

SIDE LETTER OF AGREEMENT BETWEEN THE STATE OF CALIFORNIA AND CHILD CARE PROVIDERS UNITED-CA (CCPU) REGARDING ARTICLES 8.3 (HEALTH BENEFITS STANDING JLMC) AND 8.6 (STANDING RETIREMENT BENEFITS JLMC)

This Agreement is a Side Letter to the current Memorandum of Understanding (MOU) effective July 26, 2021 through June 30, 2023 between Child Care Providers United-CA (CCPU) and the State of California (State). It is the intent of the parties to maintain the spirit and the letter of the 2021-2023 MOU with the following amendments.

- A. Pursuant to Article 8.3 (Health Benefits Standing JLMC) of the existing agreement, the committee shall provide a joint recommendation to achieve access to quality affordable healthcare including any immediate steps that may be taken to begin supporting Family Child Care Providers without access to high-quality healthcare. The State and CCPU agree that the state will provide funding during the 2022 – 2023 Fiscal Year as set forth below:
1. Upon full ratification of this agreement, \$100,000 one-time contribution payable to CCPU or its designee to establish the health care benefits trust administered by CCPU, known as Child Care Providers United - California Workers Health Care Fund (“Fund”), that maximizes healthcare benefits provided through Covered California and other plans for Family Child Care Providers represented by CCPU.
 2. Upon ratification of this agreement, \$100 million annual contribution for each fiscal year, beginning fiscal year 2022-2023, through the remainder of the previously established duration of the principal agreement, payable to the Fund after the establishment of the Fund for the purpose of providing healthcare benefits, including and not limited to: premium and out-of-pocket healthcare assistance to providers enrolled in health insurance plans through Covered CA, Medicare, Medi-Cal, or a partner/spouse’s employer-based plan and for the purpose of paying administrative, outreach, and other Fund-related costs.

CCPU will provide the state an annual report to detail the distribution of funds from the prior year and any remaining balance. The state will give reasonable advance notice to CCPU of federal reporting requirements related to the funds provided pursuant to this MOU, and the parties agree to provide any information the federal government requires to be reported. The parties agree that there is no deadline by which the funding must be exhausted.

- B. Pursuant to 8.6 (Standing Retirement Benefits JLMC) of the existing agreement, the committee shall provide a joint recommendation to achieve access to retirement benefits including any steps that may be taken to immediately improve access to retirement benefits for providers. The State and CCPU agree that the state will provide funding during the 2022 – 2023 Fiscal Year as set forth below:
1. Upon full ratification of this agreement, up to \$100,000 one-time investment for the California Department of Human Resources (CalHR) to hire a consultant on behalf of the JLMC to provide recommendations and inform the JLMC on retirement benefit models to improve access to retirement benefits for Family

Child Care Providers represented by CCPU. This consultant will be selected jointly by the JLMC and in accordance with state contracting requirements. The consultant will report to the JLMC, with equal participation by both parties. The parties agree that this matter remains of urgent concern and priority, and the consultant will be instructed to have recommendations to the JLMC as soon as feasible and in advance of successor agreement negotiations.

Specifically, the consultant will provide recommendations that advise on retirement benefit models that include the following:

- a) benefits models that may be available to all CCPU represented providers;
 - b) benefit models where contributions will be provided by the state and, if possible, by individual providers;
 - c) benefit models that do not require the state to acquire any administrative or fiduciary responsibilities; and
 - d) any costs and requirements associated with the establishment and maintenance of such models.
2. Upon full ratification of this agreement, up to \$40,000 one-time investment to design and conduct a survey to determine the current access and unmet retirement needs of Family Child Care Providers represented by CCPU. The established investment shall be the total investment allotted for all associated costs related to the survey.
 3. Upon full ratification of this agreement and the parties reaching agreement on a retirement benefit model, \$100,000 one-time contribution payable to such entity as designated by CCPU to establish a CCPU Retirement Trust.

The consultant recommendations should consider factors such as seniors' basic needs; projected outcomes for retirement savings plans; tax implications for individual providers; and, advisement on retirement benefit pathways to obtain economic security for retired providers. Recommendations may also include items such as benefits for providers who continued to operate throughout the COVID-19 pandemic; additional benefits for longer serving providers, (i.e. based on age and years of service); benefits that recognizes providers' multi-year commitment to this industry; and incentive retention and recruitment.

- C. To the extent that additional data is requested from CCPU for trust administration of either benefit, the State will provide any existing information to the trust(s), upon request. If the requested data is not currently held by the State, but may be available by a contractor of the state, the State will request the contractor to submit the data to CCPU.

Dated: June 17, 2022

/s/Candace Hyatt, State of California Department of Human Resources

/s/Lupe Jaime-Mileham, State of California Department of Social Services

/s/Alexa Frankenberg, Child Care Providers United-CA (CCPU)United-CA (CCPU)