



California Budget  
& Policy Center

# Child Care and Development Programs in California: Overview of the 2017-18 Budget

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ASSEMBLY BLUE RIBBON COMMISSION ON EARLY  
CHILDHOOD EDUCATION

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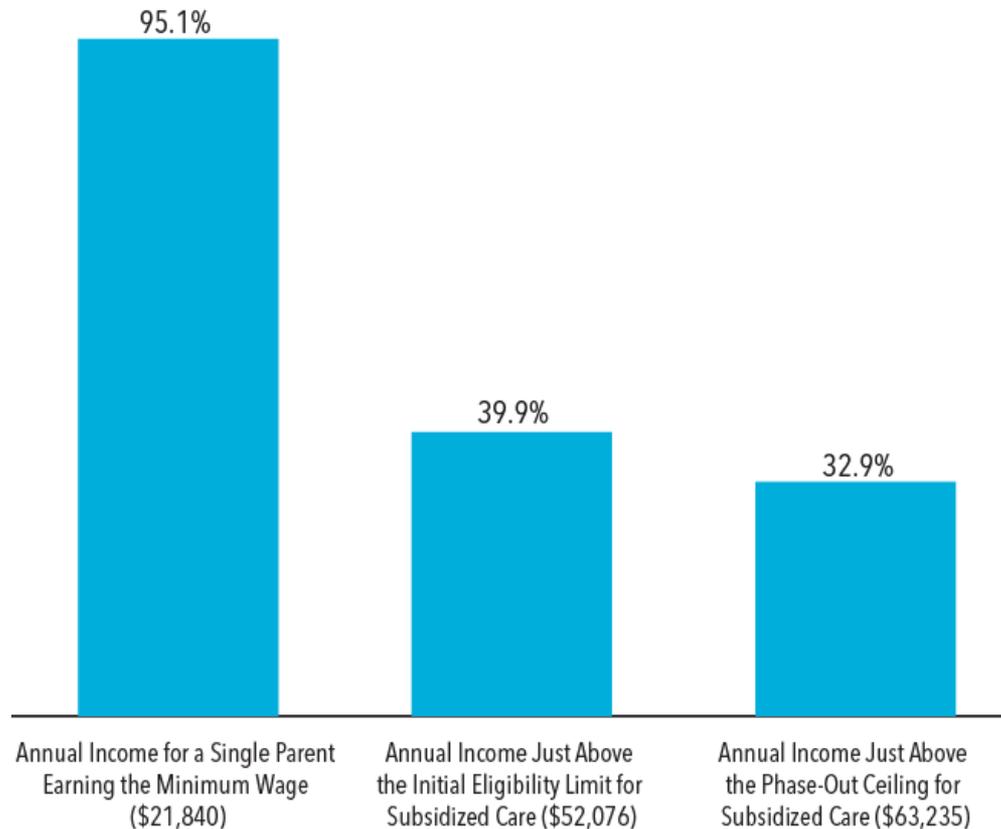
# **Affordable child care and preschool helps families make ends meet.**

**Without access to affordable care, many families face difficult choices about where to leave their children while they are working.**



# Child Care Costs Are High for California Families

## Child Care Costs for a Single Parent With Two Children as a Share of Family Income, 2016



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). Costs are based on counties' median cost of care weighted to reflect each county's population of infants and school-age children. Minimum wage earnings reflect the \$10.50 per hour state minimum wage for workers at large businesses effective January 1, 2017.

Source: Budget Center analysis of data from the 2016 Regional Market Rate Survey, California Department of Education, and US Census Bureau



**State budget cuts have weakened key services and supports that help families achieve economic security.**

**Many of these programs continue to be funded below pre-recession levels.**



# Cuts Made to Child Care and Preschool During and After the Great Recession

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State policymakers:

- Cut funding for child care and preschool programs by about \$1 billion – nearly one-third of the entire budget for these services.
- Eliminated 110,000 slots – about one-quarter of total.
- Failed to update the Regional Market Rate (RMR) or the Standard Reimbursement Rate (SRR) for many years.
- Cut license-exempt provider payment rates from 90% to 60% of licensed rates.
- Failed to update the income limits based on new data and even *lowered* income eligibility from 75% to 70% of state median income.



# Reinvestments Made to Child Care and Preschool in Recent Years

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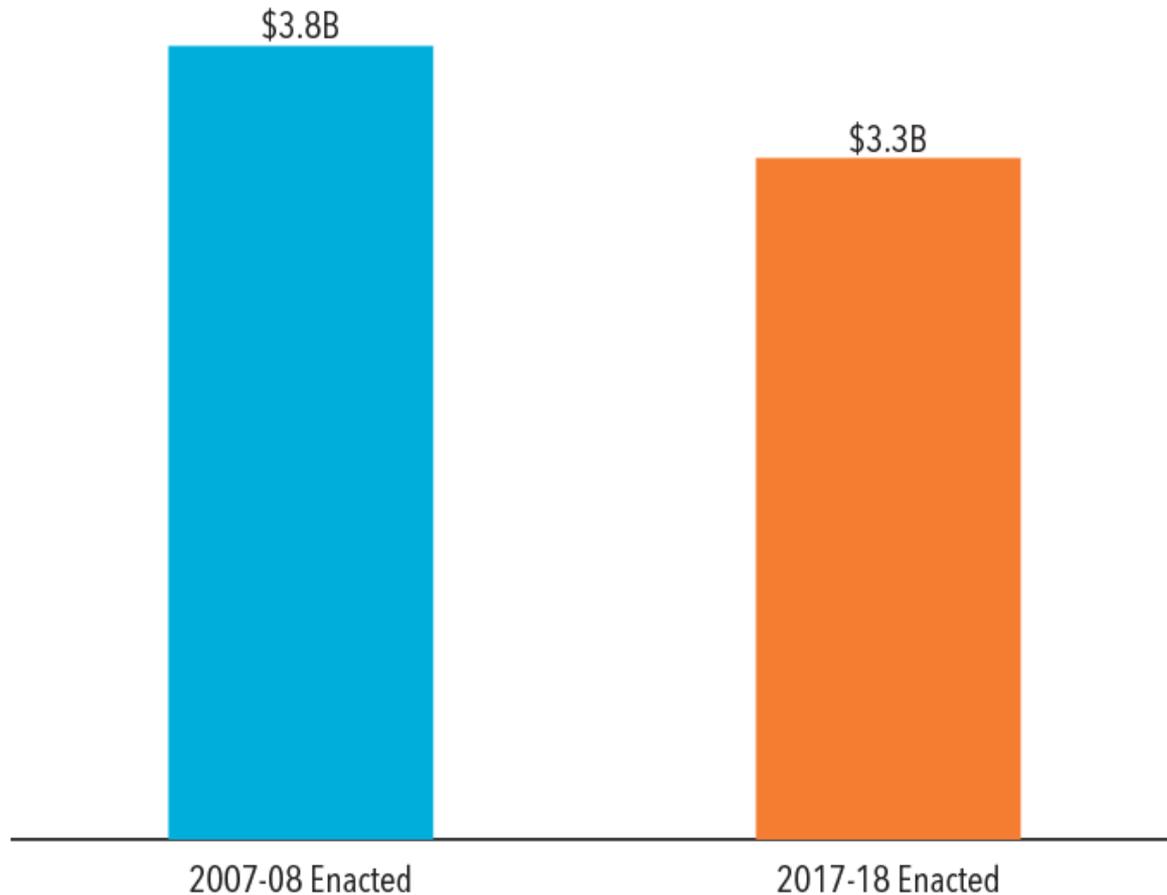
- 2014-15: Provided 11,500 full-day preschool slots and 1,500 child care slots, increased both the RMR and SRR, and funded quality improvement grants.
- 2015-16: Provided 7,030 full-day preschool slots, 2,500 part-day preschool slots, and 6,800 child care slots; increased the RMR and SRR; increased the payment rate for license-exempt (LE) providers; and provided one-time funding for quality improvement activities for infants and toddlers.
- 2016-17: Provided 2,959 full-day preschool slots, boosted both the RMR and the SRR, and increased the payment rate for LE providers.
- 2017-18: Provided 2,959 full-day preschool slots, increased the RMR and the SRR, updated income limits and reporting requirements, and created a child care bridge program for children in foster care.



# Annual Funding for Child Care and Preschool Remains More Than \$500 Million Below the Pre-Recession Level

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

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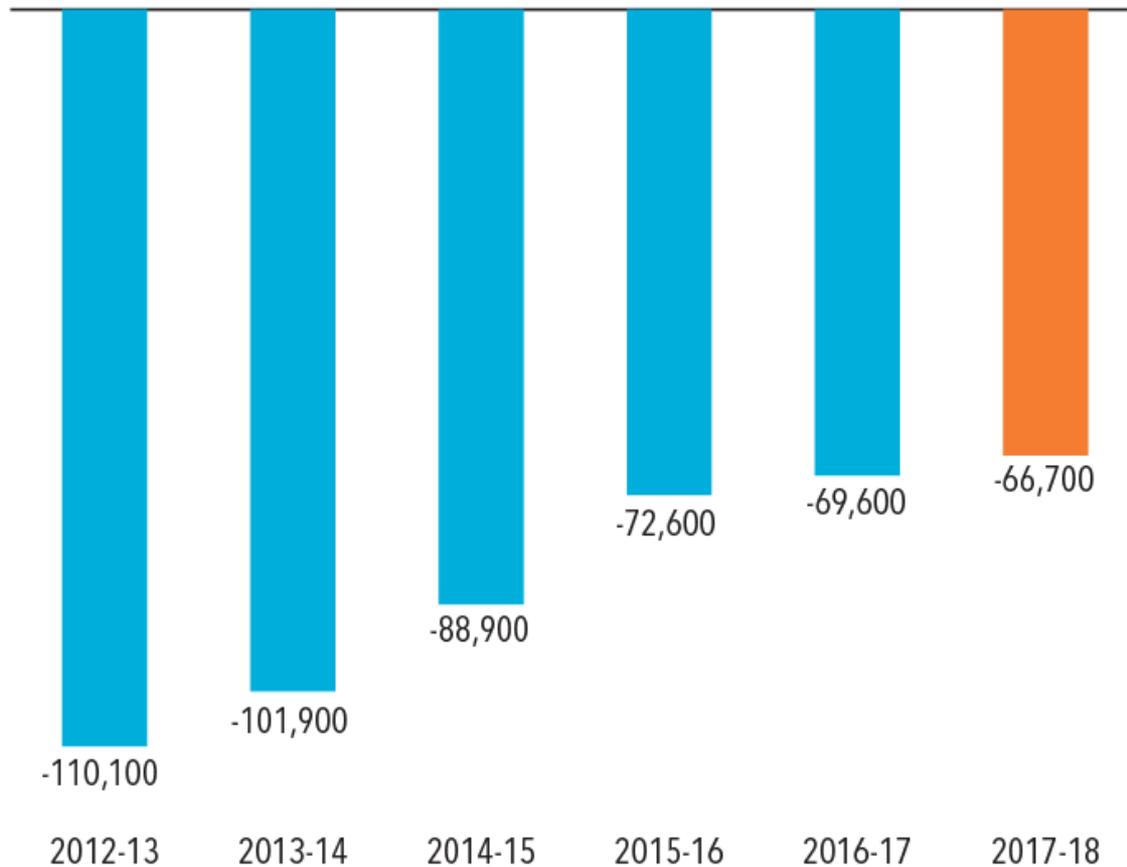
Note: Figures are in 2017-18 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten.

Source: California Department of Education and Department of Finance



# Even With Recent Increases, California Has 67,000 Fewer Subsidized Child Care and Preschool Slots Than in 2007-08

## Annual Number of Subsidized Child Care and Preschool Slots, Compared to 2007-08



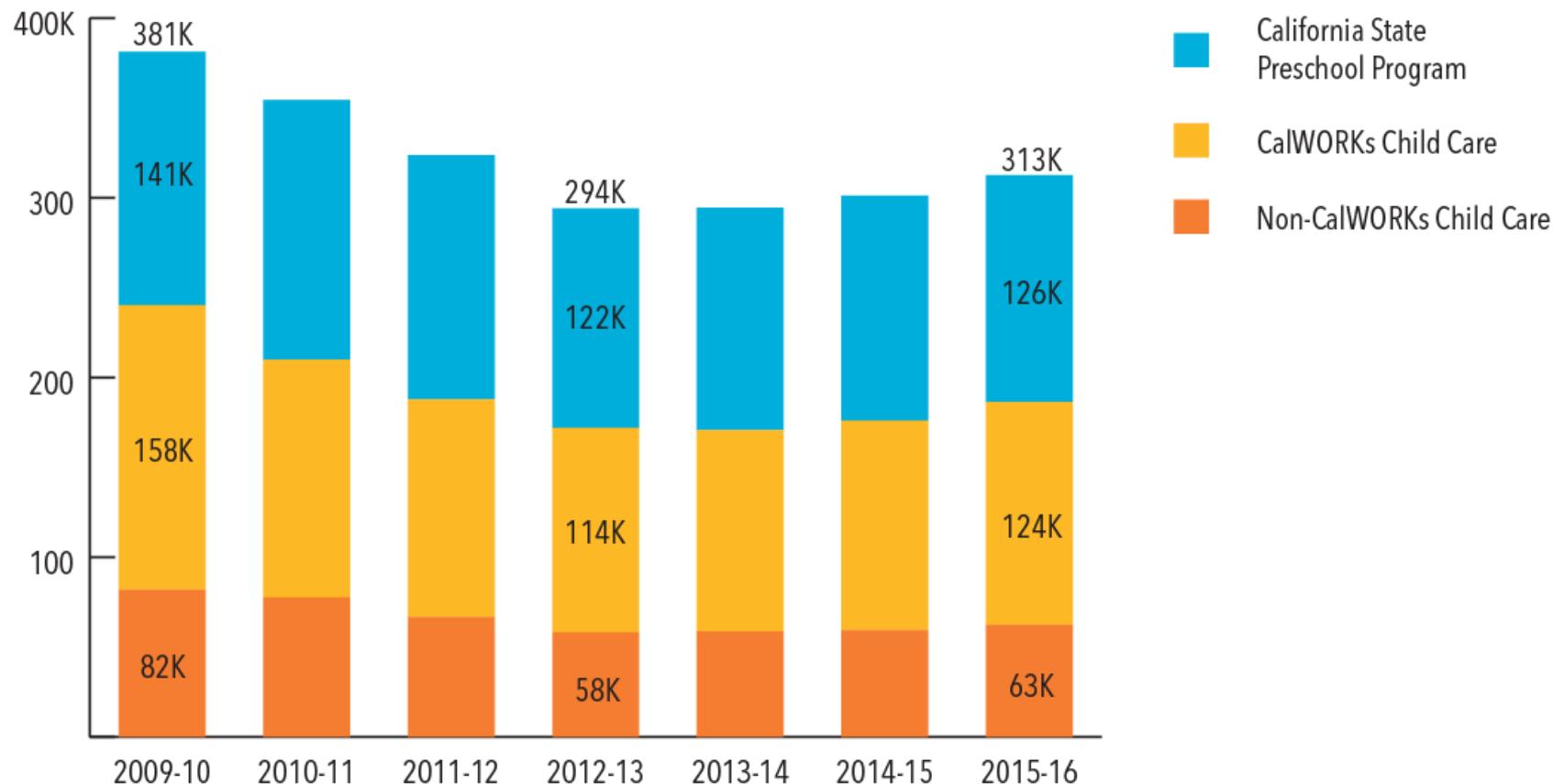
Note: Child care includes CalWORKs and non-CalWORKs programs. Slots include those funded with federal and/or state dollars.

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



# Enrollment in Subsidized Child Care and Preschool Has Not Recovered From Recession-Era Cuts

## Average Monthly Number of Children Enrolled



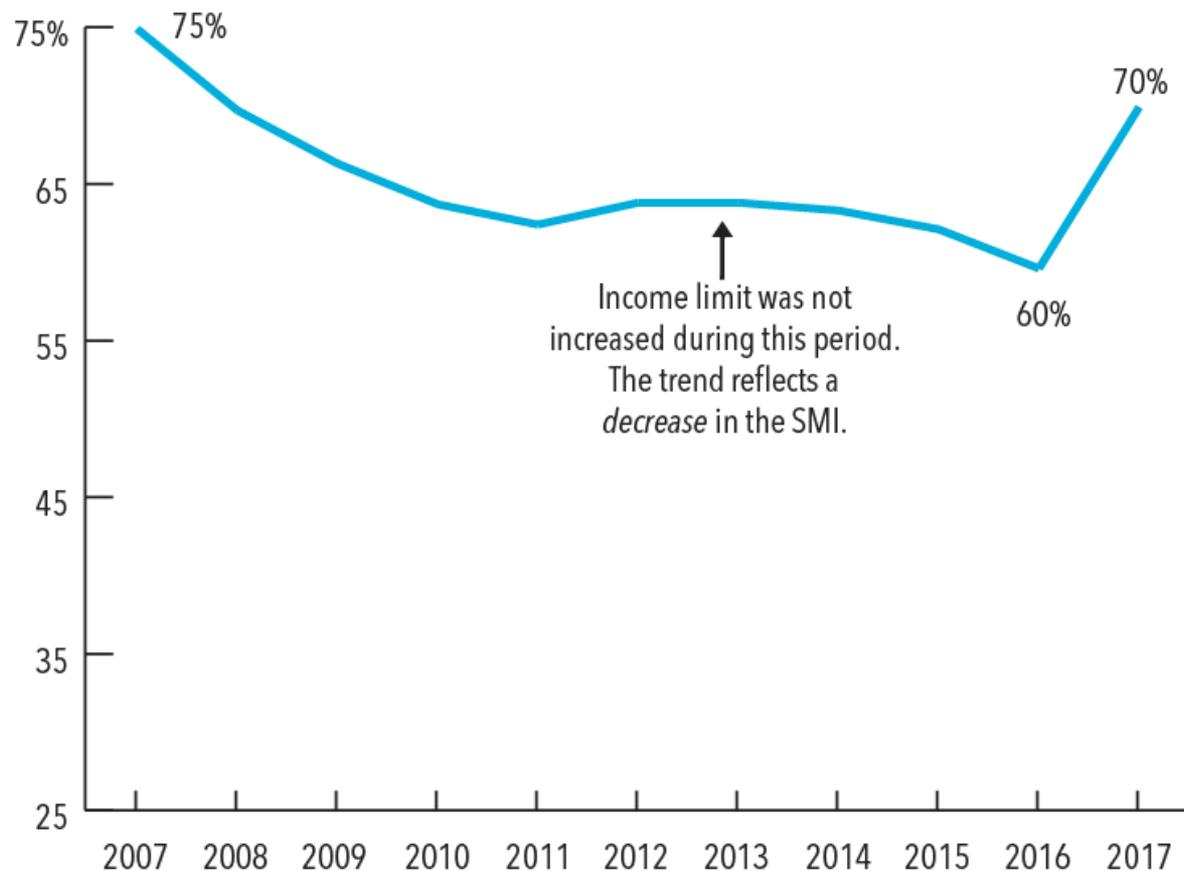
Note: Figures are rounded to the nearest thousand. California Community Colleges CalWORKs Stage 2 data for 2014-15 and 2015-16 reflect estimates, not actuals.

Source: California Community Colleges Chancellor's Office, California Department of Education, and Department of Social Services



# The Income Limit for Subsidized Care Is Recovering Ground Lost During and After the Great Recession

Income Eligibility Limit for a Family of Three as a Percentage of the State Median Income (SMI)



Note: 2017 income limit reflects the initial eligibility limit of 70 percent of state median income, effective July 1, 2017. In years where the income limit was increased, the income limit reflects the higher value.

Source: Budget Center analysis of California Department of Education and US Census Bureau, American Survey data



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

**About 865,000 California children receive assistance from CalWORKs.**



# Cuts Made to CalWORKs During and After the Great Recession

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State policymakers:

- Cut grant levels by nearly 12%, decreased the earned income disregard (the portion of income excluded in calculating the grant), and eliminated the cost-of-living adjustment.
- Reduced the time limit for adults from 5 years to 4 and required more rigid work requirements in the final 2 years.
- Implemented a welfare-to-work (WTW) exemption for certain parents of young children. This cut the need for care but also limited opportunities to engage in WTW activities.
- Eliminated all funding for Stage 3 child care, subsequently restored funding, but didn't always fund Stage 3 at a level sufficient to enroll all qualifying families.



# Reinvestments Made to CalWORKs in Recent Years

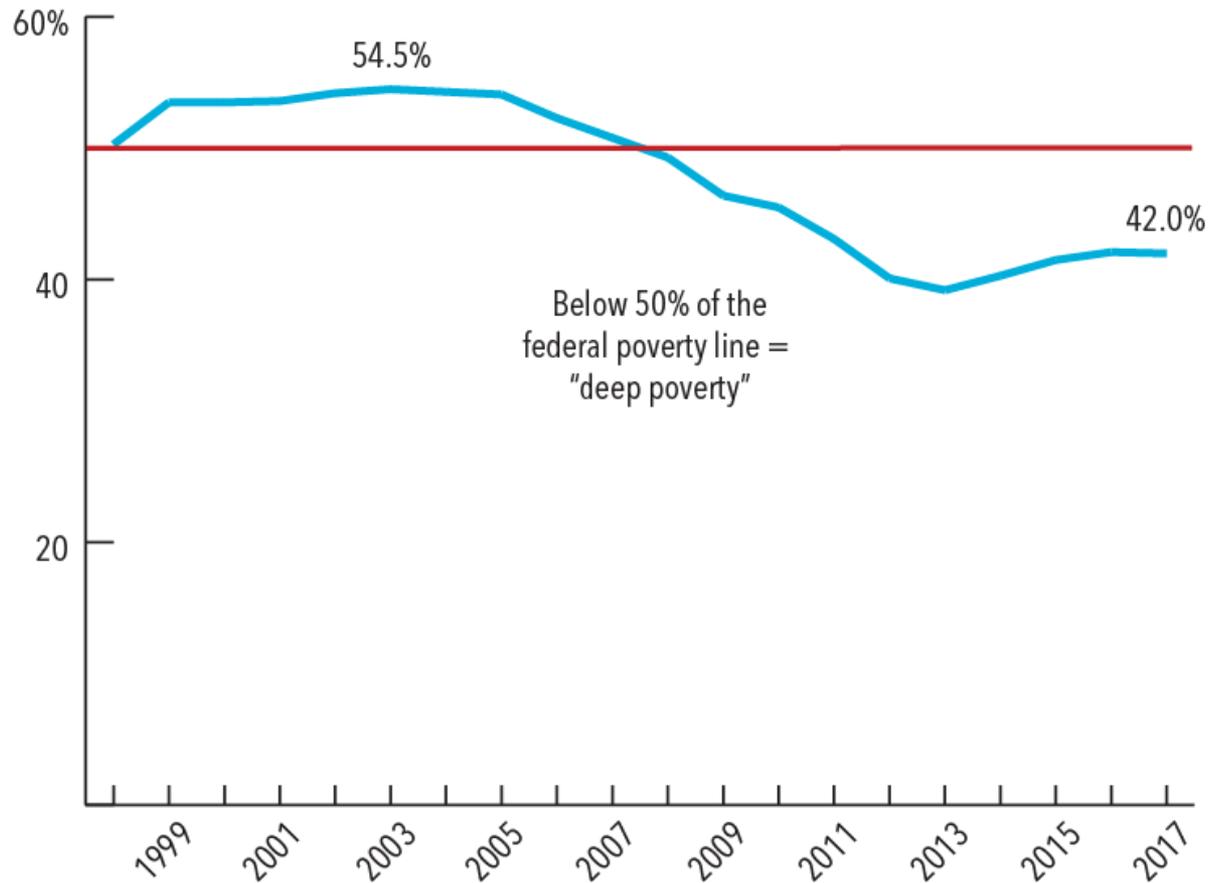
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- 2013-14: Increased grant levels by 5 and increased the vehicle asset limit to \$9,500.
- 2014-15: Increased grant levels by 5%, created the CalWORKs Housing Support Program, and extended eligibility for CalWORKs to certain people convicted of a drug-related felony.
- 2015-16: Boosted funding for the CalWORKs Housing Support Program.
- 2016-17: Eliminated the Maximum Family Grant (“family cap”) rule and boosted grants by 1.43%.
- 2017-18: Created incentives for CalWORKs participants to engage in certain education programs.



# CalWORKs Grants Have Been Below the Deep-Poverty Line for the Last Ten Years

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

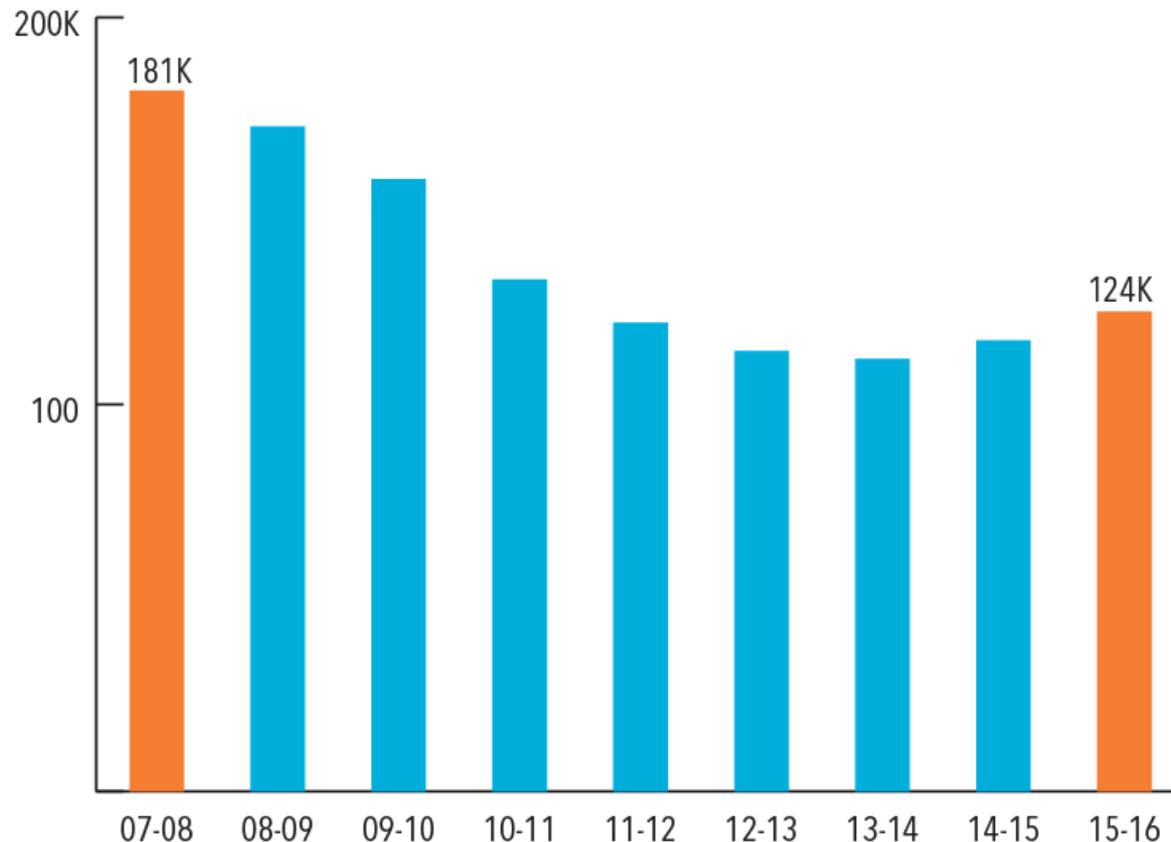


Note: Grants are for high-cost counties. The 2017-18 budget did not increase grant levels.  
Source: Budget Center analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data



# Enrollment in CalWORKs Child Care Has Increased in Recent Years, but Remains Well Below the 2007-08 Level

## Average Monthly Number of Children Enrolled



Note: Reflects CalWORKs Stages 1, 2, and 3 child care. Figures are rounded to the nearest thousand. California Community Colleges Stage 2 data for 2014-15 and 2015-16 reflect estimates, not actuals. Source: California Community Colleges Chancellor's Office, California Department of Education, and Department of Social Services



**Budgets are statements about our values and priorities.**





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