



## **CDE Update: Alternative Payment Projected Over-Earnings**

Since March, most children in California have remained home from school due to shelter-in-place orders. This has caused some Alternative Payment (AP) providers to “over earn” their contract, due to providing more hours of care than was originally contracted for.

The California Legislature allocated \$47 million in on-going funding to transition eligible families that received temporary vouchers for Emergency Childcare in FY 2019-20 to ongoing childcare. After contractors have calculated the funding necessary to transfer families receiving Emergency Childcare to ongoing care, any funds remaining can be used to cover the additional costs of care for existing enrollments. At this time, children and families should not be disenrolled as a result of projected over-earnings of the CAPP contract.

In addition, the Legislature has allocated:

- \$73 million in one-time federal funding to extend childcare services for essential workers, at-risk children, and children with disabilities or special health care needs.
- \$62.5 million to reimburse providers based on a child’s maximum certified hours of care for families certified with a variable schedule and for license-exempt part-time care, until funds are exhausted.

These allocations cannot be used to offset over-earning costs.

If your agency is projected to over-earn the FY 2020-21 CAPP contract, and have not already notified your ELCD field consultant and your CDNFS Fiscal Analyst, please do so as soon as possible. The list of consultants can be found on the [Consultant Regional Assignments webpage](#).