



January 24, 2022

The Honorable Nancy Skinner
Chair, Senate Committee on Budget and Fiscal Review
State Capitol, Room 5094
Sacramento, CA 95814

The Honorable Philip Ting
Chair, Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

**SUBJECT: Budget Proposal RE: Child Care
SUPPORT**

Dear Chairpersons Ting and Skinner,

On behalf of California Chamber of Commerce, I am writing to **SUPPORT** the budget proposals submitted in the Governor's 2022-2023 Budget Summary to increase access to child care. Those proposals include more than \$5.8 billion for child care programs, including increasing the number of child care slots available, reforming child care rate reimbursements, funding infrastructure grants, reducing the cost of child care for low-income families, and increasing access to transitional kindergarten.

We share the Governor's and Legislature's concerns about access to quality, affordable child care for working families and were in support of the child care proposals included in the 2021-2022 Budget. It is estimated that at least 8,500 licensed child care sites in California closed as a result of the COVID-19 pandemic. Even prior to COVID-19, the high cost of child care acted as a barrier to many parents being able to enter or remain in the workforce. A robust, quality and affordable child care network is not only crucial for the development of young children, but also essential for millions of working parents. Without viable child care solutions many working parents will have a difficult time returning to work, especially the many women who were forced to drop out of the workforce in 2020 at a rate four times that of men.

Investments in California's child care system not only benefit working parents and children, but also the overall economy, since many businesses have been unable to operate at full strength with one or both parents necessarily involved in child care.

We believe that the first step to improving access to quality, affordable child care is to expand the number of child care spots available, incentivize child care workers to remain and grow with the industry, and to provide financial assistance to low income workers who are trying to rejoin or remain in California's workforce. With the stakes so high for parents and employers, California should use some of this second large budget windfall to invest in the child care system. We therefore support the various budget proposals by the Governor and Legislature to increase the number of child care slots available, reform child care rate reimbursements, fund the construction and renovation of child care facilities, subsidize family child care fees, and increase access to transitional kindergarten.

Additionally, we urge the Legislature to reform California's unnecessarily rigid wage and hour laws to allow employees flexibility in their weekly schedules for child care needs. Presently, California's inflexible Labor Code and steep penalty system dissuade employers from allowing non-exempt employees to have more flexibility during their workday. Added costs such as split shift premiums, daily overtime, meal and rest break premiums, a broad expense reimbursement requirement, and the constant threat of costly litigation make workplace flexibility too expensive and risky for employers to consider. Many employers are hesitant to continue to offer telecommuting after the pandemic because these wage and hour laws were not designed for telecommuting

employees. Employers know that any failure to adhere to certain rules immediately triggers penalties and attorney's fees under various Labor Code provisions, including PAGA.

Employees want flexibility, whether it be through a more flexible daily schedule, alternative workweek schedule, or the ability to continue to telecommute after the conclusion of the pandemic. Updating these laws to provide more opportunities for non-exempt employees to telecommute is an important issue that benefits both employees and employers and is very popular among California voters. For the second year in a row, the California Chamber of Commerce conducted a survey of voters regarding workplace flexibility. The survey data shows that 91% of polled voters agree (56% strongly) that the state's labor laws should be changed so employees working at home have more flexibility and 88% agree with policies that would make it easier for businesses to allow employees to telecommute. Providing more flexibility to employees would ease the burdens of child care for many employees.

In sum, we urge you to approve the 2022-2023 budget proposals identified above that represent a historic investment in California's child care system and we urge you to consider additional reforms to California's labor laws to allow employees more daily flexibility.

Sincerely,



Ashley Hoffman
Policy Advocate

cc: Members, Senate Committee on Budget and Fiscal Review
Members, Assembly Committee on Budget
Consultant, Office of the Governor