

CHILD CARE AND PRESCHOOL IN THE GOVERNOR'S PROPOSED 2014-15 BUDGET: DEEP CUTS FROM PRIOR YEARS REMAIN IN PLACE

This is the first in a series of briefs from the California Budget Project examining key components of Governor Brown's proposed 2014-15 budget, released earlier this month. This *Budget Brief* discusses how the Governor's proposal would maintain current, diminished levels of funding for subsidized child care and preschool programs, which are critical to promoting early childhood education and development as well as supporting working families.

Deep Cuts to Child Care and Preschool Programs Have Reduced Access to Care

California offers subsidized child care and preschool programs to eligible low-income families. State policymakers have made deep cuts to these programs in recent years to help close budget gaps. Since 2007-08, policymakers have cut total annual funding for subsidized child care and preschool by nearly 40 percent, resulting in the elimination of nearly one-quarter – or roughly 110,000 – of all child care and preschool “slots” (Figure 1).

Despite increased General Fund revenues, the Governor's proposed 2014-15 budget generally keeps funding levels for child care and preschool programs well below pre-recession levels. This comes amid an economic recovery that has yet to reach many families. Many California counties still have double-digit unemployment rates, and numerous areas of the state have high poverty rates.¹

High-Quality, Affordable Care Benefits Children and Helps Families Achieve Economic Security

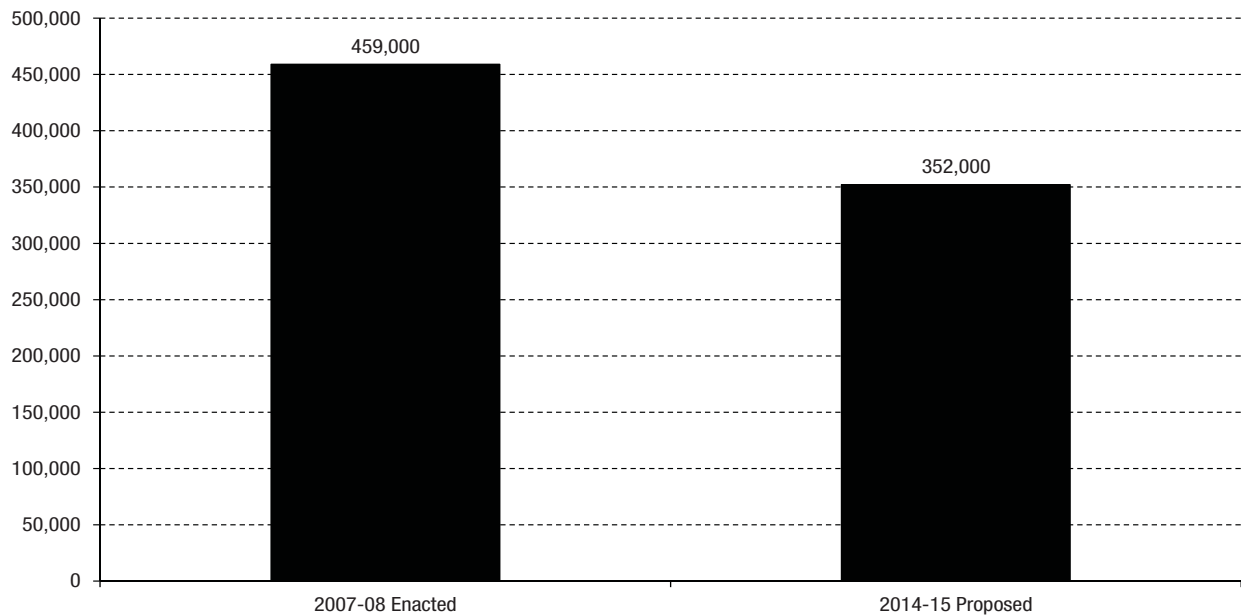
High-quality care improves children's life chances in both the short- and long-term by boosting future academic achievement.

Specifically, children from low-income families who receive high-quality child care exhibit stronger reading and math skills in elementary school than children who do not receive such care.² Likewise, children who participate in high-quality preschool programs show stronger academic skills through early adulthood, have increased graduation rates, are more likely to attend a four-year college, and have lower rates of delinquent behavior than their low-income peers who do not attend such a preschool.³

Access to child care enables parents to find and keep jobs, which increases families' incomes and economic security. Studies show that parents with access to child care are more likely to remain employed and to have higher earnings than parents who lack such assistance.⁴ This assistance enables parents to succeed on the job by reducing the chances that they will have to miss work or cut back their hours due to child care responsibilities.⁵

Quality child care and preschool programs are especially critical for low- and moderate-income families. In California, the median cost of child care for a single parent with two children is \$13,296 annually. For a single parent working full-time at a minimum-wage job, this expense is nearly 80 percent of their pretax income.⁶ Without access to child care assistance, many families face difficult choices about where to leave their children and how to balance the cost of this care with other necessities such as housing and health care.

Figure 1: State Budget Cuts Have Reduced the Number of Child Care and Preschool Slots by Nearly One-Quarter Since 2007-08



Note: Reflects slots funded with federal and/or state dollars. Child care includes CalWORKs and non-CalWORKs programs.
Source: Department of Finance

Policy Options That Invest in the Future

State policymakers can take steps to strengthen California's subsidized child care and preschool system. Specifically, they can:

- Increase funding and boost the number of slots to ensure that a greater number of eligible families have access to child care and preschool;
- Raise the income eligibility limit for child care and state preschool programs, which was lowered in 2011-12, causing thousands of children to lose care; and
- Increase payment rates for both licensed and license-exempt providers, which either have not been updated or have been cut in recent years.

Child care and preschool programs provide substantial benefits for the state's children and working families, as well as offering economic benefits to the state. Investment in child care and preschool is fiscally sound policy that helps lay the foundation for broadly shared prosperity.

ENDNOTES

- ¹ See California Budget Project, *Uneven Progress: What the Economic Recovery Has Meant for California Workers* (September 2013).
- ² Eric Dearing, Kathleen McCartney, and Beck A. Taylor, "Does Higher Quality Early Child Care Promote Low-Income Children's Math and Reading Achievement in Middle Childhood?," *Child Development* 80 (2009).
- ³ Frances A. Campbell, et al., "Early Childhood Education: Young Adult Outcomes From the Abecedarian Project," *Applied Developmental Science* 6 (2002) and Arthur J. Reynolds, et al., "Long-Term Effects of an Early Childhood Intervention on Educational Achievement and Juvenile Arrest: A 15-Year Follow-Up of Low-Income Children in Public Schools," *The Journal of the American Medical Association* 285 (2001).
- ⁴ See Heather Boushey, *Work Supports and Job Quality Vital to Employment Tenure and Wage Growth* (Economic Policy Institute: June 1, 2002) and Sandra K. Danziger, Elizabeth Oltmans Ananat, and Kimberly G. Browning, *Childcare Subsidies and the Transition From Welfare to Work* (National Poverty Center: November 2003).
- ⁵ Julie E. Press, Jay Fagan, and Lynda Laughlin, "Taking Pressure Off Families: Child-Care Subsidies Lessen Mothers' Work-Hour Problems," *Journal of Marriage and Family* 68 (2006).
- ⁶ See California Budget Project, *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (December 2013).

Kristin Schumacher prepared this Budget Brief. The CBP was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the CBP is provided by foundation grants, subscriptions, and individual contributions.