2024

CHILD CARE REPORT

THE COMMUNITY FOUNDATION SAN LUIS OBISPO COUNTY

Prepared for The Community Foundation San Luis Obispo County by:

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THE COMMUNITY FOUNDATION
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Background

The Community Foundation San Luis Obispo County (the Foundation) is interested in learning more about the current landscape of licensed child care in San Luis Obispo County (SLO) and potential initiatives or areas of focus that could have a positive impact on the availability of high-quality child care. This includes the intention to build on existing expertise and resources to develop an initiative that can be shared with regional community foundations and partners.

Methodology

This report draws on local, state, and national data, as well as findings from interviews conducted with key community partners during the summer/fall of 2024. The child care Access, Quality and Workforce sections of the report include a list of data gaps that limit the current understanding of the related topic, along with specifics about the information needed. Findings presented herein may be limited due to the use of varying data sources, which are derived from different years and possibly different formulas to define data sets. See the glossary of terms at the end of this report for additional definitions.

The term child care is used in this report to represent licensed child care programs (operated in family child care homes and centers) for children ages 0-5.

Overview of Child Care

Child care plays a pivotal role in children's development, family well-being, and the overall economy. High-quality child care fosters children's cognitive, social, and emotional growth, providing a strong foundation for future academic and personal success. It offers a structured environment where children develop essential skills such as communication, problem-solving, and interpersonal relationships. For parents, reliable child care enables career advancement and educational opportunities, reducing stress, financial strain, and enhancing family stability. Economically, access to affordable, quality child care increases workforce participation and productivity, allowing parents to remain engaged in the labor market with the confidence that their children are in safe, enriching settings.

Each of the following child care components contribute to a robust system of care, fostering a strong and consistent nurturing environment that benefits children, families, and the broader economy.

1. **Access to care** - Families' access to child care is dependent on the availability of the type of facilities families need, where families need them, as well as the means to afford care via financial assistance programs, such as subsidies and tax credits.
2. **A stable child care workforce** - A system for the ongoing recruitment, training, and professional development of child care providers can ensure a robust workforce with the skills and

knowledge necessary to deliver high-quality care and education for children. Research has shown that of all the factors included in high quality child care, teachers who are well trained and compensated provide the greatest positive influence on children's development.

3. **Community resources** - A variety of community supports, including parent education, referrals and advocacy, help families navigate the child care landscape and access the services they need. Public will and funding can help weave child care into a community's infrastructure and bolster the industry during difficult times. Employers can ensure families have the child care they need by instituting initiatives such as flexible work schedules, referrals, investment in local spaces, and onsite centers.
4. **Strong child care infrastructure** - Child care program stability and sustainability can be achieved with the assistance of strong community organizations that provide support and services to child care operators, along with ongoing funding for child care facilities and operations. The types of systems required for a robust child care industry can be developed in both cities and counties and can benefit from at least some elements being implemented on a regional level. For example, a number of those interviewed for this report reflected that regional communication/engagement efforts are seen as an efficient way to support local child care systems and organizations and can bring consistency for families who straddle borders.
5. **Supportive local policies** - Local policies can support child care access in a number of ways. For example: 1) short- and long-range city/county planning can incorporate specific policies and systems to encourage and incentivize the development of child care facilities, 2) funding and resources can prioritize child care, either by component or as a whole, 3) leaders can ensure child care is included in their jurisdiction's planning and advocacy efforts.

Child Care and Economic Development

Full access to quality child care can provide tremendous positive economic growth for a community. The San Luis Obispo Childcare Economic Impact Report states: "Meeting 100% of the low-end estimates for the potential need for child care in SLO County would increase Gross Regional Product (GRP) by more than $108 million annually and support and create 425 jobs from this new economic activity. This activity would also generate more than five million dollars in local and county taxes and nearly seven million in state revenues" (BW Research Partnership 2021). The levers that grow or reduce child care availability, and the impacts, must be understood in order to address them and reap the benefits for SLO County.

An insufficient supply of child care in a community can have significant repercussions for all. Families may face challenges in securing stable employment, leading to increased financial stress and limited economic mobility. Parents/caretakers, especially mothers, often reduce their work hours or exit the workforce altogether due to the lack of accessible child care options. This can perpetuate cycles of poverty and limit the overall community economic growth. Findings published in the Institute for Women's Policy Research illustrate that the absence of affordable child care leads to decreased labor force participation among parents. The report states that nearly one in five parents have had to turn down a job offer or promotion due to child care responsibilities, which ultimately affects family income and economic stability (Peterson & Shrestha, 2020).

Lack of child care also has broader implications for community development, as a reduced workforce can hinder local businesses and economic growth, creating a cycle of under-employment and limited opportunities. A study by the Center for American Progress calculated that the lack of affordable child care costs the U.S. economy approximately $57 billion annually due to lost earnings, productivity, and revenue. The report emphasized that when parents cannot work full-time or advance in their careers due to child care issues, it affects their individual economic stability and also reduces overall consumer spending, which is vital for local businesses (López et al., 2020).

Furthermore, communities with inadequate child care services often experience higher levels of poverty and economic disparity, as families struggle to maintain stable incomes. This can create a cycle where limited economic opportunities lead to further challenges in accessing quality child care.

BW Research Partnership (2021) published The Child Care Economic Impact Report based on a comprehensive assessment of available child care as well as the child care field in SLO County. Complex models of industry spending patterns, commodity demands, and relationships between industries were used to calculate economic impacts. The research team calculated the demand for child care in two ways: 1) based on the number of referrals from California Child Care Resource and Referral Network, and 2) based on the number of children in working families.

Using these formulas BW Research Partnership estimated there were 14,366 households with a child under the age of twelve that have at least one working parent in SLO County. Of these households it was estimated that 5,072 have their need for child care met and nearly 9,300 households are without child care. The report stated that meeting this demand for child care would require 950 more workers to enter the child care field in SLO County. It was further estimated that nearly 9,300 parents in SLO County could enter the workforce if 100% of the demand for child care was met. When the research team solely used the number of referrals to calculate the unmet need for care, they concluded that if 100% of the referral-estimated demand for child care was met, it was estimated that nearly 1,400 parents would be able to join the workforce.

Breaking that demand down by child's age and area of the County where care is needed can help pinpoint the geographic and type of care needed. CAPSLO provided fiscal year 2023-24 data for this report showing that half of families requesting a child care referral needed care for infants (under age 2), 81% need full time care, and 73% need care in order to work. Through interviews it was learned that there is very little licensed care for infants and toddlers and much that is available is part time. As well, north SLO County is the area with the least amount of child care capacity.

Local and Regional Economic Development Initiatives

A focus on child care in local economic development initiatives is important because it highlights the needs of families, enhances workforce participation, supports economic growth, and ensures a thriving, equitable community for families. SLO County is part of the following two initiatives that focus on the well-being of families, which is directly connected to access to high quality child care.

- Uplift of the Central Coast is a 6-county initiative that focuses on addressing social and economic challenges faced by families, and has included child care as one of the Economic Mobility strategies that "advance equity and set up a foundation for more economic mobility across the full region".

- REACH is an economic action coalition for SLO and Santa Barbara counties, with the goal to "transform the quality of life on the Central Coast through an unprecedented regional pursuit of inclusive economic prosperity". Challenges for parents are highlighted in the REACH 2030 Action Plan.

Children, Families and Access to Child Care

There are **15,492 children** (ages 0-5) in SLO County (AIR analysis of American Community Survey, 2020). Children ages 0-5 make up approximately 6% of the estimated local total population.

The average family size in SLO County is 2.95 (World Population Review, 2024). Nearly 61% of families (with children ages 0-17) are Hispanic and 33% are non-Hispanic (CAPSLO, 2023). Eighty percent of the families (53,603) are married couple households; 14% (9,271) are single female households and 6% (4,313) are single male households (CAPSLO, 2023).

Cost of Living

The household annual income needed to make ends meet for a family of four (2 adults, 1 infant/toddler, 1 preschooler) is **$100,634 in SLO County**. This requires both adults to earn at least **$23.82/hour** and work full time to earn **$8,386/month total**. The following illustrates the monthly cost of living in SLO County for a family of four (The Self-Sufficiency Standard for California 2021 Family Needs Calculator for California).

Monthly expense	Cost
Rent	$1,665
Child Care	$2,602
Health Care	$790
Food	$895
Transportation	$614
Miscellaneous	$657
Taxes	$1,597
Child Care Tax Credit (-)	($100)
Child Tax Credit (-)	($333)
Earned Income Tax Credit (-)	$0
SELF-SUFFICIENCY STANDARD	
Hourly Wage (per adult)	$23.82
Monthly Wage	$8,386
Annual Wage	$100,634

The average home price in SLO County was **$829,000** in 2022 (up from $640,000 in 2018) (CAPSLO, 2023). Out of 124,740 available housing units in SLO County in 2021, only 62.4% were owner-occupied (CAPSLO, 2023). The average cost of rent in 2023 was $3,200 per month (CAPSLO, 2023). The Median Household Income is **$90,158** compared to **$91,905** in California (U.S. Census Quick Facts, San Luis Obispo, 2018-2022). Household income varies by race as follows (CAPSLO, 2023).

Median Household Income by Race and Ethnicity, 2021

	Non-Hispanic White	Hispanic / Latino	Black	Asian	American Indian / Alaska Native	Other Race	Multiple Race
SLO County	$85,345	$68,804	$73,307	$80,028	$60,833	$71,653	$78,058
CA	$96,449	$67,327	$58,958	$108,477	$66,904	$63,975	$79,777
USA	$75,208	$58,791	$46,401	$98,367	$50,183	$55,769	$65,220

CAPSLO, 2023

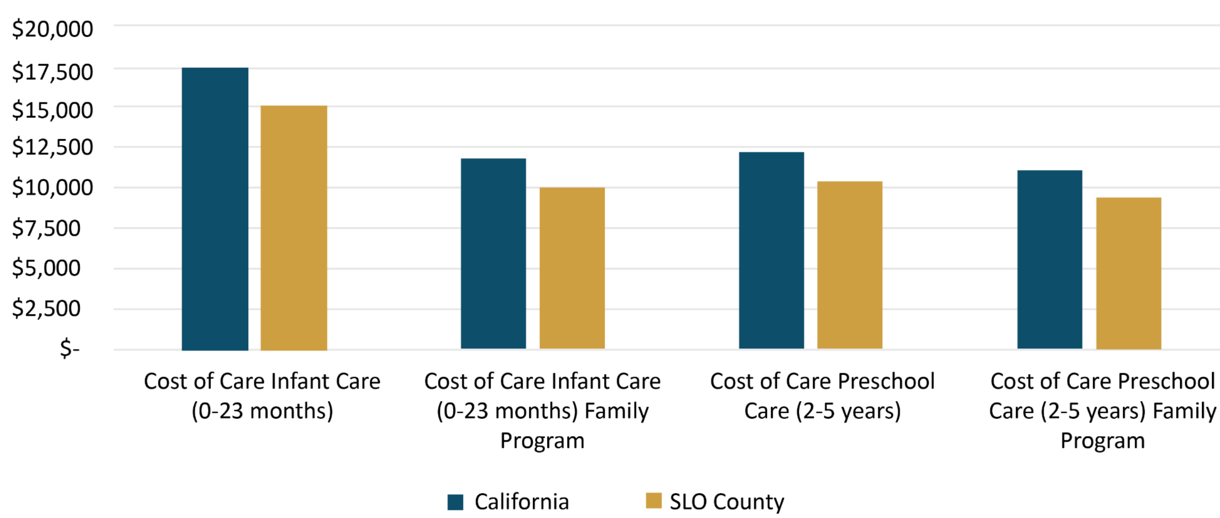
The percent of SLO County residents who are living in poverty (11.9%) is similar to California (12.0%) (U.S. Census Quick Facts, San Luis Obispo, 2023). The child poverty rate is **9.6%** in SLO County according to the California Poverty Measure (CPM), a joint research effort between Public Policy Institute of California and the Stanford Center on Poverty and Inequality that takes into account the cost of living and resources from social safety net programs.

Poverty rates are highest in the central regions and specifically zip code 93405 (43.6%) and lowest in the south region, specifically Arroyo Grande (5.9%) (CAPSLO, 2023). Poverty rates for all local residents vary by race/ethnicity as follows (CAPSLO, 2023).

- 27.9% of Black residents experience poverty
- 11.2% of Non-Hispanic White residents experience poverty
- 13.2% Hispanic/Latino residents experience poverty

Cost of Child Care

The average cost of child care in SLO County is roughly **$10,000/year** with rates highest for infant/toddler care in a center-based setting as illustrated by the following chart (BW Research Partnership, 2021).



BW Research Partnership, 2021

Understanding Child Care Capacity and Supply

Licensed capacity (the maximum number of children a child care program can serve based on Community Care Licensing) is typically not an accurate reflection of operational capacity nor an accurate indication of how many children are enrolled; however, it is commonly used to define child care supply within the field and is therefore used for this purpose herein. Centers are licensed based on children's ages. FCCs are classified as small or large, based on how many children they are licensed to serve. Small FCCs can care for up to 6 or 8 children, depending on their license and the ages of children served. Large FCCs can care for up to 12 or 14 children, again depending on their license and other conditions, such as how many infants are in care.

Some programs under-enroll their full licensed capacity by choice in order to maintain a higher quality teacher to child ratio. Some programs also operate below their licensed capacity due to limitations related to quality, staff, and/or funding. Additionally, not all families need full-time care therefore many programs "share" spaces by enrolling more than one child per licensed spot. In sum, various factors impact the true operating capacity of a child care program.

Subsidized child care is available for some low income families. Subsidized options include Head Start, Early Head Start, California State Preschool Program (CSPP), General Child Care and Development Programs (CCTR), Alternative Payment Programs (APP), and CalWORKs. Subsidy programs have differing and complex criteria regarding family need for care, initial enrollment, and eligibility.

Transitional Kindergarten

Transitional Kindergarten (TK) is part of the child care system, though it is not licensed by Community Care Licensing. It is currently offered in ½ or ¾ day sessions (with after school care offered), free of charge through school districts to age-eligible children the year prior to Kindergarten. TK availability is expected to expand throughout SLO County as a result of California's Universal Prekindergarten (UPK) initiative, which aims to ensure that every 4-year-old child – regardless of language, race, zip code, immigration status, or income level – has access to a quality nine hour a day learning experience by 2025-2026 school year.

The effects of TK on child care access in SLO County (and the rest of California) have been mixed. The addition of TK spaces for 4 year olds adds to the overall early learning capacity. However, licensed child care programs rely on serving 3 and 4 year olds to offset the higher cost of care for younger children (ages 0-3). Since the start of TK expansion, more and more local families have been enrolling their 4 year olds in TK (which is free) rather than licensed child care programs. This decreased enrollment of 4 year olds in licensed care disrupts the combination of ages child care providers need in order to sustain the cost of operation. Plus, without 4 year olds enrolling in care it is difficult to near impossible for licensed programs to serve to their full licensed capacity. Many programs are considering, or are in the process of shifting, to serve more younger children; however, the economic realities make that shift difficult and the uncertainty of the full effects of TK have made some licensed child care programs reluctant.

Licensed Child Care Capacity and Unmet Need

There are **3,776 licensed spaces** for children 0-5 years old in **112 licensed centers** and **2,408 licensed spaces** in **225 licensed family child care programs (FCCs)** (The 2021 San Luis Obispo Child Care Portfolio, the California Child Care Resource & Referral Network).

Eighty-five percent of FCC programs in SLO County offer both part- and full-time services. A third (33%) of FCCs offer evening, weekend, or overnight care (BW Research Partnership, 2021), which is important for families with non-traditional work schedules. Insight into the hours of operation offered in center-based settings was not available at the time of this report.

"There is considerable need to expand the delivery of child care services in San Luis Obispo County. The conservative estimate suggests that 2,300 children in the county may have working parents but are not enrolled in a program." (BW Research Partnership, 2021).

It is estimated there is **only 1 licensed child care space for every 4 children** ages 0-5 (not including TK spaces) in SLO County. This is based on there being 3,776 licensed spaces for 15,492 children ages 0-5. The number of infant and toddler spaces in the county is not available at this time. Such a calculation would allow for a full analysis of the need in the community.

Strategies to Expand Child Care Access

The following are recommendations for expanding access to child care, as shared by local experts:

1. **Support child care start ups** - Local child care operators need help to start up and expand programs - both family child care and centers - if the capacity is to increase. One challenge for FCCs is that it is often difficult to find landlords who will approve of the operation of a program in the home. For centers, the cost, time, and complexity of start up make the process difficult.
2. **Help programs expand hours of operation** - Most child care programs currently offer part-day and part-week care, which does not serve the needs of working families who need full-day and expanded hours of care. FCCs and centers need support in order to offer expanded and nontraditional hours of care.
3. **Help programs expand spaces for infants and toddlers** - Families need care for their youngest children, yet very few spaces exist.
4. **Address land use policy barriers** - Local land use policies often hamper the development of child care through restrictive zoning and permitting requirements and high fees. Efforts to remove these barriers will speed up the expansion of child care spaces in SLO County.
5. **Offer business support/training** - Child care programs are struggling as the cost of compensation, benefits, and other budget line items continue to increase. Programs need support regarding the business end of operations, including areas such as financial management and budgeting, marketing, insurance and liability, and long-range planning.

Data Gaps Regarding Child Care Access

This section presents opportunities for additional data collection that would provide insight into the context of child care access in SLO County.

1. **Input from families** - Data collected directly from parents/caregivers would provide insight into families' needs and preferences regarding child care for infants/toddlers and preschoolers, as well as insight into the barriers and challenges related to accessing licensed subsidized care.
2. **Employer data** – Insight from local employers regarding their businesses, employee policies, and employee needs/interests related to child care is needed to build upon the information available from SLO County Chamber of Commerce.
3. **Child care need and capacity data by age and geography**- A breakdown of children and spaces by age is needed to identify the unmet need in each area of the County, especially for infants/toddlers. In addition, insight is needed from parents, child care providers, and community agencies regarding the barriers and opportunities related to expanding access to infant/toddler care.
4. **TK data** – Data regarding TK capacity by school is needed. This would include enrollment counts and demographics, and insight into if/how TK is meeting families. In addition, insight from the schools regarding the long-term plan for TK will provide a better understanding of the impact TK may have on licensed child care programs.

In addition, it would be beneficial to have details about:

- The recent/impending funding cliffs - Information about how existent and emerging funding will impact the child care field is needed as well as insight into what SLO County loses out on when the funding goes away (eg: ARPA, Shared Services Alliance, etc.).
- A map of the overall child care system for a broad audience - Information on how the child care system is designed and connected, the key resources in the community, where funding can be found, and how it can be drawn down is needed.

Quality Child Care

Quality child care can mean different things to different families. The following are some research-based quality elements that are generally accepted in the early care and education field and are at the core of the definition of quality in California:

- Settings that are safe and provide small group sizes and adult-to-child ratios encouraging the best opportunities for development;
- Caregivers or teachers who have experience and are trained in early childhood development;
- Opportunities for meaningful parent involvement;
- Learning materials and teaching styles that are age-appropriate and respectful of children's cultural and ethnic heritage; and
- Learning opportunities that promote children's success in school.

(Provided by the California Department of Education; adapted from "What are the benefits of high quality?" National Association for the Education of Young Children, 1313 L Street NW, Suite 500, Washington, D.C. 20005)

First 5 California has funded a quality improvement initiative called [IMPACT], which supports and guides local quality rating and improvement systems (Quality Counts) in alignment with [California Quality Counts]. The funding has been distributed by region since 2015; the tri-counties of SLO, Santa Barbara, and Ventura counties make up Region 7. The fiscal leadership for this initiative has shifted within the three counties over the years. The current (third and final round of funding, FY 23-25) is managed as a region with First 5 SLO serving as the Fiscal Lead on record and VCOE contracted to manage and distribute funds to the other partners (Santa Barbara County Office of Education (SBCEO) and San Luis Obispo County Office of Education (SLOCOE). SLOCOE's Child Care Planning Council serves as the [Quality Counts SLO] lead.

Sixteen percent of the 313 local licensed centers and FCCs (51 sites) in SLO County participate in the program, and receive free, local support services to ensure that all infants, toddlers, and preschoolers can grow and thrive. Professional development pathways are identified and supported with training, a conference, and a community of practice.

Participating child care programs begin their journey with Quality Counts SLO by creating a Quality Commitment Plan that includes specific, measurable, attainable goals. Support is then provided by Quality Counts SLO to help programs achieve their goals with training, coaching, financial incentives, assessments, and more. In addition, 48% of local licensed child care programs participated in the Child Care Food Program to boost nutrition and 24% of local licensed centers had a federal, state, or local contract (CAPSLO, 2023).

Data Gaps Regarding Quality Care

More details about licensed child care program enrollment and operations are needed to provide insight into the quality of care that is available locally. The following are examples of recommended data.

1. **Enrollment data** - Understanding the current and preferred enrollment by age compared to program's licensed capacity will provide insights into current capacity and quality considerations.
2. **Child care business operation data** - Collecting input directly from programs regarding the impact of TK, workforce salaries, tuition rates, operation management systems, need for trainings, etc. would create a more comprehensive understanding of what supports are needed to promote quality care.

Child Care Workforce

High quality child care starts with the teaching staff. It is critical to have a workforce that is well trained and paid a living wage. On average, child care workers in SLO County earn $27,200/year, which is $3,000/year lower than the statewide average, and $2,300/year higher than the national average (BW Research Partnership, 2021). Local child care workers are paid close to minimum wage yet are required to have at least some college credits and usually an associate's degree (CAPSLO, 2023). Nearly half (48%) of all local child care workers have some college or an associate degree, and another 22% have a four-year degree or higher (BW Research Partnership, 2021).

The roughly 600 child care workers in SLO County (of which 319 work in FCCs) represent 0.5% of the overall workforce (CAPSLO, 2023). The local child care workforce has declined by approximately 7% between 2015 and 2020 (BW Research Partnership, 2021).

Impact of TK on the Child Care Workforce

A state-wide topic of debate is how the need for additional TK teachers will impact the child care field and the already strained child care workforce. It is estimated that up to 15,000 TK teachers will be needed throughout California by 2026 in order for all 4 year olds to have access to TK. Additionally, 12,500 new child care teachers will need to be hired within California in order to add 100,000 new child care slots at a ratio of eight children per adult (Tzul, 2021).

Child care advocates have voiced concern about the inequitable earning power of child care teachers compared to TK teachers. It has been argued that the better pay and benefits offered via TK positions might lure staff away from child care classrooms to the elementary school setting, which will stress the already existing child care workforce shortage. State-wide, child care providers who hold a bachelor's degree are paid 37.8% less than their counterparts in the K-8 system, which includes TK teachers according to Austin of the Center for the Study of Child Care Employment (Tzul, 2021).

Efforts to Build the Child Care Workforce

Over the years, many initiatives and programs have aimed to address the multi-faceted and critical need for a strong child care workforce in SLO County. The following are key highlights of these community efforts.

- Colleges and universities across the tri-counties provide workforce training for early childhood staff.
- Regionally, United Ways, Chambers, First 5s, Local Child Care Planning Councils (LPCs) and Resource and Referrals offer services and/or funding to support the child care workforce. These organizations often share data, plans, and resources, although typically not as a collective.
- Businesses and Chambers have introduced Family Friendly Workplace initiatives which provide child care workforce and business support.
- The Shared Services Alliance in SLO County provided the back-office support, which has allowed many child care programs to develop strong businesses while focusing on enrolled children and their families.
- Directors' groups, Pacific Coast AEYC, and other organizations offer connection, shared learning, and resources directly to the child care teachers, resulting in stronger leadership and more effective teaching.

Community Input Regarding Child Care Workforce

Through interviews with local child care and SLO County experts, a deeper understanding of child care needs, opportunities, and challenges was uncovered. Challenges related to recruiting and retaining a high quality and sufficient child care workforce were identified as primary factors that impact access to child care.

According to community input, local child care programs face many challenges related to not having enough regular staff and a scarcity of substitutes. Staff vacancies impact how many children can be served; local programs are operating at less than licensed capacity since the COVID pandemic. Reduced capacity limits access to care for families and a lack of continuity of care for children. Some programs have whole classrooms sitting empty. Limited staffing also makes it hard for teaching staff to address their own personal and health needs, and results in added stress for teachers and programs. Workforce issues also reduce flexibility in some programs' abilities to accept part-time care requests.

Those interviewed concurred with workforce salary and trend data and stated that local TK options have attracted many current and prospective child care teachers due to the higher pay. This has further depleted the supply of teachers for licensed child care programs who often can't compete with school district salaries. Low wages for child care workers (some at minimum wage) create financial challenges making it difficult, if not impossible to work in the child care field in SLO.

Along with short-term economic impacts, investment in a quality workforce has long-term societal benefits, including positive outcomes for participating children. The We Are the Care initiative is a coalition of committed individuals and agencies mobilized by First 5 SLO County to bring the community together in an effort to build the local child care system. It seeks to increase the access, affordability, and quality of child care options for all families and to elevate the profession of early childhood educators. The group works towards their goal through education of public and private sectors, the use and alignment of resources, and creative problem-solving (CAPSLO, 2023).

Data Gaps Regarding Child Care Workforce

The following data would provide insight into the child care workforce of SLO County.

1. **Input from providers -** Directly surveying child care teachers and program directors would generate clarity into the challenges and needs faced by the child care workforce, as well as insight into possible avenues for support.
2. **Workforce data** - Information is needed regarding the teachers currently working in SLO County's child care field, including the number of teachers, their educational attainment, years of experience, etc.
3. **Workforce pathway data** - Information regarding employment paths students take after completing higher education studies that pertain to working with young children is needed.
4. **Child care workforce benefit data** - Information is needed regarding the supports offered to local child care employees, such as pay rates, health and other benefits, flexibility in scheduling, and tuition reductions for employee children.

Child Care Funding

The child care industry has historically been underfunded, with private programs relying on tuition from families (and fundraising) to cover the cost of operation. This dynamic often results in low wages for the child care workforce and a shortage of funds for critical repairs and improvements to facilities. However, there have historically been government investments to help pay for children's tuition, especially for those from low income families.

The California APP program offers child care subsidies for families earning below 100% of the State Median Income level, and has been available for many years. Some, but not all, SLO County child care programs accept APP. The funding and income limits of the program have increased dramatically recently, spurred on by the needs of essential workers during the early stages of the COVID pandemic. APP funding is offered like a voucher to parents, typically through R&Rs and County Education Offices. The family selects the provider and APP pays the program directly.

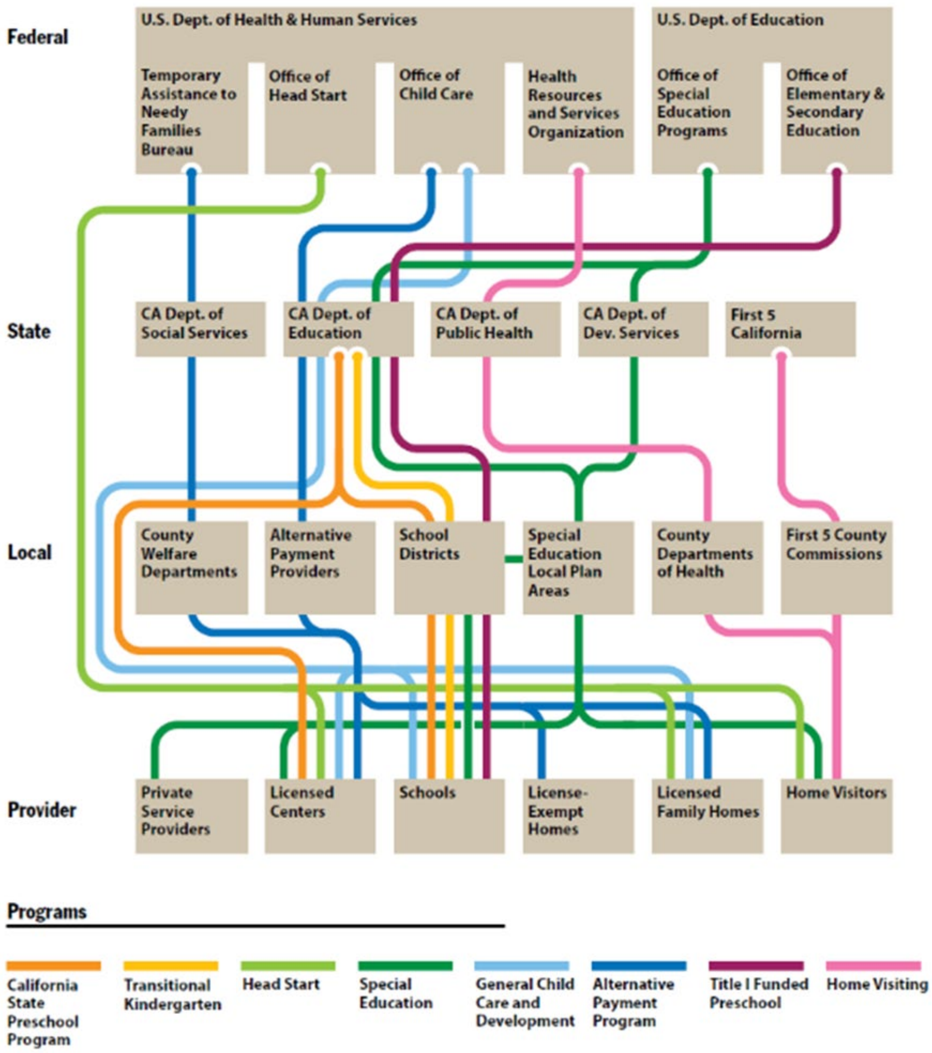
California also offers the State Preschool program, which is available for free or with a low family fee for children ages 2 through 5 through private and public child care providers and through school districts. Additionally, as previously stated, California has recently expanded TK, which offers free early education for 4 year olds on school campuses.

Federally funded Head Start and Early Head Start early learning services are contracted to local organizations who apply for the funding, and include comprehensive, wrap-around services for children and their families who meet the federal poverty income guidelines. In SLO County, CAPSLO has been the Head Start contractor for many years.

Changes to child care funding happen annually, often through the state and federal budget cycle, as well as through larger planned policy changes such as the expansion of TK. The state budget cycle requires child care professionals and advocates to be vigilant in tracking proposed changes and effective in providing input to policy makers to ensure the changes result in high quality sustainable early childhood services.

State and Federal Child Care Funding

The chart below shows parts of the labyrinth of funding and supports that comes from the state and federal government to the various types of child care in California. Note: this image was created prior to TK expansion so it does not accurately reflect the entire system of care.



Coherent & Navigated, 2021

Local Child Care Funding

Economic Development Funding Opportunities

Uplift of the Central Coast - In its efforts to attract investments and expand opportunities, the organization announced a new funding opportunity in September, 2024 called the Catalyst Fund. Child care is eligible for funding, as a strategy that supports all sectors. Funding can be requested for proposals that:

- Expand the child care workforce
- Enhance the child care infrastructure
- Encourage employer supported child care
- Improve usability of centralized resources to navigate the child care system

Community Foundations

There is a close working relationship among the Community Foundations within the tri-counties, all of which have a strong interest in early childhood education. The foundations play to each other's strengths while coordinating efforts and jointly supporting programs.

- **The Community Foundation San Luis Obispo County** is a partner on child care issues in SLO and across the central coast. The Community Reports and Data section of the website provides rich data for a variety of sectors and topics, including child care and education. The most up to date reports and analysis are posted on child care needs, programs and community impacts, which serves to inform the community and inspire solutions to some of the greatest challenges.
- **Santa Barbara Foundation** offers funding to local organizations, reports on key issues, and serves as fiscal lead for some programming. The foundation offers child care scholarships, funding for child care infrastructure, and works with partners on child care access and policy.
- **Ventura County Community Foundation** focuses on building space in the child care arena for people and leaders to join together, form relationships with each other, and implement solutions. Through "Lunch and Learns" and communication strategies, the foundation continues to widen the net and engage more and more individuals in making positive change.

Tri-County First 5 Organizations

First 5 San Luis Obispo recently completed a strategic plan for 2024-28 that includes the following focus areas:

- Early Health Foundations: Promote young children's wellness and access to quality care.
- Early Learning & Child Care: Ensure that from birth, children have rich and varied opportunities to develop their minds. A funding opportunity was recently announced with an Early Learning and Child Care Request for Proposals for the following services:
    - Early Learning and Child Care Workforce: e.g. recruitment, retention, compensation strategies to stabilize and grow the child care sector.
    - Child Care Sector Business Supports: e.g. child care business start-ups, modifications to child care sector in response to UPK/TK, expansion of opportunities for infant-toddler care.
    - Bridge Funding: e.g. extensions of projects launched with ARPA or other limited funding.
- Parent Engagement, Connection & Education: Support parents and families to build stable, nurturing and enriching home environments for young children. A second funding opportunity is now available for Parent/child engagement groups in North SLO County/North Coast.

First 5 Santa Barbara County focuses funding and services on the following Early Care and Education strategies:

- Child Care Quality Improvement - Improve the quality of existing child care and preschool services
    - First 5-funded preschool and child care quality improvement programs
    - Work with family child care and center providers participating in the Quality Rating and Improvement System (QRIS).
    - Children are receiving developmental screenings.
    - Early Childhood Education CLASS sessions.
    - Providers received CARES Plus stipends.

- Increased Access to Child Care - Create new quality child care and preschool services and expand families' access to them. First 5 is developing existing resources and expertise to establish a model that benefits children, parents, communities, and businesses while attracting investors to leverage First 5's funding and administrative services. Funding opportunities have resulted in the creation of new child care spaces and more children served in those spaces.
- Capacity Building & Systems Change - First 5 provides shorter-term grant funding to support Capacity Building and Systems Change in the broader system serving children and families (prenatal -5).

First 5 Ventura County invests in services that promote high Quality Early Learning as early as possible (0-3 years), especially for children who are most at risk. A few examples of the Quality Early Learning investments include the Neighborhoods for Learning (NFLs), child care services, and Quality Counts Ventura County (QCVC), which helps preschools and family child care sites assess and share information on how they're doing. The QCVC program is administered by the Ventura County Office of Education with funding from First 5 California and the California Department of Education.

- First 5 Ventura County Neighborhoods for Learning (NfLs) have been a cornerstone in the community, providing early childhood education, health, and family support services. NfLs offer:
    - Parent and Child Together (PACT) Classes
    - Child Health and Development Services
    - Care Coordination regarding access to services

Local Solutions for Consideration

In order to create sustainable, effective initiatives, a knowledge of the issues is required, as well as a strategy for tackling the issues. The below chart presents a list of topics that rose to the top during the creation of this report in terms of importance and urgency. On the right are some strategies SLO Foundation and/or partners could adopt to address the topics listed.

Topics	Strategies
1. Build on and engage others in employer sponsored child care and work/life policies 2. Build and sustain the child care workforce 3. Strengthen and support the business aspect of child care programs 4. Inform the community about, and build support for, the child care infrastructure/system 5. Advocate for child care policy change, including local land use policies 6. Coordinate and share child care data through Foundation website and through reports, news, etc. 7. Partner with First 5 and CAPSLO's Early Head Start to offer education	1. **Influence** - Use the Foundation's clout to connect leaders and those new to child care to help elevate the conversation and the field. Raise awareness among those with influence and power in the county. 2. **Partner with SLO County agencies to hold convenings** - hold symposiums, conferences, etc. to bring awareness to child care and the challenges/opportunities. 3. **Grantmaking** – Create a child care fund for donations and grant funding (like the Women's Legacy Fund) to take on initiatives such as Colorado's toolkit which supports government and business sponsorships of child care, or the Shared Services Alliance, which builds business capacity for child care programs, but has recently sunset in SLO County. 4. **Work with First 5 and other organizations** - Identify and track policies that affect child care (such as local land use policies, State funding), to help the field navigate. 5. **Be a part of the conversations** – Bring the Foundation's influence to help change happen more smoothly and quickly. Thoughtfully and purposefully participate in critical conversations in the community - ask insightful questions, offer solutions, connect groups with others who can help with the issue.

Regional Solutions for Consideration

The chart below identifies topics and strategies that could be adopted regionally (SLO, SB, Ventura Counties).

<table>
<tr><th>Topics</th><th>Strategies</th></tr>
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Education about the elements of child care and the system to community leaders, businesses, etc.
Colocation of housing and child care - timely with the cities and counties working to meet the housing mandates from the state.
Employer sponsored child care and work/life initiative - Work with businesses that operate in all 3 counties – leverage change and expand the work in SLO County.
Child Care policy/advocacy - Early Success provides a roadmap that offers policy objectives and specific strategies with examples.
Help families understand the value of child care and support them choosing licensed high quality care.
Child care and economic development – follow and respond to REACH/Uplift opportunities to fully integrate child care into the concept of economic development in the county and set regional objectives.
Fund regional efforts that are being discontinued (eg: IMPACT). Each region can focus on a different aspect.

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Provide opportunities for child care and partner groups to meet regionally, such as through strategy sessions.
Adopt an initiative, with each county taking a lead role (eg: organizing, fiscal leadership, communications, implementation) to create a regional system. This could happen with current or future topics or initiatives, such as:
<ol type="a">
Land use policy regarding child care - all jurisdictions can come together to learn how to amend policies to encourage child care development, and to share their successes.
Colocation of child care with housing - housing developers can be encouraged to include center and/or family child care in new housing developments, with a specific number of new spaces set as a regional goal.
Communications campaign for families, sharing the benefits of high-quality early care and education, and how to access it.

Coalesce around a topic or initiative and jointly apply for funding (e.g. REACH/Uplift). Regional requests could include topics of mutual interest/need such as:
<ol type="a">
Quality - by continuing the level of service that IMPACT has been funding, the quality of services can be maintained and expanded.
Workforce development - training and certifications can be offered to workforce in all counties, for efficiency and to bring all teachers together.

Work with child care partners to develop regional symposiums, conferences and other convenings regarding the most relevant topics for the region.

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Glossary of Terms

Child Care Centers (also referred to as center-based programs) are programs that are licensed to provide group early learning and care services in a nonresidential setting.

- Less than 24-hour per day of non-medical care and supervision are provided to children in a group setting (CCR, Title 22, Section 101152).
- Can provide care for more than 14 children.
- Directors and teachers are required to have educational college degrees or State teaching permits and experience in the profession of early care and education.
- City and/or county permits may be required.
- Fire clearance from the local fire authority is required.
- A Center must be licensed and maintain Title 22 standards at all times, by the Department of Social Services, Community Care Licensing, who regularly monitor compliance.
- must be licensed by the Division of the California Department of Social Services (CDSS).
- All programs must meet the regulations and standards specified in the California Code of Regulations, Title 22.

Family Child Care Programs (FCC) refers to licensed care offered in the home of the provider. A small FCC program may care for up to 8 children, depending on their ages. A large FCC has at least two adults, and can care for up to 14 children, depending on their ages. must be licensed by the Division of the California Department of Social Services (CDSS). All programs must meet the regulations and standards specified in the California Code of Regulations, Title 22.

San Luis Obispo County is made up of the following regions:

- The **North County** includes two cities, Paso Robles and Atascadero, and the communities of Santa Margarita, Templeton, San Miguel, Shandon, Creston, and several smaller communities. The Cuesta Grade separates North County from the rest of the county, and represents a significant geographic and psychological barrier for people without dependable, personal transportation. The North Coast includes one city, Morro Bay, and the communities of San Simeon, Cambria, Harmony, Cayucos, and Los Osos/Baywood Park.
- The **Central County** includes the City of San Luis Obispo and the community of Avila Beach.
- The **South County** includes three cities: Pismo Beach, Arroyo Grande, and Grover Beach. These three cities and the communities of Nipomo and Oceano make up the "Five Cities" area.

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