



**PILOT PARTICIPATION AGREEMENT**  
**LOCAL EARLY EDUCATION PLANNING COUNCIL (LPC) OF SANTA CLARA COUNTY**  
**AND PARTICIPATING SANTA CLARA COUNTY CDE-EESD CONTRACTOR**

**JANUARY 1, 2017 – DECEMBER 31, 2017**

**PARTICIPATING CONTRACTOR:** \_\_\_\_\_

**Overview:**

Assembly Bill 2368 (AB2368), signed by the Governor, authorizes the Santa Clara County Child Care Subsidy Pilot Project (Santa Clara County Pilot), a plan specifically tailored to the needs and goals of the local community. The Santa Clara County Pilot allows the county to address two fundamental concerns: first, that families barely earning enough to meet the high costs of housing in the county nevertheless are considered too high income to qualify for child care subsidies; and second, that the state reimbursement rates to providers contracted to provide high quality child care are so low that providers cannot cover their costs, and therefore, are unable to utilize their full allocation of state and federal child care and child development funds. As a result, fewer children are subsidized through these providers and child care spaces are being lost in the county.

AB2368 provides the county only limited flexibility in designing its subsidy rules. In particular, there are four fundamental limitations on the pilot:

- No family who would have been eligible under state rules can either become ineligible or be asked to pay higher family fees;
- Provider participation is entirely voluntary;
- The number of child days of enrollment across participating providers must increase overall from the base year; and
- There are no additional resources for the pilot – only unearned and unallocated funds from existing contracts and CDE-CDD funding streams.

As required by the legislation, Santa Clara will prepare annual reports on the progress of the pilot program for submission to the Legislature, the Department of Social Services, and the Early Education and Support Division. Among other elements, these annual reports will track the county's performance on five outcome goals:

1. Maintain the number of active direct service child care and development services contractors in Santa Clara.
2. Increase the aggregate child days of enrollment at participating contractors.
3. Increase the monthly income for families approaching the state income eligibility threshold.

4. Increase the stability of care for families approaching the state income eligibility threshold.
5. Decrease the share of unearned direct service contract funds returned to the California Department of Education.

In addition, the pilot must also monitor the waiting list, the funds held in reserve accounts, and the income profile of subsidized families to identify any potential negative side effects for low-income families waiting for subsidized care in the county.

Recognizing the needs of the county, the potential benefits for families and providers, and the limitations of the legislation, the Santa Clara County Pilot seeks to achieve five basic goals:

1. Increase the retention of direct service center-based child care and development services California Department of Education-Early Education and Support Division (CDE-EESD) contractors.
2. Increase the aggregate child days of enrollment in subsidized care in Santa Clara County.
3. Increase the ability of low-income families to move toward self-sufficiency through higher earnings.
4. Increase the stability of care placements for children whose families become income-ineligible for child care subsidies.
5. Maximize the take-up of Santa Clara County's child care and child development subsidy allocations.

**As part of the Santa Clara County Pilot and in consideration of the additional child care subsidies described herein, participating contractors agree to:**

1. Changes in the contract amount (MRA - maximum reimbursable amount), cde's (child days of enrollment), and previously assigned reimbursement rate to the new Santa Clara Pilot Reimbursement Rate (PRR) will be effective July 1, 2017. It is not anticipated that there will be changes to participating contractor's MDO (minimum days of operation). NOTE: This is not applicable to APP/CalWORKS contractors.
2. The Santa Clara County Pilot has changes to both the family income eligibility threshold (i.e. the income threshold where families lose eligibility for subsidized care), as well as to the family fee schedule. Current changes to the income eligibility and fee schedules are effective as of July 1, 2017.
  - The income eligibility will rise across all contract types as determined by the research of Mission Analytics. This research, along with previously approved pilots in San Francisco, San Mateo, and Alameda County, will serve as recommendations for the Santa Clara County Pilot.
  - The Family Fee Schedule will be extended to include increases in fees designed to transition families from the existing family fees to a new level that is closer to the "typical cost" of care in Santa Clara County across all contract types consistent with existing policy for state preschool.
3. Any contractor who did not accept participation in the Santa Clara County Pilot as of close of business Wednesday February 15<sup>th</sup>, 2017 as described in Item 3 above, will be considered a non-participant and will not be included in the Santa Clara County Pilot. No contractor may enter the Santa Clara County Pilot after the initial enrollment period.

4. All contractors participating in the Santa Clara County Pilot agree to work with the LPC of Santa Clara County and contribute timely data and information for the evaluation and outcome measures required of the pilot for mandated annual reports to the legislature, CDE-EESD, and in conjunction with similar child care pilots being administered in San Francisco, San Mateo & Alameda County.
5. Participating contractors agree to send a representative to all LPC of Santa Clara County CDE Contractors' Committee meetings and trainings.
6. Participating contractors agree to provide current, and update as necessary, the contact information (e-mail address and telephone number) for the Executive Director, Program Director(s) and fiscal staff responsible for contract management and reporting.
7. Participating contractors agree to maximize the use of any unearned contracts. Participating contractors understand that this may result in subcontracting and/or contract adjustments of under- or over-earnings to the total contract amount (MRA), contract child days of enrollment (cde), and possibly the Pilot Reimbursement Rate (PRR). Active participation in this process is required as part of this agreement.

If a program is under-earning at the mid-year evaluation, participating contractors must either demonstrate that they have a plan for fully earning the total contract amount (MRA) and contract child days of enrollment within the fiscal year, or have a plan for sub-contracting the projected under-earnings to another participating contractor that anticipates the ability to fully earn the subcontract. The LPC of Santa Clara County will assist in identifying and facilitating subcontracts between participants. Agreements must allow subcontractors reimbursement at the full PRR for that contract type.

8. Changes in the PRR and/or family fee schedule may require adjustments in the contract terms for individual contractors, including the cde and MRA. Participating contractors will confirm in writing their approval of the proposed contract terms. No provider will have a reduction in contract cde or MRA without their written approval.
9. Within a given contract year, the LPC of Santa Clara County may facilitate interagency agreements, to temporarily transfer funds between contractors. An interagency agreement will authorize a temporary reduction in the MRA and contract cde for one contractor and an equal increase in the MRA and contract cde for the other. An interagency agreement will be in effect only for the term of the current contract and will not change any conditions of the current contracts other than the MRA and cde.
10. Re-bidding for any child care and development contract funds that are relinquished or collected by CDE-EESD due to under-earning in Santa Clara County will be re-bid *within* the Santa Clara County Pilot. Non-participating contractors are not eligible to bid for these contract funds.  
NOTE: This is not applicable to APP/CalWORKS contractors.
11. Participating contractors agree to transmit any and all CDE-EESD reports needed for data collection purposes related to the Santa Clara County Pilot to Mission Analytics Inc., acting on behalf of the LPC of Santa Clara County, upon request. The quarterly 9500 and 8501SF forms must be submitted to Mission Analytics Inc. within ten (10) business days of its due date to CDE-EESD. Mission Analytics Inc. shall share these forms with the LPC. Moreover, if at all

possible it is recommended that you submit your reports to Mission Analytics at the same time you submit to CDE-EESD.

12. Every participating contractor shall provide projections of its “child days of enrollment” by contract on a monthly basis by the 15th of each month, or when requested, to Mission Analytics and the LPC.
13. 801A population data of all children enrolled on the 1<sup>st</sup> business day of April, must be submitted by May 15<sup>th</sup> to Mission Analytics Inc. for the Santa Clara County Pilot annual census.

**The Local Early Education Planning Council (LPC) of Santa Clara County agrees to:**

The Local Early Education Planning Council (LPC) of Santa Clara County/LPC Staff Coordinator will act as the Pilot Administrator who is primarily responsible for management and oversight, data collection, and monitoring of the Santa Clara County Pilot.

1. The LPC of Santa Clara County will do the following:
  - Maintain open communication with participating contractors.
  - Will transmit all signed participation letters to Santa Clara County’s assigned CDE-EESD field consultant and fiscal analyst on behalf of the participating contractors.
  - Will work in partnership with Mission Analytics Inc. for data collection purposes.
  - Will monitor contractors’ projections with respect to fully earning all contracts, will request data in a timely manner, and will compile and analyze the data for the purpose of full utilization and maximization of all CDE-EESD contracted funds.
  - In the event of projected under-earnings, will support and facilitate the sub-contracting process in collaboration with the under-earning contractor and an identified subcontractor; and will facilitate any communications with CDE-EESD as requested by the participating contractors.
  - Will work with Mission Analytics Inc. to facilitate the development of, collect, and analyze parent and provider surveys as required by AB2368.
  - Will coordinate with participating contractors around any proposed contract changes, and create a system to calculate yearly contract amounts. NOTE: Final decisions of contract changes will be up to the participating contractors.
  - Will work with Mission Analytics Inc. to collect baseline and annual data from participating contractors.
  - Will establish measurable outcomes to evaluate the success of the Santa Clara County Pilot that will address already identified barriers, highlight newly identified barriers, and recommend strategies to achieve the county’s child care system’s goals.
  - Will work with Mission Analytics Inc. to compile and analyze all surveys and reports to create an annual report that must be submitted to the California Legislature and CDE-EESD.
  - Will ensure that Santa Clara County fully meets all reporting and other requirements of the Santa Clara County Pilot.

- Will work with the California Department of Education and other Santa Clara County contractors to assist participating contractors in obtaining subsidies contemplated herein.
2. The LPC of Santa Clara County will facilitate the process to determine the Santa Clara County Pilot status and to maximize the county’s collective use of all contracted funds.
  3. The LPC of Santa Clara County will continue to advocate for appropriate regulations and reimbursement rates for contractors that adequately compensate for the cost of care. The LPC of Santa Clara County will also continue to advocate on behalf of families for appropriate eligibility regulations and fee requirements.

This *Pilot Participation Agreement* is valid from the time of signing. This document will be reviewed, and revised as needed.

---

Michael Garcia	Date
Local Early Education Planning Council (LPC) Santa Clara County	

---

(Participating contractor –Agency Name)

---

(Name)	(Title)
--------	---------

---

(Authorized Signature)	Date
------------------------	------