

California Department of Education  
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# **CALIFORNIA STATE PRESCHOOL**

## **CSPP**

**FUNDING TERMS AND CONDITIONS  
AND  
PROGRAM REQUIREMENTS  
FOR**

# **CHILD DEVELOPMENT PROGRAMS**

## **FISCAL YEAR 2014-2015**

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**CALIFORNIA STATE PRESCHOOL PROGRAMS**  
**FUNDING TERMS AND CONDITIONS**  
**Fiscal Year 2014–2015**

These are the Funding Terms and Conditions (FT&C) for fiscal year 2014–2015. Each contractor is required, as a condition of its contract with the California Department of Education (CDE), Early Education and Support Division (EESD), formerly known as the Child Development Division (CDD) and by this reference this change will be incorporated herein, to adhere to these FT&C, and any other requirements incorporated into the contract, in addition to all other applicable laws and regulations. Any variance from this contract, the FT&C, requirements, laws, or regulations could be considered a noncompliance issue and subject the contractor to possible termination of the contract.

Any change of these FT&C or requirements that are binding on the State and the contractor must be in writing, in advance, from the CDE in the form of a formal contract amendment. Any interpretation of the FT&C or requirements must be in writing from the CDE and signed by the director of the EESD (formerly known as CDD).

Contractors may adopt any reasonable policies relating to the program that are not in conflict with law, regulations, or the terms of this contract. Those potentially affected shall be duly notified and due process, if applicable, shall be assured.

California *Education Code (EC)* Section 8385(f) requires all child care contracts entered into by the State Department of Education for means-tested child care programs, including, but not limited to, Alternative Payment, General Child Care and Child Care for Recipients of the CalWORKs Programs (described in *EC* 8220, *EC* 8240 and *EC* 8350) to implement best practices identified pursuant to subdivision (c) which states, "In developing its recommendations, the Department shall place priority on prevention of fraud and overpayments, and shall consider existing best practices for doing so." The CalWORKs and Alternative Payment Best Practices are posted on the CDE Web site at <http://www.cde.ca.gov/sp/cd/ci/>.

Child Care and Development Contractors are funded with state general funds, federal funds, or a combination of funds. The funding amounts are listed on the contract encumbrance page.

This contract may be fully or partially funded through a grant from the federal Department of Health and Human Services and subject to *Code of Federal Regulations (CFR)* 45, Parts 98 and 99, the Child Care and Development Block Grant Act of 1990, as amended, and Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, 42 USC 9858. If the Catalogue of Federal Domestic Assistance (CFDA) number is 93596 (shown as FC# in the funding block), the fund title is Child Care Mandatory and Matching Funds of the Child Care and Development Fund. If the CFDA number is 93575, the fund title is Child Care and Development Block Grant subject to the Child Care and Development Block Grant Act of 1990, the Omnibus Budget Reconciliation Act of 1990, Section 5082, *Public Law* 101-508, as amended, Section 658J and 658S, and *Public Law* 102-586.

I. DEFINITIONS (As applicable to each specific program type)

"Actual and allowable net costs" means the costs which may be reimbursed under a particular child development contract after disallowed costs and restricted income have been subtracted from total expenditures.

"Additional funds" means award of new contracts or expanded contracts that increase

the contractor's level of administrative responsibility. Additional funds do not include cost of living adjustments, rate increases and one-time-only supplemental funds or Alternative Payment program contingency funds.

"Adjusted child days of enrollment" means child days of enrollment after adjustment factors specified in *EC* Section 8265.5 and part-day adjustment factors specified in *EC* Section 8266.1 have been applied.

"Adjusted monthly income" means total countable income as defined in subdivision (q) below, minus verified child support payments paid by the parent whose child is receiving child development services, excluding the non-countable income listed below:

1. Earnings of a child under age 18 years;
2. Loans;
3. Grants or scholarships to students for educational purposes other than any balance available for living costs;
4. Food stamps or other food assistance;
5. Earned Income Tax Credit or tax refund;
6. GI Bill entitlements, hardship duty pay, hazardous duty pay, hostile fire pay, or imminent danger pay;
7. Adoption assistance payments received pursuant to *Welfare and Institutions Code* section 16115 et seq.;
8. Non-cash assistance or gifts;
9. All income of any individual counted in the family size who is collecting federal Supplemental Security Income (SSI) or State Supplemental Program (SSP) benefits;
10. Insurance or court settlements including pain and suffering and excluding lost wages and punitive damages;
11. Reimbursements for work-required expenses such as uniforms, mileage, or per diem expenses for food and lodging;
12. Business expenses for self-employed family members;
13. When there is no cash value to the employee, the portion of medical and/or dental insurance documented as paid by the employer and included in gross pay; and
14. Disaster relief grants or payments, except any portion for rental assistance or unemployment.

"Administrative costs" means costs incurred for administrative activities where neither the family, the child nor, if applicable, family child care homes service providers directly benefit from the activity.

"Adult" means a person who is at least eighteen (18) years of age.

"Agency Annual Report" is a form issued by the Department for use by contractors to submit a summary of findings of the program self-evaluation.

"Agricultural work" or "agricultural labor" means all service performed:

1. on a farm, in the employ of any person, in connection with cultivating the soil, or in

connection with the production or processing of any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

2. in the employ of the operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane;
3. in the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, canning, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity.

The definition of agricultural work shall not be deemed to be applicable with respect to service performed in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption; or on a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer. As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

"Alternative Payment programs" means contracts designated as Alternative Payment. Contractors operating Alternative Payment programs are not precluded from contracting for other program types as specified in *EC* Section 8208(i).

"Approved indirect cost plan" means that the annual agency audit does not include any management findings regarding the development or the application of the plan.

"Approved work activity" is an activity contained in the parent's welfare-to-work plan as described and further defined in *Welfare and Institutions Code* Section 11322.6 et seq. and may include:

1. unsubsidized employment;
2. subsidized private sector employment;
3. subsidized public sector employment;
4. work experience;
5. on-the-job training;
6. grant-based on-the-job training;
7. supported work or transitional employment;
8. work-study;
9. self-employment;
10. community or vocational education and training;
11. job search and job readiness assistance;
12. education directly related to employment;
13. satisfactory progress in secondary school or in a course of study leading to a GED;
14. mental health, substance abuse and domestic violence services; or



15. other activities necessary to assist an individual in obtaining unsubsidized employment.

"Assistance Unit" means a group of related persons living in the same home who have been determined eligible for CalWORKs cash assistance by the county.

"At risk of abuse, neglect, or exploitation" means a child who has been identified by a legally qualified professional in a legal, medical, social services agency, or emergency shelter as being at risk of abuse, neglect, or exploitation, and referred for child care and development services.

"Authorized representative" means either:

1. a person who has been delegated the responsibility to sign a child in and out of a child care program in the absence of the parent; or
2. a person designated by the contractor to certify eligibility for subsidized services and/or issue a Notice of Action, Application for Services or Notice of Action, Recipient of Services; or
3. a person designated by the parent that would be allowed to review the child's data file; or
4. a person designated by the parent to represent the parent at a local hearing upon filing an appeal after receipt of a Notice of Action.

"Benefit to the State" means that the activity will improve knowledge or expertise in areas directly related to subsidized child care and development services.

"California state preschool program" means part-day and full-day educational programs for low-income or otherwise disadvantaged three- and four-year old children.

"CalWORKs cash aid recipient" means an adult or minor teen parent who receives cash aid from the county welfare department for the CalWORKs or Cal-Learn program.

"Ceases operation" means the contractor does not provide subsidized services in accordance with the contractor's program operating calendar submitted to and approved by the EESD (formerly known as CDD) for the applicable contract period.

"Certificate" means a check or other disbursement that is issued by the contractor directly to a parent who may use the certificate only as payment for child care services. Nothing shall preclude the use of the certificate for sectarian child care services if freely chosen by the parent. A child care certificate is assistance to the parent, not assistance to the provider.

"Certify eligibility" means the formal process the contractor goes through to collect information and documentation to determine that the family and/or child meets the criteria for receipt of subsidized child development services as specified in Sections I.A, I.B and I.C below. The signature of the contractor's authorized representative on an application for services attests that the criteria have been met.

"Child care and development programs" means those programs that offer a full range of services for children from infancy to (13) thirteen years of age for any part of the day, by a public or private agency, in centers and family child care homes. These programs include, but are not limited to, all of the following:

- (1) General child care and development.
- (2) Migrant child care and development.

- (3) Child care provided by the California School Age Families Education Program (Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29 of Division 4 of *Title 2*).
- (4) California state preschool program.
- (5) Resource and referral.
- (6) Child care and development services for children with exceptional needs.
- (7) Family child care home education network.
- (8) Alternative payment.
- (9) Schoolage community child care.

"Child care provider" means an adult or agency that provides child care services.

"Child development fund" means the restricted fund used by the contractor to account for contract funds and related net reimbursable program costs.

"Child protective services" means protective services provided to children through the county welfare department.

"Children with exceptional needs" means either of the following:

- (1) Infants and toddlers under (3) three years of age who have been determined to be eligible for early intervention services pursuant to the California Early Intervention Services Act (*Title 14* (commencing with Section 95000) of the Government Code) and its implementing regulations. These children include and infant or toddler with a developmental delay or established risk condition, or who is at high risk of having a substantial developmental disability, as defined in subdivision (a) of Section 95014 of the *Government Code*. These children shall have active individualized family service plans, shall be receiving early intervention services, and shall be children who require the special attention of adults in a child care setting.
- (2) Children ages three (3) to twenty-one (21) years, inclusive who have been determined to be eligible for special education and related services by an individualized education program team according to the special education requirements contained in Part 30 (commencing with Section 56000) of Division 4 of *Title 2*, and who meet eligibility criteria described in Section 56026 and, Article 2.5 (commencing with Section 56333) of Chapter 4 of Part 30 of Division 4 of *Title 2*, and Sections 3030 and 3031 of *Title 5* of the California Code of Regulations (5CCR). These children shall have an active individualized education program, shall be receiving early intervention services or appropriate special education and related services, and shall be children who require the special attention of adults in a child care setting. These children include children with mental retardation, hearing impairments (including deafness), speech or language impairments, visual impairments (including blindness), serious emotional disturbances (also referred to as emotional disturbance), orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities, who need special education and related services consistent with Section 1401(3)(A) of *Title 20* of the *United States Code*.

"Co-located" means programs that share the same facility but cannot be commingled because they have different program requirements.

"Commingled child care services" means the provision of services to both subsidized and

nonsubsidized children in the same classroom at the same time.

"Compliance review" means that a team of the CDE staff reviews a contractor's program at the program site to determine compliance with applicable laws, regulations, or contractual provisions.

"Contract period" means the time span the contract is in effect as specified in the child development contract.

"Co-payment" means any usual and customary provider charges that exceed the maximum subsidy amount. The family shall be responsible to pay the provider the difference between the provider's rate and the maximum subsidy amount. The contractor shall not be responsible for collecting the family's co-payment.

"CPM/CMR" means Categorical Program Monitoring/Contract Monitoring Review (formerly referred to as Coordinated Compliance Review) and is the monitoring and review instrument for child development programs to determine compliance.

"CSPP eligible four-year-old children" means children who will have their fourth birthday on or before September 1 of the fiscal year in which they are enrolled in a California state preschool program.

"CSPP eligible three-year-old children" mean children who will have their third birthday on or before September 1 of the fiscal year in which they are enrolled in a California state preschool program.

"Day of Operation" means a day in which the contractor provides service to one or more certified children enrolled.

"Declaration" means a written statement signed by a parent under penalty of perjury attesting that the contents of the statement are true and correct to the best of his or her knowledge.

"Depreciation" means a cost in the current fiscal year that is based on acquisition costs, less any estimated residual value, computed on a straight line method (based on the normal, estimated useful life expectancy of the asset).

"Desired Results Developmental Profile" is a document issued by the Department to record the information in the developmental profile defined below.

"Desired Results Parent Survey" is a document issued by the Department to solicit information from parents regarding the child care program or services that the child and family receive.

"Developmental profile" means a record of a child's physical, cognitive, social, and emotional development that is used to inform teachers and parents about a child's developmental progress in meeting desired results. In center-based programs, teacher and parent observations shall be included as part of the information used to complete the child's developmental profile. In family child care home education networks, the observations of agency staff, in consultation with providers, and parents shall be included as part of the information used to complete the child's developmental profile.

"Disallowed costs" means costs that have been incurred but are not reimbursable because they are not reasonable and/or necessary for the performance of the contract as defined below or are otherwise nonreimbursable as specified in Section V.G below.

"Displace families" means to disenroll families in order to reduce service levels due to insufficient funding or inability of a contractor to operate one or more sites because of reasons beyond the control of the contractor, including earthquakes, floods or fire.

“Diversion services” means one-time assistance services provided by the county welfare department, either in cash or in non-cash services, to an otherwise CalWORKs eligible family, when the county welfare department determines that such assistance will help the family avoid becoming a CalWORKs cash aid recipient.

“Earned” (for Alternative Payment programs) means net reimbursement shall include the cost of child care paid to the child care providers plus the actual administrative and support services cost of the alternative payment program. The total cost for administration and support services shall not exceed an amount equal to 17.5 percent (17.5%) of the total contract amount. The administrative costs shall not exceed the cost allowable pursuant to *EC 8223; 5CCR, Section 18034(c)*.

“Earned” (for Family Child Care Home Education Networks contracts (CFCC) utilizing the Regional Market Rate Ceiling) means net reimbursable program costs of which at least seventy percent (70%) must be payments for direct services, no more than thirty percent (30%) may be for quality assurance and administrative costs together and no more than fifteen percent (15 %) may be for administrative costs alone.

“Education program” means the environment, activities, and services provided to the children.

"Employment agreements" means the formal hiring documents for individuals who will accrue benefits normally afforded to contractor's staff.

"Entry counties" means the six (6) California counties chosen to serve as the entry points for the Migrant Alternative Payment program. These counties are Fresno, Kern, Kings, Madera, Merced and Tulare.

“Environment rating scale” means an instrument that measures program quality by rating the education program as defined above, the staff development program as defined below, and parent involvement and education as defined below. Environment rating scales include the following: “ECERS-R” means the document entitled, *Early Childhood Environment Rating Scale, Revised Edition*, 1998; (2) “ITERS” means the document entitled, *Infant-Toddler Environment Rating Scale*, 1990; (3) “FDCRS” means the document entitled, *Family Day Care Rating Scale*, 1989; (4) “SACERS” means the document entitled, *School-Age Care Environment Rating Scale*, 1996.

“Family” means the parents and the children for whom the parents are responsible, who comprise the household in which the child receiving services is living. For purposes of income eligibility and family fee determination, when a child and his or her siblings are living in a family that does not include their biological or adoptive parent, “family” shall be considered the child and related siblings.

“Family child care home education network” means an entity organized under law that contracts with the Department pursuant to *EC Section 8245* to make payments to licensed family child care home providers and to provide education and support services to those providers and to children and families eligible for state-subsidized child care and development services. A family child care home education network may also be referred to as a family child care home system.

“Family fee” means the fee determined from the fee schedule prepared.

“Fee schedule” means the “Family Fee Schedule” issued by the CDE pursuant to *EC Section 8273*. The “fee schedule” is used by child development contractors to assess fees for families utilizing child care and development services.

“Fishing” means any activity directly related to the catching or processing of fish or

shellfish for initial commercial sale of as a principal means of personal subsistence.

"Former CalWORKs cash aid recipient" means an adult individual or minor teen parent who has previously received and is no longer receiving cash aid under the CalWORKs or Cal-Learn programs.

"Full-day services" for California State Preschool Program only means services that may consist of part-day services as described in California Education Code Section 8235(d) and any additional days and hours needed to meet the needs of families pursuant to California Education Code Section 8263(a) (2). Full-day services may be funded through a combination of state preschool and general child care funding as indicated on the contract."

"Full signature" means the legal signature of the individual (e.g., signature normally used on checks and other documents). If the individual is not literate in written English, the individual may sign with an "X" which must be initialed by the contractor's authorized representative.

"Homeless" means a person or family that lacks a fixed, regular, and adequate night-time residence and has a primary night time residence that is:

1. A supervised publicly or privately operated shelter, transitional housing, or homeless support program designed to provide temporary living accommodations; or
2. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

"Immediate need" means a situation in which both subdivisions (1) and (2) apply:

1. An eligible parent has a need for child care and is employed, participating in a California Work Opportunities and Responsibility to Kids (CalWORKs) work activity, is in training as described in Section 18087, or is incapacitated as defined in Section 18400(g); and
2. The contractor determines that no child care is reasonably available from a licensed, TrustLine registered or TrustLine-exempt provider that meets the parent's need for care.

"Income eligible" means for the purpose of child care and development services that a family's adjusted monthly income is at or below seventy percent (70%) of the state median income, adjusted for family size.

"Income fluctuation" means income that varies due to:

1. Migrant, agricultural, or seasonal work;
2. Intermittent earnings or income, bonuses, commissions, lottery winnings, inheritance, back child support payment, or net proceeds from the sale of real property or stock;
3. Unpredictable days and hours of employment, overtime, or self-employment.

"Indirect cost" means an expense that cannot be readily assigned to one specific program or one specific line item within a program.

"Indirect cost allocation plan" means a written justification and rationale for assigning the relative share of indirect costs across more than one program or contract.

"Interactive literacy activities" means activities in which parents or legal guardians actively

participate in facilitating the acquisition by their children of pre-reading skills through guided activities such as shared reading, learning the alphabet, and basic vocabulary development.

"Legally qualified professional" means a person licensed under applicable laws and regulations of the State of California to perform legal, medical, health or social services for the general public.

"Licensed provider" means an individual or organization that has obtained a child care license, as specified in the *California Code of Regulations, Title 22, Section 1011.56*.

"Limited-English-proficient" means children who are unable to benefit fully from an English-only child care and development program as a result of either of the following:

1. Having used a language other than English when they first began to speak; or
2. Having a language other than English predominantly or exclusively spoken at home.

"Local education agency" means a school district, a county office of education, a community college district, or a school district on behalf of one or more schools within the school district.

"Maximum reimbursable amount" means the total dollar amount of a contract. Reimbursement from the State shall not exceed the maximum reimbursable amount. The initial maximum reimbursable amount shall be the approved original version of the annual contract based on the Budget Act as signed by the Governor.

"Migrant agricultural worker family" means a family that has earned at least Fifty percent (50%) of its total gross income from employment in fishing, agriculture or agriculturally-related work during the twelve (12) month period immediately preceding the date of application for child care and development services.

"Monthly attendance record or invoice" means documentation that includes, at a minimum, the name of the child receiving services, the dates and actual times care was provided each day, including the time the child entered and the time the child left care each day, that is signed under penalty of perjury by both the parent or guardian and the child care provider, attesting that the information provided is accurate.

"Net reimbursable program costs" means the portion of the actual and allowable net costs that are incurred in the provision of child care and development services for subsidized children.

"New contract" means either:

- 1, A contract award to applicants who do not currently contract with the California Department of Education (CDE) for child care and development services; or
- a. A contract award to current contractor that is for a program type as specified in EC Section 8208(i) that is different than the child development contract(s) currently administered by the applicant.

"Nonsubsidized rate" means the rates which a licensed provider has submitted to the Alternative Payment program listing the rates charged by the provider to nonsubsidized families, if any, and the provider's discount or scholarship policies, if any, or the rate charged to prospective nonsubsidized families along with a statement signed by the provider confirming that the rates charged for any subsidized child are equal to or less than the rates charged for a nonsubsidized child.

"Nontraditional hours" means any hour between 12:00 a.m. and 6:00 p.m. or 6:00 p.m. to 11:59 p.m. on Monday through Friday or any time on Saturday or Sunday.

"Notice of Action, Application for Services" means a written statement of specific information issued by the contractor that informs the applicant of the contractor's decision to approve or deny child care and development services. Section IX.A below describes the specific information that must be included to have the contractor's decision reviewed.

"Notice of Action, Recipient of Services" means a written statement of specific information issued by the contractor that informs the parent(s) receiving child care services that need and eligibility requirements are no longer being met, or fees have not been paid, or the fee or amount of services provided by the contractor will be modified. Section IX.B below describes the specific information that must be included. The Notice of Action, Recipient of Services must provide the parent(s) an opportunity to have the contractor's decision reviewed.

"Operating facility" means the office(s) within the service delivery area(s) providing Alternative Payment program services to the public.

"Parent" means a biological parent, stepparent, adoptive parent, foster parent, caretaker relative, legal guardian, domestic partner of the parent as defined in *Family Code* Section 297, or any other adult living with a child who has responsibility for the care and welfare of the child.

"Parental incapacity" means the temporary or permanent inability of the child's parent(s) to provide care and supervision of the child(ren) for part of the day due to a physical or mental health condition.

"Parent involvement and education" means those activities specifically designed to include parents in the education of their children, help parents participate in the program, and enhance their understanding of child development.

"Parent survey" means a questionnaire completed by the parent to assess the child care program or services that the child and family receive. The parent survey asks for information about how the program helps parents support their child's learning and development and meets the family's needs.

"Provisional child care provider" means an individual, exempt from licensure pursuant to Health and Safety Code (HSC) sections 1596.792(d) or (f), who provides child care for a child or children of an eligible parent for a period of up to 30 days when there is an immediate need. The provisional child care provider shall have completed a TrustLine application and submitted fingerprints, in accordance with HSC sections 1596.603 and 1596.605.

"Private contractor" means an entity other than a public agency that is tax exempt or non-tax exempt and under contract with the CDE for the provision of child care and development services.

"Program self-evaluation process" means those activities and procedures used by the contractor to evaluate its program quality and compliance with applicable laws, regulations, and contractual provisions.

"Public contractor" means a school district, community college district, county superintendent of schools, campus of the California State University or the University of California system, county, city or other public entity under contract with the CDE for the provision of child care and development services.

"Quality assurance" means activities including services to parents and providers such as lending libraries, resource libraries, training of parents and providers and monitoring of program quality requirements.

"Reasonable and necessary costs" means expenditures that, in nature and amount, do not exceed what an ordinarily prudent person would incur in the conduct of a competitive business.

"Recertification" means a formal process to collect information and documentation to determine that the family continues to meet the eligibility and need criteria for child care. The adult must certify the information is accurate with a signature.

"Recipients of service" means families and/or children enrolled in a child care and development program subsidized by the CDE.

"Regional Market Rate" means the current rate charged for various types of child care services as determined by a survey of providers.

"Registration" means a twenty-eight (28) day limited payment authorization for license-exempt family child care homes and in-home providers. Registration consists of providing the contractor with the provider's name and address, date of birth, social security number, the amount of service to be provided and rates to be charged. To continue authorization, providers (except for grandparents, aunts and uncles) must also complete a health and safety self-certification and the Trustline application process within fourteen (14) calendar days of the first day of service.

"Restricted income" means income that may only be expended for specific limited purposes that would be reimbursable according to the contract.

"School age" means children enrolled in kindergarten through 9<sup>th</sup> grade. A child is considered to be enrolled in kindergarten on June 1 of each year if he or she will be four years nine months of age by September 1 of the same year.

"Sectarian organization or sectarian child care provider" means any organization or provider that engages in religious conduct or activity or that seeks to maintain a religious identity in some or all of its functions.

"Self-Certification of Income" means a declaration signed by the parent under penalty of perjury identifying:

1. To the extent known, the employer and date of hire and stating the rate and frequency of pay, total amount of income received for the preceding month(s), the type of work performed, and the hours and days worked, when an employer refuses or fails to provide requested employment information or when a request for documentation would adversely affect the parent's employment; or
2. The amount and frequency of sources of income for which no documentation is possible.

"Service delivery area" means the community, geographic area, or political subdivision in which the child care and development services are to be provided as specified in the Request for Applications.

"Severely disabled children" are children with exceptional needs from birth to twenty-one (21) years of age, inclusive, who require intensive instruction and training in programs serving pupils with the following profound disabilities: autism, blindness, deafness, severe orthopedic impairments, serious emotional disturbance or severe developmental disability. These children may be assessed by public school special education staff,



regional center staff or another appropriately licensed clinical professional.

"Site supervisor" means a person, who, regardless of his or her title, has operational program responsibility for a child care and development program at a single site. A site supervisor shall hold a permit issued by the Commission on Teacher Credentialing that authorizes supervision of a child care and development program operating in a single site.

For California state preschool programs, a site supervisor may qualify under any of the provisions in this subdivision, or may qualify by holding an administrative credential or an administrative services credential. A person who meets the qualifications of a site supervisor under both Section 8244 and subdivision (e) of Section 8360.1 is also qualified under this subdivision.

"Social service agency" means an agency that, in the course of day-to-day business, provides personal counseling, personal or group therapy provided by personnel properly certified or licensed under California law. Examples of such agencies include county welfare departments, county mental health departments, Family Service Association of America and Children's Home Society.

"Staff development program" means those activities that address the needs, interests, and skills of program staff or service providers to improve program quality.

"Stage 1" means the first stage of CalWORKs child care services. Stage 1 child care services are administered by the California Department of Social Services through county welfare departments pursuant to *EC* Section 8351. Stage 1 child care begins upon entry of a family into the CalWORKs assistance program.

"Stage 2" means the second stage of CalWORKs child care services. Stage 2 child care services are administered by the CDE through contracts with Alternative Payment program providers pursuant to *EC* Section 8353. Stage 2 child care begins when the county welfare department determines that a CalWORKs family is stable and transfers the family to a Stage 2 child care contractor for child care services, or a family applies and is found eligible for Stage 2 services.

"Stage 3" means the third stage of CalWORKs child care services. Stage 3 child care services are administered by the CDE through contracts with Alternative Payment program providers pursuant to *EC* Section 5384. Stage 3 child care begins when a CalWORKs family receiving Stage 1 or Stage 2 child care services has fully utilized the family's twenty-four (24) months of eligibility to Stage 1 and Stage 2 child care services following the date the adult stopped receiving cash assistance.

"State median income" means the most recent median income for California families as determined by the State Department of Finance.

"Support services" means those services which, when combined with child care and development services, help promote the healthy physical, mental, social and emotional growth of children and families.

"Temporary residence" means a residence established for the purpose of finding agricultural work in a particular area without the intent to gain permanent residence because the family will have to move to find additional work.

"Time Out" means that a family receiving CalWORKs Stage 1 or Stage 2 child care services becomes ineligible for Stage 1 or Stage 2 because the adult has been off cash aid for twenty-four (24) months. (The date the family becomes ineligible for Stage 1 and/or Stage 2 child care for other than income, need, or child's age.)

“Total contract amount” for the purposes of determining the limit of allowable administrative and program support services for Alternative Payment type programs means either the initial maximum reimbursable amount or the total of direct payments to providers, which includes family fees for certified children and interest earned on advanced contract funds, plus reimbursable administrative and support services costs, whichever is greater.

“Total countable income” means all income of the individuals counted in the family size that includes, but is not limited to, the following:

1. Gross wages or salary, advances, commissions, overtime, tips, bonuses, gambling or lottery winnings;
2. Wages for migrant, agricultural, or seasonal work;
3. Public cash assistance;
4. Gross income from self-employment less business expenses with the exception of wage draws;
5. Disability or unemployment compensation;
6. Workers compensation;
7. Spousal support, child support received from the former spouse or absent parent, or financial assistance for housing costs or car payments paid as part of or in addition to spousal or child support;
8. Survivor and retirement benefits;
9. Dividends, interest on bonds, income from estates or trusts, net rental income or royalties;
10. Rent for room within the family’s residence;
11. Foster care grants, payments or clothing allowance for children placed through child welfare services;
12. Financial assistance received for the care of a child living with an adult who is not the child’s biological or adoptive parent;
13. Veterans pensions;
14. Pensions or annuities;
15. Inheritance;
16. Allowances for housing or automobiles provided as part of compensation;
17. Portion of student grants or scholarships not identified for educational purposes as tuition, books, or supplies;
18. Insurance or court settlements for lost wages or punitive damages;
19. Net proceeds from the sale of real property, stocks, or inherited property; or
20. Other enterprise for gain.

“Total expenditures” means all costs for the provision of subsidized services under the contract and any nonsubsidized services that are provided in commingled classrooms.

“Unrestricted income” means income that has no restrictions regarding use and income restricted for purposes that would not be reimbursable according to the contract,

including income for services to children not subsidized by the contract.

"Update the application" means the process of revising the application for services between recertification's. The application shall be revised by inserting the latest family information that documents continued need and eligibility.

"Use allowance" means an alternate method for claiming the use of the contractor's assets as a cost when depreciation methods are not used.

"Welfare-to-work activity" means a county welfare department approved activity, including but not limited to, employment, job search, job training, educational training, or participating as a volunteer in a job-related activity.

## II. GENERAL PROVISIONS

### A. Notification of Address Change

1. Contractors shall notify the EESD (formerly known as CDD) in writing of any change in the mailing address for communication regarding the contract (administrative address) within ten (10) calendar days of the address change. For non-public agencies, the notification must be accompanied by:
  - a. Board minutes verifying the change in address; and
  - b. A copy of the notification to the Internal Revenue Service of the address change.
2. Contractors shall notify the EESD (formerly known as CDD) in writing of any proposed change in operating facility address(es) at least thirty (30) calendar days in advance of the change unless such change is required by an emergency such as fire, flood or earthquake.

### B. Notification of E-mail Contact Changes

Contractors shall assure that at all times the e-mail address on file at the EESD (formerly known as CDD) is accurate for contacting the following individuals:

1. Executive Officer
2. Program Director

Contractors shall utilize procedures provided by the EESD (formerly known as CDD) to electronically add new addresses or delete old addresses, as needed.

### C. Compliance with the California *Code of Regulations*, Title 22 (Center based contracts only)

Contractors with facilities which are exempt by statute or otherwise exempt from licensure shall comply with health and safety regulations for day care centers and family child care homes as specified in the California *Code of Regulations*, Title 22, Community Care Licensing Standards in order to qualify for child care and development program contract funds.

### D. Issuance and Use of Checks

Except for external payroll services, private contractors shall not use any pre-signed, pre-authorized, or pre-stamped checks without the prior written approval

of the CDE.

Private contractors shall require two (2) authorized signatures on all checks unless:

1. The contractor has a policy approved by its governing board requiring dual signatures only on checks above a specified dollar amount.
2. The annual audit verifies that appropriate internal controls are maintained.

E. Prohibition Against Loans and Advances

Contractors shall not loan contract funds to individuals, corporations, organizations, public agencies or private agencies. Contractors shall not advance unearned salary to employees. Contractors shall not make advance payments to subcontractors and shall compensate subcontractors after services are rendered or goods are received except for:

1. Subcontractors providing direct child care and development services
2. Subcontractors with subcontracts exempt from the provisions of Section IV.A below

F. Materials Developed with Contract Funds

If the contractor receives income from materials developed with contract funds, the use of the income shall be restricted to the child development program. If the materials were developed in part with contract funds, the income from the sale of the materials that shall be used in the child development program shall be computed in direct proportion to the share of contract funds used in development of the materials.

Materials developed with contract funds shall contain an acknowledgement of the use of State (general) or federal funds in the development of materials and a disclaimer that the contents do not necessarily reflect the position or policy of the CDE.

G. Prohibition Against Religious Instruction or Worship

The contractor shall not provide nor be reimbursed for child care and development services that include religious instruction or worship if child care and development services are provided by a center-based contractor or a family child care home education network.

H. Payments to Providers

Reimbursement to providers paid by an Alternative Payment program or family child care home education network utilizing the regional market rate ceilings shall be based on the lesser of the regional market rate ceiling or the provider's nonsubsidized rate.

I. Contracts with Multiple Service Areas

Center-based contractors with more than one service delivery area as specified in and funded through a single contract shall maintain service at the same level, plus or minus ten percent (10%) of the contracted child days of enrollment, in the individual service area(s) specified in its current contract.

The contractor may request approval from the CDE to vary service levels by more than ten percent (10%) if the contractor can demonstrate that the need for

services in the designated area(s) has changed. The CDE shall approve or deny the request within thirty (30) calendar days of receipt of the request. If the request is denied, the contractor may appeal this decision in accordance with Section X below.

Non-CalWORKs Alternative Payment program and Family Child Care Home Education Network contractors with more than one service delivery area as specified in and funded through a single contract shall maintain service at the same level in the individual service area(s) as most recently approved by CDE/EESD (formerly known as CDD).

J. Contractor's Termination for Convenience (5CCR 18024)

1. General Termination for Convenience

A contractor may terminate the contract for any reason during the contract term. The contractor shall notify the EESD (formerly known as CDD) of its intent to terminate the contract at least ninety (90) calendar days prior to the date the contractor intends to terminate the contract.

Within fifteen (15) days from the date the contractor notifies the CDE of its intent to terminate the contract, the contractor shall submit:

- a. A current inventory of equipment purchased in whole or in part with contract funds
- b. The names, addresses and telephone numbers of all families served by the contract and all staff members funded by the contract
- c. Contractors shall also submit the names, addresses, and telephone numbers of all providers of subsidized services funded with subcontracts under the contract.

Upon receipt of a notice of intent to terminate, the EESD (formerly known as CDD) will transfer the program to another agency as soon as practicable.

The State shall only be obligated to compensate the contractor for net reimbursable program costs in accordance with this contract through the date of termination. There shall be no other compensation to the contractor. The state shall offset any monies the contractor owes the state against any monies the state owes under this contract.

2. Changes in Laws or Regulations

The CDE shall notify contractors in writing of changes in laws or regulations prior to the effective date or as soon as possible after enactment. If any laws or regulations are changed substantially during the contract period, the contractor shall have the option to discontinue performance and be relieved of all obligations for further performance.

The contractor has thirty (30) calendar days from receipt of notification of pending changes to notify the EESD (formerly known as CDD) in writing of the contractor's intent to terminate if the required changes are unacceptable to the contractor. The contract shall be deemed terminated sixty (60) calendar days after receipt of the notification of the intent to terminate.

K. Compliance Reviews for Child Care and Development Programs Contractors (5CCR 18023)

At least once every three (3) years and as resources permit, the CDE shall conduct reviews at the contractor's office(s) and operating facility(ies) to determine the contractor's compliance with applicable laws, regulations or contractual provisions. The reviews shall be conducted according to the provisions of the CPM/CMR, as defined in Section I above. The reviews shall be conducted by consultants, analysts, and/or management staff of the CDE or other State of California representatives.

L. Uniform Complaint Procedures (5CCR, Section 4600-4687)

The 5CCR, Section 4610 authorizes CDE responsibility over Uniform Complaint Procedures (UCP) and Child Care and Development programs are covered under UCP which includes Alternative Payment, CalWORKs Stage 2 and Stage 3, Exceptional Needs, Family Child Care Homes, General, Migrant, Protective Services, Resource and Referral, School-Age, Severely Handicapped and State Preschool complaints under the UCP procedures. For additional general information on Uniform Complaint Procedures, contact the Categorical Program Complaint Management Office, California Department of Education, Legal and Audits Branch, 1430 N Street, Suite #5408, Sacramento, CA 95814; telephone 916-319-0929, or visit our Web site at <http://www.cde.ca.gov/re/cp/uc>.

M. Reviews of Alternative Payment Agencies

Annually, the CDE shall conduct a review of each Alternative Payment agency to determine an error rate in each of the following areas:

1. Family fee determinations
2. Eligibility
3. Basis of hours of care
4. Provider payments

N. Eligibility for Funding (5CCR 18001)

A current contractor is eligible to apply for new or additional funds except when one or more of the following conditions apply during the RFA cycle:

1. The contractor is on conditional status because of fiscal or programmatic noncompliance as described in Section IX.A and VII.C; or
2. the CDE's Early Education and Support Division (formerly known as Child Development Division) has conducted a compliance review pursuant to Section II.K and the contractor has failed to cure items of fiscal and programmatic noncompliance identified in the review within 12 (twelve) months of the issuance of the compliance review report, or
3. The CDE reduced the contractor's current year maximum reimbursement amount due to the contractor's inability to utilize its full contract amount, whether through low enrollment or low expenditures for the same contract type.

O. Continued Funding (5CCR 18010)

Contractors have no vested right to a subsequent contract. Contractors that are not on conditional contract status but which have evidenced fiscal or programmatic noncompliance with the provisions of this contract, laws or regulations shall receive an administrative review in accordance with Section IX.A below to determine whether they will receive an offer for continued funding.

Contractors currently on conditional status that do not meet the requirements specified in the Conditional Status Addendum, as specified in Section IX.C below, may not be offered a subsequent contract and shall be so notified by the CDE at least ninety (90) calendar days prior to the end of the current contract period.

Contractors that intend to accept the offer to continue services in the subsequent contract period shall respond to a continued funding application request from the EESD (formerly known as CDD) in accordance with the instructions and timelines specified in the request. Failure to respond within the timelines specified in the continued funding application request shall constitute notification to the EESD (formerly known as CDD) of the contractor's intent to discontinue services at the end of the current contract period unless the contractor has received a written extension of the original timeline from the EESD (formerly known as CDD).

P. Applicability of *Corporations Code*

Except for partnerships and sole proprietorships, private contractors shall be subject to all applicable sections of the *Corporations Code* including standards of conduct and management of the organization.

Q. Conflicts of Interest for Child care and Development Programs

For any transaction to which the contractor is a party and the other party is:

1. An officer or employee of the contractor or of an organization having financial interest in the contractor; or
2. A partner or controlling stockholder or an organization having a financial interest in the contractor; or
3. A family member of a person having a financial interest in the contractor, the transaction(s) shall be fair and reasonable and conducted at arm's length

Based on corporate law (*Corporations Code* sections 310, 5233-5234, 7233 and 9243 as applicable) the general rules that would be followed to ensure that transactions are conducted "at arm's length" include:

1. Prior to consummating the transaction, the governing body should authorize or approve the transaction in good faith and the board should require the interested party, or parties, to make full disclosure to the board both in writing and during the board meeting where the transaction is being discussed; and
2. All parties having a financial interest in the transaction should refrain from voting on the transaction and it should be so noted in the board minutes.

If the transaction involves the renting of property, either land or buildings, owned by affiliated organizations, officers or other key personnel of the contractor or their families, the board of directors shall request the interested party to obtain a "fair market rental estimate" from an independent appraiser, licensed by the California Office of Real Estate Appraisers. If the contractor has no board or is a sole

proprietor, the requirement for a "fair market rental estimate" shall also apply. The contractor has the burden of supporting the reasonableness of rental costs. If the property is owned by the contractor, rental costs are not reimbursable and costs may be claimed only as depreciation or use allowance. Any transaction described in this paragraph shall be disclosed by the auditor in the notes to the financial statement in the annual audit, (OMB A-110, Subpart D).

Rental costs for equipment owned by affiliated organizations, officers or other key personnel of the contractor or their families are allowable only as use or depreciation allowance.

R. Unlawful Denial of Services (*Government Code* Section 11135 and 5CCR 4900)

1. No person in the State of California shall, on the basis of race, national origin, ethnic group identification, religion, age, sex, sexual orientation, color, genetic information, or disability be unlawfully denied full and equal access to the benefits of, or be unlawfully subjected to discrimination under, any program or activity that is conducted, operated, or administered by the state or by any state agency, is funded directly by the state, or receives any financial assistance from the state.
2. With respect to discrimination on the basis of disability, programs and activities subject to subdivision (a) shall meet the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof, except that if the laws of this state prescribe stronger protections and prohibitions, the programs and activities subject to subdivision (a) shall be subject to the stronger protections and prohibitions.

As used in this section, "disability" means any mental or physical disability as defined in *Government Code* Section 12926.

S. Computer Software Copyright Compliance

By signing this agreement, the contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.

III. FACILITIES AND EQUIPMENT

A. Depreciation and Use Allowance

Taxes, insurance and maintenance may be claimed as part of actual and allowable costs for buildings or building improvements related to the child development program and equipment necessary for the operation of the program. Within the limits specified below, depreciation or use allowance may also be claimed. Depreciation shall not be claimed on land, donated assets or assets purchased with public funds, on any fully depreciated asset or on idle or excess facilities. A use allowance shall not be claimed on land or assets purchased with contract funds or on assets for which depreciation has been claimed.

Depreciation is a cost in the current fiscal year based on acquisition costs, less any estimated residual value, computed on a straight-line method from the original date of acquisition (based on the normal, estimated useful life expectancy



of the asset). When depreciation is applied to assets acquired in prior years, the annual charges shall not exceed the amounts that would have resulted had depreciation been claimed from the date of acquisition.

A use allowance is the alternate method for compensation when depreciation costs are not claimed. The use allowance for buildings and improvements is computed at an annual rate not to exceed two percent (2%) of acquisition costs. The use allowance for equipment is computed at an annual rate not to exceed six and two-thirds percent (6 2/3%) of acquisition costs.

#### B. Capital Outlay

Capital outlay expenditures are those that result in the acquisition of or additions to capital assets. Capital outlay expenditures are subdivided into two categories:

1. Sites; improvement of sites; buildings; improvement of buildings, building fixtures, services systems; and
2. Equipment, which includes personal property of a relatively permanent nature and/or of significant value. (See the *California School Accounting Manual* for categorization of various items)

Capital outlay expenditures for category (1) above for non-licensable facilities are only reimbursable as depreciation or use allowance. Capital outlay expenditures for licensable facilities in the community served by the program are reimbursable as lease payments, down payments, payments of principal and interest on loans incurred to acquire, rehabilitate or construct licensable facilities as long as the costs do not exceed fair market rents existing in the community in which the facility is located. A fair market rental estimate must be obtained from an independent appraiser, licensed by the California Office of Real Estate Appraisers. In addition, to be reimbursable, interest paid on private sector debt for the purchase, lease-purchase, repair or renovation of child care and developmental facilities owned or leased by contractors providing center-based care must not exceed interest calculated using a fair market rate of interest.

To be reimbursable as direct costs, prior written approval by the EESD (formerly known as CDD) is required to acquire, rehabilitate, improve, or construct licensable facilities. Capital outlay expenditures are not reimbursable as indirect costs, excepting depreciation and use allowance, as provided in Section III.A above.

Title to real property acquired in whole or part with state child care and development (CD) funds shall vest in the contractor subject to the condition that the contractor shall use the real property for the authorized purpose of the CD program as long as it has a contract with the CDE/EESD (formerly known as CDD) and shall not encumber the property without the prior written approval of the EESD (formerly known as CDD). If the Contractor wishes to share the use of real property among multiple programs, the associated reimbursable capital expenditures shall be prorated among the programs according to the benefits received. When the real property is no longer needed for the purposes of any EESD (formerly known as CDD) program, the Contractor shall request disposition instructions from the EESD (formerly known as CDD), which shall observe one of the following three disposition instructions.

1. The EESD (formerly known as CDD) may permit the contractor to retain title without further obligation to the CDE after the contractor compensates

the EESD (formerly known as CDD) for that percentage of the current fair market value of the property, net of reasonable and necessary selling costs, attributable to the CDE's share of the acquisition cost.

2. The contractor may be directed to sell the property under guidelines provided by the CDE and pay the CDE for that percentage of the current fair market value of the property, net of reasonable and necessary selling and fix-up costs, attributable to the CDE's share of the acquisition cost.
3. The contractor may be directed to transfer title to the property to the CDE or to an eligible third party, provided that, in such cases, the contractor shall be entitled to compensation for its attributable percentage of the current fair market value of the property.

C. Equipment Bidding and Approval Requirements

All equipment purchases in excess of seven thousand five hundred dollars (\$7,500) including tax, per purchase shall be approved in writing in advance by the EESD (formerly known as CDD).

In addition, the following requirements apply:

1. Private agencies:

Competitive procurement practices must be used in accordance with the federal standards in 45 *Code of Federal Regulations*, Part 74, sections 74.40-74.48; and Part 92, Section 92.36; and the state standards in Title 5 California Code of Regulations, Section 18040 whichever is more restrictive.

All equipment purchases exceeding five thousand dollars (\$5,000 including tax) will not be approved unless at least three (3) bids or estimates have been obtained.

2. Public agencies:

Public agencies shall comply with the applicable sections of the *Public Contract Code*.

If bids are required, the contractor shall purchase the goods or services from the lowest responsible bidder. If three (3) bids or estimates cannot be obtained, the contractor shall provide adequate documentation of the reason(s) why three (3) bids or estimates could not be obtained (e.g., emergency situations).

Bids, if applicable, shall be attached to the Request for Approval of Equipment (CD-2703) when submitted to the EESD (formerly known as CDD) for approval. One copy of the Request shall be retained by the EESD (formerly known as CDD) and one copy returned to the contractor approved or disapproved within thirty (30) calendar days of receipt. If the request for approval of an equipment purchase is disapproved, the contractor may appeal the decision in accordance with instructions specified in Section X below.

Equipment replacement and lease-purchase agreements are subject to the above requirements. An inventory of all equipment shall be maintained.

D. Equipment Inventory

Property records must be maintained that include a description of the equipment, serial number or other identification number, the source of the equipment, the

acquisition date, the cost of the equipment, the location, use and condition of the equipment and any ultimate disposition date including date of disposal and sale price if applicable. A physical inventory of equipment must be taken at least every two (2) years and reconciled with property records. A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft (any loss, damage or theft must be investigated) and adequate maintenance procedures must be developed to keep the equipment in good condition.

E. Title, Use, Disposition and Retention of Equipment

1. Title – When equipment is purchased with state funds, title shall vest with the contractor only for such period of time as the contractor has a contract with the CDE
2. Retention of Equipment – The EESD (formerly known as CDD) may provide written authorization for the contractor to retain the equipment for the contractor's own use if a fair compensation is paid to the state for the state's share of the cost of the equipment. Fair compensation shall be determined by the state using the state's share of original acquisition cost, less depreciation, computed on a straight-line method over the estimated useful life expectancy of the equipment
3. Use – When equipment is purchased in whole or in part with state funds, the contractor shall use the equipment exclusively in the program(s) from which funds were used to purchase the equipment. If the contractor wishes to share the use of the equipment between/among two (2) or more programs, the cost of such equipment shall be prorated between/among the programs
4. Disposition – The contractor may dispose of obsolete equipment and remove the asset at its recorded value. If the sale of equipment originally purchased with state funds occurs, the proceeds from the sale of the equipment must be returned to the program. If the contractor no longer has a contract with the CDE, the contractor shall dispose of the equipment in accordance with written directions from the CDE/EESD (formerly known as CDD).

F. Renovation and Repair (5CCR 18026 – 18031)

Improvement of sites and adjacent grounds to meet or continue to meet the California *Code of Regulations*, Title 22, Community Care Licensing Standards is reimbursable if the improvements are reasonable and necessary costs (as defined in Section I above) of a facility and the contractor has obtained prior EESD (formerly known as CDD) approval for proposed work for ten thousand dollars (\$10,000, including tax) or more.

For private agencies, such proposed work in excess of five thousand dollars (\$5,000, including tax), unless performed by contractor's staff, shall have at least three (3) bids or estimates and shall be awarded to the lowest responsible bidder. Bids, if applicable, shall be submitted by the contractor when requesting EESD (formerly known as CDD) approval. If three (3) bids or estimates cannot be obtained, the contractor shall maintain adequate documentation of the reason(s) why three (3) bids or estimates could not be obtained as well as the reasonableness of cost in the absence of competition. Public agencies shall comply with applicable sections of the *Public Contract Code*.

Proposed work for ten thousand dollars (\$10,000, including tax) or more shall be submitted for prior written approval to the EESD (formerly known as CDD). If three (3) bids were not obtained, the contractor shall submit written justification to the EESD (formerly known as CDD) at the time approval is requested. The EESD (formerly known as CDD) shall approve or disapprove the request within thirty (30) calendar days. If the request is disapproved, the contractor may appeal the decision in accordance with instructions specified in Section X below. If the work is to be performed through a subcontract, the requirements of sections IV.B through IV.F also apply. When private agencies submit proposed subcontracts for renovation and repair for approval, evidence shall be included that the proposed subcontractor has obtained a payment bond in an amount not less than one-half (1/2) the amount of the proposed subcontract.

In addition, the following requirements apply:

1. Private Agencies:

Competitive procurement practices must be used in accordance with the federal standards in 45 Code of Federal Regulations, Part 74, sections 74.40 74.48, and Part 92, Section 92.36; and the state standards in Title 5 California Code of Regulations, sections 18026-18031, whichever is more restrictive.

2. Public Agencies:

Public agencies shall comply with the applicable sections of the *Public Contract Code*.

G. Healthy Schools Act

Effective on January 1, 2007, all child development center-based contractors are subject to the requirements of the Healthy Schools Act (HSA) as specified in *EC* section *EC* sections 17609 to 17612. To comply with the provisions of the Healthy Schools Act, child development contractors shall:

1. Provide annual written notification with specified information on pesticides to all staff and parents. The notice must also include the Department of Pesticide Regulations (DPR), Integrated Pest Management (IPM), Web site: <http://www.schoolipm.info>
2. Provide the opportunity for interested staff and parents to register with the facility if they want to be notified about individual pesticide applications at the school site before they occur
3. Post warning signs at each of the facilities where pesticides will be applied. These signs must be posted twenty-four (24) hours before and seventy-two (72) hours after applications
4. Maintain records of all pesticide use at the facility for four (4) years and make the records available to the public upon request
5. Inform contractors hired to apply pesticides at the center that the facility must comply with the HSA. Any person hired to apply pesticides at the center shall provide the facility with certain listed information at least one-hundred-twenty (120) hours in advance of any pesticide application

IV. SUBCONTRACTS

A. Subcontracts Excluded from Requirements of this Section

The following types of relationships are not subject to the requirements contained in Section IV:

1. Employment agreements
2. Facility rental or lease agreements
3. Payment arrangements with family child care homes and/or providers
4. Medical or dental service agreements
5. Bookkeeping/auditing agreements, except for Section IV.B below
6. Food services agreements
7. Janitorial and grounds keeping agreements
8. A subcontract with a public agency
9. Subcontracts with an individual for less than ten thousand dollars (\$10,000), except for Section IV.B below

However, no subcontract shall in any way relieve the contractor of any responsibility for performance under this contract.

All subcontracts, rental agreements and other contractual arrangements should include a termination for convenience clause permitting termination of such agreements without cost to the contractor.

#### B. Bids for Subcontracts

Private contractors shall obtain at least three (3) bids or estimates for subcontracts that exceed five thousand dollars (\$5,000). The subcontract shall be awarded to the lowest responsible bidder. If three (3) bids or estimates cannot be obtained, the private contractor shall:

1. Maintain documents in its records that establish the reasons why three (3) bids or estimates could not be obtained; and
2. The reasonableness of the proposed expenditure without three (3) bids or estimates

Subcontracts subject to the approval of the EESD (formerly known as CDD) shall be rebid at least once every three (3) years or more often if specified by the EESD (formerly known as CDD) in its annual approval of the subcontract. Public agencies shall award subcontracts in accordance with the *Public Contract Code*. The contractor shall not split subcontracts to avoid competitive bidding requirements.

Subcontracts for direct child development services between a public agency contractor and a private subcontractor are exempt from bidding but not from advance approval by the EESD (formerly known as CDD) if they are for ten thousand dollars (\$10,000) or more.

#### C. Prior Early Education and Support Division (formerly known as Child Development Division) Approval

1. If directed by the CDE, contractors will obtain prior written approval from the EESD (formerly known as CDD) for subcontracts of ten thousand dollars (\$10,000) or more that are otherwise not excluded from the provisions of Section IV.A above.

2. Prior to execution of a subcontract and commencement of work, the contractor shall submit two (2) copies of the proposed subcontract to the EESD (formerly known as CDD) for approval, including a proposed line-item budget which shows the costs of the services to be performed. The budget for a proposed subcontract for renovation and repair shall show the total cost of labor and the total cost of materials. Bids, if applicable, shall be submitted to the EESD (formerly known as CDD) when requesting approval. If three (3) bids were not obtained, the contractor shall provide written justification when the subcontract is submitted to the EESD (formerly known as CDD) for prior approval. Contractors shall demonstrate that approval of the subcontract is cost effective to the State. For proposed renovation and repair subcontracts, private agencies shall include documents showing that the bidder selected by the contractor has obtained a payment bond in an amount not less than one-half (1/2) the amount of the proposed subcontract. Requests for approval of subcontracts for transportation services shall include a Certificate of Insurance of the subcontractor in an amount not less than \$1 million per occurrence (or a greater amount if required by the Public Utilities Commission regulations), listing the contractor and the state as additional named insured.
3. One copy of the subcontract will be retained by the CDE and the other copy returned to the contractor approved or disapproved within thirty (30) calendar days of receipt of all required documents. No reimbursement shall be made to the contractor or subcontractor for work performed prior to CDE approval. A disapproved contract will include a statement of the reason(s) for not approving the subcontract. If the request for approval of a subcontract is denied, the contractor may appeal the decision in accordance with instructions specified in Section X below.
4. The State does not assume any responsibility for performance of approved subcontracts nor does the state assume responsibility for any unpaid debt of the contractor resulting from subcontracting liens.
5. Subcontracts which increase the contractor's cost of performance are nonreimbursable. Subcontracts which contain a provision for reimbursement for cost-plus-a-percentage-of-cost are not reimbursable.

D. Required Subcontract Provisions

1. Every subcontract shall specify:
  - a. The dates within which the subcontractor is to perform the contract.
  - b. The time for subcontractor performance shall not begin prior to, nor shall the time extend beyond, the time period of the contract between the contractor and the state
  - c. The dollar amount of the subcontract or specify an amount not to exceed a maximum dollar amount
  - d. The service(s) to be provided under the subcontract and the responsibilities of each party under the subcontract
2. That the subcontractor, and the agents and employees of the subcontractor, in the performance of the subcontract, are acting in an

independent capacity and not as officers or employees or agents of the State of California

3. That modifications of the subcontract shall be in writing, and that for subcontracts in excess of the amount stated in the annual child development contract, prior written EESD (formerly known as CDD) approval is required unless the subcontract is otherwise exempt from prior EESD (formerly known as CDD) approval
4. That the subcontract is the complete and exclusive statement of the mutual understanding of the parties and that the subcontract supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of the subcontract
5. Remedies, in case of a breach of contract, for subcontracts in excess of ten thousand dollars (\$10,000)
6. That the State of California retains title to any equipment or supplies purchased with state funds and that the equipment shall be returned to the contractor upon termination of the subcontract. The subcontract shall also specify that the subcontractor shall obtain prior written approval from the contractor and the EESD (formerly known as CDD) for any unit of equipment that costs in excess of seven thousand five hundred dollars (\$7,500)
7. That the subcontractor shall be reimbursed for travel and per diem expenses only at rates that do not exceed the rates paid to the CDE's non-represented employees computed in accordance with State Department of Personnel Administration regulations, California *Code of Regulations*, Title 2, Subchapter 1
8. That the subcontractor agrees to indemnify and hold harmless the State of California, its officers, agents and employees from any and all claims and losses occurring or resulting to any and all contractors subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of the subcontract, and from any and all claims and losses occurring or resulting to any person, firm or corporation that may be injured or damaged by the subcontractor in the performance of the subcontract
9. That for management and/or direct service subcontracts; the subcontractor shall maintain records for program review, evaluation, audit and/or other purposes and make the records available to agents of the state for a period of five (5) years
10. The provisions of the "Nondiscrimination Clause" included in the prime contract as specified in the California *Code of Regulations*, Title 2, Chapter 5, Section 8107

E. Recommended Subcontract Provisions

The following items are suggested for inclusion in subcontracts to protect the interests of the contractor:

1. Funding of the subcontract should be made subject to the appropriation and availability of funds from the State

2. All subcontracts should contain a provision that the subcontractor is liable for any audit exception caused by, or as a result of, the subcontractor's lack of performance as required by the subcontract
3. The subcontract should provide that the subcontractor, its agents and employees, in the performance of the subcontract, are acting in an independent capacity and not as agents or employees of the contractor
4. Unless exempted from EESD (formerly known as CDD) approval above, subcontracts for ten thousand dollars (\$10,000) or more cannot become effective and binding on either the prime contractor or the subcontractor until approved in writing by the EESD (formerly known as CDD), and any work performed by the subcontractor prior to the date of such approval shall not be used as a claim against the state
5. The consideration paid to the subcontractor, as provided in the subcontract, should be stated to be the full compensation for all the subcontractor's expenses incurred in the performance of the subcontract.

F. Audit Requirements for Subcontracts

Subcontracts for management and/or direct services shall be audited in accordance with CDE Audit Guide. The cost of the audit shall be reimbursable and shall be borne by the contractor either directly or as an allowance in the subcontract. The audit of the subcontract shall be submitted to the A&I along with the contractor's audit as specified in Section VI.I below.

V. COSTS, EARNINGS AND REIMBURSEMENT

A. Reasonable and Necessary Costs

Contractors will be reimbursed for actual costs that are reasonable and necessary to the performance of the contract as defined in Section I above.

B. Indirect Costs

If indirect costs are claimed, an indirect cost allocation plan must be on file with the contractor and available for review by the CDE staff and auditors. The maximum indirect cost rate is eight percent (8%). This rate is applied to budget categories 1000-5000 only in determining the maximum amount of indirect costs that are reimbursable under the contract. School districts and county offices of education shall use the CDE approved rate if it is less than eight percent (8%).

The amount of cost allocable to this contract shall not exceed the benefits to this contract. The allocation method must quantify this benefit among all similar programs and then distribute the costs accordingly.

The indirect cost rate shall not include consideration of any costs otherwise nonreimbursable. If a depreciation or use allowance is included in the indirect cost rate, such allowance shall not be claimed on the asset.

C. Administrative Costs

Contractors may claim costs as defined in Section I above which are related to



the administration of the child care and development program. For alternative payment type programs, reimbursement of administrative costs shall not exceed fifteen percent (15%) of the net reimbursable program costs or actual administrative costs, whichever is less. The fifteen percent (15%) includes any allowance for indirect costs and audits. Contractors shall maintain written documentation of the rationale used in determining direct and administrative costs.

D. Service Level Exemption (Start-Up) for New or Expanded Programs

Allowable start-up costs (*EC 8275(a)*) will be in an amount not to exceed fifteen percent (15%) of new or expansion funding authorized in the Budget Act for State Child Care and Development Programs. Start-up costs must be necessary for the establishment and stability of new child development programs (*EC 8275(c)*) and include employment and orientation of necessary staff; setting up of the program and facility; finalization of rental agreements and necessary deposits; purchase of a reasonable inventory of materials and supplies; and purchase of an initial premium for insurance.

Contractors shall maintain an auditable record of start-up costs which shall be included within the audit at the end of the year. Reimbursable start-up costs shall occur prior to attainment of full enrollment. If all or part of the fifteen percent (15%) allowable start-up costs is needed and spent, that portion will not have to be earned through provision of services. If, however, the contractor neither needs nor chooses to claim any of the fifteen percent (15%) start-up costs, the full service requirements shall be earned at the contract rate.

E. Costs for Travel and Per Diem (*EC 8265, 8269, 5CCR 18041 and 18034*)

Contractors and subcontractors shall be reimbursed for travel and per diem expenses at rates not exceeding those amounts paid to the CDE's non-represented employees computed in accordance with State Department of Personnel Administration regulations, *California Code of Regulations*, Title 2 Subchapter 1. Contractors with collective bargaining agreements allowing higher rates of reimbursement shall not pay the difference out of contract funds. The CDE shall notify the contractor of a change in expense rates within thirty (30) calendar days after the EESD (formerly known as CDD) has received notification of a change in rates from the State Department of Personnel Administration.

Contractors shall be reimbursed for out-of-state travel expenses only with prior written approval from the EESD (formerly known as CDD). The EESD (formerly known as CDD) shall not approve out-of-state travel expenses:

1. For more than one employee per contract per year
2. For contractors with delinquent accounts payable which are delinquent more than ninety (90) calendar days after the date of the original invoice
3. For contractors on conditional status
4. When there is no clear benefit to the state
5. When the benefit to the state can be obtained within California

The EESD (formerly known as CDD) shall approve or deny the request for out-of-state travel within thirty (30) calendar days of the receipt of the request. If the

request is denied, the contractor may appeal the decision in accordance with instructions specified in Section X below.

F. Specific Items of Reimbursable Costs (*EC 8261, 8269 and 5CCR 18034*)

Reimbursable costs include, but are not limited to, the following:

1. Start-up costs as specified in Section V.D above
2. Administrative costs as specified in Section V.C above
3. Employee compensation, including fringe benefits, and personal service contracts
4. Equipment and equipment replacement with prior CDE approval if required in Section III.C above
5. Improvement of sites and adjacent grounds to meet or continue to meet *California Code of Regulations, Title 22, Community Care Licensing Standards* in accordance with Section III.F above
6. Taxes, insurance, and maintenance for buildings and/or equipment.
7. Depreciation based on the useful life of an asset in accordance with Section III.A above
8. A use allowance for buildings and improvements in accordance with Section III.A above
9. Travel and per diem expenses, including approved out-of-state travel, in accordance with Section V.E above
10. An indirect cost rate based on an approved indirect cost plan, in accordance with Section V.B above
11. Lease payments or depreciation and payments of principal and interest on loans incurred to acquire, rehabilitate or construct licensable facilities not to exceed fair market rents in the community in which the facility is located in accordance with guidelines issued by the CDE
12. Interest on private sector debt financing for purchase, lease-purchase, repair or renovation of child care and development facilities owned or leased for providing center-based care upon demonstration that the amount of interest paid in a year does not exceed the value obtained by the state in the use of the facilities for the child care and development program during the year in accordance with guidelines issued by the CDE

G. Payments to providers made in accordance with applicable state laws and regulations.

H. Nonreimbursable Costs (*EC 8261, 8269 and 5CCR 18035*)

The following costs shall not be reimbursable under the child development contract:

1. Bad debts, including losses arising from uncollectible accounts and any related legal costs. (Uncollected parent fees are not considered to be bad debts if documentation of collection attempts exists.)
2. Contributions

3. Costs of amusement or entertainment
4. Costs of fines or penalties
5. Costs of idle facilities unless those costs are related to a partial year program and the costs of the idle facilities have been approved by the EESD (formerly known as CDD)
6. Costs incurred after the contract has been terminated.
7. Fund raising costs except as specified in Section VII of the Program Quality Requirements
8. Consumer interest except:
  - a. Interest on borrowed funds when apportionments are withheld because of a delay or error attributable to the state and the amount of interest claimed is approved by the EESD (formerly known as CDD)
  - b. When interest is part of a lease purchase agreement
  - c. When the interest is part of payments on a loan incurred to acquire, rehabilitate or construct licensable facilities not to exceed fair market rents existing in the community in which the facility is located
  - d. When the interest is on private sector debt financing for the purchase, lease-purchase, repair or renovation of child care and development facilities owned or leased by the contractor and it has been demonstrated that the amount of interest paid in a year does not exceed the value obtained by the state in the use of the facilities for the child care and development program during the year in accordance with guidelines issued by the CDE
9. Investment management costs
10. Costs of organization of a nonprofit corporation such as incorporation fees or consultant fees
11. Public relations consultant fees
12. Costs of legal, consulting and accounting services incurred in prosecution of claims against the state
13. State and federal income taxes
14. Costs for the acquisition of sites and buildings except through depreciation unless the costs are for a licensable facility in the community served by the program and the costs do not exceed fair market rents existing in the community in which the facility is located in accordance with guidelines issued by the CDE
15. Bonuses unless part of a collective bargaining agreement
16. Compensation to the members of the board of directors except for:
  - a. Reimbursement for travel and/or per diem, computed in accordance with Section V.E above, incurred while the members are conducting business for the organization

- b. As provided in the California *Corporation Code* Section 5227, et seq.
- 17. Costs of subcontracts which increase the contractor's cost or subcontracts which contain a provision for reimbursement for cost-plus-a-percentage-of-costs
- 18. Costs incurred in prior or future years
- I. Charging of Expenditures (*EC* 8261, 8269 and *5CCR* 18037)
 

Net reimbursable program costs must be incurred during the contract period. Contractors shall not use current year contract funds to pay prior or future year obligations. However, the cost of the annual independent audit may be claimed either in the contract period which was the subject of the audit or during the contract period in which the audit is completed.
- J. Recoupment of Advanced Contract Funds (*EC* 8261, 8265, 8269 and *5CCR* 18038)
 

The CDE shall recoup any payments made for costs which were not reasonable and necessary. The amount that is recouped shall be the excess payment over the reasonable or fair market value, or one hundred percent (100%) of the cost, if the cost was not necessary. The CDE may elect to recover any costs associated with recouping advanced contract funds, including collection services or attorney fees.
- K. Use of Subsidized Family Fees (*EC* 8261, 8269, 8273 (c) and (f) and *5CCR* 18039)
 

Fees received from subsidized parents are to be expended and earned by the contractor before contract funds shall be claimed for reimbursement. Such fees shall be expended on reimbursable costs and earned by providing child days of enrollment. In order to be reimbursed the full contract amount in addition to the fees received from subsidized parents, the contractor must have additional reimbursable expenditures and provide child days of enrollment beyond the minimum required by the contract at a rate equal to the lesser of the daily contract rate or the actual cost.
- L. Determination of Reimbursable Amount (*EC* 8261, 8269 and *5CCR* 18054)
 

Contractors shall be reimbursed for an audited claim that is the least of the following:

  - 1. The maximum reimbursable amount as stated in the annual child development contract
  - 2. The actual and allowable net costs
  - 3. Contract service earnings – The adjusted child days/hours of enrollment for certified children, times the contract rate per child day/hour of enrollment, times the actual percentage of attendance plus five percent (5%), but in no case to exceed one hundred percent (100%) of enrollment
- M. Minimum Days of Operation
 

If the contractor fails to operate at least ninety-eight percent (98%) of the minimum days of operation required in its contract, ceases operation or the

contract is terminated prior to the end of the contract period, the maximum reimbursable amount shall be reduced in proportion to the percentage of the contract minimum days of operation that the contractor was not in operation.

N. Reduction, Withholding, and Canceling Apportionments to Contractors (EC 8261, 8269 and 5CCR 18056)

The CDE shall reduce, withhold or cancel any scheduled apportionment when one or more of the following conditions exist:

1. The contractor has not submitted an acceptable audit for any prior year of operation on or before the date due
2. The contractor has not submitted the reports required by Section VI below on or before the date due
3. The contractor will not earn the full contract amount based on the current year projected net reimbursable program costs as determined by the CDFS
4. A creditor of the contractor has placed a lien on the contractor's scheduled apportionments
5. The contractor has accounts payable which are:
  - a. More than ninety (90) days delinquent to the CDE and
  - b. Not under appeal as specified in either Section VIII.A or Section X below

If any apportionment is to be reduced, withheld or cancelled, the CDE shall provide the contractor prior written notice of the intended action.

O. Order of Expenditure (EC 8261, 8269, 8273 (c) and (f) and 5CCR 18057)

Expenditure from the Child Development Fund established pursuant to Section VI.B below shall occur in the following order:

1. Fees collected from parents of certified children shall be first in and first out
2. State or federal contract funds apportioned by the CDE shall be second in and second out
3. Interest received on advanced contract funds shall be last in and last out

P. Contract Reductions

CDE shall conduct monthly analyses of caseloads and expenditures and adjust agency contract maximum reimbursable amounts and allocations as necessary to ensure that funds are distributed in proportion to need. Prior to such action, however, the CDE will notify the contractor of the proposed action and the contractor will be given an opportunity to provide written documentation if it feels that the CDFS projections are inaccurate. Because of the need to transfer funds to an under-funded agency as quickly as possible, the contractor shall have three (3) working days from the date of notification to respond.

VI. ACCOUNTING AND REPORTING REQUIREMENTS

A. General Provisions

Contractors shall follow the accounting procedures specified in the most recent edition of the *California School Accounting Manual*. Contractors shall report expenditures on an accrual basis.

**B. Child Development Fund and Interest Bearing Accounts**

All contractors shall establish a fund to be known as the "Child Development Fund" as specified in *EC 8328*, except that private contractors shall establish the fund in a federally insured banking institution located in California. Contractors with multiple fund sources shall establish separate program cost accounts for each source of funds.

If a contractor places advanced contract funds in an interest bearing account, the interest bearing account shall be a separate account within the Child Development Fund. Interest earned shall be retained by the contractor if it is expended on reimbursable costs and earned by providing subsidized days of enrollment beyond the minimum required to earn the maximum reimbursable amount at a rate equal to the lesser of the daily contract rate or the actual program costs.

**C. Enrollment and Attendance Accounting (*EC 8221.5*, *8261*, *8269* and *5CCR 18065*)**

A child shall not be enrolled in more than one program for the same time period on the same day.

1. For Center based contractors, the contractor shall use daily sign-in/sign-out sheets as a primary source document for audit and reimbursement purposes.

One of the following persons shall enter the time of arrival and departure on a sign-in/sign-out sheet and, except as specified below, and shall sign the sheet using their full signature: for both arrival and departure times:

- a. The parent or other adult authorized by the parent to drop off/pick up a child; or
- b. The staff person designated by the contractor as the person responsible for entering the times of arrival and departure if the child is not dropped off/picked up by a parent or other adult authorized by the parent

First and last initials of the contractor's authorized representative along with a notation of the time are required to document when a school-age child departs for and returns from school during the day.

2. For Alternative Payment Program (APP) and CalWORKs contracts, the contractor shall use the monthly attendance record or invoice as primary source document for audit and reimbursement purposes.

Child care providers shall submit a monthly attendance record or invoice, as defined in Section I for each child who received services through an alternative payment or CalWORKs program. Child care providers shall maintain attendance records or invoices in the original format that they were created.

The monthly attendance record or invoices shall include, at a minimum:

- a. The dates and actual times the child entered and left care each day. The information shall be documented on a daily basis.

- b. The signature of the parent or guardian of the child receiving services and of the child care provider attesting under penalty of perjury that the information included on the monthly attendance record or invoice is true and accurate.

For purposes of providers under an APP or CalWORKs Stage 2 or CalWORKs Stage 3 contract, contractors shall reimburse child care providers based on the following criteria:

- a. The hours of service provided that are broadly consistent with the certified hours of need.
- b. For families with variable schedules, the actual day and hours of attendance, up to the maximum certified hours.
- c. For license-exempt providers, that provide part-time services, the actual days and hours of attendance, up to the maximum certified hours.

#### D. Attendance and Absences

Attendance, for the purposes of reimbursement, includes excused absences because of illness or quarantine of the child, illness or quarantine of their parent, family emergency, court-ordered visitations or a reason which is clearly in the best interest of the child.

If the absence is claimed by the contractor as an excused absence, the attendance accounting records shall contain verification that includes:

- 1. The name of the child
- 2. The date(s) of absence
- 3. The specific reason for the absence
- 4. The signature of the parent or the contractor's authorized representative if verification is made by telephone

If an excused absence is based on time spent with a parent or other relative as required by a court of law, the family data file shall contain a copy of the Court Order.

Contractors shall adopt reasonable policies delineating circumstances that would constitute an excused absence for "family emergency" and "in the best interest of the child." Except for children who are recipients of protective services or at risk of abuse or neglect, excused absences "in the best interest of the child" shall be limited to ten (10) days during the contract period. Contractors shall also adopt a policy governing unexcused absences that may include reasonable limitations, if any. Contractors shall inform parents of these policies.

#### E. General Record Keeping Requirements (*EC*8227.3, 8262.1, 33421 and 5CCR 18067)

Pursuant to *EC*33421, all original records shall be retained by each contractor at least five years or where an audit has been requested by a state agency, until the date the audit is resolved, whichever is longer. Claims for reimbursement shall not be paid unless there are documents to support the claims. The contractor has the burden of supporting claims for reimbursement.

Contractors may maintain records in electronic format only if the originals documents were created in electronic format.

Documents/records created in paper format must be stored in their original form.

If the contractor has more than one CDE program, then the method used to allocate administrative costs must be documented.

If an employee is multi-funded on a time accounting basis, then the employee's time sheet must indicate the actual amount of time spent in each program per day.

State employees or representatives shall be allowed access to all program related or fiscal records during normal work hours.

F. Attendance and Expenditure Reports (EC 8261, 8269, 8406.6 and 5CCR 18068)

Contractors on conditional and provisional status shall report monthly (due to CDFS by the 20th of the following month). All other contractors shall submit four (4) cumulative fiscal reports to CDFS for the quarters ending September 30, December 31, March 31, and June 30. Reports not received in CDFS by the 20<sup>th</sup> of the month following the end of the contractor's reporting period shall be deemed delinquent and, in accordance with Section V.M above, apportionment(s) shall be withheld until the required report is received.

Contractors shall submit reports containing the following information for each contract to the CDFS:

1. Days of enrollment and attendance for all children served in the program in the current reporting period and year to date
2. Total days of operation in the current reporting period and year to date
3. All services, revenues and expenditures for both subsidized and non-subsidized children if non-subsidized and subsidized children are commingled as defined in Section I above
4. Amount and sources of all revenues other than advanced contract funds for the current reporting period and the year to date; restricted and unrestricted income shall be reported as follows:
  - a. Restricted income expended during the contract period shall be reported as "restricted." Restricted income that is not expended during the contract period remains restricted and shall be considered deferred revenue and is not reported on the Attendance and Expenditure Reports until expended, at which time it is reported as restricted income
  - b. All unrestricted income shall be reported as "unrestricted"
5. Total expenditures related to the program operation for the current reporting period and the year to date total including all expenses for specific purposes as designated by restricted income and all non-reimbursable expenses.

Reports not received by the due date shall be considered delinquent. Penalties for delinquent reporting are specified in 5CCR Section 18056.

Contractors on conditional status or provisional status shall report monthly.



The report shall include a certification that the information contained in the report is correct and complete and the original signature of the person authorized by the contractor to certify the report.

Contractors have sixty (60) days from the due date for submission of the audit to submit a revised final report. For local educational agencies, the final report shall be the final accounting of any amount payable to or receivable from the contractor pursuant to this contract.

G. Child Development Data Collection

The contractor shall submit the following:

Monthly Child Care Population Information (EESD (formerly known as CDD) electronically in accordance with instructions from the CDE

If the contractor is selected and notified by mail to submit sample data, they must complete the Child Development Data Collection Sample Report (EESD (formerly known as CDD)-801B) electronically in accordance with the instructions from the CDE

Contractors shall submit complete, accurate reports to the CDE by the date specified, and in the format specified in the CDE's request for this information. Incomplete, inaccurate, or incorrectly formatted reports, and reports not received by the required date shall be considered delinquent. Penalties for delinquent reporting are specified in Section V. above.

H. Other Report Data

Contractors shall submit statistical, cost and program data as requested by the CDE in order for the CDE to prepare various legislatively mandated reports, to meet state and federal reporting requirement and for the effective administration of child care and development programs.

Contractors submitting data to the CDE will include a certification that the data are correct and complete, and the signature of the person authorized by the contractor to certify the data. The signature may be electronic as specified by the CDE.

Contractors shall submit complete, accurate data to the CDE by the date specified, and as specified, in the CDE's request for this information. Incomplete, inaccurate, or incorrectly formatted reports, and reports not received by the required due date shall be considered delinquent. Penalties for delinquent reporting are specified in Section V. above.

For the purpose of data collection and program management, contractors shall provide a copy of the Child Care Data Collection Privacy Notice and Consent Form (CD-9600A) to the head of the family unit at the time of enrollment and shall obtain a signed copy of that form indicating the head of household's decision whether to authorize or not authorize release of his or her social security number. Whether or not the head of household authorized release of his or her social security number on the EESD (formerly known as CDD)-9600A, each signed CD-9600A shall be retained by the contractor in the family's Data File.

I. Annual Financial and Compliance Audits

Contractors shall submit to the CDE, Audits and Investigations Division (A&I), an acceptable annual financial and compliance audit. All audits shall be performed

by:

1. A Certified Public Accountant who possesses a valid license to practice within the State of California
2. A Public Accountant licensed on or before December 31, 1970 and currently certified and licensed by the State of California
3. A member of the CDE's staff of auditors.
4. Public agencies may have their audits prepared by in-house auditors or the public contractor has internal audit staff that performs auditing functions and meets the tests of independence found in the Government Auditing Standards, issued by the Comptroller General of the United States

Non-school district contractors shall submit the audit for the 2013–2014 contract period, by the 15<sup>th</sup> day of the fifth month following the end of the contractor's fiscal year, or earlier if specified by CDE (audits of community college districts shall be submitted by December 31, 2014). If a contractor receives less than twenty-five thousand dollars (\$25,000) per year from any state agency, the audit shall be conducted and submitted biennially, unless there is evidence of fraud or other violation of state law in connection with the contract.

In addition to the audit required by the preceding paragraph, non-school district contractors shall also submit an audit for the current year's contract period by the 15<sup>th</sup> day of the fifth month following the end of the contractor's fiscal year, or earlier if specified by the CDE. If the contract is terminated during the contract period, then the audit required under this paragraph shall cover the period from the beginning of the contract through the date of termination.

The audits for school districts and county offices of education for 2013–2014 shall be submitted to the State Controller and the CDE by December 15, 2014 in accordance with *EC 41020* and extensions shall only be granted in accordance with *EC 41020.2*.

Private agencies (including proprietary entities) that expend \$500,000 or more in total federal funds are required to have an Organization Wide Audit (OWA) performed in accordance with OMB Circular A-133 and the "Guide for Auditing of Child Development, Nutrition, and Adult Education Programs (Audit Guide)" prepared by the A&I. Governmental and other public agencies (excluding school districts, county offices of education and community college districts) must comply with the requirements of OMB Circular A-133 and the CDE "Audit Guide." All other agencies (excluding school districts, county offices of education and community colleges) must submit a contractor audit performed in accordance with the CDE "Audit Guide."

Subcontractors for management and/or direct services shall be audited in accordance with the requirements stated in Section IV.F above.

J. Review of Audit by the CDE Audits and Investigations Division (A&I)

The A&I shall conduct a review of the audit to determine whether the audit is acceptable and to determine the contractor's net reimbursable program costs. The A&I determination of earnings shall be the final accounting of any amount payable to or receivable from the contractor pursuant to the contract.

The contractor may appeal the A&I findings according to the procedures specified

in Section VIII.A below if the amount of the demand for remittance meets or exceeds the threshold specified in *EC 8402(c)*.

K. Delinquent Audits and One-Time-Only Extensions

If an audit is not received on or before the required due date and an extension has not been granted, the audit shall be considered delinquent and all apportionments shall be withheld as specified in Section V.M above.

Except for contractors on conditional status, the A&I may grant a contractor a one-time-only, thirty (30) calendar day extension of the audit due date provided the inability of the contractor to submit the audit by the due date was beyond the fault and control of the contractor.

Contractors shall be liable for all CDE costs incurred in obtaining an independent audit if the contractor fails to produce or submit an acceptable audit.

L. Bureau of State Audits

Contractors shall be subject to the examination and audit of the Bureau of State Audits for a period of three (3) years after final payment under this contract.

M. Budget and Calendar

Contractors shall submit a revised calendar to the EESD (formerly known as CDD) and the CDFS whenever there are changes to the most recent version submitted to the CDE. Contractors shall submit revised budgets to the CDE as requested by the CDE.

N. Reserve Accounts

All contractors are encouraged to develop and maintain a reserve within the Child Development Fund. This reserve is derived from earned unexpended contract funds calculated on current year service-based contracts. Contractors may retain a reserve balance not to exceed five percent (5%) of the contract maximum reimbursable amount. The following criteria must be followed when establishing and using a reserve account:

1. Each agency wishing to establish a reserve shall submit a letter of intent no later than July 20 following the close of the fiscal year for which the reserve will be established. The letter of intent must be on the form provided by CDFS and signed by the executive director (or authorized designee for public agencies).
2. Each reserve must be maintained in an interest-bearing account and the amount of interest earned will be included in the reserve balance.
3. Reserve monies can only be used for expenses that are reimbursable allowable expenses as defined in the FT&C. Transfers from one reserve account type (or category) to another are not allowable. However, transfers to a current-year contract in the same reserve category are allowable and shall be reported as restricted program income on that contract's attendance and fiscal report.
4. Reserve monies are generated from current year contracts; therefore, the transferable amount generated during the contract period will not be available until July 1 of the subsequent fiscal year.
5. Transfers to the reserve will be authorized by CDFS only once a year.

Upon receipt of the June final report, preliminary reserve amounts will be calculated by CDFS and reported to the contractor. If the contractor is an LEA, this may be the official notification provided there are no further amendments. For agencies that are required to submit an audit to the CDE, the amount will not be final until the audit is closed by the A&I and there are no outstanding billings.

6. Participating agencies must submit a Reserve Account Activity Report with a copy of their supporting General Ledger for each reserve account category type along with their June attendance and fiscal report due July 20. Reports not received in CDFS by July 20 shall be deemed delinquent and, in accordance with Section V.M above, apportionment(s) shall be withheld until the required report is received.
7. Upon termination of all child development contracts of a reserve account category type, all monies in that reserve account shall be returned to the CDE.

#### VII TECHNICAL ASSISTANCE (EC, 8406.6)

Technical assistance shall be provided to any contracting agency making a written request to its assigned consultant or administrator within 60 days of receipt of the request.

#### VIII. CONTRACT CLASSIFICATIONS

##### A. Clear Status (EC 8406.6)

This designation shall be given to a contract that is neither a provisional contract, as described in paragraph (B) nor a conditional contract, as described in paragraph (C).

##### B. Provisional Status (EC 8406.6 and 5CCR 18068)

This designation applies to an agency's first contract for any particular service or to the contract of an existing contracting agency for a new, modified, or different type of service. The timeframe of a provisional contract is at the discretion of the department and is given to ensure that the contracting agency can demonstrate fiscal and programmatic compliance before the contract is designated as a clear contract. The contract status shall be reviewed annually.

New contractors and existing contractors with a new, modified, or different type of service shall be on "provisional" status (stamped on the face sheet of the contract). The timeframe for a provisional contract is at the discretion of the CDE and is given to ensure that contracting agencies can demonstrate fiscal and programmatic compliance before the contract is designated as a clear contract. . Provisional contracts shall be reviewed annually until such time as that agency can demonstrate fiscal and programmatic compliance. Contractors on provisional status shall submit monthly fiscal and attendance reports to the CDFS.

##### C. Conditional Status (EC 8406.6, 5CCR 18001, 18068 and 18306 )

This designation applies to a high-risk contract awarded to a contracting agency that evidences fiscal or programmatic noncompliance, or both fiscal and programmatic noncompliance. A contracting agency with one or more contracts designated as conditional is deemed to be on conditional status with the

department for all child care and development program purposes and is subject to any restrictions deemed reasonable to secure compliance. The conditional contract shall include a bill of particulars detailing the items of noncompliance, the standards that must be met to avoid termination of contract and to qualify the agency for clear contract status, and technical assistance plan. Failure to demonstrate substantive progress toward fiscal or program compliance within six months of that designation shall constitute a breach of contract and may subject the contract to termination for any applicable cause specified in EC Section 8406.7 or 8407, in accordance with Section 8402.

Contractors receiving "conditional" contracts (stamped on the face sheet of the contract) shall be on conditional status until the CDE issues a contract rider formally clearing the contract as specified in Section IX.D below. While on conditional status the contractor shall submit monthly fiscal and attendance reports to the CDFS. The first monthly report shall include a current inventory of equipment purchased in whole or in part with contract funds.

Contractors on "conditional" status are not eligible to apply for new or additional funds.

Contractors on "conditional" status shall receive technical assistance from the California Department of Education.

#### IX. APPEALS AND TERMINATION (*EC* 8400-8409 and *5CCR* 18301)

##### A. Internal Appeal Procedures (*EC* 8401.5 and *5CCR* 18308)

The department will provide an internal appeal procedure to resolve a dispute between the department and a contracting agency providing child care and development services pursuant to section *EC*8262 regarding the interpretation or application of a term of condition of a contract, or to dispute a finding made by the department resulting from a fiscal or programmatic review, including, but not limited to, an error rate notification.

Contractors shall have the right to appeal the findings of a fiscal or programmatic review, including but not limited to, an error rate finding, by submitting a request for appeal in accordance with the internal appeal procedure developed by the department set forth in *5CCR* 18308.

##### B. Independent Appeal Procedures (*EC* 8402 and *5CCR* 18301)

Pursuant to the requirements of *EC* 8400 through 8409, an independent appeal procedure shall be available to any contractor whose contract is terminated or where the demand for remittance of an overpayment is either \$25,000 or four percent (4%) of a local contracting agency's annual contract, whichever is less of a local agency's annual contract. Such appeals shall be heard by independent hearing officers in accordance with procedures established by the Office of Administrative Hearings (OAH) as specified in California *Code of Regulations*, *Title 1*, sections 1121 through 1126, described in Section VIII.B below.

##### C. Immediate Termination (*EC* 8406.7, 8046.9 and 8408)

1. A contracting agency that evidences any of the following acts or omission may have its contract immediately terminated if there is documented evidence of the acts and omissions, and upon review and recommendation of the general counsel of the California Department of

Education for any of the following reasons:

- a. Fraud, or conspiracy to defraud.
- b. Misuse or misappropriation of state or federal funds, including a violation of *EC* Section 8406.9.
- c. Embezzlement.
- d. Threats of bodily or other harm to a state official.
- e. Bribery or attempted bribery of a state official.
- f. Unsafe or unhealthy physical environment or facility.
- g. Substantiated abuse or molestation of children.
- h. Failure to report suspected child abuse or molestation.
- i. Theft of supplies, equipment or food.
- j. Cessation of operations without the permission of the California Department of Education, or acts or omissions evidencing abandonment of the contract or contracts.
- k. Alternative Payment Programs or CalWorks Stage 2 or 3 programs that fail to fully reimburse a significant number of approved child care providers as determined by the California Department of Education, within 15 calendar days after the date set in the plan for timely payments to child care providers adopted by the contracting agency pursuant to 5CCR Section 18226 unless the failure is attributable to a delay in receiving apportionments from the state.
- l. Family Child Care Home Education Networks that fail to pay salaries owed to employees, pay federal payroll tax, or fully reimburse a significant number of child care providers, as determined by the California Department of Education, affiliated with a contracting agency for more than 15 days after the employee salaries, federal payroll taxes, or reimbursement payments were due, unless the failure is attributable to a delay in receiving apportionments from the state.
- m. Contractors that have in place or who place a person in a position of fiscal responsibility or control who have been convicted of a crime involving misuse or misappropriation of state or federal funds, or a state or federal crime involving moral turpitude may have its contract terminated if there is documented evidence of the conviction, and up on review and recommendation of the general counsel of the department.  
  
For purposes of this section, "position of fiscal responsibility or control" includes any authority to direct or control expenditure of, or any access to, state or federal child care and development funds received pursuant to this section whether that authority or access is conferred based on the person's status as an employee, director, manager, board member, or volunteer, or based on any other status.
- n. If the agency provides evidence to the California Department of

Education, before the effective date given in the notice of immediate termination, that the convicted person has been removed from the position of fiscal responsibility or control and provides assurance that the person will not be returned to a position of fiscal responsibility or control, the California Department of Education shall withdraw the termination action.

2. A contractor whose contract is immediately terminated retains appeal rights in accordance with Section IX.B above .

Contractors that are the subject of an immediate termination shall not continue to operate during the appeal of termination.

D. Termination (*EC* 8406.7, 8406.9, 8407 and *5CCR* 18301)

Termination or suspension of a contract during the contract period may occur when:

1. In addition to the grounds set forth in Section C above, which also may be the basis for an immediate termination, termination of a contract during the contract period may occur when:
  - a. A contractor fails to correct items of fiscal or programmatic noncompliance within six (6) months of receiving a conditional contract which includes an addendum stating the specific items of noncompliance and the corrective actions necessary to come into compliance; or
  - b. A contractor engages in serious misconduct posing an immediate threat to health and safety or to state funds for any of the reasons listed in *EC* 8406.7 and *EC* 8406.9; or
  - c. A contractor fails or refuses to make available for examination or copying by an authorized employee of the California Department of Education any records or documents that the contractor is required to retain, upon a request by that employee to examine or copy such records or documents; or
  - d. A contractor refuses to permit an authorized employee of the California Department of Education to enter a facility operated by the contractor during the days and/or hours of operation on file with the California Department of Education, for the purpose of reviewing administrative operations of the contractor or for observing child care and development services provided by the contractor.
2. Any action by the EESD (formerly known as CDD) to terminate a contract, other than to terminate a contract on an immediate basis as set forth in Section C, or to take action to deny the contracting agency more than 4% or \$25,000 (whichever is less) of an agency's contract or to demand remittance of an overpayment of an agency's contract of more than the same amount, as stated in *EC* 8402(a)(1) through (3), shall be preceded by a 90-DAY notice of the action, stating the specific reasons for the action and describing the contractor's appeal rights. Except for cases of immediate termination, contractors that are terminated shall be allowed to

continue to continue to operate during the appeal of termination.

E. Formal Appeals Procedures

1. Appeal Petition

The contractor may contest the noticed action by filing an appeal petition by registered mail with the CDE requesting a hearing before the OAH, not later than fifteen (15) calendar days from the service of the notice of action. The petition shall include:

- a. A clear, concise statement of the action being appealed
- b. The reasons the action is unwarranted and
- c. Any written documentation in support of the appeal

2. Hearing

If the contractor requests a hearing, it will be held within thirty (30) calendar days of receipt of the petition by the CDE, but at least ten (10) calendar days' written notice will be given of the time and place of the hearing. An OAH hearing officer will hear evidence submitted by the state and the contractor during the hearing. The hearing will be recorded. The hearing officer may continue hearings, if deemed necessary.

3. The Decision

The hearing officer shall issue a final decision, in writing, within thirty (30) calendar days after the submission of the case. The decision shall be sent by registered mail or personally served on the representatives of the parties by OAH. The decision shall be the final administrative action afforded the contractor.

4. Request for Additional Written Materials on File at CDE

Contractors may request, in writing, any public documents on which the CDE intends to rely from the CDE files at a cost of six (6) cents per page, payable in advance. The CDE will mail the material requested not later than ten (10) days from the receipt of the request.

F. Contractor's Responsibility After Notice of Termination/NonRenewal (5CCR 18302 and 18054)

After receiving notice of the CDE's decision to terminate the contract or to make no offer of continued funding, the contractor shall submit copies to or make available for copying by the CDE all of the following:

- 1. A current inventory of equipment purchased in whole or in part with contract funds;
- 2. The names, addresses and telephone numbers of all families served by the contract, all staff members funded by the contract; and
- 3. Monthly enrollment and attendance reports until the contract is actually terminated or until the final month for which the contractor retains a contract. Family child care home contractors and Alternative Payment programs shall also submit the names, addresses and telephone numbers of all providers of subsidized services under the contract



The State shall only be obligated to compensate the contractor for net reimbursable program costs or earnings, whichever is less, in accordance with this contract through the date of termination. There shall be no other compensation to the contractor. The state shall offset any monies the contractor owes the state against any monies the State owes under this contract.

#### X. CONTRACT STATUS CHANGE PROCEDURES (*EC* 8401.5 and 8406.6)

##### A. Administrative Review of Changes in Contract Status (*5CCR* 18303)

Contract performance shall be reviewed at least annually by CDE staff who shall determine by April 1 of each year whether to offer continued funding on a clear contract, continued funding on a conditional basis or to make no offer of continued funding.

If the staff recommends conditional status or no offer of continued funding, the contractor shall be notified in writing of the reasons for the proposed change in contract status by April 7. The notice of proposed action shall be sufficiently specific to allow the contractor to respond to the factual basis for the proposed action.

If the contractor disagrees with the proposed action, the contractor's response shall be received by the CDE within ten (10) calendar days of receipt of the notice of proposed action. The contractor's response shall include any written materials in support of its position and, if the contractor intends to make an oral presentation, the response shall so specify.

If the action is being appealed, the staff recommendation and the contractor's response shall be reviewed by an administrative review panel convened by the Director of the EESD (formerly known as CDD) within seven (7) calendar days of receipt of the contractor's response. The review panel will consist of representatives of EESD (formerly known as CDD) management, the CDFS and CDE's Legal Office, A&I and Contracts Office and a representative of a child care and development service provider familiar with the type(s) of program(s) operated by the contractor.

Upon review of the written submissions, the panel will do one of the following:

1. Issue a final decision upholding or modifying the proposed change in status if no oral presentation has been requested
2. Schedule a time and place for an oral presentation by the contractor
3. Issue a final decision to not change the contract status

If an oral presentation has been requested, the contractor will be notified by telephone of the time and place of the presentation. The oral presentation will be scheduled no later than fourteen (14) calendar days from receipt of the contractor's response.

At the oral presentation, the contractor or the contractor's representative will have an opportunity to explain any material submitted in its response. While the contractor may present any information or arguments that are relevant to the proposed action, the review panel may set reasonable limits on the scope of the presentation.

Within seven (7) calendar days after the oral presentation, the review panel shall

issue and mail to the contractor a decision upholding, reversing or modifying the proposed change in contract status. The decision of the review panel shall be the final action of the CDE with regard to that contract.

**B. Conditional Status Imposed During the Contract Period (5CCR 18304)**

If the contractor demonstrates fiscal or programmatic noncompliance during the contract period, based on such information as an annual audit report, a CPM/CMR, or a change in licensing status, the EESD (formerly known as CDD) may place the contract on conditional status for the remainder of the contract period.

The contractor shall receive notice and may request an administrative review of the proposed action as set forth in Section IX.A above, in the event such a change in contract status is recommended by staff of the CDE.

If the contract is placed on conditional status during the last ninety (90) days of the contract period and the contractor is offered continued funding, the contract for the subsequent contract period will also be on conditional status.

**C. Conditional Status Addendum (5CCR 18305)**

A conditional status contract shall contain a bill of particulars as specified in *EC* 8406.6 called a Conditional Status Addendum explaining the contract conditions. The Addendum shall include all the following:

1. The specific item(s) of noncompliance which the contractor must correct
2. The specific corrective action(s) which must be taken
3. The time period within which the contractor must complete the corrections
4. Notice that failure to demonstrate substantive progress within six months may result in termination of the contract or no offer of continued funding

If the contractor is placed on conditional status during the contract period a Conditional Status Addendum will be issued by the CDE and the Conditional Status Addendum shall be considered a part of the annual child development contract and binding on the contractor.

**D. Duration of Conditional Contract Status (*EC* 8406.6(a)(3) and 5CCR 18307)**

Failure to demonstrate substantive progress toward fiscal or program compliance within six months of being on conditional status shall constitute a breach of contract and may subject the contract to termination for any applicable cause specified in *EC* 8406.7 or 8407 in accordance with *EC* 8402 Failure to demonstrate substantive progress toward fiscal or program compliance within six months of that designation shall constitute a breach of contract and may subject the contract to termination for any applicable cause specified in Section 8406.7 or 8407, in accordance with Section 8402.

A contractor with a repayment plan shall remain on conditional contract status and not receive any apportionments until full repayment is made.

A contractor on conditional contract status that is not on a repayment plan shall remain in that status until:

1. The CDE issues written notice to the contractor that the conditional status has been cleared
2. The contractor is issued a clear contract; or
3. The contract terminates according to its terms

A contractor may request written verification from the CDE that some of the deficiencies have been corrected even if the contractor will not be removed from conditional contract status.

#### XI. RESOLUTION OF CONTRACT ADMINISTRATION DISPUTES (*EC 8401.5 and 5CCR 18308*)

The procedure specified in this Section shall be used to resolve disputes between contractors and the CDE that may arise regarding the interpretation and application of any term or condition of a contract, including, but not limited to, requests for waivers, approval of subcontracts or expenditures requiring approval, requests for reimbursement rate adjustments, or reductions in the total amount of contract reimbursement that are not appealable under Section VIII.A above.

The contractor shall attempt to resolve contract disputes at the lowest staff level within the CDE. If the dispute is not resolved at the lowest staff level, the contractor may appeal the decision by submitting a written description of the issues and the basis for the dispute to the Regional Administrator of the CDE having jurisdiction over the contractor's service delivery area. The Regional Administrator shall make a determination and shall send a written notification of the decision to the contractor, together with the reasons for the decision, within thirty (30) calendar days of the receipt of the appeal by the Regional Administrator.

The contractor may appeal the decision of the Regional Administrator to the Assistant Director of the EESD (formerly known as CDD) by submitting a written description of the issues in dispute, and a copy of the Regional Administrator's decision. The Assistant Director of the EESD (formerly known as CDD) shall send notification of the decision to the contractor and shall specify the reason(s) for the decision within thirty (30) calendar days of the receipt of the appeal by the Assistant Director. The decision of the Assistant Director of the EESD (formerly known as CDD) shall be the final administrative action afforded the contractor.

**CALIFORNIA STATE PRESCHOOL PROGRAMS REQUIREMENTS**  
**Fiscal Year 2014–2015**

**I. OPERATIONAL REQUIREMENTS (*EC* 8235(d) and (f))**

The California state preschool program (CSPP) shall operate as follows:

- A. Part-day services that shall be available at least three hours and less than 3 hours and 59 minutes each day, for at least 175 days per year, unless the contract indicates a lower number of days. Services shall include age-appropriate, planned, educational activities throughout each program day that address all developmental domains contained in CDE's Desired Results Developmental Profiles and shall not include a scheduled nap period. The families of children enrolled for part-day services shall establish eligibility pursuant to Section II.A and B below.
- B. Full-day services that shall be available for families that establish a need beyond the part-day services. Full-day services shall be available for at least 246 days per year, unless the contract indicates a lower number of days, and the number of hours necessary to meet the child care and development needs of the families being served. Services must include age-appropriate, planned, educational activities throughout each program day that address all developmental domains contained in CDE's Desired Results Developmental Profiles. The families of children enrolled for full-day services shall establish eligibility and need pursuant to Section II.A, II.B, and II.C below.

The contractor may commingle children enrolled to receive full-day services with children enrolled to receive part-day services, provided that the operational requirements of both program components, as described in I.A and I.B above, are met. Days and hours of operation for commingled services shall be configured, to the extent feasible, to meet the needs of families. Contractors operating a combination of both the part-day and full-day services must permit children to move between full-day and part-day services based on the certified need of their families. Contractors providing California state preschool program part-day services may only enroll children for one part-day period per day of enrollment.

**II. ELIGIBILITY AND NEED CRITERIA AND DOCUMENTATION (*EC* 8201(a), *EC* 8263(a)(1) and *5CCR* 18107)**

**A. General Requirements**

To receive California state preschool program services, children shall be three or four years old as defined in the Definitions section above.

To receive California state preschool programs services, families shall meet the eligibility criteria as specified in Section II.B below. Families receiving full-day services pursuant to I.B above, shall meet both the eligibility and need criteria as specified in sections II.B and II.C below.

In addition to meeting eligibility and/or need requirements, to be eligible for services the child must live in the State of California while services are being received. Evidence of a street address or post office address in California will be sufficient to establish residency. A person identified as homeless pursuant to Section I, Definition of "Homeless" is exempted from this requirement and shall submit a declaration of intent to reside in California.

The governing board of a school district, community college district, or a county superintendent of schools may accommodate children residing outside the district boundaries in accordance with *EC 8322(a)*. The determination of eligibility shall be without regard to the immigration status of the child or the child's parent(s) unless the child or the child's parent(s) is under a final order of deportation from the United States Department of Homeland Security.

**B. Eligibility Criteria (*EC 8235(c)* and *8263(a)(1)*)**

Eligibility shall be established by 1, 2, 3, or 4 below:

1. Family is a cash aid recipient
2. Family is income eligible
3. Family is homeless
4. Family has a child who is at risk of abuse, neglect, or exploitation, or receiving child protective services through the county welfare department

Contractors providing part-day services pursuant to I.A above:

1. Shall establish a family's eligibility once at the beginning of the program year or when initially enrolled.
2. May enroll children whose family's income is no more than 15 percent above the income eligibility threshold, as described in *EC 8263* and *8263.1*:
  - a. After all eligible children are enrolled pursuant to admission priorities described in section IV below, and
  - b. No more than 10 percent of children enrolled, calculated throughout the participating program's entire contract, are filled with children in families that are above the income eligibility threshold.

**C. Need Criteria (*EC 8261*, *8263(a)(2)*, *8265* and *5CCR 18085.5(b)*)**

For full-day services, need shall be established by 1 or 2 below:

1. Child protective services or at risk of abuse, neglect, or exploitation as defined in the Definitions Section
2. The parent(s) and any other adult counted in the family size are any of the following:
  - a. Employed
  - b. Seeking employment
  - c. Participating in vocational training leading directly to a recognized trade, paraprofession, or profession
  - d. Homeless and seeking permanent housing for family stability
  - e. Incapacitated

3. Full-day services shall only be available to the extent to which:
  - a. The parent meets a need criterion as specified in Section II.C.2 above that precludes the provision of care and supervision of the family's child for some of the day;
  - b. There is no parent in the family capable of providing care for the family's child during the time services are requested; and
  - c. Supervision of the family's child is not otherwise being provided by school or another person or entity.

D. Certification of Eligibility and/or Need (*EC* 8237, 8261, 8261.5, 8263, 8269, 5CCR 18081, 18094, 18095, and 18102)

The contractor shall designate the staff person authorized to certify eligibility and need. Prior to initial enrollment and at the time of update or recertification, an authorized representative of the contractor shall:

1. Certify each family's/child's eligibility and/or need for child care and development services after reviewing the completed application (as described in Section II.F below) and documentation contained in the family data file.
2. Issue a Notice of Action, Application for Services as described in Section XI.A below or a Notice of Action, Recipient of Services as described in Section XI.B below.

Families eligible for full-day services shall:

1. At the time of certification and recertification, be informed of their responsibility to notify the contractor, within five (5) calendar days, of any changes in family income, family size, or need for California state preschool program services at the time of certification and recertification,
2. Be informed that subsequent to enrollment, a child remains eligible for the portion of the day that is less than four hours and provides age-appropriate, planned, educational activities that address all developmental domains contained in CDE's Desired Results Development Profiles, and does not include a scheduled nap period, for the remainder of the program year.

When a child's residence alternates between the homes of separated or divorced parents, eligibility, need and fees should be determined separately for each household in which the child is residing during the time child development services are needed (i.e., separate certifications and service agreements). For example, a child may be certified during part of the week and full cost the rest of the week.

E. Contents of Family Data File (*EC* 8261, 8261.5, 8263, 8269 and 5CCR 18081)

1. Contractors shall establish and maintain a family data file for each family receiving child care and development services.
2. The family data file shall contain a completed and signed application as described in II.F below for services and the following records as applicable to determine eligibility and/or need in accordance with Sections II.A, II.B, and II.C above:

- a. Documentation of income eligibility, including an income calculation worksheet;
  - b. Documentation of employment;
  - c. Documentation of seeking employment;
  - d. Documentation of training;
  - e. Documentation of parental incapacity;
  - f. Documentation of child's exceptional needs;
  - g. Documentation of homelessness;
  - h. Documentation of seeking permanent housing for family stability;
  - i. Documentation of referral or child protective services;
  - j. Documentation of referral for a child at risk of abuse, neglect or exploitation.
- 3. A signed Child Care Data Collection Privacy Notice and Consent Form CD 9600A (Rev. 01/04) shall be included.
  - 4. Notice of Action, Application for Services and/or Recipient of Services shall be included.
  - 5. The family data file shall contain all child health and current emergency information required by California *Code of Regulations, Title 22, Social Security, Division 12, Community Care Facilities Licensing Regulations* with the following exception. Immunization records are not required to be in the family data file for children attending a public or private elementary school or for children receiving care in licensed facilities and reimbursed pursuant to *EC 8220 and 8350*.
- F. Application for Services (*EC 8250, 8261, 8263, 5CCR 18083 and 18100*)
- The application for services shall contain the following information:
- 1. The parent's(s') full name(s), address(es) and telephone number(s)
  - 2. The names, gender, and birth dates of all children under the age of eighteen (18) in the family, whether or not they are served by the program
  - 3. The number of hours per day services will be provided for each child
  - 4. The reason for needing child care and development services as specified in Section II.C above, if applicable
  - 5. Employment or training information for parent(s) including name and address of employer(s) or training institution(s) and days and hours of employment or training, if applicable
  - 6. Family size and income, if applicable
  - 7. Eligibility status as specified in Section II.B above
  - 8. The parent's signature and date of the signature
  - 9. The signature of the contractor's authorized representative certifying the eligibility and need as applicable.

G. Documentation and Determination of Family Size (*EC* 8250, 8261, 8263 and 5CCR 18100)

1. The information provided in II.F.1 and II.F.2 above shall be used to determine family size. The parent shall provide supporting documentation regarding the number of children and parents in the family.
  - a. The number of children shall be documented by providing one of the following documents, as applicable:
    1. Birth certificates;
    2. Court orders regarding child custody;
    3. Adoption documents;
    4. Records of Foster Care placements;
    5. School or medical records;
    6. County welfare department records; or
    7. Other reliable documentation indicating the relationship of the child to the parent.
  - b. When only one parent has signed the application and the information provided pursuant to Section II.G.1.a above indicates the child(ren) in the family has another parent whose name does not appear on the application, then the presence or absence of that parent shall be documented by providing any one of the following documents, as applicable:
    1. Records of marriage, divorce, domestic partnership or legal separation;
    2. Court-ordered child custody arrangements;
    3. Evidence that the parent signing the application is receiving child support payments from that person, has filed for child support with the appropriate local agency, or has executed documents with that agency declining to file for child support;
    4. Rental receipts or agreements, contracts, utility bills or other documents for the residence of the family indicating that the parent is the responsible party; or
    5. Any other documentation, excluding a self-declaration except as provided in Section II.G.1.c below, to confirm the presence or absence of a parent of a child in the family.
  - c. If, due to the recent departure of a parent from the family, the remaining applicant parent cannot provide any documentation pursuant to Section II.G.1.b above, the applicant parent may submit a self-declaration signed under penalty of perjury explaining the absence of that parent from the family. Within six months of applying or reporting this change in family size, the parent must provide documentation pursuant to Section II.G.1.b above.



2. If the information provided by the parent is insufficient, the contractor shall request any additional documentation necessary from Section II.G.1.a above to verify the family composition and family size.
3. For income eligibility and family fee purposes, when a child and his or her siblings are living in a family that does not include their biological or adoptive parent, only the child and related siblings shall be counted to determine family size. In these cases, the adult(s) must meet a need criterion as specified in Section II.C above to receive full-day services pursuant to I.B above.

H. Documentation of Income Eligibility (*EC* 8261, 8263 and *5CCR* 18084)

The parent is responsible for providing documentation of the family's total countable income and the contractor is required to verify the information, as described below:

1. The parent(s) shall document total countable income for all the individuals counted in the family size as follows:
  - a. If the parent is employed, provide:
    1. A release authorizing the contractor to contact the employer(s), to the extent known, that includes the employer's name, address, telephone number, and usual business hours, and
    2. All payroll check stubs, a letter from the employer, or other record of wages issued by the employer for the month preceding the initial certification, an update of the application, or the recertification that establishes eligibility for services.
  - b. When the employer refuses or fails to provide requested documentation or when a request for documentation would adversely affect the parent's employment, provide other means of verification that may include a list of clients and amounts paid, the most recently signed and completed tax returns, quarterly estimated tax statements, or other records of income to support the reported income, along with a self-certification of income.
  - c. If the parent is self-employed, provide a combination of documentation necessary to establish current income eligibility for at least the month preceding the initial certification, an update of the application, or the recertification that establishes eligibility for services. Documentation shall consist of as many of the following types of documentation as necessary to determine income:
    1. A letter from the source of the income;
    2. A copy of the most recently signed and completed tax returns with a statement of current estimated income for tax purposes, or
    3. Other business records, such as ledgers, receipts, or business logs.

- d. Provide copies of the documentation of all non-wage income referenced in the definition of “total countable income,” self-certification of any income for which no documentation is possible, and any verified child support payments referenced in the definition of “adjusted monthly income.”
  2. The contractor:
    - a. Shall retain copies of the documentation of total countable income and adjusted monthly income in the family data file.
    - b. When the parent is employed, shall, as applicable, verify the parent’s salary/wage; rate(s) of pay; potential for overtime, tips or additional compensation; hours and days of work; variability of hours and days of work; pay periods and frequency of pay, start date for the employee. If the employer refuses or is non-responsive in providing requested information or a request for employer documentation would adversely affect the parent’s employment, and if the information provided pursuant to section 1.c above is inconsistent with the contractor’s knowledge or community practice, shall request clarification in the self-certification of income, additional income information or a reasonable basis for concluding that the employer exists.
    - c. When the parent is self-employed, shall obtain and make a record of independent verification regarding the cost for services provided by the parent that may be obtained by contacting clients, reviewing bank statements, or confirming the information in the parent’s advertisements or Web site. If the income cannot be independently verified, the contractor shall assess whether the reported income is reasonable or consistent with the community practice for this employment.
    - d. May request additional documentation to verify total countable income to the extent that the information provided by the parent or the employer is insufficient to make a reasonable assessment of income eligibility.
    - e. To establish eligibility, shall, by signing the application for services, certify to the contractor’s reasonable belief that the income documentation obtained and, if applicable, the self-certification, support the reported income, are reliable and are consistent with all other family information and the contractor’s knowledge, if applicable, of this type of employment or employer.
  3. If the family is receiving child care and development services because the child(ren) is/are at risk of abuse, neglect, or exploitation or receiving child protective services, and the written referral required by Sections II.P and II.Q below specifies that it is necessary to exempt the family from paying a fee, then the parent will not be required to provide documentation of total countable income.
- I. Calculation of Income (*EC* 8261, 8263 and *5CCR* 18096)
- The contractor shall calculate total countable income based on income information reflecting the family’s current and on-going income:

1. Using an income calculation worksheet that specifies the frequency and amount of the payroll check stubs provided by the parent and all other sources of income referenced in the definition of "total countable income."
2. When income fluctuates because of:
  - a. Agricultural work as referenced in referenced in the definition of "income fluctuation" by averaging income from the 12 months preceding the initial certification, an update of the application, or the recertification that establishes eligibility for services.
  - b. Intermittent income as referenced in definition of the "income fluctuation" by averaging the intermittent income from the preceding 12 months by dividing by 12 and add this amount to the other countable income.
  - c. Unpredictable income as referenced in the definition of "income fluctuation" by averaging the income from at least three consecutive months and no more than 12 months preceding the initial certification, an update of the application, or the recertification that establishes eligibility for services.
3. Exceptions to Calculation for Military Personnel  
 For programs located on or in close proximity to a military base or base housing for purposes of determining eligibility and income ranking for families whose child is eligibility for part-day/part-year services, when an individual counted in the family size is on federal active duty, state active duty, active duty for special work, or Active Guard and Reserve duty in the military, and the families reside on a military base or in military housing, the contractor with prior written approval from the SSPI or his designee may exclude the amount of the basic allowance for housing provided to the individual pursuant to 37 USC 403.
- J. Documentation of Public Assistance (*EC 8261, 8263 and 5CCR 18085*)  
 If the basis of eligibility as specified in Section II.B above is current aid recipient, the parent shall provide documentation of public cash assistance, unless the contractor has and elects to use other means of verification.
- K. Documentation of Employment (*EC 8261, 8263 and 5CCR 18086*)
  1. If the basis of need as specified in Section II.C above is employment of the parent, the documentation of the parent's employment shall include the days and hours of employment.
  2. If the parent has an employer, the documentation of need based on employment shall consist of one of the following:
    - a. The pay stubs provided to determine income eligibility that indicate the days and hours of employment;
    - b. When the provided pay stubs do not indicate the days and hours of employment, the contractor shall verify the days and hours of employment by doing one of the following:
      1. Secure an independent written statement from the employer;

2. Telephone the employer and maintain a record;
  3. If the provided pay stubs indicate the total hours of employment per pay period and if the contractor is satisfied that the pay stubs have been issued by the employer, specify on the application for services the days and hours of employment to correlate with the total hours of employment and the parent's need;
  4. If the variability of the parent's employment is unpredictable and precludes the contractor from verifying specific days and hours of employment or work week cycles, specify on the application for services that the parent is authorized for a variable schedule for the actual hours worked, identifying the maximum number of hours of need based on the week with the greatest number of hours within the preceding four weeks and the verification pursuant to Sections II.K.2.b.1, 2, or 3 above. Until such time as the employment pattern becomes predictable, need for services shall be updated at least every four months and shall be based on the requirements of section II.K.2 above and the child care services utilized;
  5. If the employer refuses or is non-responsive in providing the requested information, record the contractor's attempts to contact the employer, and specify and attest on the application for services to the reasonableness of the days and hours of employment based on the description of the employment and community practice; or
  6. If the parent asserts in a declaration signed under penalty of perjury that a request for employer documentation would adversely affect the parent's employment, on the application for services:
    - i. Attest to the reasonableness of the parent's assertion; and
    - ii. Specify and attest to the reasonableness of the days and hours of employment based on the description of the employment and community practice.
  - c. When the employed parent does not have pay stubs or other record of wages from the employer and has provided a self-certification of income, as defined in Section I, Definitions; the contractor shall assess the reasonableness of the days and hours of employment, based on the description of the employment and the documentation provided pursuant to section II.H.1.c, and authorize only the time determined to be reasonable.
3. If the parent is self-employed, the documentation of need based on employment shall consist of the following:
    - a. Parent provided information that includes:
      1. A declaration of need under penalty of perjury that includes

- a description of the employment and an estimate of the days and hours worked per week;
    2. To demonstrate the days and hours worked, a copy of one or more of the following: appointment logs, client receipts, job logs, mileage logs, a list of clients with contact information, or similar records; and
    3. As applicable, a copy of a business license, a workspace lease, or a workspace rental agreement.
  - b. A statement by the contractor assessing the reasonableness of the total number of days and hours requested per week based on the description of the employment and the documentation provided pursuant to this section and section II.H. If the parent has unpredictable hours of employment, the contractor shall authorize the parent for a variable schedule not to exceed the number of hours determined to be needed per week. Need for services for unpredictable hours shall be updated at least every four months and shall be based on the requirements of Section II.K.3 above. If the contractor has been unable to verify need based on the documentation provided, the contractor shall take additional action to verify self-employment that includes any one or more of the following:
    1. If the self-employment occurs in a rented space, contacting the parent's lessor or other person holding the right of possession to verify the parent's renting of the space;
    2. If the self-employment occurs in variable locations, independently verifying this information by contacting one or more clients whose names and contact information have been voluntarily provided by the parent; or
    3. Making other reasonable contacts or requests to determine the amount of time for self-employment.
  - c. If the contractor is unable to make a reasonable assessment of the hours needed for self-employment after attempting to verify such hours and documenting the attempts, the contractor may divide the parent's self-employment income, as defined in California *Code of Regulation, Title 5*, section 18078(q)(4), by the applicable minimum wage. The resulting quotient shall be the maximum hours needed for employment per month.
4. For the instances identified in Section II.K.2.b (1 through 5) and II.K.3 above, the parent shall provide a release to enable the contractor to obtain the information it deems necessary to support the parent's asserted days and hours worked per week.
5. If additional services are requested for travel time or sleep time to support employment, the contractor shall determine, as applicable, the time authorized for:
  - a. Travel to and from the location at which services are provided and the place of employment, not to exceed half of the daily hours authorized for employment to a maximum of four hours per day; or

- b. Sleep, if the parent is employed anytime between 10:00 p.m. and 6:00 a.m., not to exceed the number of hours authorized for employment and travel between those hours.

L. Documentation of Employment in the Home or a Licensed Family Day Care Home (*EC* 8261, 8263, 8265 and *5CCR* 18086.1)

The requirements of this section are in addition to those stated in Section II.K above.

If the parent's employment is in the family's home or on property that includes the family's home, the parent must provide justification for requesting child care and development program services based on the type of work being done and its requirements, the age of the family's child for whom services are sought, and, if the child is more than five years old, the specific child care needs. The contractor shall determine and document whether the parent's employment and the identified child care needs preclude the supervision of the family's child.

If the parent is a licensed family day care home provider pursuant to California *Health and Safety Code* section 1596.78 or an individual license-exempt provider pursuant to California *Health and Safety Code* section 1596.792, subdivisions (d) or (f), the parent is not eligible for child care and development program services during the parent's business hours because the parent's employment does not preclude the supervision of the family's child.

If the parent is employed as an assistant in a licensed large family day care home, pursuant to California *Health and Safety Code* Section 1596.78(b), and is requesting services for the family's child in the same family day care home, the parent shall provide documentation that substantiates all of the following:

1. A copy of the family day care home license indicating it is licensed as a large family day care home;
2. A signed statement from the licensee stating that the parent is the assistant, pursuant to the staffing ratio requirement of California *Code of Regulations, Title 22, Section 102416.5(c)*;
3. Proof that the parent's fingerprints are associated with that licensed family day care home as its assistant, which the contractor may verify with the local community care licensing office; and
4. Payroll deductions withheld for the assistant by the licensee, which may be a pay stub.

M. Documentation of Seeking Employment; Service Limitations (*EC* 8261, 8263, 8265 and *5CCR* 18086.5)

1. If the basis of need as stated on the application for services is seeking employment, the parent's period of eligibility for child care and development services is limited to 60 working days during the contract period, except as specified in Section II.M.4 or if the SSPI suspends the eligibility limitation pursuant to *5CCR* 18086.5(d). Services shall occur on no more than five days per week and for less than 30 hours per week. The period of eligibility shall start on the day authorized by the contractor and extend for consecutive working days.
2. Documentation of seeking employment shall include a written parental declaration signed under penalty of perjury stating that the parent is

seeking employment. The declaration shall include the parent's plan to secure, change, or increase employment and shall identify a general description of when services will be necessary.

3. The contractor shall determine the number of working days available for seeking employment and the child care schedule, which may be a variable schedule, based on the documentation. During the period of authorization and if necessary to verify need, the contractor may request that the parent provide, no more than once a week, a description of the activities he or she has undertaken during the previous week to seek employment and, as appropriate, may require additional documentation.
4. If the parent has concurrently received services based on employment or vocational training for at least twenty (20) working days while receiving services for seeking employment, eligibility for seeking employment may be extended for an additional twenty (20) working days. For such a parent, services for this purpose shall not exceed 80 working days during the contract period.
5. If services for this purpose are discontinued, the number of working days remaining in the period of eligibility shall be available for a subsequent period of eligibility during the contract period.
6. As used in section II.M, the working days used to determine the period of eligibility shall include the consecutive Mondays through Fridays, excluding any federal holidays.

N. Documentation of Training toward Vocational Goals; Service Limitations (*EC* 8261, 8263, 8265 and *5CCR* 18087)

1. If the basis of need on the application for services is vocational training leading to a recognized trade, paraprofession, or profession, child care and development services shall be limited, except as provided in section II.N.12. below, to whichever expires first:
  - a. Six (6) years from the initiation of services pursuant to this section; or
  - b. Twenty-four (24) semester units, or its equivalent, after the attainment of a Bachelor's Degree.
2. The parent shall provide documentation of the days and hours of vocational training to include:
  - a. A statement of the parent's vocational goal;
  - b. The name of the training institution that is providing the vocational training;
  - c. The dates that current quarter, semester, or training period, as applicable, will begin and end;
  - d. A current class schedule that is either an electronic print-out from the training institution of the parent's current class schedule or, if unavailable, a document that includes all of the following:
    1. The classes in which the parent is currently enrolled;
    2. The days of the week and times of day of the classes; and

3. The signature or stamp of the training institution's registrar.
  - e. The anticipated completion date of all required training activities to meet the vocational goal; and
  - f. Upon completion of a quarter, semester, or training period, as applicable, a report card, a transcript, or, if the training institution does not use formal letter grades, other records to document that the parent is making progress toward the attainment of the vocational goal in accordance with section II.N.6 below.
3. A parent shall report any change in his or her class schedule related to the days and times of any class, including a withdrawal from a class, within five calendar days of requesting the change from the institution.
  4. Services may be provided for classes related to the General Education Development (GED) test or English language acquisition if such courses support the attainment of the parent's vocational goal.
  5. On-line or televised instructional classes that are unit bearing classes from an accredited training institution shall be counted as class time at one hour a week for each unit. The parent shall provide a copy of the syllabus or other class documentation and, as applicable, the Web address of the on-line program. The accrediting body of the training institution shall be among those recognized by the United States Department of Education.
  6. Continuation of services based on training is contingent upon making adequate progress. To make progress each quarter, semester, or training period, as applicable, the parent shall, in the college classes, technical school, or apprenticeship for which child care and development program services is provided:
    - a. In a graded program, earn a 2.0 grade point average; or
    - b. In a non-graded program, pass the program's requirements in at least 50 percent of the classes or meet the training institution's standard for making adequate progress.
  7. The first time the parent does not meet the condition in Section II.N.6 above, the parent may continue to receive services for one additional quarter, semester, or training period, as applicable, to improve the parent's progress. At the conclusion of that session, the parent shall, in the classes for which child care and development program services was provided, have made adequate progress pursuant to section II.N.6 above. If the parent has not made adequate progress pursuant to section II.N.6 above, services for this purpose shall be:
    - a. Terminated; and
    - b. Available to the parent, to the extent provided by section II.N.1 above, after six months from the date of termination.
  8. No later than ten calendar days after the training institution's release of progress reports for the quarter, semester, or vocational training period, as applicable, the parent shall provide the contractor with a copy of the parent's official progress report. As it deems appropriate, the contractor may require the parent to:



- a. Have an official copy of a progress report sent directly from the training institution to the contractor; or
  - b. Provide a release, as may be required by the training institution, to enable the contractor to verify the parent's progress with the institution.
- 9. A parent may change his or her vocational goal, but services shall be limited to the time or units remaining from the initiation of the provision of services for vocational training as specified in Section II.N.1 above.
- 10. The contractor shall determine the days and hours needed per week, and whether the parent is making progress, based on the documentation. The contractor may request that the parent provide a publication from the training institution describing the classes required to complete the parent's vocational goal.
- 11. If additional services are requested for study time or travel time to support the vocational training, the contractor shall determine, as appropriate, the amount of services needed for:
  - a. Travel to and from the location at which services are provided and the training location, not to exceed half of the weekly hours authorized for training to a maximum of four hours per day; or
  - b. Study time, including study time for on-line and televised instructional classes, according to the following:
    - 1. Two hours per week per academic unit in which the parent is enrolled;
    - 2. On a case-by-case basis and as may be confirmed with the class instructor, additional time not to exceed one hour per week per academic unit in which the parent is enrolled; and
    - 3. On a case-by-case basis, no more than the number of class hours per week for non-academic or non-unit bearing training.
- 12. The service limitations specified in Section II.N.1 above shall not apply to a parent who demonstrates he or she is:
  - a. As of June 27, 2008, receiving services for vocational training and has attained a Bachelor's Degree;
  - b. Receiving services from a program operating pursuant to *EC* 66060;
  - c. Attending vocational training when the parent has been deemed eligible for rehabilitation services by the California Department of Rehabilitation; or
  - d. Attending retraining services available through the Employment Development Department of the State or its contractors due to a business closure or mass layoff.

- O. Documentation of Parental Incapacity; Service Limitations (*EC* 8261, 8263, 8265 and *5CCR* 18088)
1. If the basis of need as stated on the application for services is parental incapacity, child care and development services shall not exceed fifty (50) hours per week.
  2. Documentation shall include a release signed by the incapacitated parent authorizing a legally qualified health professional to disclose information necessary to establish that the parent meets the definition of incapacity, pursuant to the definitions section, and needs services.
  3. The documentation of incapacitation provided by the legally qualified health professional shall include:
    - a. A statement that the parent is incapacitated, that the parent is incapable of providing care and supervision for the child for part of the day, and, if the parent is physically incapacitated, that identifies the extent to which the parent is incapable of providing care and supervision;
    - b. The days and hours per week that services are recommended to accommodate the incapacitation, taking into account the age of the child and the care needs. This may include time for the parent's regularly scheduled medical or mental health appointments;
    - c. The probable duration of the incapacitation; and
    - d. The name, business address, telephone number, professional license number, and signature of the legally qualified health professional who is rendering the opinion of incapacitation and, if applicable, the name of the health organization with which the professional is associated.
  4. The contractor may contact the legally qualified health professional for verification, clarification, or completion of the provided statement.
  5. The contractor shall determine the days and hours of service based on the recommendation of the health professional and consistent with the provisions of this article.
- P. Documentation of Child's Exceptional Needs (*EC* 8261, 8263 and *5CCR* 18089)
- If the contractor is claiming adjustment factors pursuant to *EC* Section 8265.5(b)(4) or (b)(5), the child with exceptional needs is **thirteen** (13) through twenty-one (21) years of age, or the contractor is operating a program pursuant to *EC* Section 8250(d). The documentation of exceptional needs shall include:
1. A copy of the portion of the active individual family service plan (IFSP) or the individualized education program (IEP) that includes the information as specified in *EC* Section 56026 and *5CCR* sections 3030 and 3031; and
  2. A statement signed by a legally qualified professional that:
    - a. The child requires the special attention of adults in a child care setting; and

- b. Includes the name, address, license number, and telephone number of the legally qualified professional who is rendering the opinion

Q. Documentation of Child Protective Services (*EC* 8261, 8265, *5CCR* 18092 and 18081(b)(10))

If eligibility and need as specified in Section II.B and II.C above are based on child protective services, the family file shall contain a written referral, dated within the six (6) months immediately preceding the date of application for services, from a county welfare department, child welfare services worker certifying that:

1. The child is receiving child protective services and that child care and development services are a necessary component of the child protective services plan; and
2. The probable duration of the child protective services plan; and
3. The name, address, telephone number, and signature of the child welfare services worker who is making the referral

R. Documentation of Homelessness (*EC* 8261, 8263 and *5CCR* 18090)

If the basis of eligibility stated on the application for services is homelessness, the family data file shall include documentation of homelessness. The documentation of homelessness shall include:

1. A written referral from an emergency shelter or other legal, medical or social service agency; or
2. A written parental declaration that the family is homeless and a statement describing the family's current living situation.

S. Documentation of Seeking Permanent Housing; Service Limitations (*EC* 8261, 8263 and *5CCR* 18091)

1. If the basis of need as stated on the application for services is seeking permanent housing for family stability, the parents of eligibility child care and development services is limited to sixty (60) working-days during the contract period, except as specified in II.S.4 and II.S.5 below. Services shall occur on no more than five days per week and for less than thirty (30) hours per week. The period of eligibility shall start on the day authorized by the contractor and extend for consecutive working days.
2. Documentation of seeking permanent housing shall include a written parental declaration signed under penalty of perjury that the family is seeking permanent housing. The declaration shall include the parent's search plan to secure a fixed, regular, and adequate residence and shall identify a general description of when services will be necessary. If the family is residing in a shelter, services may also be provided while the parent attends appointments or activities necessary to comply with the shelter participation requirements.
3. The contractor shall determine the number of weeks available for seeking permanent housing and the child care schedule, which may be a variable schedule, based on the documentation. During the period of authorization and if necessary to verify need, the contractor may request that the parent provide, no more than once a week, either a declaration signed under

penalty of perjury describing the activities the parent has undertaken during the previous week to seek permanent housing or a signed statement from the shelter, transitional housing agency, or homeless support program regarding the parent's search progress to date.

4. If the parent does not expect to secure housing prior to the end of the eligibility period:
  - a. The parent may request an extension in a declaration of need signed under penalty of perjury that includes an update of the parent's search plan and either a description of the activities undertaken during the previous week to seek permanent housing or a signed statement from the shelter, transitional housing agency, or homeless support program indicating the parent's continued need for services; and
  - b. The contractor may authorize an extension of search eligibility for up to twenty (20) additional working days.
5. If services for this purpose are discontinued, the number of working days remaining in the period of eligibility shall be available for a subsequent period of eligibility during the contract period.
6. As used in this section, the working days used to determine the period of eligibility shall include the consecutive Mondays through Fridays, excluding any federal holidays.

T. Documentation of At Risk of Abuse, Neglect, or Exploitation (*EC* 8261, 8263 and *5CCR* 18092)

If eligibility and need as specified in Section II.B and II.C above are based on the child being at risk of abuse, neglect, or exploitation, the family data file shall contain a written referral, dated within the six (6) months immediately preceding the date of application for services from a legal, medical, social service agency, or emergency shelter certifying that:

1. The child is at risk of abuse, neglect, or exploitation and that the family needs child care and development services; and
2. The probable duration of the need for child care and development services; and
3. The name, business address, telephone number, and signature of the legally qualified professional who is making the referral and information that identifies the agency or shelter with whom the individual is associated.

U. Updating the Application (*EC* 8261, 8263 and *5CCR* 18103(b))

Contractors providing full-day services shall update the family's application to document continued need and eligibility and to determine any change to fee assessment, if applicable, as follows:

1. For migrant and other seasonally employed families, the application shall be updated within thirty (30) days whenever there is a change in family size or need if need is based on training or incapacity of the parent.

2. For all other families, the application shall be updated within thirty (30) calendar days whenever there is a change in family income, family size, or need for services.

A child receiving California state preschool full-day services remains eligible for part-day services, regardless of continued need and/or eligibility.

The requirement for updating the files does not apply to families receiving services because the child is receiving child protective services or at risk of abuse, neglect or exploitation.

V. Recertification (*EC* 8261, 8263(b)(1)(B) and (C))

After initial certification and enrollment, the contractor shall verify need and eligibility and recertify each family/child receiving services as follows:

1. Families receiving full-day services because the eligible child is at risk of abuse, neglect or exploitation are limited to receiving child care and development services for up to three (3) months. The family can continue to receive child care and development services based on any of the following reasons:
  - a. The child is receiving protective services and child care and development services are part of the case plan
  - b. The family meets other need and eligibility criteria pursuant to Section II.B and II.C above
2. Families receiving full-day services because the eligible child is receiving child protective services shall be recertified at least every twelve (12) months. Recertification must be completed prior to the date identified on the child protective services referral as the duration of care. Families may continue to receive full-day services for child protective services children as needed, if the county welfare department, child welfare services worker certifies that the family continues to receive child protective services and that child care and development services are part of the case plan or if the family meets other need and eligibility criteria pursuant to Section II.B and II.C above.
3. Families receiving full-day services shall be recertified at least once each contract period and at intervals not to exceed twelve (12) months. Eligible children in families that do not meet eligibility and/or need for full-day service in a California state preschool program may continue to receive part-day services.

III. LIMITED TERM SERVICE LEAVE REQUIREMENTS (*EC* 8261, 8263, 8265, 8269 and 5CCR 18104)

- A. If the family will temporarily not have a need for child care and development program services as specified in Section II.C above, the contractor may grant the family a limited term service leave. Reasons for a limited term service leave shall include medical leave and family leave, and may include, but are not limited to, break in employment, school break, the child's visit with the non-custodial parent that is not ordered by the court, or family vacation in excess of best interest days as specified in Section VI Accounting and Reporting Requirements, Paragraph D. Family leave means a leave:
  1. For the birth and care of the newborn child of the parent,

2. For placement with the parent of a child for adoption or foster care, and
  3. To care for the parent's child, spouse, or parent who has a health condition.
- B. If the contractor offers limited term service leaves, the contractor:
1. Shall provide equal access to limited term service leaves; and
  2. May set a limit on the number of leaves to be granted in a contract year based on an assessment of contract resources pursuant to 5CCR, Section 18054.
- C. If the contractor grants a limited term service leave:
1. The family shall not be disenrolled from the program;
  2. The service agreement with the parent shall indicate that no services will be provided during the limited term service leave; and
  3. The contractor shall not report the child as enrolled nor claim reimbursement from the CDE while the child is on a limited term service leave.
- D. A limited term service leave shall not exceed twelve (12) consecutive weeks in duration, except as specified in Sections E below.
- E. A limited term service leave from employment or training shall not exceed 16 consecutive weeks in duration if the leave is for:
1. A medical or family leave; or
  2. A period when the vocational training program is not in spring, fall, or winter sessions.
- IV. ADMISSION PRIORITIES (*EC 8261, 8263(b) and 5CCR 18106*)
- A. First priority: Families whose age eligible children are receiving child protective services or families whose age eligible children are at risk of being abused, neglected, or exploited. Within this priority, children receiving protective services through the local county welfare department shall be admitted first.
- B. Second priority: All CSPP eligible four-year-old children shall be admitted before CSPP eligible three-year old children in accordance with family income ranking, with the lowest income ranks being admitted first. For purposes of determining the order of admission, public assistance grants are counted as income, and shall be ranked accordingly. When two or more families have the same income, the family that has a child with exceptional needs shall be admitted first. If none of the families with the same income ranking has an exceptional needs child, the family that has been on the waiting list the longest shall be admitted first.
- C. Contractors shall not deny service to nor assign a lower priority to a family that needs less than full-time services.
- D. In accordance with EC Section 8263(b) (3), the CDE may grant a waiver to the priorities specified above in order for the contractor to serve specific populations. Requests may not include waiver of the fee schedule or admission of ineligible families. Waiver requests shall be submitted to the EESD (formerly known as CDD) and approved prior to implementation.

- E. **For part-day service only**, CSPP eligible four-year-old children from over income families shall be admitted before CSPP eligible three-year-old children from over income families, up to the percentage allowed pursuant to EC 8235(c) or 8238.4(a)(1), whichever is applicable

**Housing and Community Development Child Care and Development**

**Programs:** If the face sheet of this agreement specifies an amount for Housing and Community Development, expanded services shall be provided in accordance with the following priorities.

First priority for child care and development program services shall be given to residents with CSPP age eligible children occupying assisted units (as defined in California *Code of Regulations*, Title 25, Housing and Community Development, Section 8111 and identified in the Family Housing Demonstration Program Regulatory Agreement) within the housing development who meet eligibility and need requirements specified in sections II.A, II.B and II.C above. Within this priority, the families with the lowest income ranking shall be admitted first. If more than one family meets this criterion, the family that has a child with exceptional needs shall be admitted first. If none of the families has a child with exceptional needs, the family that has been on the waiting list for the longest time shall be admitted first.

Second priority for child care and development program services will be given to other residents of the housing development not residing in assisted units who need child care and met the need and eligibility requirements specified in sections II.A, II.B, and II.C above. Within the second priority, families with the lowest per capita income shall be admitted first.

Third priority for child care and development program services will be given to families residing outside of the housing development. Within this priority, the families with the lowest per capita income shall be admitted first.

Families whose children are receiving child protective services or families whose children are at risk of being neglected, abused, or exploited do not have priority in Housing and Community Development child care and development programs.

In accordance with EC Section 8263(b)(3), the CDE may grant a waiver to the priorities specified above in order for the contractor to serve specific populations. Requests may not include waiver of the fee schedule or admission of ineligible families. Waiver requests shall be submitted to the EESD (formerly known as CDD) and approved prior to implementation.

V. **POLICIES AND PROCEDURES**

- A. **General Admission Procedures (EC 8261, 8263 and 5CCR 18105)**

Contractors shall develop written admission policies and procedures that shall be made available to the public. The admission procedures established shall conform to requirements in the California *Code of Regulations*, Title 22, Section 101218.

At least fifty percent (50%) of the children enrolled at a program site shall be four-year-old children. Any exceptions to this requirement shall require prior written approval from the EESD (formerly known as CDD).

B. Waiting List and Displacement (*EC* 8227(e), 8261, 8263 and *5CCR* 18106)

Contractors shall maintain a current waiting list in accordance with admission priorities. Contractors may satisfy this requirement by participating in a county child care centralized eligibility list. When filling vacancies, contractors shall contact applicants in order of priority from the waiting list. Families shall be enrolled in accordance with admission priorities above.

If it is necessary to displace families, families shall be displaced in reverse order of admission priorities.

C. Head Start Collaborative Full-Day Programs (*5CCR* 18131.1)

When the CSPP contractor is also a Head Start grantee or delegate agency or has a signed collaboration agreement with a Head Start grantee or delegate agency, the contractor shall:

1. Search their waiting list for eligible children whose family income is at or below the Head Start income guidelines, who need full-day services, and, if the information is included in the waiting list, the Head Start enrollment priorities:
2. Give first priority for services to eligible children based on IV.B above;
3. Give second priority for services to children drawn from the waiting list search and other eligible children from families with incomes not to exceed the exceptions specified in *5CCR* Section 18133, who meet Head Start enrollment priorities, as these children shall be deemed as meeting the priorities specified in IV.B above.

VI. FEE SCHEDULE

A. Fee Assessment (*EC* 8239(e), 8273(c)(f), *5CCR* 18108 and 18109)

Contractors shall use a fee schedule prepared and issued by the EESD (formerly known as CDD). The contractor shall utilize the following factors in determining the fee to be assessed and collected for each family:

1. The adjusted monthly family income
2. Family size
3. Based on the total number of hours for each day of the child's certified schedule as follows:
  - a. Part-time fee for each day the child is certified for less than 6.5 hours.
  - b. Full-time fee for each day the child is certified for 6.5 hours or more.

If the family has more than one child in any child care and development program, the fee shall be assessed and collected based on the child who is enrolled for the longest period (most hours). The fee assessed and collected shall be either the fee indicated on the fee schedule, the actual costs of services or the contract maximum daily rate, whichever is least. No adjustment shall be made for excused or unexcused absences. The fee shall be the full portion of the family's cost for services. If the parent(s) works on a fluctuating schedule, the fee may be estimated and adjusted the following month.

The contractor shall maintain a record of each family's fee assessment, the effective date(s) of each fee increase or decrease, the dates and amounts of fees



collected and any amounts which are delinquent. The contractor shall provide the family a copy of and explain to the parent(s) the contractor's policies regarding fee assessment and collection and the possible consequences for delinquent payment of fees.

For child protective services and at risk children, that do not have a fee exemption as specified in section VI.B below, in families whose total countable income is over seventy percent (70%) of the state median income, based on the family fee schedule, the family will pay the amount of fees assessed to a family whose total countable income is seventy percent (70%) of the state median income.

**B. Exclusions from Fee Assessment (*EC* 8250, 8273.1 and *5CCR* 18110)**

No fees shall be collected from families:

1. With an income level that, in relation to family size, is less than the first entry in the fee schedule, or
2. In which any individual counted in the family size is receiving CalWORKs cash aid.

Families receiving services because the child is at risk of abuse,, neglect, or exploitation, may be exempt from paying fees for up to three (3) months if the referral prepared by a legally qualified professional from a legal, medical, or social services agency, or emergency shelter specifies that it is necessary to exempt the family from paying a fee.

Families receiving services because the child is receiving protective services may be exempt from paying fees for up to twelve (12) months if the referral prepared by the county welfare department, child welfare services worker specifies that it is necessary to exempt the family from paying a fee.

The cumulative period of time of fee exemption for families receiving services because the child is at risk of abuse, neglect, or exploitation or for families receiving child care services because the child is receiving protective services shall not exceed twelve (12) months.

**C. No Additional Payments or Costs/Exceptions (*EC* 8273.3 and *5CCR* 18111)**

Except as provided below, neither a contractor nor a provider of services shall require or solicit, in cash or in kind, additional payments from the recipients of service. The prohibition includes activities or services that would increase the family's cost of participation including meals and recreation. If additional payments are made or additional costs are incurred by the family, the contractor shall refund to the parent(s) the amount of payments made or costs incurred.

The contractor may require parents to provide diapers. Contractors providing field trips may charge parents a fee. No federal or state money shall be used to reimburse parents for the costs of field trips if those costs are charged as an additional fee. A contractor that charges parents an additional fee for field trips shall inform parents, prior to enrolling the child, that a fee may be charged and that no reimbursement will be available. A contractor may charge parents for field trips or require parents to provide diapers only under the following circumstances:

1. The contractor has a written policy adopted by the agency's governing board that includes parents in the decision making process regarding:
  - a. whether or not, and how much to charge for field trip expenses

- b. whether or not to require parents to provide diapers
- 2. The maximum total charges per child in a contract year does not exceed twenty-five dollars (\$25)
- 3. No child is denied participation in a field trip due to the parent's inability or refusal to pay the charge. No adverse action shall be taken against any parent for that inability or refusal.

The contractor shall establish a payment system that prevents the identification of children based on whether or not their parents have paid a field trip charge.

Expenses incurred and income received for field trips shall be reported to the CDE and income received shall be reported as restricted income.

D. Credit for Fees Paid to Other Service Providers (5CCR 18112)

This section shall apply to child care and development services provided by someone other than the contractor. When a contractor cannot meet all of a family's needs for child care for which eligibility and need as specified in sections II.B and II.C above have been established, the contractor shall grant a fee credit equal to the amount paid to the other provider(s) of these child care and development services. The contractor shall apply the fee credit to the family's subsequent fee billing period. The family shall not be allowed to carry over the fee credit beyond the family's subsequent fee billing period.

The contractor shall obtain copies of receipts or canceled checks for the other child care and development services from the parent. The copies of the receipts or canceled checks shall be maintained in the contractor's fee assessment records.

E. Receipt for Payment of Fee (5CCR 18113)

The contractor or service provider shall provide an original copy of a pre-numbered receipt to each person who pays a fee. The receipt shall show the amount paid, the date of payment, the rate of payment and the period of service purchased. The contractor shall retain a copy of the receipt in its fee assessment records.

F. Advance Payment of Fees; Delinquent Fees; Notice of Delinquency (5CCR 18114)

Contractors shall adopt a policy for the collection of fees in advance of providing services. The written policy shall be provided to families at the time of initial enrollment into the program.

For contractors providing direct services to children, fees shall be considered delinquent after seven (7) calendar days from the date the fees were due.

A Notice of Action, Recipient of Services shall be used to inform the family of the following:

- 1. The total amount of unpaid fees
- 2. The fee rate
- 3. The period of delinquency
- 4. That services shall be terminated two (2) weeks from the date of the Notice unless all delinquent fees are paid before the end of the two-week

period

G. Plan for Payment of Delinquent Fees; Consequences of Nonpayment of Delinquent Fees (5CCR 18115 and 18116)

The contractor shall accept a reasonable plan from the parent(s) for payment of delinquent fees. The contractor shall continue to provide services to the child, provided the parent(s) pays current fees when due and complies with the provisions of the repayment plan.

Upon termination of services for nonpayment of delinquent fees, the family shall be ineligible for child care and development services until all delinquent fees are paid.

VII. CONFIDENTIALITY OF RECORDS (5CCR 18117)

The use or disclosure of all information pertaining to the child and his/her family shall be restricted to purposes directly connected with the administration of the program. The contractor shall permit the review of the family data file by the child's parent(s) or parent's authorized representative, upon request and at reasonable times and places.

VIII. STAFFING QUALIFICATIONS

A. Program Director (EC 8208(v), EC 8244 and EC 8360.1)

If the contractor operates at two (2) or more sites, the contractor shall employ a program director who has administrative and programmatic responsibility for the program. The program director shall meet the requirements specified in Attachment A, Staffing Qualifications.

The Superintendent of Public Instruction may waive the qualifications for program director upon a finding of one of the following:

1. The applicant is making satisfactory progress toward securing a permit issued by the Commission on Teacher Credentialing authorizing supervision of a child care and development program operating in two or more sites or fulfilling the qualifications for program directors in severely handicapped programs
2. The place of employment is so remote from institutions offering the necessary coursework as to make continuing education impracticable and the contractor has made a diligent search but has been unable to hire a more qualified applicant
3. Any other reason established by the rule by the Superintendent of Public Instruction pursuant to EC 8244

B. Site Supervisor (EC 8208(aa), 8261, 8363, 8370, 44225(d) and 5CCR 80114 and 18295)

At each site there shall be a person designated as the site supervisor who has operational program responsibility for the program. A site supervisor shall meet the Child Development Site Supervisor Permit requirements or optional permit requirements specified in Attachment A, Staffing Qualifications.

The EESD (formerly known as CDD) shall grant a waiver of this requirement upon a contractor's demonstration of the existence of compelling need. Factors the EESD (formerly known as CDD) shall consider in determining compelling need

are as follows:

1. Evidence that the contractor's recruitment efforts have not been successful in obtaining qualified applicants
2. Evidence of the contractor's inability to offer competitive salaries
3. Evidence of potential or current staff's lack of reasonable access to training resources which offer required course work

C. Teacher (*EC* 8261, 8360, 8363, 8370, 44225(d) and 5CCR 80109(c))

Teachers shall meet the child development permit requirements or optional permit requirements specified in Attachment A, Staffing Qualifications.

IX. STAFFING RATIOS (*EC* 8288, 5CCR 18290, 18291, and 18292)

Contractors shall maintain at least the following minimum ratios in all centers:

1:8 adult -child ratio.

1:24 teacher-child ratio.

Compliance with these ratios shall be determined based on actual attendance.

Except as otherwise provided in the California *Code of Regulations, Title 22, Community Care Licensing Standards*, the program may exceed teacher-child and adult-child ratios by fifteen percent (15%), for a period of time not to exceed one hundred twenty (120) minutes in any one day.

X. MINIMUM HOURS AND DAYS OF OPERATION (*EC* 8235(d) and (f))

Contractors providing part-day services shall operate a minimum of 3 hours per day for a minimum of 175 days per year, unless the child development contract specifies a lower minimum days of operation.

Contractors providing a full-day services shall operate the number of hours needed to meet the child care needs of the families for a minimum of 246 days per year, unless the child development contract specifies a lower minimum days of operation.

XI. DUE PROCESS REQUIREMENTS

A. Notice of Action, Application for Services; Notice of Approval or Denial (*EC* 8237, 8261, 8263, 5CCR 18094 and 18118)

The contractor's decision to approve or deny services shall be communicated to the applicant by mailing or delivering a written statement referred to as a Notice of Action, Application for Services within thirty (30) calendar days from the date the application is signed by the parent(s).

The Notice of Action, Application for Services shall include:

1. The applicant's name and address
2. The contractor's name and address
3. The name and telephone number of the contractor's authorized representative who made the decision
4. The date of the notice. For families being certified to receive part-day services pursuant to I.A above, the NOA may be issued up to one hundred twenty (120) calendar days prior to the first day of the beginning of the new program year.

5. The method of distribution of the notice

If services are approved, the notice shall also contain:

1. Basis of eligibility
2. Daily/hourly fee, if applicable
3. Duration of the eligibility
4. Names of children approved to receive services
5. Hours of service approved for each day

If the services are denied, the notice shall contain:

1. The basis of denial
2. Instructions for the parent(s) on how to request a hearing if they do not agree with the contractor's decision in accordance with procedures specified in sections XI.D and XI.E below

B. Notice of Action, Recipient of Services (*EC 8261, 8263 and 5CCR 18095*)

If upon recertification or update of the application, the contractor determines that the need or eligibility requirements are no longer being met, or the fee or amount of service needs to be modified, the contractor shall notify the family through a written Notice of Action, Recipient of Services in accordance with section XI.D below. The contractor shall maintain copies of all Notices of Action, Recipient of Services in the family's data file.

The Notice of Action, Recipient of Services shall include:

1. The type of action being taken
2. The effective date of the action
3. The name and address of the recipient
4. The name and address of the contractor
5. The name and telephone number of the contractor's authorized representative who is taking the action
6. The date the notice is mailed or given to the recipient
7. The method of distribution to the recipient
8. A description of the action
9. A statement of the reason(s) for the changes
10. A statement of the reason(s) for termination, if applicable
11. Instructions for the parent(s) on how to request a hearing if they do not agree with the contractor's decisions in accordance with procedures specified in Section XI.E below.

C. Changes to the Service Agreement (*EC 8261, 8263(c) and 5CCR 18119*)

The contractor shall complete a Notice of Action, Recipient of Services when changes are made to the service agreement. Such changes may include, but are not limited to, an increase or decrease in parent fees, an increase or decrease in the amount of services, or termination of services. The contractor shall mail or

deliver the Notice of Action to the parents at least fourteen (14) calendar days before the effective date of the intended action. (If the Notice of Action is mailed, the fourteen (14) calendar day period is extended by five (5) calendar days, which establishes a presumption that the parent received the Notice of Action.)

To promote the continuity of child care and development services, a family that no longer meets a particular program's income, eligibility or need criteria may have their services continued if the contractor is able to transfer that family's enrollment to another program within the same contracting agency or to another agency that administers state or federally funded child care and development programs.

D. Parent(s) Request for a Hearing and Procedures (*EC 8261* and *5CCR 18120*)

If the parent disagrees with an action, the parent(s) may file a request for a hearing with the contractor within fourteen (14) calendar days of the date the Notice of Action was received. Upon the filing of a request for hearing, the intended action shall be suspended until the review process has been completed. The review process is complete when the appeal process has been exhausted or when the parent(s) abandons the appeal process.

Within ten (10) calendar days following the receipt of the request for a hearing, the contractor shall notify the parent(s) of the time and place of the hearing. The time and place of the hearing shall, to the extent possible, be convenient for the parent(s).

The hearing shall be conducted by an administrative staff person who shall be referred to as "the hearing officer." The hearing officer shall be at a staff level higher in authority than the staff person who made the contested decision.

The parent(s) or parent's authorized representative is required to attend the hearing. If the parent or the parent's authorized representative fails to appear at the hearing, the parent will be deemed to have abandoned his or her appeal. Only persons directly affected by the hearing shall be allowed to attend.

The contractor shall arrange for the presence of an interpreter at the hearing, if one is requested by the parent(s).

The hearing officer shall explain to the parent(s) the legal, regulatory, or policy basis for the intended action.

During the hearing, the parent(s) shall have an opportunity to explain the reason(s) they believe the contractor's decision was incorrect. The contractor's staff shall present any material facts omitted by the parent(s).

The hearing officer shall mail or deliver to the parent(s) a written decision within ten (10) calendar days after the hearing. The written decision shall contain procedures for submitting an appeal to the CDE.

E. Appeal Procedure for CDE Review (*EC 8261* and *5CCR 18121*)

If the parent(s) disagree(s) with the written decision from the contractor, the parent has fourteen (14) calendar days in which to appeal to the EESD (formerly known as CDD). The appeal must be received within 14 calendar days of the date on the contractor's written decision. If the parent(s) do(es) not submit an appeal request to the EESD (formerly known as CDD) within fourteen (14) calendar days, the parents' appeal process shall be deemed abandoned and the contractor may implement the intended action.

The parent(s) shall specify in the appeal request the reason(s) why he/she believes the contractor's decision was incorrect. A copy of the contractor's notice of intended action and written decision shall be submitted by the parent(s) with the appeal request.

Upon receipt of an appeal request, the EESD (formerly known as CDD) may request copies of the family's data file and other relevant materials from the contractor. The EESD (formerly known as CDD) may also conduct any investigations, interviews or mediation necessary to resolve the appeal.

The decision of the EESD (formerly known as CDD) shall be mailed or delivered to the parent(s) and to the contractor within thirty (30) calendar days after receipt of the appeal request.

F. Contractor Compliance with the EESD (formerly known as CDD) Decision; Reimbursement for Services During the Appeal Process (*EC 8261 and 5CCR 18122*)

The contractor shall comply with the decision of the EESD (formerly known as CDD) immediately upon receipt thereof. The contractor shall be reimbursed for child care and development services delivered to the family which is appealing during the appeal process. If a contractor's determination that a family is ineligible is upheld by the EESD (formerly known as CDD), services to the family shall cease upon receipt of the EESD (formerly known as CDD)'s decision by the contractor.

XII. INFORMATION TO SHARE WITH THE PARENTS

Effective on January 1, 2007, each child care facility shall permanently post, in a prominent location, information about the registered sex offender database that is available on the Megan's Law Web site, <http://www.meganslaw.ca.gov>, and give families one of the two licensing forms (LIC 995 or 995A, Notification of Parents' Rights) provided by the State Department of Social Services.

## CALIFORNIA STATE PRESCHOOL PROGRAM QUALITY REQUIREMENTS

**Fiscal Year 2014–15**

### I. PROGRAM PHILOSOPHY, GOALS AND OBJECTIVES (*EC 8261 and 5CCR 18271*)

Each contractor shall have a written philosophical statement and goals and objectives that support that philosophy. The governing body of each contractor shall approve the program philosophy, goals and objectives. The goals and objectives shall address the requirements contained in Sections II through XI below and shall reflect the cultural and linguistic characteristics of the families served by the contractor.

### II. DEVELOPMENTAL PROFILE (*EC 8261 and 5CCR 18272*)

- A. The contractor shall complete the age-appropriate Desired Results Developmental Profile, as defined in Section I, Definitions, for each child who is enrolled in the program for at least ten (10) hours per week.
- B. The Desired Results Developmental Profile required above shall be completed for each child within sixty (60) calendar days of enrollment and at least once every six (6) months thereafter.
- C. The contractor shall use the developmental profiles to plan and conduct age and developmentally appropriate activities.
- D. When a child will be transferring to a local public school from a program serving preschool-age children, the contractor shall provide the parent or guardian with information from the previous year deemed beneficial to the child and the public school teacher, including, but not limited to, development issues, social interaction abilities, health background, and diagnostic assessments, if any. The preschool program may, with permission of the parent or guardian, transfer this information to the child's elementary school.
- E. If a child has a disability, and/or has an Individualized Education Program, the developmental profile shall be completed with any necessary accommodations and adaptations. Notwithstanding Section II.A above, a developmental profile is required for a child with an Individualized Education Program even if that child is enrolled for less than ten (10) hours per week.

### III. EDUCATION PROGRAM (*EC 8261 and 5CCR 18273*)

The standards for the child development and education program component shall include, but are not limited to the following:

- A. The program approach is developmentally, linguistically and culturally appropriate.
- B. The program is inclusive of children with special needs.
- C. The program encourages respect for the feelings and rights of others.
- D. The program supports children's social and emotional development by:
  - 1. Building trust
  - 2. Planning routines and transitions so they can occur in a timely, predictable, and unhurried manner



3. Helping children develop emotional security and facility in social relationships
- E. The program provides for the development of each child's cognitive and language skills by:
  1. Using various strategies, including experimentation, inquiry, observation, play, and exploration
  2. Ensuring opportunities for creative self-expression through activities such as art, music, movement, and dialogue
  3. Promoting interaction and language use among children and between children and adults
  4. Supporting emerging literacy and numeracy development
- F. The program promotes each child's physical development by providing sufficient time, indoor and outdoor space, equipment, materials, and guidelines for active play and movement.
- G. The program promotes and maintains practices that are healthy and safe.
- IV. STAFF DEVELOPMENT PROGRAM (*EC 8261 and 5CCR 18274*)
 

Each contractor shall develop and implement a staff development program that includes the following:

  - A. Identification of training needs of staff or service providers
  - B. Written job descriptions
  - C. An orientation plan for new employees
  - D. An annual written performance evaluation procedure unless a different frequency of performance evaluations is specified in a contractor's collective bargaining agreement with their employees
  - E. Staff development opportunities that include topics related to the functions specified in each employee's job description and those training needs identified by the contractor pursuant to Section IV.A above
  - F. An internal communication system that provides each staff member with the information necessary to carry out his or her assigned duties
- V. PARENT INVOLVEMENT AND EDUCATION (*EC 8261 and 5CCR 18275*)
 

Each contractor shall include in its program a parent involvement and education component that includes the following:

  - A. An orientation for parents that includes topics such as program philosophy, program goals and objectives, program activities, eligibility criteria and priorities for enrollment, fee requirements, and due process procedures
  - B. At least two (2) individual conferences with the parent(s) per year
  - C. Parent meetings with program staff
  - D. An open door policy that encourages parents to participate in the daily activities whenever possible
  - E. A parent Advisory Committee that advises the contractor on issues related to services to families and children

F. Sharing information between staff and parents concerning their child's progress

VI. HEALTH AND SOCIAL SERVICES (*EC 8261 and 5CCR 18276*)

Each contractor shall include in its program a health and social service component that:

- A. Identifies the needs of the child and the family for health or social services
- B. Refers a child and/or family to appropriate agencies in the community based on the health or social service needs
- C. Conducts follow-up procedures with the parent to ensure that the needs have been met

VII. COMMUNITY INVOLVEMENT (*EC 8261 and 5CCR 18277*)

Each contractor shall solicit support from the community including the solicitation for donated goods and services. Each contractor shall provide information to the community regarding the services available. Contractors may utilize media or other forms of communication in the community.

VIII. NUTRITION (*EC 8261 and 5CCR 18278*)

Each contractor shall include in its program a nutrition component that ensures that the children have nutritious meals and snacks during the time in which they are in the program. The meals and snacks shall be culturally and developmentally appropriate for the children being served and shall meet the nutritional requirements specified by the federal Child and Adult Care Food or the National School Nutrition program.

IX. PROGRAM SELF-EVALUATION PROCESS (*EC 8261 and 5CCR 18279*)

- A. Each contractor shall develop and implement an annual plan for its program self-evaluation process.
- B. The annual plan shall include the following:
  - 1. A self-evaluation based on the use of the CPM/CMR, as defined in Section I, Definitions
  - 2. An assessment of the program by parents using the Desired Results Parent Survey, as defined in Section I, Definitions
  - 3. An assessment of the program by staff and board members as evidenced by written documentation
  - 4. An analysis of the CPM/CMR findings, including the Desired Results Developmental Profiles, the environment rating scales, and the Desired Results Parent Survey, each of which are defined in Section I, Definitions, together with all other self-evaluation findings
  - 5. A written list of tasks needed to modify the program in order to address all areas that need improvement, as indicated in the analysis specified in Section IX.B.4
  - 6. Procedures for the ongoing monitoring of the program to assure that areas of the program that are satisfactory continue to meet standards, and areas requiring modification pursuant to Section IX.B.5 are addressed in a timely and effective manner
- C. The contractor shall use the Agency Annual Report, as defined in Section I, Definitions, to submit a summary of the findings of the program self-evaluation to

the CDE by June 1 of each year.

- D. The contractor shall modify its program to address any areas identified during the self-evaluation as needing improvement.
- X. PARENT SURVEY (*EC 8261* and *5CCR 18280*)
  - A. Each contractor shall annually distribute the Desired Results Parent Survey, as defined in Section I, Definitions, to parents; collect the surveys from parents; and analyze the results.
  - B. The contractor shall use the parent survey results to plan and conduct activities to help parents support their child's learning and development and to meet the family's needs.
  - C. The contractor shall use the results and analysis of the parent survey as part of its annual self-evaluation process.
- XI. ENVIRONMENT RATING SCALES (*EC 8261* and *5CCR 18281*)
  - A. Center-based programs and family child care home networks shall complete an environment rating scale as defined in Section I, Definitions, that are appropriate for the type of setting and age of children served to measure program quality:
    - 1. Every three (3) years as part of the program compliance review
    - 2. Annually as part of the self-evaluation process
  - B. For each environment rating scale completed, the contractor shall achieve a minimum average score of "Good" on each subscale.