and Families
ACYF	Administration on Children, Youth, and Families, DHHS
AFDC	Aid to Families with Dependent Children
AIR	American Institutes for Research
API	Academic Performance Index
AP	Alternative Payment
CalWORKs	California Work Opportunity and Responsibility to Kids
CARES	Comprehensive Approaches to Raising Educational Standards
CCD	Child Care and Development (program)
CDA	Child Development Associate (credential)
CCDF	Child Care Development Fund
CDE	California Department of Education
CDHS	California Department of Health Services
CDSS	California Department of Social Services
CEL	Centralized Eligibility List
CMR	Contract Monitoring Review
COE	County Office of Education
CPR	cardiopulmonary resuscitation
CRS	(YMCA) Childcare Resource Service (San Diego)
CWD	County Welfare Department
DHHS	(U.S.) Department of Health and Human Services
DRDP-R	Desired Results Developmental Profile-Revised
ECE	Early care and education
ECERS-R	Early Childhood Environment Rating Scale-Revised

FCCERS-R	Family Child Care Environment Rating Scale-Revised
FDCRS	Family Day Care Rating Scale
F5SMC	First 5 San Mateo Commission
FFY	federal fiscal year
FTE	full-time equivalent
GED	General Educational Development (certificate)
IDEA	Individuals with Disabilities Education Act
IEP	individualized education plan
IFSP	individualized family service plan
IHSD	Institute for Human and Social Development (San Mateo)
ITERS-R	Infant/Toddler Environment Rating Scale-Revised
LACOE	Los Angeles County Office of Education
LAUP	Los Angeles Universal Preschool
LAUSD	Los Angeles Unified School District
LEA	Local educational agency
LPC	Local Planning Council
MAAC	Metro Area Advisory Committee (Project) (San Diego)
MCOE	Merced County Office of Education
MCPS	March Current Population Survey
NAEYC	National Association for the Education of Young Children
NAFCC	National Association for Family Child Care
NCLB	No Child Left Behind Act of 2001
NHA	Neighborhood House Association (San Diego)
NIEER	National Institute for Early Education Research
PFA	Preschool for All
PKFL	Prekindergarten and Family Literacy (program)
PKFLFD	Prekindergarten and Family Literacy Full-Day (program)
POP	Power of Preschool
R&R	Resource and Referral
RFA	Request for Applications

RMR	regional market rate
SDCDA	San Diego Child Development Associates
SDCOE	San Diego County Office of Education
SDHHSA	San Diego Health and Human Services Agency
SFY	state fiscal year
SMCOE	San Mateo County Office of Education
SMI	state median income
SPA	Service Planning Areas (Los Angeles County)
SRLDP	School Readiness Language Development Program (Los Angeles County)
SRR	standard reimbursement rate
SSID	statewide student identifier
TANF	Temporary Assistance for Needy Families
TIIG	Targeted Instructional Improvement Grant

1. Introduction

California has a long history of providing subsidized care and early education services to support low-income working parents and promote the healthy development of children before they enter the public education system.[3] California's State Preschool program, implemented in 1965 at the same time Head Start was inaugurated, was one of the first in the country to use state funds to support the early education of disadvantaged children. This investment was made long before brain scientists and child development experts called attention to the importance of the years before school entry for promoting the physical, emotional, behavioral, and cognitive development of children and for setting the stage for success in kindergarten and beyond (Shonkoff and Phillips, 2000).

Nationwide, 65 percent of three-year-olds and 80 percent of four-year-olds are in some form of regular nonparental care, and, for low-income families, that care is often subsidized with federal or state funds (Mulligan et al., 2005). As more and more families with preschool-age children need access to nonparental care in order to work, policymakers and the public have turned their attention to the system of publicly funded early care and education (ECE) programs to determine how well the system meets the needs of the families it is designed to serve and whether it is making the best use of its resources. California, like other states, currently employs a mix of federal, state, and local funding to provide ECE programs to preschool-aged children, primarily targeting families with low income or young children with special needs. The system of publicly funded ECE programs that has evolved over time represents a complex set of programs that vary in terms of their objectives, eligibility requirements, the range of services provided and requirements for program quality, and funding levels. Given the complexities of the current system, it is often difficult to the set of programs in effect, the numbers of children served, and the levels of funding involved. As the menu of programs has evolved, there is no guarantee that the system is using its resources to deliver high-quality programs that benefit participating children and families.

[3] For a perspective on key dates in the development of publicly funded early care and education programs in California, see On the Capitol Doorstep (2006).

In support of our larger study investigating the adequacy and efficiency of preschool education in California, the objective of this analysis is to fully document the current system of publicly funded ECE programs in California. The focus is on publicly funded programs that provide child care or early education services to children one or two years before kindergarten entry. Thus, we do not focus exclusively on public funding for preschool programs, but more broadly on programs that also subsidize child care. These programs can be funded by federal, state, or local sources. The following questions are addressed:

- What federal, state, and local funding streams currently fund ECE programs for California children one or two years before kindergarten entry?
- What are the eligibility requirements for these programs, and how are children enrolled? How many children are eligible, how many children participate, and what fraction of eligible children is served?
- What requirements for service delivery are maintained for these programs (e.g., requirements for provider or teacher training, group sizes, and program services), and how do those requirements relate to benchmarks for high-quality programs?
- How are programs funded and providers reimbursed? How much funding is available, and do the reimbursement mechanisms provide an incentive to deliver high-quality programs?
- Are there inefficiencies within or across programs in terms of funding streams, program eligibility, service delivery, and program administration?

The analysis provides a comprehensive assessment of ECE programs for California as a whole, as well as four case study counties: Los Angeles, Merced, San Diego, and San Mateo counties.

In the remainder of this chapter, we summarize our study approach and provide a road map for the other chapters of the study.

Study Approach

To address our study questions, we define the scope of our analysis to include programs funded with federal, state, or local monies that fully or partially

subsidize the cost of providing child care or early education services to children who are one or two years away from kindergarten entry.

The ECE programs covered in our analysis include Head Start, Title I, the California State Preschool program, the California General Child Care and Development program, the Migrant Child Care and Development program, and the Alternative Payment program, as well as child care funds available through CalWORKs (California Work Opportunity and Responsibility to Kids, California's program under Temporary Assistance for Needy Families (TANF)), and California's state and county First 5 commissions.[4] This range means that we incorporate both traditional preschool programs, and programs that would be characterized as child care. For these programs, the bulk of our analysis focuses on contemporary features in terms of eligibility conditions and requirements for program services, and the most current data available for enrollment, reimbursement rates and parent fees, and funding levels. We do not seek to provide a historical perspective by analyzing aspects like trends over time in enrollments or program funding.[5]

One group of programs we exclude from our discussion is those that exclusively serve children with disabilities. Thus, we do not examine federal funding for ECE services for children with disabilities available through Part B of the Individuals with Disabilities Education Act (IDEA). Likewise, we do not include the Severely Handicapped program administered by the California Department of Education (CDE), a small program for eligible children and young adults that operates through six centers in the San Francisco Bay Area.[6] However, most of the programs we do cover serve both nondisabled and disabled children.

Our discussion of publicly funded ECE programs in California does not include those operated by the U.S. Department of Defense for its military personnel. Even though public funds are used for that purpose, we treat Department of Defense child care programs as an employer-provided benefit. Likewise, we do not account for public funds used to support child care programs for federal, state, or local government employees in California. Finally, we do not include

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[4] We do not attempt a full inventory of all programs that operate only in certain localities, such as school districts or other jurisdictions. One of the larger programs of this type, the School Readiness Language Development Program operated by the Los Angeles Unified School District, is covered in the context of our Los Angeles County case study.

[5] For a perspective on trends in California in public funding for child care and development, see California Budget Project (2001, 2005).

[6] The program serves fewer than 150 children from birth to age 21 annually.

public dollars associated with subsidies for child care services that are implemented through the tax system, such as the Federal Child Care Tax Credit or the California State Child Care Tax Credit.

We narrow our focus to programs available to children who are one or two years away from kindergarten entry, who we refer to as preschool-age children. In California, children are eligible for kindergarten entry in the fall of any given year if they will be five years old on or before December 2. We refer to the age cohort that is one year away from kindergarten entry at any point in time as "four-year-olds" and the one that is two years away from kindergarten entry as "three-year-olds." Figure 1.1 illustrates, for two specific points in time, the relationship among our concept of kindergarten entry cohorts, the birth date range for children in the cohort, and the current age of children in the cohort.

As shown in the figure, given California's birth date cutoff for kindergarten entry, at the beginning of the academic year, say on August 31 of any given year, the "four-year-olds" may include some three-year-olds who will be eligible to enter kindergarten in the following fall because they will turn five on or before December 2 in the following year (i.e., the children with birthdays in September, October, and November, and on December 1 or 2). Likewise, the "three-year-old" group as of August 31 in any given year will include some two-year-olds who will turn three by December 2 of the same year.

While we consider only programs that serve three- and four-year-olds, many of the programs we examine also cover younger and older children. Thus, we include five programs—Title I, Head Start, the California State Preschool , Prekindergarten Family Literacy, and the Power of Preschool Demonstration Projects—which specifically serve children in our focal age cohorts. However, six other programs we include in the analysis (e.g., General Child Care and Development) serve a wider range of child ages, typically from birth through age 12.

While the main focus of our report is a statewide perspective on the publicly funded ECE system, we also consider the system from the vantage point of four California counties—Los Angeles, Merced, San Diego, and San Mateo—selected to illustrate variation in the funding and provision of ECE programs. Our four counties are distributed geographically across the state and vary in size from the most populous urban county (Los Angeles) to a smaller, mostly rural county (Merced). The counties vary in other aspects of their demographic make-up and economic conditions. One commonality is that all four counties are actively involved in implementing preschool expansion programs with the goal of

Figure 1.1—Kindergarten Entry Cohorts Defined for Analysis

Kindergarten entry cohort		Birth month (date range)											
		December (3-31)	January	February	March	April	May	June	July	August	September	October	November	December (1-2)
As of August 31, 2005														
Four-year-olds 2006/2007 K class	Birth year	2000	2001											
	Current age	Age four									Age three			
Three-year-olds 2007/2008 K class	Birth year	2001	2002											
	Current age	Age three									Age two			
As of August 31, 2006														
Four-year-olds 2007/2008 K class	Birth year	2001	2002											
	Current age	Age four									Age three			
Three-year-olds 2008/2009 K class	Birth year	2002	2003											
	Current age	Age three									Age two			

achieving universal access. This alternative perspective allows us to see how counties implement programs with traditional funding streams, as well as other sources of county-specific funding. We can also consider how counties have adopted innovative practices in funding, preschool expansion and quality improvements, and cross-program coordination. In addition, we identify implementation issues facing our selected counties.

Our analysis draws on administrative reports and other sources of publicly available data on funding streams, program enrollments, service delivery requirements, and program administration. We also rely on data made available by CDE, the California Department of Social Services (CDSS), First 5 California,

and other relevant government entities, including those in the counties we examine for our case studies. To gather more in-depth information and information that is not publicly available, we conducted a series of interviews with key informants at the state level in Sacramento and in each case study county. These interviews provided an opportunity to gather other documentation on the programs of interest and collect information on program administration that is not otherwise fully documented.

Organization of the Report

To provide an overview of the system of publicly funded ECE programs that serve three- and four-year-olds, Chapter 2 describes the various programs available statewide in terms of their basic features, such as the targeted population, program services, and funding source and administrative auspices. It also discusses other resources related to the delivery of ECE services in the state, such as resource and referral and quality improvement activities. Chapter 3 delves into detail about program eligibility and enrollment levels and provides estimates of the fraction of the eligible population served by various programs. Chapter 4 highlights the features required for the various ECE programs and whether the program requirements would meet benchmarks established for quality programs. It also documents the distribution of children in publicly funded programs across settings—licensed centers, licensed family child care homes, and license-exempt home-based providers. Chapter 5 covers financial aspects of the ECE system in terms of program funding and expenditure levels, provider reimbursement mechanisms and rates, and cost allocation. Chapter 6 presents a synthesis of the perspective gained from our four county case studies, each of which is documented in a separate appendix. Finally, Chapter 7 returns to our study questions and summarizes our key findings.

2. Overview of California's System of Publicly Funded Early Care and Education Programs

California has provided subsidized child care to promote child development and support parental work since the 1940s (On the Capitol Doorstep, 2006). The influx of women workers into industry during World War II prompted the establishment of the State Child Care Center program in 1943, supported with federal funds under the Lanham Act along with state monies and parent fees. The program was under the auspices of CDE and was operated by school districts. With the end of the war and cessation of federal funds to support the child care needs of working women, California extended the program with state funding, eventually making the program permanent in 1957. The program targeted needy families and continued to supplement the state funding with sliding scale parent fees.

As the War on Poverty was waged in the 1960s, new federal and state monies were added to support the child care needs of low-income working families and promote the school readiness of disadvantaged children. This decade saw the establishment of Head Start and the California State Preschool program, both in 1965, as well as the advent of funds for child care services under the Aid to Families with Dependent Children (AFDC) program. Other programs were added over time to serve other specialized populations, such as children of migrant workers and children of teen parents who have yet to complete high school. More recently, new programs have been introduced at the local level with funding from the 1998 California Children and Families Act (also known as Proposition 10). Public funds have historically been used to provide services targeted to disadvantaged children and their families or other specialized populations.

This chapter highlights the complex array of federal, state, and local funding streams used in California to support free or subsidized ECE services for children before they enter kindergarten.[7] This perspective is supported by cataloging the 11 distinct publicly funded ECE programs in California that serve

[7] For earlier summaries of the California ECE system, see Karpilow (1999) and the California Budget Project (2001, 2005).

children one or two years before kindergarten entry.[8] The complexity of the system is further evidenced by the variation in such program elements as goals, target population, funding streams, regulatory structures, and service delivery methods.[9] The picture is completed with an overview of other funding streams that support programs related to ECE service delivery in California, including funds supporting resource and referral functions and investments in facilities and the ECE workforce.

Beyond the complexity of the system, other themes emerge from this overview of the publicly funded ECE system in California, issues that are explored in more depth in subsequent chapters:

- There are two primary motivations for providing subsidized ECE programs: to promote healthy child development and school readiness, particularly for disadvantaged children, and to provide affordable child care for low-income working families. This divergence in motivations means some programs have more extensive requirements for delivering developmentally appropriate care, but often on a part-day basis that does not meet the needs of employed parents, while other programs focus on parental choice and flexibility in arrangements at the expense of imposing requirements on the services providers offer.
- Many programs serve a broader range of children than just those who are one or two years away from kindergarten entry, often stretching from birth to adolescence. Thus, an understanding of the system from the perspective of preschool-age children may be different from what the system looks like as it serves children from birth through age 12.

[8] The number of distinct programs could be arguably even larger depending on how programs are counted. For example, our tally of 11 programs combines part-day and full-day versions of state-funded programs (e.g., State Preschool), variants that employ separate contract vehicles and differ in some aspects of program implementation. Likewise, there are important differences in eligibility and implementation among each of the three CalWORKs stages, although we count this as one program in our tally. From the perspective of program administrators, providers, and families, these program variants might be viewed as distinct.

[9] As this chapter is intended to provide an overview of the ECE system, we delve into several of these domains in more depth in subsequent chapters including program eligibility, program requirements, and funding and reimbursement mechanisms.

- The system is largely designed to serve targeted populations of children, yet most programs are not fully funded to serve all children who qualify. This is especially true for programs with a child development focus. Moreover, children may qualify for multiple programs which can require coordination in matching children to available openings.

Publicly Funded ECE Programs in California[10]

Consistent with the dual motivation of ECE programs—early childhood education to prepare children for school and child care support for low-income working families—the federal, state, and local government agencies that administer ECE programs encompass both the education and social service domains. At the federal level, the U.S. Department of Education funds Title I Preschool, while the U.S. Department of Health and Human Services (DHHS) funds Head Start and subsidizes child care for children living below poverty who are enrolled in TANF.

At the state level, the California Department of Social Services (CDSS) licenses child care providers (centers and family child care homes) under Title 22 of the California Code of Regulations and uses federal TANF monies to subsidize child care for parents enrolled in Stage 1 of CalWORKs. The Child Development Division of CDE combines federal and state funds to provide direct services in several subsidized ECE programs provided through contracted centers and family child care homes, including State Preschool and General CCD, which are governed by Title 5 of the California Code of Regulations. CDE also administers programs that subsidize child care providers selected by parents in Stages 2 and 3 of CalWORKs and other qualifying low-income families, administers Resource and Referral (R&R) programs that help families find child care providers, and funds Local Planning Councils, as well as quality improvement projects. In California, other funds at the state and local level come from First 5 California and county First 5 Commissions, in some cases with the aim of providing universal access to preschool for four-year-olds and, in some counties, three-year-olds as well. At the local level, various agencies, including county offices of education, as well as county welfare departments, administer ECE programs supported with federal and state funds.

[10] This section draws on several resources, including CDE (2006d, 2007b), CDSS (2007), On the Capitol Doorstep (2006, 2007), Romo-Zendejas (2006), Web sites for CDE and CDSS, and unpublished documentation provided by the Child Development Division of CDE.

Table 2.1 summarizes the publicly funded ECE programs in California that serve children one or two years before kindergarten entry.[11] The table lists the program name, the year the program was implemented, and the program's purpose; the funding source and government agency auspices under which the program operates; the entities that deliver the program at a local level, the regulations governing licensing and staffing, and the number of grantees or contractors (where relevant); the ages of children served (which may extend before or after the preschool years) and the target population; and the extent of the public subsidy and program intensity (e.g., part-day versus full-day programs and academic-year versus year-round programs).

Figure 2.1 shows the relationship among funding streams, program auspices, and targeting approach. Figure 2.1 also shows other features of the programs, including the funding mechanism (direct funding to providers through contracts versus vouchers or certificates paid to providers through intermediaries) and the setting in which services are provided, namely licensed centers, licensed family child care homes, and license-exempt home-based providers. Program enrollment (in thousands) in 2005 for three- and four-year-olds and program funding (in millions) for three- and four-year-olds in FY 2005–06 are shown as well to convey the relative size of each program (see Chapters 3 and 5, respectively, for details on the enrollment and funding figures). Issues of enrollment levels, service delivery, and funding and reimbursement mechanisms are discussed more fully in subsequent chapters.

We now turn to a brief introduction to each of the programs shown in Table 2.1 and Figure 2.1.

[11] This discussion excludes the American Indian Early Childhood Education program, which is administered by CDE and serves American Indian children in preschool to fourth grade. In 2006–07, the program operated at eight sites, but only a few include preschool programs.

Table 2.1—Features of Publicly Funded ECE Programs in California

Program name (Year started)	Purpose	Funding source / Auspices	Local delivery of ECE programming	Regulations governing ECE licensing / staffing	Number of grantees or contractors	Ages of children served	Target population	Family fees and program intensity
Title I, Part A, Preschool (1965)	To support effective, research-based educational strategies that close the achievement gap between high- and low-performing students and enable the students to meet the state's challenging academic standards	Federal Title I funds / CDE	Qualifying LEAs	Title 22 / Head Start Performance Standards	FFY 06: 57 school districts in 27 counties	3 and 4	Schoolwide programs: All children in attendance area of Title I school. Targeted assistance programs: Prioritize children with low income and at risk of school failure when resources are limited	Free academic year or year-round programs; full- or part-day programs
Head Start (1965)	To provide comprehensive health, education, nutrition, and social services to disadvantaged children and their families	Federal Head Start funds / ACYF, U.S. DHHS	Licensed centers and licensed family child care homes operated or administered by LEAs and other public or private agencies	Title 22 / Head Start Performance Standards	FFY 06: 52 grantees and 76 delegate agencies	3 and 4	Children in families with income below federal poverty guidelines (10% can exceed poverty cutoff); prioritize children in foster care; SSI; others established by community needs assessment	Free academic year and year-round programs, with part-day (3.5 hours) and full-day options
CalWORKs child care (1962/1998)	To meet the child care needs of CalWORKs recipients, who are required to engage in work or work participation activities	Stages 1, 2, 3: Federal TANF funds and CCDF and state CalWORKs child care funds / CDSS	Stages 1, 2, 3: Licensed centers, licensed family child care homes, and license-exempt home-based providers reimbursed through AP programs	Stages 1, 2, 3: Title 22 / Title 22 (may fund license-exempt care)	Stages 2, 3: Oct. 2006: 79 agencies with AP contracts	0 to 12 (Stage 1 gives priority to those 0 to 10); up to 21 if exceptional needs	Stage 1: Family participating in CalWORKs with welfare-to-work plan and receiving cash aid or have received aid in last 24 months and CDE income/need eligible Stage 2: Family deemed stable by CWD and receiving cash aid or have received aid in last 24 months and CDE income/need eligible Stage 3: Family timed out after 2 years in Stage 1 or 2 care and CDE income/need eligible	Stages 1, 2, 3: Subsidized care (parent fees or copayments may apply) where time in care arrangement is based on need for care

Table 2.1—Features of Publicly Funded ECE Programs in California, continued

Program name (Year started)	Purpose	Funding source / Auspices	Local delivery of ECE programming	Regulations governing ECE licensing / staffing	Number of ECE centers/ providers	Ages of children served	Target population	Family fees and program intensity
Cal-Learn (1993)	To help pregnant and parenting teens receiving CalWORKs attend and graduate from high school or its equivalent; supports include subsidized child care	Federal TANF funds and CCDF and state CalWORKs child care funds / CDSS	Licensed centers, licensed family child care homes, and license-exempt home-based providers reimbursed through AP programs	Title 22 / Title 22 (may fund license-exempt care)	Not applicable	0 to 12	Mandatory for pregnant and parenting teenagers (up to age 19) on CalWORKs who have not graduated from high school; participation can continue for those in school up to age 20	Subsidized care (parent fees or copayments may apply) with program hours provided based on parent needs
AP programs (1976)	To meet the child care needs of children and their families, incorporating parental choice and accommodating the individual needs of the family	Federal CCDF and state child care and development funds / CDE	Community-based child care organizations and public agencies (including schools, county offices of education, and counties)	Title 22 / Title 22 (may fund license-exempt care)	Oct. 2006: 90 agencies with AP contracts, 19 of which are counties	0 to 12, up to 21 if exceptional needs	Children receiving child protective services; at risk of abuse, neglect, or exploitation; on aid, homeless, or with family income at or below CDE income ceiling (set at 75% of benchmark SMI); must also demonstrate need[a]	Subsidized care (parent fees or copayments may apply) with program hours provided based on parent needs
State Preschool (1965)	To provide comprehensive developmental part-day program for 3- and 4-year-old children from low-income families; collaborations with Head Start and General CCD to provide full-day services	State child care and development funds / CDE	Licensed centers operated or administered by LEAs and other public or private agencies	Title 22 / Title 5	SFY 05-06: 483 agencies (in 55 counties) with contracts for part-day programs and 81 agencies (in 31 counties) for full-day programs	3 and 4, priority given to 4-year-olds	Part-day option: Children receiving child protective services; at risk of abuse, neglect, or exploitation; or with family income at or below CDE income ceiling (set at 75% of benchmark SMI); up to 10% of enrolled children may exceed income ceilings by up to 15% if all eligible children are served Full-day option: Must also demonstrate need[a]	Part-day option: Free 3 hours per day academic year program Full-day, year-round option: Subsidized (parent fees may apply for portion exceeding part-day program)

Table 2.1—Features of Publicly Funded ECE Programs in California, continued

Program name (Year started)	Purpose	Funding source / Auspices	Local delivery of ECE programming	Regulations governing ECE licensing / staffing	Number of ECE centers/ providers	Ages of children served	Target population	Family fees and program intensity
General CCD (1957)	To meet a wide variety of child care and development needs of children and their families	Federal CCDF and state child care and development funds / CDE	Licensed centers and networks of licensed family child care homes operated or administered by LEAs and other public or private agencies	Title 22 / Title 5	SFY 05-06: 489 agencies in 51 counties with contracts	0 to 12; up to 21 if exceptional needs	Children receiving child protective services; at risk of abuse, neglect, or exploitation; on aid, homeless, or with family income at or below CDE income ceiling (set at 75% of benchmark SMI); must also demonstrate need[a]	Subsidized (parent fees may apply) year-round programs, with program hours provided based on parent needs
Prekindergarten and Family Literacy (PKFL) (2006)	To facilitate a child's transition to kindergarten through developmentally appropriate activities and to advance parental education and literacy	State child care and development funds / CDE	Licensed centers operated or administered by LEAs and other public or private agencies in eligible school attendance areas	Title 22 / Title 5	SFY 06-07: Awards to 142 agencies in 41 counties operating 540 classrooms	4	Children with family income at or below CDE income ceiling (set at 75% of benchmark SMI); up to 20 percent of enrolled children may exceed income ceilings if all eligible children are served	Part-day option: Free part-day academic year program Full-day, year-round option: Subsidized (parent fees may apply)
Migrant CCD (n.a.)	To meet a wide variety of child care and development needs for children and their families that are dependent on agricultural work	Federal CCDF and state child care and development funds / CDE	Licensed centers operated or administered by LEAs and other public or private agencies	Title 22 / Title 5	SFY 05-06: 30 agencies in 17 counties with contracts	0 to 12, up to 21 if exceptional needs	Family meets same eligibility and need requirement as General CCD and has earned at least 50% of total gross income from employment in fishing, agriculture, or agricultural-related work	Subsidized (parent fees may apply) programs operating varying weeks and hours based on agricultural schedule
Cal-SAFE (California School Age Families Education) (1998)	To improve the educational experience for pregnant and parenting students, increase the availability of support services, and provide child care and development services for their children	State general funds / CDE	School districts and county offices of education	Centers exempt, but must meet health and safety requirements of Title 22; network providers must be licensed / Title 5	SFY 05-06: 147 agencies in 40 counties providing services in more than 450 middle and high schools	0 to 5 or until entry to K	Female and male students under age 19 who have not graduated from high school and are expectant, custodial, or active noncustodial parents; eligibility may continue one semester beyond 19th birthday; those with IEP can continue to age 22 or graduation	Subsidized care (no parent fees) with program hours provided based on parent needs

Table 2.1—Features of Publicly Funded ECE Programs in California, continued

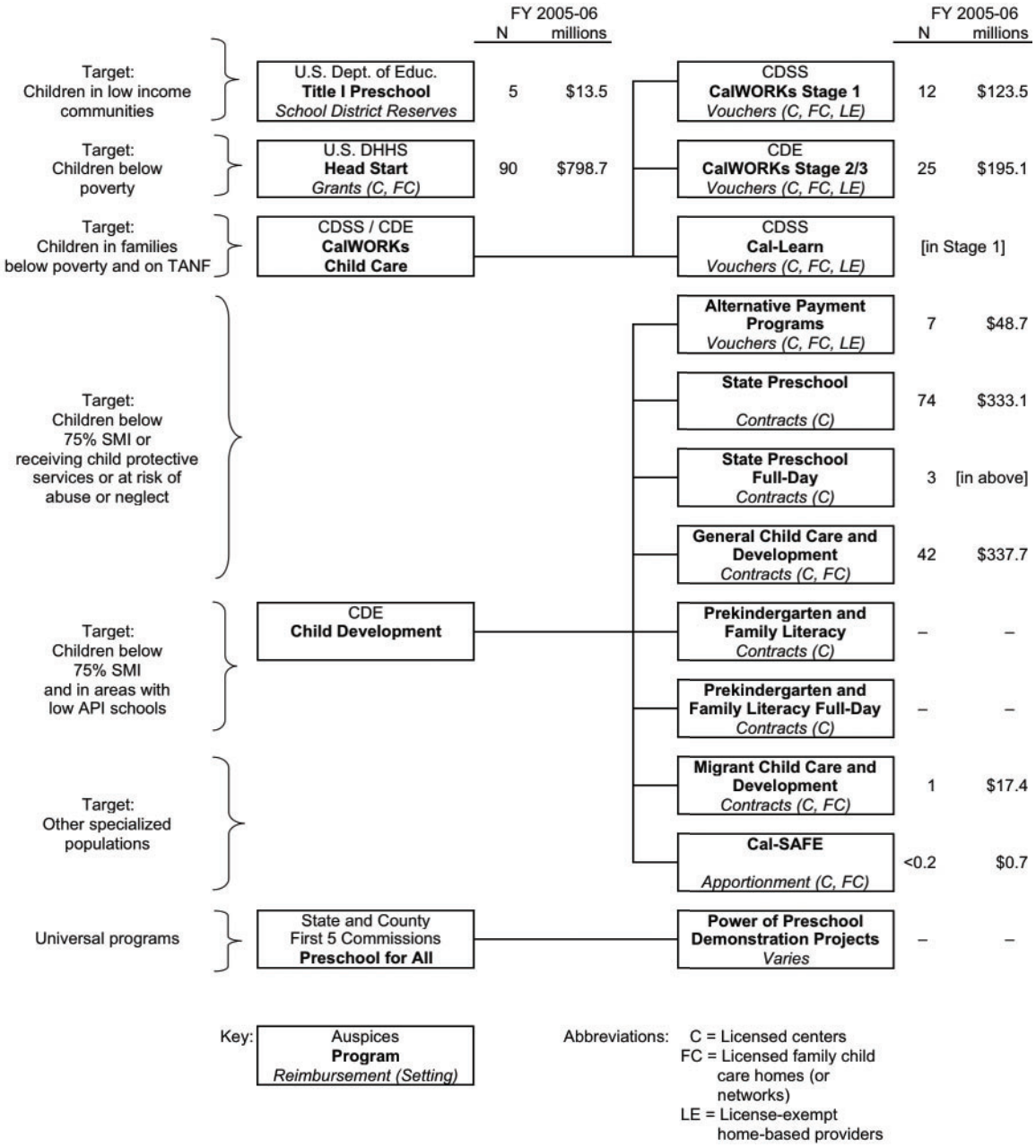
Program name (Year started)	Purpose	Funding source / Auspices	Local delivery of ECE programming	Regulations governing ECE licensing / staffing	Number of ECE centers/ providers	Ages of children served	Target population	Family fees and program intensity
POP Demonstration Projects (2005)	To implement the school readiness vision of First 5 California, that California's children will be healthier and better prepared to reach their greatest potential in school and in life through voluntary universal preschool	State and local funds (some private) / CDE and state and county First 5 commissions	Licensed centers and networks of licensed family child care homes operated or administered by LEAs and other public or private agencies	Title 22 / Title 5 (if delivered through providers already receiving Title 5 funds)	n.a.	3 and 4, priority given to 4-year-olds	Children living in program catchment area	Free part-day academic-year program with access to wrap-around care (parent fees may apply for portion exceeding part-day program)

SOURCE: Mauldon et al. (2000), CDE (2005a, 2006a, 2006b, 2007b), CDSS (2007), California Head Start Association (2007), and Romo-Zendejas (2006).

NOTES: FFY = federal fiscal year; SFY = state fiscal year; n.a. = not available.

[a] Need may be demonstrated by one of several criteria: receiving child protective services or at risk of abuse, neglect, or exploitation; parent(s) employed or seeking employment; parent(s) in vocational training leading to a recognized trade, paraprofession, or profession; parent(s) seeking permanent housing if homeless; or parent(s) incapacitated.

Figure 2.1—Publicly Funded ECE Programs in California



SOURCE: See Tables 2.1, 3.4, and 5.1.

NOTES: Program enrollment in thousands of three- and four-year-olds in 2005 and program funding in millions for FY 2005-06 for three- and four-year-olds shown to the right of each program box. General CCD includes Campus CCD which were combined in FY06. – = not operational in FY 2005-06.

Title I, Part A Preschool

Title I of the 1965 Elementary and Secondary Education Act allocates federal funds to state and local education authorities that serve a high proportion of low-income students at risk of educational failure. As amended in the 2001 No Child Left Behind (NCLB) Act, Title I funds are intended to "ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments" (U.S. Department of Education, 2004). While some states and localities already have a history of using Title I funds to support preschool programs, the NCLB Act explicitly encourages the use of Title I funds for preschool education.

In California, administration of Title I funds is assisted by CDE with funds allocated to local educational agencies (LEAs), namely school districts or schools. Title I programs may be provided as schoolwide programs, in which case all children in the attendance area are eligible to participate without charge. When resources are limited, school districts and schools may administer targeted assistance programs free of charge for children who are at risk of failing to meet the state's academic achievement standards. Family income may be used to identify eligible children, but it cannot be the sole criterion. Eligibility is also extended to children who participated in a Head Start, Even Start, Early Reading First, or a Title I Preschool program in the preceding two years, as well as children who are homeless or in institutions for neglected or delinquent children. Title I funds may be used to support preschool services for three- or four-year-old children in programs operated by a school, or funds may be used to support other comparable early childhood programs, such as Head Start. Programs may operate in public school buildings, other public or private facilities, or a child's home. As of the 2005–06 academic year, 57 California school districts in 27 counties had reserved Title I funds for preschool services.

Head Start

Established in 1965 as part of the War on Poverty, Head Start is a federally funded and administered program that provides free comprehensive education, health, nutrition, and social services to disadvantaged three- and four-year-olds Parental involvement is a hallmark of the program. Smaller associated programs are Early Head Start, which targets infants through age three, and Migrant Head

Start and Tribal/Native American Head Start, which both target three- and four-year-olds. To qualify for Head Start, most families must have income below the federal poverty guidelines which vary by family size.[12] In 2006, the guideline for a family of four stood at $20,000. Head Start is allowed to enroll 10 percent of children from families with income above the poverty guidelines. Families are not charged a fee for participating.

Head Start is administered through the Administration on Children, Youth, and Families (ACYF), of the Administration for Children and Families (ACF), U.S. DHHS, with additional administration through ten regional offices (California is Region IX) and two other offices covering special programs (American Indian-Alaska Native Program Branch and Migrant and Seasonal Program Branch). Grants are provided directly from the federal government to various local entities or "grantees" that deliver program services or contract out services to other "delegates." As of federal fiscal year (FFY) 2006, 52 grantees and 76 delegate agencies offered Head Start in nearly 2,000 centers with more than 5,300 classrooms. Another 730 family child care homes served children as well. Programs operate on both part-time (part-day and/or part-week) and full-time schedules. Since 1992, coordination between Head Start and CDE programs has occurred through the California Head Start State Collaboration Office, which is housed within CDE (and supported jointly by funds from DHHS and CDE).

CalWORKs Child Care Programs

Child care services for families on AFDC were first provided in 1962 to support the needs of low-income parents on aid who were working or in training to work. As requirements for participation in work or work-related activities increased through the welfare reforms of the 1980s and 1990s, funds to subsidize child care services for those on aid and those transitioning off aid have continued to expand.

Under the CalWORKs program, families move through three administrative stages and associated child care supports. The stages are intended to have similar requirements so families can move seamlessly from one stage to the next, from

[12] The federal poverty guidelines are issued each year in the *Federal Register* by the Department of Health and Human Services. The guidelines are a simplified version of the federal poverty thresholds used by the Census Bureau to calculate the number of persons living in poverty and are used to determine financial eligibility for certain federal programs. Separate guidelines are issued for the 48 contiguous states and Washington, D.C., Alaska, and Hawaii. All figures referred to in this study are those that apply to California.

subsidized child care delivered through county welfare departments (CWDs) to the same system of subsidized care accessed by other low-income working families. At each stage, eligibility for subsidized child care services is based on income and need criteria. The income requirement is the same as that for State Preschool and General CCD programs (see below). Need is defined as participation in work, job search, training, or other approved "welfare-to-work" activities.

Stage 1 care, administered by CWDs with funds from CDSS, is for families with children through age 12 (although those with children ages 11 and 12 have lower priority) who have entered CalWORKs. Providers are reimbursed through vouchers by the CWD or by an AP program.[13] Families are expected to remain in Stage 1 for six months or until their work or training situation has stabilized, and until a space is available in Stage 2 or Stage 3 care. When families do not achieve stability as determined by caseworkers or when services are not available in Stages 2 or 3 because of funding shortfalls, families remain in Stage 1 while on aid and then for up to 24 months after transitioning off aid if they meet the income and need criteria.

Stages 2 and 3 are administered by CDE through its AP programs. Families are eligible for Stage 2 when space is available and the CWD determines the family has achieved a stable work or training situation, the parent is transitioning off aid, or the parent is eligible for diversion services.[14] Again, families can remain in Stage 2 while they are on aid and for an additional 24 months after leaving aid as long as they meet the income and need criteria. Stage 3 is for families reaching their two-year limit in Stage 1 and/or Stage 2 care after transitioning off aid (also known as timing out). There is no time limit for participating in Stage 3 as long as the family meets the income and need criteria and the child is under age 13 (or age 21 for those with exceptional needs).

Across stages, the child care provider may change or remain the same, but the provider continues to be reimbursed through the CWD or an AP program. At each stage, families can use licensed center-based care, licensed family day care, or license-exempt home-based care (which may be provided in the provider's or

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[13] A total of 32 counties contract out their Stage 1 reimbursements to an AP program. Twelve counties handle Stage 1 reimbursements but also serve as an AP program for a program other than CalWORKs, while 14 counties handle Stage 1 through the CWD and are not otherwise AP programs.

[14] Those "diverted" from aid are families who otherwise qualify for CalWORKs but who elect to receive a lump sum payment or work support services in lieu of monthly benefits.

child's home). The time in care that is reimbursed is based on the hours associated with parental work, education, or training and associated travel time as determined by the child care eligibility worker or CWD case worker. For Stages 1, 2, and 3, family fees for child care are based on income and family size using the same schedule as the General CCD program discussed below. Typically, families in Stage 1 do not pay fees as their income is below the threshold where no fees are required. As families' work situations stabilize and incomes increase, they are more likely to be paying fees in Stages 2 or 3.

Cal-Learn

The Cal-Learn program, established in 1993, was implemented statewide under federal waiver to the AFDC program in 1994 in order to reduce teen pregnancy and promote self-sufficiency among teenage mothers receiving welfare. The program, administered by CDSS, is mandatory for all custodial parents under age 19 on CalWORKs who have not yet received a high school diploma or General Educational Development (GED) certificate. With the implementation of CalWORKs in 1998, the program was modified to allow students to remain in the program voluntarily until they reach age 20. CDSS coordinates the program at the state level with the California Department of Health Services (CDHS) and CDE.

Cal-Learn is managed by CWDs and provides intensive case management services contracted through social service agencies that specialize in teen parents. Financial incentives are provided to participants who remain in school and graduate, with accompanying sanctions for those who do not maintain satisfactory progress in school. Supportive services include funding for child care, transportation and other educational expenses. Child care services and fees mirror those for other CalWORKs recipients and include options for subsidized center- and home-based care reimbursed through the AP program. With the exception of teen mothers who were very young when their child was born (e.g., mother's age at birth younger than 15), most children receiving care under Cal-Learn can be expected to be infants or toddlers as opposed to preschool age.

AP Programs

Rather than having providers contract directly with the state to provide ECE services, AP programs are contractors that subsidize the care provided by private providers. Supported by federal and state funds, AP programs emphasize

parental choice, enabling families to choose licensed center-based care, licensed family child care homes, or license-exempt home-based care, according to their needs. California first experimented with this approach to subsidized care in 1976 and later made it a permanent part of the state's child development programs.

AP programs that serve the CalWORKs population were discussed earlier. AP programs also serve qualifying non-CalWORKs low-income families with children through age 12 (or up to age 21 if they have exceptional needs). Families must meet the same eligibility and need criteria as the General CCD program discussed below. AP programs target low-income families with child care needs because of employment or seeking work, as well as those who are homeless or migrant. The Migrant AP program is available to migrant families who move into one of six counties in the Central Valley (Fresno, Kern, Kings, Madera, Merced, and Tulare). Families must meet the income and need criteria of the AP program and must receive at least 50 percent of total gross income from employment in fishing, agriculture, or agriculture-related work during the 12 months preceding application to the program.[15] In contrast to the State Preschool and General CCD programs, there is no explicit expectation that care services reimbursed through AP programs include developmentally appropriate educational content, since providers do not have to comply with Title 5 regulations.

AP programs help families identify available ECE options and then either pay the selected provider directly for services received by eligible children as a vendor payment or issue a certificate to the parent, which can be used only to pay for child care services. Providers may be licensed centers or family child care homes, or license-exempt home-based providers. License-exempt providers must complete a health and safety self-certification and TrustLine application process (a background check). Providers who are close relatives of the child receiving care (e.g., grandparents, aunts, or uncles) are exempt from the background check requirement. Family fees are determined on the basis of family size and income. Children eligible because of receiving child protective services or being at risk of abuse, neglect, or exploitation are exempt from fees under the same rules as those of the General CCD program (discussed later in this chapter).

[15] This is the same eligibility requirement as for the Migrant CCD program discussed below, although that program is not limited to the same six counties.

State Preschool

The California State Preschool program began in 1965, the same year as Head Start, as a part-day program designed to provide free preschool to three- and four-year-olds from low-income families. A full-day option was added in the 1997/1998 academic year where programs operate as part-day State Preschool programs and follow General CCD regulations for the remainder of the day.

Children are eligible for the program if, at the time of enrollment, their family income falls below CDE-established income ceiling for their family size. The family-size income ceilings are set based on 75 percent of benchmarked state median income (SMI). As of July 2006, benchmark SMI was just under $64,500 for a family of four, so a family of that size could qualify for State Preschool if its income was below $48,372 (see the discussion in Chapter 3). Children receiving child protective services and referred by the county welfare department or children certified as being at risk of abuse, neglect, or exploitation—regardless of family income—are also eligible and given priority at admission.[16] Four-year-olds are given priority over three-year-olds. Priority then goes to children in families with the lowest income, accounting for family size. Otherwise, families do not have to demonstrate need to participate and remain eligible for the program year. For full-day programs, parents must demonstrate need according to the criteria discussed below for the General CCD program, and fees may apply for the portion of the day beyond the part-day program. Programs are allowed to enroll up to 10 percent of children with incomes up to 15 percent over the CDE limits, provided all income-eligible children have been served.

The program, administered by the Child Development Division of CDE, is delivered by LEAs and private nonprofit organizations under contract to CDE, although in some cases State Preschool contractors issue subcontracts to direct service providers who operate the programs. State Preschool programs are required to offer comprehensive educational-based activities that are developmentally, linguistically, and culturally appropriate. Other services include meals and snacks for the children and referrals to health and social services for the families. Like Head Start, programs emphasize parental involvement and education. The State Preschool program is funded by state

[16] In the first instance, a child welfare services worker from a child welfare department must certify that the child is receiving child protective services and that child care and development services are a necessary component of the child protective services plan. In the second instance, the certification must come from a legally qualified professional from a legal, medical, or social service agency or an emergency shelter.

general funds (Proposition 98) with separate contract vehicles for part- and full-day programs. Some part-day programs supplement their funding with Title I funds or combine with Head Start to offer a full-day option. As of October 2006, just over 550 agencies were under contract with CDE, most operating part-day programs during the academic year, in addition to a smaller number of programs offering full-day wraparound care.

General CCD Program

The General CCD program has evolved from a number of distinct programs, dating at least to the permanent establishment of the State Child Care Center program in 1957. Under the General CCD program today, state and federal funds are used to subsidize an array of child care and educational programs with public and private providers, including both centers and family child care homes, for children from birth through age 12 (or up to age 21 for those with exceptional needs).

Participation is determined by meeting one element each of both eligibility and need. Eligibility may be met by referral from child protective services or certification of being at risk of abuse, neglect, or exploitation (as detailed above for State Preschool); being on public assistance (i.e., TANF); being homeless; or having low income (based on the same CDE-established income ceilings as the State Preschool State Preschool). Need can be met by the same eligibility criterion related to referral from child protective services or certification of being at risk of abuse, neglect, or exploitation. Need is also satisfied if the child's parents are employed or seeking employment (eligibility for 60 working days per year for the latter criterion); participating in a vocational training program leading to a recognized trade, paraprofession, or profession; homeless seeking permanent housing; or incapacitated. Families remain eligible provided they continue to meet the eligibility and need criteria. Families pay on a sliding scale depending on income and family size. Those with the lowest income (currently below 40 percent of benchmark SMI) pay no fees.[17] Priority for enrollment goes first to children receiving child protective services or at risk of abuse, neglect, or

[17] Families of children eligible because they are at risk of abuse, neglect, or exploitation may be exempt from paying fees for up to three months if it is deemed necessary by the referring legally qualified professional. When participation is because the child is receiving child protective services, the family may be exempt from paying fees for up to 12 months if specified in the referral by the county welfare department.

exploitation, followed by those with the lowest income, accounting for family size.

General CCD programs are delivered in several different settings:

- **Public school programs** are administered by school districts and county offices of education that contract with CDE to deliver programs at public school sites, or in some cases, at affiliated family child care homes (see below). These LEAs may subcontract with other nonprofit organizations to operate the programs.
- **Community programs** are operated by other public or private contractors to CDE in the same manner as public school programs. Examples of contractors include cities, universities, or local community organizations.
- **Family Child Care Education networks** are groups of family child care homes that operate under the umbrella of a sponsoring agency that contracts with CDE. The sponsoring agency provides support services, including appropriate training, resource materials, and other services for the providers and participating families.
- **Campus Child Care programs** are located on campuses of the University of California, California state universities, and California community colleges that contract with CDE and give priority to students in these programs. Prior to July 2006, this program was funded through a separate CDE contract program.

All General CCD programs are governed by the same Title 5 staffing and program requirements as State Preschool and thus incorporate developmentally appropriate education-based care, as well as meals and snacks, parent education, health and social services referrals, and staff development.

Prekindergarten and Family Literacy (PKFL) Program

In September 2006, Governor Schwarzenegger signed Assembly Bill (AB) 172, which allocated $50 million in new state funds to establish the Prekindergarten and Family Literacy (PKFL) program under the auspices of CDE. The program is designed to extend the State Preschool education model in two ways (CDE, 2006a, 2006b). First, PKFL programs must be located in the attendance area of low-performing elementary schools, specifically those with 2005 Academic

Performance Index (API) scores in the 1 to 3 range (first three deciles).[18] In addition to the geographic targeting of programs, families must meet the same income eligibility criteria as the State Preschool and General CCD programs. If all eligible children are served, programs are allowed to enroll up to 20 percent of children from families that exceed the income limit. Second, the program serves four-year-olds and requires the provision of parent education services to promote "interactive literacy activities" to further support children's development beyond the classroom setting. According to the PKFL Request for Proposals, interactive literacy activities means "activities in which parents or legal guardians actively participate in facilitating the acquisition by their children of prereading skills through guided activities, such as shared reading, learning the alphabet, and basic vocabulary development" (CDE, 2006b). Other supports include staff development opportunities for program staff.

Like State Preschool, most programs will operate on an academic-year schedule (175 to 180 days) and offer part-day services with no fees for participating families. A few programs will operate on a full-day year-round (246 days) schedule (funded with an additional $5 million). Families participating in the PKFL Full-Day (PKFLFD) program must demonstrate need for full-time services and may be required to pay a fee, depending on their income level. The combination of braided funding streams between PKFL and General CCD creates a third program variant (i.e., part-day, full-day, and blended PKFL and General CCD).

With the new funding stream and program model, CDE selected contractors through an open bidding process. Proposals were submitted in January 2007 and awards to 142 agencies in 41 counties were finalized in May 2007. Most programs were expected to begin operations in fall 2007.

Migrant CCD Program

The Migrant CCD program is one of several CDE-administered programs that serves specialized populations, following the model of the General CCD program. Eligible children for the Migrant program are those whose parents otherwise meet the eligibility and need requirements for General CCD and have at least half of their total gross income from employment in fishing, agriculture, or agriculture-related work. Priority is given first to families who have moved in

[18] The API measures the academic performance of schools at a point in time and over time as part of the California Public School Accountability Act of 1999.

the last 12 months for agriculture-related work, followed by families who met the first criteria in the last five years but did not move in the last 12 months, and finally families residing in agricultural areas and dependent on seasonal agricultural work.

Services are provided in centers and family child care homes; the months of operation and hours of services vary according to the agricultural calendar. Programs must otherwise meet the same requirements as State Preschool and General CCD. In addition to direct support for child care and development services, funds are also allocated for other specialized services, as well as for start-up and shut-down costs. In SFY 2005–06, 30 agencies operated programs in 17 counties.

Cal-SAFE (California School Age Families Education) Program

The Cal-SAFE program was established in 1998 and began providing services in the 2000–01 school year (CDE, 2005a). The voluntary program serves expecting pregnant and parenting students regardless of income level, with the aim of promoting healthy pregnancy outcomes and allowing the students to complete high school. Administered by CDE, the school-based program enhances the educational offerings for the students, adds support services, and provides child care and development services (e.g., health screenings and immunizations) for their children. The program is open to female and male students under age 19 who have not graduated from high school and are expectant parents, custodial parents, or noncustodial parents taking an active role in their child's care.

Within 60 days of enrollment, children of Cal-SAFE students are assessed for their social, emotion, physical, and learning competencies, and program services are designed to be developmentally appropriate. Most children attend a child care center or child care network sponsored by Cal-SAFE on or near the school campus while the parent is in school. About 95 percent of Cal-SAFE participants are female, and the typical female is age 16 or 17 (CDE, 2005a). As with the Cal-Learn program, most Cal-SAFE participants can be expected to have an infant or toddler in care, rather than a preschool-age child.

Power of Preschool (POP) Demonstration Projects

In 1998, California voters passed Proposition 10, the California Children and Families Act, which applied a 50-cent-per-pack increase in the state surtax on cigarettes to fund programs for children from birth to kindergarten entry. Fifty-

eight county commissions (local First 5 agencies) and First 5 California distribute the Proposition 10 revenues. The county commissions receive 80 percent of the revenues, based on the annual births in the county, and each county commission decides how to allocate resources across programs that serve families and young children. The remaining 20 percent of the funds are allocated to First 5 California, which uses some of its funds in matching-grant partnerships with local commissions.

In July 2003, First 5 California committed $100 million over five to seven years to support preschool expansion efforts in selected counties. To date, awards totaling $62 million have been made for demonstration projects in nine counties: Los Angeles, Merced, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, Ventura, and Yolo. The nine counties have developed plans for expansion and quality improvements in part-day school readiness preschool programs that aim to achieve universal coverage of three- and four-year-olds in specified areas (school district, city, or county) within five years These county demonstration projects are called Power of Preschool (POP). The largest of these efforts is taking place in Los Angeles County under the auspices of LAUP (see the discussion in Appendix B).

Providers in POP projects include licensed programs in a variety of settings: school-based programs, community-based centers, and family child care homes. As a result of the increased funding, POP slots, whether new or existing, incorporate a tiered system of reimbursements for programs that employ more highly qualified staff compared with what is otherwise required of Title 5-funded programs (see the discussions in Chapters 4 and 5).

POP demonstration projects began implementing their plans in 2005 with the first children served in 2006. An essential element of POP is evaluation, the results of which will inform the ongoing debate over expanding preschool access in California. Variation in design among POP counties will also provide an array of models and implementation issues for consideration.

Other Resources Related to ECE Service Delivery in California

Beyond direct service provision, other public funds support resource and referral functions, centralized intake/waiting lists, quality improvement for facilities and professional development for staff, and local service coordination.

Resource and Referral (R&R)

The Child Development Division of CDE uses state and federal funds to contract with R&R agencies. A primary function of the R&Rs is helping parents, regardless of income, to identify ECE providers in their community. R&Rs also provide consumer education materials about child care services and quality and make appropriate referrals. Providers include licensed centers and family child care homes, and, in rare instances, may include license-exempt providers who have been cleared by the TrustLine background check. In addition, R&R agencies offer providers technical assistance in establishing programs and meeting licensing requirements, and deliver ongoing professional development and training. They also assist local communities in planning for child care needs, coordinating with parents, providers, and other stakeholders. Since 1976, state funding has been provided to R&Rs, which had a budget of $18.6 million in SFY 2006–07. CDE currently has contracts with 62 R&Rs that serve all 58 counties.[19] In some cases, the same agency serves as the R&R and is an AP program.

Centralized Eligibility Lists

Initially a pilot project in nine California counties, the Centralized Eligibility List (CEL) became operational statewide as of January 1, 2006 (CDE, 2006h). Families who are seeking subsidized care in programs administered by CDE are placed on the CEL, along with information that determines the priority a family receives on the waiting list and the family's preference for the location of potential providers. The CEL replaced a previous system wherein each CDE contractor maintained its own waiting list and families had to place their name on the list of any provider of interest. The CEL is designed to ensure that families with the highest priority are identified when openings become available, and that families have access to all programs for which they qualify. In SFY 2006–07, $7.9 million was allocated for CEL administration, which is carried out by the county's AP program or the AP program that is the R&R agency in counties with more than one AP program. In a few counties, the CEL administrator is the local child care and development planning council (LPC), if it served as the administrator prior to statewide implementation.

[19] In some cases, R&R contractors serve more than one county, while several counties have multiple contractors.

Quality Improvement Activities

Under the terms of the federal Child Care Development Fund (CCDF) block grant program, California is required to spend a minimum of 4 percent of CCDF funds, along with state matching funds, for quality improvement initiatives.[20] A total of $65.6 million in state and federal funds is in the SFY 2006–07 budget for this purpose. These funds cover a range of activities (see CDE, 2006c). Some activities consist of federal mandates, like infant/toddler capacity building and school-age children capacity building. Relevant activities for programs serving preschool-age children include the following:

- Facilities and renovation repair grants, available to CDE center-based contractors that provide subsidized child care and development programs. Funds may be used for one-time expenditures for deferred and major maintenance of facilities required to meet health and safety standards and comply with the federal Americans with Disabilities Act.
- Instructional materials grants to allow CDE contractors (center-based programs and family child care home networks) to purchase developmentally appropriate curriculum-related materials, whether durable or consumable.
- Further evaluation of and enhancements to the Desired Results Developmental Profile-Revised (DRDP-R) system, which is used to measure the achievement of the results desired for children in subsidized care.[21]

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[20] TANF funds transferred from CDSS to CDE for operation of CalWORKs Stages 2 and 3 child care services take on the requirements of CCDF, including requiring a share to be allocated to quality improvement.

[21] The DRDP-R is a research-based assessment tool developed for use by CDE-funded programs as part of the Desired Results for Children and Families system (CDE, 2006g). The system specifies six results to which CDE-funded child care and development programs are expected to contribute: children are personally and socially competent; children are effective learners; children show physical and motor competence; children are safe and healthy; families support their children's learning and development; and families achieve their goals. The DRDP-R for children three years old to prekindergarten defines a set of indicators associated with each of the first four desired results (e.g., "Children demonstrate effective social and interpersonal skills") and measures specific to that indicator (e.g., "Seeks adult help when appropriate"). Children are then assessed on each measure to determine if the behavior has yet to be observed, is emerging, is almost mastered, or is fully mastered.

- Subsidized training for TANF recipients to become child care teachers through a two-year community college program leading to a Child Development Teacher Permit.
- Development of and training for the Preschool Learning Foundations, a set of comprehensive early learning standards that will be used in CDE-funded programs.
- Child Development Staff Retention Program (AB 212), which provides stipends (through funding allocated to LPCs) to allow child development staff working directly with children in Title 5 contract programs to maintain their child development permits and complete college degrees.[22]

Local Child Care and Development Planning Councils (LPCs)

Using state and federal funds, CDE funds LPCs in all 58 counties. Members are appointed by county supervisors and superintendents of education. Among their responsibilities, LPCs conduct child care needs assessments, measuring supply and demand for both subsidized and nonsubsidized care, and develop plans to address any unmet need. LPCs provide funding priorities to CDE when new program funds are made available and work within the community to develop partnerships with child care providers, government agencies, and other human services organizations. A total of $6.3 million was allocated for the LPCs in SFY 2006–07.

Perspectives on the Landscape of Subsidized ECE Programs for Preschool-Age Children

The publicly funded programs serving three- and four-year-olds in California are a complex collection of programs tied to a range of funding streams. In this closing section of the chapter, we offer some perspectives on the landscape of subsidized ECE programs in California, raising themes that will reappear in subsequent chapters.

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[22] A related program, CARES (Comprehensive Approaches to Raising Educational Standards), is funded by First 5 California and participating county commissions that often administer the program. CARES is designed to promote and reward educational attainment among child care professionals through financial incentives. CARES provides stipends to child care providers who complete college courses toward a higher level permit on the Child Development Permit matrix and/or toward a degree in child development or related field.

Mixed motivations and a range of ages served. The subsidized ECE programs discussed in this chapter represent a mixture of motives for program delivery, between providing services to promote healthy child development and to prepare children to enter school ready to learn and providing care for children from birth to adolescence to support parents' need to work. Title I preschool, Head Start, and the part-day State Preschool program (including the new part-day PKFL program) are designed primarily to promote child development and specifically serve preschool-age children. The programs require delivery of age-appropriate care and early education services by trained staff in a limited range of regulated care settings. None of these programs requires parents to demonstrate that they need child care so they can work or invest in education or training. In fact, the hours covered by part-day Head Start or State Preschool programs may pose a challenge for parents who need full-day care while they work.

In contrast, the CalWORKs stages and AP programs are largely directed at supporting parents who work, and therefore serve children in a wider range of ages. Parents have flexibility to choose from providers in a range of settings, including those who are not licensed. There are no requirements for developmental content or learning supports. Other programs share both motivations, such as the full-day State Preschool program (and the PKFL variant) and the General and Migrant CCD programs. These programs provide services under the same guidelines as the programs that are motivated to support child development. Yet they also offer full-day care, which supports working parents.

Subsequent chapters will focus on the system as it applies to preschool-age children whenever possible. In some cases, this will provide a different view of the system than what is obtained when the system is viewed as a whole, serving children from birth to adolescence. In addition, as we will see in Chapter 4, the divergence in motivations across programs has created a divergence in program standards, which may not be acceptable given that public funds are being used to pay for care of preschool-age children that may not be promoting healthy child development and school readiness.

No entitlements. With the possible exception of CalWORKs Stage 1, none of the funding streams that are used to subsidize ECE programs for preschool-age children are entitlements in the sense that funding is always available for those who qualify. Rather, the size of the population served is constrained by funding levels and the cost of program delivery. As we will see in Chapter 3, there can be significant gaps between the size of the population eligible to participate in one

or more programs and the number of children the programs are funded to serve. This is less the case for CalWORKs-related child care, as Stages 1, 2, and 3 have historically been fully funded. The gap between funding and eligibility is most apparent in other child care and development programs that serve at-risk children or children in low-income families (e.g., Head Start and Title 5 contract programs).

Families may qualify for multiple programs. Families with income below the federal poverty guidelines qualify for the largest number of programs and are often the priority of programs that serve families with higher incomes as well. For example, the State Preschool program is allowed to serve families with income above poverty, but State Preschool program providers must take a lower-income child (relative to family size) over a higher-income child. At best, the overlapping eligibility can require coordination across programs to match children to the slots that best fit their eligibility profile, leaving another slot open for another child with more limited options. At worst, this type of overlap may generate competition among programs as they seek to enroll the same population.

3. Eligibility and Enrollment

As noted in Chapter 2, the publicly funded ECE programs in California are designed to serve primarily low-income or otherwise at-risk populations of children, although how the target population is defined often varies from program to program. In this chapter we focus on the variation in program eligibility requirements across the programs described in Chapter 2 and what they imply about the size of the population that is potentially eligible to participate. We pay particular attention to income eligibility requirements as one of the key determinants of who qualifies for subsidized ECE programs. Using survey data on family income from the March Current Population Survey (MCPS), we are able to estimate the share of the preschool-age population that is potentially eligible to participate in the various subsidized programs.

We also assemble various administrative data sources to examine enrollments in the same programs.[23] Where possible, we examine enrollment figures broken out by age because the group we are especially interested in is three- and four-year-olds, those one or two years away from kindergarten entry. Unfortunately, not all agencies compile data in such a way that enrollment figures can be disaggregated by child age (Stage 1 of CalWORKs is one such example). Where we feel we can make reasonable imputations, we employ such estimates in order to obtain as complete a picture as possible of participation by preschool-age children in subsidized ECE programs.

In the next section, we first take up the issue of program eligibility and the enrollment determination process. Next, we present our estimates of the fraction of the population that is potentially eligible for various programs. The third section focuses of program enrollments, disaggregated across programs and aggregated for the cohorts of preschool-age children. We then combine our data on program eligibility and enrollments to estimate the share of the eligible

[23] Our approach differs from other studies in the literature such as Lopez and de Cos (2004) and Bridges et al. (2004), which use household census or survey data to estimate participation in both public and private preschool programs. Those studies can also examine differences in enrollment patterns by the child and family characteristics collected in the census or survey. In an approach similar to ours, the American Institutes for Research (AIR) has compiled various sources of administrative data to estimate enrollment by county and Zip code (see AIR, 2007).

population served by various programs. We conclude with a discussion of the eligible population that is not served because of constraints on program funding.

Several key points follow from our analysis of eligibility and enrollment:

- Families with preschool-age children may qualify for subsidized care because of low family income (adjusted for family size) or low family income and a demonstrated need for care. Income eligibility thresholds for federal programs are based on the federal poverty guidelines, while higher thresholds, up to 240 percent above the poverty guidelines, apply to state-administered programs. None of the income thresholds account for the substantial differences in the cost of living or cost of care in different geographic areas of the state.
- Given the complexity of the system of ECE programs, it can be challenging for families to understand which programs they may qualify for and to be matched with an appropriate provider. Changes in family circumstances may also affect whether families remain eligible for continued services. For families on CalWORKs, matching is facilitated by a caseworker or AP program, while R&R agencies more generally serve as a clearinghouse for information on available programs and providers. The CEL is used to match qualifying low-income families with programs that have openings.
- Our estimates indicate that in 2006 23 percent of California preschool-age children would have income below poverty and therefore would be eligible for Head Start. Given the higher CDE income ceilings, an estimated 53 percent of preschool-age children would qualify on the basis of income alone for State Preschool and may also qualify for other CDE-administered programs if they have demonstrated need.
- Our analysis of data on program enrollment for the fall of 2005 shows that the federal- and state-funded ECE programs discussed in Chapter 2 served nearly 500,000 children from birth through age 12. Focusing on participation for preschool-age children, we find the programs served approximately 92,000 three-year-olds and 167,000 four-year-olds, for a total of 259,000 preschool-age children. Because we cannot fully account for some duplication in program counts when children are served by more than one program, these figures may overestimate the number of preschool-age children served in subsidized ECE programs by upwards of 30,000 children. At the same time, these counts do not include newly

funded programs at the state and local level that were not yet operating in 2005 (e.g., 12,000 additional children served in PKFL programs and at least 6,000 children served through POP demonstration projects). This undercount will make up for some of the overestimate, particularly for four-year-olds.

- Applying our estimates of eligibility and program participation to 2006, we find that about 53 percent of eligible four-year-olds and 25 percent of eligible three-year-olds are currently served by child development oriented programs (e.g., Head Start, Title I, and CDE-administered Title 5 programs). If we assume 80 percent, rather than 100 percent, of eligible children would be enrolled in such programs, current enrollments reach an estimated 66 percent of eligible four-year-olds and 32 percent of eligible three-year-olds. The number of eligible children not served, assuming an 80 percent participation rate, is approximately 77,000 four-year-olds and 156,000 three-year-olds. If we include all other subsidized ECE programs such as CalWORKs and non-CalWORKs AP programs, the proportion of eligible children currently being served by any subsidized ECE program rises to 73 percent for four-year-olds and 39 percent for three-year-olds.
- Evidence that demand for subsidized ECE programs for preschool-age children exceeds the existing supply is also found in preliminary figures of the number of children on the CEL. Estimates for the second quarter of 2007 indicate that 215,000 children were on the waiting list for subsidized care, with about 38 percent or 83,000 children of preschool age.

Eligibility Requirements, Enrollment Process, and Parent Fees

Other than the POP Demonstration Projects, each of the ECE programs reviewed in Chapter 2 serves a targeted population. Excluding those programs that serve a very specialized population (e.g., migrant workers, parenting teens), eligibility is generally determined by income and, in some cases, by receiving child protective services or by being at risk of abuse, neglect, or exploitation. In addition, some programs require participants to demonstrate need (in the case of CalWORKs Stages 1 or 2, being on aid is equivalent to demonstrating need). Table 3.1 summarizes these eligibility components for the non-specialized programs.

In the remainder of this section we focus on the income eligibility requirements for the programs shown in Table 3.1, especially those administered by CDE. We

then discuss the enrollment process for families seeking subsidized care. We also discuss the parent fee schedule that applies to most of the CDE-administered programs.

Table 3.1—Eligibility Criteria for Publicly Funded ECE Programs in California

	Income		Receiving child protective services or at risk of abuse, neglect, or exploitation	Other criteria
	Federal poverty guidelines	CDE income ceilings		
Title I Preschool	✓			In catchment area
Head Start	✓			
CalWORKs Stages		✓		Need
AP		✓	✓	Need
State Preschool		✓	✓	
General CCD		✓	✓	Need
PKFL		✓	✓	

SOURCE: See sources in Table 2.1.

NOTE: Migrant CCD, Cal-Learn, and Cal-SAFE programs are excluded as they target even more specialized populations.

Income Eligibility

The two federally funded programs rely on the federal poverty guidelines to determine eligibility. As seen in column (1) of Table 3.2, the poverty guideline in 2006 was $16,600 for a family of three and $20,000 for a family of four. With the exception of Alaska and Hawaii, there is no variation in the poverty guidelines to account for differences in cost of living across the states. While 90 percent of Head Start participants must have family income below the federal poverty guidelines, Title I provides more flexibility in serving children in families with income that exceed the poverty thresholds. For example, school-wide Title I programs only require that there is a concentration of low-income children

served by the school.[24] Targeted assistance programs may use income relative to the poverty guidelines as one of several criteria to prioritize the children to serve.

The remaining programs all use income ceilings required in California Education Code, which also vary by family size. By law, the California Department of Finance is required to update SMI for a family of four by March 1 of each year using the best available data, which is typically the MCPS: the March income supplement of the Current Population Survey. CDE is then required by law to use the benchmark SMI to adjust the income eligibility limits for its subsidized programs, setting the ceiling for a family of four at 75 percent of SMI.[25] Since family income data are only available with a lag, this means that the income thresholds also lag behind changes in state median income.[26] For example, Table 3.2 shows the income thresholds in effect as of January 1, 2000, for CDE child care and development programs other than State Preschool (e.g., General CCD and AP programs) and as of July 1, 2000, for the State Preschool program (see columns (2) and (4)). In 2000, the Department of Finance estimated SMI at $52,000 for a family of four based on MCPS income data for 1998. The income eligibility ceiling of $39,000 for a family of four in the 2000 schedule equates to 75 percent of SMI in 1998. When the schedule was adjusted in 2000, the income ceiling was slightly lower for the State Preschool program ($37,644), approximately 72 percent of 1998 SMI for a family of four (see column (4) of Table 3.2).

Although CDE made two more adjustments to the State Preschool program income ceiling schedule in 2003 and 2005 to bring it into alignment with the 2000 schedule for other CDE programs (see columns (5) and (6) of Table 3.2), the

[24] LEAs may use several measures (or a combination of measures) to determine eligibility for Title I funds including the fraction of children below poverty, eligible for free or reduced price lunch, participating in TANF, or receiving Medicaid.

[25] Given the base SMI for a family of size four, the income thresholds for smaller and larger families are set following fixed proportions. The threshold for a family of two or three is set at 84 percent and 90 percent, respectively, of the threshold for a family of four. The ratio of the threshold for families of size five and six are 116 and 132 percent, respectively, of the family of size four threshold. For larger family sizes, the ratio increases by 3 percentage points for each additional family member (e.g., 135 percent for a family of size seven, 138 percent for a family of size eight, and so on, up to 150 percent for a family of size 12 or more).

[26] The MCPS collects data on family income for the prior calendar year. Data collected in March are typically available for analysis the following fall. Thus, in March 2000, income data from the 1999 MCPS would be available with information on income in 1998.

overall schedule did not change again until July 2006 (see columns (3) and (7)).[27] In that year, the Department of Finance estimated SMI for a family of four to be $64,496 based on 2004 income data, so the income ceiling for that family size jumped nearly $10,000 over the 2000 level to $48,372. As of July 2006, the CDE income ceiling for a family of four was 242 percent of the federal poverty guideline for the same family size.[28]

Table 3.2—CDE Child Development and State Preschool Program Eligibility Income Ceilings by Family Size

	Annual family income ceiling for program eligibility						
		CDE child care and development programs		CDE State Preschool program			
	2006 Federal poverty guidelines	Effective Jan. 1, 2000	Effective July 1, 2006	Effective July 1, 2000	Effective April 1, 2003	Effective May 1, 2005	Effective July 1, 2006
Family size	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1-2	13,200[a]	32,760	40,632	30,228	31,200	32,760	40,632
3	16,600	35,100	43,536	34,632	35,100	35,100	43,536
4	20,000	39,000	48,372	37,644	39,000	39,000	48,372
5	23,400	45,240	56,112	39,504	42,120	45,240	56,112
6	26,800	51,480	63,852	41,184	45,240	51,480	63,852
7	30,200	52,644	65,304	42,120	48,360	52,644	65,304
8	33,600	53,820	66,756	43,056	51,480	53,820	66,756
9	37,000	54,984	68,208	43,992	54,600	54,984	68,208
10	40,400	56,160	69,660	44,928	57,720[b]	56,160	69,660
11	43,800	57,324	71,112	45,864		57,324	71,112
12	47,200	58,500	72,564	46,800		58,500	72,564

SOURCE: U.S. DHHS (2006) and California Department of Education (2000a, 2000b, 2003, 2005b, 2006e).

[a] This is the federal poverty guideline for a family of two.

[b] The CDE ceilings effective April 1, 2003 ended at a family size of ten or more.

Table 3.3 shows estimated SMI for all families and for families of size four from 1998 to 2006 based on the MCPS as estimated by the California Department of

[27] The "freeze" in the benchmark SMI from 2000 to 2006 occurred because the five successive state budgets after 2000 included control language that held the benchmark SMI for determining income eligibility at the previous year's level.

[28] The ratio of the CDE income ceilings to the federal poverty guidelines ranges from nearly 310 percent for a family of size two to just over 150 percent for a family of size twelve.

Finance. As a result of the "frozen" CDE income ceiling schedule between 2000 and 2006, the income threshold for a family of four eroded from 75 percent of SMI as estimated in 2000 to 58 percent of SMI as estimated in 2005. Accounting for the two-year lag in the availability of SMI data, the threshold in 2000 stood at 61 percent of 2000 median income, and, in 2005, the threshold was just 58 percent of 2005 median income. This difference arises from fluctuations in estimated median family income because of the business cycle, but also because of sampling error using the MCPS to estimate SMI for families of size four. As seen in Table 3.3, the median income for a family of four jumped 29 percent between 1998 and 2003 (from $52,000 to $67,000). In contrast, the change in median family, when shifted by two years, was just 5 percent (from $63,800 in 2000 to $67,000 in 2005).

Table 3.3—California State Median Income and Relationship to CDE Income Ceilings: 1998–2006

	State median income (SMI)		CDE income ceiling for a family of four		
Year	All families	Families with four persons	Ceiling	As a percent of SMI lagged two years	As a percent of current SMI
1998	$46,470	$52,000	–	–	–
1999	$49,840	$61,418	–	–	–
2000	$52,000	$63,800	$39,000	75	61
2001	$53,400	$63,000	$39,000	63	62
2002	$54,848	$64,523	$39,000	61	60
2003	$57,130	$67,000	$39,000	62	58
2004	$55,000	$64,499	$39,000	60	60
2005	$60,000	$67,000	$39,000	58	58
2006	–	–	$48,372	75	–

SOURCE: Unpublished figures for SMI provided by California Department of Finance and California Department of Education (2000b, 2006e).

NOTES: SMI is estimated using the March supplement of the Current Population Survey. The CDE income ceiling from 2000 to 2004 is for all CDE child development programs other than State Preschool. – = not available.

Like the federal poverty guidelines, the CDE income ceilings are fixed across the state and do not account for differences in cost of living across California communities. The California Budget Project periodically estimates the budget required for families of various size in California to meet their basic needs

without assistance from public programs (California Budget Project, 2005).[29] Statewide, a family of four with two working parents is estimated to need just under $64,000 in annual income as of 2005 to meet its basic needs, well above the CDE income ceilings used to qualify for subsidized ECE programs (see Table 3.2). The estimated budget ranged from about $51,500 for the eight-county Central Valley region to nearly $71,000 for the ten counties surrounding the Bay Area (including Alameda, San Francisco, and San Mateo). These figures indicate substantial differences in the cost of living across the state that are not recognized in the income eligibility limits for federal- or state-subsidized ECE programs.

Enrollment Process

Given the complexities of the eligibility requirements across various programs in terms of income limits, need criteria, and other factors that would qualify a family to receive subsidized care in a given program, it can be challenging for families to navigate the system to determine what programs they are eligible for and to find a match with a provider. Moreover, providers that contract for specific slots, such as Head Start and the CDE-administered contract programs (i.e., State Preschool, General CCD, and Migrant CCD), also want to enroll children in their programs so, they will search for eligible families.

There are several ways for eligible families to enter the system of subsidized ECE services in California. One pathway is through CalWORKs where child care is subsidized for clients who work, are in school, or are part of the welfare-to-work program. A caseworker is assigned to assess the client's child care needs as part of Stage 1. This caseworker may be the employment specialist assigned to the aid recipient, a caseworker who specializes in helping clients arrange child care, or an employee of an AP program if the county has outsourced its Stage 1 child care process to an outside provider (generally the same entity that also handles Stages 2 and 3). Referrals may be to licensed centers or family child care homes. Clients may also choose to use a license-exempt provider, such as a relative.

A second pathway into the system is through an R&R agency, which provides referrals to all families regardless of income and is able to identify whether families may qualify for a subsidized program. If a family is expected to be

[29] The budget analysis accounts for typical costs of housing and utilities, food, child care, transportation, health coverage, payroll and income taxes, and miscellaneous expenses (including clothing and services, personal care, housekeeping supplies, and basic telephone service).

eligible for Head Start, then an application for Head Start can be completed.[30] In the case of CDE-administered programs (e.g., State Preschool or General CCD contractors), a family that is expected to be eligible will be placed on the CEL, which state contractors use to identify potentially eligible families seeking care in the contractor's zip code (CDE, 2006h).[31]

The CEL was initially introduced in 2001 as a pilot project in nine counties (Henderson, D'Amico, and Dalton, 2003). It became operational statewide as of SFY 2006–07 when all CDE contractors were required to use the CEL to identify eligible families. A contractor with an opening uses the CEL to identify a list of families that have specified a willingness to choose care in the contractor's geographic location. The CEL otherwise prioritizes the list of children in terms of at-risk status (i.e., receiving child protective services or being at risk of abuse, neglect, or exploitation), age, and family income.

A third pathway into the system is through a provider that offers subsidized care. When speaking with prospective families, providers often give out information about subsidized programs that the family may qualify for. In the past, CDE contractors were able to enroll a family directly into their program without going through a centralized list. In addition, providers maintained their own waiting lists of potentially eligible families. With the CEL in place, it is not possible for a family to "drop-in" and determine if they qualify for an opening in a given CDE-administered contract program. Instead, providers can refer families to the CEL administrator for enrollment in the CEL or, in some cases, register a family on the CEL directly. However, there is no guarantee that the family will show up on the prioritized list from the CEL when that provider has an opening.

With the second and third pathways, once a CDE contractor has the list of prioritized names from the CEL, it is up to the provider to contact those families and arrange for an interview. The provider verifies whether the family meets the program's eligibility requirements (i.e., income and possible need), and, if so, obtains the required documentation from the family. One complexity is that a

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[30] Rather than requiring two applications, Sacramento is one county that has begun using a combined enrollment form for Head Start and CDE-administered child care and development programs.

[31] In 51 counties, the CEL is administered at the county level by the AP agency which may also be the R&R agency. In the other counties, the CEL is administered by the LPC. Contractors in the Migrant CCD program and campus programs (under General CCD) are not required to use the CEL but can continue to use their own waiting lists.

family's eligibility is verified not at the time they are placed on the CEL, but rather once there is an opening and the provider can verify eligibility at the time of enrollment. Even if they qualified at the time they are placed on the CEL, the family's circumstances may change so that they are no longer eligible once an opening is available or they are no longer interested in care in the geographic areas they specified.

In some cases, when a family's circumstances change, they may no longer be eligible for the program their child is enrolled in. Enrollment for the State Preschool program can take place up to 120 days in advance of the start of the academic year. Eligibility is determined at the time of enrollment and remains valid for the academic year. There is no guarantee of a second year of enrollment for those who enroll at age three. Eligibility for General CCD and AP programs must be reassessed every 12 months, but a determination may be made before that time if a family is no longer eligible.

Ultimately, such a centralized eligibility list (like central registries for organ transplants) has the potential to be efficient in ensuring that high-priority families always appear at the top of the list when openings arise, rather than only when a provider they happen to have registered with has available space. However, those efficiency benefits depend on having a system with up-to-date and accurate information that can be used to correctly prioritize families.

Fee Schedule

As discussed in Chapter 2, with the exception of Head Start, Title I, the part-day State Preschool program and the new part-day PKFL program, families may be required to pay a fee for state-contracted programs and for programs subsidized through vouchers/certificates. The CDE family fee schedule is based on the schedule of income ceilings that determine eligibility, and the appropriate fee is determined at program intake. Between September 2000 and January 2007 there was no change in the fee schedule, just as the income ceilings remained fixed. In the 2000 fee schedules, there was no fee required for families whose income fell below 50 percent of benchmark SMI (i.e., below two-thirds of the income ceiling for a given family size) (CDE, 2000b). For example, a family of four with annual income below $26,004 would pay no fee.

However, as of the January 2007 fee schedule, there was no change in the minimum income for which fees applied even though the income ceilings for eligibility increased in line with the updated SMI (CDE, 2006f). Thus, for the 2007

schedule, for a family of four, fees still apply when income is above $26,004, which equates to 40 percent of SMI based on the 2005 estimate of SMI. The $26,004 ceiling on family income for paying no fees also equates to about 130 percent of the federal poverty guidelines for a family of four as of 2006. For those whose income falls between 40 and 75 percent of benchmark SMI, there is a sliding scale adjustment with the maximum fee applying to those with income at the ceiling. As noted in Chapter 2, there are some exceptions to the fee requirement, such as children with a child protective services referral or those at risk of abuse, neglect, or exploitation.

The fee schedule varies depending on whether the care is provided full-time or part-time. The cutoff dividing part- and full-time care is either 6 or 6.5 hours per day, depending on how the provider is reimbursed (see the discussion in Chapter 5).[32] As of January 2007, a family of four at the income ceiling would pay $19.20 per day for a full-time program and $9.60 (half the full-time rate) per day for a part-time program (CDE, 2006f). If the same family had income at 40 percent of SMI—the minimum income at which fees are required—the fees would be $2.00 per day for a full-time program and $1.00 per day for a part-time program.

Estimated Rates of Program Eligibility

As noted in Chapter 2, none of the publicly funded ECE programs in California are required by statute to be fully funded in the traditional sense of an entitlement; rather, funding levels determine the number of children that can be served. Yet, it is worth estimating the share of children that could potentially be served given the eligibility criteria if the programs were fully funded.[33] We use data on annual family income for children ages three to five from the MCPS for income years 2000 to 2006 and the income cutoffs (adjusted for family size) for Head Start and the CDE child development programs in effect each year to estimate the fraction of preschool-age children in California eligible to participate in these programs strictly on the basis of income qualifications.[34] Income is the

[32] There is also an hourly fee schedule that applies to Latchkey programs, which subsidize care for school-age children.

[33] We exclude Title I from this analysis because of the complexities of determining whether a child is in the catchment area of a Title I school and eligible for a school-wide or targeted assistance program.

[34] Income ceilings used to define eligibility are those that were in effect as of September 1 of each year. The federal poverty guidelines for 2000 to 2006 by family size that are used to

main criterion for eligibility for Head Start. However, such an estimate will exclude those children who would qualify for State Preschool because they are receiving child protective services or are at risk of abuse, neglect, or exploitation but otherwise have income above the CDE ceilings. An estimate based solely on income of the population eligible for the other CDE child development programs (e.g., General CCD and AP programs) will overstate the fraction eligible because we are not accounting for whether they would also meet the need criteria (e.g., working parents).

Figure 3.1 shows the changes over time in the share of children who would meet one of several program eligibility criteria (error bands are included to show the 95 percent confidence interval around the point estimates accounting for sampling variability in the MCPS).[35] The bottom line in the figure shows the fraction eligible for Head Start, as measured by the share of three- to five-year-olds with family income below the federal poverty guidelines. The share of preschool-age children in California with family income below the poverty guidelines increased from about 21 in 2000 to 25 percent in 2004 and subsequently declined to 23 percent in 2006. The next line shows the fraction of children that would be eligible for California child development programs without paying any fee. Since the income ceilings for participating in CDE

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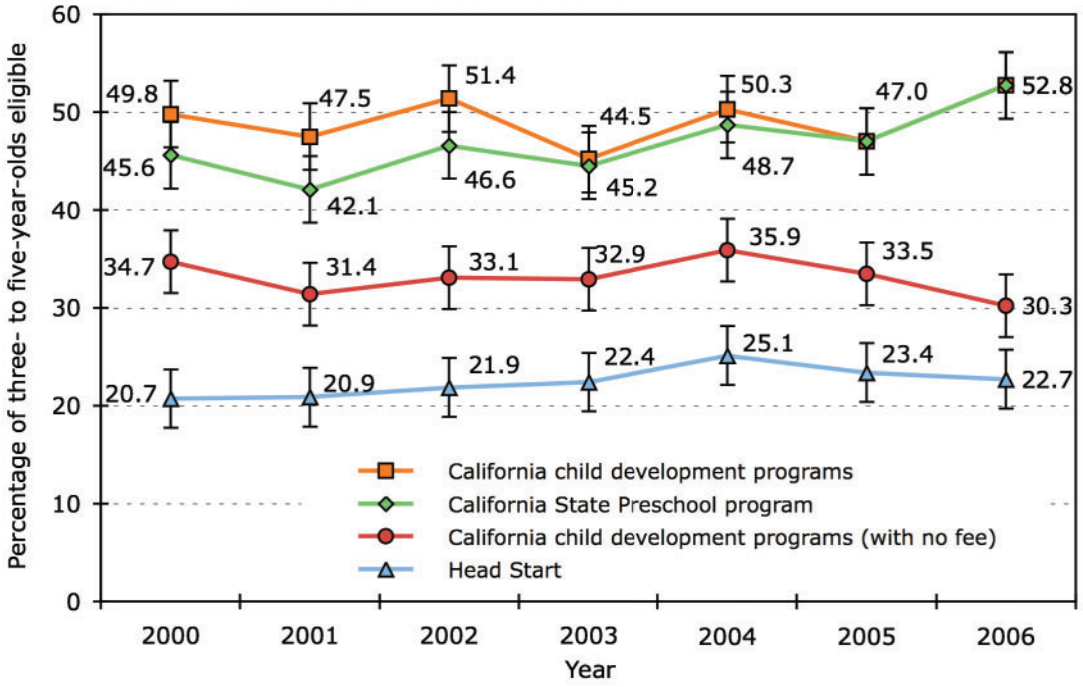
determine Head Start eligibility are available in U.S. DHHS (2006). The CDE income ceilings that applied between 2000 and 2006 are shown in Table 3.2. Head Start eligibility is based on a definition of income, measured over 12 months, similar to what is available in the MCPS: annual pretax money income from wages and salaries, net self-employment income, social insurance and welfare cash benefits, private cash transfers, pensions, investment income (e.g., interest, dividends, net rental income), and miscellaneous other sources. Thus, we calculate the percentage eligible for Head Start in each year as the percentage of three- to five-year-old children with MCPS annual family income equal to or below the federal poverty guideline income ceiling that applies given the family's size. We use the same approach to determine the percentage of children with family income below the CDE income ceilings. However, the income concept used to determine eligibility for CDE-administered subsidized programs—adjusted monthly income or adjusted income measured over the prior twelve months—excludes two components included in the MCPS concept of annual family income. First, any income that accrues to a family member receiving Supplemental Security Income is excluded for purposes of determining eligibility for CDE-administered programs. Second, any child support payments paid by the parent whose child is receiving services are also excluded. Since accounting for these two adjustments would lower family income in some cases, our estimates should be viewed as a lower bound on the fraction of children with family income below the CDE income ceilings. If we were to implement the adjusted income concept in the MCPS, the effect on our estimates of eligibility are likely to be small however. For example, fewer than 2 percent of three- to five-year-olds live in families that receive any Supplemental Security Income. Excluding this income source for those families increases the estimated fraction of eligible children by at most 0.2 percentage points in each year of our estimates.

[35] The sample of three- to five-year-olds in California in the MCPS range from a maximum of 944 cases in the 2007 file to a minimum of 815 cases in the 2003 file.

programs without fees remained fixed over this period, there is a general downward trend in the fraction of children that would be eligible for fully subsidized care. The share peaked in 2004 at nearly 36 percent and is estimated to have reached 30 percent in 2006.

Figure 3.1—Estimated Share of Three- to Five-Year-Old Children Eligible for Head Start and California Child Development Programs: 2000–2006



SOURCE: Authors' calculations based on 2001 to 2007 MCPS.
NOTES: Eligiblity based on income ceilings as of September 1 each year. Error bars show 95 percent confidence interval accounting for sampling variability. Estimates are weighted using MCPS person weights.

The remaining two lines show the share eligible for the State Preschool program (no fee required) and the share eligible for other CDE child development programs (where a fee might apply). As of September 2005, the income ceilings for State Preschool and other CDE programs were the same so the shares are equal in 2005 and 2006. Prior to that time, a slightly smaller fraction qualified for the State Preschool program because the income ceilings were lower than for other child development programs. The effect of increasing the income ceilings in July 2006, after having remained fixed since 2000, is evident with the estimated increase in eligibility between 2005 and 2006 from 47 percent to 53 percent.

It is interesting to note that although the income ceilings for CDE programs are set to 75 percent of benchmarked SMI adjusted for family size—an income level that should contain fewer than half of all families—we estimate that in 2006 more than half of preschool-age children had family income that would have made them eligible to participate in the State Preschool program or other CDE child development programs. This reflects the fact that SMI is based on all families—not just families with children or families with preschool-age children. On average, families of a given size with children have a lower income than families of the same size without children (e.g., a family with one adult and one child versus a family with two adults). And families with young children have lower income still. In addition, the calculations in Figure 3.1 are weighted to account for the population of children, which may be distributed differently around the median than the population of families.

Estimates of Enrollment

We now turn to administrative data from federal- and state-level sources that provide information on enrollment of children in the programs listed in Table 2.1. To get a perspective on the total number of three- and four-year-old children served in publicly funded ECE programs, we focus on enrollment data as of the fall of 2005 as this is when the most recent Head Start enrollment data are available. However, we also have access to more recent administrative data for programs administered by CDE so we also provide additional data for the fall of 2006. We present the enrollment data first, stratified by child age defined with respect to kindergarten entry cohorts (per Figure 1.1). Since enrollment counts are often presented in terms of enrollments by current age, we also present some results based on that approach to defining age.

Enrollment Across Publicly Funded Programs, October 2005

We obtained data for the programs listed in Table 2.1 on total enrollments and either obtained or estimated enrollment by age groups.[36] Administrative data on enrollments in total and by child age are available for all the CDE-administered programs including CalWORKs Stages 2 and 3. Data for Title I total enrollment is unpublished information for the 2005–06 academic year. The distribution of children by age group in Title I was estimated assuming the same age

[36] PKFL and POP were not operating as of October 2005 so they are not included in our enrollment analysis for 2005.

distribution as the part-day State Preschool program. In the case of Head Start, we rely on unpublished data on total enrollment in November 2005 from the Head Start Program Information Report for the 2005–06 program year. The distribution of children by age is estimated to be the same as the reported age distribution of enrollment for the entire program year.

Although administrative data on total enrollments are available for CalWORKs Stage 1 and Cal-Learn, enrollment data by child age are not readily available. In the case of CalWORKs Stage 1, we imputed the age distribution of total enrollment based on the age distribution of children in Stage 2 CalWORKs. This may have a tendency to generate an older age distribution for the Stage 1 caseload to the extent that new entrants into CalWORKs are more likely to have infants and toddlers than those who have been enrolled longer and may have already transitioned off aid. In addition, Cal-SAFE administrative data do not track preschool-age cohorts separately by single-year age cohorts, so we assumed an equal age distribution across three- and four-year-olds.

We note that the enrollment figures we present are based on age defined by kindergarten entry cohorts.[37] So, consistent with Figure 1.1, three-year-olds in the fall of 2005 were eligible to enter kindergarten in the fall of 2007, while four-year-olds were eligible for kindergarten in the fall of 2006. However, as of October, some children in the three-year-old cohort will be age two, while some in the four-year-old cohort will be age three. In Appendix A, we discuss how sensitive enrollment figures are to calculation based on kindergarten entry cohorts, as done in Table 3.4, compared with basing age groups on current age. That appendix also shows enrollment patterns in CDE-administered programs as children age.

Table 3.4 shows the results of our efforts to assemble as complete a picture as possible of enrollment for children one or two years away from kindergarten entry in publicly funded ECE programs. The table shows enrollment stratified by four age groups. We separate out the three- and four-year-olds but group all

[37] For CDE-administered programs, the Child Development Division administrative files include the birth date for each participating child. Thus, the Child Development Division generously generated special tabulations of enrollment figures using kindergarten entry age cohorts rather than cohorts based on current age. The instructions to providers for completing Head Start reporting forms indicate that counts of children by age should be based on kindergarten entry cohorts. This allows for consistency in the data across states that use different kindergarten birth date cutoffs. For purposes of entry into the State Preschool program, four-year-olds and three-year-olds are defined using the same concept of kindergarten entry cohorts (CDE, 2005c).

younger and older cohorts into two residual groups. The last two columns show enrollment by program totaled across all ages and separately for three- and four-year-olds. The second column of the table provides a reference for the ages of children served in each program. As noted above, all or some of the figures by age group are imputed for Title I, Head Start, CalWORKs Stage 1, Cal-Learn, and Cal-SAFE. The estimated number of children is large enough to substantially affect the totals for Head Start and, to a lesser extent, CalWORKs Stage 1.

The bottom line is that these figures indicate about 92,000 three-year-olds and about 167,000 four-year-olds participated in subsidized ECE programs in 2005. Head Start serves the largest number of three-year-olds, with 33,000 children, followed by AP voucher/certificate programs (i.e., CalWORKs and AP), with 22,000, General CCD, with 18,000, and State Preschool, with 17,000. Head Start and State Preschool serve about 57,000 and 59,000 four-year-olds, respectively, followed by General CCD, which served 24,000 children and AP voucher/certificate programs, which served 22,000.

A few other aspects of enrollment patterns by age are also worth noting. First, while Head Start and State Preschool are designed to give priority in enrollment to four-year-olds over three-year-olds, which is achieved in actual enrollment, the numbers are more balanced between those two age groups for each stage of the CalWORKs child care and AP programs, and to a lesser extent in the General CCD programs (including Migrant CCD). Second, most children in the State Preschool program are served in the part-day component. Considering the combined part- and full-day State Preschool program enrollment, just 6 percent and 4 percent of three- and four-year-olds, respectively, are in the full-day program. Third, when considering all subsidized early education and child care programs for children from infancy to age 12, a figure upwards of 500,000 children in subsidized care is often cited (for example, see California Budget Project, 2005), and our figure is just over 485,000. Table 3.4 shows that about 34 percent of that total consists of children who are age-eligible for kindergarten or older. Another 13 percent are infants and toddlers. Consequently, slightly more than half (53 percent) of the total enrollment figure consists of children one or two years away from kindergarten entry.

Table 3.4—Enrollment in Total and by Age in Publicly Funded ECE Programs in California: October 2005

Program	Ages served	Enrollment by age or age group				Total enrollment	
		Younger ages	Three-year-olds	Four-year-olds	Older ages	All ages	Ages three and four
Federal programs							
Title I Preschool	3 and 4	*0*	*1,162*	*4,073*	*0*	5,235	5,235
Head Start	3 and 4	*506*	*32,542*	*57,197*	*2,177*	92,421	89,738
CalWORKs child care and AP							
CalWORKs Stage 1	Most 0–12	*11,837*	*6,366*	*6,092*	*31,258*	55,553	*12,458*
CalWORKs Stage 2	Most 0–12	16,102	8,660	8,287	42,522	75,571	16,947
CalWORKs Stage 3	Most 0–12	5,163	3,566	4,569	38,419	51,717	8,135
Cal-Learn	Most 0—5	*445*	*7*	*7*	*0*	459	*14*
AP	Most 0–12	6,769	3,577	3,445	17,935	31,726	7,022
State child development							
State Preschool Part-day	3 and 4	155	16,358	57,306	2,865	76,684	73,664
State Preschool Full-day	3 and 4	16	1,000	2,108	271	3,395	3,108
General CCD	Most 0–12	14,501	18,001	23,527	28,422	84,451	41,528
Migrant CCD	Most 0–12	814	564	666	504	2,548	1,230
Cal-SAFE	Most 0—5	5,182	*81*	*82*	0	5,345	163
Total		61,490	91,884	167,358	164,373	485,105	259,242
Duplicated total for CDE-admin. programs		–	51,726	99,908	–	–	–
Unduplicated total for CDE-admin. programs		–	50,835	97,680	–	–	–

SOURCE: Authors' analysis of CDSS (2003a, 2003b) and unpublished data provided by the California Head Start Association and CDE.

NOTES: Age groups defined by kindergarten entry cohorts. Numbers in italics denote enrollment figures that were imputed. Title I enrollment is for the 2005–06 school year. Head Start enrollment is for November 2005. The Cal-SAFE figures are for the 2005–06 school year. All other figures are for October 2005. The Campus Child Care and Development program is included in General CCD. Numbers may not add to totals because of rounding. – = not available.

There are two issues to consider with regards to the enrollment figures presented in Table 3.4. First, children are possibly double counted if they participate in more than one program. The enrollment figures for CDE-administered child development programs and CalWORKs Stages 2 and 3 are generated from the same database so it is possible to calculate totals that include children who may be double-counted if they participate in more than one program, as well as totals that include a unique count of children. The last two rows of Table 3.4 show these two totals for three- and four-year-olds. As expected the duplicated totals are higher than the unduplicated total, but only about 2 percent higher. So within CDE-administered programs, there is not a lot of double counting. Considering the cross-program coordination between Title I, Head Start, and State Preschool or General CCD, there will be duplication of children served, but there is no solid basis for estimating the size of the overlap. Head Start data indicate that nearly two-thirds of Head Start programs, comprising about 33,000 slots, receive state child development funds. Likewise, Title I funds may be combined with Head Start or other state funding so the reported Title I children served are not likely to be unique. Thus, the figures for three- and four-year-olds shown in Table 3.4 should be viewed as upper bounds and may be overestimated by upwards of 30,000 children.

A second issue is that the enrollment figures we have access to include some data based on the "stock" of children in a program at a given time, while other data are based on a "flow" of children ever in the program over the course of a given period of time (e.g., academic year or fiscal year). The data for Head Start and the CDE-administered programs CalWORKs Stage 1 and Cal-Learn fall into the first category, while the Title I and Cal-SAFE figures fall into the second category. The enrollment figures would likely be somewhat lower if we had data for those two programs measuring enrollment as a stock at the same point in time as the other programs in Table 3.4, rather than as a flow measured over the course of the program year. Since only a small number of three- and four-year-olds are in these two programs, any adjustment is likely to have a small effect on the totals.

Additional Enrollment Expected with PKFL and Universal Preschool Initiatives

The enrollment figures thus far have not included expansions of publicly funded preschool programs that are underway, namely the implementation of part-day and full-day versions of the PKFL program, and the various initiatives in counties around the state to make preschool universally available (e.g., the POP programs and LAUP).

The $45 million allocated for PKFL to increase preschool access in districts with low performing elementary schools is expected to fund 12,000 additional children in the PKFL variant of the State Preschool program, with most contractors beginning to serve children in the fall of 2007. Since the program is only available to four-year-olds, it will increase the number of four-year-old children in the part- and full-day State Preschool program from about 59,000 children to more than 70,000 children, a 20 percent increase.

Preschool expansion is also taking place within a number of California counties, including the nine counties participating in POP.[38] The POP funding from First 5 California and the funds committed by county First 5 commissions are being used to upgrade the quality of existing subsidized preschool slots, as well as fund new preschool slots in existing or new locations. Most funds are directed to serving four-year-olds, although some counties are also seeking to serve three-year-olds. Information on enrollment in these county-administered programs is not systematically collected. However, information obtained through the First 5 Association of California for the nine POP counties suggests that about 6,000 children, most of whom were four-year-olds, were served in newly funded slots in the 2006–07 year. If the counties with Preschool for All (PFA) initiatives are successful in their efforts to expand free preschool programs according to their master plans, the number of subsidized preschool spaces supported through this avenue will expand in the future.

The combination of PKFL funding and the POP/PFA efforts means the enrollment figures for four-year-olds shown in Table 3.4 would have been higher in 2006 by about 18,000 children, an 11 percent increase. However, keeping in mind the magnitude of likely duplication of children served in Title I, Head Start, and state Title 5 programs, these additional enrollments may simply net out the overcount.

Estimates of the Proportion of Eligible Children Served

By combining our estimates of the proportion of children eligible for various subsidized ECE programs (see Figure 3.1) based on income criteria with the information on program enrollment (see Table 3.4), we can estimate the proportion of eligible children served. Table 3.5 presents such estimates, separately for three- and four-year-olds, for October 2005 based on the

[38] We discuss the implementation of the POP program in more detail for our four case study counties. See Chapter 6 and Appendixes A to D.

Table 3.5—Proportion of Eligible Three- and Four-Year-Old Population Served by Subsidized ECE Programs in California: October 2005 and October 2006

Eligibility and enrollment measures	October 2005				October 2006			
	Head Start	Head Start or Part-Day State Preschool	Head Start, Title I, or all state Title 5 programs	All subsidized ECE	Head Start	Head Start or Part-Day State Preschool	Head Start, Title I, or all state Title 5 programs	All subsidized ECE
Four-year-olds								
Estimated number of four-year-olds (N)		546,127				537,387		
Estimated number of four-year-olds eligible (N)								
At 100% participation	127,739	256,680	256,680	256,680	122,094	283,472	283,472	283,472
At 80% participation	102,191	205,344	205,344	205,344	97,675	226,777	226,777	226,777
Actual enrollment	57,197	114,503	144,958	167,358	*57,197*	*118,068*	*149,673*	*166,259*
Proportion of eligible population served (%)								
At 100% participation	44.8	44.6	56.5	65.2	46.8	41.7	52.8	58.7
At 80% participation	56.0	55.8	70.6	81.5	58.6	52.1	66.0	73.3
Eligibility vs. enrollment gap (N)								
At 100% participation	70,543	142,177	111,722	89,322	64,898	165,404	133,799	117,213
At 80% participation	44,995	90,841	60,386	37,986	40,479	108,710	77,104	60,518
Three-year-olds								
Estimated number of three-year-olds (N)		536,071				542,494		
Estimated number of three-year-olds eligible (N)								
At 100% participation	125,387	251,953	251,953	251,953	123,255	286,166	286,166	286,166
At 80% participation	100,310	201,563	201,563	201,563	98,604	228,932	228,932	228,932
Actual enrollment	32,542	48,900	69,708	91,884	*32,542*	*50,668*	*72,766*	*88,530*
Proportion of eligible population served (%)								
At 100% participation	26.0	19.4	27.7	36.5	26.4	17.7	25.4	30.9
At 80% participation	32.4	24.3	34.6	45.6	33.0	22.1	31.8	38.7
Eligibility vs. enrollment gap (N)								
At 100% participation	92,845	203,054	182,245	160,069	90,713	235,498	213,399	197,635
At 80% participation	67,768	152,663	131,854	109,678	66,062	178,265	156,166	140,402

SOURCE: Authors' analysis of data sources cited in Table 3.4 and Figure 3.1 and population data from California Department of Finance (2007).

NOTES: Figures in italics for program enrollment in 2006 are based on the assumption that Head Start enrollment in that year remains at the same level as 2005. All other program enrollment data for 2006 are based on the same sources used in Table 3.4, which are available one year later.

enrollment data presented in Table 3.4 and for October 2006 based on the same sources. For fall of 2006, we do not have data on Head Start enrollments so our estimates assume that the levels remained the same as fall of 2005 for both three- and four-year-olds. Since funded enrollment for Head Start did not increase between FFY 2006 and FFY 2007, this is a reasonable assumption. The fall 2006 figures do not include the few thousand children served by POP programs.

Our estimates of the eligible population served are prepared for four sets of ECE programs. First, we estimate the number of children eligible for Head Start based on the estimated fraction of children in the cohort with family income below the federal poverty guidelines in each year. Next we estimate the number of children eligible for Head Start or the part-day State Preschool program based on the proportion of children with family income below the CDE-determined income ceilings. For these two programs, care is fully subsidized and income is the main eligibility criteria (although children receiving child protective services or at risk of abuse, neglect, or exploitation also quality for State Preschool regardless of income). The third group represents the full set of child development oriented ECE programs (based on their motivation to promote child development, as discussed in Chapter 2, and their program features discussed more fully in Chapter 4). For this case, we combined the programs in the second case with Title I and other California Title 5 child development programs, namely full-day State Preschool, General CCD, Migrant CCD, and Cal-SAFE. The inclusion of these programs does not change the estimate of eligible children because the income ceilings are the same.[39] The main difference is that only a subset of those who meet the income criteria will qualify for the added child development programs based on need. However, if the need criteria are not met, a child is still be eligible for the State Preschool program. Finally, in the fourth case, we added in all other subsidized ECE programs, namely CalWORKs Stages 1 to 3, Cal-Learn, and AP programs. Again, since income eligibility is the same for these programs, there is no difference in the estimate of eligible children.

For each point in time and age cohort, we begin with an estimated size of the population and then apply our estimates from Figure 3.1 of the fraction of children eligible for Head Start only; Head Start and State Preschool; Head Start, Title I, and all CDE-administered child development programs; and finally all

[39] The inclusion of Title I in the third group allows us to consider enrollment for all child development oriented programs even though Title I eligibility may be broader than the estimate based on the CDE income ceilings.

subsidized ECE programs.[40] In all cases, eligibility remains the same in going from the second to third and fourth program combinations. We derive two estimates of the size of the eligible population: one assumes that 100 percent of those eligible would participate; the second assumes that 80 percent of those eligible would participate. The latter participation rate assumes that even if resources were available to fund all who are eligible, some families would choose not to enroll their preschool-age children. The 80 percent rate is intended to be illustrative but is consistent with enrollment rates in voluntary targeted preschool programs such as New Jersey's Abbott preschool program.[41] Given actual enrollment (or our estimated enrollment in the case of 2006), we calculate the proportion of the eligible population served assuming either a 100 percent participation rate or an 80 percent participation rate. We also calculate the size of the eligibility-enrollment gap as the difference between the eligible population (under the two assumptions about participation) and the population served.

Consider first the results for four-year-olds in 2005 (see Table 3.5). Based on a population estimate of about 546,000 children in the cohort, an estimated 128,000 would have met the income eligibility criteria to participate in Head Start. If 80 percent of those eligible chose to participate in Head Start, the population to potentially serve would be about 102,000 four-year-olds. Our figure for 2005 enrollment of Head Start (see Table 3.4) is just over 57,000 four-year-olds. This translates into 45 percent of those eligible being served, assuming a 100 percent participate rate or 56 percent, assuming an 80 percent participation rate. The size of the eligible population that is not served ranges from about 71,000 to 45,000 four-year-olds, depending on the assumption about program participation.

When consideration is given to Head Start plus the part-day State Preschool program, the size of the eligible four-year-old population nearly doubles because of the higher income cutoffs for State Preschool compared with Head Start. With actual enrollment in the two programs in 2005 at 114,000 four-year-olds, the two programs combined serve about 45 percent of the eligible population assuming 100 percent participation and 56 percent if participation is 80 percent. These

[40] The population estimates are from the California Department of Finance (2007).

[41] New Jersey's Abbott preschool program serves children in the state's 31 highest-poverty school districts (those where 40 percent of children or more qualify for free or reduced-price lunch) (Barnett et al., 2006). As of the 2005–06 program year, 78 percent of three- and four-year-old children in eligible districts were enrolled in the part- or full-day program. For universal preschool programs, a participation rate of 70 percent is often assumed (see, for example, Karoly and Bigelow, 2005), a rate consistent with the experience in Oklahoma with its universal preschool program (Barnett et al., 2006).

shares are similar to those for Head Start alone. The size of the enrollment gap is larger, however, ranging from 142,000 to 91,000, depending on the participation assumption.

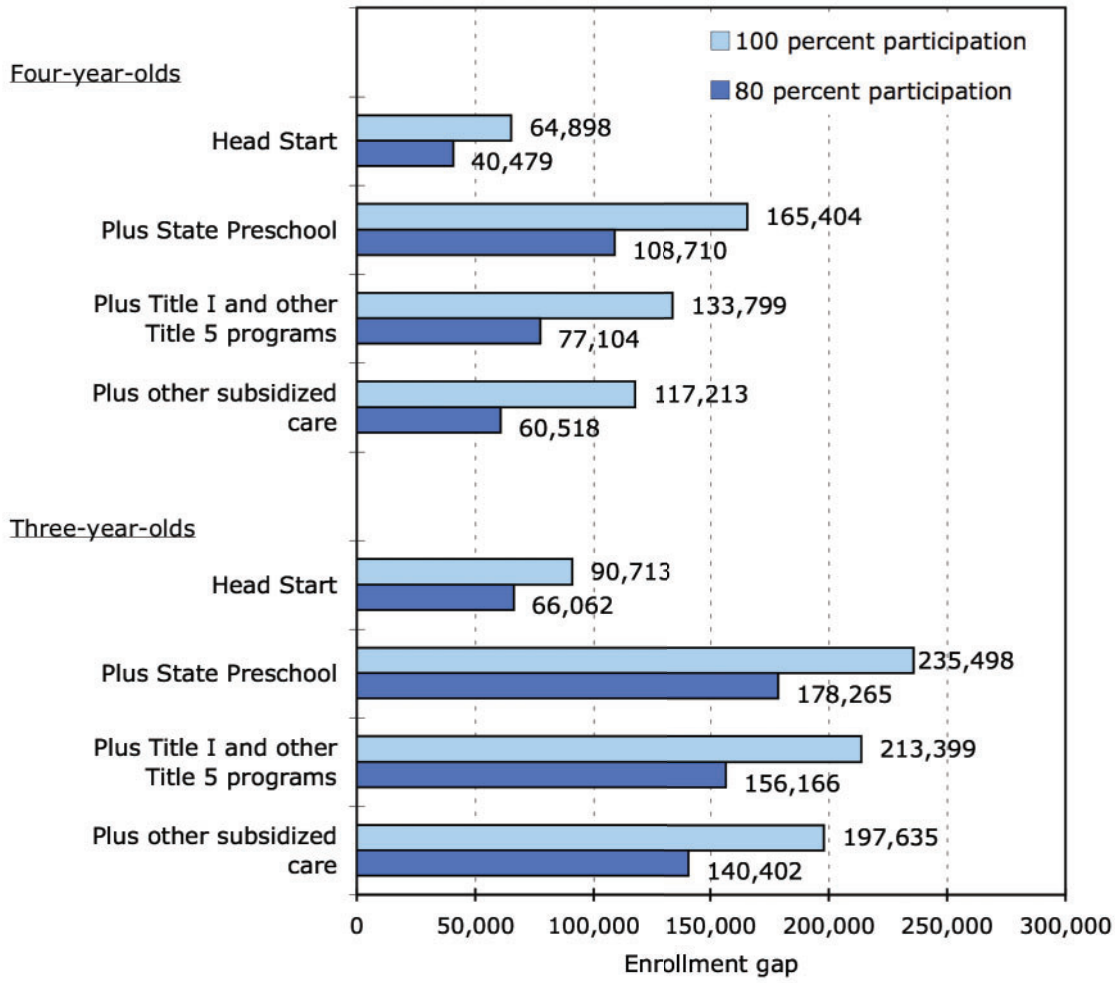
Inclusion of other state child development programs (i.e., Title I and all Title 5 programs) or all other subsidized care programs (i.e., including CalWORKs and non-CalWORKs AP programs) does not affect the estimated size of the eligible population. Since actual enrollment increases as we broaden the group of programs we consider, considering a larger set of ECE programs raises the estimated fraction of the eligible population that is served and reduces the size of the eligibility-enrollment gap. For example, considering all subsidized ECE programs included in Table 3.4 for 2005, 65 percent of eligible four-year-olds are served, leaving 89,000 unserved. If only 80 percent chose to participate, 82 percent of the eligible population would be served by the full set of publicly funded ECE programs, leaving a gap of about 38,000 eligible four-year-olds unserved. However, when we exclude the CalWORKs and non-CalWORKs AP programs, just 57 to 71 percent of eligible four-year-olds, depending on the participation assumption, are served by a child development oriented program, leaving 60,000 to 112,000 unserved by Head Start, Title I, or a state Title 5 program.

This same analysis, when applied to the three-year-old population in 2005 in the bottom half of the table, shows a similar size population to be served (since the cohorts are about the same size and the assumed eligibility rate is the same in each case). However, since fewer three-year-olds participate in the programs included in Table 3.4, the fraction of three-year-olds served is considerably smaller than that of four-year-olds and the size of the eligibility-enrollment gap is larger. So assuming 100 percent enrollment, we estimate Head Start serves 26 percent of the eligible population of three-year-olds. Head Start and State Preschool together serve just 19 percent of the larger eligible population for the two programs while all subsidized ECE programs reach 37 percent of the eligible population. With an 80 percent participation rate, upwards of 46 percent of the eligible three-year-old population is served, considering all ECE programs, leaving an eligibility-enrollment gap of 110,000 children.

Turning to the estimates for 2006, for both three- and four-year-olds, the size of the eligible population jumps under the second, third, and fourth cases because of the increase in the CDE income ceilings in that year. Since program enrollments remain flat or even decline somewhat between 2005 and 2006, the share of the eligible population served is lower, and the estimated enrollment

gap is larger. Figure 3.2 summarizes the size of the enrollment gap as of October 2006 under the two participation assumptions (100 percent and 80 percent) for the four groups of ECE programs in Table 3.5. Consider the third case, which

Figure 3.2—Estimated Enrollment Gap for Eligible Four-Year-Olds and Three-Year-Olds for Various Groups of Publicly Funded ECE Programs in California: October 2006



SOURCE: See Table 3.7.
NOTES: See Table 3.7. Enrollment gap is the difference between number of children estimated to be eligible and number of children served.

includes the child development oriented programs: Head Start, Title I, and all state Title 5 programs. At 100 percent participation, 53 percent of eligible four-

year-olds and 25 percent of eligible three-year-olds are served by the programs as of 2006. Those shares rise to 66 and 32 percent, respectively, if participation is at 80 percent. As seen in Figure 3.2, with these enrollment rates, the size of the enrollment gap for child development oriented programs as of 2006 ranges from about 77,000 to 134,000 for four-year-olds and 156,000 to 213,000 for three-year-olds.

Other Evidence of Excess Demand

The calculations in Table 3.5 and Figure 3.2 indicate that those programs that are developmentally oriented—Head Start, Title I, State Preschool, and other CDE-administered Title 5 programs—are not able to serve the population of children who otherwise meet the common (with the exception of Head Start and Title I) CDE-determined income eligibility requirements. Even if just 80 percent of the eligible population elected to participate (or qualified because of other eligibility criteria), there are not enough funded spaces to serve the population that is eligible. The gap in available spaces is even more acute in our estimates for 2006 because of the July 2006 increase in the income ceilings.

The priorities established for a number of the subsidized ECE programs reflect the reality that not all eligible children can be served. Thus, for State Preschool, for example, children receiving child protective services or at risk of abuse, neglect, or exploitation are given first priority, followed by four-year-olds with the lowest income adjusted for family size, and then three-year-olds with the lowest adjusted income. As families with incomes closer to the CDE ceilings are served, it is possible that, if family income rises over time, children will no longer be eligible, which can lead to instability in ECE arrangements.[42] Thus, by requiring programs to give priority to families with the lowest incomes, there is a greater range for family income to increase and still fall below the income ceiling. At the same time, in the State Preschool program, if an eligible child cannot be found through the CEL, up to 10 percent of program enrollment can consist of children whose families have income no more than 15 percent over the income ceiling and children who are over the eligible age limits.[43] Up to 20 percent of

[42] A pilot program in San Mateo County, discussed in Appendix D, allows providers to retain children in CDE-administered programs if income remains below 85 percent of benchmark SMI, rather than the 75 percent limit that ordinarily applies.

[43] Unpublished data provided by the Child Development Division of CDE indicate that just under 2 percent of children in the State Preschool program, as of April 2006, had family income above 75 percent of benchmark SMI.

PKFL's enrollment can also include children whose families have income above the CDE ceilings if all eligible children are served, and up to 10 percent of Head Start participants can have income above the federal poverty guidelines.

Until the establishment of the CEL, it was not possible to determine with any accuracy the size of the population seeking subsidized care and unable to find a spot in an existing program. Prior to the CEL, each program that provided subsidized care maintained a waiting list, and there was likely to be duplication across lists as families placed their name on the waiting list of more than one provider. Unpublished data provided by the Child Development Division of CDE from the Child Development Centralized Eligibility List System for the second quarter of 2007 (April 1 through June 30) shows 142,000 families and 215,000 children on the waiting list for subsidized care. Of the population of children on the CEL, 38 percent, approximately 83,000 children, were between ages three and five.[44] That latter figure is well below the gap between eligibility and potential enrollment estimated in Figure 3.2 for 2006, assuming an 80 percent participation rate among three- and four-year-olds. At the same time, the CEL figures cited above should be considered preliminary: the number of children may not reflect the steady state experience once the use of the CEL has become more routine. In addition, the CEL may provide an underestimate of the unmet need for subsidized care to the extent that families do not know that they qualify for subsidized care or those seeking subsidized care do not place their name on the centralized waiting list.

While the CEL provides an estimate of the population seeking subsidized care and unable to find a match with a provider, we know relatively little else—other than child age—about the characteristics of those who are enrolled in subsidized care or seeking care. Thus, it is not possible to say, for example, whether the CEL has allowed a more efficient matching of families with the lowest incomes into programs as openings become available.

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[44] These figures are consistent with similar estimates provided by CDE for the third quarter of 2006 (July 1 to September 30), the first quarter of full CEL operation (CDE, 2006i). For that time period, there were 132,000 families and nearly 207,000 children on the CEL, with 37 percent between the ages of three and five.

4. Requirements for Publicly Funded Early Care and Education Programs

As discussed in Chapter 2, the publicly funded ECE system in California subsidizes care in a variety of settings and the contract or licensing requirements for those settings means that preschool-age children may experience very different care and education environments. As public investment in ECE programs for preschool-age children has grown, greater attention has been given to the quality of the care and education services that children receive (Layzer and Goodson, 2006). This interest in quality of care stems from extensive research that documents a link between the quality of ECE settings and children's developmental outcomes. Recent literature reviews demonstrate that higher quality settings produce more optimal short- and long-term development in domains such as cognitive and language development and socio-emotional development (Bowman, Donovan, and Burns, 2001; Lamb, 1998; Shonkoff and Phillips, 2000). Yet, there is no ongoing systematic measurement and collection of data on program quality across the full range of subsidized ECE programs and providers in California.

In the absence of such information, we focus our attention in this chapter on the program features that have been associated in the research literature with program quality and whether those features are required for providers in California of subsidized care. These features primarily include structural aspects of programs, such as adult-child ratios, class sizes, and provider or teacher qualifications, as well as the associated monitoring by funding agencies to determine if providers are meeting those requirements. At the state level, these features are regulated either as part of the contract terms for CDE-contract providers (Title 5) or through the state licensing provisions for centers and family child care homes (Title 22). Federal Head Start Performance Standards also apply to Head Start and Title I.

Before reviewing the requirements that programs must meet, we begin by documenting the distribution of children in publicly funded ECE programs across settings, namely licensed centers, licensed family child care homes, and license-exempt home-based providers. We then turn to a discussion of the features that have been associated in the research literature with high-quality

programs. With that background, we examine the features required for California's publicly funded ECE programs to determine whether they meet the benchmarks established in the literature. We conclude by presenting estimates of the distribution of preschool-age children across programs and settings ranging from those that satisfy more of the standards associated with quality programs to those that satisfy the fewest standards.

This discussion highlights several important aspects of program requirements that have bearing on the quality of subsidized ECE programs for preschool-age children.

- With the exception of some home-based Head Start programs, all the child development oriented programs—Title, I, Head Start, and state Title 5 programs—serve children exclusively in licensed settings (i.e., either centers or family child care homes).
- By contrast, the CalWORKs and non-CalWORKs voucher or certificate programs also reimburse care from license-exempt providers who may be relatives or non-relatives providing care in a home setting. In the CalWORKs stages across children of all ages, 50 to 60 percent of care is by license-exempt providers as opposed to providers in licensed settings. The fraction in license-exempt care in non-CalWORKs AP programs is about half that amount.
- While license-exempt providers are essentially unregulated, federal Head Start Performance Standards or state Title 5 regulations govern the program features of subsidized child development programs. The program requirements specified in these regulations are more extensive than those for a licensed provider in California under Title 22. These additional requirements include regular child assessments, parent involvement activities, staff development opportunities, and periodic program compliance reviews.
- Where requirements overlap, such as for staff-child ratios and teacher qualifications, the Head Start and Title 5 regulations achieve, or are closer to, established benchmarks, whereas Title 22 regulations are less stringent.
- The staff education requirements under Head Start, Title 5, and Title 22 all fall short of benchmarks that call for the lead classroom teacher to have a bachelor's degree. The POP demonstration projects, just getting underway, use a three-tiered structure for program features, with higher staff qualifications leading to higher reimbursements. The three tiers are

called "Entry," "Advancing," and "Quality" and apply to teachers and assistant teachers. Attaining the highest level—"Quality"—requires the lead classroom teacher to have a bachelor's degree.

- Combining enrollment figures by child age and setting, we estimate that 81 percent of three- and four-year-olds in subsidized care are in settings with a child development focus (i.e., Title I, Head Start, or a CDE-administered Title 5 program)—the settings with the most extensive program requirements. Among children in these settings, nearly all are in centers rather than family child care home networks. The remaining 19 percent are almost evenly divided between licensed centers and family child care homes governed by Title 22, or license-exempt care with no regulations.

Participation in Subsidized ECE Programs, by Setting

Depending on the program, publicly funded ECE services for preschool-age children may be provided in a licensed center setting or a licensed family child care home, or by a license-exempt provider in a home-based setting. Under California law (Title 22, Division 12), individuals providing care in their own home to children from one unrelated family, possibly in addition to their own children, are not required to be licensed by the Community Care Licensing Division of CDSS.[45] Providers who provide regular care in their own home for children from more than one unrelated family must be licensed under Title 22. Small family child care homes are licensed to provide care for up to eight children, including the provider's own children under age ten. Large family child care homes are licensed to care for up to 14 children (including the provider's own children under age ten).[46] Care provided for children in a group setting

[45] Other exemptions from licensing are parent cooperatives involving 12 or fewer children where no money or in-kind income is exchanged, care by a relative, and care in a program that operates only one day a week for no more than four hours on that day.

[46] A license for a small family child care home allows up to eight children to be cared for if at least two children are six years old or older and no more than two children are infants (younger than 24 months). Otherwise, if there are no school-age children, a maximum of six children may be cared for, including at most three infants. In large family child care homes, up to 14 children may be cared for if at least two children are six years old or older and no more than three are infants. If there are no school-age children, a maximum of 12 children can be cared for, including no more than four infants.

outside a home environment is required to be licensed as child care centers under Title 22.[47]

The administrative data on enrollments presented in Chapter 3 also provide information on the setting in which care is provided for most of the publicly funded ECE programs covered in Table 3.4. For CDE-administered programs, the administrative data indicate whether care is provided in a licensed center or family child care home, or a license-exempt home-based provider. Administrative data for CalWORKs Stage 1 and Cal-Learn report the number of children cared for by licensed providers and license-exempt providers without differentiating centers from family child care homes in the first category. Enrollment data for Head Start are tabulated by program model rather than setting so it is not possible to disaggregate enrollments using the same definitions as the other programs. However, the Head Start Program Information Report for California programs during the 2005–06 year indicates that about 5 percent of children were served in a home-based model, while 1 percent were served in family child care.[48] Assuming that care in the home-based model is provided by license-exempt providers, we have applied that share to the figure on total Head Start enrollment to get an approximate allocation of enrollment between licensed and license-exempt care. In the case of Cal-SAFE, we had no data on enrollment by setting but assumed that the model would provide care exclusively in settings (centers or family child care homes) that meet Title 22 licensing requirements. Likewise, we assumed all Title I care was provided in settings that meet Title 22 licensing requirements.

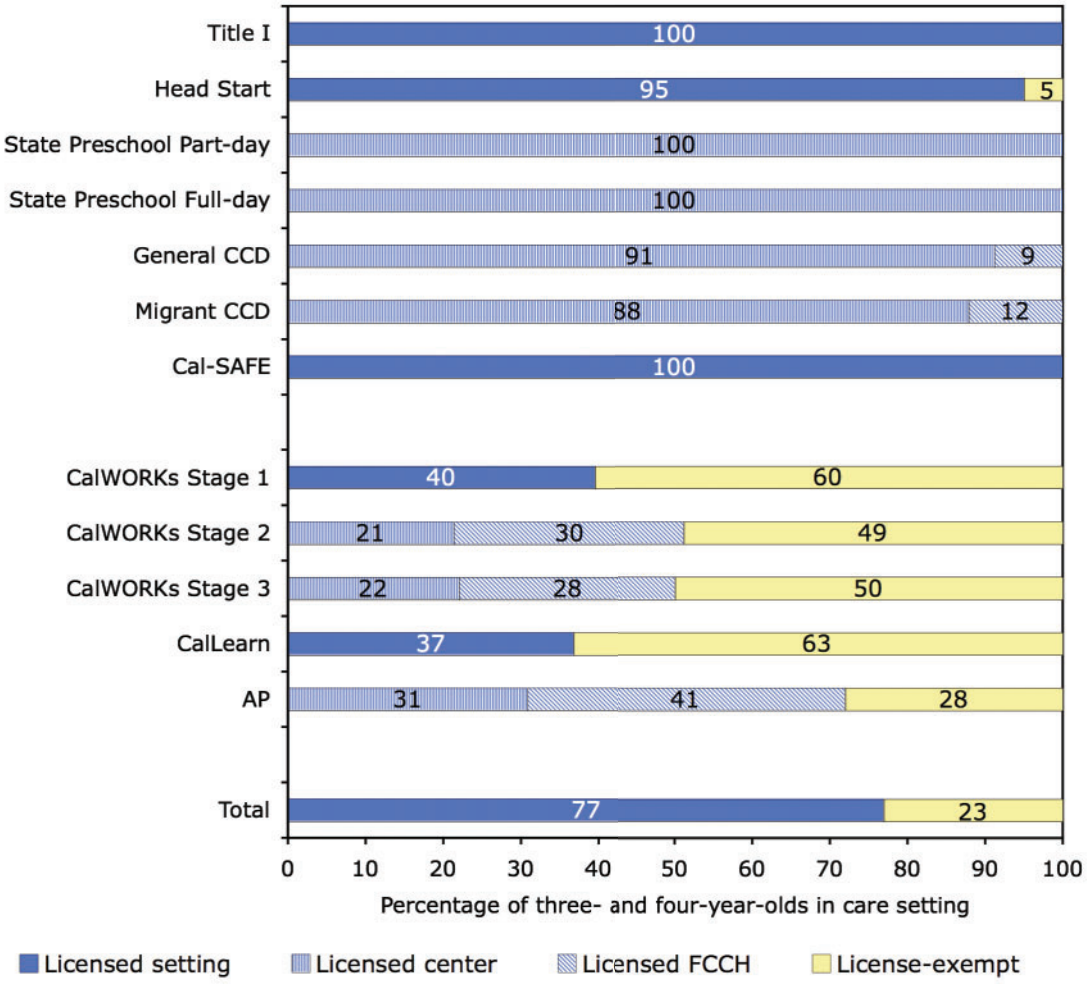
Table 4.1 shows the results for enrollment by setting, using these assumptions. Results are shown for licensed and license-exempt care, as well as for center and family child care homes within the licensed category. In addition to reporting counts, we also report the percentage distribution within each program across settings. The percentage distribution by program and across all programs is also plotted in Figure 4.1. Since disaggregated data within the licensed category are not always available, we do not report overall totals (counts or percent distribution) for centers and family child care homes. It is important to keep in mind that these figures are for total enrollment across all ages served by these

[47] Exemptions for center licensing include the same categories cited earlier for family child care homes, as well as "public recreation programs" operated by state or local government entities that provide care after school or during school closure periods (e.g., with limits on care for preschool age children of 12 hours per week and participation for up to 12 weeks per year), and programs operated by the Department of Corrections.

[48] Unpublished information provided by the California Head Start Association.

programs. In addition, since a child may be served in some programs in more than one setting (e.g., in the CalWORKs and AP programs and General and Migrant CCD programs), we report totals within each row as well as the unduplicated total. The unduplicated totals match those reported earlier in Table 3.4.

Figure 4.1—Estimated Percentage Distribution Across Care Settings of Program Participants in Publicly Funded ECE Programs in California: October 2005



SOURCE: See Table 4.1.

NOTES: See Table 4.1. When distribution within licensed care (center vs. FCCH is unknown), a solid bar is used for the licensed category in general. CCD = Child Care and Development; FCCH = family child care home.

Consistent with the program information provided in Chapter 2, license-exempt care is provided in the CalWORKs, Cal-Learn, and AP programs. We have also allocated some Head Start enrollment to this category and assumed no license-exempt care in the Cal-SAFE program. Together, these programs serve about 113,000 children 12 and under in license-exempt care or about 23 percent of all children 12 and under in subsidized care. For CalWORKs Stage 1 and Cal-Learn, about 60 percent of children are in license-exempt care compared with about 50 percent in CalWORKs Stages 2 and 3. In comparison, AP programs are much less likely to use license-exempt care, with about 28 percent in this type of setting.

For the licensed care settings, children in the part- and full-day State Preschool program are exclusively in center-based care. For the General and Migrant CCD programs, all children are in licensed care and about nine out of every ten children are in center settings. In contrast, in CalWORKs Stages 2 and 3, children in licensed care settings are more likely to be in family child care homes than center settings (28 to 30 percent versus 21 to 22 percent). (This breakdown is not known for CalWORKs Stage 1.) AP programs show a similar pattern of a higher proportion in family child care homes than centers among those in licensed care. For these three programs, among those children in licensed care, about six in ten are in a family child care home, while four in ten are in a center setting.

Some of these patterns may reflect the mix of ages that, in some cases, can include infants and toddlers as well as school-age children (see the age ranges reported in Table 3.4). In Table 4.2, we use the administrative data for CDE-administered programs to examine the distribution of children across care settings for three kindergarten entry cohorts, similar to the analysis in Appendix A (see Table A.2). While these tabulations exclude data for other programs included in Table 4.1 (namely Title I, Head Start, CalWORKs Stage 1, Cal-Learn, and Cal-SAFE), the data provide additional perspective on how children are distributed across care settings as they age from the fall of one year (October 2005) to the following spring (April 2006) and again to the next fall (October 2006). The fall 2006 kindergarten entry cohort is in its last year of preschool between October 2005 and April 2006, while the fall 2007 and 2008 cohorts are one or two years behind. For each cohort and point in time, we show the distribution of children across licensed care in centers and family child care homes and license-exempt care. The distribution is shown in terms of enrollment counts and also in the percent distribution across settings.

Table 4.1—Participation by Care Setting in Publicly Funded ECE Programs in California: October 2005

Program	Enrollment by care setting (N)						Percent distribution (%)			
	Licensed			License-exempt	Total[a]	Unduplicated total	Licensed			License-exempt
	Total	Center	FCCH				Total	Center	FCCH	
Federal programs										
Title I Preschool	*5,235*	–	–	*0*	5,235	5,235	*100.0*	–	–	0.0
Head Start	*87,800*	–	–	*4,621*	92,421	92,421	*95.0*	–	–	*5.0*
CalWORKs and AP										
CalWORKs Stage 1	22,322	–	–	34,048	56,370	55,553	39.6	–	–	60.4
CalWORKs Stage 2	40,231	16,773	23,458	38,385	78,616	75,571	51.2	21.3	29.8	48.8
CalWORKs Stage 3	27,012	11,897	15,115	26,923	53,935	51,717	50.1	22.1	28.0	49.9
Cal-Learn	169	–	–	290	459	459	36.8	–	–	63.2
AP	23,612	10,120	13,492	9,193	32,805	31,726	72.0	30.8	41.1	28.0
State child development										
State Preschool Part-day	76,684	76,684	0	0	76,684	76,684	100.0	100.0	0.0	0.0
State Preschool Full-day	3,395	3,395	0	0	3,395	3,395	100.0	100.0	0.0	0.0
General CCD	84,596	77,172	7,424	0	84,596	84,451	100.0	91.2	8.8	0.0
Migrant CCD	2,555	2,246	309	0	2,555	2,548	100.0	87.9	12.1	0.0
Cal-SAFE	*5,345*	–	–	*0*	5,345	5,345	*100.0*	–	–	*0.0*
Total	378,956	–	–	113,460	492,416	485,105	77.0	–	–	23.0

SOURCE: Authors' analysis of CDSS (2003a, 2003b) and unpublished data provided by the California Head Start Association and CDE.

NOTES: Numbers in italics denote enrollment figures that were imputed. Title I enrollment is for the 2005–06 school year. Head Start enrollment is for November 2005. The Cal-SAFE figures are for the 2005–06 school year. All other figures are for October 2005. The Campus Child Care and Development program is included in General CCD. Percent distribution based on total, which includes duplicate counts. CCD = Child Care and Development; FCCH = family child care home; – = not available.

[a]Row total may include duplicates if children are served in multiple settings. The unduplicated total counts unique children.

Table 4.2—Care Setting for CDE-Administered Programs by Kindergarten Age Cohorts and Time: October 2005, April 2006, October 2006

Care setting	Kindergarten eligible: fall 2006 Born: Dec. 3, 2000–Dec. 2, 2001			Kindergarten eligible: fall 2007 Born: Dec. 3, 2001–Dec. 2, 2002			Kindergarten eligible: fall 2008 Born: Dec. 3, 2002–Dec. 2, 2003		
	October 2005 (Ages three to four)	April 2006 (Ages four to five)	October 2006 (Ages four to five)	October 2005 (Ages two to three)	April 2006 (Ages three to four)	October 2006 (Ages three to four)	October 2005 (Ages one to two)	April 2006 (Ages two to three)	October 2006 (Ages two to three)
Participation (N)									
Licensed care									
Center	87,832	90,435	17,150	39,430	45,819	92,463	10,511	13,711	41,855
Family child care home	6,220	6,014	5,839	6,793	6,596	6,328	7,082	7,309	7,057
License-exempt care	6,253	5,983	6,231	6,101	5,822	5,840	5,701	5,563	5,687
Total	100,305	102,432	29,220	52,324	58,237	104,631	23,294	26,583	54,599
Unduplicated total	97,689	99,904	28,249	50,840	56,693	102,115	22,550	25,749	53,143
Percent distribution (%)									
Licensed care									
Center	87.6	88.3	58.7	75.4	78.7	88.4	45.1	51.6	76.7
Family child care home	6.2	5.9	20.0	13.0	11.3	6.0	30.4	27.5	12.9
License-exempt care	6.2	5.8	21.3	11.7	10.0	5.6	24.5	20.9	10.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Authors' analysis of unpublished data provided by Child Development Division, CDE.

NOTES: CDE-administered programs consist of the following programs: CalWORKs Stages 2 and 3, State Preschool, General and Migrant CCD, and AP.

The first pattern evident in these data is that the number of children in family child care homes and license-exempt care changes little over the one-year time period we observe each cohort, and the distribution is almost evenly split between the two types of care. The exception is the youngest cohort, which is somewhat more likely to be in a family child care home than in license-exempt care. What changes over time is the absolute number of children in center settings. Starting with the youngest cohort (fall 2008 kindergarten entry), when three years away from kindergarten, only about 11,000 to 14,000 children are in CDE-administered center-based programs. That figure jumps almost fourfold to about 42,000 the first year they are eligible for State Preschool. For the next oldest cohort (fall 2007 kindergarten entry), about 39,000 to 46,000 children are in a center program in the year they are two years away from kindergarten entry, and then enrollment in centers roughly doubles to 92,000 in the fall before they are eligible to enter kindergarten. For the older cohort (fall 2006 kindergarten entry), about 88,000 to 90,000 children are in a center, a figure that falls to 17,000 once they reach the fall when they are kindergarten eligible and no longer are eligible for State Preschool.

As a result of roughly constant enrollment in family child care homes and license-exempt care across the time periods shown in Table 4.2, there are sharp swings in the percent distribution in moving from one fall to the next. For example, about 6 percent of children in the oldest cohort are in license-exempt care in October 2005, but about 21 percent are in the same type of setting a year later. During that period, the absolute count changed very little (about 6,200 children at each point in time). But the share jumps sharply because of the large decline in center enrollments as children move out of State Preschool and CCD programs and into kindergarten.

Defining and Measuring Quality

While a body of research has documented the link between features of ECE settings and child development, there is no single agreed upon definition of quality for care settings in general, or even preschool programs in particular. The concept of quality in ECE settings is generally recognized as being multi-dimensional, capturing those aspects of the environment and children's experiences that foster healthy child development. Consequently, dimensions of quality are typically divided into two broad domains: structural and process (see Table 4.3 below) (Bowman, Donovan, and Burns, 2001; Hayes, Palmer, and Zaslow, 1990; Layzer and Goodson, 2006; Love, Schochet, and Meckstroth, 1996;

Shonkoff and Phillips, 2000; Vandell and Wolfe, 2000). Structural characteristics are constructs that can be counted or quantified in a relatively straightforward way and include aspects such as staff-child ratios, group size, provider education and training, and space and furnishings. Health and safety features generally are also included in this category. Process characteristics include those aspects of care that define the experiences of children in the care setting, including the nature of the relationships between caregivers and children and the nature of the learning environment.

Table 4.3—Dimensions of ECE Quality

Quality dimension	Specific characteristics
Structural characteristics	• Staff-child ratios, group size • Provider education and training • Space and furnishings • Personal care routines • Program curriculum • Language and reasoning activities • Health and safety features
Process characteristics	• Security of caregiver-child relationships • Caregiver instructional and emotional support • Caregiver classroom management and productivity • Instructional learning formats

While there is general agreement that structural and process characteristics are important for defining quality, the specific measures of those dimensions and thresholds that separate low-, medium-, and high-quality environments are not always agreed upon, nor are possible differences between center- and home-based settings. Moreover, some dimensions may be predictive of quality (e.g., a high staff-child ratio), rather than indicative of quality (Layzer and Goodson, 2006). It is rare that experimental evidence is obtained to demonstrate the relationship between specific program features and child outcomes.[49] Rather,

[49] One example of an experimental study is the National Day Care Study, which randomly assigned three- and four-year-olds to 29 care settings that varied in staff education and staff-child ratios (Ruopp et al., 1979). Comparing results after nine months for children with caregivers at three levels of education (bachelor's degree, associate degree, or less than an associate degree) and two ratio levels (1:7 and 1:4), the researchers found evidence that children in settings with

much of what is identified as high quality is based on features associated with successful programs, as well as observational studies linking program features to child developmental outcomes.

Nevertheless, researchers in the early childhood field have developed an array of instruments and scales, either with a specialized focus on certain aspects of quality (e.g., structure or process or subcomponents of each) or to capture multiple quality domains. For example, the Early Childhood Environment Rating Scale–Revised (ECERS–R) is one of several rating scales developed to measure various dimensions of quality in different care settings (Harms and Clifford, 1980; Harms, Clifford, and Cryer, 1998). The ECERS–R and associated instruments for infants and toddlers (Infant/Toddler Environment Rating Scale–Revised, ITERS–R) and family child care (Family Child Care Environment Rating Scale–Revised, FCCERS–R, formerly the Family Day Care Rating Scale, FDCRS) are assessment instruments used in many states and localities to measure quality in publicly funded ECE programs.

In California, rating scales like the ECERS and FCCERS are not systematically administered by independent observers in all settings where subsidized care is provided.[50] In the absence of such quality ratings, we can examine the minimum standards required of providers who participate in publicly subsidized programs and determine whether those standards cover relevant program features and are consistent with benchmarks associated with high-quality programs. For example, based on a review of the scientific literature, the National Academy of Sciences Committee on Early Childhood Pedagogy recommended that state standards for early childhood programs should encompass the following (Bowman, Donovan, and Burns, 2001, p. 316):

- School-home relationships
- Class size and teacher-student ratios
- Specification of pedagogical goals, content, and methods
- Assessment for instructional improvement

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smaller ratios and better trained staff did better on a number of outcomes that measured socio-emotional behavior, receptive language, general knowledge, and a measure of school readiness.

[50] The ECERS is used to assess CDE-administered Title 5 programs, either as an annual self-assessment or as part of a periodic program audit. In addition, many of the POP programs have minimum requirements based on the ECERS rating and tie reimbursement rates to the ECERS score.

- Educational requirements for early childhood educators
- Monitoring quality; external accountability.

While the NAS Committee did not set specific benchmarks in each of these areas, for two of the above categories—class size and teacher-student ratios and educational requirements for early childhood educators—detailed benchmarks are specified by other organizations. Table 4.4 shows, for example, benchmarks established for these features by the National Institute for Early Education Research (NIEER) and the National Association for the Education of Young Children (NAEYC). The NIEER benchmarks are part of ten research-based criteria, consisting of minimum standards for preschool program structural features or state-level program criteria, that NIEER has used to define high-quality state-funded programs (Barnett et al., 2006).[51] Preschool program standards are defined by NAEYC as part of its accreditation criteria (NAEYC, undated). The NAEYC standards cover ten areas and encompass both structural features, as well as more process-oriented characteristics.

As noted in Bowman, Donovan, and Burns (2001), the research literature consistently finds that smaller class sizes and lower staff-child ratios are associated with higher program quality and favorable effects on children's learning and development. Likewise, program quality and child outcomes are positively linked with teachers who have more education and training and specialized preparation in early childhood development. Table 4.4 indicates that the NIEER and NAEYC benchmarks agree that programs should have a maximum group size of 20 and a staff-child ratio of 1:10 or better, although the NAEYC standards specify lower group sizes and ratios for three-year-olds vs. four-year-olds. In terms of teacher education and training, the NIEER standards specify a minimum of a bachelor's degree with specialized training in ECE for the lead teacher, and a Child Development Associate (CDA) credential or better for the assistant teacher. The NIEER standards also specify at least 15 hours per year of in-service training for teachers. The NAEYC accreditation criteria do not require all teachers to have a bachelor's degree, but that requirement is being phased in by 2020 for 75 percent of program teachers. Specifying a bachelor's

[51] In addition to the six criteria shown in Table 4.4, the NIEER criteria also pertain to statewide early learning standards; screening/referral and support services, meals, and required program monitoring. The ten criteria are not intended to encompass all important program features but key dimensions that have been favorably associated with child outcomes (although as noted above the research base that supports the criteria and associated benchmarks is often quite limited).

degree as the minimum education requirement for the lead teacher is perhaps one of the most controversial benchmarks, as some argue that the research evidence is not conclusive in showing that child outcomes are better when teachers have a bachelor's degree as opposed to an associate degree or just specialized child development training.[52]

Table 4.4—Selected NIEER and NAEYC Program Features and Benchmarks for High-Quality Preschool Programs

Program feature	NIEER benchmark for state preschool programs	NAEYC accreditation criteria for preschool programs
	Group sizes and staff-child ratios	
Maximum class size	20 or fewer	20 or fewer for 4-year-olds 18 or fewer for 3-year-olds
Staff-child ratio	1:10 or better	1:10 or better for 4-year-olds 1:9 or better for 3-year-olds
	Teacher credentials and training	
Teacher degree	BA	AA, with 75% achieving BA by 2020
Teacher specialized training	Specializing in preschool education	Specialized college-level coursework related to preschool-age children, with 75% achieving specialized training with BA by 2020
Assistant teacher degree	CDA credential or equivalent	50% have CDA credential or equivalent, or 100% enrolled in program to attain CDA or equivalent
Teacher in-service	At least 15 hours/year	Not specified

SOURCE: Barnett et al. (2006) and NAEYC (undated).

NOTES: AA = associate degree; BA = bachelor's degree; CD = Child Development; ECE = Early Care and Education.

Program Requirements

The enrollment data presented earlier in this chapter reveal that preschool-age children in publicly subsidized ECE programs experience a variety of settings, particularly as they become eligible for different programs that target children of a particular age. It is not possible to make judgments about quality differences

[52] See Fuller (2007) and Gormley (2007) for discussions of the literature on this issue.

that children experience on the sole basis of the setting they are in. However, there are differences in the requirements providers face based on government child care regulations and the requirements of publicly subsidized programs.

Governments use the regulatory system to ensure a minimally acceptable environment that is safe and conducive to healthy child development. In California, Title 22 regulations, which apply to all family child care homes and centers that must be licensed—subsidized or not—are designed to achieve this goal. In family child care homes, the size of the groups cared for, the number of adults in the care setting, and the allowed age distribution of children are designed to ensure that there are enough adults present to meet the needs of children. Likewise, in center settings, the adult-child ratios are set to ensure children are adequately supervised. Other health and safety measures include staff criminal background checks, immunizations, and health and safety training; requirements for clean and safe buildings and grounds, as well as sufficient physical space for the number of children served; and minimal qualifications for care providers and, in larger programs, administrators.

Beyond the Title 22 licensing requirements, Title 5, Division 1 governs the implementation of the CDE child development programs, namely State Preschool, PKFL, General and Migrant CCD, and Cal-SAFE. In some cases, Title 5 specifies more stringent program features compared with Title 22, and the requirements may differ for centers and family child care homes. Title 5 also applies to the POP demonstration programs if the funding is going to a provider that is already a CDE contractor, but otherwise counties are allowed to apply other research-based criteria. In addition, Head Start must follow the Head Start Performance Standards (Code of Federal Regulations 45 CFR Parts 1301-1311) or, when applicable, Title 22. Title I Preschool programs follow the same standards as Head Start.

In the absence of systematic data to assess the quality of the different care settings for California's preschool-age children, in the remainder of this section we focus on the requirements for publicly funded ECE programs. We focus first on group sizes and ratios and then on staff qualifications, as these are the domains where requirements are specified in both Title 22 and Title 5. In these cases, we can compare California regulations with the benchmarks shown in Table 4.4. We then turn to some of the other requirements contained in the Title 5 regulations, many of which are consistent with the NAS recommendations and the criteria established by other organizations, like NIEER and NAEYC. As we review these requirements, it is important to keep in mind that subsidized

license-exempt care is almost completely unregulated, despite the fact that the care provided is subsidized with public dollars

Group Sizes and Ratios

Table 4.5 shows the requirements for ratios and group sizes for Head Start/ Title I; CDE child development Title 5 programs—in both centers and family child care homes; and CalWORKs and AP program Title 22 licensed care providers—again in both centers and family child care homes.[53] There are no

Table 4.5—Ratio and Group Size Requirements for Publicly Funded ECE Programs in California

	Ratios		
	Adult-child	Staff-child	Group size
Head Start/Title I	1:8	2:20[a]	20
CDE Child Development Title 5 programs[b]			
Centers	1:8[c]	1:24[d]	–
Family child care homes	1:8[e]	–	n.a.
CalWORKs and AP Title 22 licensed care[f]			
Centers	1:12	–	–
Family child care homes	1:8[e]	–	n.a.

SOURCE: Head Start Performance Standards and Title 5 and Title 22 regulations.

NOTES: n.a. = not applicable; – = not specified.

[a] Includes one teacher and one aide.

[b] Ratios for Title 5 programs are for children age 36 months to kindergarten.

[c] For State Preschool Part-Day program, programs may use parents or volunteers to meet the adult-child ratio.

[d] This is a teacher-child ratio. For POP demonstration projects, can use a research-based alternative (e.g., 2:20).

[e] Based on Title 22 regulations. Small family child care homes may have a ratio of up to 1:8 while large homes can have a ratio up to 1:7.

[f] Ratios for Title 22 programs are for preschool age children.

[53] We note that in the discussion that follows, we assume that licensed care provided through CalWORKs and non-CalWORKs AP programs takes places in settings that meet only Title 22 requirements. Some children in AP programs may receive care in centers or family child care homes that meet Title 5 regulations because such providers also serve children in direct contract programs. Thus, the Title 22 requirements should be viewed as the minimum standards that may be achieved.

requirements for group sizes or ratios for license-exempt providers, although group sizes would generally be expected to be small.

As seen in the table, with the exception of Head Start with a maximum group size of 20, neither Title 5 child development programs nor Title 22 licensed care specify a maximum group size, although by custom Title 5 centers operate with a maximum class size of 24 children.[54] For ratios, all but center-based CalWORKs and AP programs must operate with one adult per eight children, which meets the NIEER and NAEYC benchmarks. For center-based programs licensed under Title 22, the ratio of 1:12 exceeds the NIEER and NAEYC benchmarks.

Teacher Credentials and Training

The California Commission on Teacher Credentialing offers a series of six child development permits that range from Assistant Teacher to Program Director. As seen in Table 4.6, the permit requirements typically include two options for qualifying through a combination of coursework, degrees, field experience, and work experience. Each of the permits is renewable at five-year intervals with evidence of ongoing professional development. The exception is the Associate Teacher Permit, which is renewable only once because it is intended to be a transition permit while an individual works toward the Teacher permit.

At the lowest level the Child Development Assistant Teacher Permit requires six semester units of college-level coursework in child development or ECE.[55] With 12 units of specialized child development or ECE course work, the Associate

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[54] Head Start has granted a waiver for San Francisco to operate with group sizes up to 24. A similar exception may be granted to other Head Start centers operating in urban areas, given the high cost of care.

[55] A unit is based on the number of hours of instruction required in the classroom, laboratory, and/or independent study. A course that earns three semester units will typically meet three hours per week over the semester (which is typically 15 weeks long in the California State University system). One quarter unit is two-thirds of a semester unit.

Table 4.6—Education and Training Requirements for California Child Development Permits

Permit level (renewal options)	Requirements
Assistant Teacher (5 years, renewable with 105 hours of professional growth)	• 6 semester units of college-level CD/ECE
Associate Teacher (5 years, renewable once with 15 semester units toward Teacher permit)	• 12 semester units of college-level CD/ECE (with required courses in core CD/ECE areas) • 50 days instructional experience in CCD program in last 2 years OR • CDA credential
Teacher (5 years, renewable with 105 hours of professional growth)	• 24 semester units of college-level CD/ECE (with required courses in core CD/ECE areas) (CDA credential may substitute for 9 units) • 16 semester units of GE • 175 days instructional experience in CCD program in last 4 years OR • AA or higher in CD/ECE or related field • 3 semester units of supervised field experience in ECE setting
Master Teacher (5 years, renewable with 105 hours of professional growth)	• 24 semester units of college-level CD/ECE (with required courses in core CD/ECE areas) (CDA credential may substitute for 9 units) • 16 semester units of GE (with required courses in core areas of arts and sciences) • 6 semester units in area of ECE specialization • 2 semester units of adult supervision coursework • 350 days instructional experience in CCD program in last 4 years OR • BA or higher • 12 semester units of CD/ECE • 3 semester units of supervised field experience in ECE setting
Site Supervisor[a] (5 years, renewable with 105 hours of professional growth)	• 24 semester units of college-level CD/ECE (with required courses in core CD/ECE areas) (CDA credential may substitute for 9 units) • AA degree or 60 semester units • 6 semester units in admin./supervision of CCD programs • 2 semester units of adult supervision coursework • 350 days instructional experience in CCD program in last 4 years, with 100 days supervising adults OR • BA or higher • 12 semester units of CD/ECE • 3 semester units of supervised field experience in ECE setting
Program Director[a] (5 years, renewable with 105 hours of professional growth)	• 24 semester units of college-level CD/ECE (with required courses in core CD/ECE areas) (CDA credential may substitute for 9 units) • BA degree or higher • 6 semester units in admin./supervision of CCD programs • 2 semester units of adult supervision coursework • 1 year site supervisor experience OR • MA or higher in CD/ECE or closely related field

SOURCE: California Commission on Teacher Credentialing (2006).

NOTES: AA = associate degree; BA = bachelor's degree; CCD = child care and development; CD = Child Development; ECE = Early Care and Education; GE = General Education.

[a] Two other options based on Administrative Services Credential and Teaching Credential not shown.

Teacher Permit is reached. This can also be attained with a CDA credential. The Teacher Permit requires 24 units of child development or ECE coursework as part of 40 units in total or an associate degree in child development or ECE or a related field. The Master Teacher level can be met with 60 units in total, including 24 units in child development or ECE or a bachelor's degree. The Site Supervisor Permit has very similar requirements as the Master Teacher Permit with the addition of a qualifying associate degree. Finally, with a minimum of a bachelor's degree plus one year of Site Supervisor experience or a master's degree in child development or ECE, the Program Director Permit level can be reached. As indicated in Table 4.6, varying amounts of experience in child care and development programs is also needed for the Associate Teacher Permit and higher.

Table 4.7 shows the minimum staff requirements that apply in four subsidized ECE program types for teachers, site supervisors, and program directors. Assistant teachers or aides are omitted because none of the programs we examine in the table specifies staff qualifications for that staff position. In Table 4.7, when staffing qualifications specify a California Child Development permit level, we list that permit. If the qualifications are descriptive, we note the equivalent permit level (if one exits) along with the education and training requirements.

Since Title I Preschool programs follow Head Start, we group those two programs together in the first column. The next column shows requirements of Title 5 contracts with family child care home networks (e.g., under General or Migrant CCD). Title 5 center contract programs (e.g., State Preschool, General or Migrant CCD, PKFL) are shown in the third column, while centers that are not contracting with CDE fall under Title 22 regulations and are shown in the last column. This table excludes family child care homes that provide care under the CalWORKs or AP programs since there are no provisions for staff education and training in the Title 22 regulations for family child care homes other than noncredit health-related training.[56] Likewise, no staff education or training requirements apply to license-exempt care providers.

[56] Operators of family child care homes are required to take 15 noncredit hours of training on preventative health practices, pediatric cardiopulmonary resuscitation (CPR), and pediatric first aid.

As seen in Table 4.7, Head Start requires lead teachers to have a minimum of a CDA credential, equivalent to the Associate Teacher Permit, although, nationwide, Head Start requires half of all teachers to have a college degree (associate degree or higher). For the Title 5 centers, a minimum of the Associate Teacher permit is required to staff a teacher position and there is no requirement for a teacher position in a family child care home operating as a Title 5 program (e.g., General or Migrant CCD) beyond the health-related training required as part of Title 22 licensing. Title 22 regulations require only the minimal level of education at the entry level for a center-based teacher (the equivalent of the Assistant Teacher Permit). A fully qualified teacher would meet the Associate Teacher Permit level. As shown in Table 4.5, the Associate Teacher Permit is just 12 units of specialized coursework with no college degree. None of the regulations shown in Table 4.7 require a Teacher Permit to fill a teacher position, a level that is at best an associate degree.

The Site Supervisor position does not apply in the case of family child care homes (since they serve, at the most, 14 children in any given location). Otherwise, the qualifications for this position are specified only for Title 5 centers where the Site Supervisor Permit applies, a permit that can be obtained with an associate degree with other specialized coursework and training.

Finally, the regulations specify qualifications for the Program Director position in each program. For Title 22 programs (including Head Start), there is no equivalent permit that fits with the requirements of 12 units of child development or ECE coursework, plus three units of general education and four years of experience. The education requirement is no greater than that for a fully qualified teacher. For Title 5 programs, whether in center or family child care homes (operating in more than one site), the Program Director Permit applies. Recall from Table 4.6 that this permit level can be met with a minimum of a bachelor's degree and specialized coursework.

In an effort to upgrade staff qualifications, the POP demonstration programs are using a tiered reimbursement system based on the level of staff education and training. In Chapters 5 and 6, we discuss the implementation of this approach for provider reimbursement. For now, in Table 4.8, we focus on how reimbursement levels are graduated to encourage providers to increase teacher qualifications.[57]

[57] Local First 5 commissions can substitute close approximations to the education and training requirements listed in Table 4.8. Indeed, in our four county case studies summarized in Appendixes A to D, the requirements for staff qualifications at each reimbursement level differ to some extent from the general approach shown in Table 4.8.

For assistant teacher positions—for which there are no state requirements for Title 5 center programs—the Entry level begins with the equivalent of an Assistant Teacher Permit and then increases to an Associate Teacher Permit at the Advancing level, and finally continues to the Teacher Permit at the Quality level. For teacher positions, the minimal qualification at the Entry level is the equivalent of a Teacher Permit, which exceeds the requirements for Title 5 center programs. At the Advancing and Quality levels, the requirements increase to the equivalent of the Site Supervisor Permit and Program Director Permit, respectively.

Table 4.7—Staff Qualifications Requirements for Publicly Funded ECE Programs in California

Staff position	Head Start[a] / Title I	Title 5 family child care home	Title 5 centers	Title 22 centers
Teacher	CDA or Assoc. Teacher Permit	—[b]	Assoc. Teacher Permit	At hiring: Asst. Teacher Permit (6 units CD/ECE) Fully qualified: Assoc. Teacher Permit (12 units CD/ECE, 6 months of experience)
Site Supervisor	—	n.a.	Site Supervisor Permit	—
Program Director	n.a. (12 units CD/ECE; 3 units GE; 4 years of experience)	More than one site: Program Director Permit	Program Director Permit	n.a. (12 units CD/ECE; 3 units GE; 4 years of experience)

SOURCE: Head Start Performance Standards and Title 5 and Title 22 regulations.

NOTES: All course work requirements are college-level semester units. AA = associate degree; BA = bachelor's degree; CD = Child Development; ECE = Early Care and Education; GE = General Education: n.a. = not applicable; – = not specified.

[a] Head Start requires 50 percent of teachers nationwide in center-based programs to have an AA, BA, or advanced degree in ECE or a related field.

[b] Licensed family child care home providers are required to complete 15 hours of noncredit training on preventative health practices, pediatric cardiopulmonary resuscitation (CPR) and pediatric first aid.

In the context of the NIEER and NAEYC benchmarks for education and training of teachers and assistant teachers, none of the publicly funded ECE programs in California would meet the benchmark for degree attainment of either teachers or assistant teachers. The requirement that teachers have specialized child

development or ECE training would be met for Head Start, Title I, and Title 5 programs, and by fully qualified teachers under Title 22. In the case of the POP demonstration programs, only the Quality level would meet the NIEER and NAEYC requirements for teacher education, while the Advancing level would meet the NIEER and NAEYC requirement for an assistant teacher.

It is important to keep in mind that the staff qualifications discussed in this section specify the minimum requirement but many individuals in these positions will exceed that. Recent data on the educational attainment of the ECE workforce, shown in Table 4.9, bear this out. These data come from the 2004 California Early Care and Education Workforce Study, which surveyed a representative sample of 1,800 licensed family child care homes and nearly 2,000 licensed child care centers, collecting information on the characteristics, education, and training of the program staff (Whitebook et al., 2006a, 2006b).

Table 4.8—Staff Qualifications and Reimbursement Levels: POP Demonstration Projects

Staff position	Entry level	Advancing level	Quality level
Assistant Teacher	Asst. Teacher Permit (6 units CD/ECE)	Assoc. Teacher Permit (12 units CD/ECE, 30 total units recommended)	Teacher Permit (AA or equivalent BA coursework; 24 units CD/ECE recommended)
Teacher	Teacher Permit (24 units CD/ECE; 16 units GE)	Site Supervisor Permit (60 units or AA; 24 units CD/ECE)	Program Director Permit (BA; 24 units CD/ECE)

SOURCE: Romo-Zendejas (2006).

NOTES: All course work requirements are college-level semester units. AA = associate degree; BA = bachelor's degree; CD = Child Development; ECE = Early Care and Education; GE = General Education.

As seen in Table 4.9, providers in licensed family child care homes have lower levels of education compared to staff in licensed centers. Although there are no degree requirements for family child care home providers, 43 percent have completed some college course work, 15 percent have an associate degree, and 14 percent have a bachelor's degree or higher. Compared to the educational distribution for the female population overall (see the last row of the table), family child care home providers are less likely to be in the lowest and highest categories of the table.

Table 4.9—Educational Attainment for California ECE Workforce: 2004

ECE workforce or population group	Percent distribution (%)				Total
	High school or less	Some college	Associate degree	Bachelor's degree or higher	
Family child care home providers	28.6	42.8	14.7	14.0	100
Child care center providers					
Assistant teachers	12.1	68.1	12.4	7.4	100
Teachers	0.4	46.4	27.8	25.1	100
Directors	0.2	18.4	26.1	55.3	100
Adult female population	40.4	24.4	8.3	27.0	100

SOURCE: Whitebook et al. (2006a), Figures 3.9 and 3.10, and Whitebook et al. (2006b), Figure 3.16.
NOTES: Numbers may not sum to 100 because of rounding.

Among center staff, educational attainment rises with the responsibilities of the position. Again, there are no requirements for assistant teachers under Title 5 or Title 22, yet 68 percent have some college education, and 19 percent have an associate degree or higher. Although not required under Title 5 or Title 22, 25 percent of teachers have a bachelor's degree or higher. Although there is no degree requirement for directors under Title 22 licensing, 55 percent meet the Title 5 requirement of a bachelor's degree. The survey data also show that educational levels of staff are generally higher in centers with Head Start or CDE contracts compared with those that serve children with vouchers/certificates (Whitebook et al, 2006a; Whitebook, Kipnis, and Bellm, 2007). This is consistent with the higher staff education requirements under Head Start and Title 5 compared with Title 22 (as shown in Table 4.7).

Other Features

With the exception of providing meals, Title 22 regulations do not include other requirements that pertain to the other program criteria covered in benchmarks such as those defined by NIEER or NAEYC (e.g., requirements for services, early learning standards, or program monitoring). Title 5 regulations, in contrast, have additional provisions that govern requirements for the educational program, child assessments, services to be provided, and ongoing program evaluation. In particular, State Preschool, PKFL, General and Migrant CCD (both family child care homes and center providers), and Cal-SAFE must provide an education program that:

- Is developmentally, linguistically, and culturally appropriate
- Is inclusive of children with special needs
- Encourages respect for the feelings and rights of others
- Supports children's social and emotional development by building trust, planning routines and transitions, and helping the formation of social relationships
- Provides for the development of each child's cognitive and language skills (including emerging literacy and numeracy) through diverse strategies, including interaction and language use, creative self-expression, experimentation and observation, and play and exploration
- Promotes physical development through indoor and outdoor active play
- Promotes and maintains practices that are healthy and safe.

Other Title 5 requirements are summarized in Table 4.10. These include the use of the DRDP-R to assess children at the time of enrollment and every six months thereafter to gauge their progress against developmental milestones and plan their program accordingly. Programs are to provide these and other developmental assessments to the parent or, with permission, the child's kindergarten teacher, to facilitate the transition to kindergarten. Among the services to be provided are meals, depending on the length of the program day, and referrals to health or social services. Requirements for parent involvement include an orientation session, two conferences with the teacher during the year, and a parent advisory committee. Opportunities for staff development are also required, consistent with any training needs that have been identified, including those for maintaining the staff members Permit level (i.e., 105 hours of professional growth every five years). In terms of monitoring, programs undergo an annual self-assessment which includes distributing the Desired Results Parent Survey, to obtain feedback from parents, and using the appropriate environmental rating scale, achieving a minimum average score of 5 ("Good") on the 7-point scale for each subscale. Programs also undergo a more extensive compliance review with a site visit from staff from the CDE Field Services Unit every three years.

One other requirement included in the NIEER standards is the existence of comprehensive early learning standards that guide programs and the services they provide. California does not have such standards, but preschool standards,

known as Preschool Learning Foundations, are under development by CDE (CDE, 2007a). As is the case with California's rigorous K–12 content standards, the preschool standards will cover reading/language arts and mathematics. Other domains to be covered in the standards include English learner development, socio-emotional development, social science, science, visual and performing arts, health, and physical development. The aim is to fully align the prekindergarten and K–12 content standards in each subject area. Once they are finalized, the Foundations will be required for use in CDE Title 5 contract programs. Their use will be voluntary in other publicly subsidized programs (e.g., voucher/certificate providers), as well as privately funded programs.

Table 4.10—Other Requirements for Title 5 Center and Family Child Care Home Contractors in California

Program feature	Title 5 requirement
Child assessment	• DRDP-R at enrollment and every 6 months
Transition to kindergarten	• Provide developmental assessments to parent/teacher for transfer
Nutrition	• Ensure nutritious meals and snacks while in program that meet Child and Adult Care Food or National School Lunch program requirements
Services	• Referral to health or social services as needed
Parent involvement	• Orientation and two conferences per year
	• Parent advisory committee
Staff development	• New staff orientation, written job descriptions
	• Staff development opportunities to meet functions in job description and training needs
Program assessment	• Annual self-study, which includes
	– Categorical Program Monitoring/Contract Monitoring Review
	– Desired Results Parent Survey
	– Environmental rating scales (ECERS-R, ITERS-R or FCCRS-R) with minimum average score of "Good" on each subscale
	• Program compliance review every 3 years

SOURCE: Title 5 regulations.

Head Start has program requirements beyond those pertaining to group sizes, child-staff ratios, and staff qualifications (California Head Start Association, 2007). In particular, as with Title 5 programs, Head Start early childhood education services are required to be developmentally and culturally appropriate. Other comprehensive services provided by Head Start include

immunizations, medical and dental screenings, access to mental health services, referrals for social services, and the provision of meals providing at least one-third of daily nutritional requirements. Parent involvement includes opportunities for parent education, volunteering in the classroom, and serving on the parent policy council. New grantees are reviewed after their first year of operation and then every three years thereafter.

Distribution of Enrollments by Regulatory Setting

Table 4.11 summarizes the relevant program requirements associated with the three main regulatory mechanisms that govern publicly funded ECE programs in California: Head Start Performance Standards, Title 5, and Title 22. We also include a column for license-exempt care. It is evident that the Head Start Performance Standards and Title 5 regulations cover a wider array of program features. And, as discussed in the prior section, several of the requirements are consistent with benchmarks that have been established for high-quality

Table 4.11—Summary of Program Requirements by Regulatory Mechanism

Requirement	Head Start Performance Standards	Title 5	Title 22	License-exempt
Group size	✓			
Staff-child ratio	✓	✓	✓	
Staff qualifications	✓	✓	✓	
Program content	✓	✓		
Nutrition	✓	✓	✓	
Referral to services	✓	✓		
Parent involvement	✓	✓		
Child assessments	✓	✓		
Program monitoring	✓	✓		

SOURCE: Head Start Performance Standards and Title 5 and Title 22 regulations.

programs by organizations like NIEER and NAEYC.[58] One notable exception is requirements for staff education and training that are less stringent than the

[58] According to the 2006 edition of NIEER's annual publication, *The State of Preschool*, California's State Preschool program satisfies four of the ten standards for high-quality preschool programs (Barnett et al., 2006). The benchmarks are met with respect to teacher specialized

highest benchmarks, although some view those benchmarks as too high. In cases where Title 22 also governs the same program features, the requirements are generally less stringent compared with Head Start or Title 5 standards. And license-exempt care is not subject to any of these requirements. In Chapter 3, we analyzed enrollment data for October 2005 and found nearly 260,000 three- and four-year-olds in publicly funded ECE programs (see Table 3.4). In Table 4.12, we have applied data on the distribution of enrollments by program and setting for 2005 (see Table 4.1) to estimate the number of preschool-age children across subsidized care settings with different program requirements that potentially have bearing on program quality.[59] The estimated distribution of three- and four-year-olds across programs and settings is shown in Table 4.12, both in numbers and as the percentage distribution. Figure 4.2 displays the percentage distribution in the form of a pie chart.

Table 4.12—Estimated Distribution Across Care Settings of Three- and Four-Year-Olds in Publicly Funded ECE Programs in California: October 2005

	Distribution of three- and four-year-olds in publicly funded ECE settings	
Setting	Number	Percentage
Head Start or Title I center	90,487	34.9
Title 5		
Center	115,886	44.7
Family child care home	3,807	1.5
Title 22		
Center	9,635	3.7
Family child care home	13,104	5.1
License-exempt	26,324	10.2
Total	259,242	100.0

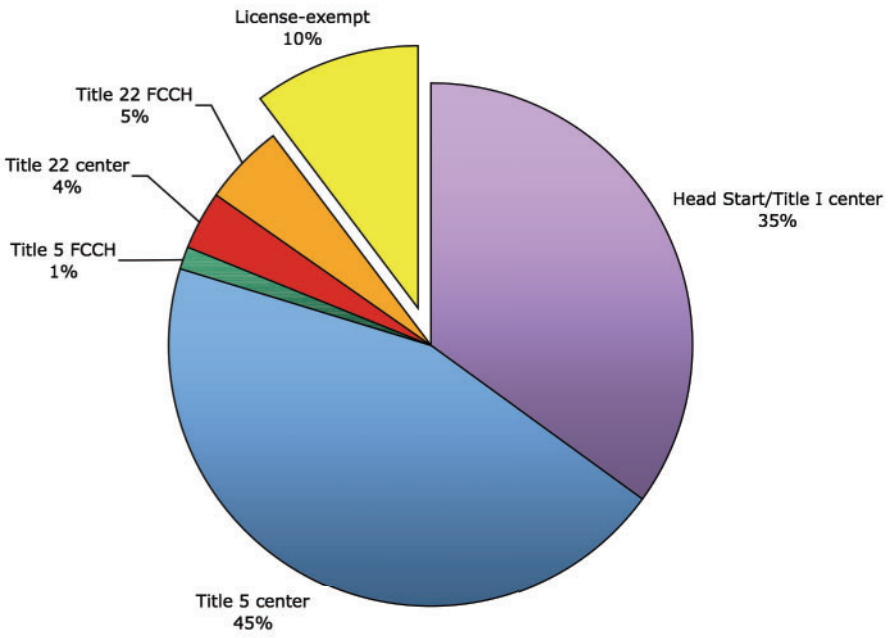
SOURCE: Authors' calculations based on sources cited in Tables 3.4 and 4.1.
NOTES: Row values may not sum to totals because of rounding.

training, teacher in-service training, staff-child ratio, and required monitoring. Since other Title 5 center programs satisfy the same requirements, the same number of standards would be met by centers operating under the General and Migrant CCD programs.

[59] In the case of CalWORKs Stage 1, Cal-Learn, and Cal-SAFE, we do not have enrollment figures specific to licensed centers versus licensed family child care homes. For the first two programs, we have applied the same distribution as CalWORKs Stage 2, conditional on being in licensed care. For Cal-SAFE, we applied the distribution within General CCD between licensed centers and licensed family child care homes, again conditional on being in a licensed setting.

Overall, 81 percent of enrollments for preschool-age children in subsidized care are in either Head Start, Title I, or a Title 5 program (including State Preschool), which have the highest standards among publicly funded ECE programs in the state, although in areas like teacher education the standards are below benchmarks identified as research-based by NIEER or required by NAEYC for accreditation (see the three gradated segments in Figure 4.2). Another 9 percent of preschool-age children in subsidized care are in Title 22 regulated care settings with much lower standards, while 10 percent are in license-exempt care, which is essentially unregulated. To the extent that some children in AP programs are in centers or family child care homes that meet Title 5 regulations, the 9 percent share in settings that follow Title 22 regulations may be an overestimate.

Figure 4.2—Estimated Percentage Distribution Across Care Settings of Three- and Four-Year-Olds in Publicly Funded ECE Programs in California: October 2005



SOURCE: Authors' calculations based on sources cited in Tables 3.4 and 4.1.
NOTES: Row values may not sum to totals because of rounding.

Again, it is important to emphasize that children in settings lower on the list in Table 4.12 are not necessarily in poor-quality care environments. At this point,

we can only identify the extent to which these settings are required to have certain features that are associated with high-quality programs. In a follow-on study as part of the larger California Preschool Study, we will be analyzing newly collected data with more in-depth information on the quality of care settings for preschool age children in California. Other studies underway, such as the evaluation of the California State Preschool program by researchers at NIEER and the UCLA Center for Improving Child Care Quality, will provide additional detailed measurement of structural and process characteristics that are associated with child outcomes.

5. Program Funding, Reimbursement Rates, and Expenditures

In Chapter 3, we noted that the system of publicly funded ECE in California is not able to serve all children who meet the eligibility criteria. In this chapter, we turn our attention to the public dollars allocated to and spent on ECE programs that serve preschool-age children. As noted in Chapter 2, some programs exclusively serve children one or two years away from kindergarten entry while others serve a wider age range. Thus, in developing a picture of funding in this area, we derive an estimate of the total resources devoted to preschool-age children, in addition to the figures typically available that measure funding for subsidized child care and development programs across all ages. We also consider issues associated with the nature of the reimbursement mechanisms used to pay providers for the child care and development services they deliver, including differentials that arise at the county level between the two main reimbursement mechanisms and the issue of contracted funds that are not spent and therefore returned to the state.

We begin in the next section by presenting figures on total funding across the set of subsidized programs we introduced in Chapter 2, along with our estimate of funds used to provide services to preschool-age children. We then consider the structure of the reimbursement system under Title 5 contracted programs versus AP programs reimbursed through vouchers/certificates. This provides relevant context for understanding the issues with unspent contract funds, which we document based on other recent analyses as well as our own analysis of CDE fiscal data. We also consider the magnitude of administrative expenses associated with a subset of the ECE programs.

The following key points emerge from this analysis of funding, reimbursement mechanisms, and expenditures:

- For SFY 2005–06, federal and state funding for the system of subsidized ECE programs in California was about $3.68 billion, with 51 percent or $1.9 billion for programs that serve preschool-age children. Consistent with participation patterns, we estimate that most of this funding (80

percent) is for child development oriented programs through Title I, Head Start, or CDE-administered Title 5 programs.

- While most preschool-age children are in child development oriented programs and the largest funding amounts flow to such programs, the reimbursement mechanism for providers gives no incentive to increase program quality beyond the minimum requirements under Title 5 regulations. The standard reimbursement rate (SRR) for providers in CDE-administered Title 5 programs is fixed across the state regardless of differences in the cost of providing care. In contrast, providers that deliver subsidized care through the AP programs with vouchers/certificates are reimbursed at market rates that vary across the 58 counties.
- Increases in the SRR have not kept pace over time with changes in the cost of care, especially in higher cost counties. As of October 2006, the SRR was below market rates in 22 of California's 58 counties. Since these are the more populous counties, they contain close to 80 percent of the preschool-age population. This shortfall between the SRR and market rates provides a disincentive for providers to participate in the Title 5 contract programs, and instead the voucher/certificate AP program, governed by the less rigorous Title 22 regulations, becomes more attractive.
- The tiered reimbursement system employed in the POP demonstration projects is designed to provide a financial incentive to providers to raise their program quality. Providers with features such as more educated teachers, smaller staff-child ratios, and higher scores on environment rating scales developed for ECE programs are reimbursed at a higher rate.
- A comparison of program expenditures and program allocations for CDE-administered ECE programs shows that not all funds are expended every year. An analysis of unspent funds by CDE shows a range of 5 to 11 percent of appropriations were not expended in SFY 2005–06 for a total of $79 million in unspent appropriations. Our analysis of CDE data for a subset of CDE contract programs in the same fiscal year shows a total of $110 million in unspent funds, or about 6 percent of allocated funds. While it may be unrealistic to expect full efficiency, if these funds could be fully expended in the year they were allocated, we calculate that about 7 percent more children could be served.
- We also analyze information about contractor administrative costs and find that 17 to 21 percent of costs, depending on the expenditure base, go

toward administrative cost in AP programs, while the range is 9 to 14 percent in Title 5 contract programs. These actual administrative costs are within the allowable ceilings of 20 and 15 percent, respectively, on the two contract mechanisms and suggest that the administrative functions are a nontrivial cost of program delivery.

Total Funding for Subsidized ECE Programs

We begin by assembling as complete a picture as possible of the total federal and state dollars allocated in California to programs that serve preschool-age children, the same group of programs introduced in Chapter 2.[60] Table 5.1 shows total funding by program for FY 2006–07 and 2005–06 and the change in funding between the two years.[61] The FFY for federally administered programs (Title I and Head Start) runs from October 1 to September 30. For the state-administered programs, the SFY begins on July 1 and ends on June 30. Table 5.1 shows total funding as well as the division between state and federal funds. State funds may include California child care and development funding (in some cases Proposition 98 dollars), CalWORKs child care funding, and funding from the state general fund. Federal funds may come from Title I and Head Start funding, as well as federal TANF and CCDF funds.

[60] For SFY 2006–07, Table 5.1 does not include funding for the POP demonstration programs and other First 5 preschool funding at the county level. A recent survey of the county First 5 commissions indicated that 26 counties allocated a total of $215 million in SFY 2006–07 for preschool expansion and implementation efforts (Kinlaw, 2007). The figures are not broken down by funds available for direct service provision versus other implementation efforts so they are less comparable to the state and federal funding amounts reported in Table 5.1. Nevertheless, these funding amounts potentially increase the funding available to serve three- and four-year-olds by upwards of half of what the state allocates to the State Preschool program annually.

[61] Head Start funding in FFY 2006–07 is estimated assuming a 1.4 COLA increase over the FFY 2005–06 funding level. In addition, the new funding for PKFL allocated in SFY 2006–07 is included in the State Preschool line item and explains the larger increase between the two fiscal years for that program. Funding for the full-day State Preschool program is divided between the State Preschool and General CCD lines items.

Table 5.1—Federal and State Appropriations for Publicly Funded ECE Programs in California: Fiscal Years 2005–06 and 2006–07

Program	FY 2006–07 Total (millions $)	FY 2006–07 State (millions $)	FY 2006–07 Federal (millions $)	FY 2005–06 Total (millions $)	FY 2005–06 State (millions $)	FY 2005–06 Federal (millions $)	Change from FY 05–06 to FY 06–07 (%)	Estimated funding for 3- and 4-year-olds (FY 2005–06) Total (millions $)	Estimated funding for 3- and 4-year-olds (FY 2005–06) Percent (%)
Federal programs									
Title I Preschool	12.6	0.0	12.6	13.5	0.0	13.5	–6.6	13.5	100.0
Head Start	834.1	0.0	834.1	822.6	0.0	822.6	1.4	798.7	97.1
CalWORKs and AP									
CalWORKs Stage 1	412.9	31.7	381.3	550.5	64.2	486.3	–25.0	123.5	22.4
CalWORKs Stage 2	524.3	141.5	382.8	553.5	136.4	417.1	–5.3	124.1	22.4
Reserve fund (Stage 1 and 2)	47.0	0.0	47.0	57.9	0.0	57.9	–18.9	13.0	22.4
CalWORKs Stage 3	390.5	86.5	303.9	368.5	129.2	239.3	5.9	58.0	15.7
AP	243.5	98.8	144.8	219.9	75.1	144.8	10.8	48.7	22.1
State child development									
State Preschool	413.6	413.6	0.0	347.3	347.3	0.0	19.1	333.1	95.9
General CCD	762.4	677.1	85.3	686.8	601.6	85.3	11.0	337.7	49.2
Migrant CCD	38.4	33.0	5.4	36.0	30.6	5.4	6.7	17.4	48.3
Cal-SAFE	26.0	26.0	0.0	24.5	24.5	0.0	5.9	0.7	3.0
Total direct services	3,705.4	1,508.2	2,197.2	3,681.1	1,409.0	2,272.2	0.7	1,868.3	50.8
Other resources									
Trustline/self-certification (CDSS)	5.2	0.5	4.7	6.8	0.6	6.2	–24.0	–	–
R &R (CDE)	18.6	18.6	0.0	17.6	17.6	0.0	5.9	–	–
Quality improvement (CDE)	65.6	15.3	50.2	73.1	15.3	57.8	–10.3	–	–
Local planning councils (CDE)	6.3	0.6	5.8	6.0	0.2	5.8	5.9	–	–
CEL (CDE)	7.9	0.0	7.9	7.9	0.0	7.9	0.0	–	–
Total other resources	103.6	35.0	68.6	111.4	33.7	77.6	–7.0	–	–

SOURCE: Authors' analysis of California Head Start Association (2007); CDE (2007c, 2007d, 2007f); CDSS (2006); and unpublished data provided by CDE and CDSS.

NOTES: All funds are for the California state fiscal year, except Title I and Head Start funds, which are for the federal fiscal year. Title I figures are funds reserved by district for preschool programs. CalWORKs Stage 1 funding includes Cal-Learn. General CCD includes Campus Children Center and Campus Tax Bailout. Numbers may not add because of rounding. – = not applicable.

Since Table 5.1 shows programs that almost exclusively serve preschool age children, as well as those that also serve younger and older children (see the age ranges in Table 3.4), the last two columns provide our estimates of the share of funding for each program that went toward ECE services for three- and four-year-old children (those one or two years away from kindergarten entry) in FY 2005–06. Ideally, to make such estimates, we would know the annual full-time equivalent number of children in each age group served (i.e., to account for differences in annual hours of care by age) and the annual full-time equivalent cost of care by age (i.e., to account for differences in the per child cost of care by age). Since this information is not available for the programs in Table 5.1, we have assumed that the distribution of enrolled children by age (see Table 3.4) can be used as a proxy for the distribution of spending by age.

This is a reasonable assumption if average hours of care were equal across age groups and the hourly cost of care was equivalent. For those programs that mostly serve three- and four-year-olds (e.g., Head Start, State Preschool, and PKFL), the assumption is likely to be valid since there are only a few five-year-olds who will have similar hours and costs of care as the three- and four-year-olds. For those programs that also serve younger and older children (e.g., General CCD, CalWORKs, and AP programs), our estimates in Table 5.1 should be viewed as a rough approximation of spending for the preschool-age group. Most likely, we have underestimated the total dollars that go toward preschool-age children for such programs. This is because enrolled school-age children in these programs are less than full-time equivalent children—their care during the school year is only part-time, while care during the summer may be full-time—and their full-time cost of care is lower. At the same time, infants and toddlers are more than full-time equivalents: most are in full-time care and their cost of care is higher. Since there are more school-age children in General CCD, CalWORKs, and AP programs compared with infants and toddlers, our simple allocation method will overestimate the share going to school-age children and underestimate the share going to preschool-age and younger children. A sensitivity analysis bears out this expectation but shows that our simple estimate is a close approximation.[62]

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[62] With assumptions about differential child care use and child care costs among infants and toddlers, preschoolers, and school-age children, we can generate an alternative estimate of the allocation of spending across age groups within General CCD, CalWORKs, AP programs, Migrant CCD, and Cal-SAFE. We assume that each infant and toddler is 1 full-time equivalent (FTE), a preschooler is 0.9 of an FTE, and a school-age child is 0.63 of an FTE (based on assuming half-time care for nine months and full-time care for three months). We also assume the cost of

In addition to the programs that provide direct ECE services to children, we also show in the bottom portion of Table 5.1 the funding associated with other resources that support the administration and implementation of the direct service programs (see the discussion of these other resources in Chapter 2). These resources include CDSS spending to implement Trustline and self-certification of license-exempt providers. The other resources are all administered by CDE and include the R&R function, quality improvement initiatives, LPCs, and the CEL.

Several other points are worth noting regarding the line items in Table 5.1. First, child care services under the Cal-Learn program are included in the CalWORKs Stage 1 line item. Second, there is an additional line item for the CalWORKs Stage 1 and 2 reserve fund. This fund, $47 million in SFY 2006–07, is an approximate 5 percent set aside of the expected need for Stage 1 and Stage 2 funds. If allocated funds in either program are exhausted before the end of the fiscal year, the programs can draw on the reserve fund to cover the additional need for child care services. Third, the PKFL program, new in SFY 2006–07, is included in the State Preschool line item.

According to Table 5.1, total funding for programs providing direct ECE services to preschool-age children (as well as younger and older children) equaled $3.68 billion in fiscal year 2005–06, rising to $3.71 billion in fiscal year 2006–07, a 0.7 percent increase. The state share of that amount was about 38 percent in 2005–06 ($1.4 billion) and 41 percent in 2006–07 ($1.5 billion). All program funding levels increased between the two years with the exception of CalWORKs Stage 1 and 2 funding (and the associated reserve fund), which declined as a result of expected caseload decreases. The bottom portion of the table shows that another $111 million was allocated in SFY 2005–06 for other resources that support ECE programs. That figure declined 7 percent to $104 million in SFY 2006–07 as funding for Trustline and quality improvement initiatives dropped.

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care for a infant or toddler is 1.55 times the cost for a preschooler whereas the cost for a school-age child is 0.8 times the cost for a preschooler (consistent with the differential reimbursement rates by child age group). We can then re-weight the distribution of children across the three age categories in each program to allocate the share of funding that would go toward three- and four-year-olds, accounting for differential usage and cost of care. With these particular assumptions, we estimate that total funding for 3- and 4-year-olds was $1.928 billion in SFY 2005–06 or 52 percent of the total funding shown in Table 5.1. This figure is marginally higher than our simple estimate of $1.868 billion or a 51 percent share shown in Table 5.1. With the exception of Migrant CCD and Cal-SAFE, the age distribution is more heavily weighted toward school-age children. So this alternative methodology produces a higher estimate of funding for preschool-age children in General CCD, the CalWORKs stages, and AP programs compared with the simple methodology used to generate the estimates in Table 5.1.

The last two columns in Table 5.1 show our estimate in FY 2005–06 of the dollars and share of total funding for the direct service programs that go toward serving three- and four-year-old children. By our estimates, all or nearly all funding for Title I, Head Start, and the State Preschool program serves preschool-age children. About half of General and Migrant CCD funds support children in this age range. For the CalWORKs and AP programs, the share ranges from 16 to 22 percent. Since Cal-SAFE serves mostly infants and toddlers, the estimated share of funding for preschool-age children is the lowest across all the programs at just 3 percent. The bottom line, summing across all programs, is an estimated $1.9 billion, or just over half of the federal and state funding for the programs listed in Table 5.1 is allocated for ECE services for children one or two years from kindergarten entry. Of that amount, $1.5 billion, or about 80 percent, goes toward the child development oriented programs of Title I, Head Start, and the CDE-administered Title 5 programs.

We can put this total figure in perspective, considering funding per three- and four-year-old in the population, as well as per three- and four-year-old who meets the income eligibility criteria (using the CDE income ceilings). For the latter, we calculate per capita funding assuming, as we did with Table 3.5, that either all eligible children participate or 80 percent participate. Using the numbers generated in Table 3.5 for the size of the three- and four-year-old cohort and eligible population for all subsidized ECE programs, in FY 2005–06 we estimate that the total funding for three- and four-year-old ECE programs equals $1,726 per child in the population, or $3,673 per child with family income below the CDE income ceiling, or $4,592 per child with income below the ceiling, assuming an 80 percent participation rate in subsidized child care and development programs.[63] When we calculate these same figures for FY 2006–07, assuming that the same share of the budget within each line item applies to services for three- and four-year-old children, we obtain somewhat lower figures per eligible child—$3,280 and $4,100 assuming 100 percent and 80 percent participation, respectively—because of the increase in eligibility with the rise in

[63] The first figure comes from dividing our estimate of total funding in FY 2005–06 of $1,868.3 million (from Table 5.1) by the size of the three- and four-year-old cohorts as of 2005 (the sum of 546,127 and 536,071 from Table 3.5). The second figure is derived from the same numerator divided by the estimated number of three- and four-year-olds with income below the CDE income ceiling at 100 percent participation (the sum of 256,680 and 251,953 from Table 3.5). The third figure is derived in a similar fashion as the second using the eligibility estimates based on 80 percent participation (the sum of 205,344 and 201,563 from Table 3.5). Similar calculations are made for the figures estimated for FY 2006-07.

the income ceilings in July 2006. The per capita figure for all children in fiscal year 2006–07 is estimated to be $1,730.

Reimbursement Rates

The funding in Table 5.1 shows what is potentially available to allocate to various contractors and providers under the individual programs that make up the system of publicly subsidized ECE programs. How much is actually spent depends on the decision of eligible families to enroll their children in any given program and on the reimbursement that providers receive for each participating child under the relevant reimbursement mechanism. In this section, we discuss the two basic reimbursement mechanisms used to pay providers for their services to three- and four-year-olds. For purposes of this discussion, we exclude Head Start and Title I and focus on the remaining state-administered ECE programs.[64] For each of these programs, Table 5.2 provides a summary of the reimbursement elements that are detailed below.

Contract Programs: Standard Reimbursement Rate

The first funding mechanism is the SRR, which applies to all Title 5 contract programs administered by CDE.[65] The reimbursement rate specifies the amount a contractor will receive per child day of enrollment. As seen in Table 5.3, the SRR has a base rate for the part-day State Preschool program of $20.39 in SFY 2006–07, which annualized for a 175-day year equals $3,568. A second base rate applies for general center-based contracts like General CCD and Migrant CCD. The base rate of $32.89 applies for full-day programs (6.5 to 10.5 hours per day) operating 250 days per year, or an annualized rate of $8,223.

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[64] Head Start and Title I use different funding mechanisms from that used for the state-administered programs. Head Start is a direct grants program where funding levels are based on a determination of the costs associated with providing an effective early childhood program. Funds are generally not awarded to Head Start grantees on the basis of a cost-per-child figure. Title I funds are allocated through a multi-step process whereby funds from the U.S. Department of Education are allocated to states, school districts, and schools based on complex funding rules and various decisions made at the state and local level. There is then flexibility at the local level in how the Title I funds are allocated, including the level of funding per pupil.

[65] Two counties—San Francisco and San Mateo—have pilot projects underway to allow an increase in the SRR because of the high cost of providing care in the county. For additional discussion of the San Mateo County Individualized Child Care Subsidy Pilot, see the discussion in Appendix D.

Table 5.2—Reimbursement Approach for State-Administered ECE Programs in California

Program	Mechanism	Adjustment factors	Parent fees	Parent co-pay
State child development				
State Preschool Part-day	SRR	No	No	No
State Preschool Full-day	SRR	No	Yes[a]	No
General CCD	SRR	Yes	Yes	No
PKFL	SRR	No	No	No
PKFL Full-day	SRR	Yes	Yes[a]	No
Migrant CCD	SRR	Yes	Yes	No
Cal-SAFE	SRR	Yes	Yes	No
CalWORKs and AP				
CalWORKs Stage 1	RMR	No	Yes	Yes
CalWORKs Stage 2	RMR	No	Yes	Yes
CalWORKs Stage 3	RMR	No	Yes	Yes
AP	RMR	No	Yes	Yes

SOURCE: See sources in Table 2.1.
NOTES: – = not available.
[a] The parent fee applies only to the portion of the day beyond the half-day preschool program.

As seen in Table 5.3, several adjustment factors apply to programs that operate fewer hours per day and more hours per day. The base rate may also be adjusted for children who are more costly to serve. Four relevant adjustment factors for preschool-age children are shown in Table 5.3. They range from a 10 percent upward adjustment of the base rate (for children who are limited or non-English proficient or at risk of abuse, neglect, or exploitation) to a 50 percent upward adjustment (for severely disabled children).[66] As seen in Table 5.2, these adjustment factors do not apply to the State Preschool or part-day PKFL programs but they do apply to the full-day PKFL program and all other CDE-administered Title 5 contract programs. The base rates are fixed across the state, although as we discuss below, they may be negotiated in an individual agency's contract.

The PKFL program introduced another reimbursement element, which is $2,500 in reimbursable costs per PKFL classroom per year (not shown in Table 5.3). These funds support a program coordinator, staff development activities, family literacy services, and/or instructional materials. While these funds add to the

[66] There are also adjustment factors that apply to infants, toddlers, and infants and toddlers in family child care homes.

reimbursement of PKFL over the State Preschool program, they are actually a modest addition. If a typical PKFL classroom has 24 students (consistent with the staffing requirements discussed in Chapter 4), the $2,500 is the equivalent of $0.60 per child day, or a 3 percent increment to the SRR of $20.39.[67]

Table 5.3—Standard Reimbursement Rate and Adjustment Factors for Title 5 Contract ECE Programs in California: SFY 2006–07

Reimbursement feature	SRR per child day of enrollment	Annualized
State Preschool (3 hours/day, 175 days/year)	$20.39	$3,568
General CCD (6.5 to 10.5 hours/day, 250 days/year)	$32.89	$8,223
Adjustment factor for length of day		
Half time, under 4 hours (factor of 0.55)	$18.09	4,523
Three-quarters time, 4 to 6.5 hours (factor of 0.75)	$24.67	6,167
Full-time plus, 10.5 hours or more (factor of 1.18)	$38.81	9,703
Adjustment factor for special criteria		
Limited or non-English proficient (factor of 1.1)	$36.18	$9,045
Receiving child protective services or at risk of abuse, neglect, or exploitation (factor of 1.1)	$36.18	$9,045
Exceptional needs (factor of 1.2)	$39.47	$9,868
Severely disabled: (factor of 1.5)	$49.34	$12,335

SOURCE: Authors' analysis based on CDE (2006d, 2006k).

The structure of the SRR provides no incentive for providers to raise the quality of their programs beyond what is required by Title 5 regulations as there is no additional reimbursement associated with a higher quality program. For example, there is no incentive to employ more highly qualified staff—who presumably would command higher salaries—than the those educated at the levels required for Title 5 programs as discussed in Chapter 4. To address this issue, as noted in Chapter 4, the POP demonstration projects are using a tiered reimbursement system that adjusts the reimbursement rate to account for increases in staff quality (see Table 4.8). Each demonstration project has specified an incremental reimbursement that applies per space per year for each tier, with

[67] This calculation follows from dividing the $2,500 by 24 students in a classroom to get just over $100 per child. Further dividing by 175 days per year results in $0.60 per child per day. Another way to view this result is to calculate the total reimbursement for a classroom of 24 students at $3,553 per child to get $85,260 in reimbursement per classroom. The $2,500 per classroom increment is 3 percent of this amount.

differential reimbursement depending on whether the space is newly created or an upgraded existing space. The increments range from about $750 per space per year to several thousand dollars.[68]

As shown in Table 5.2 and discussed earlier in Chapter 3, parents with income above 40 to 50 percent of SMI (with some exceptions discussed earlier) pay a fee on a sliding scale for their child to attend a Title 5 program. The programs that do not have a fee payment regardless of income are the part-day State Preschool and PKFL programs. For children in a full-day wrap-around option to those part-day programs, there may be a fee for the portion of the day beyond the free part-day segment. Such fees count against the contract reimbursement that providers may earn. However, if contractors provide additional services beyond those required in the contract, they may be reimbursed for the full set of services provided. In other words, the family fees may be used to augment program services and still allow the contractor to earn the full value of the contract.

The SRR shown in Table 5.3 is a rate that may be negotiated in the terms of a given agency's contract. At present, while most are tied to the SRR, some agencies have rates below the SRR (if, for example, their facility space is donated and they can therefore be expected to have lower total costs), and a few have rates above the SRR. If the rate is above the SRR, then no adjustment factors can be applied. The contract will specify a given funded amount that will be based on an assumed level of enrollment, and for those programs with part- and full-day options, an assumed distribution of children across the two options. To further complicate matters, contractors are reimbursed based on the least of three amounts:

- The amount of the contract
- The value of services provided (i.e., child attendance times the negotiated daily rate in the contract)
- Actual cost

Thus, some contractors will not earn the value of their contract if they do not have sufficient enrollment or their actual costs are low. If the value of services meets or exceeds the amount of the contract but actual costs are lower than the contract amount, the agency is allowed to retain the difference between actual

[68] For additional information on the tiered reimbursement structure, see the discussion of the POP programs for the four case study counties detailed in Appendixes A to D.

costs and the contract amount as carryover funding in a reserve account. There is no limit at present to the size of the carryover in any given year (or the amount that might accumulate over time) or on when those carryover funds must be used. The only constraint is the agency must remain under contract with CDE to access the funds. The funds must, however, be expended on capital projects or other reimbursable costs. From CDE's perspective, the carryover funds are shown as spent in the year of the contract in which they accrued.

There are also limits on the composition of expenditures. At total of up to 15 percent of expenditures can be for administrative costs, with up to 8 percent comprised of indirect costs (although some school districts have a lower indirect cost rate by local regulations).

Vouchers/Certificate Programs: Regional Market Rates

As shown in Table 5.2, a second reimbursement mechanism is used for the CalWORKs AP and non-CalWORKs AP programs. As discussed in Chapter 2, funds are distributed to providers through AP programs, which may be county welfare offices (in the case of Stage 1 CalWORKs) or agencies under contract to the county welfare office (Stage 1) or CDE (Stages 2 or 3 or non-CalWORKs AP programs). Reimbursement of providers through AP programs is determined by the regional market rate (RMR) ceiling, which, unlike the SRR, varies by county. RMRs are determined at the county level based on a market survey (the Regional Market Rate Survey of California Child Care Providers) of nonsubsidized licensed centers and family child care homes to determine the local nonsubsidized cost of care.[69] The RMR ceiling is currently set at the 85th percentile of the distribution of provider costs. The schedule of RMR ceilings for each county changes with child age and the time in care (part-time versus full-time with 30 hours per week dividing the two). There are also adjustment factors for evening or weekend care and for children with exceptional needs. Licensed centers and family child care homes are reimbursed up to their respective RMR ceilings (i.e., the 85th percentile). License-exempt providers are reimbursed up to 90 percent of the RMR family child care home ceiling. In either case, providers are not allowed to charge more for subsidized children than they do for nonsubsidized children. In addition to possibly contributing fees when family

[69] The RMRs are typically adjusted every 2 years by CDE when a new market survey is conducted, and there is no cost-of-living adjustment between surveys.

income is high enough, if a provider charges an amount above the RMR ceiling, the parent must pay the difference as a co-payment to the provider.

To illustrate the range of RMR ceilings, Table 5.4 shows the schedule of ceilings for child care centers established as of October 2006 in our four case study counties: Los Angeles, Merced, San Diego, and San Mateo. The RMR ceilings for Merced are the lowest, while those for San Mateo are the highest. The difference between the rates for these two counties varies, from 10 percent higher for monthly part-time care in San Mateo than in Merced to 64 percent higher for hourly part-time care.

AP programs execute contracts with individual providers for the provision of care on a child-by-child basis. In addition to reimbursement for provider payments, AP programs can claim up to 15 percent for administrative costs and another 5 percent for supportive services (e.g., referral services for families). In the past, such administrative expenses were tied to the amount of provider payments and thus varied with the caseload in a way that was not very predictable. As of SFY 2006–07, AP programs are allowed to spend 20 percent of the contract amount on administrative and support costs, regardless of actual provider payments. In addition, AP programs are allowed to carry over 2 percent of the contract value to apply to future administrative and support costs.

Table 5.4—Regional Market Rate Ceilings for AP Programs in Four California Counties: Rate for Child Care Centers as of October 1, 2006

	Maximum reimbursement for child care centers for children age 2 through 5 by county ($)			
Status	Los Angeles	Merced	San Diego	San Mateo
Part-time (< 30 hours per week)				
Hourly	7.22	6.23	7.51	10.20
Weekly	153.08	156.23	151.47	185.43
Monthly	611.93	633.09	589.38	692.54
Full-time (≥ 30 hours per week)				
Daily	43.27	37.83	43.94	57.39
Weekly	182.03	159.88	185.47	249.65
Monthly	743.75	643.07	754.83	1,001.85

SOURCE: CDE (2006j).

Differential Reimbursements between SRR and RMR

Since the SRR does not vary by county like the RMR ceilings, the differential in the reimbursement between center contracts based on the SRR and center reimbursement through AP programs based on the RMR can also vary across counties. Particularly as the cost of care has risen sharply in some communities, the divergence between the SRR and RMR ceiling has grown.

Consider the case of San Mateo and the RMR ceilings reported above in Table 5.4. The maximum monthly reimbursement for full-time care is $1,002 or, annualized, $12,022 per child. In contrast, with a General CCD center contract and a maximum reimbursement of $32.89 per day for 250 days, the annual reimbursement is $8,223, a difference of about $3,800 per child per year. Under a pilot program, contractor providers in San Mateo County are allowed an even higher SRR, set at $35.51 per day (see the discussion in Appendix E). Even at this higher reimbursement rate, the distance from the RMR ceiling is still over $3,000 per child per year. A similar gap exists between the part-day State Preschool program and an equivalent center provider reimbursed through the RMR. Of course, not all center providers would be reimbursed at the RMR ceiling if their fees for nonsubsidized children were below the ceiling in Table 5.4. In fact, if the RMR ceiling is set correctly, 85 percent of providers would charge fees below the ceiling. Nevertheless, the point remains that many providers can get a higher reimbursement through the RMR mechanism than they can with the SRR mechanism. Moreover, the requirements for staff qualifications, group sizes, developmentally appropriate activities, and other program features are less stringent for providers reimbursed through the RMR mechanism since they need to satisfy Title 22 rather than Title 5 regulations.

Figure 5.1 shows that the case of San Mateo is not unique. The figure plots the monthly RMR ceiling for full-time, center-based programs for the 58 counties as of October 2006. The San Mateo RMR ceiling ranks second highest among the counties, with Marin County having the highest RMR ceiling. Most notably, 22 counties (those with bars shaded in black) have an RMR ceiling that lies above the SRR for full-day care under the General CCD program (equal to $685 per month).[70] In addition, for 12 counties, the RMR ceiling for full-time care in family child care homes exceeds the SRR, while for seven counties even the RMR ceiling

[70] The monthly SRR for General CCD is calculated by multiplying the daily rate of $32.89 by 250 program days per year and dividing by 12 months.

for full-time care by license-exempt providers exceeds the SRR.[71] When similar comparisons are made between the SRR for the part-day State Preschool program and the comparable RMR ceiling (based on the hourly rate for a part-time program multiplied by three hours per day), 22 counties again have an RMR ceiling that exceeds the SRR.[72] Since the affected counties tend to be the more populous ones, using data from the Department of Finance (2007) on the distribution of preschool-age children across the counties, we calculate that about 77 percent of three- and four-year-olds are in the 22 counties where the SRR falls below the RMR ceiling.

This differential in reimbursement rates and the associated program features has raised concerns that some providers will no longer be able to operate under the state Title 5 contracting system as reimbursement rates become too low to cover operator costs. Instead, providers may find it more financially viable to participate in voucher/certificate AP programs, which offer higher reimbursements and the less-demanding Title 22 regulations. One example, frequently cited, is the case of the Orange County Office of Education which gave back its Title 5 center contracts in 2000 citing reimbursement rates that were too low (California Budget Project, 2001). A recent report from CDE further indicates that in the past two years, 25 agencies have voluntarily relinquished 57 contracts. For 27 of those cases, the explanation offered was the low level of the SRR (CDE, 2007e).

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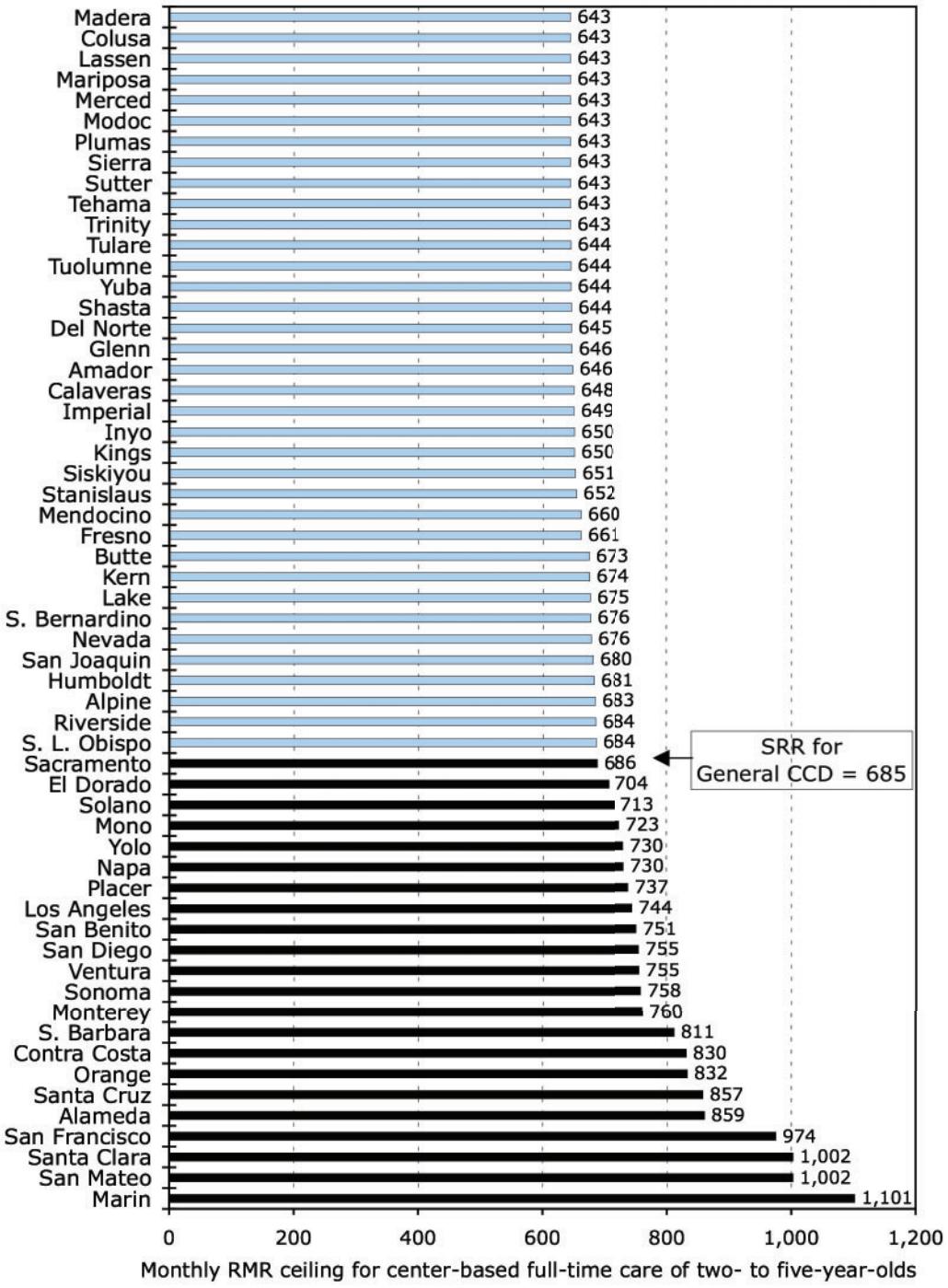
[71] The 12 counties with a higher RMR for family child care homes consist of the nine counties with the highest center RMR in Figure 5.1 plus Napa, Sonoma, and Ventura. The seven counties with a higher RMR for license-exempt care consist of the six counties with the highest center RMR in Figure 5.1 plus Contra Costa.

[72] The 22 counties are the same counties shown in Figure 5.1, except San Luis Obispo takes the place of Sacramento.

Figure 5.1—Monthly RMR Ceiling for Full-time Center-Based Programs for Preschool-Age Children by California County: October 2006



SOURCE: CDE (2006j).

Experience with PKFL Competition

With the addition of the new PKFL program in the Governor's budget signed into law in September 2006, CDE held a competitive bidding process to allocate the $50 million in new funding. An open bidding process this large is relatively rare since most Title 5 contractors retain their contracts from year to year. Since providers under the new PKFL program would be reimbursed under the SRR (with the modest addition of the $2,500 per classroom discussed above), this recent competition provides an interesting case to examine the response to the Request for Applications (RFA) and the resulting awards. In fact, given the increased programming requirements, it might even suggest that the PKFL program would be less attractive than the current State Preschool program as more is required without much of an increase in funding. In that light, to what extent did agencies respond to the RFA? Were many of the bidders existing contractors or new entrants?

Figures compiled by CDE indicate that 197 applications were received from 43 counties. The total requested funds, at $69.8 million, exceeded the available funding by nearly $20 million. Counties had been informed about their allocation of the funds based on the distribution of children in low-performing elementary schools across the counties. In many cases, counties requested funds that far exceeded their allocations. San Mateo is one such example with a request for funding that was four times the county's allocation.

The final contract awards went to 142 agencies in 41 counties for a total of $42.4 million in part-day PKFL, $5.9 million in full-day PKFL, and $1.4 million in support (the additional $2,500 per classroom). San Mateo County's award exceeded its allocation by 104 percent, while the award to Orange County exceeded its allocation by 131 percent. In contrast, Los Angeles County was 45 percent under its allocation. Data compiled by CDE indicates that 34 contracts went to agencies that did not otherwise have a direct contract from CDE (although some may be subcontractors under existing awards to other agencies). Overall, the experience with PKFL suggests that that agencies in most California counties are willing to participate in the provision of ECE services as direct contract providers despite the below market reimbursement rates in many counties.

Unspent Funds

One of the potential inefficiencies with the current system of funding ECE services in California is that contractors do not always earn the value of their contract, resulting in unspent funds authorized for spending in a given year. Recently, the Child Development and Child Development Fiscal Services Divisions of CDE completed an analysis of the magnitude of unspent funds across the various child development contracts (CDE, 2007e). Table 5.5 provides a summary of the amount of unspent funds in each program in thousands of dollars and as a share of the program appropriation. In total, the unspent funds equal nearly $79 million for SFY 2005–06. For the full-day State Preschool and Migrant CCD programs, the unspent funds represent about 10 to 11 percent of the program appropriation. The shares are in the 5 to 8 percent range for the other programs.

Based on the CDE analysis and a related analysis of unspent funds in Alameda County (Kidango, 2007), the following factors contribute to the problem of unspent contract funds:

- Contract allocations or disbursements may be delayed by CDE so that an agency cannot earn the full contract amount over the course of the year.
- An agency may be delayed in getting a new program underway (e.g., because of facility or licensing issues) or in staffing an existing program, so there is a period when no earnings are accrued.
- Agencies may have difficulty recruiting eligible children in high-income areas (e.g., the Bay Area) where relatively fewer families have income below the CDE income ceilings.
- With the influx of new funding from First 5 and other preschool expansion efforts, agencies face more competition for serving children from low-income families.
- Demographic and residential shifts mean that the number of eligible children declines in an agency's service area. Transportation costs associated with bringing children from farther away may be too high to accommodate within the agency's budget.
- Due to fluctuations in enrollment as children move in and out of care during the course of a year, programs are not always able to keep enrollment at the optimal level for contract reimbursement. Vacancies,

especially those that occur in the middle of the academic year, may take time to fill with a qualified child or a family that wants the desired level of service (e.g., a part-day program).

- Full-day programs are required to take families with the lowest income first, regardless of the number of hours they need. When families only need part-day care, the programs earn a lower SRR than what may be implied in the contract amount.
- Agencies have shifted away from state contract-subsidized slots to voucher/certificate subsidies or full-pay slots as the SRR has not kept pace with rising costs of providing care (as evidenced by the higher RMR in many counties).

Table 5.5—Unspent Funds for CDE-Administered ECE Programs in California: SFY 2005–06

Program	Unspent funds (thousands $)	Percentage of appropriation (%)
CalWORKs and AP		
CalWORKs Stage 2 and 3	12,302	5
AP	4,641	6
State child development		
State Preschool Part-day	24,151	7
State Preschool Full-day	2,469	10
General CCD (centers)	29,951	5
General CCD (family child care home networks)	1,773	5
Migrant CCD	3,298	11
Total	78,585	–

SOURCE: CDE (2007e), p. 2.
NOTES: – = not available.

These issues create a gap between contract earnings and funds allocated to contracts. In addition, there can be a gap between funds allocated and funds appropriated. Unallocated funds can arise when an agency relinquishes its contract or the contract is terminated. In addition, the annual contract review process may lead to a reduction in funds for a contract, which then become unallocated. Other sources of unallocated funds are budgeted growth dollars,

planned obligations, program expansion funds, and reserves for unexpected program expense (CDE, 2007e).

CDE's analysis of contracts in 2005–06 indicates that a relatively small number of contracts (16 percent) account for a large share of under earnings on contracts, largely because of facilities issues. At the same time, it is not easy to reallocate funds across contracts mid-year if one agency is under-earning in its contract while another agency would be able to fill additional slots beyond its contract maximum. In addition, the RFA process for awarding new funds and reallocating unallocated balances and relinquished funds is cumbersome and further delays the ability of CDE to distribute funds to contractors in a timely manner.

In part because of a stepped-up contract review process instituted by CDE in 2003–04, the magnitude of the under earning problem has been declining over the last three fiscal years. CDE expects the downward trend to continue with the July 2006 increase in the CDE income ceilings (making more children eligible for subsidized care) and the increase in the SRR. The CEL is also viewed as a mechanism for filling vacancies more quickly and identifying areas with high need.

Based on county-level data for CalWORKs Stage 2 and Stage 3 and contract-level data for the part- and full-day State Preschool and the General and Migrant CCD programs provided to us by staff of the Child Development Fiscal Services Division, we have analyzed contract outcomes for SFY 2005–06 for the six programs shown in Table 5.6. Although the figures do not always agree with the CDE analysis report in Table 5.5, they provide additional perspective on the issue of unused funds, as well as on the size of administrative costs. We focus first on the unused funds and defer a discussion of administrative costs to the next subsection.

For each program, we show in Table 5.6 the fiscal year appropriation followed by the funds allocated to contracts and total expenditures. The difference between expenditures and allocation measures the amount of unearned funds. The unearned funds total $110 million across the six programs, and represent 6 percent of the funds allocated in SFY 2005–06. Consistent with the CDE analysis, the share of unearned funds is largest for the Migrant CCD program (13 percent) and the share is smallest for CalWORKs Stage 3 (0.5 percent). For the four Title 5 programs, we show the number and share of contracts that did not fully earn their maximum reimbursable amount. Interestingly, about 70 to 75 percent of

Table 5.6—Fiscal Analysis of CDE-Administered ECE Programs in California: SFY 2005–06

Measure	CalWORKs		Title 5 Child Development				Total
	Stage 2	Stage 3	State Preschool part-day	State Preschool full-day	General CCD (centers)	Migrant CCD	
Number of contracts (N)	–	–	483	81	489	28	1,081
Fiscal year finances							
Appropriation (millions of $)	553.5	368.5	347.3	n.a.	686.8	36.0	1,992.2
Allocation to contracts (millions of $)	552.4	358.1	316.7	24.1	586.4	32.8	1,870.5
Expenditures (millions of $)	520.0	356.3	291.2	22.0	541.6	29.0	1,760.1
Allocation minus expenditures (millions of $)	32.4	1.8	25.5	2.1	44.8	3.8	110.4
As share of allocation (%)	5.9	0.5	8.1	8.6	7.6	11.6	5.9
Number of contracts with unspent funds (N)	–	–	332	55	339	21	747
As share of contracts (%)	–	–	69	68	69	75	69
Funds to program reserve account (millions of $)	–	–	11.0	0.7	7.9	0.6	20.2
As share of expenditures (%)	–	–	3.8	3.0	1.5	2.2	1.1
Number of contracts with reserves (N)	–	–	195	24	142	15	376
Administrative expense (millions of $)	90.6	61.7	35.2	2.2	49.5	1.8	241.0
As share of expenditures (%)	17.4	17.3	12.1	9.9	9.1	6.1	13.7
As share of nonadministrative expenditure (%)	21.1	21.0	13.8	11.0	10.1	6.5	15.9
Enrollment							
Fiscal year total number of children served (N)	134,911	77,298	108,709	6,164	138,970	4,801	470,853
October 2005, total enrollment (N)	75,571	51,717	76,684	3,395	84,451	2,548	294,366
April 2005, total enrollment (N)	70,373	49,168	83,111	3,411	88,379	2,042	296,484
October/April average monthly enrollment (N)	72,972	50,443	79,898	3,403	86,415	2,295	295,425
Expenditure per child based on:							
Fiscal year total number of children served ($/child)	3,854	4,610	2,678	3,576	3,897	6,040	3,738
October/April average monthly enrollment ($/child)	7,126	7,064	3,644	6,478	6,267	12,636	5,958
Children that could be served by unspent funds (N)	4,551	251	6,998	321	7,154	301	19,575
As share of average monthly enrollment (%)	6.2	0.5	8.8	9.4	8.3	13.1	6.6

SOURCE: Authors' analysis of sources cited in Table 5.1 and unpublished data provided by Child Development Fiscal Services, CDE.
NOTES: All funds are for the California state fiscal year. Allocation under Migrant CCD includes support contracts. – = not applicable; n.a. = not available.

contractors in each program did not earn their full contract amount, although the gap for many is small.

Table 5.6 next shows the amount of funds set aside in reserve accounts for programs that had earnings exceeding the maximum reimbursable amount (SRR times child days of enrollment), but actual costs below the contract value. In total, about $20 million was placed in such reserves, which equaled about 1.2 percent of the amount of expenditures. In total, about one-third of all contracts resulted in such reserve funds. That share was closer to half of all Migrant CCD contracts.

From one perspective, the magnitude of unspent funds—from 5 to 11 percent of appropriations in the case of the CDE analysis or a 6 percent average in the case of our analysis—may be within a range that is standard in publicly funded programs. Since programs are cautious about overspending; they instead err on the side of underspending. Moreover, if funds are rolled over into the next year, they are still available for spending, at least in aggregate. On the other hand, given that there is excess demand from qualifying families for these services, a more efficient allocation of funds might allow a greater number of children to be served. In particular, for the contract-based programs, the lack of flexibility to move funds in a given year between contractors within the same program or between different contract vehicles is one source of the problem. The experience in San Mateo County with a pilot project to allow a higher reimbursement rate under state contracts and more flexibility in moving funds across providers suggests that there is scope for greater utilization of allocated funds. Under the pilot, San Mateo County has been able to increase child days of enrollment by 8 percent over the baseline, reduce the amount of unspent contract funds from 12 percent to 3 percent, and stabilize the number of contractors (see Appendix E and Schwartz and O'Brien-Strain, 2007).

If, at the extreme, the $110 million in unspent funds documented in Table 5.6 could be fully utilized in the year they are allocated, what would that mean for program enrollments? To address this question, we need an estimate of program enrollment and spending per child for each program. The bottom portion of Table 5.6 shows four different measures of enrollment by program: total (unique) children served over the fiscal year, monthly enrollment in October, monthly enrollment in April, and the October/April average monthly enrollment. Over the course of the year, as children move in and out of programs, the number of unique children served will exceed the typical monthly enrollment. Indeed, for each program, the data in Table 5.6 bear out this pattern. Since monthly

enrollment tends to rise from fall to spring, we prefer to use the fourth enrollment measure—average October/April enrollment—to gauge the "full-year" equivalent number of children served in each program. For comparison, however, we show for each program our estimated expenditure per child using the first and fourth enrollment measures.

For our preferred measure of enrollment, expenditure per child ranges from $3,644 for the part-day State Preschool program to $8,782 for the Migrant CCD program. Using this cost per child, we calculate the additional number of children that could be served in each program with the unearned contract funds. In total, we estimate that nearly 20,000 additional full-year equivalent children could be served, which is nearly 7 percent of the October/April average monthly enrollment. This figure should be viewed as an upper bound, but it nevertheless suggests the magnitude of the potential gain from a more efficient utilization of contract funds.

Administrative Costs

The data analyzed in Table 5.6 also provide some perspective on the magnitude of administrative costs reported by AP program contractors for CalWORKs Stages 2 and 3 and for the contractors in the four Title 5 programs shown. In the middle of the table, reported administrative costs are shown in millions of dollars, and also as a share of total expenditure and as a share of nonadministrative expenditure. Overall, administrative costs are highest as a share of expenditure or expenditure less administrative costs in the AP programs—about 17 and 21, percent respectively depending on what base is used. This is consistent with the allowable administrative costs under these contracts of 20 percent. In contrast, under Title 5 contracts, the share of administrative costs ranges from 9 to 12 percent and 10 to 14 percent depending on the expenditure base. Recall that there is a 15 percent ceiling on administrative costs under these contracts.

It is not clear to what extent these administrative line items cover the full cost of administering the various programs. For example, contract providers must verify eligibility and need for families enrolling in their programs and maintain appropriate documentation. There are also substantial and complex reporting requirements in terms of data on enrollments, as well as the fiscal management and reports. The amount of administrative costs claimed against contract allocations suggests that the administrative functions are a nontrivial part of service delivery.

6. The ECE System at a Local Level: Four County Case Studies

Chapters 2 through 5 have largely provided a picture of the publicly funded ECE system from the statewide perspective. Yet, as with many other aspects of social services within the state, there is tremendous variation across California's 58 counties in how programs are implemented and supplemented at the local level. While we did not have the resources to delve into a detailed study of the ECE system for each county, we did select four counties—Los Angeles, Merced, San Diego, and San Mateo—to develop an understanding of some of the variation that exists in the subsidized ECE system at the county level. A county-level vantage point allows us to see how local administrators and other agencies implement federal- and state-funded programs and determine the extent to which local sources of funding contribute to the resources available. We were also interested in innovations that the counties had adopted with respect funding, preschool expansion and quality improvements, or cross-program coordination. The county perspective is also useful for identifying common challenges that the counties face in the delivery of ECE services to preschool-age children.

The four counties are not intended to be representative of the experiences of all 58 counties, but rather are intended to illustrate some of the variation that exists across the state in the way the ECE system operates. In selecting counties, we wanted to draw from different geographic regions of the state (after ruling out the less populous counties north of the San Francisco Bay Area and east of the Sierra Nevada): Bay Area, Central Valley, and Southern California. We wanted some variation in the demographic make-up of the population and distribution of the population in urban versus rural areas. In addition, we opted to select from among the nine POP demonstration counties because we expected to find more innovative approaches in those counties seeking to extend subsidies for early education programs to a broader population.

Our analysis relies on information about the case study counties collected from publicly available sources (e.g., reports and other documents), as well as data and other information collected at the county level as part of our analysis of the ECE system from a statewide perspective (e.g., county-level data provided by

CDE and First 5 California). To gain additional insight into implementation approaches and issues at the county level, we conducted informational interviews with key informants in each county. The individuals we met with typically included representatives, knowledgeable about the ECE system, from the county office of education, the county welfare department, the First 5 commission, Head Start, the LPC, the R&R agency, AP agency, and other public and private entities (e.g., school districts, subsidized care providers, local foundations). Our interviews focused on collecting information about the administrative structure for delivery of subsidized ECE programs in the county, funding streams (including local sources of funding), the range of publicly funded ECE programs operating in the county, innovations in program operations and coordination, and implementation issues. The resulting analysis is intended to primarily be descriptive. As a result, we are cautious about drawing broader inferences from the small sample of counties we cover.

We begin in the next section by providing an overview of the four counties we examined, highlighting their similarities and differences in terms of demographic and economic characteristics. The remainder of the chapter is devoted to a discussion of the ECE system at the county level from a functional perspective, rather than a program-by-program perspective. Thus we cover sources of local funding used to supplement the federal and state sources discussed in earlier chapters, approaches to preschool expansion and quality improvements, operating in high-cost communities, coordination across programs, and organizational structures. Appendixes B through E—covering Los Angeles, Merced, San Diego, and San Mateo Counties, respectively—provide additional background on the ECE system in each county gleaned from our interviews with key informants, as well as citations to reference material provided during our interviews or from publicly available sources.

Our discussion highlights several insights gained from the local perspective:

- Our estimates of the resources devoted to publicly subsidized ECE programs in California and the number of children served should be viewed as underestimates to the extent we have not been able to fully account for public and private resources at the local level that are used to supplement federal and state funds. In many cases, the amount of additional funding is modest, but these local sources can help fill gaps in funding from the major public sources and support higher quality programs.

- While there is uniformity in the counties we studied in the commitment to expand preschool access and raise preschool quality, there is variation in implementation at the local level, albeit within a common framework that relies on incremental expansion—starting with high-need communities—and implementation of a reimbursement system that is explicitly tied to features linked to better outcomes for children.
- Given the complexity of the statewide ECE system, those implementing programs at the local level have tried to build cross-program and cross-agency collaborations for more effective recruiting and matching of families to program slots, and to support other common objectives such as quality improvements. Such efforts may be constrained, however, by aspects of the system imposed at higher levels, such as a formal CEL, which does not support prior practices for matching children to programs.
- Implementation of the complex set of ECE programs takes place at the local level using a variety of organization models, although there is insufficient information to infer meaningful differences in operating efficiency or in service delivery associated with the operational model.

Overview of Case Study Counties

Table 6.1 captures some key demographic and economic indicators for the four study counties as of 2005. The statewide value for each indicator is shown as well for comparison. These four counties and their associated indicators highlight much of the diversity across the state. For example, Merced County is a smaller county in California's Central Valley dominated by agriculture. In contrast, Los Angeles County, located in the southern part of the state, is the most populous county, comprising almost three out of every ten California residents. In between falls San Diego County—a mid-sized county in southern California that reaches to the border that separates the United States and Mexico—and San Mateo County, in the Bay Area, stretching from the Pacific Ocean to San Francisco Bay, with a population one-fourth the size of San Diego. The population range is evident in the size of each annual cohort under age five, with Los Angeles County having about 150,000 children in each single-year age group under five compared with about 4,000 for Merced County. San Mateo and San Diego counties have about 10,000 and 44,000 children, respectively, under age five in each annual cohort.

Table 6.1—Demographic and Economic Characteristics of Case Study Counties: 2005

Characteristic	State	County			
		Los Angeles	Merced	San Diego	San Mateo
Population (1,000s)					
Total	35,278.8	9,758.9	237.3	2,824.3	689.3
Under age 5	2,679.3	753.8	21.0	221.6	49.8
Approx. size of annual cohort under age 5	535.9	150.8	4.2	44.3	10.0
Share of state population under age 5 (%)	–	28.1	0.8	8.3	1.9
Race/ethnicity of population under age 5 (%)					
Hispanic	50.3	62.8	64.5	44.6	32.7
Non-Hispanic	49.7	37.2	35.5	55.4	67.3
White non-Hispanic	29.6	17.8	25.4	36.2	36.3
Other groups					
Black (may include Hispanics)	6.2	8.3	2.7	5.9	3.0
Asian (may include Hispanics)	9.6	8.6	6.0	7.9	16.3
English language learners in grades K-1 (%)	38.0	44.4	47.8	35.2	34.8
Average family size (N)	3.5	3.8	3.8	3.3	3.3
Median annual family income ($)					
All families	61,476	53,431	44,447	66,178	82,376
Four-person families	70,712	57,277	46,736	77,749	100,629
Children living in poverty (%)					
Children under 5 living in poverty	19.6	23.6	27.4	16.3	6.5
Children 0 to 17 living in poverty	18.6	23.3	25.2	15.9	9.7

SOURCE: Authors' analysis of population and income data from U.S. Bureau of Census (2007), Tables B01001, B01001B, B01001D, B01001H, B010011, B17001, B19113, and B19119; and school enrollment data from CDE (2007g).

NOTES: All figures are for 2005 except the measure of English language learners, which is for the 2005–06 academic year. The population shares for blacks and Asians are based on the number of persons reporting one race only. – = not applicable.

The other characteristics shown in Table 6.1 combine in expected ways. Of children under age five, Merced County has the largest share of Latinos of the four counties (63 percent of the under-five population) but relatively few African Americans and Asians. Of children in kindergarten to first grade, Merced has the highest share of English language learners (48 percent). At the same time, among the four counties, it has the lowest median family income overall or for four-person families (the latter is below the state median by about $24,000), and the highest fraction of children under five and under 18 living in poverty (27 and 25

percent, respectively). In contrast, San Mateo County's population is only one-third Latino, with a much large share that is Asian. The share of English language learners in kindergarten and first grade is below the state average but comparable to San Diego County, which has a larger share of its population that is Latino. San Mateo County is the wealthiest of the four, with a $30,000 advantage in median family income for a family of four compared with the statewide median. Consequently, the share of children living in poverty—defined based on income cutoffs that do not vary across states or localities—is well below the statewide average (just 7 percent for children under age five).

Of the four counties, Los Angeles is the most diverse in terms of its racial and ethnic make-up, with large populations of Latinos, African-Americans, and Asians and a high share of English language learners. Median family income in Los Angeles County lies below the state median, and the poverty rate for children is above the statewide average. San Diego County comes closest to matching the average characteristics across the state, although with somewhat fewer racial and ethnic minorities. Median family income in San Diego County lies just above the statewide median, and the poverty rate for children is a few percentage points lower.

Alternative Funding Streams

A statewide perspective on funding for ECE programs for preschool-age children, such as that presented in Chapter 5, does not fully reflect the resources that go toward subsidized care in California. The four case study counties we considered provide important examples of how public and private resources at the local level are being used to improve the quality of publicly funded ECE programs—particularly preschool programs—and to expand access to programs to a wider population of preschool-age children. One of the largest sources is county First 5 funds (which are being used to support preschool expansion efforts discussed further below), but other sources include funds from local nonprofits and foundations.

As an example, San Diego County tallied the various sources of funds available to subsidize child care and development services as of 2002–03 (see Table D.1). While the bulk of the $299 million in funding across all sources came from the programs covered in Chapter 2 (e.g., Head Start, state Title 5 contract programs, federal and state funds for voucher/certificate programs), county and city sources, school district sources, and private (nongovernmental) sources also contributed to the total. Together these local public and private sources totaled

nearly $9 million, or about 3 percent of the total pool of funds. This funding profile was made prior to the initiation of PFA in the county, which has added substantial local resources for subsidized preschool programs (as discussed below).

While the other counties did not have a recent accounting of private funds, examples were cited of funding from private sources, such as individual donors, private foundations, and various nonprofit groups. These funds would often be used to supplement the public revenue for contract programs such as State Preschool and General CCD. Such funds may be used for supplemental activities or other spending to raise program quality. Examples of how these resources are used include home visits, parent education workshops, staff professional development, classroom materials, and field trips.

Despite the emphasis in NCLB on using Title I funds for preschool programs, California's school districts, for the most part, do not use Title I funds for this purpose. As noted in Chapter 2, as of the 2005–06 academic year, just 57 school districts in 27 counties were utilizing Title I funds to supplement the funding for other preschool programs (e.g., Head Start or State Preschool) or using funds to cover the costs of new preschool slots. With the exception of Merced, our case study counties are consistent with this pattern. For example, just one school district in San Mateo County used any Title I funds for preschool programs in 2005–06, and then only $15,000. Among our four case study counties, Merced has made the use of Title I funds an integral part of the PFA preschool expansion effort. In particular, five of the six districts selected for the POP demonstration project agreed to allocate Title I funds to the PFA program, a commitment of $2.8 million in Title I funds over the five-year POP demonstration project.

A significant funding stream that applies only to Los Angeles is the use of local and state funds to support the Los Angeles Unified School District (LAUSD) School Readiness Language Development Program (SRLDP). The program, developed in response to a 1970 court ruling requiring integration in LAUSD, serves nearly 17,000 four-year-olds annually through a center-based, part-day, academic-year program. The program operates in low Academic Performance Index (API) elementary schools with large minority populations, with the aim of improving academic achievement. Funding, totaling about $57 million annually, comes from the Targeted Instructional Improvement Grant, a fund that supports services in schools facing court-ordered desegregation and integration programs.

Varied Approaches to Preschool Expansion and Quality Improvements

Each of our case study counties is engaged in efforts to expand preschool access and raise program quality. Each has a PFA initiative underway and each is a POP county funded by California First 5. The four counties, however, are at different stages of implementation, and the scale of the efforts varies considerably, consistent with the size of the county's preschool-age population. Preschool expansion was also a focus in applications for funding under the new PKFL, and the focus on quality extends beyond PFA.

PFA and POP

In 2000, San Mateo County was the first in the state to commit to a PFA program, with a goal of a fully phased-in voluntary universal preschool program for three- and four-year-olds by 2010. First 5 Los Angeles followed in 2002, adopting a goal of voluntary universal preschool for every four-year-old by 2014. Planning for PFA in Merced and San Diego counties began in 2004 and each county also set a goal for achieving universal access within a five- to ten-year horizon. To support the PFA initiative, Merced and San Mateo were among seven counties to receive POP demonstration project funds from First 5 California in the first round in 2005, while POP awards were subsequently made to Los Angeles and San Diego counties in 2006.

As summarized in Table 6.2, substantial resources are devoted to the PFA efforts in the four case study counties, whether measured as single-year or multi-year commitments. Five-year funding for the POP demonstration projects range from $2.4 million in Merced County to $28.3 million in Los Angeles County. Beyond these funds, the additional funding from the county First 5 commissions and other sources has resulted in significant multi-year resource commitments and annual funding levels.

While significant resources are involved, the reality is that none of the counties have sufficient resources to fully fund a universal program. In each case, PFA is proceeding incrementally, with the initial preschool expansion efforts limited to a small number of demonstration communities or school districts as part of the POP demonstration projects. For example, as shown in Table 6.3, San Diego County is focusing on a set of eligible elementary school districts within six demonstration communities, while San Mateo has offered its programs in selected schools within the catchment areas of two districts.

Table 6.2—Funding for PFA/POP Initiatives in Four Case Study Counties

Funding measure	Los Angeles	Merced	San Diego	San Mateo
First 5 California POP award	$28.3 million over 5 years	$2.4 million over 5 years	$2.8 million over 5 years	$4.6 million over 5 years
Multi-year funding commitment from local First 5 Commission	$600 million over 6 years (2004–10)	$11 million over 5 years (2006–10)	$30 million over 5 years (2006–10)	$10 million over 3 years (2004–07)
Funding for PFA in 2006–07	$100 million	$2.4 million	$5.4 million	$3.7 million

SOURCE: See Appendixes B to E.

Even though the overall goal is universal access, in the initial stages, the PFA expansion sites in the four counties were selected because they represented communities with high need as indicated by, for example, a high percentage of low API schools, high rates of eligibility for free or reduced-price lunch, a high fraction of English learners, and/or low participation rates in or capacity to deliver early childhood programs. This approach was also one of the specifications of the First 5 California POP demonstration projects. Los Angeles is an interesting case with its approach for identifying 13 areas, or "hot zones," with greatest need based on the gap between potential preschool participation and available spaces. These areas were further divided into priority tiers to target those zip codes with low API schools, a large absolute number of children not being served, and a low rate of preschool participation.

In each of the four case study counties, the PFA initiatives provide funding for new or upgraded fully subsidized part-day preschool program slots in existing publicly subsidized programs (e.g., Head Start, State Preschool, General CCD), and, in some, cases private providers who receive no public subsidies may participate as well. Wrap-around care may be offered by some providers with the addition of parent fees. In all four counties, participating providers may include both center-based programs and family child care homes (see Table 6.3). The incremental nature of the preschool expansion efforts is also reflected in the number of children served. Table 6.3 reports figures for the most recent period available in each of the counties.

Table 6.3—Service Measures for PFA/POP Initiatives in Four Case Study Counties

Service feature	Los Angeles	Merced	San Diego	San Mateo
Initial service areas	34 zip codes	6 school districts	6 com-munities	2 school districts
Provider types	C, FCCH	C, FCCH	C, FCCH	C, FCCH
Children served				
Date of measurement	June 2007	2006–07	2006–07	2006–07
Total (N)	8,394	1,164	1,662	772
Upgraded slots (N)	4,360	1,036	1,279	634
New slots (N)	4,034[a]	128	383	138

SOURCE: See Appendixes B to E.
NOTES: C = centers, FCCH = family child care homes.
[a]This figure is exclusive of new spaces under construction.

Notably, with the exception of Los Angeles County, 75 percent or more of children are being served in upgraded slots rather than in newly created slots. In Los Angeles County, the total spaces are almost evenly divided between upgraded and new slots. The scale of the effort in Los Angeles County is also considerably larger than the other three counties. Across the four counties, the expansion efforts have generated a total of about 4,700 new spaces.

A central focus of the PFA program in each of the case study counties is raising the quality of existing subsidized preschool programs and ensuring high-quality care and education in newly created slots. This was also a focus of the POP requirements as specified by First 5 California. In order to participate in the county PFA/POP program, providers in all four counties must meet minimum standards—more stringent, in some cases, than Head Start or Title 5 regulations—for program features including environment rating scores, group sizes, adult-child ratios, and staff qualifications. Given the limitations in the reimbursement system under existing programs (e.g., Head Start, State Preschool, General CCD), the county PFA and POP initiatives are implementing a tiered reimbursement system tied to program features that require more resources and are associated with high quality. As seen in Table 6.4, the program features that are tied to the reimbursement tiers include environment rating scores, group sizes, adult-child ratios, and staff qualifications. In all cases, at the highest quality level, the lead classroom teacher must have a bachelor's degree and specialized training in child development.

Table 6.4—Reimbursement Features for PFA/POP Initiatives in Four Case Study Counties

Reimbursement feature	Los Angeles	Merced	San Diego	San Mateo
Reimbursement tiers based on				
Environment rating scores	✓	✓	✓	✓
Group sizes and adult-child ratios			✓	
Staff qualifications	✓	✓	✓	✓
Reimbursement for new nonsubsidized space[a] ($)				
Entry[b]	3,960	–[d]	3,000	4,569
Advancing[b]	4,290	5,064	3,650	4,838
Full Quality[b]	4,950	5,981	4,000	5,375
Annualized RMR for part-day preschool-age program[c]	3,791	3,271	3,943	5,335

SOURCE: See Appendixes B to E.

[a]The reimbursement rates are per child for a part-day, academic-year program as of 2006-2007. The LAUP reimbursement rates are calculated as nine times the monthly reimbursement rate, exclusive of parent fees. The others are all specified as annual reimbursements.

[b]LAUP uses different terminology for the three quality levels. Entry, Advancing, and Full Quality correspond to the LAUP 3, 4, and 5 Star levels, respectively.

[c]Calculated as the part-time hourly RMR for preschool age children times three hours per day times 175 days per year.

[d]Merced's unsubsidized Entry level programs could technically apply for an $800 reimbursement, but that amount is so low that realistically unsubsidized programs must enter at the Advancing level or higher.

The tiered reimbursement schedules incorporate different funding levels based on whether or not a provider is already receiving public subsidies and the level of quality achieved in the classroom. The schedules vary across the four counties, although not always in relationship to the ranking based on the cost of care (as measured by the market rates specified in the RMR). For example, Table 6.4 shows the PFA/POP reimbursement for a part-day, academic-year program that does not already receive public subsidies. This is the full reimbursement, equivalent to the SRR under the State Preschool program (equal to $3,568; see Table 5.3). The last row in Table 6.4 also shows the annualized RMR for a part-day, academic-year program in each of the counties, indicating that the cost of unsubsidized care is highest in San Mateo County and lowest in Merced County (consistent with the RMRs reported in Table 5.4). However, the highest PFA/POP reimbursement rates are for Merced County, followed by San Mateo, San Diego, and then Los Angeles. Interestingly, at the Entry level, San Diego's reimbursement rate is below that for the State Preschool SRR.

In addition to the tiered reimbursement for providers, Merced and San Diego counties also employ a stipend for teachers with a particular level of education as a way to directly augment their salary. For example, San Diego provides a $1,500

annual stipend for a lead teacher with a Master Teacher Permit or associate degree with specialized ECE coursework (Advancing level) and a $3,000 stipend for a lead teacher with a bachelor's degree with specialized ECE coursework (Full Quality level). For support teachers at all quality levels with an associate degree and 24 ECE units or more, the annual stipend is $1,200. The use of stipends is discretionary in Merced but frequently used, with a range of $1,000 to $15,000 depending on the salary. The use of stipends avoids the need to address issues with salary scales and also does not entail a permanent salary change, which may not be possible to sustain in the face of funding instability.

The four case study counties have faced a number of challenges in the implementation of PFA. In some cases, PFA expansion has occurred at a slower pace than original plans called for, which also means spending has not kept pace with projections. This has particularly been the case in Los Angeles County, where the scale of the PFA effort is so much larger than the other counties. The composition of families that do participate has not always been what was expected. San Mateo County has found that many of the families enrolled in its PFA initiative have low incomes and therefore have not been able to afford the fees associated with full-day programs. Consequently, fewer full-day slots have been utilized than expected. In addition, fewer than expected middle- and upper-income families have enrolled in the county's program.

Each of the counties has sought to broaden the group of licensed providers participating in subsidized programs, but this objective has not readily been achieved in most cases. Merced has found it particularly challenging to incorporate private providers. In San Mateo County, no family child care homes or private providers are participating thus far. Likewise, in San Diego County, as of the 2006–07 school year, most provider settings were school districts, but the provider mix did include one faith-based provider, a nonprofit agency, and two family child care homes. Los Angeles County has made the incorporation of family child care homes a central part of its operating plan and has been more successful, with nearly 1,400 newly created spaces and 750 existing spaces operating under the LAUP umbrella. For those counties with less success on this front, barriers that preclude family child care homes and private providers from participation include program features below the required standards, the costs of technical assistance and other resources to raise their quality, requirements for fiscal accountability, a lack of incentives, and less-than-effective strategies for communication and outreach.

Those providers who do participate need technical assistance in their efforts to achieve the higher PFA/POP quality standards, and they need support with the administrative challenges of braiding funding streams from multiple sources and satisfying different program standards and evaluation methods. Tensions can also arise as a result of disparities in staff compensation between teachers in PFA classrooms and non-PFA classrooms in the same site, or for teachers who are in PFA programs for one part of the day and a non-PFA program for the remainder of the day.

In each of the four counties, there is concern about the sustainability of the PFA efforts in the absence of a major new source of funding, as would have been the case had Proposition 82 been approved by the voters in June 2006. In San Mateo County, the funding trajectory for the next year is flat and will be used to support the current level of about 800 enhanced or new PFA spaces. Some expansion of PFA to new areas in San Mateo may be possible, as new funds from PKFL may be used in those districts with PFA funding (since they are low API schools). This would free up PFA funds to be used in other locations in the target districts not currently being served.

Other Expansion Efforts and Quality Initiatives

In part because of gaps in the funding required to achieve universal coverage, each of the four counties was aggressive in pursuing new funding under the PKFL program to further expand subsidized preschool offerings. In each case, the amount the counties applied for exceeded their allocations. San Mateo County, in its single coordinated application, requested more than four times its allocation, while Merced and San Diego each requested more than twice their allocations. Los Angeles County, with the largest allocation (approximately $13.7 million), applied for almost one-and-one-half times its allocation. The resulting awards in our four case study counties—each of which fell short of the full request but still exceeded the original allocation (with the exception of Los Angeles)—will allow the counties to expand part-day and full-day preschool programs in specific communities with low performing elementary schools. Officials in several counties expressed the view that applications would have been even higher had the SRR under the PKFL program exceeded the State Preschool level.

Workforce development is a focus in all four case study counties, as each faces challenges in attracting and retaining high-quality staff for its subsidized ECE programs. Efforts to upgrade the educational credentials of the current ECE

workforce are hindered by the mismatch between when and where courses are offered and the schedules and transportation needs of individuals working in ECE programs. There is also a need for a consistent ECE track across California's community college system, as credits earned at one institution are not always transferable to another.

Operating State-Funded Contract Programs in High-Cost Communities

As indicated in Table 5.4 and Figure 5.1, providers operating Title 5 contract programs in Los Angeles, San Diego, and San Mateo counties must contend with the low value of the SRR relative to the RMR (see Table 5.4 and Figure 5.1). Among our four case study counties, the gap between the SRR and RMR is highest for San Mateo County (a $315 gap per month between the RMR ceiling and SRR), one of the areas in the state with the highest cost of living. The high cost of providing care in the county has presented challenges for providers with state contracts in terms of finding other sources of funding to fill the funding gap. Consequences have included contractors who elect to fill slots with children using vouchers/certificates rather than earn the full amount of their Title 5 contract, and agencies that have relinquished their contracts because they could not cover their costs.

In response to this issue, San Mateo County is one of two counties in the state (the other is San Francisco) with a seven-year pilot program to establish a higher SRR for providers operating under Title 5 contracts.[73] Underway since October 2004, the pilot has allowed for a 1.5 percent increase in the SRR for most part-day State Preschool program contracts and an 8 percent increase for General CCD contractors. The pilot also provides more flexibility to shift funds across contractors within the same contract type (e.g., part-day State Preschool) and funding year to adjust for differences in enrollment demand. The higher reimbursement rates did not come with an increase in funding, but rather a requirement that the pilot would actually increase the child days of enrollment by 2 percent over the levels of SFY 2002–03. This would be possible if programs were more likely to utilize their contract funds so more children could be served with the same funds and a higher reimbursement rate. Indeed an evaluation underway shows that as of 2005–06, child days of enrollment had increased by 8

[73] The pilot also includes changes in income eligibility rules and the schedule of parent fees. See Appendix D for a discussion.

percent over the baseline, well above the target. Moreover, the funds returned to the state through unspent contracts have declined, and the number of contractors under county Title 5 programs has stabilized.

San Mateo County provides another interesting example of a strategy for filling in the gap between actual costs and reimbursement under state Title 5 contracts. The San Mateo-Foster City School District began a program in 2005–06 in which surplus revenue from several fee-based preschool programs operated by the district are used to cover the funding shortfall in the district's Title 5 contract programs. The fee-based programs were designed to appeal to middle- and high-income families that would enroll in one of the district's preschool programs—all affiliated with magnet schools. Exposure to the school through the preschool program and priority enrollment for the magnet kindergarten program would encourage these families to stay in the public school system. This would have the added benefit of increasing the economic diversity of families in the district's magnet schools. As discussed in Appendix E, the district engaged in a planning process to determine the location for the three preschool programs and the appropriate fee. Implementation of the program required working with the California Schools Employee Association to allow different pay scales for the state-subsidized and fee-based preschool teachers because of the additional responsibilities for the latter. Efforts were also required to find the needed classroom space and space constraints limit further expansion of the program. In addition to helping close the budget gap for Title 5 programs, the surplus revenues from the fee-based program have been used to support various enrichment activities (e.g., field trips) for both the fee-paying and subsidized preschool programs.

Coordination Across Programs

Given the multiple funding streams that flow to the local level, coordination across programs is an ongoing challenge, both to facilitate the recruitment and participation of families and to allow for more efficient program operation. Each of the four case study counties has various strategies to facilitate coordination across federal, state, and local funding streams and programs in order to meet the specific needs of families and children in their community, as well as the needs of providers. Coordination may take place within an agency that operates several different ECE programs for preschool-age children, each subsidized by a different funding stream. This might include, for example, an agency that serves as a Head Start grantee while also having a contract or subcontract to operate a

State Preschool program , a PKFL program, a Cal-SAFE program, and/or a PFA program. Coordinating funding streams within the same agency creates its own set of challenges given the different eligibility standards, program requirements, reimbursement rates, and fiscal and administrative procedures across different programs.

Coordination also takes place across agencies within a county that operate different programs with different funding streams. In the case of San Diego, one of the county's Head Start grantees, the Neighborhood House Association (NHA), collaborates with the San Diego City Unified School District (the largest State Preschool and General CCD contractor in the county) to provide wrap-around care for more than 700 children. One feature of this collaboration is joint recruitment and enrollment of children into the respective programs. For example, NHA seeks to enroll Head Start eligible children first, directing those children whose income is too high to qualify for Head Start into state Title 5 programs. A similar joint recruitment effort is used in Merced County. There the Head Start program aggressively recruits families and the result is a long waiting list. With the shortage of spaces, the Head Start programs refer families that are not Head Start eligible to other subsidized programs for which they may qualify, thereby boosting recruitment efforts in state Title 5 programs. Such collaborations must overcome various obstacles, such as the differences in program models and requirements and the need to coordinate a year-round Head Start program with the academic-year State Preschool program.

Coordination is also evident within AP programs and between AP programs and other state-funded programs. In Los Angeles County, for example, the Child Care Alliance of Los Angeles brings together the 13 AP providers to coordinate the delivery of CalWORKs child care throughout the county. This allows for standardization of practices and coordinated efforts to improve quality. In San Mateo County, the AP programs work with CalWORKs case managers to ensure that any CalWORKs child care benefits are exhausted first before placing a family on the CEL, from which they may be recruited by a CDE-funded program like State Preschool or General CCD. In Merced County, the AP provider has been trying to steer families toward licensed providers rather than license-exempt care and encourage unlicensed home-based providers to become licensed. Even with these efforts, the county has found that CalWORKs recipients may still prefer license-exempt care because of financial considerations (namely, additional income for the extended family if a family member provides the care) and flexibility of care arrangements (such as the ability to obtain care during nonstandard hours to match the parent's work schedule).

Looking ahead, the key informants in our case study counties uniformly raised concerns with the new CEL and the potential implications for program coordination. Some of the issues facing the counties may be associated with implementing a new system, so they can expect to dissipate once usage of the CEL reaches a "steady state." In fact, at the time of our interviews, most counties were just about to embark on the first full test of the CEL as they began their efforts to recruit for State Preschool, PKFL, General CCD, and other subsidized slots for the fall of 2007. Nevertheless, the experience in using the CEL in the first year pointed to problems with the information on family circumstances often being out of date, so that program eligibility could not be ensured. Likewise, the system was not always making good matches between providers and families on the basis of geographic location. The overall impression was that the use of the CEL would limit options for cross-program coordination, especially between Head Start, which is not required to use the CEL, and CDE Title 5 programs, which are. Another concern was that the process of filling program openings would take longer than in the past, with an anticipated increase in the number of days when program slots were unfilled. If this expectation is realized, it will make it harder for providers to earn the full amount of their contracts.

Another concern with the CEL pertains to Title 5 contract programs that are operated by school districts. Often such programs are subsidized by the district with the expectation that children in the preschool program will continue on to the elementary grades so that the district can benefit from the early childhood investment. Thus, there is a strong preference for serving children in the district in the preschool program. The CEL, however, is not constrained to match district programs that have openings with families within the district. As long as a family expresses a willingness to enroll in a program in a given district, the CEL match may be made with a family living outside that district. To the extent that districts begin enrolling preschool-age children from outside the district, it may erode the support of district officials for subsidizing the cost of a program that potentially benefits children who will attend elementary school elsewhere.

Operational Models

Each of the four case study counties employs a somewhat different strategy for the operational roles played by the set of agencies that coordinate and implement the federal and state ECE programs covered in Chapter 2, as well as any local programs initiated by the county. Each County Office of Education (COE) has a unit that focuses on early childhood services, although that focus can be specific

to certain programs (e.g., in the Los Angeles COE, the focus is on Head Start and State Preschool), or more broadly focused on ECE programs across the county. With the exception of Los Angeles County, the COE is also the lead agency or a co-leading agency involved in the county's implementation of POP and PFA. In Los Angeles, the PFA initiative is being implemented by LAUP, an independent, nonprofit agency.

There are other variations in the operational model, as well. In the case of San Diego County, the COE does not directly operate programs but plays a central coordination and administration role among the various stakeholders. Likewise, in Los Angeles County, the COE plays a convening and coordinating role, while operational authority rests primarily with the school districts. At the same time, the Los Angeles COE operates the largest Head Start in the nation and one of the largest State Preschool programs in California, subcontracting both programs to direct providers. In Merced and San Mateo counties, the COEs are also directly involved in the operation of federal and state programs. For example, the COE in Merced is the only Head Start grantee for the county and also houses the AP provider for each stage of CalWORKs and the non-CalWORKs AP programs. In the case of San Mateo, the COE is the largest of eight contractors in the county for the State Preschool program and the only contractor for the full-day State Preschool program. Program delivery is then provided by subcontractors to the COE. The San Mateo COE also coordinated a single application in response to the PKFL RFA.

The counties also vary in how they manage their AP programs. As noted above, there is a single AP provider in Merced County that is a reporting unit of the COE. The Merced County welfare department contracts out their Stage 1 AP program to the COE, and the same provider has the contract for Stages 2 and 3 and non-CalWORKs AP programs. Likewise, Los Angeles County has combined the delivery of all three CalWORKs stages and non-CalWORKs AP programs, with services delivered by 13 AP providers distributed across the county. In San Diego County, the county welfare office serves as the AP provider for Stage 1 and is also one of three AP program contractors for Stages 2 and 3 and the non-CalWORKs AP programs. The county welfare office in San Mateo County also serves as the Stage 1 AP provider, but then Stages 2 and 3 are handled by two separate AP providers.

Despite these organizational differences, it was not evident from our discussions with county officials that variations in the operational roles played by various agencies generated significant differences in operating efficiency or in service

delivery. The San Diego model, where the COE does not get involved directly in program operation, was viewed as facilitating collaboration and coordination with the various stakeholders. At the same time, the Merced approach of centralizing the operations of many ECE functions within the COE was perceived as facilitating joint efforts, such as cross-program coordination, fund raising, and community leadership. These different arrangements may reflect the differential advantages and disadvantages of centralization versus decentralization in larger versus smaller counties, as well as historical differences in which agencies have been grantees or contractors under different federal and state programs.

7. Conclusions

By our accounting, California makes a substantial annual investment in ECE services for preschool-age children: nearly $2 billion annually is spent on part- and full-time programs that serve children one or two years before kindergarten entry. While each stage of child development is important, researchers continue to document the potential gains, especially for disadvantaged children, of high-quality early learning experiences in the year or two before children begin kindergarten (see, for example, the review in Karoly, Kilburn, and Cannon, 2005). Early evidence to this effect motivated the start-up of programs like Head Start and California's State Preschool program in the 1960s. More recent evidence on this front spurred Governor Schwarzenegger and the state legislature to augment the existing array of programs in California with the PKFL program. Given the potential for positive developmental benefits from high-quality early learning programs, a relevant policy question is whether the public dollars that are already going toward subsidized ECE services are being utilized to achieve the gains possible for California's preschool-age children or whether there are inefficiencies in the system that limit the beneficial effects that publicly subsidized programs might have. In this concluding chapter, as we highlight our key findings, we also draw out the implications for potential inefficiencies in the system.

A Complex System with Mixed Motivations

The set of programs that provide subsidized ECE services for preschool-age children represent a complicated array of mostly targeted programs that vary in major and minor ways on such dimensions as their goals, target population, ages served, funding streams, degree of subsidization, regulatory oversight, and service delivery settings. The collection of multiple funding streams and varied programs makes it challenging for policymakers to have a handle on the system as a whole, to understand the resources involved and who is being served. It can be difficult for providers to operate multiple programs given the variation in program delivery requirements, obligations for programmatic and financial reporting, and other mandates. Finally, the complexities of the system can make

it challenging for parents to comprehend their options and navigate their way to the programs for which they qualify.

The system also has an inherent tension that derives from two potentially conflicting goals. Some components of the system, such as Head Start and the State Preschool program, were established to provide developmentally appropriate care and early learning opportunities for at-risk and economically disadvantaged children as a way to support healthy child development and prepare children to succeed in kindergarten and beyond. These programs generally operate with direct contracts to qualified providers with greater regulation and also a more constrained system in terms of how slots are allocated across communities and how funds are allocated across contract types. These are also the group of programs that are not fully funded.

Other components of the system, such as the CalWORKs and non-CalWORKs AP programs, are designed primarily to support low-income, working parents in their need for child care. These programs operate through direct payments to providers via the AP intermediaries, with less regulated environments but more flexibility in who can be a provider, when and where services are provided, and how funds can be allocated. These programs have also traditionally been fully funded. A third set of programs, such as CDE-administered Title 5 programs that provide full-day, year-round care, share both motivations.

The dual policy objectives mean that the quality of the services children receive and the implications for child development are not always front and center—an issue that is particularly germane for preschool-age children as there is tremendous opportunity to use the publicly subsidized care system to promote positive child development.

Most Programs Are Targeted, but Not All Eligible Children Are Served

For the most part, the current system of subsidized care for preschool age children serves targeted populations of children, although the target mechanisms vary across programs. While the PFA initiatives at the county level have the goal of achieving universal access, expansion is taking place in incremental steps, typically by first serving communities with high need and therefore a likely high return. Most targeting is based on child and family characteristics, rather than other strategies, such as targeting on location. Again, the PFA initiatives are an exception and PKFL combines targeting on communities with high need with

eligibility based on individual characteristics. Some programs target very specialized populations like children in migrant families or children of teen parents.

Although the targeting mechanisms differ to some extent across programs, the array of existing programs often target the same or similar groups of children so children may qualify at any given time for more than one subsidized care program. At the same time, those programs with a child development focus do not have enough funding to serve all eligible children. Children with income below poverty, for example, potentially qualify for the most programs. By our estimate, that group is nearly one quarter of the preschool-age population in California. Of course, this is the population targeted by Head Start, but other programs that may be open to higher income children, such as State Preschool, still give higher priority to children with the lowest incomes. The higher income limits for State Preschool and other Title 5 programs mean that upwards of half of preschool-age children would be eligible for one or more subsidized programs.

In the best circumstances, the overlapping eligibility and program underfunding can lead to coordination across programs to ration scarce program spaces and match children to the programs that best fit their eligibility profile. To some extent, such coordination takes place at the local level, and we saw evidence of that in our case study counties. Cross-program coordination often takes planning and an ability to traverse programmatic boundaries and overcome bureaucratic barriers. But in other cases, this type of overlap may lead programs to compete for the same group of targeted children in order to meet enrollment targets, especially in areas where there may be excess supply. Some programs, like State Preschool and PKFL, have the option of enrolling children who are over the income eligibility limits. Data provided by CDE suggest such over-income enrollment is relatively rare for the State Preschool program (about 2 percent of enrollment). More generally, there is little basis for judging to what extent subsidized ECE programs are reaching the populations they are designed to serve or reaching populations of children who can benefit most.

The nature of the targeting mechanism can also have implications for child development. While there is some evidence that suggests stable care arrangements are important for children's development (see, for example, Howes, 1988, and National Institute of Child Health and Human Development Early Child Care Research Network, 2005), some programs do not allow preschool-age children to remain in the care setting from month-to-month or

year-to-year if they no longer qualify. As an example, subsidizing the care of a three-year-old in the State Preschool program does not ensure that they can continue in the same program as a four-year-old, when it's that very stability in the ECE setting that might allow the greatest return on the public sector investment. Given current data, it is not clear to what extent this type of instability in care arrangements takes place within and between subsidized programs in California's system. But the nature of the program rules suggests that the developmental perspective is not guiding decisions about program participation.

Preschool-Age Children Largely in Regulated Settings, but Quality Is Uncertain

Our estimates show that about four out of five preschool-age children who receive subsidized care are served by programs with the highest degree of regulation, such as Head Start, Title I, and CDE-administered Title 5 programs. This is because the largest number of children in this age group are served by programs, such as Head Start and State Preschool, that offer a child development focus and only serve preschool-age children. At the same time, the extensive regulatory requirements do not guarantee that the programs provide the quality of care associated with effective preschool programs. Moreover, with fewer and less stringent requirements in programs governed by Title 22 regulations, and minimal, if any, requirements for license-exempt care, there is little oversight to ensure resources in these programs will produce the maximum developmental benefits. Parents may also be less attracted to care options for preschool-age children that do not have a strong developmental focus.

The ability to make definitive statements about the quality of care provided in various settings is complicated by the understanding that quality is a multi-dimensional concept. Yet regulations that apply to care settings generally provide minimum standards on only a subset of features that have been associated with high-quality programs. Such structural features as group sizes, staff-child ratios, and teacher qualifications are among the easiest to observe and regulate, in contrast to other more process-oriented program features that have been associated with favorable child outcomes. Moreover, even for those program features that are regulated, the standards may be below benchmarks that research has associated with high-quality programs. In California, Title 22 standards for center-based programs are quite minimal: there is no specified limit on group size and the limit on the staff-child ratio is below well-established benchmarks. None of the standards for teacher qualification across the

regulatory mechanisms that govern subsidized ECE programs in California require a post-secondary degree. While there is some debate about whether associate- or bachelor's-level training is required, the standards fall below what is required in many other states. Despite these relatively low standards, many programs employ teachers with associate and bachelor's degrees and have other program features that exceed the floors set in the regulations.

Given these issues, to accurately gauge program quality, it is important to undertake more rigorous and systematic measurement of both structural and process features that go beyond what is governed by regulations. Research with this goal is underway, including a component of this larger study effort, which has this objective. This information will be important for California policymakers in determining whether current program standards are sufficient to ensure the desired level of program quality.

Funding Mechanisms Provide Little Incentive for Raising Quality

Compounding the sometimes low standards for ECE programs serving preschool-age children is a reimbursement structure for subsidized ECE programs in California that gives little incentive for raising quality. For the CDE-administered Title 5 programs—those with the greatest number of program requirements—the SRR is essentially fixed for all providers across the state. In contrast, the AP segment of the system, where lower program standards apply—including license-exempt care, which is essentially unregulated—the reimbursement rates are tied to the RMR ceilings, rates that are allowed to vary across the counties to reflect differences in the cost of care. There are also differences in how administrative costs are reimbursed for Title 5 and AP programs.

Because of how the SRR and RMR ceilings have evolved over time, California is now at a point where providers in the 22 counties where nearly 80 percent of preschool-age children reside can receive a higher reimbursement rate if they switch from being direct contract providers—whose program requirements are more stringent—to the AP system, which has lower standards. With either reimbursement mechanism, there is no financial reward for raising program quality. This is despite the fact that efforts to achieve benchmarks associated with higher-quality programs will entail higher program costs, whether for higher salaries to attract and retain a more qualified staff, resources for more staff development, or the added costs of lowering staff-child ratios. In California, one

exception is the tiered reimbursement structure employed in the POP demonstration projects.

Potential Inefficiencies May Limit the Benefits from the Dollars Spent

Our analysis of fiscal data for the set of subsidized ECE programs serving preschool-age children did not identify any major sources of financial inefficiencies that could generate substantial savings to redirect toward program services. The issue of unspent contract funds is one potential source of dollars that could allow a greater number of children to be served, although the gains are likely to be modest from more effective resource allocation. Our estimates suggest an upper bound of a 7 percent increase overall in program enrollment, assuming all unspent funds could be expended in the year allocated. Experience with the pilot in San Mateo County to allow a higher SRR and more flexibility to move funds across providers indicates that the potential percentage increase in child days of enrollment would be in the single digits. These are not inconsequential gains so it implies that strategies to improve contract allocations would be worthwhile.

Likewise, the limited information we have on program administration suggests that administrative costs are a nontrivial component of providing services under state contracts. Yet, as long as programs are targeted to specific populations, resources will have to be expended for eligibility determination. As long as programs are underfunded, it will be necessary to maintain mechanisms such as waiting lists to deal with rationing the limited spaces. Other administrative burdens associated with program requirements, such as child assessments and program monitoring, are important elements that contribute to program quality. The sheer complexity of the system, however, does introduce administrative burdens that would likely be reduced in a more streamlined system. The magnitude of the potential savings are difficult to judge, both for state- and county-level bureaucracies and for the providers themselves, who now must contend with a multiplicity of program regulations and requirements.

Beyond these potential inefficiencies in fiscal matters, our study has documented a system in California that devotes substantial resources each year to subsidize the care of preschool-age children, but those dollars are not closely tied to the quality or stability of the care children receive. This can be viewed as an inefficiency in the system from the perspective of child development, to the extent that the dollars spent are not used in such a way as to have their greatest

possible impact on children's developmental trajectories, especially during the important preschool years.

There are a number of important gaps that would need to be filled to fully assess the efficiency and effectiveness of the subsidized care system. First, given the different auspices under which programs are administered and administrative data are collected, it is difficult to put together a complete accounting of the total dollars spent on subsidized care and education for preschool-age children and to have unduplicated counts of the children served. Beyond these basics of funding and enrollment, we know relatively little about the characteristics of the preschool-age children served in subsidized programs. As a result, it is difficult to assess how well programs are reaching the populations they intend to target and the stability of children in programs and care arrangements. Another important gap is that there is no systematic collection and reporting of data on the quality of programs or providers that deliver subsidized care across the full range of settings, so policymakers and the public don't know what quality of services the resources are buying.

Some of these gaps could be filled by extending the statewide student identifier (SSID) system being implemented by CDE for the K–12 system (to meet requirements under NCLB) to include preschool-age children who participate in publicly subsidized programs. Administrative data that allowed individual children to be tracked across ECE programs at a specific point in time and longitudinally over time would facilitate identifying the extent of program overlaps and the stability of care arrangements. Retaining child-level information collected at the time of enrollment would allow a better understanding of who is being served by subsidized programs and the efficiency of program targeting. Integration into the SSID system would also allow linkages of student's ECE experiences with their subsequent performance in kindergarten and beyond, information that would permit evaluation of the effects of the ECE experiences on later school achievement.

Ultimately, public subsidies that support the care and education of preschool-age children provide a tremendous opportunity to enhance child development and promote school readiness, to have the kind of impact on children's development evidenced by the high-quality preschool programs reviewed in our companion report to this study (see Cannon and Karoly, 2007). Indeed, this is one of two main policy objectives of the current system of subsidized care in California that is supported with federal, state, and local dollars. While considerable public dollars go toward subsidized care for children who are one or two years away

from kindergarten entry, our analysis suggests that the system is not structured to obtain the maximum child development benefit from the dollars that are spent. From the perspective of the child development motivation for subsidized care, this represents an inefficiency. On the other hand, some of the features of the system that make it inefficient from the perspective of child development are in place to achieve the other primary goal of the system, which is to support working parents and their need for care of their preschool-age children.

In considering reforms to the system, it is relevant to identify those strategies that would allow greater efficiency with respect to the child development goal, without detracting from the goal of supporting working parents. In other cases, policymakers may need to make choices about system reform that involve tradeoffs between these two policy objectives. Identifying the policy options and their implications for these dual goals will be the focus of another companion report to this study.

Appendix A. Additional Analyses of Enrollment Patterns

This appendix provides additional analyses of enrollment patterns in publicly funded ECE programs to supplement those presented in Chapter 3. First, we consider enrollment levels by age where age is defined based on current age rather than the kindergarten entry cohort concept used in Chapter 3. Second, again defining child age by kindergarten entry cohorts, we examine the patterns of enrollment across programs and over time as children age.

Enrollment under Alternative Age Definitions

In Chapter 3, consistent with our approach outlined in Chapter 1, we presented enrollment data based on child age according to kindergarten entry cohorts. Since enrollment figures by child age at a given point in time are sometimes presented based on current age, we explore the differences in using these alternative ways of defining age groups. Table A.1 presents enrollment data for CDE-administered programs that serve three- and four-year-olds for which it is possible to tabulate the enrollment figures based on current age (the first two columns) or by kindergarten entry cohorts (the next two columns, as we did for Table 3.4). The difference in enrollment using the two methods is shown in the last two columns. These figures are for October 2006, one year later than the figures in Table 3.4.[74]

A comparison using the two approaches shows that there is very little difference in the enrollment figures for programs like CalWORKs, AP, or Migrant CCD. These programs all serve children from birth through age 12 (or older), and the distribution of children across months and years of birth can be expected to be fairly even. So shifting the definition of an age cohort by three months as would be the case in looking at three- or four-year-olds in October based on current age versus those who are in a particular kindergarten entry cohort (where a few will

[74]The tabulations presented in Tables A.1 and A.2 were generously provided by the Child Development Division of CDE.

Table A.1—Enrollment by Age in CDE-Administered Programs Using Alternative Age Definitions: October 2006

Program	Current age		Kindergarten entry cohort		Difference	
	Three-year-olds	Four-year-olds	Three-year-olds	Four-year-olds	Four-year-olds	Four-year-olds
CalWORKs Stage 2 / 3 and AP						
CalWORKs Stage 2	8,170	7,784	8,180	7,828	10	44
CalWORKs Stage 3	3,669	4,788	3,541	4,639	–128	–149
AP	3,386	3,502	3,366	3,471	–20	–31
State child development						
State Preschool Part-day	24,439	54,309	18,126	60,871	–6,313	6,562
State Preschool Full-day	1,098	1,945	900	2,157	–198	212
General CCD	20,635	22,843	19,364	24,697	–1,271	1,854
Migrant CCD	555	526	550	558	–5	32
Total	61,952	95,697	54,027	104,221	–7,925	8,524
Unduplicated total	60,905	93,558	53,138	102,107	–7,767	8,549

SOURCE: Authors' analysis of unpublished data provided by the Child Development Division, CDE.

be younger than three or four) does not have a large effect on the enrollment figures.

However, for the State Preschool program, and to a lesser extent the General CCD program, the choice of age definition has a larger effect. In the case of the State Preschool program, using kindergarten entry cohorts to define age groups results in about 6,500 more four-year-olds in the program and 6,300 fewer three-year-olds compared to defining groups based on current age. For the General CCD program, the shift is about 1,800 more four-year-olds and 1,300 fewer three-year-olds. Overall, enrollment of four-year-olds in CDE-administered programs is higher by about 8,500 children, while enrollment of three-year-olds is lower by about 7,800 children. In effect, using current age misclassifies some children who are age two or three in the fall into a younger age cohort, rather than with the kindergarten entry cohort they belong to. The effects are larger for these programs because there is more of a pronounced age pattern in enrollment (especially for the State Preschool program, which only serves three- and four-year-olds using age cutoffs that match our definition of kindergarten entry cohorts).

Variation in Cohort Enrollment Patterns with Age

Table A.2 uses the kindergarten entry cohort concept and the enrollment data for CDE-administered programs to track enrollment over time as children age for three age cohorts. For each cohort, enrollment is shown first for October of 2005, then for the following April, and then for October 2006. The first three columns cover for the cohort that is eligible to enter kindergarten in the fall of 2006. This cohort is observed for the final year before they are eligible to enter kindergarten and then in the fall of the year of kindergarten eligibility. The next three columns are for the cohort that is one year younger. Thus, this cohort is tracked from the period when they are two years away from kindergarten eligibility up to the fall when they are one year away from kindergarten entry. Finally the last three columns show enrollment for the cohort that is two years younger (kindergarten entry in fall 2008). This cohort (toddlers) is also followed during the year before they are eligible for programs serving children one or two years away from kindergarten, up to the fall when they could enter the State Preschool program, for example. It is important to keep in mind that while these are fixed birth cohorts defined by a set range of birthdays, the members of the cohort enrolled in CDE-administered programs will be changing over time as children move in and out of subsidized care programs. Another caveat is that the results in Table A.2

Table A.2—Enrollment by Kindergarten Entry Cohort and Time in CDE-Administered Programs: October 2005, April 2006, October 2006

Program	Kindergarten eligible: fall 2006 Born: Dec. 3, 2000–Dec. 2, 2001			Kindergarten eligible: fall 2007 Born: Dec. 3, 2001–Dec. 2, 2002			Kindergarten eligible: fall 2008 Born: Dec. 3, 2002–Dec. 2, 2003		
	October 2005 (Ages three to four)	April 2006 (Ages four to five)	October 2006 (Ages four to five)	October 2005 (Ages two to three)	April 2006 (Ages three to four)	October 2006 (Ages three to four)	October 2005 (Ages one to two)	April 2006 (Ages two to three)	October 2006 (Ages two to three)
CalWORKs Stage 2 / 3 and AP									
CalWORKs Stage 2	8,287	7,702	7,057	8,660	8,152	7,828	8,132	8,185	8,180
CalWORKs Stage 3	4,569	4,668	5,061	3,566	3,832	4,639	2,289	2,612	3,541
AP	3,445	3,492	3,265	3,577	3,667	3,471	3,194	3,472	3,366
State child development									
State Preschool Part-day	57,306	60,270	2,364	16,358	20,723	60,871	155	692	18,126
State Preschool Full-day	2,108	2,069	248	1,000	1,153	2,157	16	65	900
General CCD	23,763	23,309	9,157	18,001	19,695	24,697	8,521	10,579	19,364
Migrant CCD	666	510	199	564	461	558	384	348	550
Total	100,144	102,020	27,351	51,726	57,673	104,221	22,691	25,953	54,027
Unduplicated total	97,680	99,893	28,245	50,835	56,685	102,107	22,545	25,743	53,138

SOURCE: Authors' analysis of unpublished data provided by the Child Development Division, CDE.

exclude programs previously included in Table 3.4, namely Title I, Head Start, CalWORKs Stage 1, Cal-Learn, and Cal-SAFE.

This analysis, by tracking cohorts of children over time, reveals several patterns about the dynamics of enrollment in CDE-administered programs. First enrollment in CalWORKs Stage 2 declines as children age, while enrollment in Stage 3 rises, especially for the two older cohorts shown in the table. This is consistent with the expected progression of the adult(s) in the aid unit moving through the CalWORKs stages. The pattern is less pronounced for children who move from ages one to two to ages two to three.

The flow of children into the State Preschool program is also evident in the pattern over time and across cohorts. The oldest cohort (first three columns) consists of about 60,000 children enrolled in April 2006 compared with 21,000 for the cohort one year younger observed at the same point in time. The cohort that is two years younger appears in the State Preschool program in October 2006 with about 18,000 children enrolled. For the full-day program, enrollment of children one year away from kindergarten entry is double that of children two years away (a comparison of about 2,000 children versus 1,000 children). Participation in General CCD also rises with age until kindergarten entry and then falls off. Enrollment doubles from the fall when children are three years away from kindergarten entry to when they are two years away (from about 9,000 to 18,000) and then increases a year later by another 6,000 participants to about 24,000.

Finally, enrollment in the AP program appears to peak for those children two years from kindergarten entry (the middle cohort in Table A.2), although the pattern is not very pronounced, with enrollment of about 3,700 in the spring of 2006 for three- to four-year-olds, compared with 3,400 for cohorts a year older and younger.

Appendix B. Los Angeles County Case Study

In this appendix, we summarize information we gathered about publicly funded ECE programs in Los Angeles County. We relied on published information as well as interviews with representatives from Los Angeles County Child Care Planning Committee, Los Angeles First 5, Los Angeles Unified School District, Los Angeles Universal Preschool, the Office of Child Care in the Service Integration Branch of the Los Angeles County Chief Administrative Office, Los Angeles County Office of Education, and Options (AP/R&R).

This appendix first summarizes ECE needs and operations in the county. The remainder of the appendix is organized by the major public funding streams that serve preschool-age children, such as Head Start, CDE child development contracts, CalWORKs, LAUP, and PKFL.

Overview of ECE in the County

The 2006 Los Angeles County Child Care Needs Assessment Reporting Tool indicates that there are 154,276 licensed center-based slots for preschool-age children in the county and 50,090 licensed family child care slots (Office of Child Care, 2006). This is an estimated 11 percent increase in family care spaces since 2004 and a 5 percent increase in center-based care. The report estimated demand by applying results from the 2002–03 Los Angeles County Department of Health Services Survey (LACHS) of parents with children ages two to five that found 13 percent of families select family child care, 63 percent choose center-based care, and 23 percent select license-exempt care. This translates to demand estimates of 196,054 preschool-age children for center-based care in 2006, 40,818 for licensed family child care homes, and 72,361 for license-exempt care. Overall, the report estimates a shortfall of 41,779 center-based slots and a surplus of 9,272 family care slots. These estimates vary somewhat by geographic area. The county is divided into eight Service Planning Areas (SPAs). One of the eight areas is estimated to have a surplus of licensed center-based slots for preschool-age children, unlike the other seven SPAs. Similarly, the surplus of family child care spaces for preschool-age children is estimated in five of the eight SPAs and appears to be long-standing (and stands in contrast to an estimated shortfall for infants and for school-aged children). According to the 2004 needs assessment

report commissioned by the Child Care Planning Council, only 54 percent of family child care homes were utilized, a gap the report thought to be due to a general lack of knowledge about this option but also to a parent perception that these providers were low quality (County of Los Angeles Child Care Planning Committee, 2005).

According to an analysis by the Office of Child Care for the Policy Roundtable for Child Care, summarized in Table B.1, there was more than $1.1 billion in public and private funding to subsidize child care and development services in the county as of 2002–03 for children from birth through age 12 (Office of Child Care, 2003). About 55 percent was awarded in grants and contracts to providers (these numbers do not include Title I spending on preschools), and the rest went to voucher and certificate programs through CalWORKs and other AP programs. County and city sources are thought to be an underestimate; they include Housing and Urban Development funds used in Long Beach to support two ECE programs for homeless families, General Fund and Community Development Block Grant money from the City of Los Angeles, and General Fund money from

Table B.1—Public and Private Funding to Subsidize Child Care and Development Services in Los Angeles County: 2002–03

Funding source	Funding (million $)
Contracts/grants to providers	
Federal Head Start	255.7
Federal and state sources (excluding Head Start)	367.7
County and city sources	2.2
School district sources	0.2
Subtotal	625.8
Voucher/certificate programs	
Federal and state sources	502.8
County and city sources	1.0
Private (nongovernmental) sources	0.2
Subtotal	504.0
Total across all sources	1,129.8

SOURCE: Office of Child Care (2003).
NOTES: n.a. = not available.

Santa Monica to subsidize child care for low-income residents and employees. Private funding comes from United Way for child care.

County Office of Education

Los Angeles County Office of Education (LACOE) is the largest regional education agency in the nation, serving 1.7 million public school students and 80 school districts. In 2005–06, 63 percent of students in the County received free or reduced-price lunches, and 31 percent were designated English language learners. For the most part, LACOE serves as a coordinator and service provider for the districts, assisting school districts with budgets, and monitoring and reporting on the status of low-performing schools. LACOE does provide some direct services, including classroom instruction for students with disabilities and juvenile offenders, as well as students at high risk of dropping out and those with special needs. In 2006, 46 percent of its budget, or $384 million, went toward special programs, such as Head Start, Greater Avenues for Independence (the GAIN job program), and Migrant Education. Another 33 percent went toward educational programs (Special Education, Alternative Education, Juvenile Court Schools, and the Regional Occupational Program).

LACOE is involved in ECE programs in several ways. LACOE holds the contract for the largest Head Start program in the nation, for which it contracts with 26 agencies to provide direct services to approximately 24,000 children. The operating budget for the program is approximately $240 million. In addition, LACOE has one of the larger State Preschool contracts in the county. LACOE's Division for School Improvement also oversees California Preschool Instructional Networks, a state-funded program that provides professional development and technical assistance to preschool teachers and directors.

Los Angeles Unified School District

The Los Angeles Unified School District (LAUSD) is the largest of the school districts in the county, serving about 42 percent of public school attendees in the county (741,283 students in 2004–05). Within LAUSD is an ECE division with programs that include early education centers (General CCD programs), Cal-SAFE infant centers, State Preschool, and the School Readiness Language Development Program (SRLDP). Most of these programs are located in or around elementary schools. In 2005–06, about 23,600 four-year-olds attended LAUSD prekindergarten programs (16,680 in SRLDP, 4,120 in early education

centers, and 2,800 in State Preschool). It estimates that this is about 43 percent of children who will attend kindergarten in LAUSD.

While the ECE division guides elementary school-based programs, it does not have direct supervision over principals. Some centers, such as the early education centers, operate full-day, year-round, while most others—State Preschool, Cal-SAFE, and SRLDP—operate part-day for the school year.

Two years ago, the ECE function was moved from Support Services (which also housed adult education and student health services) to the Elementary Instruction Office, to increase coordination between preschool and school-based operations. ECE division's Instruction unit coordinates curriculum between prekindergarten and kindergarten and conducts professional development for both center- and school-based programs.

The SRLDP is the largest of the programs under the ECE division, serving 16,680 children in 326 sites in 2005–06. The program is mandated by the LAUSD Student Integration Plan, "Integrated Educational Excellence through Choice." The goal is to assist four-year-olds, both English language learners as well as Standard English language learners, with their oral language skills and school readiness. Parents must attend parent education classes and volunteer monthly at the school. The part-day program (two-and-a-half hours per day, four days per week) operates during the school year in predominantly Hispanic, black, and Asian schools (i.e., nonwhite schools), and low API schools are given priority. The program is not governed by Title 5 or Title 22 regulations. Teachers must have a bachelor's degree, a teaching credential, a language certificate authorizing service in a self-contained classroom, and either two years of experience in ECE or 12 units of ECE coursework and/or child development coursework. There are 15 children per class, with one teacher and one aide per class. The program uses the DLM Early Childhood Express Program curricula to align with state guidelines. Children are assessed using the Desired Results system. SRLDP is funded by the Targeted Instructional Improvement Grant (TIIG), which is used to fund court-ordered desegregation and integration programs. LAUSD typically allocates between 10 and 11 percent of its TIIG funding to support the SRLDP. In 2002–03, the allocation was $50.8 million; in 2006–07, the allocation was $57.5 million.

LAUSD also oversees 100 state-funded (General CCD) early education centers, all of which connect to a low achievement school (an API of 1 or 2) and serve around 12,000 children, ages two to second grade. Families at or below 75 percent of state median income, with a qualifying need, such as employment,

training, or seeking employment, are eligible. The centers offer developmentally appropriate programs that address the physical, social, emotional, and cognitive needs of the children.

Programs and other Activities

This section discusses the major programs providing subsidized child care and early education services for preschool-age children.

Title I

In SFY 2005–06, just over $3 million in Title I funds was reserved for preschool purposes in Los Angeles County by 11 school districts. The largest use of Title I funds was for just over $2 million by LAUSD and was used to support the budget of the ECE division and NCLB in particular. The next largest amounts were for Long Beach Unified, which set aside $500,000, Hawthorne Elementary, which drew on $200,000, and Covina Valley Unified, which reserved $125,000. The other funding levels ranged from $3,000 to $90,000.

Head Start

In 2003, there were approximately 31,000 children enrolled in Head Start in Los Angeles County across 470 centers (1,614 classrooms). The County received $256 million to support Early Head Start (eight grantees, $15.5 million) and Head Start (six grantees, $240.1 million). The largest contract is held by LACOE, which subcontracts to 26 agencies to provide services, but other providers hold contracts as well. One innovative approach is operated by Options, a nonprofit child development provider, including AP and R&R programs for east Los Angeles in the San Gabriel and Whittier areas of the County that runs a Head Start program serving 935 children. The organization negotiated with federal Head Start officials to run a collaborative effort between Head Start and State CDE programs in ten classrooms. Children are dual-enrolled in this full-day program. Most are in both Head Start and state CDE programs, a few are fully funded by Head Start and a few by the state programs. There are only 20 children per class. Attendance is reported back to both programs. The DRDP is used to assess outcomes, as required by the state, and there are additional Head Start assessment tests and observational tools.

CDE Contract Programs

As shown in Table B.2, in 2006–07, CDE-funded contract programs serving children from birth through age 12 amounted to $774 million in ECE services and related supports provided by nearly 300 contractors. About 40 percent of total CDE funding in the county is provided through CalWORKs. General CCD comprises about 34 percent and State Preschool another 14 percent.

Table B.2—CDE Contract Allocations in Los Angeles County by Contract Type: SFY 2006–07

Contract type	Number of Contracts	Dollar allocation (millions)
CalWORKs Stage 2	14	161.6
CalWORKs Stage 3	14	151.7
AP	14	73.8
State Preschool	93	101.2
State Preschool Full-day	13	6.7
General CCD	118	258.3
Migrant CCD	1	1.0
R&R	15	6.0
CEL	4	1.1
Total	286	761.3

SOURCE: Unpublished data provided by Child Development Fiscal Services, CDE.

CDE AB 212 funds are used to pay ECE teachers and aides stipends to further their education. This program, called "Investing in Early Educators," is administered by the Child Care Planning Council. In 2007, 2,288 early educators received stipends: $1,200 for three semester units (four-and-a-half quarter units), $2,400 for six semester units (nine quarter units), $250 for an associate degree, $500 for a bachelor's degree, and $750 for a master's degree.

PKFL Program

The initial allocation of state funding to Los Angeles County for PKFL was $13.7 million, and the county submitted applications that totaled $19.2 million, about 40 percent above the allocation. The final result was contracts awarded to 25 agencies for a total of $9.7 million Of that amount, $7.5 million was for part-day

programs. The part-day programs ranged from approximately $54,000 to the Children's Institute to about $900,000 each to the Lancaster and Pomona school districts and $1.3 million to LAUSD. The full-day programs averaged about $200,000 each.

CalWORKs and non-CalWORKs AP Programs

Los Angeles has combined the delivery of CalWORKs Stages 1, 2, and 3 through 13 AP providers. Table B.3 provides estimates of the number of children through age 12 served in each of the three stages and in the smaller non-CalWORKs AP program as of SFY 2002–03.

Table B.3—Average Enrollment in Voucher/Certificate Programs in Los Angeles County: SFY 2002–03

Contract type	Estimated number of children served	Dollars (millions $)
CalWORKs Stage 1	22,951	143.3
CalWORKs Stage 2	36,254	215.8
CalWORKs Stage 3	11,266	85.6
AP	9,314	57.2
Total	79,785	502.0

SOURCE: Office of Child Care (2003).

As of October 2006, the Los Angeles County RMR ceiling for full-time care of preschool-age children was $614.89 on a monthly basis. Though we were not able to obtain enrollment by age, officials we interviewed had the sense that as children reach ages three and four, more move from family and relative care into center-based programs. Officials thought this might be due to parents learning more about their options, parents being more comfortable with center-based care for developmental reasons as their children age, and, over time, when parents rely on relatives to provide subsidized care, the income coming to family members becoming less important. However, they noted that full-day care is difficult to find, making family arrangements better suited for long or varying work schedules.

The thirteen agencies that administer CalWORKs child care, including the ten who also perform R&R functions, form the Child Care Alliance of Los Angeles. The Alliance coordinates the delivery of CalWORKs child care throughout the county. They create standards and practices for consistency countywide. They also coordinate preschool initiatives as part of their focus on quality. In particular, they focus on the workforce development system to improve the quality of care. They try to coordinate data collection efforts, and coordinate across programs (e.g., basic level of services, payment systems, complaint procedures, and training and certificates).

Preschool for All and POP Demonstration Project

In Los Angeles County, planning for PFA involved a large, diverse set of stakeholders: hundreds of educators, parents, government officials, and business/community leaders. Their collaboration led to creation of a new, public benefit organization called Los Angeles Universal Preschool (LAUP) and a ten-year Master Plan, with the goal of providing universal quality preschool program access to all four-year-olds in the county by 2014 (Hill-Scott, 2004). Funding for LAUP comes mainly from First 5 LA, State First 5 (POP), with some funding from Parsons Foundation and Bill and Melinda Gates Foundation's Thrive by Five Program.

In addition to LAUP, First 5 LA also operates a School Readiness Program in approximately 200 elementary schools representing 14 school districts. In 2005–06, 21,500 children five and under participated in the four-year $134 million joint investment and partnership between First 5 LA and First 5 California.

Los Angeles Universal Preschool

In 2002, First 5 LA adopted as its goal "a high-quality preschool program for every four-year-old child in Los Angeles County whose parents choose to participate," regardless of family income (Hill-Scott, 2004, p. 3). The First 5 LA Commission allocated $100 million in August of 2002 to begin planning and $480 million in November 2003 to begin implementation, setting aside $20 million for evaluation. The decision was made to place universal preschool initiative-related operations in a freestanding, nonprofit organization; the organization was to be "agile, streamlined, nonbureaucratic, flexible, and able to leverage public and private investments," and it was thought that a separate entity was the best way to achieve that (Hill-Scott, 2004).

LAUP does not directly operate programs; the focus is on creating or enhancing slots operated by other providers. LAUP staff work hands-on, side-by-side with providers in achieving this focus. The universal preschool system's aim is to:

- Serve all four-year-old children in Los Angeles County whose parents wanted to participate
- Use a mixed-delivery system, including public schools, centers, and family child care homes
- Offer a part-day program, either free or for a fee, with fee-based child care as a full-day service for working parents
- Engage the public and private sector to sustain and grow the system

Growing the system has been difficult in the wake of the failure to pass Proposition 82, the ballot measure regarding universal preschool. The Master Plan notes that $100 million per year for six years sounds like a lot of money until it is recognized that this is intended to serve 100,000 children. The planners' financial models indicated that it would cost $350-700 million to fully fund the highest quality universal and free full- and part-day programs. At the time of our interviews, no concrete actions had been taken to obtain significant outside funding, though planning had begun and the organization had altered its operations in recognition of the more limited financial situation.

Like the other PFA and POP counties, LAUP has been strategic in how it expands access to programs. The Master Plan referred to the 13 areas of greatest need as "hot zones," areas facing a shortfall of 15,000 spaces (assuming a 70 percent participation rate by four-year-olds). These areas were to receive first priority for facilities construction. Subsequently, LAUP divided the hot zones into four tiers that describe service rates and the need for the development of additional services and chose to focus their efforts on Tier I and Tier II areas (this represents approximately 34 zip codes throughout the county). A Tier I zone has low API schools (scores from 1 to 3), more than 1,000 children who are not being served, and a preschool attendance rate of less than 50 percent. Tier II areas are those where the attendance rate is less than 50 percent but the need is between 500 and 1,000 children. Another strategy has been to cap the number of LAUP preschool spaces at 14,500, a goal well within reach, as 13,582 have already been committed. (This includes 4,034 new spaces, 5,188 new spaces under construction, and 4,360 pre-existing spaces (LAUP, 2007b).)

LAUP has a "Star" quality rating system with three levels that is comparable to the three tiers (Entry, Advancing, and Quality) used in other POP programs. Table B.4 shows the program requirements for center-based providers using the five-star rating system adopted by LAUP. The programs must operate for three-and-a-half hours per day, except for Head Start (four hours) and State Preschool

Table B.4—Program Requirements and Staff Qualifications for Center-Based Providers by Reimbursement Level for FY 2006–07: LAUP

Requirement	Three Star	Four Star	Five Star
Environment ratings	• An overall average of 4 or more on the ECERS • No subscale score less than 3 • Compliance with state child care licensing regulations	• An overall average of 5 or more on the ECERS • No subscale score less than 3 • Compliance with state child care licensing regulations	• An overall average of 6 or more on the ECERS • No subscale score less than 3 • Compliance with state child care licensing regulations
Group size	Maximum of 24 children	Maximum of 24 children	Maximum of 24 children (if NAEYC accredited, maximum is 20 children)
Adult-child ratio	1:8 (with at least one qualified teacher)	1:8 (with at least one qualified teacher)	1:8 (1:10 if NAEYC accredited)
Staff qualifications	• Director has Site Supervisor Permit or AA with 24 ECE/CD units plus 350 days of 3+ hours per day within 4 years incl. at least 100 days of supervising adults • At least one teacher who qualifies for a Teacher Permit • All other staff qualified for Assistant Permit. If more than 18 children, at least 1 asst. must have 12 ECE units	• Director has Site Supervisor Permit or AA with 24 ECE/CD units plus 350 days of 3+ hours per day within 4 years incl. at least 100 days of supervising adults • At least one teacher qualified for Master Teacher Permit or has AA in Child Development with 24 ECE units incl. Core Courses in Permit Matrix • All other staff qualify for Associate Teacher Permit	• Director has Site Supervisor Permit or AA with 24 ECE/CD units plus 350 days of 3+ hours per day within 4 years incl. at least 100 days of supervising adults • At least one teacher has BA in ECE or BA/BS with minimum 24 ECE units incl. Core Courses in Permit Matrix and at least one year teaching experience with preschool age children • All other staff qualify for Teacher Permit

SOURCE: Hill-Scott (2004).

NOTES: All course work requirements are college-level semester units. AA = associate degree; BA/BS = bachelor's degree; CD = Child Development; ECE = Early Care and Education.

(three hours), and for 175 days per year, ten of which are set aside for staff training. There are also requirements (not shown in the table), such as parent conferences and involvement, nutrition and health services programs, and staff development.

Table B.5 indicates the equivalent requirements and staff qualifications for family home providers. LAUP is notable for the extent it includes family child care home providers in its program. That this would be difficult was anticipated in the Master Plan:

> There are significant administrative challenges to incorporating a home-based, mixed-age business in a group socialization program for preschool children. The lower teacher-to-child ratios found in home-based settings are more costly and make it harder to achieve economies of scale in administrative functions, such as contracting, payment disbursement, and auditing. It can also be difficult to ensure that programs are monitored and quality standards met when providers are independent contractors or geographically dispersed (Master Plan, 2004).

Initially, LAUP contracted with five agencies to provide mentoring and consulting to family home providers in the network. Three of the five agencies subsequently withdrew from the program over disputes about policy, administration, and funding. At the same time, LAUP experienced staff turnover in the division. LAUP then moved to reorganize the system so that rather than contracting out, LAUP now provides direct services, housing four mentors/coaches to work with about 93 family child care home providers. There are still 42 providers who hold contracts with the two agencies LAUP initially contracted with, for a total of 135 family child care home active contracts.

Table B.5—Program Requirements and Staff Qualifications for Family Home Providers by Reimbursement Level for FY 2006–07: LAUP

Requirement	Three Star	Four Star	Five Star
Environment ratings	• An overall average of 4 or more on the FCCERS • Compliance with state child care licensing regulations	• An overall average of 5 or more on the FCCERS • Compliance with state child care licensing regulations	• An overall average of 6 or more on the FCCERS • Compliance with state child care licensing regulations
Group size	Minimum of 3 children Maximum of 6 preschool-age children for a small home (8 children total), and 12 for a large home (14 children total)	Minimum of 3 children Maximum of 6 preschool-age children for a small home (8 children total), and 12 for a large home (14 children total)	Minimum of 3 children Maximum of 6 preschool-age children for a small home (8 children total), and 12 for a large home (14 children total)
Adult-child ratio	1 adult for 6-8 children 2 adults for 9-14 children	1 adult for 6-8 children 2 adults for 9-14 children	1 adult for 6-8 children 2 adults for 9-14 children
Staff qualifications	• Lead teacher has Child Development Teacher Permit or equivalent education, 24 ECE units (that include the 3 Core courses) + 16 general education units • All other staff If more than 8 children in the home: 6 units of ECE or 30 hours of approved professional growth training beyond CPR and health and safety (15 hours)	• AA degree in ECE, AA with 24 ECE units, or level 3 qualifications (24 ECE units and 16 GE units), plus NAFCC Accreditation • All other staff If more than 8 children in the home: 6 units of ECE, or 40 hours of approved professional growth training	• Lead teacher has BA degree in ECE or BA/BS with a minimum of 24 ECE units, including core courses • At least one assistant has 6 units of ECE and 21 hours of approved professional growth training

SOURCE: Hill-Scott (2004).

NOTES: All course work requirements are college-level semester units. AA = associate degree; BA/BS = bachelor's degree; CD = Child Development; ECE = Early Care and Education.

Table B.6 shows the annual reimbursement rates by quality level. For nonsubsidized spaces, parents pay a fee that varies by income and zip code. That fee would be deducted from the reimbursement amount shown in Table B.6. The reimbursement for publicly subsidized spaces is exclusive of the federal or state subsidy, which is assumed to be $2,500 per year in the figures shown in Table B.6. There is not a stipend program for teachers to obtain further education through LAUP, as there is in some counties. However, CDE funds are used and administered by the Child Care Planning Committee to fund the "Investing in

Early Educators" program. First 5 also has begun a new three-year, $15 million ECE Workforce Development Initiative that targets career development and recruitment.

Table B.6—Maximum Annual Reimbursement Rates by Type of Space for FY 2006–07: LAUP

	New nonsubsidized space ($)		Publicly subsidized spaces ($)	
	Monthly	9-month equivalent	Monthly	9-month equivalent
Three Star	440	3,960	162	1,458
Four Star	477	4,290	199	1,791
Five Star	550	4,950	272	2,448

SOURCE: LAUP (2007a).

NOTE: These reimbursement figures are net of parent fees for the nonsubsidized spaces but deduct a standard subsidy of $2,500 per year from the reimbursement for the publicly subsidized space. The parent fees vary by zip code and parental income.

CEL

According to the CDE status report on the CEL, during the period from July 1, 2006 to September 30, 2006, approximately 44,000 children in Los Angeles County were on the centralized waiting list for subsidized care (CDE, 2006i) This figure may not reflect the steady state level of need because implementation of the CEL has taken longer in the county. Notably, the county was granted a one-year extension to the CEL implementation deadline because of the large number of contractors needing training on the system. For most of this phase-in period, only one staff member was assigned to conduct training. All providers were registered by June 2007 and trained by October 2007.

Providers can search by zip code, program eligibility, and age. The provider specifies the number of open slots, program type, the service area, and the age range and then receives a list of names and contact information from the CEL. As was true in other counties, some providers have been frustrated by out-of-date information on the system and have had difficulty finding children to fill available slots quickly enough to meet attendance goals required to fully attain maximum contractual reimbursement amounts. Most cannot rely on the CEL to fill their slots and so must also recruit families and their children.

Appendix C. Merced County Case Study

In this appendix, we provide a summary of the information we gathered about the publicly funded ECE system in Merced County through our interviews with knowledgeable individuals in the public and private sectors. Our discussion is based on information gathered during our interviews with individuals in the following organizations: First 5 Merced, Merced County Early Care and Education Department (Merced County Office of Education), Merced County Head Start (Merced County Office of Education), Delhi Unified School District, Merced City School District, and Merced County Human Services Agency. We also relied on publicly available reports and other documents, as well as other information provided by individuals during our interviews.

The next section begins with an overview of ECE in the county. The section that follows describes the major publicly funded programs that provide care and education for preschool-age children, namely Head Start, CDE child development contracts, PKFL, CalWORKs, and the county's POP demonstration project (i.e., PFA). We also discuss the CEL.

Overview of ECE in the County

As part of planning for the county's PFA initiative, a child care supply-and-demand analysis was conducted for Merced County by the American Institutes for Research (AIR) (AIR, 2006b). The county has one of the youngest populations in the state, although the absolute number of four-year-olds in each cohort is small by California county standards—about 4,200 children. However, population growth is expected to be rapid in the near future, increasing the size of each four-year-old cohort to 5,400 by 2014. As of 2003, the county had approximately 2,500 center-based slots for preschool-age children, while the number of family child care homes during the same period was 376.

Approximately one in two four-year-olds in the county is enrolled in a licensed ECE program (AIR, 2006b). An estimated 88 percent of those slots are in subsidized programs administered through Head Start and CDE-administered Title 5 programs (e.g., State Preschool, Head Start). For example, as of 2005, there were just over 1,100 State Preschool, General CCD, Title I, and School Readiness

slots, and another 1,060 Head Start slots, all for four-year-olds. The high fraction of subsidized programs reflects the relatively low income level in the county. At the same time, subsidized program spaces are not distributed evenly across the county.

County Office of Education

The Merced County Office of Education (MCOE) created an ECE Department headed by an assistant superintendent in 2005. One reporting unit is A.C.C.E.S.S. (A Child Care and Education Services System), the organization that serves as the R&R as well as the administrator of CalWORKs child care subsidies for Stages 1, 2 and 3, the AP program, and the CARES stipend program. Other reporting units include the CEL, the California Preschool Instructional Network, and Head Start. It has a budget of $25 million, most of which is to operate Head Start and the AP programs. The Head Start function is relatively recent; until 2005 the grantee was the Board of Supervisors, which then contracted out the service provision. According to the MCOE, placing all of these functions in one department facilitates joint efforts, such as recruitment, grant writing, leadership, and coordination.

Programs and Other Activities

In this section, we discuss the major programs that provide ECE services for preschool-age children in Merced County, as well as supporting services (e.g., the CEL). Title I funding is discussed in conjunction with the PFA initiative.

Head Start and CDE Contract Programs

As noted above, since July 2005, the Head Start grantee in Merced County has been the MCOE. There are 15 Head Start centers in the county serving just over 1,000 children. Most children participate in part-day programs; only 36 are full-day slots. The county does not coordinate Head Start with the State Preschool or General CCD programs to offer wrap-around care. Rather, families that need extended care are referred to the R&R and CEL to identify providers who may offer care for the remainder of the day.

The county's Head Start program includes 48 slots reserved for home-based programs that serve medically fragile children or those in transitional living situations; those who live in very remote areas who are not able to participate in

center-based programs; as well as children who have profoundly significant behavioral problems that preclude participation in a center-based setting. Four home-based educators make weekly visits to their caseload of 12 children each to provide comprehensive services to the child and the child's parent(s).

The county's Head Start centers are very aggressive in recruiting families into the program, including going door-to-door. Consequently, they receive more than 2,000 applications for the 1,000 slots, and many sites have long waiting lists. Given the shortage of spaces, the Head Start administrators make an effort to coordinate recruitment into Head Start with other subsidized care programs to ensure that all subsidized slots are fully utilized. Recruitment efforts for Head Start also have spillover benefits for other CDE-administered programs as families that are not Head Start eligible are referred to the CEL for other subsidized programs they may qualify for. However, now that the CEL is mandatory for CDE-administered programs, some of the incentive for and ease of coordinating across programs with different funding streams has been removed. Enrollment for the 2007–08 year will be the first test of cross-program recruitment when the CEL is required.

Table C.1 records funding for CDE-administered programs serving children from birth through age 12 for SFY 2006–07. A total of nearly $18 million is distributed across these programs, with the largest component going to CalWORKs Stage 2, followed by General CCD.

Table C.1—CDE Contract Allocations in Merced County by Contract Type: SFY 2006–07

Contract type	Number of contracts	Dollar allocation (millions)
CalWORKs Stage 2	1	5.4
CalWORKs Stage 3	1	2.2
AP	1	2.9
State Preschool	5	3.1
General CCD	4	3.9
R&R	1	0.2
CEL	1	0.1
Total	14	17.8

SOURCE: Unpublished data provided by Child Development Fiscal Services, CDE.

PKFL Program

For the open PKFL competition, Merced's allocation of the available funds was nearly $538,000. Submissions from the county totaled almost $1,199,000, all for part-day programs, representing 223 percent of the allocated amount. The final results announced in May 2007 included awards to five school districts in the county for a total of $1,052,352 to support part-day PKFL programs, plus an additional $25,000 in support funding ($2,500 per classroom for ten classrooms). Three of the districts receiving funding are part of the POP Demonstration Project (discussed below): Delhi, Merced City, and Winton. Atwater and Los Banos are the two non-POP districts to receive funding which will support their first preschool programs.

CalWORKs and non-CalWORKs AP Programs

Merced County Human Services Agency contracts out its Stage 1 AP program to the MCOE agency, A.C.C.E.S.S., that also serves as the AP subsidy provider for Stages 2 and 3. CalWORKs recipients are not placed on the CEL but referred to A.C.C.E.S.S. as the AP program.

CalWORKs clients typically are able to find child care options because they can use license-exempt providers, such as family members. However, A.C.C.E.S.S. has been trying to encourage families to use licensed programs. For example, if the preference is for a family, friend, or neighbor, A.C.C.E.S.S. will work with the provider to provide an opportunity to become licensed, with A.C.C.E.S.S. covering the licensing fee. The agency also provides resources for family child care home providers such as a centralized library, educational toys, and other materials, and conducts joint training.

However, there can be several reasons why CalWORKs recipients continue to use license-exempt care. First, the child care subsidy can be an additional source of income for the extended family if a family member provides the care. Thus, financial considerations may top quality concerns when it comes to the choice of child care arrangements. Second, care for evenings, weekends, or variable work schedules can be difficult to arrange through licensed providers. CalWORKs recipients are given child care subsidies based on their work or school schedules that may not coincide with standard preschool schedules. For example, half-day programs typically do not fully cover the required hours of care needed for work or school. While wrap-around programs may be an option, transportation can be

an issue when combining programs, especially in more rural parts of the county with limited public transportation options.

PFA and POP Demonstration Project[75]

PFA in Merced County is a collaborative effort between First 5 Merced and the MCOE. The planning process for PFA in Merced County was initiated in 2004, facilitated by AIR and extended from the First 5 Merced School Readiness initiative (AIR, 2006b). The PFA initiative calls for voluntary universal preschool available to 82 percent of the county's four-year-olds by 2015. For the period SFY 2005–to SFY 2009–10, First 5 Merced has committed $10.6 million for the PFA initiative.

Merced County was one of seven counties to receive a POP Demonstration Project grant in the first round of First 5 funding in October 2005, funded for $2.4 million. As part of the POP Demonstration Project, Merced aims to make preschool available to all four-year-olds in six of 18 districts in the county: Delhi, El Nido, Livingston, Merced City, Planada, and Winton. The goal, by 2010, is to serve 83 percent of the 1,280 four-year-olds in Merced City, the county's largest school district, and at least 75 percent of four-year-olds in the other five districts. In the six districts for the demonstration project, 19 of the 21 schools have API scores of 1 to 5, while more than 60 percent of the children are English language learners in five of the six districts. A high proportion, 74 to 99 percent, of children in these districts qualify for free and reduced-price lunch. The fraction of children in the six selected districts currently in formal preschool programs ranges from 4 percent in El Nido to 89 percent in Merced City (AIR, 2006b).

Since low educational performance is an issue countywide, other criteria beyond the number of low API schools were used to select the districts participating in the demonstration phase of PFA. Notably, five of the six districts (not El Nido) agreed to commit Title I funds to the PFA program. For example, Delhi Unified School District used $320,000 in Title I funds—14 percent of the district allocation—to open two new part-day, academic-year preschool classrooms (80 slots) with quality at the PFA Full Quality level (see the discussion below). There are no income eligibility requirements for the program. Preschool teachers in the Delhi program are paid on the same scale as elementary school teachers. In total, the five districts pledged $2.8 million in Title I funds over the five-year POP

[75] In addition to our interviews, this section draws on AIR (2006b) and Kinlaw (2007).

Demonstration Project. This is a continuation of the use of Title I funds by the Merced City School District and a new commitment by the others for preschool programming. In SFY 2005–06, four of the POP districts (Delhi, Merced City, Planada, and Winton) were the only ones in the county to allocate Title I funds for preschool services for a total of $497,000 (CDE, 2007d).

Table C.2 shows the environment rating scales and staff qualifications required at each of the PFA quality levels associated with different reimbursement rates, while Table C.3 shows the associated reimbursement rates. In terms of environment ratings, at the Entry level, PFA programs must receive an average of 4 or more on the appropriate 7-point rating scale (ECERS for centers and FDCRS for family child care homes). The average score must increase to 4.5 and then 5 to achieve the Advancing and Full Quality levels, respectively. New program applicants were assessed to determine whether programs already scored, or were predicted to score within six months, at least a 5 on the ECERS. Family child care homes are an important part of the provider community for Merced PFA given that families in more rural parts of the county may not be able to travel to school- or center-based programs.

Likewise, as seen in Table C.2, qualifications for the lead teacher and assisting teacher increase with each quality level. As staff qualifications increase over time to reach the Full Quality level, the longer-term objective is to achieve parity between the salaries of bachelor's level preschool teachers and teachers in the K-12 system.

Given concerns with quality, PFA in Merced focused more on upgrading slots than on creating new ones. Resources went to upgrades or new slots in existing programs (centers or family child care homes) already under Title 5 CDE contracts (e.g., State Preschool or General CCD), to Head Start, or to private centers or family child care homes that were nationally accredited. The reimbursement rates shown in Table C.3 apply specifically to existing State Preschool, General CCD, or Head Start providers, with a higher reimbursement rate for "new slots" that are not receiving some other subsidy. In addition, Merced gives programs flexibility for how to reimburse teachers and, in most cases, stipends are being used to supplement the existing salary scale. The annual stipends range from $1,000 to $15,000, depending on the salary.

In 2006–07, the local First Five Commission approved approximately $2 million in local funds and almost $431,000 in state funds, three-quarters of which went to State Preschools and to upgrade existing slots rather than creating new ones.

Table C.2—Program Requirements and Staff Qualifications by Reimbursement Level for FY 2006–07: Merced PFA

Requirement	Entry level	Advancing level	Full Quality level
Environment ratings	An average of 4 or more on all ECERS/FDCRS subscales (with no subscale below a 3)	An average of 4.5 or more on all ECERS/FDCRS subscales (with no subscale below a 3)	An average of 5 or more on all ECERS/FDCRS subscales (with no subscale below a 3)
Staff qualifications	• Lead teacher has Master Teacher Permit or 24 units in ECE/CD including core course and 16 units of GE	• Lead teacher has 60 units of college-level work (or AA degree) with at least 24 units in ECE/CD, including designated core course and 16 units of GE	• Lead teacher has BA degree with at least 24 units in ECE/CD and plans to obtain a multi-subject credential by 2015
	• Second teacher has Assistant Teacher Permit or 6 units of ECE/CD	• Second teacher has 12 units of ECE/CD	• Second teacher has AA degree and 24 units of ECE/CD or bilingual with 24 units of ECE/ED

SOURCE: Merced Preschool for All (undated).

NOTES: All course work requirements are college-level semester units. AA = associate degree; BA/BS = bachelor's degree; CD = Child Development; ECE = Early Care and Education, GE=general education.

Table C.3—Maximum Annual Reimbursement Rates by Type of Space for FY 2006–07: Merced PFA

		Publicly subsidized spaces ($)		
Quality level	New nonsubsidized space ($)	State Preschool	General CCD	Head Start
Entry	800[a]	250	250	250
Advancing	5,064	1,629	4,364	1,844
Full Quality	5,981	1,913	5,131	2,167

SOURCE: Merced Preschool for All (undated).

[a]The reimbursement at this level is so low that realistically unsubsidized programs must enter at the Advancing level or higher.

In 2006–07, Merced had a total of 1,164 POP funded slots comprised of 1,036 upgraded slots and 128 new slots. The total number of POP spaces is slated to increase to 1,364 in 2007–08, with most as upgraded spaces rather than new spaces.

It has been a challenge to incorporate private providers into POP. The Merced City School District is using POP funds to pay staff to provide technical assistance to four private providers so that they can achieve POP standards (e.g., a sufficiently high score on the ECERS). In addition, local First 5 money is used to provide small grants to private providers for quality improvements such as purchasing the curriculum. On the whole, though, First 5 Merced reports it has proved expensive to reach out to these providers.

The county is quite concerned with how to expand preschool efforts beyond the PFA districts and has utilized money from the David and Lucile Packard Foundation to reach out in three non-POP sites, including Los Banos, the second-largest school district in the county. These funds have been used to pay for portable classrooms and technical assistance to help schools reach the same quality levels and outreach approaches. These outreach efforts can be complicated. Because Head Start is provided in both POP and non-POP parts of the county, it has been problematic to introduce teacher stipends or new assessment tools in some programs and not in others.

Another issue that has arisen with efforts to expand preschool access through POP is differences in program standards and evaluation methods. About half of the Head Start sites in POP districts are qualified to participate based on the ECERS. But even small differences in standards, such as those required for hand washing, can create problems with qualifying for one program or the other.

CEL

The MCOE is the contractor for the CEL in Merced County. The November 2006 status report on implementation of the CEL prepared by CDE reported that 1,018 children in Merced County were waiting for care from July 1, 2006, through September 30, 2006, with about 70 percent reporting a need for full-time care (CDE, 2006i).

The CEL of Merced County currently consists of 17 participating agencies. Of the 17 agencies, 14 are mandated participants. The other three are community partners that act as referring agencies when families cannot otherwise be served in their programs. There are five agencies supporting State Preschool contracts, five supporting PKFL contracts, four supporting General CCD contracts, and two AP program contractors. All participating agencies are active members of an advisory committee providing ongoing collaboration and input with local policies and procedures related to CEL implementation.

Appendix D. San Diego County Case Study

In this appendix, we provide a summary of the information we gathered about the publicly funded ECE system in San Diego County through our interviews with knowledgeable individuals in the public and private sectors. Much of the data and information in this summary was provided by representatives from Child Development Associates Inc.; Educational Enrichment Systems, Inc.; First 5 San Diego; Neighborhood House Association; San Diego County Child Care and Development Planning Council; San Diego County Health and Human Services Agency (SDCHHS); San Diego County Office of Education Early Education Programs and Services; and YMCA Childcare Resource Service. We also relied on reports produced or commissioned by some of these organizations.

This appendix first provides a brief overview of the ECE setting in the county. The remainder of the discussion is organized around the major funding streams for subsidized ECE programs that serve preschool-age children, namely Head Start, CDE child development contracts, PKFL, CalWORKs, and the county's POP Demonstration Project (i.e., PFA). We also discuss the CEL.

Overview of ECE in the County

In 2005, according to a needs assessment report sponsored by San Diego County Child Care and Development Planning Council, San Diego County had 29,351 child care spaces in family child care homes (based on desired capacity), 55,734 spaces in licensed child care centers, and 44,274 spaces in license-exempt child care centers for both preschool- and school-age children (Kinley, 2005). Of the center-based programs, capacity for preschool-age children was 40,725 in licensed centers and 1,564 in license-exempt centers. Overall, these figures reflect a surplus in total spaces relative to demand. The situation is due in part to the fact that the percentage of children under age five countywide has been declining in the last few years. But the surplus applies primarily to spaces for preschool-age and older children; demand exceeds supply for infant care and full-day care. However, evidence from waiting lists indicate that demand exceeds supply in all age groups for subsidized care in licensed slots. In 2005, there were approximately 16,855 subsidized direct service child care spaces (i.e., excluding children in AP programs) in various state and federal programs (excluding the

CDE-administered Latchkey program, which serves school-age children) (Kinley, 2005). When combined with subsidized slots serving school-age children, the total is just over 23,000, while the number of eligible children of all ages for subsidized programs is estimated to be upwards of 100,000. Moreover, there are some geographic areas where shortages are particularly acute (San Diego County Preschool for All, 2005).

According to the San Diego County Child Care and Development Planning Council's recent economic impact report, about $300 million in public and private funding comes into the county to subsidize child care and development services, with about $176 million provided through grants or contracts to providers (e.g., Head Start, State Preschool, General CCD) and the remainder going to voucher/certificate programs through CalWORKs and other AP programs (Rihal et al., 2005). Table D.1 provides a breakdown of the funding by source as of 2002–03. This analysis also indicates that local funding streams from the county, as well as cities, school districts, and private funds contribute nearly $9 million, or 3 percent of the total.

Table D.1—Public and Private Funding to Subsidize Child Care and Development Services in San Diego County: 2002–03

Funding source	Funding ($)
Contracts/grants to providers	
Federal Head Start	87,272,000
Federal and state sources (excluding Head Start)	80,972,940
County and city sources	7,600,000
School district sources	67,000
Subtotal	175,911,940
Voucher/certificate programs	
Federal and state sources	121,817,075
County and city sources	145,000
Private (nongovernmental) sources	1,002,208
Subtotal	122,964,283
Total across all sources	298,876,223

SOURCE: Rihal et al. (2005), Table 2.

County Office of Education

The San Diego County Office of Education (SDCOE) has an Early Education Programs and Services Unit, which provides early intervention services to infants and toddlers with special needs, professional development opportunities for providers working with children from birth to age five, and leadership in developing preschool experiences that promote school readiness. For the most part, the SDCOE does not directly operate programs, but plays a coordination and administration role among the different stakeholders. One exception is a migrant preschool center in Fallbrook run by an SDCOE employee. SDCOE coordinates meetings between State Preschool program directors, funds professional development programs, and serves as the lead agency for the First 5 PFA or POP Demonstration Project.

A notable example of SDCOE's coordinating role in the preschool community is the partnership between San Marcos Unified School District and Educational Enrichment Systems, a nonprofit preschool program provider. SDCOE has helped form this partnership, in which the school district provides space and access to other school services and Educational Enrichment Systems manages the state-funded preschool program's operations. Future plans call for allowing subsidized and fee-paying children to be included in the same classroom, particularly if there are not enough children to fill all available subsidized slots. SDCOE documented the early success with this model in San Marcos to create a step-by-step guide to promote more partnerships in the county (Ibrahim, 2007).

Feedback from key child care and preschool stakeholders indicates that coordination, communication, and collaboration among SDCOE, the Local Planning Council, federal and state contractors, and AP programs is one of the county's strengths, which enables the various stakeholders to focus on improving program quality.

Programs and Other Activities

In this section, we discuss the major programs that provide subsidized care for preschool-age children in San Diego County, as well as supporting services (e.g., the CEL). We do not include Title I as few school districts in the county make use of this source of funding for preschool programs. As of SFY 2005–06, just four school districts allocated Title I funding to preschool programs, amounting to just over $300,000 (CDE, 2007d).

Head Start

There are two Head Start grantees in San Diego County—the Neighborhood House Association (NHA) and the Metro Area Advisory Committee (MAAC) Project. NHA serves the metropolitan San Diego area, and MAAC serves northern communities of San Diego County near Oceanside. NHA serves 9,598 children in Head Start and 661 in Early Head Start, for a total of 10,051 children. MAAC serves approximately 1,177 children through Head Start and Early Head Start. NHA estimates that about 22,500 children are eligible for Head Start and 2,000 children are eligible for Early Head Start in San Diego County.

In 2006, NHA received $83 million in funding from Head Start for its part-day program and an additional $1.5 million from CDE for wrap-around care for 270 children ages birth to five through a General CCD contract. In addition, NHA collaborates with San Diego City Unified School District, the largest State Preschool (and General CCD) contractor in the county, to provide wrap-around care for about 724 children. They have a memorandum of understanding that solidifies their partnership. They coordinate joint recruitment and enrollment each year, so that NHA enrolls Head Start-eligible children first. Some obstacles exist, such as the amount of paperwork involved and differences in program models and requirements. It requires coordinating, for example, the year-round Head Start program with the academic-year State Preschool program. Program requirements also differ such as class size and ratios (e.g., Head Start allows a maximum of 20 children with two staff, while the standard State Preschool practice is three staff with 24 children). There are also challenges in fully earning the contract amount in either program, since it is not possible to fill all slots everyday.

MAAC also offers several options for care in Head Start, including full-day, center-based for family child care; part-day, center-based; home-based; and a combination option (MAAC Project, undated). In addition, MAAC has a contract with CDE to operate a part-day, State Preschool program.

CDE Contract Programs

For SFY 2006–07, allocations for CDE contracts for programs serving children from birth through age 12 in San Diego County are around $145 million (see Table D.2). There are a total of 72 contracts, excluding those in the school-age Latchkey program. Twenty-six of those contracts are with school districts. CalWORKs Stages 2 and 3 funding is about 40 percent of total CDE funding,

while State Preschool and General CCD comprise about 21 percent and 29 percent, respectively. About $35 million of the funding goes to school districts, which represents about 25 percent of the total CDE funding. About $20 million of that goes to San Diego City Unified School District. In our interviews, providers observed that there can be some competition among programs in recruiting participants.

Table D.2—CDE Contract Allocations in San Diego County by Contract Type: SFY 2006–07

Contract type	Number of contracts	Dollar allocation (millions)
CalWORKs Stage 2	3	38.3
CalWORKs Stage 3	3	19.6
AP	3	16.4
State Preschool	26	26.1
State Preschool Full-day	3	0.5
General CCD	28	41.6
Migrant CCD	1	0.7
R&R	1	1.1
CEL	4	0.5
Total	72	144.8

SOURCE: Unpublished data provided by Child Development Fiscal Services, CDE.

In addition to these contracts, there are other streams of funding to provide professional development and capacity building opportunities, such as the Child Care Initiative Project, a $70,000 CDE-funded project provided by the YMCA Childcare Resource Service (CRS) agency (the county R&R as well as one of three county AP program contractors), to encourage family child care homes to provide infant care, especially during nonstandard hours.

PKFL Program

San Diego County's allocation under the PKFL competition was approximately $2.2 million dollars. In total, nine applications were submitted from the County for a total of $5.5 million, more than 250 percent of the allocation. Most of the funding requested was for part-day programs. The final award in June 2007 went to four school districts for a total of $2.3 million to support part-day PKFL

programs, $204,000 to fund full-day programs, and another $77,500 in supporting funds (31 classrooms at $2,500 each). The largest award went to San Diego Unified School District for a total of $1.9 million. In contrast to other grantees, San Diego Unified is looking at a braided funding model that places State Preschool and PKFL slots in the same classroom. During our interviews, a consistent view expressed was that applications for PKFL funding would have been higher had the reimbursement rate been increased over the State Preschool level.

CalWORKs and non-CalWORKs AP Programs

In San Diego County, for CalWORKs Stage 1 child care subsidies, the county welfare office, SDHHSA, manages the voucher/certificate program. The office also serves as one of three AP program contractors for Stages 2 and 3 and for the other non-CalWORKs AP program administered by CDE. The two other AP program contractors are YMCA CRS and San Diego Child Development Associates (SDCDA).

Table D.3 provides average monthly enrollment for SFY 2005–06 by AP program contractor for each of the three CalWORKs stages as well as the non-CalWORKs AP program. The table shows enrollment in terms of the number of families, the number of children (birth through age 12), and the number of children ages three and four.[76] These data indicate that about 11,500 children in San Diego County were receiving subsidized care through one of the three CalWORKs stages in SFY 2005–06, while another 2,100 children were provided subsidized care through the non-CalWORKs AP program.

As noted in Chapter 5, San Diego County has relatively high RMR ceilings, and the differential has been growing with the SRR as the latter has not kept pace with the rate of inflation. As shown in Table 5.4, the RMR ceiling in San Diego County for full-time care on a monthly basis is $755. With a statewide daily reimbursement of $32.89 in the General CCD program based on the SRR, the monthly equivalent is $685, nearly $70 below the RMR.

[76] Data for children ages three and four have been made available for CDA only. We are expecting similar data from the other two AP program contractors.

Table D.3—Average Enrollment in Voucher/Certificate Programs in San Diego County by Contractor: SFY 2005–06

Program	Contractor			Total
	SDHHSA	SDCDA	CRS	
Families				
CalWORKs Stage 1	1,728	—	—	1,728
CalWORKs Stage 2	726	1,206	861	2,792
CalWORKs Stage 3	410	670	455	1,535
AP	371	187	736	1,295
Total	3,235	2,063	2,053	7,351
All children				
CalWORKs Stage 1	3,172	—	—	3,172
CalWORKs Stage 2	1,495	2,368	1,551	5,414
CalWORKs Stage 3	806	1,254	863	2,923
AP	617	322	1,207	2,146
Total	6,090	3,943	3,622	13,655
Children ages 3 and 4				
CalWORKs Stage 1	n.a.	—	—	n.a.
CalWORKs Stage 2	n.a.	543	n.a.	n.a.
CalWORKs Stage 3	n.a.	232	n.a.	n.a.
AP	n.a.	53	n.a.	n.a.
Total	n.a.	828	n.a.	n.a.

SOURCE: Unpublished data provided by SDHHSA, SDCDA, and CRS.
NOTES: – = not applicable; n.a. = not available.

Consistent with other counties, San Diego County also has a relatively high utilization of license-exempt care among CalWORKs recipients. CDA, for example, reported that about 25 percent of Stage 2 and Stage 3 care for three- and four-year-olds was in license-exempt settings in SFY 2005–06.

PFA and POP Demonstration Project

In San Diego County, development of a PFA master plan began in early 2004 with a goal of achieving within five years "universal access to quality early education experiences for all three- to five-year-old children regardless of income, with sufficient and stable funding on a per child basis" (San Diego County Preschool for All, 2005). SDCOE has been at the core of PFA planning and serves as the lead agency in implementation with a subcontract to CDA to process reimbursements for providers.

As of December 2005, First 5 San Diego County committed $30 million over five years to implement the San Diego County PFA Demonstration Project for four-year-olds residing in eligible elementary school district neighborhoods within six demonstration communities: Escondido, Lemon Grove, National City, San Ysidro, South Bay, and Valley Center/Pauma. These communities were chosen based on the following criteria:

- High percentage of low API schools
- High percentage of children eligible for free and reduced lunch
- High percentage of English language learner students
- Low percentage of children in early education programs
- Small enough school district community for systemic impact in five years.

In 2006, the First 5 Commission in San Diego County was awarded a POP demonstration grant with $2.8 million in funding from First 5 California. This funding expanded the program in National City to include three-year-olds as well as four-year-olds. Planning and implementation funding has also been provided by The David and Lucile Packard Foundation.

The PFA demonstration project seeks to provide preschool education through a wide variety of licensed settings from which families can choose, including center-based programs and family child care homes. The goal is for providers to combine subsidized and unsubsidized children in the same classrooms, but right now, there are either PFA classrooms or a State Preschool classroom with enhancements. The diversity of offerings is designed to meet the needs of the county's socially, culturally, and linguistically diverse population. San Diego has been functioning as a major resettlement region since the 1970s, with refugees from the Afghanistan, Iraq, the Horn of Africa, and the Former Soviet Union. In National City as of 2000, for example, 70 percent of the city population ages five and older speak a language other than English (U.S. Bureau of Census, 2000). The PFA Master Plan calls for building on existing programs, raising quality in those settings, while adding new spaces as needed.

PFA demonstration project programs must operate for a minimum of 180 days per year and children must attend for a minimum of three hours per day, five days per week. As seen in Table D.4 based on criteria for center-based providers, the tiered reimbursement system is based on not only staff qualifications, but also on other program features, such as environment rating scores, group sizes,

and adult-child ratios. Other features that are included in the tiered reimbursement system (not shown in Table D.4) include staff development and support, wrap-around services, and family involvement.[77]

Table D.4—Program Requirements and Staff Qualifications for Center-Based Providers by Reimbursement Level for FY 2006–07: San Diego PFA

Requirement	Entry level	Advancing level	PFA Quality level
Environment ratings	• An average of 4 or more on all ECERS subscales	• An average of 4.5 or more on all ECERS subscales	• An average of 5.5 or more on all ECERS subscales
			• An average of 4 or more on all ELLCO subscales
	• Meets standards on California health and safety checklist[a]	• Meets standards on California health and safety checklist[a]	• Meets standards on California health and safety checklist[a]
Group size	Maximum of 24 children	Maximum of 24 children	Maximum of 20 children
Adult-child ratio	1:8 (with at least one PFA qualified teacher)	1:8 (with at least one PFA qualified teacher)	1:10 (with at least one PFA qualified teacher)
Staff qualifications	• Director has Site Supervisor Permit	• Director has Site Supervisor Permit	• Director has BA and Program Director Permit
	• Lead teacher has Teacher Permit	• Lead teacher has Master Teacher Permit or AA in CD or AA with 24 units including core courses in permit matrix	• Lead teacher has BA in ECE or BA/BS with 24 units including core courses in permit matrix, and 1 year experience with preschool-age children
	• Support staff are eligible for an Assistant Teacher Permit (if more than 18 children, at least one assistant must have 6 units in ECE)	• Support staff are eligible for an Associate Teacher Permit (if more than 18 children, at least one assistant must have 12 units in ECE)	• Support staff are eligible for a Teacher Permit (if more than 18 children, at least one assistant must have 24 units in ECE)

SOURCE: San Diego County Preschool for All (2006b).

NOTES: All course work requirements are college-level semester units. AA = associate degree; BA/BS = bachelor's degree; CD = Child Development; ECE = Early Care and Education; ELLCO=Early Language and Literacy Classroom Observation Toolkit.

[a] Health and safety checklist is the California Child Care Health Program Health and Safety Checklist.

[77] The tiered reimbursement system for family child care homes differs in having just one standard for group sizes and adult-child ratios (San Diego County Preschool for All, 2006c). The other components of the tiered reimbursement system for family child care homes are otherwise similar to those which apply to centers.

Table D.5 shows the annual reimbursement rates as of FY 2006-07 for new (unsubsidized spaces) and for enhanced subsidized spaces based on the funding source (i.e., State Preschool, General CCD, and Head Start), where the rates vary with the reimbursement tier. Notably, PFA spaces in existing State Preschool programs and Head Start received no PFA reimbursement at the Entry level and a maximum of $400 for State Preschool and $376 for Head Start for those existing programs at the PFA Full Quality level.[78] In addition, San Diego PFA provides a direct annual stipend for a lead teacher of $1,500 at the Advancing level and $3,000 at the Quality level. For support teachers at all levels with an associate degree and 24 ECE units or more, there is a $1,200 annual stipend.

Table D.5—Maximum Annual Reimbursement Rates by Type of Space for FY 2006–07: San Diego PFA

		Publicly subsidized spaces ($)		
Quality level	New nonsubsidized space ($)	State Preschool	General CCD	Head Start
Entry	3,000	0	1,650	0
Advancing	3,650	156	2,300	116
Full Quality	4,000	400	2,650	376

SOURCE: San Diego County Preschool for All (2006a).

Implementation has been underway since late 2005/early 2006 with $5.4 million in funding for PFA in 2006–07. As of November 2006, 1,445 preschool-age children were served by the demonstration project through nine agencies. End-of-year figures indicated a total of 1,662 children were served in the 2006–07 school year. Among the children served, 383 were fully funded by the project and 1,279 were receiving partial subsidies. School districts represented the largest portion of the provider settings, but in accordance with the emphasis on diversity, one faith-based provider, one nonprofit agency, and two family child care home providers also participated.

Although the project is in early stages of implementation, the team has identified some unique challenges in incorporating family child care homes. Key issues that may prevent family child care homes from joining the project are fiscal accountability, lack of incentives, and ineffective methods of communication and

[78] For FY 2007-2008, the reimbursement amounts shown in Table D.5 were increased for each quality level and type of space.

outreach. The implementation team is currently making attempts to better understand the issues in order to encourage family child care homes to participate. The PFA demonstration project views making this setting available as an important option within the PFA movement, in order to ensure a variety of provider settings.

For the First 5 San Diego County Commission, the PFA evaluation design and implementation is a key concern. While the funding for the demonstration project is sufficient in their view, the commission considers the First 5 funding to be seed money; costs associated with achieving PFA countywide far exceed First 5's capacity. Since the defeat of Proposition 82, the sustainability of PFA in the county has been questioned. All parties involved with the implementation of the PFA demonstration project are hopeful that a solid evaluation of the program will help the PFA fundraising effort by providing evidence of its effectiveness. A September 2007 fiscal seminar on sustainability discussed exploring alternative sources of funding for PFA.

CEL

San Diego County had instituted a CEL about five years before the statewide implementation of the CEL. The three AP program contractors collaborated in developing a centralized waiting list with initial funding from the San Diego County Child Care and Development Council. The 2005 needs assessment report estimated that about 11,670 children were on the waiting list for child care and development services (Kinley, 2005). The analysis by CDE of the statewide CEL as of July–September 2006 showed about 10,700 children on the list in San Diego County (from infants through school age), with about 67 percent requiring full-time care (CDE, 2006i).

San Diego County's experience with the new statewide CEL is similar to other counties: providers find it inefficient to use because family information is often out of date and the matching process is not effective. Self-reporting of family income was particularly problematic, and families often complained that they were matched to a provider that was not near their home or work. Some providers cited expectation of low enrollment this year, partly due to difficulties utilizing the CEL. Others reported recruiting on their own, then signing up the recruited family on the CEL, only to take them off the list immediately.

Appendix E. San Mateo County Case Study

In this appendix, we provide a summary of the information we gathered about the publicly funded ECE system in San Mateo County through our interviews with knowledgeable individuals in the public and private sectors. For this summary, we draw on information, data, and documents provided by individuals in the following organizations: Bayshore Child Care Services, First 5 San Mateo, Institute for Human and Social Development (IHSD), PFA San Mateo County, Redwood City School District, San Mateo County Child Care Coordinating Council (4Cs), San Mateo County Child Care Partnership Council, San Mateo County Office of Education, San Mateo-Foster City School District, San Mateo Human Services Agency (CalWORKs), Silicon Valley Community Foundation, and SPHERE Institute. We also draw on other publicly available reports and documentation as cited in the text.

We proceed in the next section with an overview of the ECE setting in the county. We then discuss the major programs that provide subsidized care for preschool-age children: Head Start, CDE child development contracts, PKFL, CalWORKs, and the county's POP Demonstration Project (i.e., PFA). We also discuss the county's Child Care Subsidy Pilot (AB 1326), a fee-based preschool program initiated in the San Mateo-Foster City School District, as well as the CEL.

Overview of ECE in the County

In 2000, San Mateo County became the first to commit to a PFA program, a voluntary preschool program for all three- and four-year-olds in the county, that would phase in by 2010. As part of planning for PFA, First 5 San Mateo County and the 4Cs conducted a preschool supply-and-demand analysis for the county based on telephone survey and focus group data collected from providers and parents (San Mateo County Preschool for All, 2005c). That analysis showed that the county had about 9,500 preschool spaces in child care centers (based on desired enrollment rather than licensed capacity), compared with a population of three- and four-year-olds of about 16,350. Assuming all children would enroll in preschool, the gap is nearly 7,000 spaces, while the gap is about 2,000 spaces if only 70 percent of age-eligible children would enroll in a voluntary program.

Licensed family child care homes can help fill some of the gap, about 1,200 spaces. The gap in preschool spaces was highest in the county's largest cities: Daly City, Redwood City, San Mateo, and south San Francisco. In the wealthier cities, there was typically an estimated surplus of preschool spaces. From the demand side, the study documented that there was strong support among parents of young children, including parents of children whose only home language was Spanish, for a voluntary universal preschool program.

The San Mateo County Office of Education (SMCOE) coordinates its child care and preschool programs through the Child, Youth, and Family Services program within the Instructional Services Division. In addition, SMCOE serves as the largest of eight CDE contractors in the county for the State Preschool program and the only contractor for the full-day State Preschool program and new PKFL program. In each of these cases, SMCOE is not a direct provider but rather contracts out for these services. The San Mateo Child Care Partnership Council, established in 1991 and housed at SMCOE, serves as the LPC for the county.

Although we did not identify any systematic accounting of private funds that are used to supplement state and federal sources, examples were provided of funding from various private sources—individual donors, private foundations, and various nonprofit groups—that is used to supplement the revenue to contract programs such as State Preschool and General CCD. These funds are often used for supplemental activities and other resources to raise program quality, such as home visits, parent education workshops, staff professional development, classroom materials, or field trips and other enrichment activities for children.

Programs and Other Activities

The discussion that follows focuses on the major programs that provide subsidized care for preschool-age children in San Mateo County, as well as other innovative programs and supporting services. We do not include a discussion of Title I funding. For the most part, school districts in the county do not make use of Title I funds for preschool programs. As of SFY 2005–06, only San Mateo-Foster City School District applied Title I funds for preschool programs and, in that case, just $15,000 was applied to supplement the State Preschool and General CCD programs the district operates (CDE, 2007d).

Head Start

The Head Start grantee in San Mateo County is IHSD, which serves approximately 700 preschool-age children through several subsidized programs, including 632 children in Head Start. Its Head Start budget for 2006–07 was $5.2 million. In terms of Head Start, IHSD offers both part- and full-day options through 12 center-based locations, as well as a home-based program that serves children in the Ravenswood and Redwood City school districts. In addition to Head Start, IHSD provides Early Head Start programs and is a subcontractor to the SMCOE for the State Preschool program. The latter is coordinated with Head Start to offer full-day, year-round care. IHSD also participates in Cal-SAFE and administers 40 PFA spaces funded by First 5. Operating programs under different funding streams, as IHSD does, can create challenges given different program requirements. For example, Head Start has its national testing program, whereas CDE-administered programs employ the DRDP.

CDE Contract Programs

Table E.1 shows CDE that contract allocations in San Mateo County for SFY 2006–07 for programs serving children from birth through age 12 totaled about $31 million allocated over contracts to 33 agencies. The largest amount of funding is about $14 million for General CCD, followed by nearly $5 million for State Preschool.

Table E.1—CDE Contract Allocations in San Mateo County by Contract Type: SFY 2006–07

Contract type	Number of contracts	Dollar allocation (millions)
CalWORKs Stage 2	2	3.8
CalWORKs Stage 3	1	3.6
AP	2	3.9
State Preschool	8	4.5
State Preschool Full-day	1	0.4
General CCD	17	14.2
R&R	1	0.3
CEL	1	0.1
Total	33	30.8

SOURCE: Unpublished data provided by Child Development Fiscal Services, CDE.

PKFL Program

With the open competition for funding under the PKFL program, San Mateo County opted to coordinate submissions through the SMCOE, which will implement the program in partnership with eight subcontracting agencies throughout the county. The county's allocation of PKFL funds was $401,021, yet the application was for nearly $1,613,000—more than four times the allotted funding level. The final award in June 2007 for the county was $817,075 to support part-day PKFL programs, along with $25,000 in supporting funds (ten classrooms at $2,500 each).

San Mateo Child Care Subsidy Pilot (AB 1326)[79]

One of the challenges facing San Mateo County with regards to operating CDE contract programs is that the SRR was very low relative to the costs of care in the county. For example, Table 5.4 showed that the RMR ceiling for full-time care was just over $1,000 per month for center-based care of preschool-age children. Since this is the 85th percentile of the fee distribution, it means some providers charge even more. By comparison, the SRR for full-time care of $32.89 per day—the reimbursement rate that would apply to General CCD contracts—translates into $685 per month, a $315 difference.

To address this and other issues facing high-income, high-cost communities operating state-funded subsidized child care and development programs, the California legislature passed, and the California Department of Education and San Mateo County Board of Supervisors approved, the Child Care Subsidy Pilot Act (AB 1326) in 2003. This legislation allowed the county to implement a seven-year pilot program that modified its state-funded subsidized care system by establishing a higher SRR for providers operating under Title 5 contracts, as well as changes to the income eligibility rules and approach for calculating family fees. Contractors with CDE had the option to participate in the pilot program or not and most elected to do so. The program was implemented in October 2004.

With respect to the reimbursement rate for direct service contractors, the pilot program provides for an increase in the SRR of 1.5 percent for most part-day State Preschool contractors and 8 percent for General CCD contractors. In addition, the pilot also allows the county to shift funds within a given direct service contract type (e.g., the part-day State Preschool program) from an agency

[79] In addition to our interviews, this section draws on Schwartz and O'Brien-Strain (2007).

that was not fully earning its contract to another that could utilize the funds for added enrollments.

In terms of income eligibility for contract-based and AP programs, families must still qualify based on the statewide CDE income ceilings (i.e., below 75 percent of the benchmark SMI adjusted for family size), but they are allowed to remain in subsidized care as long as their income remains below 85 percent of SMI. Finally, the family fee schedule was modified to charge higher fees for families with income between 75 and 85 percent of SMI, and included a new fee for additional children in subsidized care (compared with the state fee schedule, which is independent of the number of children in care).

Notably, these changes do not come with any increase in funding from state-level contracts so the higher reimbursement rates could potentially reduce the number of children that would be served. However, one requirement of AB 1326 was that the pilot program would increase child days of enrollment in programs receiving the higher reimbursement rate by 2 percent over the levels in SFY 2002–03. This could be accomplished if subsidized programs were better able to utilize their contract funds with the higher reimbursement rate, and added flexibility to move funds across contractors.

An ongoing evaluation is assessing the effects of the pilot program (Schwartz and O'Brien-Strain, 2007). The evaluation after the first two years shows that the number of direct service contactors in the county has remained stable at 22. Child days of enrollment by 2005–06 exceeded the 2002–03 baseline level by 8 percent, well above the 2 percent target required by the legislation. In addition, the share of contract funds returned to the state dropped from 12 percent in 2003–04 to 3 percent in 2005–06.

During our interviews, there was general agreement that having the higher reimbursement rate made it more financially viable to operate CDE-contract programs with a reduced need to raise additional funds. Even with the higher reimbursement rates, providers find it challenging to meet all the requirements of Title 5 programs. This includes, for example, completing the 39-item DRDP, twice a year for each child, data which is then entered into a database. Likewise, data from the 43-item ECERS-R and the annual three-page parent survey must all be entered manually. The data also need to be analyzed and the associated reports prepared. While these are viewed as valuable program components, they have been added over time without commensurate increases in funding, so they are viewed as "unfunded mandates."

CalWORKs and non-CalWORKs AP Programs

Stage 1 CalWORKs child care is handled by the San Mateo County Human Services Agency. In October 2006, this program served 351 children from birth through age 12, of whom approximately 60 percent were in licensed care. In Stage 2, a family that is stable or has left CalWORKs is referred to one of two AP programs: the 4C's or the Professional Association of Childhood Educators (PACE). The AP programs work with CalWORKs case managers to ensure that any CalWORKs child care benefits are exhausted first, because the CalWORKs child funding stream is one that current and former CalWORKs recipients uniquely qualify for. A family that is no longer eligible for one of the CalWORKs stages is placed on the CEL.

The Human Service Agency meets regularly with 4Cs and PACE to work on issues as they arise (such as who pays for care when someone loses his or her job and ends up back on Stage 1). The three agencies do not share a database.

PFA and POP Demonstration Project[80]

As noted above, San Mateo County's commitment to PFA dates back to 2000 when the First 5 San Mateo Commission (F5SMC) articulated a vision for a voluntary universal preschool program. In March 2002, F5SMC committed $1 million in funds per year over ten years, with subsequent augmentations of $800,000 per year. In addition, San Mateo County was selected in October 2004 by First 5 California to receive an early PFA implementation grant. A year later, in October 2005, the county was also selected be one of the initial seven POP demonstration pilot projects funded by First 5 California for a total of $4.6 million over five years plus a small additional amount used for planning. To leverage the state First 5 funding, F5SMC earmarked an additional $1.45 million per year for ten years. Together with two other funding streams, the County Board of Supervisors and the David and Lucile Packard Foundation, $7.7 million was allocated for the first three years (2004–2007) of the initiative. The SMCOE serves as the lead agency for implementing PFA together with nine partner agencies. AIR has been selected to conduct a process evaluation of PFA (AIR, 2006).[81]

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[80] In addition to our interviews, this section draws on AIR (2006), Kinlaw (2007), McLoughlin (2006), and San Mateo County Preschool for All (2005a, 2005b, 2006, undated).

[81] The evaluation also includes San Francisco County's PFA initiative.

PFA provides funding for new and upgraded slots in existing publicly subsidized programs (e.g., Head Start, State Preschool, General CCD), as well as new slots in privately funded, center-based programs working toward or accredited by NAEYC and large family child care homes accredited by the National Association for Family Child Care (NAFCC) (or centers and family child care homes that are committed to achieving accreditation within 24 to 36 months). To date, no large family child care homes have received funding. Programs are funded for a minimum of 525 hours per year (e.g., 175 days at three hours per day or 245 days at 2.14 hours per day) and a maximum of 612 hours per year (e.g., 175 days at 3.5 hours per day or 245 days at 2.5 hours per day) in settings that offer either part-day or full-day programs (where parent fees may apply to the extended day). PFA funds can be used to offset parent fees and cover staff compensation and substitute pay; staff training and professional development; equipment, supplies, and other program materials; and field trips and other enrichment activities (e.g., music, dance, science).

All PFA programs must meet certain quality requirements, building on those already required of Head Start and Title 5 programs or private programs with accreditation. At entry, eligible programs must receive a 4 or above (out of a 7-point scale) on the ECERS-R or FCCERS and reach a score of 5 or higher within 24 months. For center-based programs, the class size requirement is 20. Staff-child ratios must be a minimum of 1:10. In family child care homes, the maximum group size is four children ages three and four with two adults.

Staff qualifications are also specified at three levels as shown in Table E.2. At the outset, or Entry level, classrooms (or family child care homes) must have at least one teacher with an associate degree, who must be working toward a higher degree. By 2010, the goal is to have all classrooms at the Full Quality level, where at least one teacher in every classroom has a bachelor's degree or higher and a Master Teacher Permit. With the higher education and training requirements, the expectation is that there will be a gradual transition to staff receiving compensation at parity with kindergarten teachers in the public school system.

PFA reimburses participating programs based on whether they are already receiving public subsidies or not (e.g., Head Start, State Preschool, General CCD) and the qualification levels of the classroom staff based on the levels shown in Table E.2. Table E.3 shows the reimbursement rates for new nonsubsidized spaces (full funding) versus the augmented funding associated with publicly subsidized spaces in State Preschool, General CCD, and Head Start. The reimbursement rates vary by staff qualifications (i.e., Entry, Advancing, and Full

Quality levels) in each classroom. For publicly subsidized spaces, the reimbursement also varies whether the program is participating in the AB 1326 pilot program (which has higher subsidy rates).

Table E.2—Staff Qualifications by Reimbursement Level for FY 2006–07: San Mateo PFA

Staff position	Entry level	Advancing level	Full Quality level
Teacher A	Teacher Permit and AA and 24 units CD/ECE (incl. core courses and adult supervision)	Both A and B meet Entry level requirements and one or both have more than Entry level but not at Full Quality level	Master Teacher Permit (based on Option 1, which requires 24 units CD/ECE, including core courses and adult supervision) and BA/BS
Teacher B	Assoc. Teacher Permit and 24 units CD/ECE (incl. core courses)		Master Teacher Permit (based on Option 1, which requires 24 units CD/ECE, including core courses and adult supervision)

SOURCE: San Mateo County Preschool for All (undated).

NOTES: All course work requirements are college-level semester units. AA = associate degree; BA/BS = bachelor's degree; CD = Child Development; ECE = Early Care and Education.

Table E.3—Maximum Annual Reimbursement Rates by Type of Space for FY 2006–07: San Mateo PFA

		Publicly subsidized spaces ($)				
		State Preschool		General CCD		
Quality level	New nonsubsidized space ($)	In AB 1326 pilot	Not in pilot	In AB 1326 pilot	Not in pilot	Head Start
Entry	4,569	1,675	1,717	3,675	4,045	
Advancing	4,838	1,774	1,818	3,892	4,283	747.25[a]
Full Quality	5,375	1,971	2,020	4,324	4,759	

SOURCE: San Mateo County Preschool for All (undated).

[a] This is a negotiated rate.

In the first three years, the goal was to serve 800 children per year in two geographic areas: the catchment areas of the Ravenswood and Redwood City school districts. These districts, representing 10 percent of the children in the county, were selected because they have the highest percentages of English learners and the largest number of low API schools (API of 1 to 5). Within five

years, the original goal was to serve nearly 1,900 (or 70 percent) of the four-year-olds in the two initial districts. With the defeat of Proposition 82 and a subsequent strategic re-planning process, PFA funding was capped at the 800 spaces achieved in the first three years.

The first funded spaces became available in March 2005 and new sites have been added on an ongoing basis. At present, center-based sites open to all children are operating at the Garfield and Roosevelt elementary schools in the Redwood City School District, at the IHSD Magnolia site, and at the Creative Montessori Learning Center in the Ravenswood City School District. The center at Hawes Elementary School has received PFA enhancement funding. Other PFA sites are available to families in those districts that also meet the Head Start income eligibility requirements or the relevant CDE income and need eligibility requirements for Title 5 programs. As the PFA program opens to all children regardless of income, children will be selected for PFA sites by a computerized random selection process if the number of applications exceeds available spaces, with four-year-olds and children with special needs receiving priority. (The goal is to have 10 percent of enrolled children comprised of children with special needs.)

In the first full year of operations (2005–06), San Mateo PFA served a total of 616 children enrolled in 592 PFA spaces, where 452 spaces were "upgraded" Head Start or State Preschool spaces, while the remaining 140 spaces were in newly created classrooms or slots in part- or full-day programs. The 592 spaces were provided in 19 classrooms at 12 different sites. In 2006–07, 803 children were enrolled in 772 slots (13 sites and 24 classrooms), 634 of which were upgraded. The remaining 138 slots were newly created. The PFA budget in 2006–07 was $3.7 million, about $1.7 million of which went directly to classroom spaces.

San Mateo County's experience with PFA indicates that the program has taken longer to start-up than originally anticipated, so the number of funded spaces and associated spending has not kept pace with original projections. Many families enrolled are low income (80 percent for the 2005–06 year) and therefore cannot afford the fees for full-day, wrap-around care. Thus, fewer full-day slots have been offered than expected. In addition, fewer than expected private preschool providers and middle- and upper-income families have opted to participate, and there are no family child care homes in the county's PFA program. Contracted providers are given considerable support to reach the PFA quality standards. There are fiscal and administrative challenges in braiding subsidy funds from local, state, and federal sources. A related issue is inequities

in staff compensation between teachers in PFA and non-PFA classrooms at the same site, or for teachers who are in PFA programs for part of the day but in non-PFA programs for the other part of the day compared with those not in PFA at all.

The long-term expansion plans for PFA were based on the new funding that would have been made possible with the passage of Proposition 82. At this stage, it is doubtful that achieving PFA countywide is sustainable in the long run without a new source of funding. For the time being, funding is essentially flat and will support the 800 PFA-enhanced or new spaces now provided. There is an expectation in the county that the new PKFL monies will fund new slots in those communities already served by PFA (with PFA enhancement funding) so that some PFA funds can be moved to other locations in the target districts that are not currently served.

San Mateo-Foster City School District Fee-Based Preschool Program

The San Mateo-Foster City School District has an innovative program that started in 2005–06 in which profits from non-subsidized programs are used to support more than 300 CDE subsidized preschool children. Three years ago, prior to the implementation of AB 1326, the San Mateo-Foster City School District's State Preschool and General Center programs faced a $50,000 funding shortfall, as revenue from the state contracts was not sufficient to cover their costs. The district did not want to relinquish its CDE-funded contracts. (The district had previously relinquished its Latchkey contract.) The Board of Trustees was committed to providing a high-quality preschool program for the 328 state subsidized children. The Board of Trustees approved a plan to start several fee-based preschool programs, serving approximately 60 children, to generate sufficient surplus to cover the deficit in the subsidized programs. Another objective of the fee-based program was to attract middle- and high-income families into the district's preschool programs, with the aim of retaining those families in district schools in kindergarten and beyond. Thus, the preschools were designed to attract families who could pay the fee and who might stay in the district.

The district leadership worked with 4Cs to draft a business plan that indicated such a program could more than make up the deficit. The 4Cs did a market survey to establish what the fee level should be, calling private preschools to compare rates, and to determine where programs should be located in the district. At the time, the district had a $6 million grant to open magnet

elementary schools and decided to locate three fee-based preschool programs at three magnet school sites. The three preschool programs that were established are co-located at San Mateo Park Math and Science Magnet School, North Shoreview Montessori Music and Art Magnet School, and a Mandarin Immersion Preschool located at College Park School of Talented and Gifted Education Magnet School. All of the magnet schools admit children in grades kindergarten to grade five using a lottery. One advantage for families in the affiliated fee-based preschool programs is that they are on a priority list for entry into the magnet school for kindergarten. The preschool programs include efforts to assist children and their families in the transition to kindergarten with classroom tours and other activities that include preschoolers in the school events during the year (e.g., assemblies, parades).

The district negotiated with the California Schools Employee Association to allow different pay scales for the state-subsidized and fee-based preschool teachers due to additional responsibilities for fee-based program teachers. The monthly fee for the preschool programs was set at $575 for 2005–06, approximately the median in the market. The fee increased to $600 for the 2007–08 school year. The preschool programs operate for 3.5 hours per day for the academic year (180 days per year). The district worked with the principals at each school site to identify available classroom space with appropriate preschool-sized bathrooms and access to appropriate outdoor space. There is an interest in further expanding the fee-based program but finding available space is a constraint. There are no plans to integrate fee-paying students in classrooms with subsidized students, as has been done in other parts of the state.

Enrollment at both San Mateo Park Preschool and College Park Mandarin Preschool is near capacity. North Shoreview Montessori Preschool is considering using the Montessori mixed-age model for the preschool program in order to increase enrollment. The fee-based programs have generated surplus revenue, which has been applied to fill the funding gap in the subsidized program for the 328 preschool children (although the higher reimbursement rates with the AB 1326 pilot program has helped narrow the gap as well). In addition, the surplus funds have been used, in both fee-paying and subsidized programs, to support various enrichment activities like field trips and classroom presentations by visiting museum programs.

CEL

San Mateo was one of the original pilot counties for the CEL. Data from the CDE status report on the implementation of the CEL showed approximately 5,000 children in San Mateo County (from infants through school age) on the eligibility list from July through September 2006, with about 22 percent seeking full-time care (CDE, 2006i). Based on our interviews, San Mateo's experience with the fully operating CEL has generally not been positive to date. The process of using the CEL has resulted in delays in filling openings in state-contracted programs and has led to underearning on state contracts. Providers are finding that information about families on the CEL is not up to date.[82] For example, a family may have already found a care arrangement but, because the family is on the CEL, the program must make two phone calls, send a letter, and wait ten to 12 days before it can attempt to recruit another family from the CEL. In the past, by maintaining their own waiting lists, programs could fill an opening within a few days, and parents made an effort to notify programs when there were changes in their situation.

The CEL has also created problems for state contract programs that operate within school districts. Often those programs receive some district subsidy to cover the full program costs. Districts were willing to do so in the past because the programs served families in the district who they expected would attend district elementary schools. Thus, they were making an investment in their future student body. However, with the CEL, programs must draw from anywhere in the county based on highest need, so long as the program's geographic area was specified on the CEL application. One concern is that districts may be less willing to support programs financially if they start to serve large numbers of children from outside the district. One district relinquished its Latchkey contract with CDE for this reason.

[82] Information is updated annually by the agency managing the CEL or if a family calls in with information about changes in their status.

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