



California Budget  
& Policy Center

# Five Facts Everyone Should Know About California's Child Care and Development System

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# **1. Access to quality child care and preschool eases the effects of poverty.**



# Poverty Affects Children's Physical and Mental Health and Academic Achievement

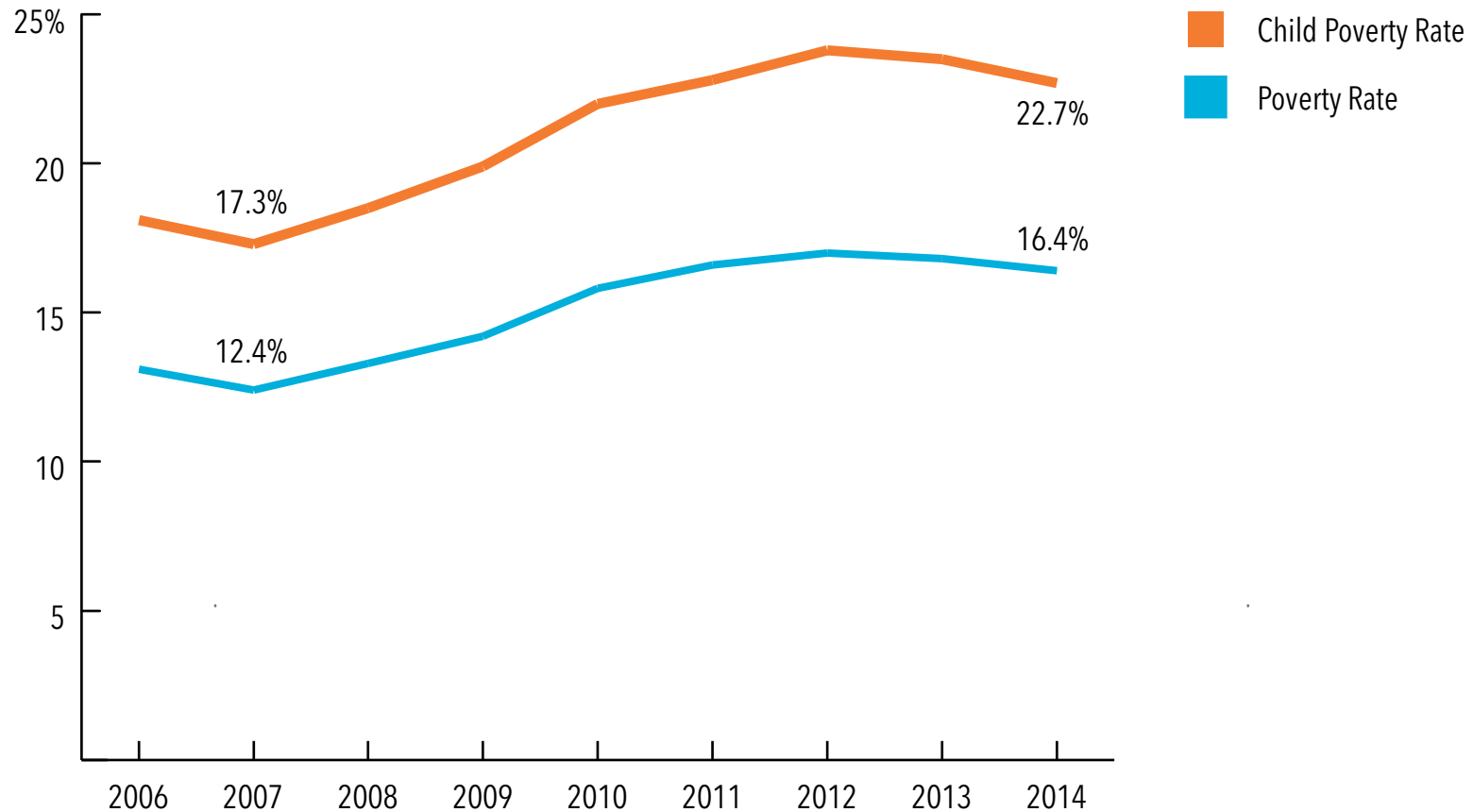
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- The longer a child lives in poverty, the less likely they are to:
  - Complete high school;
  - Attend college; and
  - Be consistently employed in their early adult years.
- Quality child care and preschool programs can help to mitigate the effects of poverty leading to:
  - Stronger reading and math skills;
  - Increased high school graduation rates;
  - Fewer behavioral issues; and
  - Lower rates of delinquent behavior.



# Nearly 1 in 6 Californians and More Than 1 in 5 California Children Lived in Poverty in 2014

Percentage of Californians With Incomes Below the Federal Poverty Line

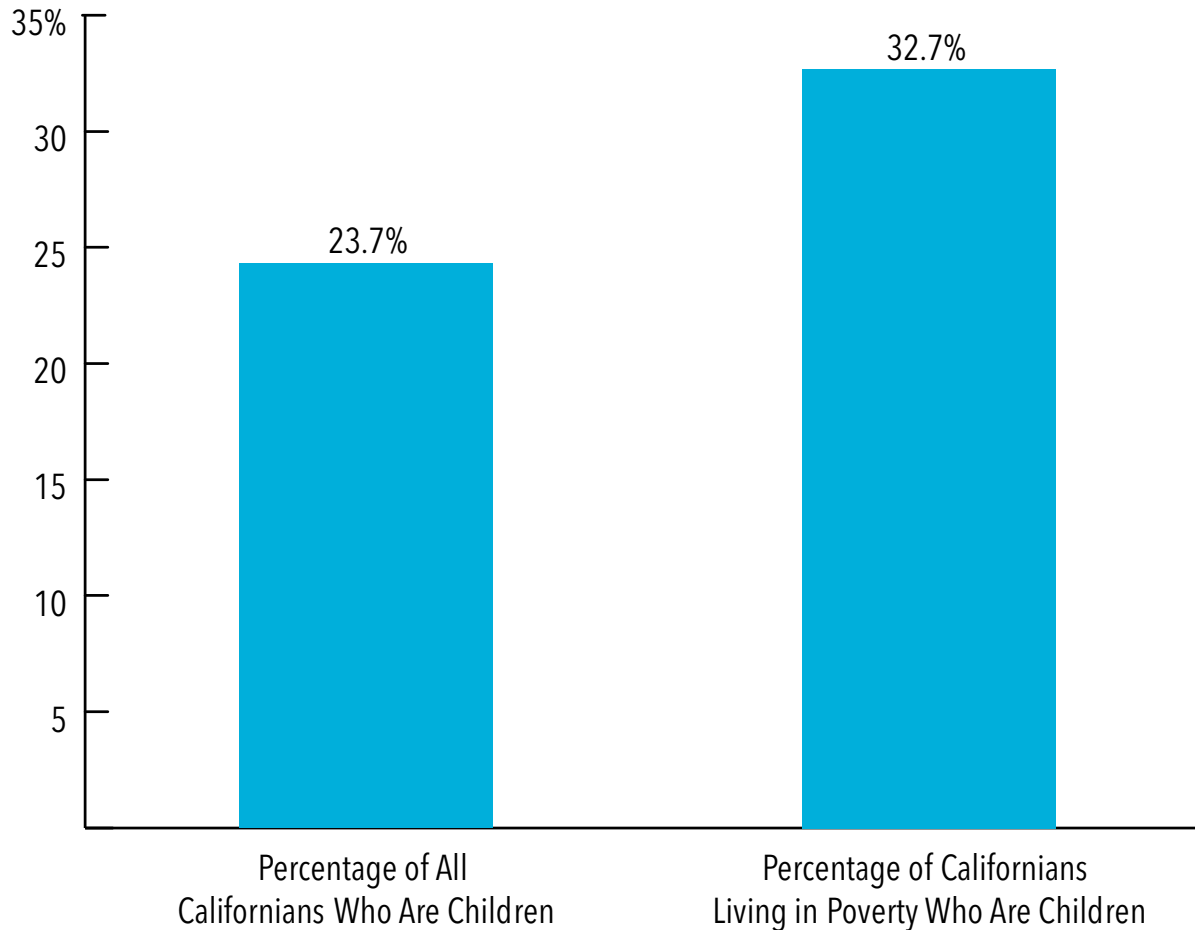


Source: US Census Bureau



# Children Comprise a Disproportionate Share of Californians Living in Poverty

Percentage of Californians, 2014



Source: US Census Bureau



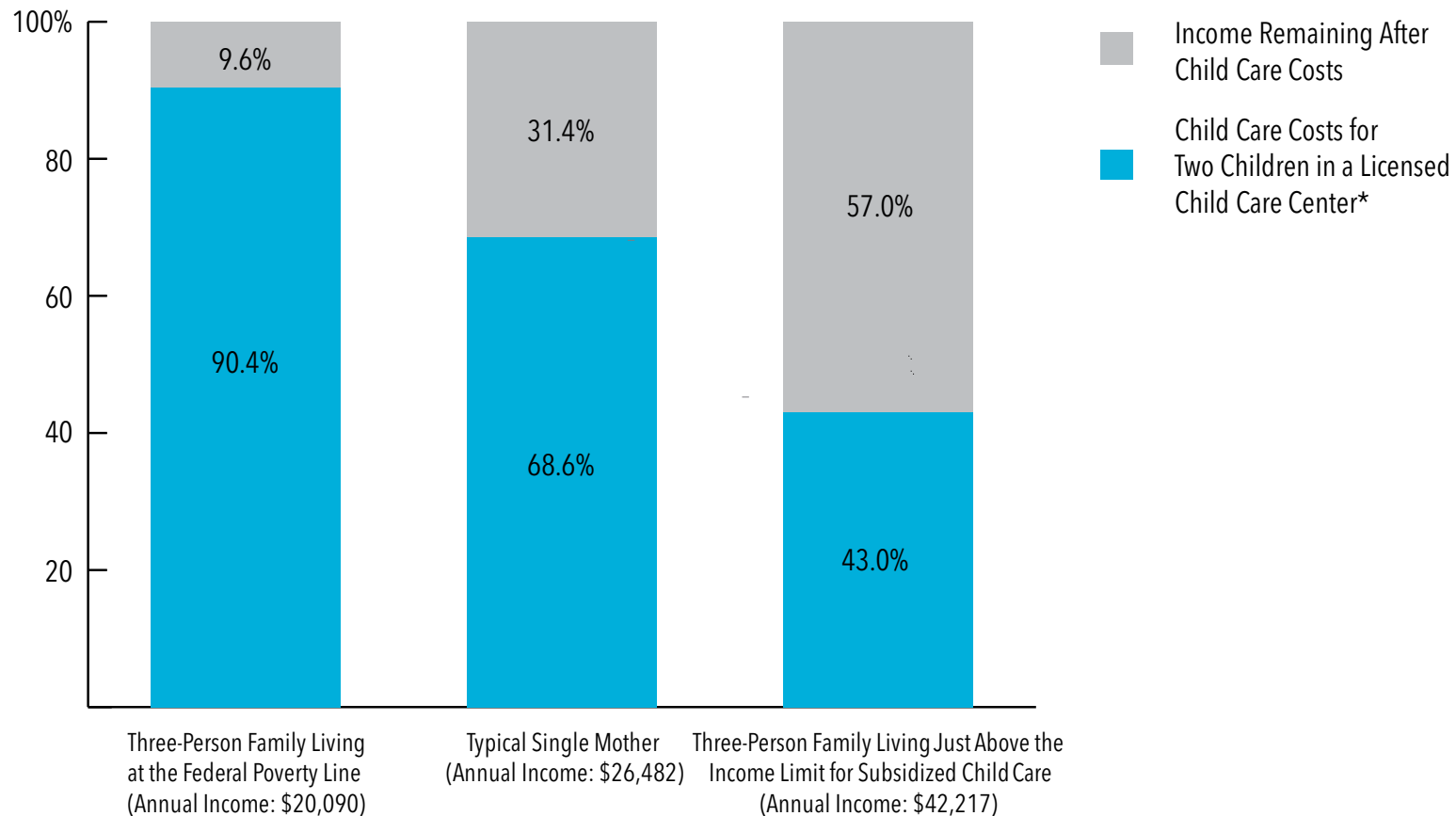
## **2. Affordable child care and preschool helps families make ends meet.**

**Without access to affordable care, many families face difficult choices about how to balance the cost of care with other necessities. Also, access to care increases parents' employment and earnings and reduces the chance that parents have to miss work or cut their hours.**



# The Typical Single Mother Would Have to Spend Nearly 70 Percent of Her Income to Cover the Cost of Child Care

## Child Care Costs for an Infant and a School-Age Child as a Share of Median Family Income



\* Cost of care in California in 2014 (full-time for an infant and part-time 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.

Source: Budget Center analysis of data from the 2014 Regional Market Rate Survey, Department of Finance, and US Census Bureau



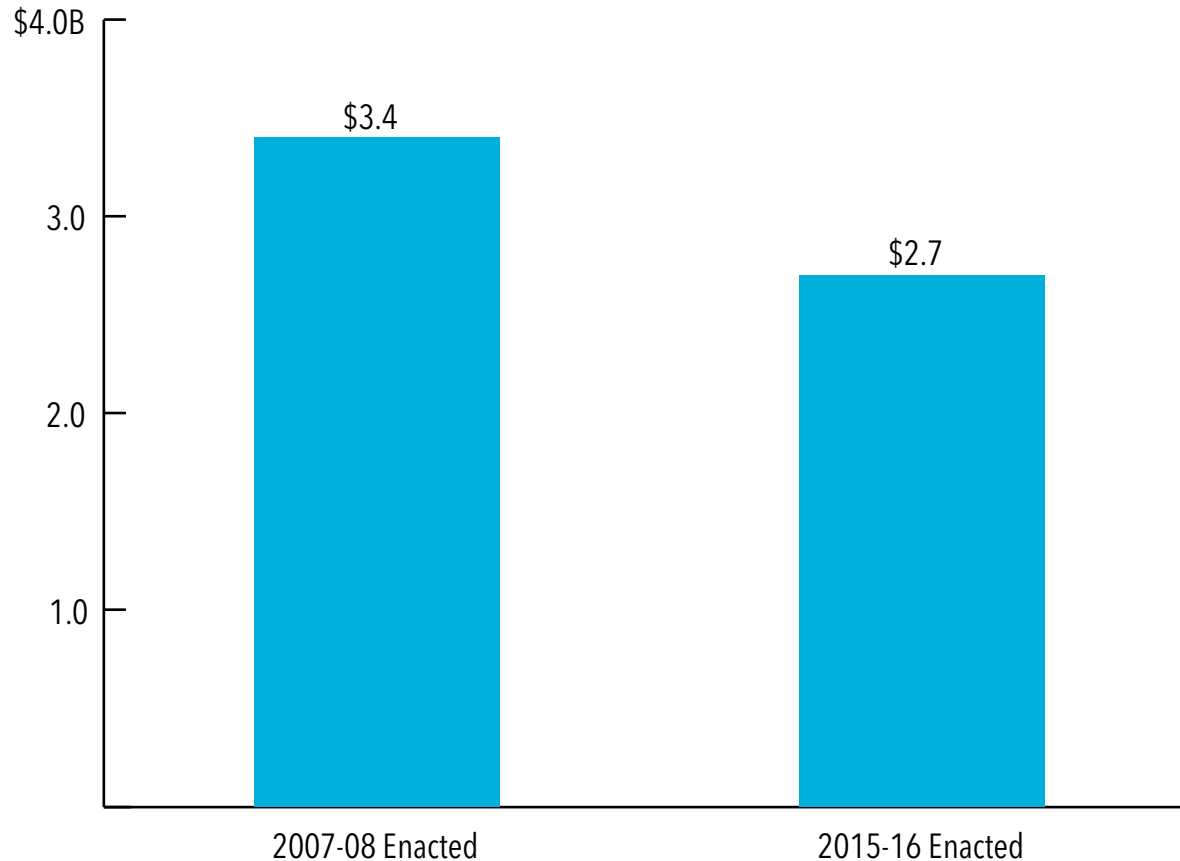
**3. State budget cuts have weakened key services and supports that help low-income families advance.**





# Support for Child Care and Preschool in 2015-16 Remains More Than 20 Percent Below Pre-Recession Levels

Total Funding for Subsidized Child Care and Preschool Slots in California, Inflation-Adjusted



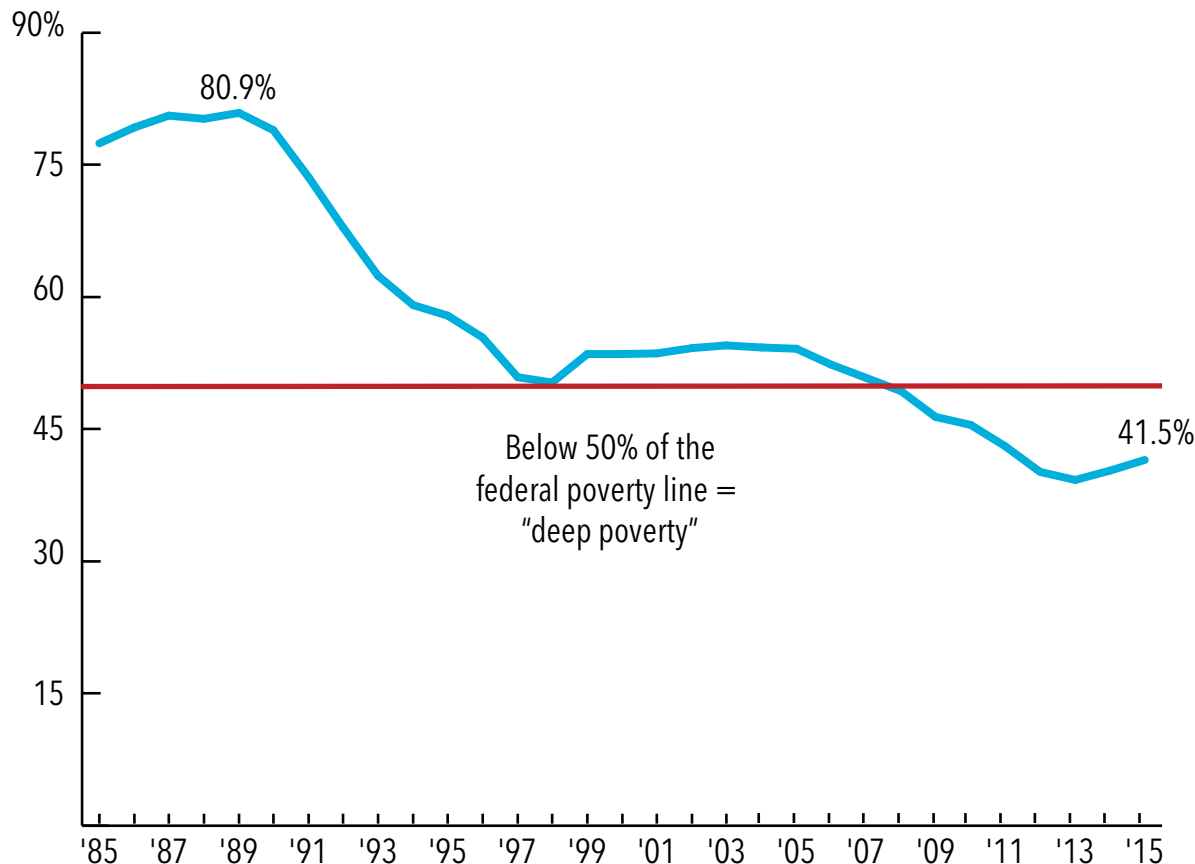
Note: Figures are in 2015-16 dollars and include federal and state funds. Child care includes CalWORKs and non-CalWORKs programs.

Source: California Department of Education and Department of Finance



# CalWORKs Grants Remain Far Below the Deep-Poverty Threshold

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



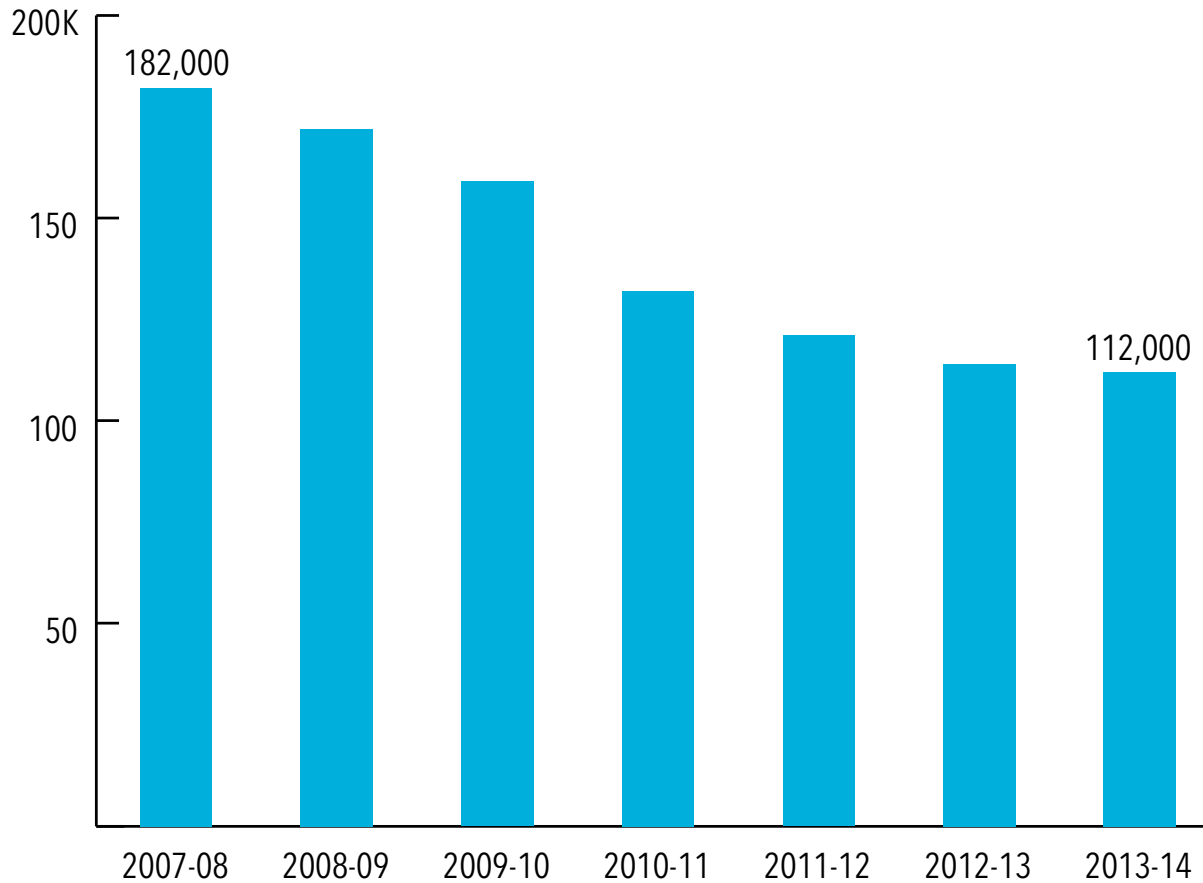
Note: Grants are for high-cost counties beginning in 1996. Prior to 1998, grants were provided through the Aid to Families with Dependent Children Program.

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 Dropped Nearly 40 Percent From 2007-08 to 2013-14

Average Monthly Number of Children Enrolled



Note: Reflects CalWORKs Stages 1, 2, and 3 child care. Figures are rounded to the nearest thousand.  
Source: California Community Colleges Chancellor's Office, California Department of Education, and Department of Social Services



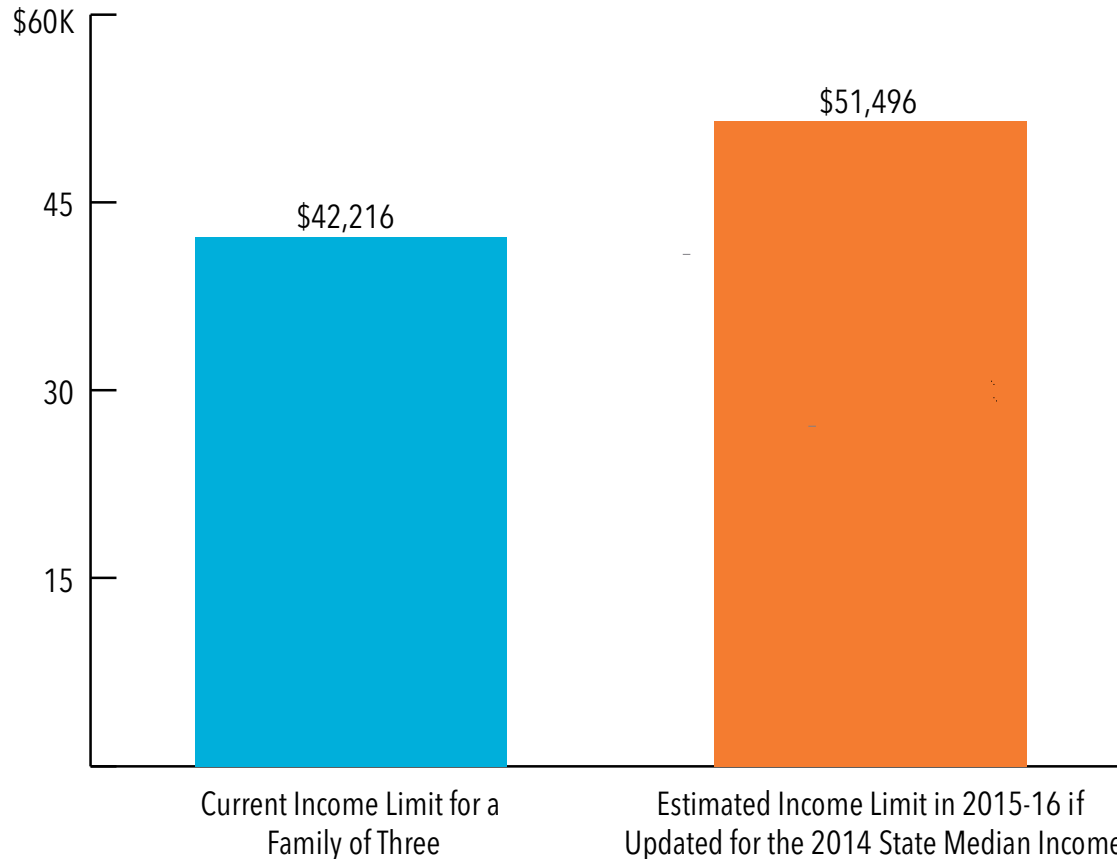
## **4. The income eligibility limit is outdated.**

**Updated income limits would increase the number of families eligible for subsidized child care and the state preschool program and would allow families to remain eligible for longer periods.**



# The Income Eligibility Limit Would Increase by 22 Percent if Updated for the Most Recent State Median Income

## Income Limit for a Family of Three for Subsidized Child Care and the State Preschool Program



Note: The estimated income limit for 2015-16 is based on the state median income for a four-person family in 2014, adjusted to reflect a three-person family using the methodology applied by the California Department of Education (CDE) as part of the latest update to the income limit in 2007-08. Source: Budget Center analysis of data from CDE and US Census Bureau

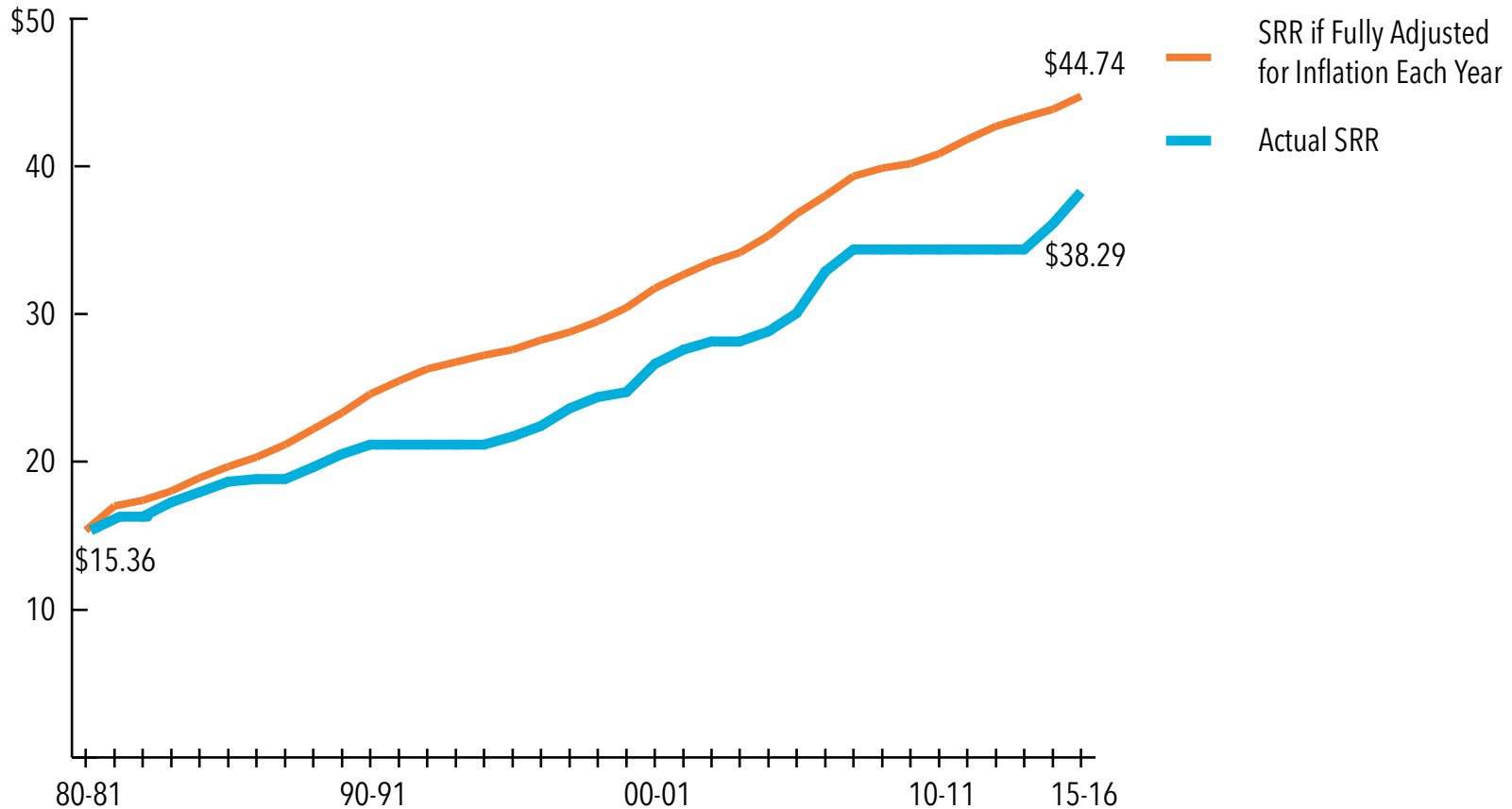


# **5. Provider payment rates do not reflect current market rates.**



# A Key Payment Rate for Child Care and Preschool Providers Has Lost 14 Percent of Its Value Since 1980-81

## Daily Standard Reimbursement Rate (SRR) Per Child for Licensed Centers



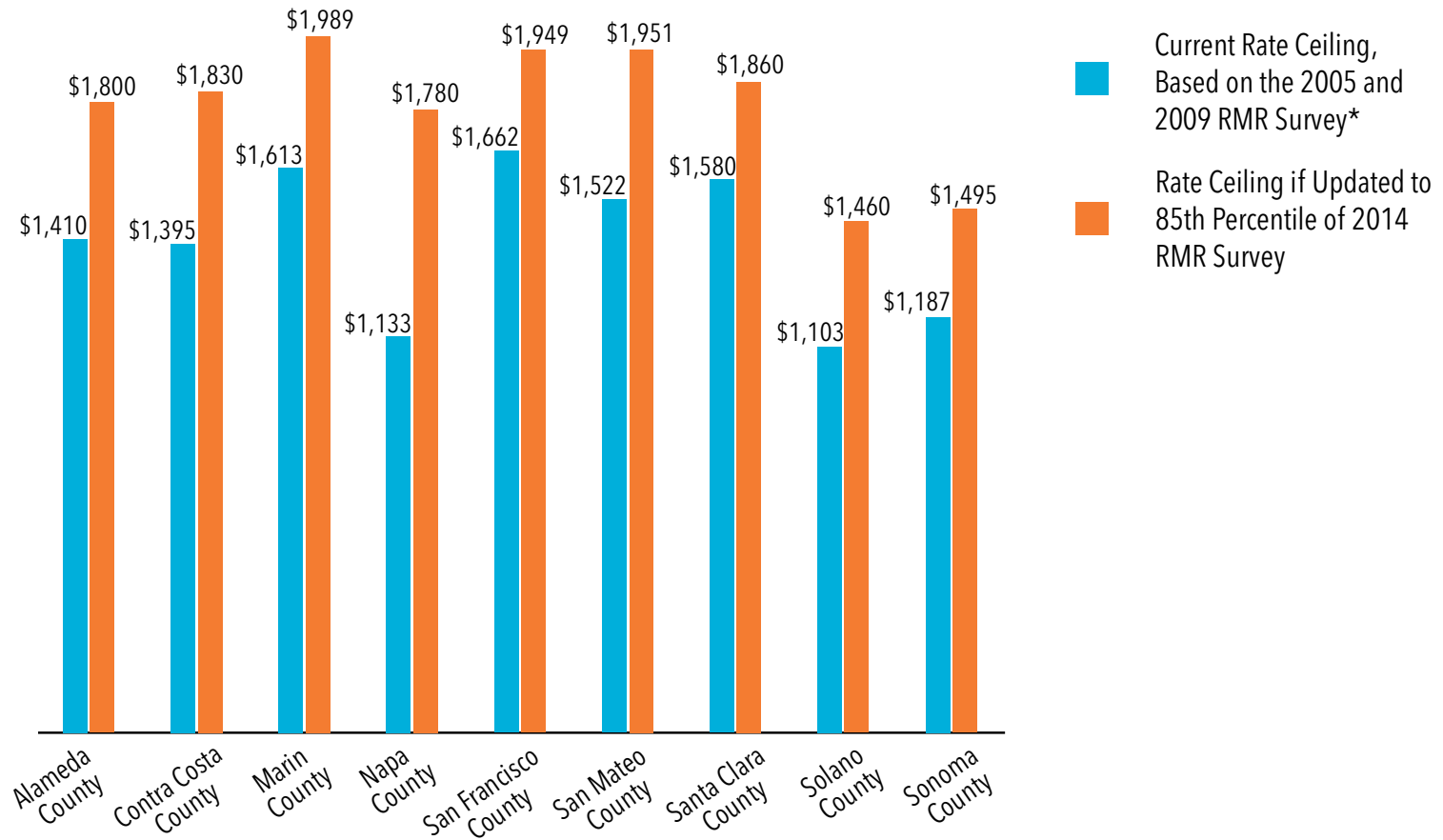
Note: Figures are in 2015-16 dollars. Licensed child care providers that contract directly with the state are reimbursed with the SRR. The SRR is a statewide rate that varies based on specific criteria such as the age of the child or the presence of physical disabilities. The 2015-16 budget agreement created a new standardized reimbursement rate for full-day preschool, which is not displayed here.

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



# Using Current Market Rate Ceilings Would Increase the Value of Child Care Vouchers Across the Greater Bay Area

## Maximum Monthly Reimbursement Rate for Full-Time Infant Care in a Licensed Center



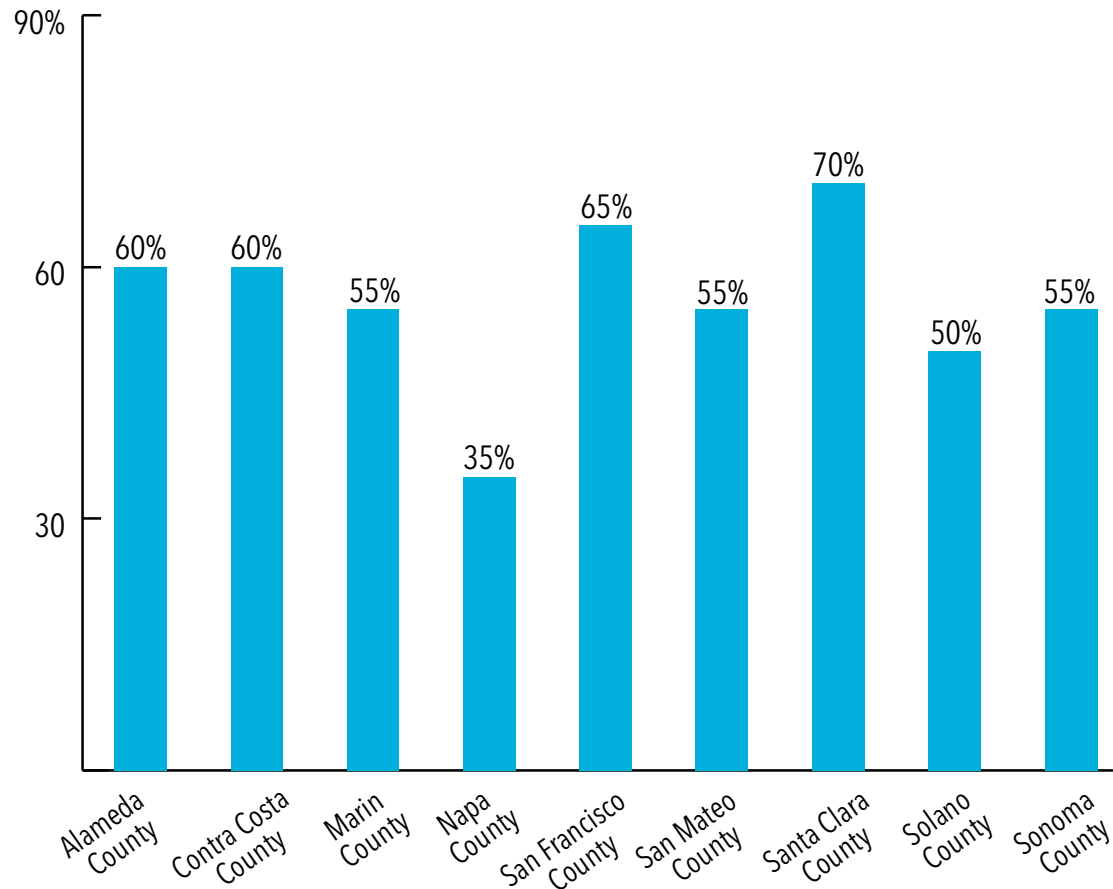
\*The 2015-16 budget agreement updated reimbursement rates by 4.5 percent, effective October 1, 2015.  
 Note: Voucher-based, subsidized child care providers are reimbursed based on the Regional Market Rate (RMR) Survey.  
 Source: Budget Center analysis of 2005, 2009, and 2014 RMR Survey data





# Due to Outdated Payment Rates, Many Child Care Providers Are Out of Reach for Greater Bay Area Families

## Percentage of Providers That Are Accessible to Families Who Use Child Care Vouchers



Note: Payment rates reflect the maximum monthly rate for full-time infant care in licensed child care centers based on either the 2005 or 2009 Regional Market Rate (RMR) Survey, effective October 1, 2015.

Source: Budget Center analysis of 2005, 2009, and 2014 RMR Survey data



# The RMR Exceeds the SRR in More Than Half of the Counties in the Greater Bay Area

## Maximum Annual Reimbursement Rate for Full-Time Infant Care in a Licensed Center



\* The 2015-16 budget agreement updated the market rates by 4.5 percent, effective October 1, 2015.

Note: County pilot programs may result in an increased SRR in some counties.

Source: Budget Center analysis of the RMR Survey and California Department of Education data





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