Overview

- 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

- High-Wage (90th Percentile)
- Midwage (50th Percentile)
- Low-Wage (10th Percentile)

Note: Figures reflect 2017 dollars.
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

- Renters: 54.1%, 29.0% cost-burdened, 16.0% severely cost-burdened
- Homeowners With Mortgages: 38.3%, 16.4% cost-burdened, 8.6% severely cost-burdened
- Homeowners Without Mortgages: 16.0%

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

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Licensed Child Care Center</th>
<th>Licensed Family Child Care Home</th>
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</thead>
<tbody>
<tr>
<td>Infants (Under Age 2)</td>
<td>$15,300</td>
<td>$9,600</td>
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<tr>
<td>Preschoolers (Ages 2 to 5)</td>
<td>$10,200</td>
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<tr>
<td>School-Age (Ages 6 to 12)</td>
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<td>$5,900</td>
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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

- 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

• 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

• 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.

#PolicyPerspectives
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