

The County of Yuba

County Administrator



TO: Board of Supervisors

FROM: Kevin Mallen, County Administrator
Ericka Summers, First 5 Yuba

SUBJECT: County Administrator: Authorize continuation of the Childcare Relief Program, administered by Children's Home Society of California to support and strengthen local childcare providers during the COVID-19 pandemic using a portion of the CARES Act grant monies. (Roll Call Vote) (Five minute estimate)

DATE: November 10, 2020

NUMBER: 573/2020

Recommendation:

It is recommended that the Board take the following actions:

1. Make a finding of a public purpose to support the recently established Childcare Relief Program in the additional amount of \$105,000 in federal Coronavirus Aid, Recovery, and Economic Security Act (CARES Act) funding to provide funds to qualifying childcare providers to assist childcare providers to remain open, reopen or expand services with safe environments to meet the increased demand for childcare for working families and increase provider capacity to assist school age children with distance learning; and
2. Approve and authorize the Chair or Vice-Chair to sign a Resolution making the necessary finding of public purpose and allocate additional funding for the Childcare Relief Program.
3. Authorize the Chair or Vice-Chair to sign any required documents to enter into an agreement with Children's Homes Society of California (CHS) in an amount not to exceed \$75,000 (including a 7% administration fee to CHS) in order for CHS to administer the Childcare Relief Program and distribute funds on behalf of the County in substantial conformance with the program described herein, subject to disbursement of the CARES Act funds from the State to the County.

Background:

On March 19, 2020, Governor Gavin Newsom issued Executive Order N-33-20, directing individuals not working in one of the Essential Services sectors to stay at home to prevent the spread of the COVID-19 virus.

Childcare Providers were deemed an essential sector and therefore were advised to remain open to serve families. However, by mid-March, approximately 25% of providers in Yuba County closed due to COVID-19 and others were on the brink of closure. Many childcare providers experienced and continue to experience a loss in income since the initial shutdown because of low enrollment. In addition, many providers have experienced an increase in staffing costs in order to adhere to the state public health orders and operational guidance such as “...remain in groups as small as possible...” and “...keep the same children and teacher or staff with each group and include children from the same family in the same group, to the greatest extent possible.”¹ while ensuring all state licensed mandates like child to adult ratios are upheld. Others have been forced to close their business for safety reasons resulting in an economic hardship for both the providers and the families they serve.

With the fall 2020 school year now in session, families are struggling with new barriers in accessing care during an even more critical time. The schools in Yuba County must rely upon distance learning, which means children that would have normally been in the school setting are now at home and parents who work in essential businesses must find alternate care for their children. In addition, various hybrid models across school districts (i.e., AM/PM model, A/B models) have unexpectedly exacerbated the need as well as created new unique challenges for childcare providers serving the 0-5 age group.

As recognized by the Governor when issuing Executive Order N-45-20 to expand childcare opportunities to working families, “...child care is essential for working families, and in particular, for low-income and other parents who are considered essential critical infrastructure workers during this emergency, including health care workers; emergency response personnel; key governmental staff; law enforcement; food and agriculture workers, including grocery workers; and education and care providers; and ... the COVID-19 emergency has created an increased need for child care for families who may not have previously needed child care, or who may now require additional hours of child care...”²

Thus far, the Childcare Relief Program has helped to increase access and support childcare expansions by creating an additional 95 childcare slots and creating 9 full time and part time jobs in Yuba County. A total of 52 childcare providers applied and received stipends to support their businesses to remain open with safe and developmentally appropriate environments. Together these providers serve approximately 950 children ages 0-12 and their families in Yuba County.

¹ <https://files.covid19.ca.gov/pdf/guidance-childcare--en.pdf>

² <https://www.gov.ca.gov/wp-content/uploads/2020/04/4.4.20-EO-N-45-20-text.pdf>

Round one funding for the Childcare Relief Program validated the ambition of local childcare providers to expand services for families in Yuba County. However, the need for support was greater than originally anticipated. Providers clearly articulated additional needs for support with salaries as well as costs for facility expansions and licensing requirements (e.g., fire extinguishers, fencing, locks, utilities, licensing, equipment/furniture, fire inspection fees etc.). On average, expansion needs fell between \$2,000 - \$5,000 per provider depending on site type and number of children served. In addition to expansion, the requests for digital support and internet access exceeded our original budget by \$30,000. Additional funding is needed to fulfil these requests and link them to quality early learning tools and resources.

It is clear that investments in our local childcare sector have strengthened local providers' capacity to remain open, reopen or expand services to serve working families with young children or school age children affected by school closures. Utilizing CARES funds to incentivize childcare providers to expand or establish new sites has proven successful. The benefits associated with this outcome directly impact local childcare businesses, the families they serve, and ultimately the increased access and sustainability of childcare in Yuba County.

Discussion:

Yuba County has received an allocation of approximately \$8,000,000 in federal CARES Act funding through the state that may be used for the County's emergency response and recovery costs, economic support for businesses and individuals, and measures to reduce the spread of COVID-19 in the homeless community. Funds must be spent between March 1, 2020 and December 30, 2020.

The Office of Child Care of the U.S. Department of Health & Human Services in its summary of the childcare provisions of the CARES Act states that funds:

- May be used to provide continued payments and assistance to childcare providers in the case of decreased enrollment or closures related to coronavirus, and to assure they are able to remain open or to reopen.
- Can be used to provide childcare assistance to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to the coronavirus, without regard to the income eligibility requirements.
- Shall be available to eligible CCDF providers (e.g., meeting health and safety requirements, or eligible relative providers), even if such providers were not receiving CCDF assistance prior to the public health emergency as a result of the coronavirus, for the purposes of cleaning and sanitation, and other activities necessary to maintain or resume the operation of programs.³

³ <https://www.acf.hhs.gov/occ/resource/summary-of-child-care-provisions-of-cares-act>

Guidance provided by the United States Treasury for State, Territorial, Local, and Tribal Governments as updated June 30, 2020 states:

“Eligible expenditures include, but are not limited to, payment for:

Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:

- Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.”

Based on guidance provided by the state and federal government, The County is granting CARES Act funding to CHS for the purpose of distributing additional funds to assist local childcare businesses for the increased costs of doing business as the result of the COVID pandemic.

The expanded Childcare Relief Program will help to meet the additional unmet needs of providers who have chosen to re-open or expand services during COVID-19 as well as incentivize new childcare businesses to expand services while preserving safe operations, and increase provider capacity to provide quality and suitable early learning environments, including support for children distance learning.

Local experts in early care and education agree that investing in a Childcare Relief Program accurately reflects the needs of the local providers.

Expansion of the Yuba County Childcare Relief program, consistent with the guidance, could include the following criteria:

Program Overview:

Yuba County, through Children’s Home Society (CHS) in coordination with First 5 Yuba is offering small grants to eligible providers to ensure that childcare businesses who have or are working towards expanding childcare services in Yuba County during COVID-19 (i.e., new business, additional classroom, adding childcare slots) to successfully and safely serve families with young children who are affected by school closures and increase their capacity to provide quality and suitable learning environments.

Applications will be accepted through November 25, 2020 and reviewed for eligibility on a first come first serve basis. Funds will be allocated based on identified needs of each provider within the parameters of the program and who meet eligibility requirements. Funds will be allocated within the parameters of Tier 2 and Tier 3 of the program outlined below. There will be no funds in round 2 allocated to Tier 1 of the previous round. Applicants that previously applied for Tier 2 funding during the first round of funding (September 4-30) need not re-apply, however additional documentation may be required and maximum reimbursement will not exceed \$20,000.

The following outlines the core components of the program:

1. Grants to support expanded childcare operations- Tier 2

Funds will be used to assist childcare providers who have or are looking to open a new childcare site or expand services (i.e., new business, additional classroom, adding childcare slots) to meet the increased demand for care.

Applicants must identify an unmet need as it relates to expansion such as staff salaries and other facility expansion costs (e.g., fire extinguishers, fencing, locks, utilities, licensing, equipment/furniture, fire inspection fees etc.). Costs associated with opening a new or expanding a childcare business will be allocated or reimbursed with proper documentation and not exceed a maximum amount of \$20,000 or until funds are exhausted.

Childcare Site Expansions:

- Facility expansion needs (i.e., fire extinguishers, fencing, locks, equipment/furniture, fire inspection fees, salaries etc.), new childcare sites or expanded classrooms not to exceed \$20,000 per site = \$70,093

Total requested: **\$70,093**

Administration fees (CHS): at 7% = ~\$4,907

2. Digital Support- Tier 3

Funds will be used to provide digital tools and technical assistance to childcare providers in order to increase their capacity to deliver quality and suitable early learning environments, including support for children distance learning. Digital tools and materials (e.g., Chromebooks, stylus etc.) and internet connectivity (e.g., monthly connection fees, hot spot etc.) will be purchased and distributed to eligible applicants. Providers must submit an application and may be required to provide proper documentation. Providers who previously applied for Tier 3 and still have an unmet need will not be required to reapply. In addition, providers will receive technical support and access to quality early learning tools and resources from the local Childcare Planning Council of Yuba Sutter.

Digital Materials:

- Digital tools and materials (e.g., Chromebooks, stylus etc.): = \$10,000
- Internet connectivity and deceives (e.g., monthly fees, hot spot etc.): = \$20,000

Total requested: \$30,000

Total Additional Funding (Childcare Expansion & Digital Support): \$105,000

Eligibility:

1. Interested childcare businesses will submit an application for funding on a form developed by Yuba County in coordination with CHS. Applications will be considered through November 25, 2020.

2. Applicants who previously applied for Tier 2 during the first round of funding (September 4 - September 30), and had identified needs that were not met, will not be required to reapply. However, additional verifying documentation may be required during follow-up.
3. Applicants who previously applied for Tier 3 during the first round of funding (September 4 - September 30), and had identified needs that were not met, will not be required to reapply. However, additional verifying documentation may be required during follow-up.
4. Applicants who did not apply for either Tier 2 or Tier 3 in the first round of funding will be required to submit an application to CHS.
5. Documentation and verification of expanded childcare operations for Tier 2 applicants will be required.
6. Businesses applying as a new childcare or expansion site must show appropriate documentation and verification of site operations between August 11, 2020 and December 30, 2020.
7. Eligibility criteria will be consistently applied to the applications. All applications will be considered without attention to race, color, religion, sex, sexual orientation, gender identity, national origin, political affiliation, and veteran or disability status of the owner, employees, or community served.
8. Eligible childcare businesses would need to submit a self-certification and application to CHS by November 25, 2020 which will verify that they:
 - a. Have a physical location in Yuba County;
 - b. Operating with children on site (if reopening children onsite within 1 month);
 - c. Hold a current license (issued by California Department of Social Services-Licensing Division) provide childcare through the California Department of Social Services Licensing Division (unless license exempt); and
 - d. Have been, and are, in compliance with all State and Local Orders affecting the operation of their business including Guidance issued by the California Department of Public Health, California Department of Social Services, and the Yuba-Sutter Local Health Officer.
9. Childcare businesses receiving funding would be required to submit a follow up report generated by the County in accordance with CHS that would ensure funds were spent appropriately, with fidelity. Reports must be received no later than January 31, 2020.

Staff is recommending that if the Board wishes to pursue a Childcare Relief Program as outlined above, that the County retain the services of CHS to administer. The County would pay CHS 7% of the total funding amount related to Tier 2 administration awarded to administer the program. Administration includes marketing the program to childcare providers, developing and providing access to an online application form, receiving applications and ensuring eligibility based on the agreed upon criteria,

notifying the County of proposed applicant, notifying applicants of awards, releasing funds to applicants, and retaining reports and records for audit purposes. The cost of administration would be included in the CARES Act funds but would not affect the number of grants awarded.

Finding of Public Purpose:

The California Constitution Article XVI, section 6 prohibits the making of a gift of any public funds. However, as interpreted by the courts, a gift of public funds does not occur if a public benefit is conferred or obtained by the expenditure of such funds even if private persons or entities receive “incidental” benefits from the expenditure. The determination of what constitutes a public purpose is in the first instance a determination to be made by the Board of Supervisors.

As the California Supreme Court has said, “necessity alone is not the test by which the limits of state authority in this direction are to be defined, but wise statesmanship must look beyond the expenditures which are absolutely needful to the continued existence of organized government, and embrace others which may tend to make that government subserve the general well-being of society, and advance the present and prospective happiness and prosperity of the people.”⁴

It has been further stated by courts that “Courts may infer the public purpose from other legislation or the manner in which legislation enacted.”⁵

This proposed expenditure will assist those childcare businesses that are complying with the Governor’s Executive Order thereby serving the public purpose of decreasing the exposure of children and families to the coronavirus and furthering the public purpose of public health, safety, and welfare.

The retention of business has long been recognized as a laudable public purpose and given current conditions is no doubt of immediate concern to local governments and their constituents. This expenditure will advance the public purpose of economic development by sustaining the local childcare sector.

This program will further support the public purpose of economic development by allowing working parents to remain in the workforce thereby contributing to the overall health of the economy.

Additionally, research shows that childcare offers a high return on investment in the future health, social, and economic well-being of our children and families.⁶ Parents who have childcare options are better able to work, and to work more hours providing additional income for their families, ultimately benefitting the children. In short - the childcare sector is instrumental to the sustainability of current and future economies.

⁴ *Patrick v. Riley* (1930) 209 Cal. 350.

⁵ *Scott v. State Board of Equalization* (1996, Cal App 3d Dist) 50 Cal App 4th 1597.

⁶ <https://heckmanequation.org/www/assets/2017/01/w23479.pdf>

Finally, the CARES Act itself impliedly recognizes the public purpose to be served by providing funding to the childcare business sector in the time of this pandemic by authorizing the use of the funds for that very purpose.

Committee Action:

This item is being presented directly to the full Board due to the urgency of Yuba County's local childcare business sector needs and the suddenness with which the State has made changes that affect certain business sectors.

Fiscal Impact:

General Fund -	None
Non-General Fund -	\$105,000
Source of Funds -	County of Yuba, federal, CARES Act funding

Attachments:

573 2020 FINAL Funding Agreement for Childcare Relief with CHS
573 2020 FINAL Funding Agreement for Childcare Relief with First 5 Yuba
573 2020 FINAL Resolution for Childcare Relief Program