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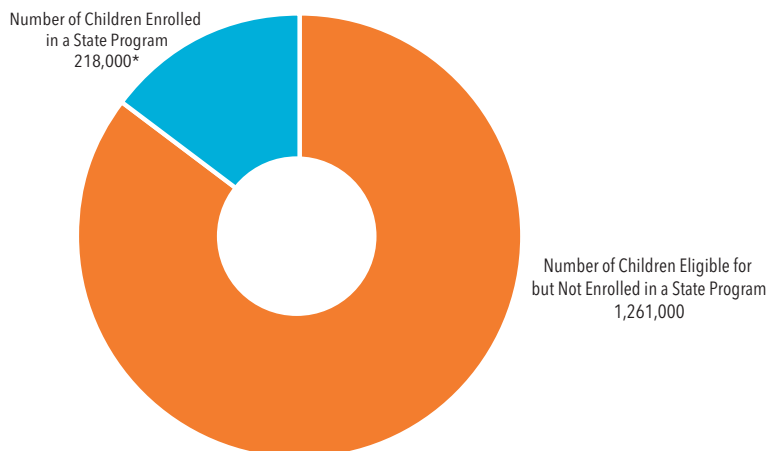
Over 1.2 Million California Children Eligible for Subsidized Child Care Did Not Receive Services From State Programs in 2015

Parents with low- and moderate-incomes often struggle to stay afloat, balancing the soaring cost of child care against the high price of housing and other expenses. California’s subsidized child care and development programs, which are funded by both the state and federal governments, help many families make ends meet and allow them to avoid difficult choices about where to leave their children while at work.¹ Yet, seven years after the end of the Great Recession, these programs as a whole continue to operate at below pre-recession levels, with inflation-adjusted funding down from 2007-08 levels due to state budget cuts. This means that far fewer families with low and moderate incomes receive subsidized child care today than before the Great Recession began in 2007.

There is tremendous unmet need in California for subsidized child care. In 2015, an estimated 1.5 million children from birth through age 12 were eligible for care, according to a Budget Center analysis of federal survey data.² However, only 218,000 children were enrolled in programs that could accommodate families for more than a couple of hours per day and throughout the entire year.³ Child care subsidies provide job stability and have been shown to increase parents’ earnings.⁴ Subsidies also allow families to afford higher-quality child care where their children can learn and grow.⁵ Boosting support for families struggling to afford child care is critical, especially given that the cost of child care

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



*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

and nursery school nationally has outpaced overall inflation since the end of the Great Recession.⁶ In California, more than two out of three families with children who are living in poverty include someone who is working.⁷ Yet, in 2015 the cost of child care for an infant and school-age child in a licensed center was equal to 99 percent of the annual income for a single mother and two children living at the federal poverty line (\$19,096).⁸

Recent years have seen bipartisan support for subsidized child care at the federal level. In 2014, Republicans and Democrats worked together to reauthorize the Child Care and Development Block Grant (CCDBG) – the primary source of federal funding for subsidized child care.⁹ This reauthorization included reforms to ensure the health and safety of children, enhance the quality of programs, and simplify families' access to and retention of services. However, this reauthorization did not provide sufficient federal funding to fully implement these new provisions. In addition, President-elect Trump's child care proposal falls short in helping low- and moderate-income families afford the high cost of care and, furthermore, would primarily benefit higher-income families. The President-elect's plan does nothing to address the vast unmet need for subsidized child care.

State and federal policymakers must increase public investment in subsidized child care and development programs. Affordable child care is critical to supporting low- and moderate-income families while parents are at work and is vital to helping families achieve economic security.

This analysis is the first part of a multiphase effort to analyze subsidized child care and development programs in California. Future phases of this work will examine the unmet need for subsidized child care across different age groups and by race and ethnicity, and will also include an analysis of the number of children and families that would be eligible if the income eligibility limit were updated to reflect the most recent data.

¹ Families are eligible for subsidized child care if the child who would receive care is under the age of 13; the family establishes an appropriate eligibility status, such as by having an income below the limit set by the state; and the family demonstrates a need for care, such as parental employment. Families generally must meet the same income guidelines applicable to child care to qualify for the California State Preschool Program (CSPP), which is funded solely with state dollars. State law, however, allows up to 10 percent of families in the state preschool program to have incomes up to 15 percent above the income eligibility limit, but only after all other eligible children have been enrolled. The CSPP is a part-day program offered for roughly nine months of the year. Some children receive "wraparound" services that provide subsidized child care for the remainder of the day and throughout the entire year. To be eligible for the full-day CSPP, families generally must meet the same guidelines regarding eligibility status that are applicable to subsidized child care.

² Budget Center analysis of US Census Bureau, Current Population Survey data. Data limitations likely result in a conservative estimate of the number of children in California who are eligible for subsidized child care. For more information about the methodology used to calculate this estimate, see the Technical Appendix. http://calbudgetcenter.org/Appendix-Subsidized-Child-Care_Dec2016/.

³ The 218,000 figure reflects children enrolled in the full-day CSPP or in one of the following subsidized child care programs: Alternative Payment Program; CalWORKs Stages One, Two, or Three; Family Child Care Home Network; General Child Care; and the Migrant Child Care and Development Program. Enrollment is for October 2015, except for California Community College CalWORKs Stage Two, which reflects a Department of Finance estimate for the 2015-16 fiscal year. This analysis includes the full-day CSPP, which consists of part-day preschool and "wraparound" child care, because it accommodates many – although not all – families' work schedules throughout the year, and thus approximates the experience that a child would have in a high-quality subsidized child care program. In contrast, this analysis excludes roughly 95,000 children who were enrolled in the part-day CSPP, without access to wraparound child care, in October 2015. This is because most families with low and moderate incomes likely need wraparound care in order to supplement the CSPP's part-day, part-year schedule. This analysis reports enrollment data for a single month – as opposed to a monthly average for 2015 – because the California Department of Education (CDE) does not typically separate part-day and full-day CSPP enrollment when reporting monthly averages. The CDE also states, "Caution should be used when interpreting monthly averages as some programs do not operate at full capacity throughout the entire year (e.g., State Preschool) while other programs have seasonal fluctuations in enrollment (e.g., Migrant Child Care)." Finally, the data are for October 2015 because the CDE's point-in-time reports are only available for the month of October.

⁴ See Heather Boushey, *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth* (Economic Policy Institute: June 1, 2002); Sandra K. Danziger, Elizabeth Oltmans Ananat, and Kimberly G. Browning, "Childcare Subsidies and the Transition From Welfare to Work," *Family Relations*

53 (2004), pp. 219-228; Nicole D. Forry and Sandra L. Hofferth, "Maintaining Work: The Influence of Child Care Subsidies on Child Care-Related Work Disruptions," *Journal of Family Issues* 32 (2011), pp. 346-368; Yoonsook Ha, "Stability of Child-Care Subsidy Use and Earnings of Low-Income Families," *Social Service Review* 83 (2009), pp. 495-525; and Erdal Tekin, "Child Care Subsidy Receipt, Employment, and Child Care Choices of Single Mothers," *Economics Letters* 89 (2005), pp. 1-6.

⁵ Anna D. Johnson, Rebecca M. Ryan, and Jeanne Brooks-Gunn, "Child-Care Subsidies: Do They Impact the Quality of Care Children Experience?" *Child Development* 83 (2012), pp. 1444-1461.

⁶ US Bureau of Labor Statistics, *CPI Detailed Report: Data for June 2009*, Table 4, pp. 17 and 22, accessed at <http://www.bls.gov/cpi/cpid0906.pdf>; and US Bureau of Labor Statistics, *CPI Detailed Report: Data for October 2016*, Table 4, pp. 16 and 21, accessed at <http://www.bls.gov/cpi/cpid1610.pdf>.

⁷ This figure is based on the federal government's Official Poverty Measure. Analysis restricted to families with individuals that are able to work. Budget Center analysis of data from the US Census Bureau, Current Population Survey, 2016.

⁸ Kristin Schumacher, *Child Care and Development Programs in California: Key Context and Current Issues* (California Budget & Policy Center: September 28, 2016), p. 7.

⁹ Federal Temporary Assistance for Needy Families (TANF) funding also supports subsidized child care in California.