



# Agenda Report

**TO:** City Council

April 11, 2001

**THROUGH:** Legislative Committee

**FROM:** City Manager

**SUBJECT:** Support for Assembly Bill 1525 (Liu) *Subsidized Child Care Waiver*.

## **RECOMMENDATION**

It is recommended that the City Council:

1. Support Assembly Bill 1525 (Liu) Subsidized Child Care Waiver; *and*
2. Support State and Federal Legislation to Expand, Increase, and Improve the availability of Childcare Subsidies for Low and Moderate-Income Families; *and*
3. Authorize the Mayor to send letters to the appropriate authorities stating Pasadena's position.

## **BACKGROUND**

Over the past few years, unprecedented changes in the welfare system forced families to transition from welfare to work and caused a surge in the demand for affordable, quality childcare. Unfortunately, many parents who have successfully moved from welfare into the workplace are not yet earning wages that will support the full cost of childcare assistance. In some cases, problems with long waiting lists for spaces in licensed child care programs, complications with the voucher system, and other paperwork requirements appear to have created problems both for parents and for caregivers in accessing and utilizing available childcare subsidies.

Under current law, only 75% of children enrolled in a childcare center can be subsidized by the state; the other 25% have to be privately paid. Existing law was written to allow for waivers from this rule, but it is ineffective. The State Department of Finance has determined that the existing law is too vague and that specific conditions for issuing waivers must be added to the statute in order for waivers to be issued.

AB 1525 (LIU) allows childcare centers to obtain waivers from the state in order to enroll more subsidized children. Additionally, the Bill allows for waivers to be issued under two different types of circumstances:

- 1) Allows childcare centers in low-income areas to serve more low-income, subsidized children. Centers would be able to obtain waivers by demonstrating that there is not a base of children whose parents' can pay for childcare within their service area.
- 2) Allows for case-specific waivers so that a center that is not necessarily in a low-income area, but can meet the special needs of a child, can enroll subsidized children in excess of 75%.

For instance, a waiver could be granted if a center can provide: special services to accommodate a child's linguistic or cultural needs, disabilities or other special needs. In addition, a waiver can be granted to accommodate a family's logistical needs (if the facility is the only one in town that stays open until midnight, it would be able to waive the 75% rule to accommodate the children of parents who work until 11 p.m.). A waiver could also be granted if a Center has already enrolled a child's sibling.

**FISCAL IMPACT:**

This recommendation has no fiscal impact on the City.

Respectfully submitted,



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