



Champions For Our Children  
www.First5LA.org

November 17, 2014

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A public entity.

The Honorable Curren D. Price, Jr., Chair  
Economic Development Committee  
Los Angeles City Council  
200 N. Spring Street  
Los Angeles, CA 90012

**Re: Council File 14-1371-S2 – Study on Effects of Wage Increase**

Dear Councilman Price:

We are writing to address the Committee’s recent approval of an independent study to examine the effects of a citywide minimum wage increase. While we applaud Council members for their collective efforts to raise the wages of low income workers to combat poverty—an issue that affects over one quarter of all L.A. County children—we are hopeful that members examine any unintended consequences of a wage increase on the infrastructure of the early care and education sector serving vulnerable families with young children.

As the scope of the study is developed, we encourage the Committee to incorporate questions specific to the potential effects on child care providers and the low-income families that rely on subsidized care. Child care providers that serve children whose families receive subsidies are reimbursed at rates set by the state. Those reimbursement rates cover the full cost of running a center or home based facility, including the cost of worker salaries. During the economic downturn, California lost over 110,000 slots due to state cuts, and in LA County between 2008 and 2011, 1,400 (15%) licensed homes ceased providing child care and development services, resulting in a loss of 11,200 family care spaces throughout the County.

While the state has begun the process of reinvesting in child care, the sector is still tremendously fragile and cannot absorb another hit. Increasing labor costs without attendant reimbursement rate increases or other up-front additional government subsidies could further corrode the viability of a sector we all in Los Angeles should be invested in strengthening. While we are hopeful that efforts to increase reimbursement rates will be successful, we are concerned that stagnant rates, coupled with a rise in the minimum wage, could lead to center closures or loss of access for needy children.

We look forward to discussing our proposal with you and hope that you will view us as a resource and a partner in your effort to strengthen families’



economic well-being, including their ability to provide high quality early learning opportunities for their children.

If we can be of further assistance, please contact Tessa Charnofsky, Government Affairs Manager, at TCharnofsky@First5LA.org.

Sincerely,



A handwritten signature in black ink, appearing to read 'Kim Belshé'.

Kim Belshé  
Executive Director  
First 5 LA



CALIFORNIA  
CHILDREN'S  
ACADEMY

*KC Brown*

KC Brown  
Executive Director/CEO  
California Children's Academy



A handwritten signature in black ink, appearing to read 'Michael Olenick'.

Michael Olenick  
President & CEO  
Child Care Resource Center



A handwritten signature in black ink, appearing to read 'Cristina Alvarado'.

Cristina Alvarado  
Executive Director  
Child Care Alliance Los Angeles

cc: Mayor's Office staff, Econ Development staff