California Budget & Policy Center

FACT SHEET

California's Economic Recovery Starts with Child Care

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More than 6 in 10 California children under the age of 12 live in families where all parents are working.[1] For this reason, child care providers are a critical component of the state and nation's economic infrastructure, ensuring that children have a safe space to learn and grow while parents work. Many providers in California have stepped up to the challenge of delivering care and distance learning support for families during the COVID-19 pandemic and recession — particularly for children with parents who are essential workers. But the state's child care system is on the verge of collapse.

Already operating on thin financial margins, child care providers are struggling with a loss of income due to reduced enrollment, while facing dramatically increased costs necessary to keep children and staff safe and healthy. Many providers report losing money and turning to personal savings and credit cards in order to sustain operations.[2] Since the pandemic began, many providers have closed their doors in California and thousands will not reopen.[3] In addition, nearly 3 in 10 jobs in the child care industry have been lost during the crisis.[4] These business owners and workers are primarily women and Black, Latinx, immigrant, and other workers of color. The loss of small businesses and jobs coupled with a decrease in child care supply for working families only exacerbates the economic toll of the pandemic on workers of color, women, and their communities.

Both the state and federal government have provided emergency funding to support child care providers and families this past year, but total support falls far short of the estimated level necessary to sustain this critical industry. The federal COVID relief package enacted in late 2020 included $10 billion in federal Child Care and Development Block Grant funds. California received $964 million of this funding. Policymakers and the administration must ensure that these one-time federal relief dollars are distributed equitably and without delay to avoid additional closures and layoffs as well as to support working families.

The state's fiscal health is unexpectedly strong despite the current crisis. Policymakers should also invest one-time funds to help strengthen California's child care infrastructure and dedicate ongoing funding to help families afford care and to pay providers fair rates. Even prior to the pandemic, 60% of Californians lived in a child care desert with limited access to child care providers.[5] California's economy cannot recover from the shocks of the COVID-19 pandemic until children have a safe place to learn and grow, working parents can return to their jobs, and providers are supported in sustaining the critical child care industry.

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of Californians lived in a child care desert with limited access to child care providers, even prior to the pandemic.

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[1] Data are for 2019. Annie E. Casey Foundation, KIDS COUNT Data Center (website), accessed February 1, 2021, https://datacenter.kidscount.org.

[2] National Association for the Education of Young Children, *State Data: Child Care Providers Are Sacrificing to Stay Open and Waiting for Relief* (December 2020), https://www.naeyc.org/pandemic-surveys.

[3] Department of Social Services, email message to author, January 12, 2021.

[4] Budget Center analysis of US Bureau of Labor Statistics data.

[5] Rasheed Malik et al., *America's Child Care Deserts in 2018* (Center for American Progress, December 2018), 7, https://cdn.americanprogress.org/content/uploads/2018/12/06100537/AmericasChildCareDeserts20182.pdf?_ga=2.27462772.996927549.1612882046-920056529.159311896.