



California Budget  
& Policy Center

# Child Care and Development Programs in California: Key Context and Current Issues

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EVERYCHILD CALIFORNIA STATEWIDE MEETING:

[calbudgetcenter.org](http://calbudgetcenter.org)

# Overview

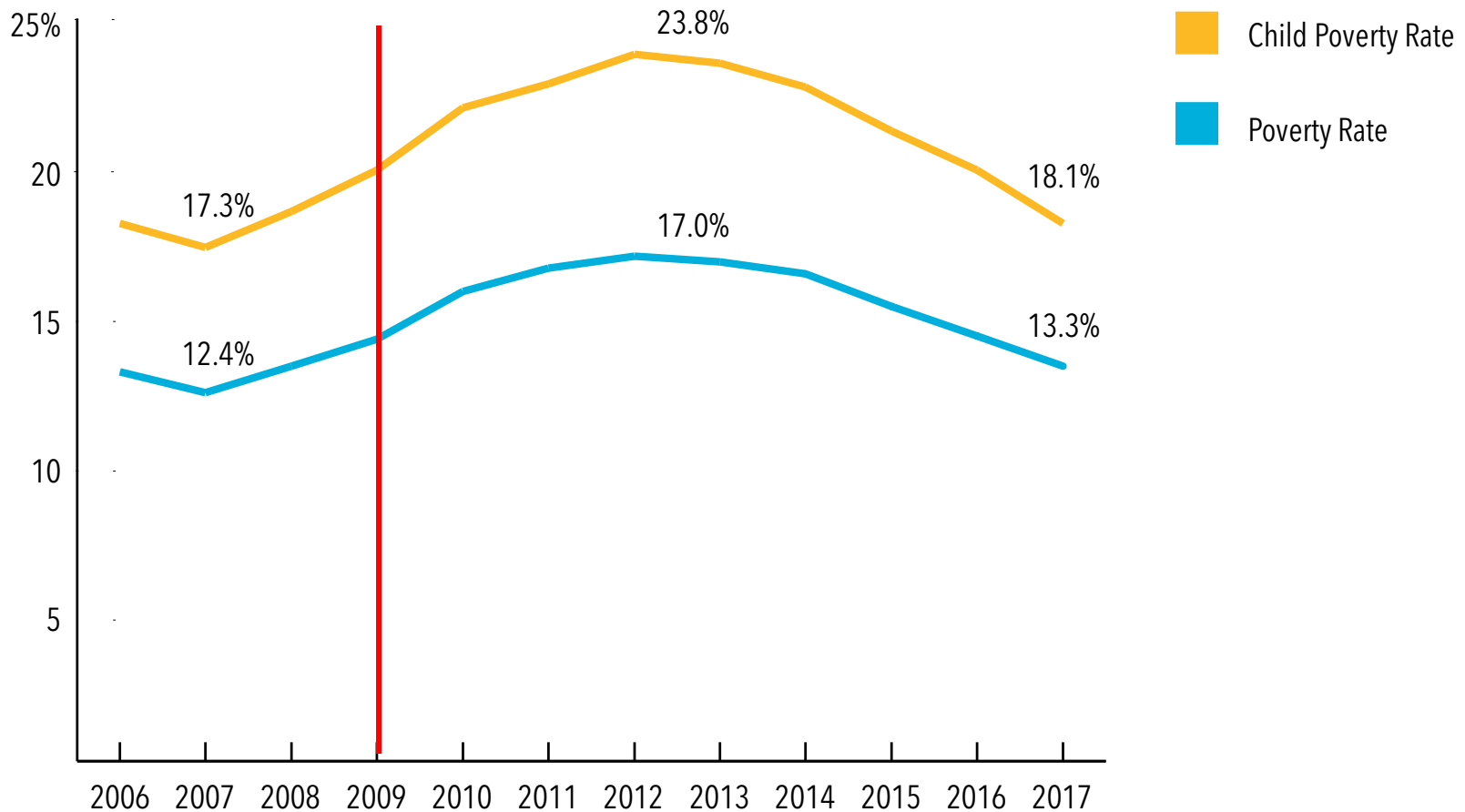
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- California's high cost of living, coupled with wage stagnation for low- and middle-income workers, means many families throughout the state struggle to afford the basics.
- Funding for California's subsidized child care and development system has rebounded since the Great Recession, but the distribution of funding has shifted over time.
- The Governor's proposed 2019-20 budget includes significant expansions in support of low- and middle-income Californians struggling to make ends meet.



# California's Official Poverty Rate Continued to Decline in 2017, but Remains Above Its Pre-Recession Level

Percentage of Californians With Incomes Below the Official Federal Poverty Line

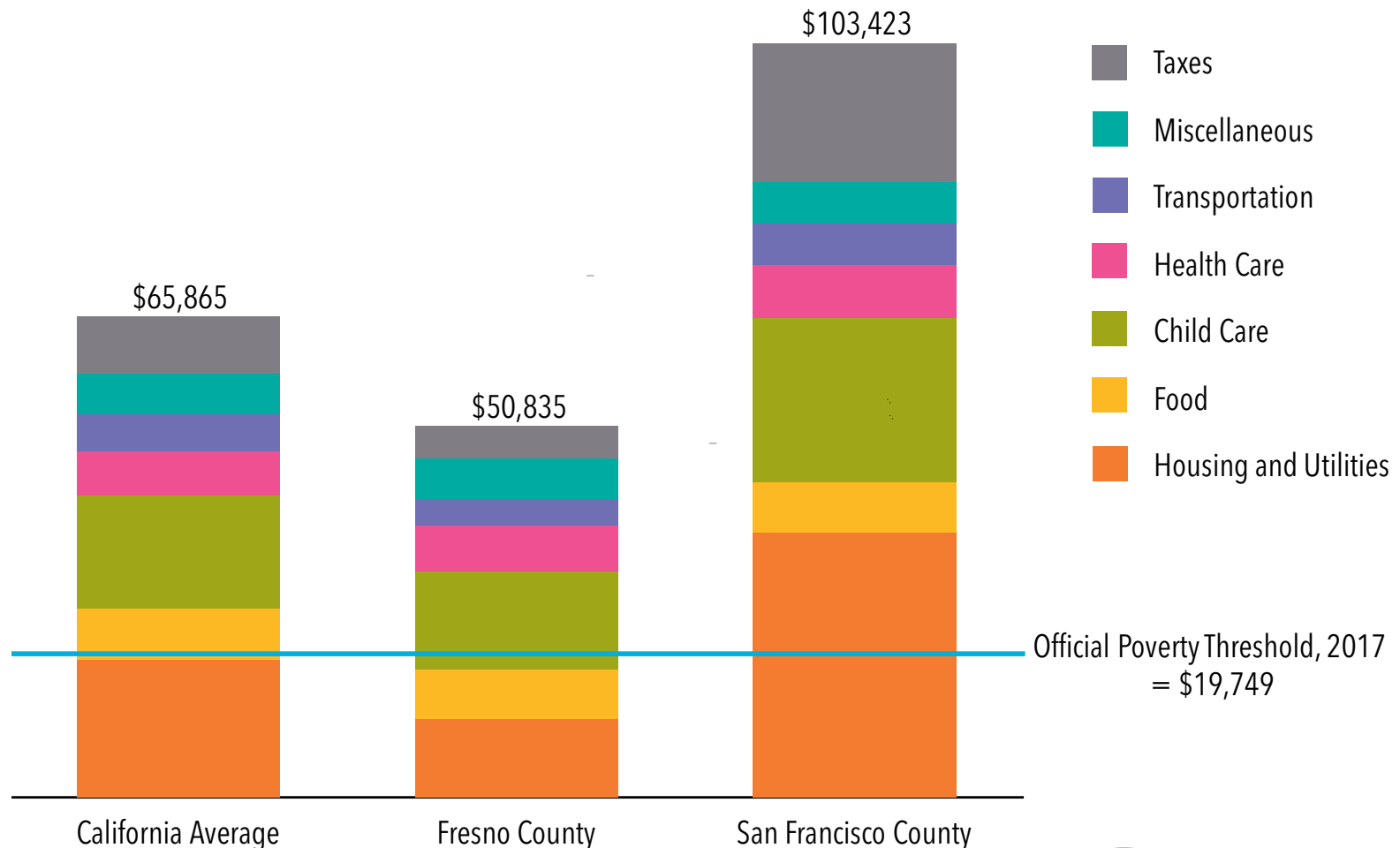


Source: US Census Bureau, American Community Survey



# Official Poverty Thresholds Are Much Less Than the Basic Cost of Living for Families in California

## Annual Basic Family Budget for a Single-Parent Family With Two Children, 2017

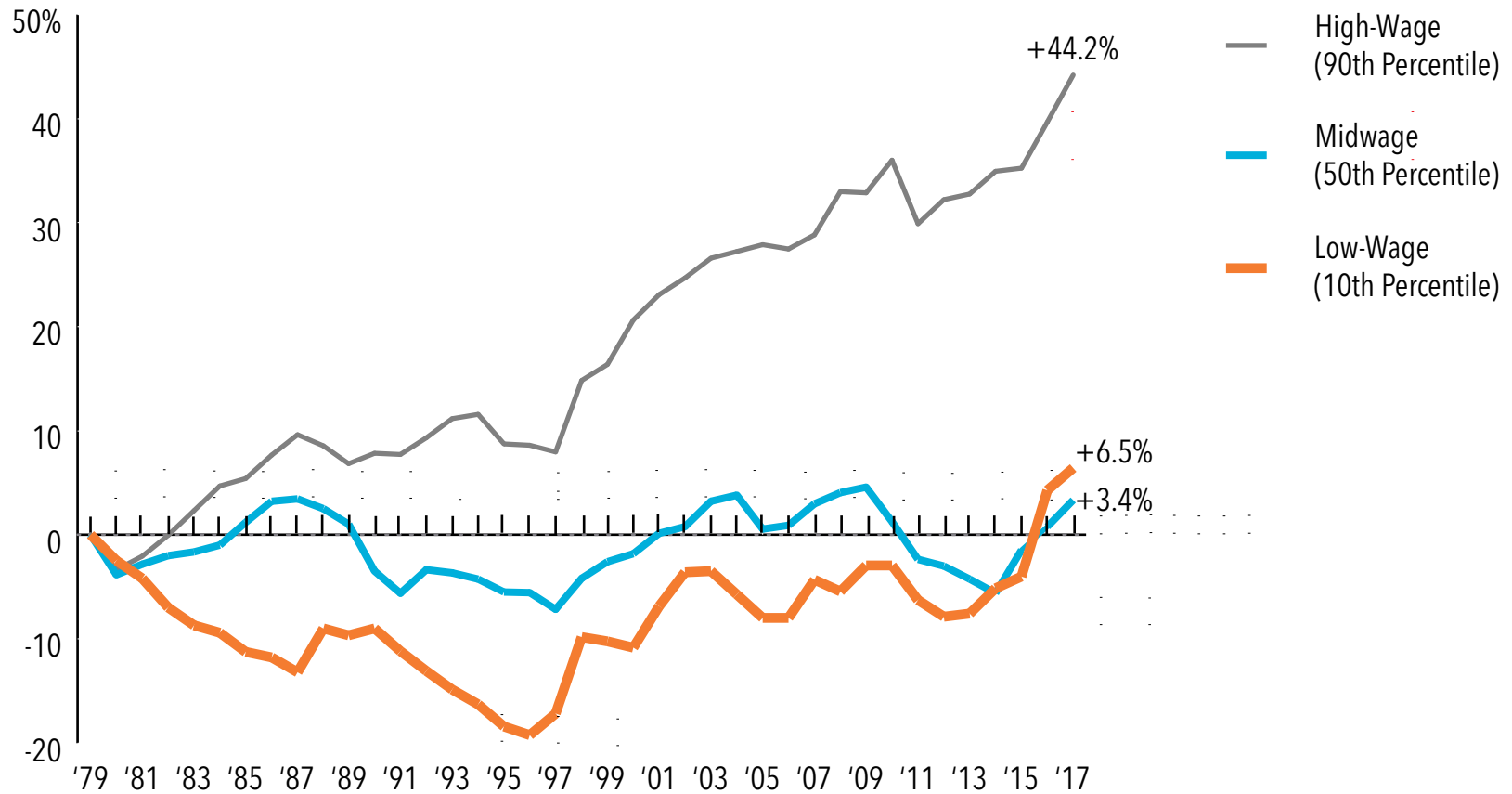


Note: Assumes one preschool-age and one school-age child and a single parent working full-time.  
Source: Budget Center *Making Ends Meet* 2017 analysis and US Census Bureau



# California's Low- and Mid-Wage Workers Have Seen Only Modest Gains Since 1979

Percent Change in Inflation-Adjusted Hourly Wages for Workers Ages 18-64



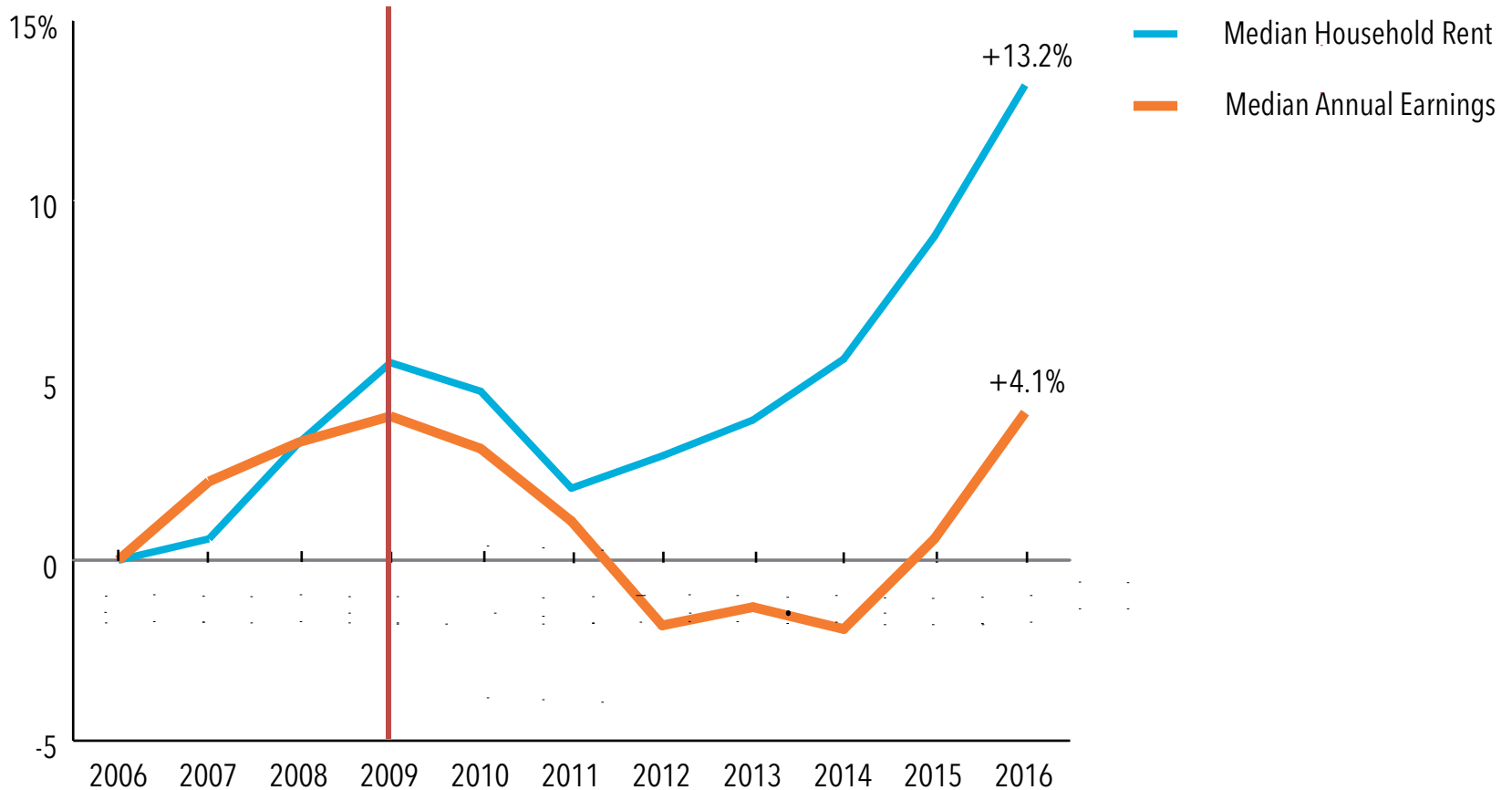
Note: Figures reflect 2017 dollars.

Source: Economic Policy Institute analysis of US Census Bureau, Current Population Survey data



# Workers' Earnings Have Not Kept Pace With Rents in California

Percent Change in Inflation-Adjusted Median Rent and Median Annual Earnings Since 2006



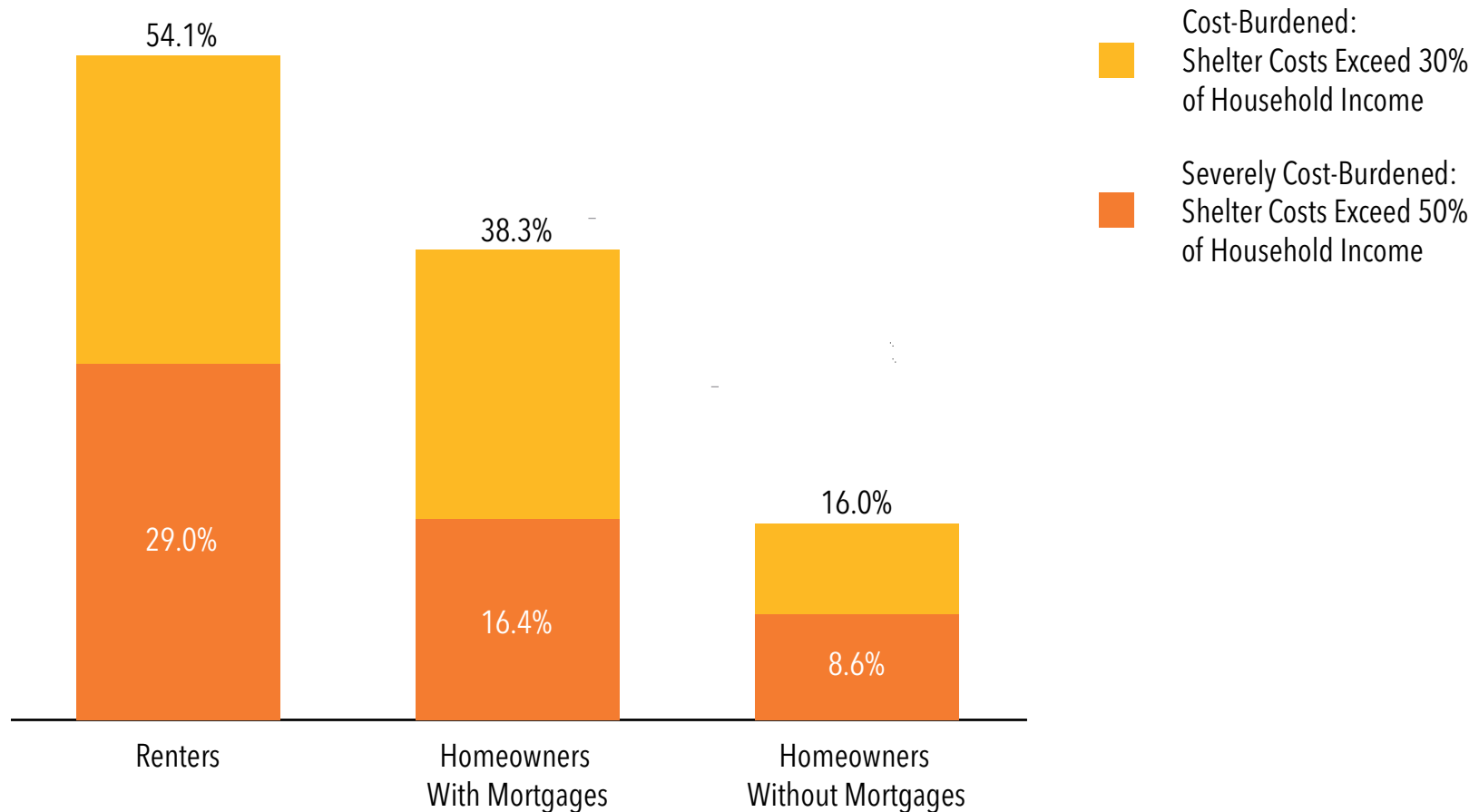
Note: Median annual earnings for individuals working at least 35 hours per week and 50 weeks per year. Excludes workers with \$0 or negative total earnings.

Source: Budget Center analysis of US Census Bureau, American Community Survey data



# More Than Half of California's Renters and Over a Third of Homeowners With Mortgages Have High Housing Costs

Percentage of Households With Housing Cost-Burden or Severe Housing Cost Burden, 2016



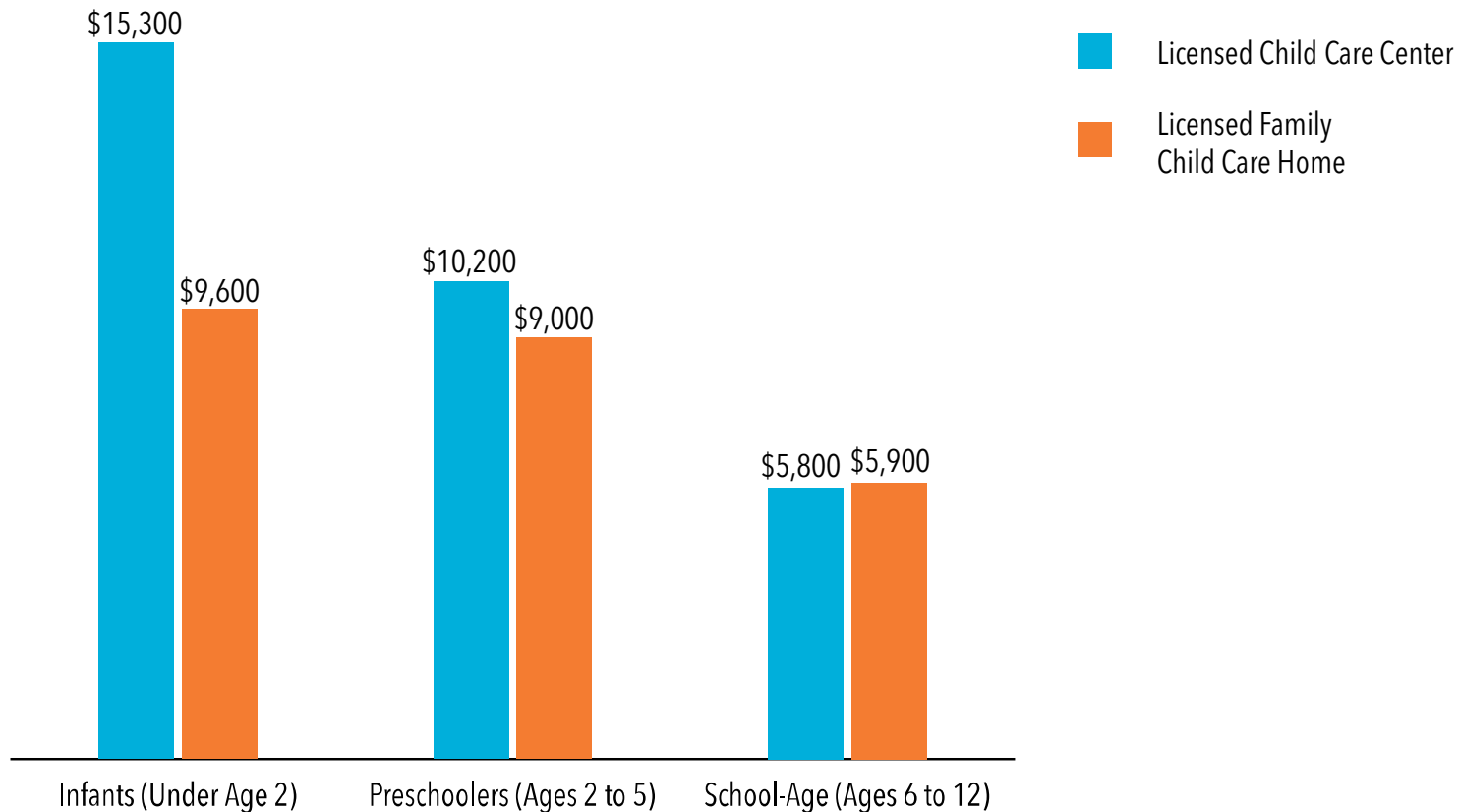
Note: Definitions of housing cost-burden are from the US Department of Housing and Urban Development.

Source: Budget Center analysis of US Census Bureau, American Community Survey data



# The Cost of Child Care Is Prohibitively High in California

## Median Cost of Care Statewide, 2017



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 and are adjusted for inflation.

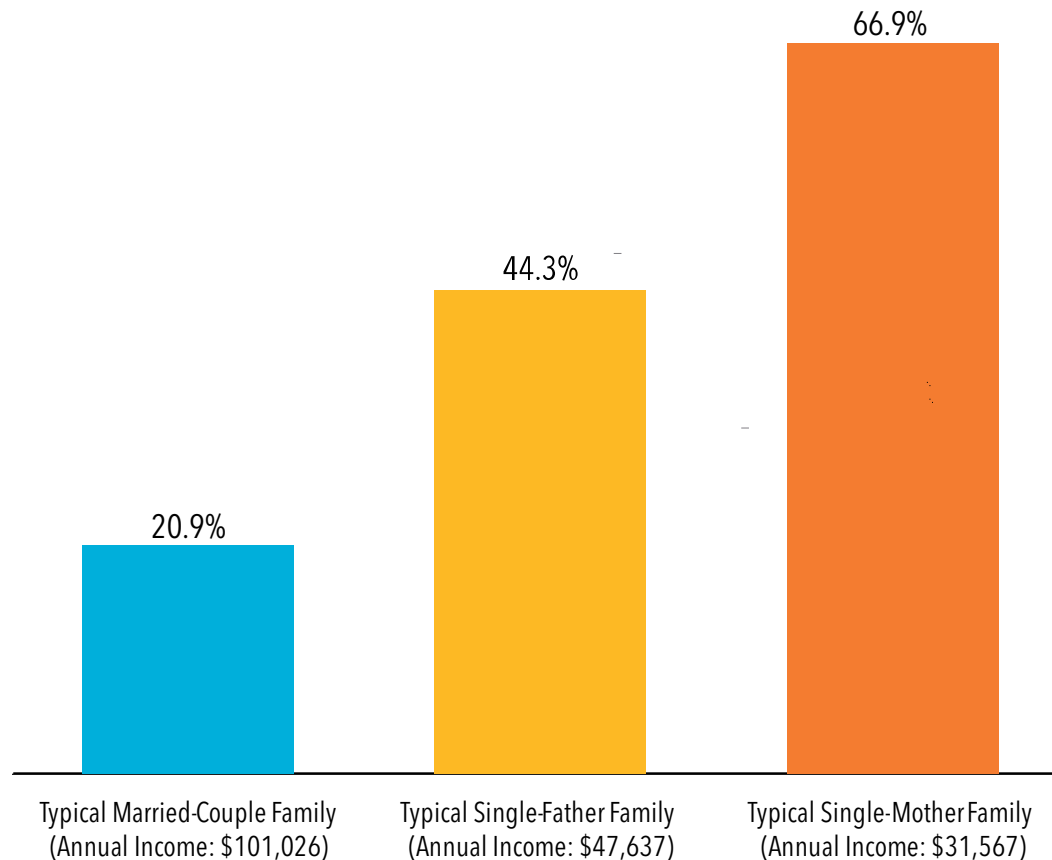
Source: Budget Center analysis of California Department of Education data, 2016 Regional Market Rate Survey





# 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, 2017



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) adjusted for inflation. 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



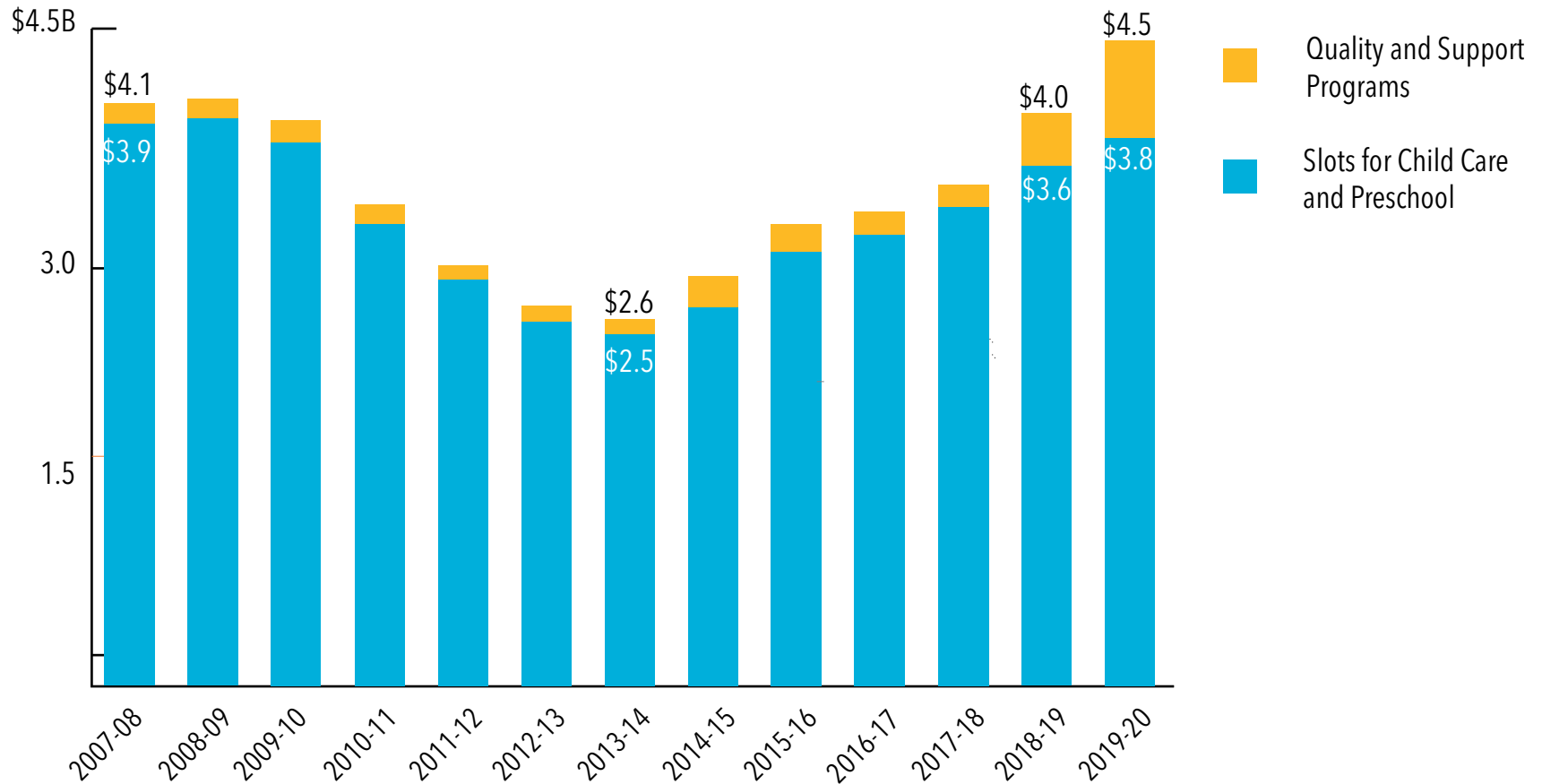
# Investments in the Subsidized Child Care and Development System

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- Provides \$737 million one-time General Fund support for child care infrastructure:
  - \$245 million for child care facilities
  - \$245 million for workforce development for providers
  - \$247 million for the California State University system
- Increases access to the CA State Preschool Program:
  - \$125 million General Fund for 10,000 full-day, full-year preschool slots
  - \$297 shifted out of Prop. 98 for non-LEA providers
  - Eliminates the parental work or school requirement for full-day preschool
- \$10 million one-time General Fund for a plan to address access, capacity, revenue options, and other issues



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

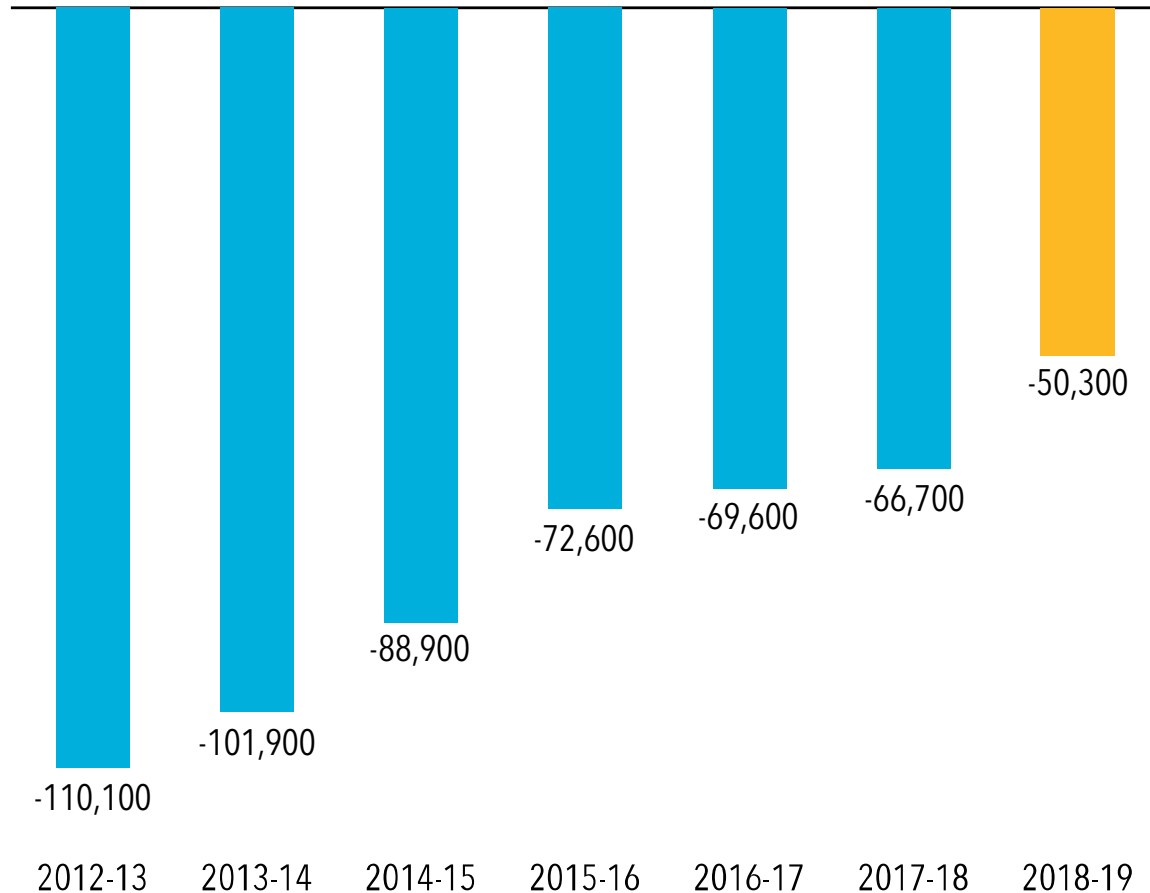


Note: Figures reflect the enacted budget each year except for 2008-09, which reflects the revised budget as of February 2009. Figures include federal and state funds for slots as well as for quality and support programs and are in 2018-19 dollars. Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten.  
 Source: California Department of Education and Department of Finance



# Even With Recent Increases, California Has 50,000 Fewer Child Care and Preschool Slots Than in 2007-08

Amount by Which Annual Subsidized Child Care and Preschool Slots Are Below the 2007-08 Level

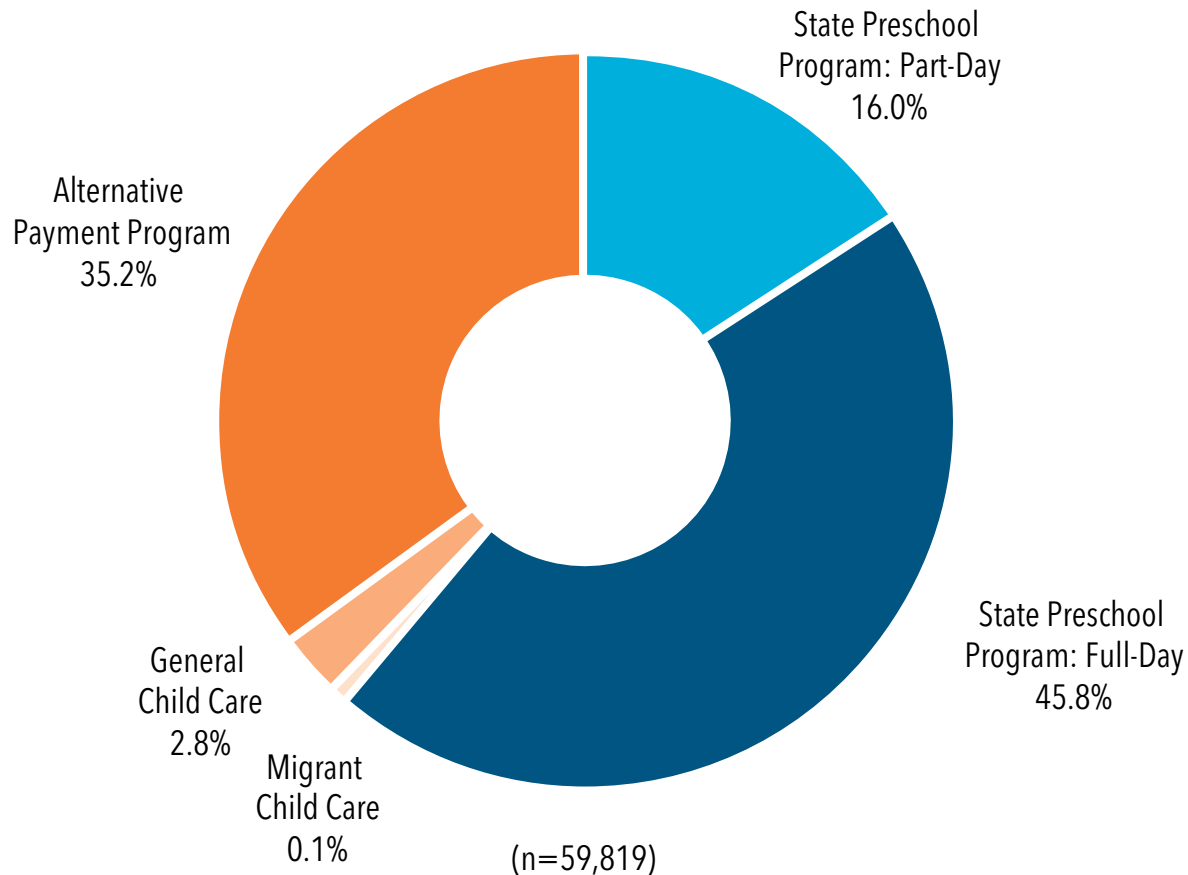


Note: Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten. Slots include those funded with federal and/or state dollars.  
Source: Budget Center analysis of Department of Finance and Legislative Analyst's Office data



# About 60,000 Subsidized Child Care and State Preschool Slots Have Been Added Since the 2013-14 State Fiscal Year

Despite Recent Investments, Total Slots in 2018-19 Remain 11% Below the 2007-08 Level



Note: Slots include those funded with federal and/or state dollars.

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



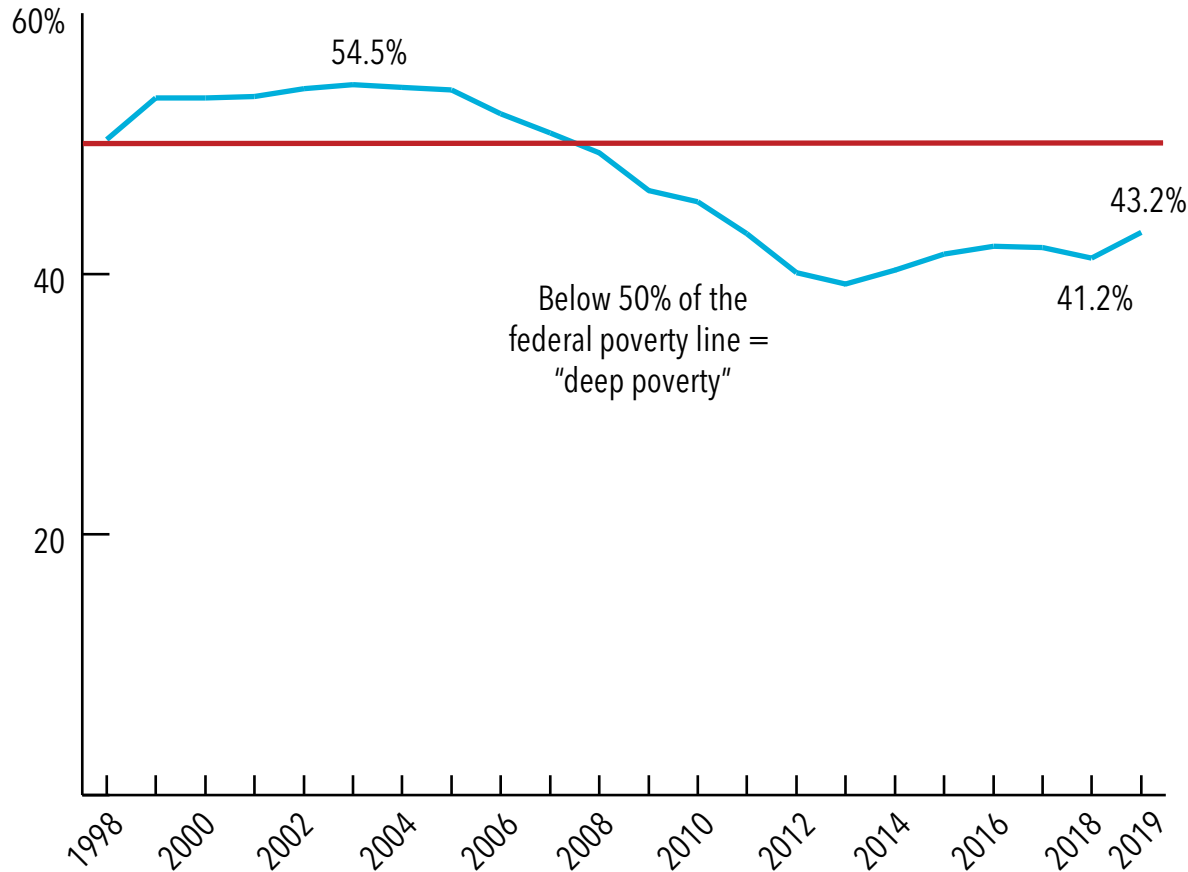
**CalWORKs provides modest cash assistance to families while helping parents find and keep jobs.**

**About 775,000 California children receive assistance from CalWORKs.**



# Without an Increase in 2019-20, CalWORKs Grants Will Be Below the Deep-Poverty Line for the Twelfth Straight Year

## Annualized Maximum Grant for a Family of Three as a Percentage of the Federal Poverty Line

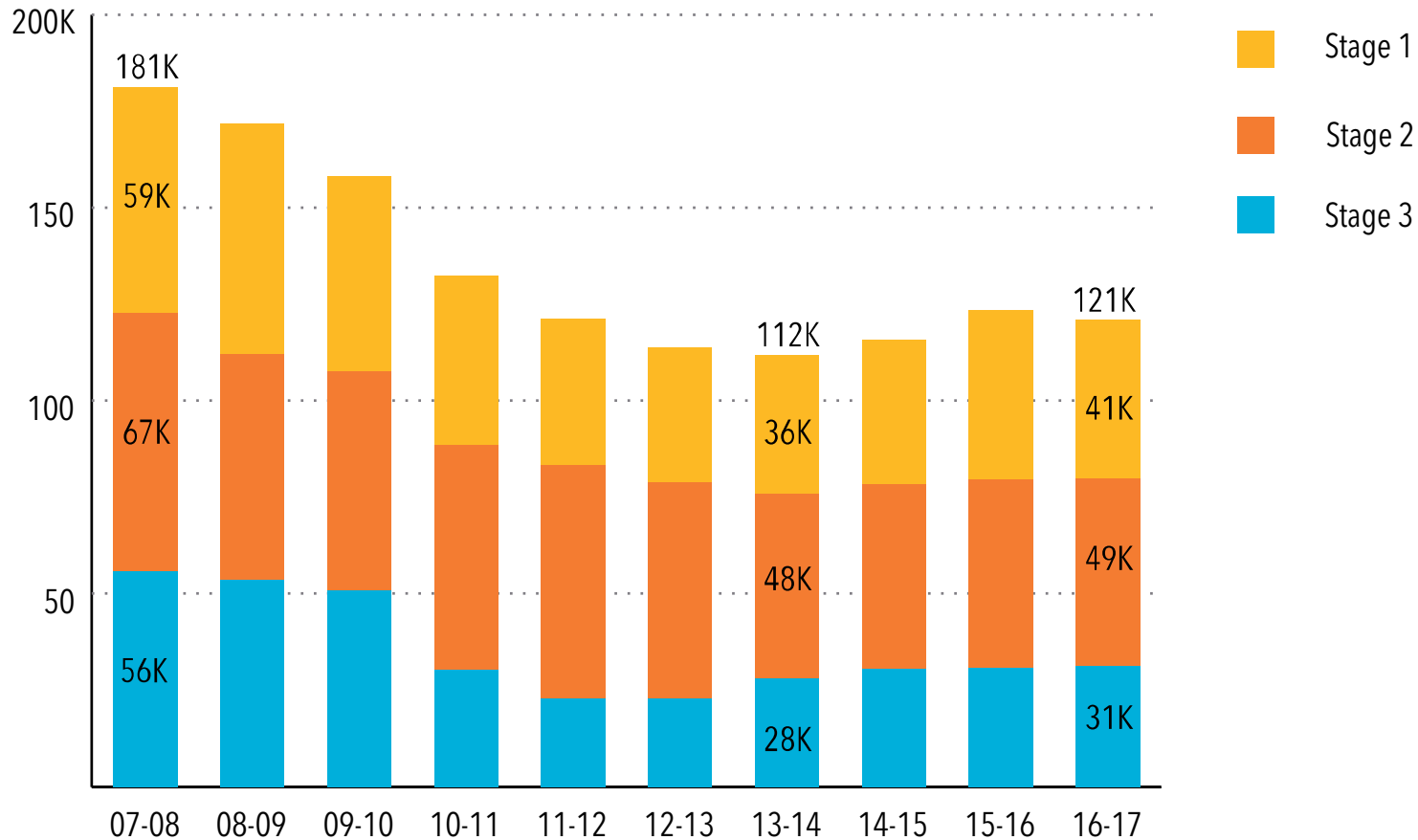


Note: Grants are for high-cost counties. Anticipated 2019 federal poverty line based on Legislative Analyst's Office estimate.

Source: Budget Center analysis of Department of Social Services, Legislative Analyst's Office, US Department of Health and Human Services, and US Social Security Administration data



# Average Monthly Number of Children Enrolled in CalWORKs Child Care



Note: Reflects CalWORKs Stages 1, 2, and 3 child care. Figures are rounded to the nearest thousand. California Community Colleges Stage 2 data for 2016-17 reflect an estimate, not an actual.  
 Source: California Community Colleges Chancellor's Office, California Department of Education, and Department of Social Services





# California's Fiscal Health Heading Into 2019-20

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- Governor expects economic growth to continue, but at a slower pace.
- General Fund revenues expected to be \$8.1 billion higher over the three-year “budget window,” as compared to estimates from the 2018-19 budget act.
- Proposed budget prioritizes paying down debt and saving for a rainy day by allocating \$13.6 billion for these purposes.
- Governor’s proposal includes a range of one-time and ongoing investments that would support low- and middle-income Californians.



# Additional Supports for Children and Families in the Proposed Budget

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- Increases CalWORKs grants to the deep poverty threshold
- Proposes bold plan to extend California's Paid Family Leave program from 6 weeks to 6 months
- Expands home visiting and Black Infant Health programs
- Significantly expands the CalEITC, including an additional \$500 credit to families with young children
- Invests in child savings accounts pilot projects
- Provides facilities funding for full-day kindergarten



# Webinar: Investments in Young Children and Families in the 2019-20 State Budget Proposal

Monday, January 28

11:00 a.m. – 12:00 p.m.

Register: <http://bit.ly/2AEihvX>

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