

# Senate Bill 246

## The Child Care Stabilization Formula Senator Connie M. Leyva (D-Chino)

### SUMMARY

Senate Bill 246 would establish a single regionalized state reimbursement rate system—The Child Care Stabilization Formula—for child care, preschool, and early learning services.

### BACKGROUND

California has a mixed delivery system that provides early care and education (ECE) services for the state’s youngest learners, including child care, preschool, and early learning.

Specifically, it has two different and unaligned systems for reimbursing early learning services. Child care providers meeting Title 22 standards are reimbursed using a Regional Market Rate (RMR) that accounts for geographic economic cost factors, while directly state-contracted early learning centers that meet Title 5 standards—in addition to Title 22 standards—are reimbursed at a flat Standard Reimbursement Rate (SRR).

California families are strengthened when given the opportunity to select the early learning experiences that are most appropriate for their children and families.

### PROBLEM

This bifurcated rate system and inadequately low reimbursement rates complicate efforts to fund and deliver high-quality ECE programs that meet the developmental needs of all children while addressing the health, safety, and well-being of the children served. This current structure and overall insufficient funding limit California’s ability to increase teacher compensation, adequately resource ECE programs, and incentivize quality improvement efforts, ultimately limiting access and forcing many child care providers out of business.

### SOLUTION

To address the problems of a bifurcated rate system, resource expenditures should be streamlined and expended in a way that:

- 1) Compensate teachers and programs for the cost of providing care
- 2) Are responsive to the economic diversity of California
- 3) Recognize the costs of meeting varying quality standards, regulations, and contracting burdens
- 4) Incentivize high standards and participation in research-based quality improvement efforts as a means to improve child outcomes.

These recommendations are supported by the Governor’s Master Plan for Early Learning and Care.

SB 246 (The Child Care Stabilization Formula) would establish a single regionalized state reimbursement rate system for child care, preschool, and early learning services that would achieve these important goals. Through these reforms, California can achieve a more equitable system to support children and families, as well as maximize public benefit.

### STATUS

Introduced – January 22, 2021

### SUPPORT

Child Care Alliance of Los Angeles (Co-Sponsor)  
Child Care Resource Center (Co-Sponsor)  
EveryChild California (Co-Sponsor)

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