



California Budget  
& Policy Center

# Child Care and Development Programs in California: Access and Funding Since the Great Recession

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MARCH 14, 2018

LIFTING CHILDREN AND FAMILIES OUT OF  
POVERTY TASK FORCE MEETING

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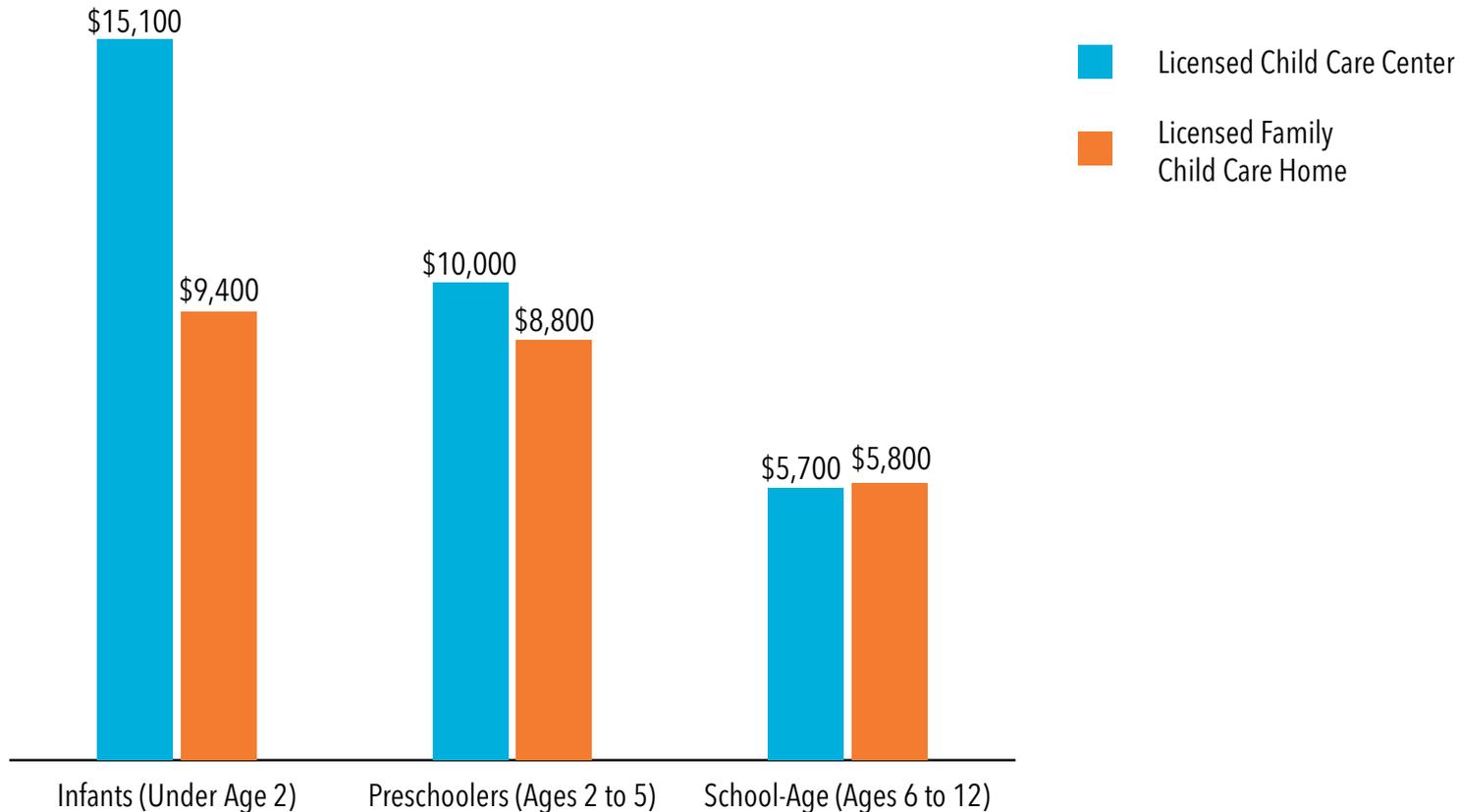
# **Families in California are struggling to make ends meet.**

**Without access to affordable care, many families face difficult choices about where to leave their children while they are working.**



# The Cost of Child Care Is Prohibitively High in California

## Median Cost of Care Statewide, 2016



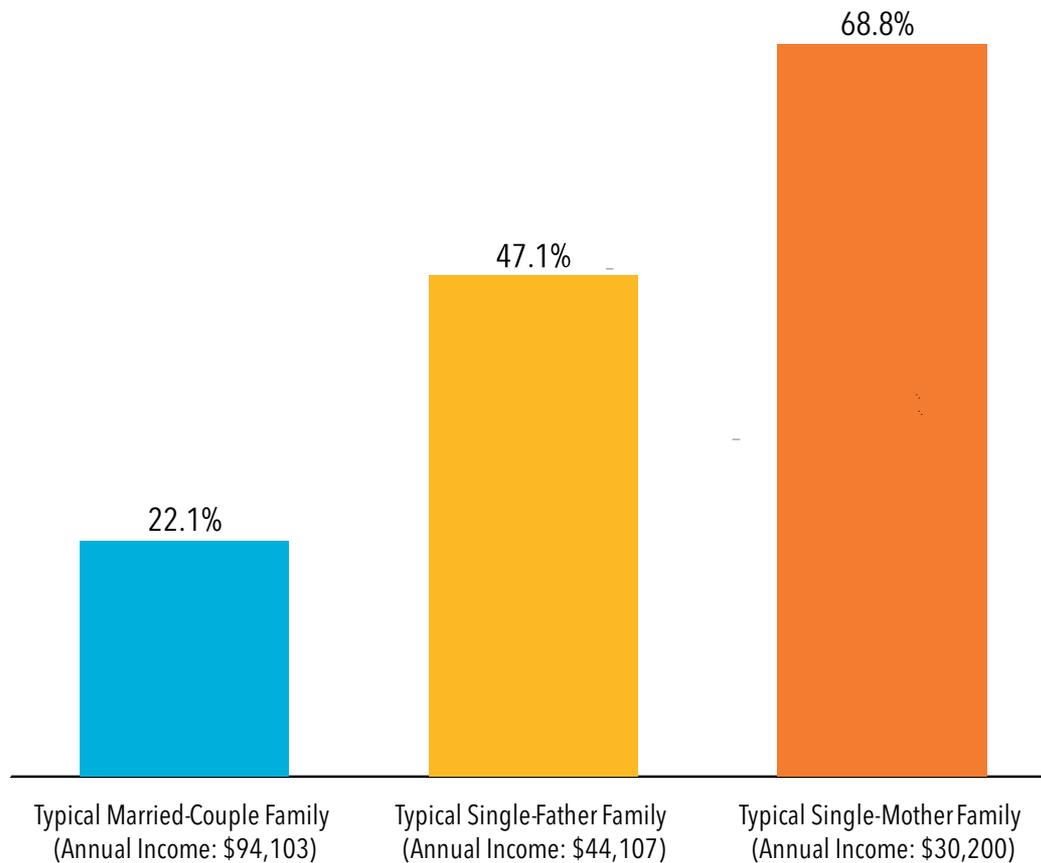
Note: Figures are rounded to the nearest hundred. Cost of care is full-time for infants and preschoolers and prorated according to the school year for a school-age child. Costs are based on counties' median cost of care weighted to reflect each county's child population.

Source: Budget Center analysis of California Department of Education data, 2016 Regional Market Rate Survey



# The Cost of Child Care in California Is a Large Share of Family Budgets, Especially for Single-Parent Families

Child Care Costs for an Infant and a School-Age Child as a Share of Annual Family Income, 2016



Note: Cost of care is for a licensed center in California in 2016 (full-time for an infant and prorated according to the school year for a school-age child). Costs are based on counties' median cost of care weighted to reflect each county's population of infants and school-age children.

Source: Budget Center analysis of data from the California Department of Education, 2016 Regional Market Rate Survey and US Census Bureau



# **California's subsidized child care and development system provides a safe place for children to learn and grow while parents are working.**

**State policymakers cut funding for this system during and after the Great Recession, and overall these programs continue to operate at below pre-recession levels.**



# Cuts Made to Child Care and Preschool During and After the Great Recession

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State policymakers:

- Cut funding for child care and preschool programs by about \$1 billion – nearly one-third of the entire budget for these services.
- Eliminated 110,000 slots – about one-quarter of total.
- Failed to update the Regional Market Rate (RMR) or the Standard Reimbursement Rate (SRR) for many years.
- Cut license-exempt provider payment rates from 90% to 60% of licensed rates.
- Failed to update the income limits based on new data and even *lowered* income eligibility from 75% to 70% of state median income.



# Reinvestments Made to Child Care and Preschool in Recent Years

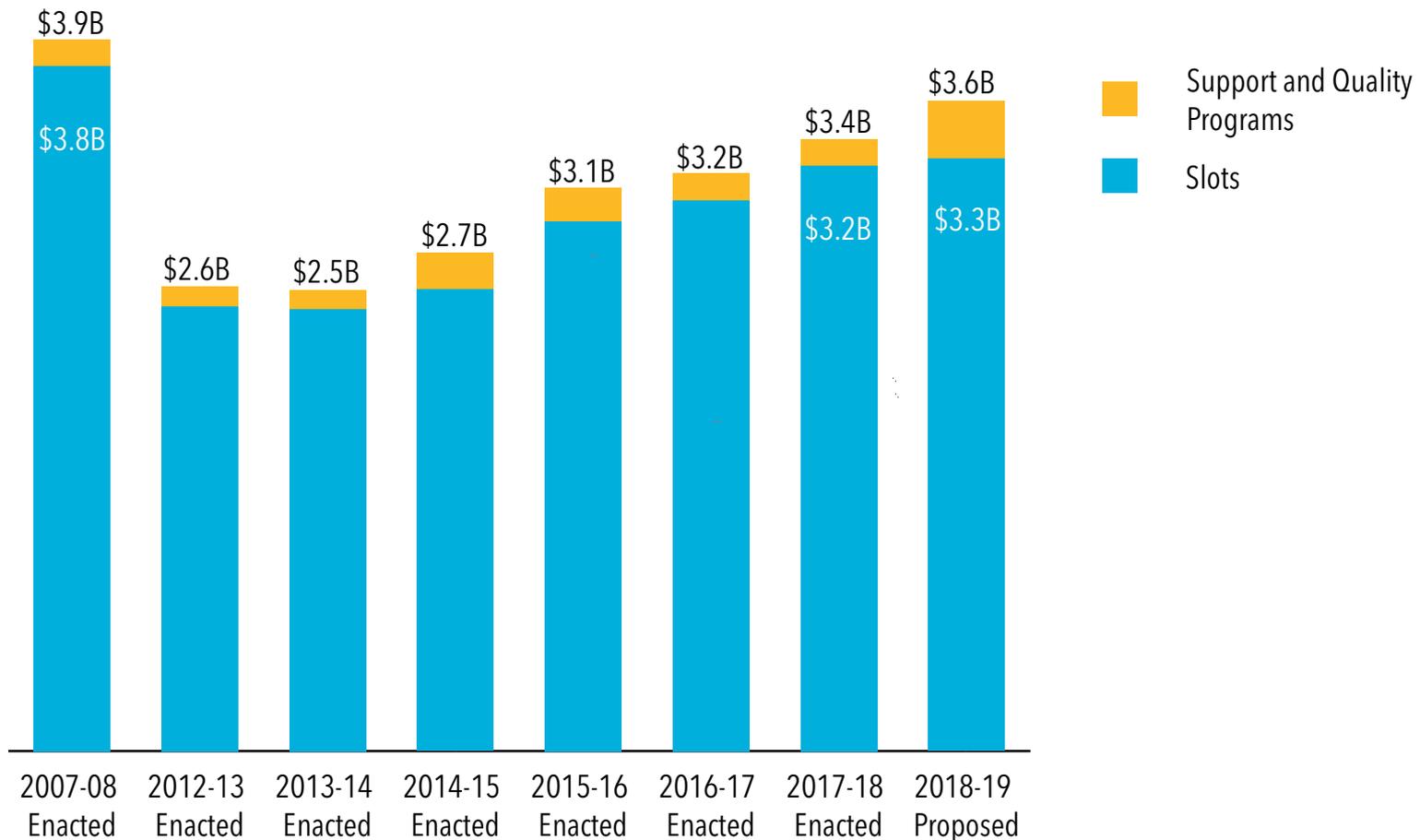
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- 2014-15: Provided 11,500 full-day preschool slots and 1,500 child care slots, increased both the RMR and SRR, and funded quality improvement grants.
- 2015-16: Provided 7,030 full-day preschool slots, 2,500 part-day preschool slots, and 6,800 child care slots; increased the RMR and SRR; increased the payment rate for license-exempt (LE) providers; and provided one-time funding for quality improvement activities for infants and toddlers.
- 2016-17: Provided 2,959 full-day preschool slots, boosted both the RMR and the SRR, and increased the payment rate for LE providers.
- 2017-18: Provided 2,959 full-day preschool slots, increased the RMR and the SRR, updated income limits and reporting requirements, and created a child care bridge program for children in foster care.



# Annual Funding for Child Care and Preschool Remains Well Below the Pre-Recession Level

Total Funding for Subsidized Child Care and Preschool in California (Billions), Inflation-Adjusted



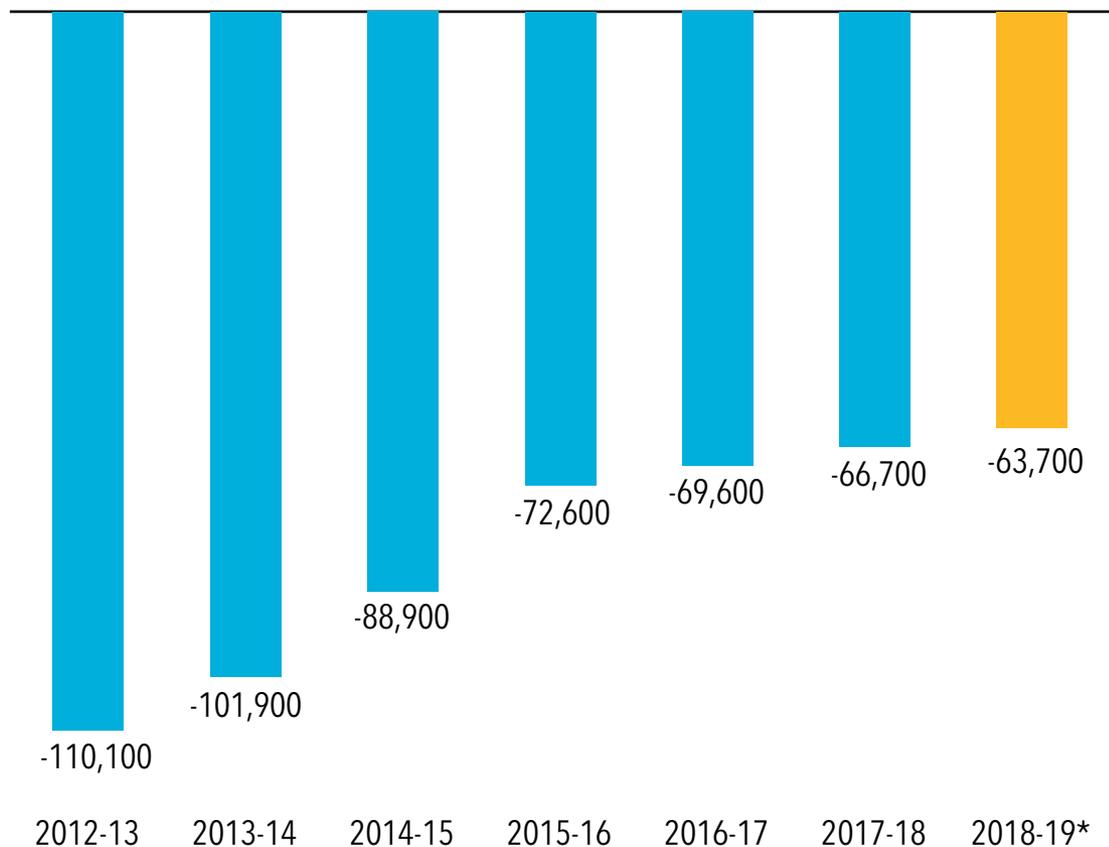
Note: Figures are in 2018-19 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten.

Source: California Department of Education and Department of Finance



# Even With Recent Increases, California Will Have 64,000 Fewer Child Care and Preschool Slots Than in 2007-08

Annual Number of Subsidized Child Care and Preschool Slots, Compared to 2007-08



\* Proposed

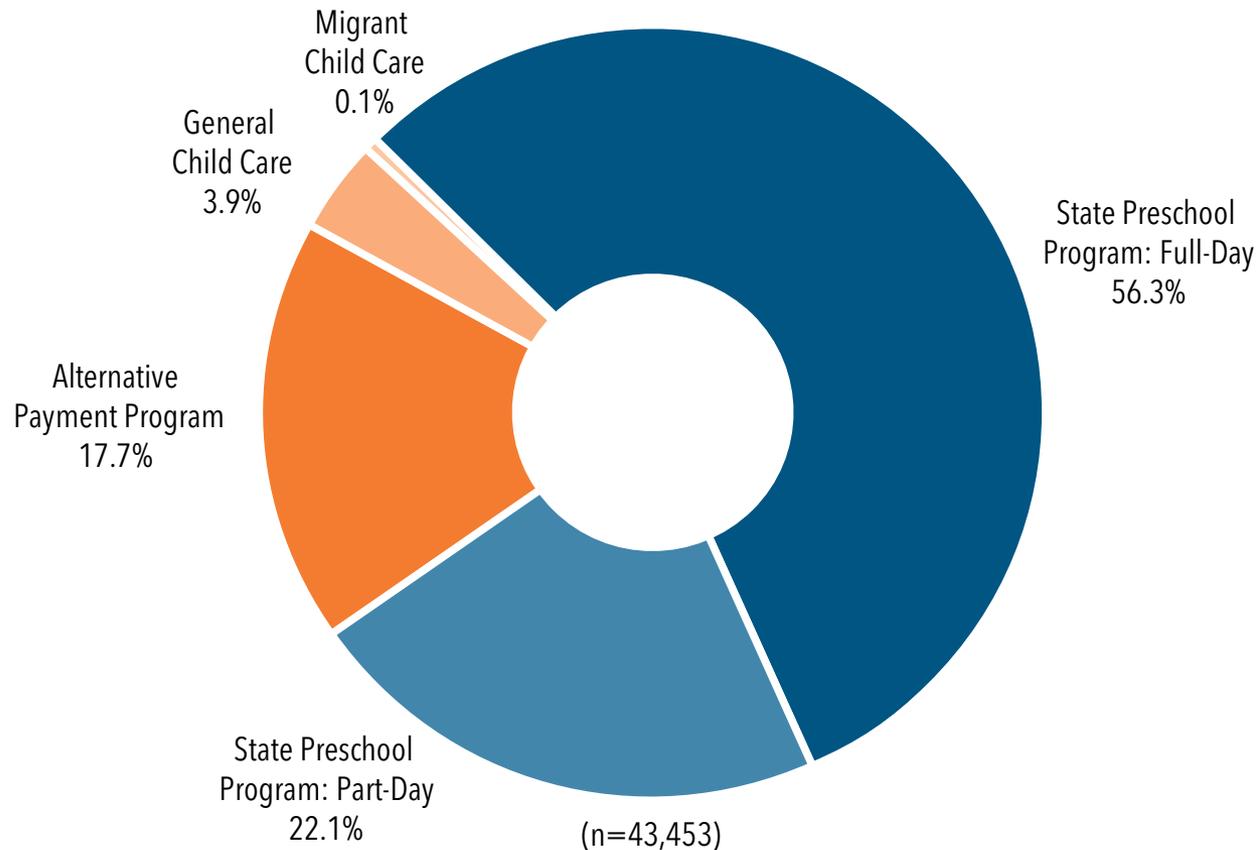
Note: Child care includes CalWORKs and non-CalWORKs programs and excludes Transitional Kindergarten. Slots include those funded with federal and/or state dollars.

Source: Budget Center analysis of Department of Finance and Legislative Analyst's Office data



# About 43,000 Subsidized Child Care and State Preschool Slots Have Been Added Since the 2013-14 State Fiscal Year

## Percentage of Slots by Subsidized Child Care and Development Program

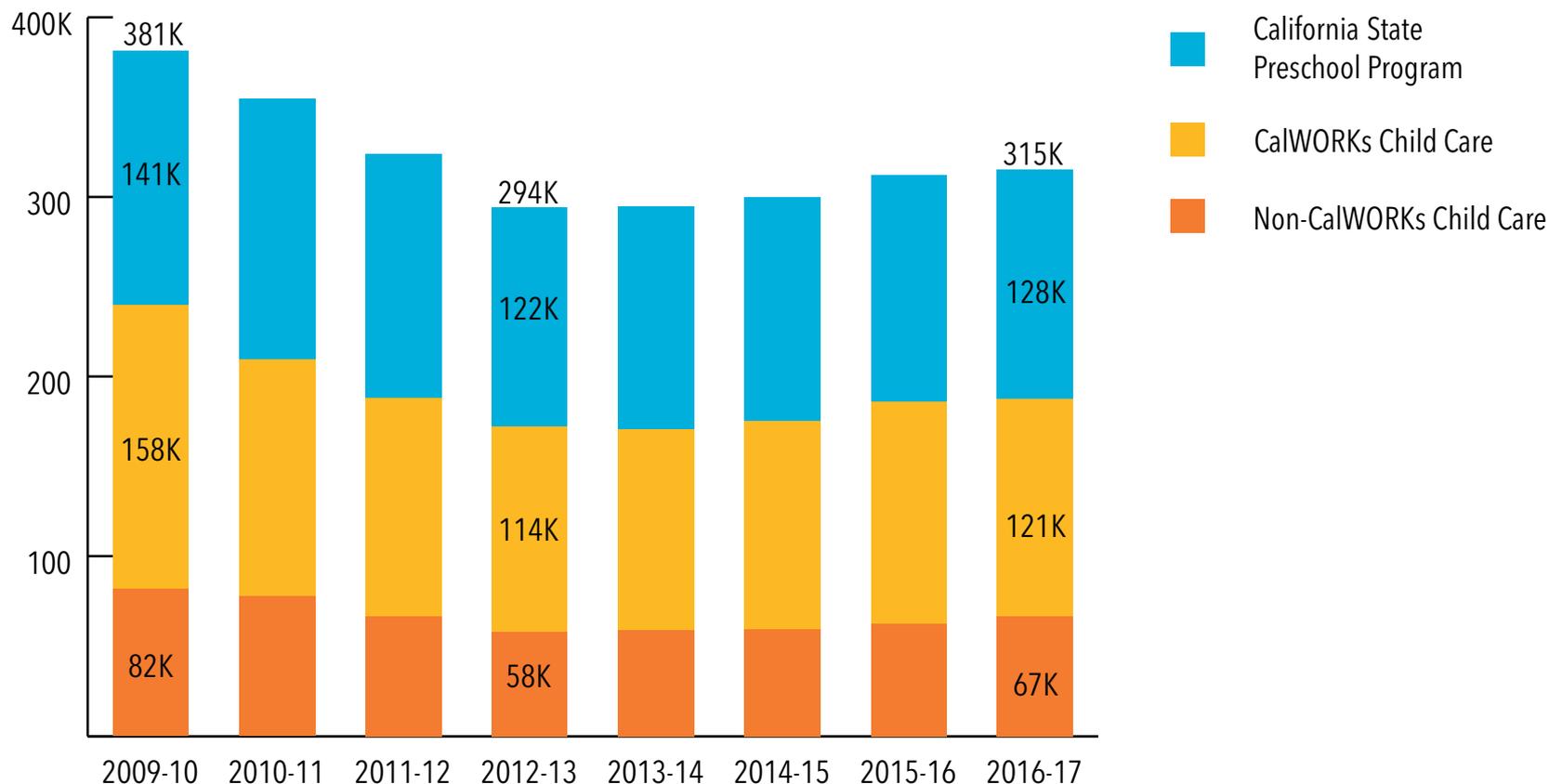


Note: Slots include those funded with federal and/or state dollars. The Governor proposes to add 2,959 full-day state preschool slots in 2018-19, the fiscal year that begins on July 1.  
Source: Budget Center analysis of Department of Finance and Legislative Analyst's Office data



# Enrollment in Subsidized Child Care and Preschool Has Not Recovered From Recession-Era Cuts

## Average Monthly Number of Children Enrolled



Note: Figures are rounded to the nearest thousand. California Community Colleges CalWORKs Stage 2 data for 2016-17 reflect estimates, not actuals.  
Source: California Community Colleges Chancellor's Office, California Department of Education, and Department of Social Services



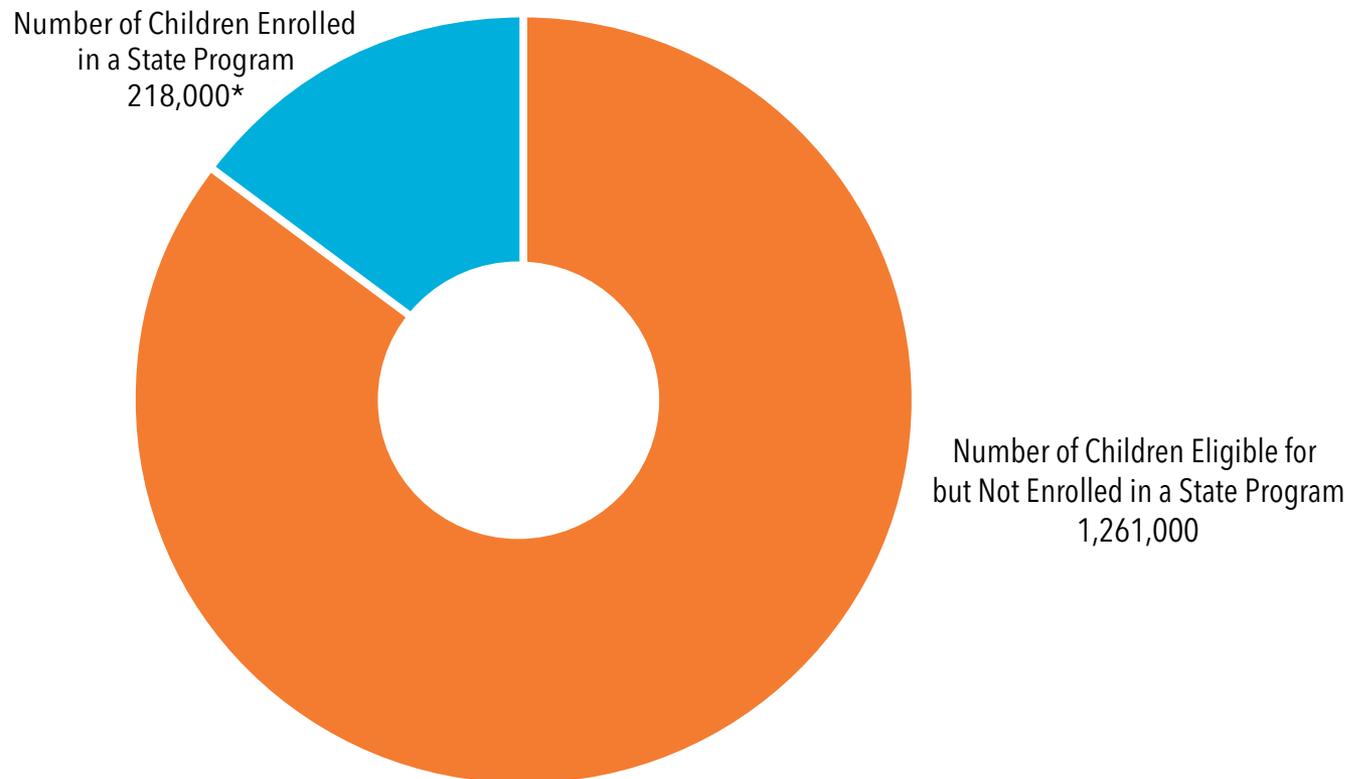
**There is tremendous unmet need in California for subsidized early care and education.**



# Six Out of Seven Children Eligible for Subsidized Child Care Did Not Receive Services From State Programs in 2015

Estimated Number of California Children Eligible for Subsidized Child Care = 1,479,000

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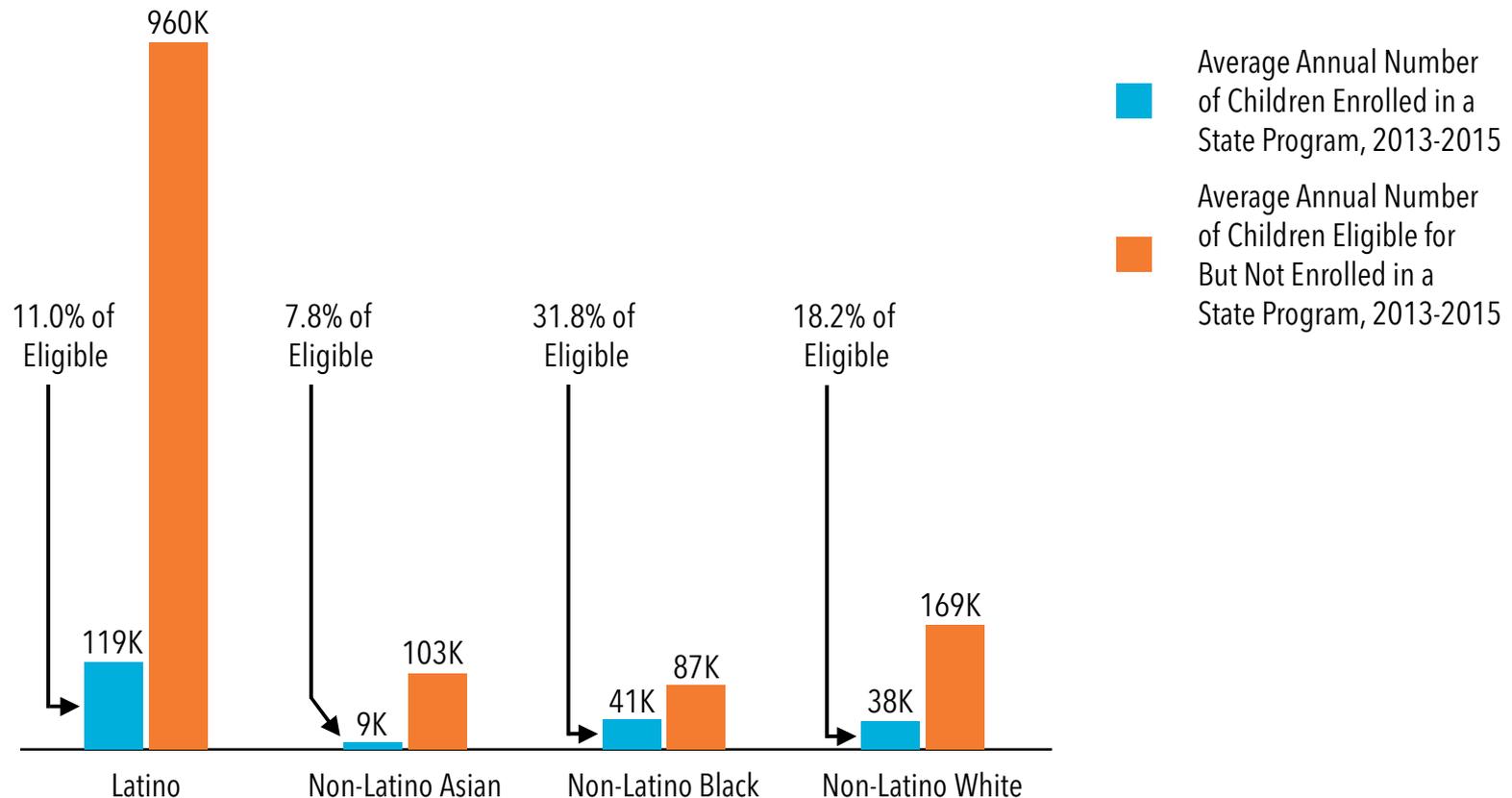
\* Includes children enrolled in the full-day California State Preschool Program (CSPP). Excludes children enrolled in the part-day CSPP or the Handicapped Child Care Program. Enrollment is for children from birth through age 12 in October 2015, except for California Community College CalWORKs Stage Two, which reflects an estimate for the 2015-16 fiscal year.

Source: California Department of Education, Department of Finance, Department of Social Services, and Budget Center analysis of US Census Bureau, Current Population Survey data



# Enrollment in Subsidized Child Care and Full-Day State Preschool Varies by Race and Ethnicity

Estimated Average Annual Number of Children Eligible for Subsidized Care = 1,589,000\*



\* Estimate is an annual average of data for 2013 to 2015.

Note: Includes children enrolled in the full-day California State Preschool Program (CSPP). Excludes children enrolled in the part-day CSPP. Data are not available for California Community Colleges CalWORKs Stage 2. Race and ethnicity data for CalWORKs Stage 1 are estimated.

Source: California Department of Education, Department of Social Services, and Budget Center analysis of US Census Bureau, Current Population Survey data



# Key Points

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- Early care and education is prohibitively expensive, and the high cost of care limits families' access to high-quality early learning environments.
- State policymakers dramatically cut funding for the state's subsidized child care and development system, and these programs are still operating below pre-recession levels.
- Investing in the subsidized child care and development system would increase low-income families' resources.
- Funding our state's subsidized child care and development system at a level to address the unmet need would require a significant, multi-year investment.





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