



The Income Eligibility Limit for the California Child Care and Development System Is Outdated

California’s child care programs offer critical support for working families by providing safe and affordable care for children, which enables parents to find and keep jobs. The state preschool program provides additional child development options for California’s families. California has not updated the income eligibility limit – the highest income at which a family qualifies for subsidized child care or preschool – since 2007-08.¹ This means that the current income limit is based on the state median income (SMI) from 2005, which is now *nearly a decade old*. Not only has the state failed to update the income limit for the past seven years, but in 2011 policymakers actually *lowered* the limit from 75% of the SMI to 70% of the SMI.

An outdated income eligibility limit has consequences for working families. Families now lose eligibility at a lower income than they would if policymakers updated the income limit. Currently, the limit is *just 60%* of the SMI for 2013 – the most recent year for which data are available. If updated to reflect the 2013 SMI, the income limit for a family of three would increase by nearly \$585 (17%) per month, allowing families with moderately higher incomes to remain eligible for assistance.

The Income Eligibility Limit Would Increase by Nearly 17 Percent if Based on the Most Recent State Median Income

Current Income Limit for a Family of Three (70% of 2005 State Median Income)		Estimated Income Limit in 2015-16 if Updated to 70% of 2013 State Median Income		Dollar Difference		Percent Difference	Current Income Limit as a Percentage of 2013 State Median Income (\$70,332)
Monthly	Annual	Monthly	Annual	Monthly	Annual		
\$3,518	\$42,216	\$4,103	\$49,235	\$585	\$7,019	16.6%	60.0%

Note: Income eligibility refers to California’s subsidized child care and state preschool program. The estimated income limit for 2015-16 is based on the state median income for a four-person family in 2013, adjusted to reflect a three-person family using the methodology applied by the California Department of Education as part of the last update to the income limit in 2007-08.

¹ Families generally must meet the same income guidelines applicable to child care to qualify for state preschool. State law, however, allows up to 10% of families in the state preschool program to have incomes up to 15% above the income eligibility limit, but only after all other eligible children have been enrolled.