



California Budget
& Policy Center

Child Care and Development Programs and the 2018-19 May Revision:

KRISTIN SCHUMACHER, SENIOR POLICY ANALYST
MARCH 16, 2018

CALIFORNIA ALTERNATIVE PAYMENT
PROGRAM ASSOCIATION
INFORMATIONAL CONFERENCE CALL ON THE
GOVERNOR'S 2018-19 MAY REVISION

calbudgetcenter.org

Putting the Governor's 2018-19 May Revision in Context

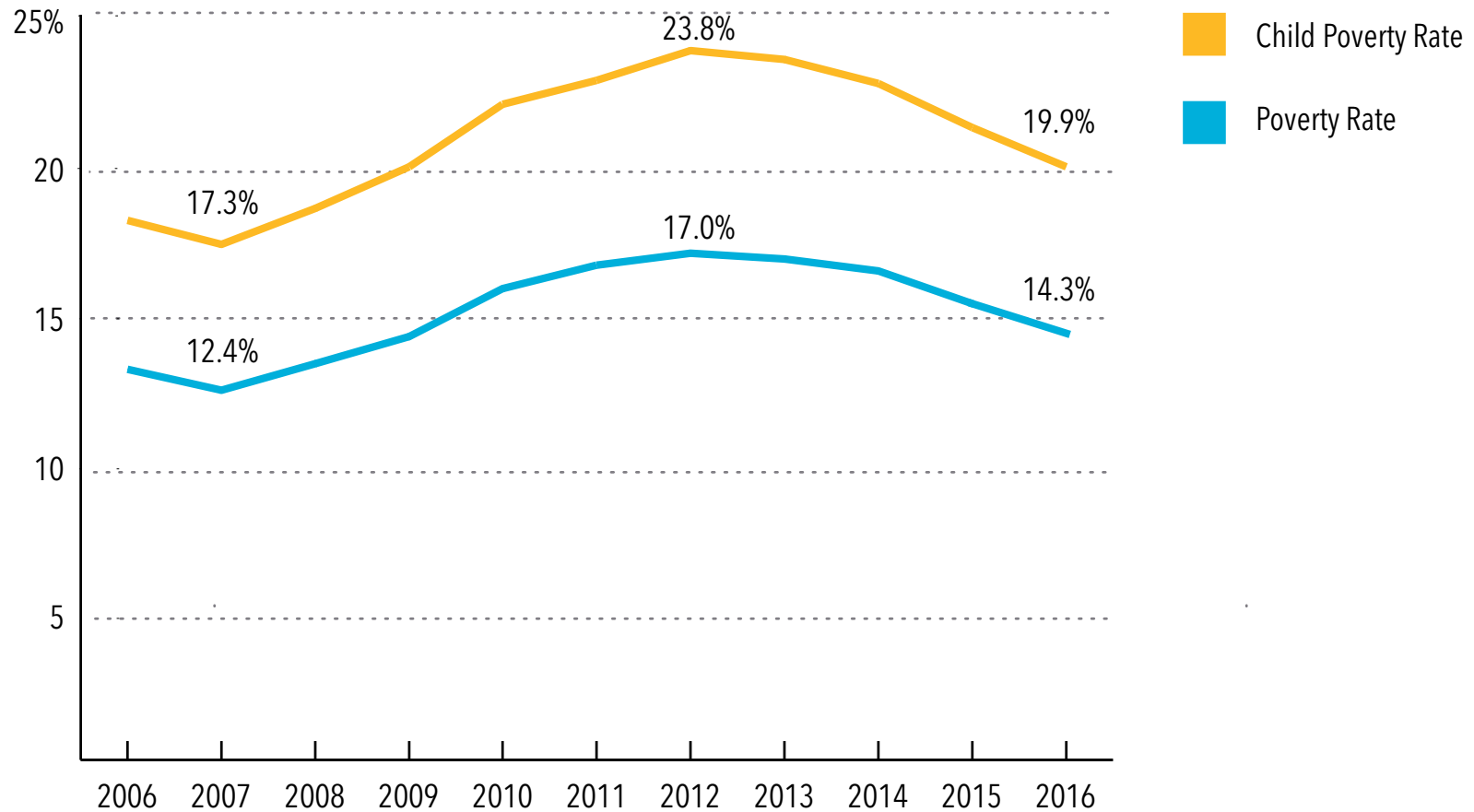
Several key considerations provide the backdrop:

- State revenues for the coming fiscal year are projected to be higher than previously forecast.
- Economic hardship – overall poverty as well as child poverty – remains very high in most parts of the state, even several years after the end of the Great Recession.
- Various key public services and supports continue to operate at diminished levels due to state cuts made during and after the recession.



California's Official Poverty Rate Continued to Decline in 2016, but Has Yet to Return to Its Pre-Recession Level

Percentage of Californians With Incomes Below the Official Federal Poverty Line

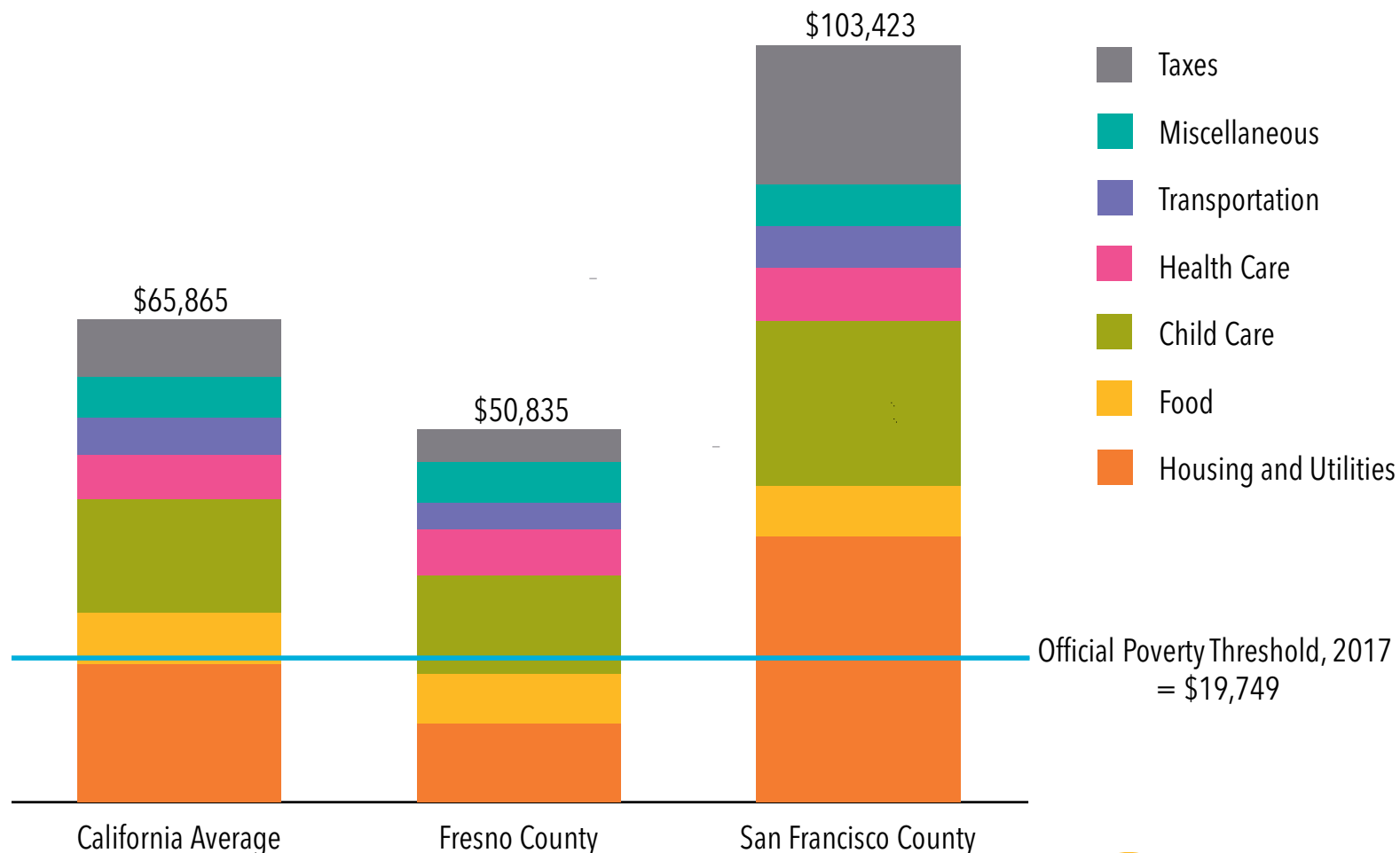


Source: US Census Bureau, American Community Survey



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

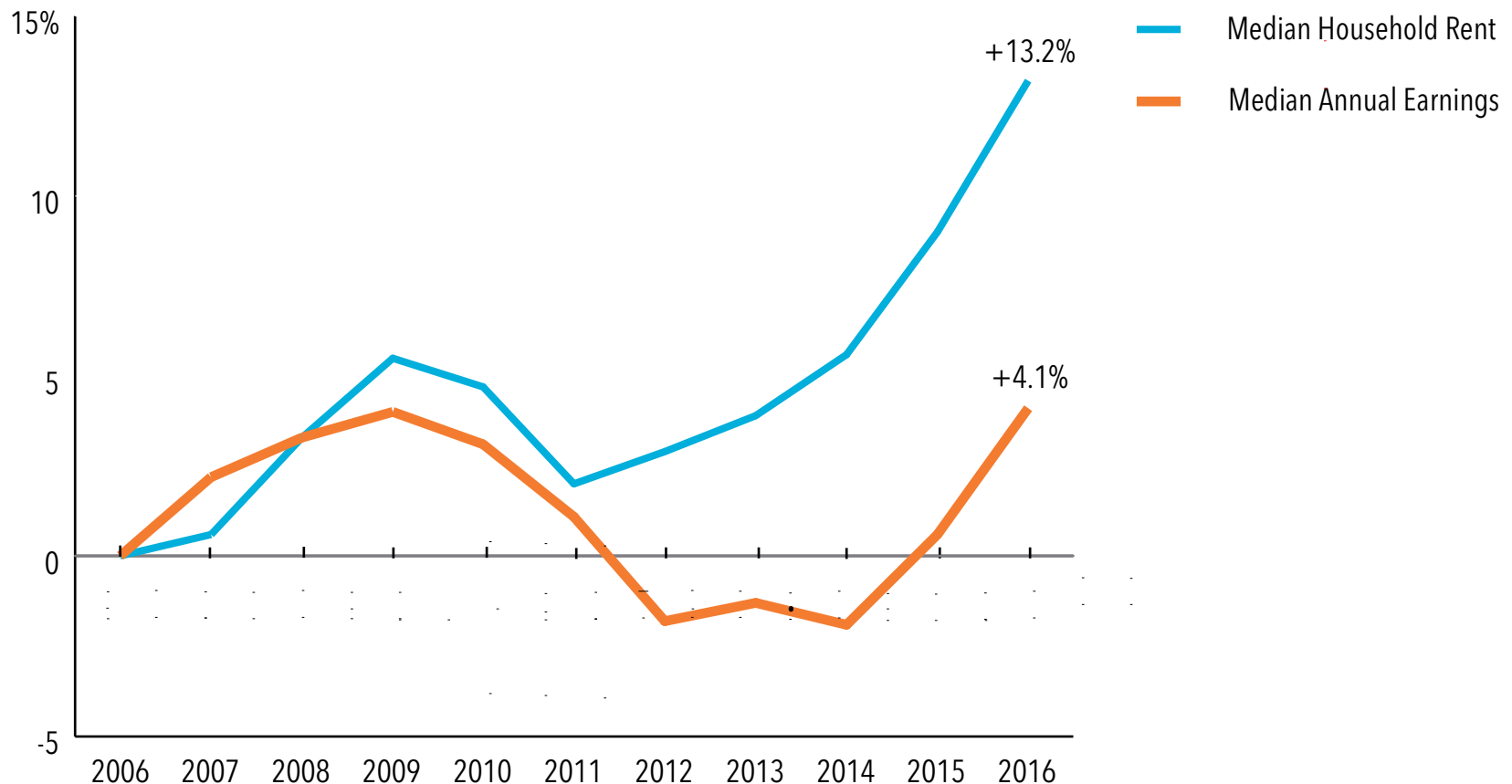


Note: Assumes one preschool-age and one school-age child and a single parent working full-time.
Source: Budget Center *Making Ends Meet* 2017 analysis and US Census Bureau



Workers' Earnings Have Not Kept Pace With Rents in California

Percent Change in Inflation-Adjusted Median Rent and Median Annual Earnings Since 2006



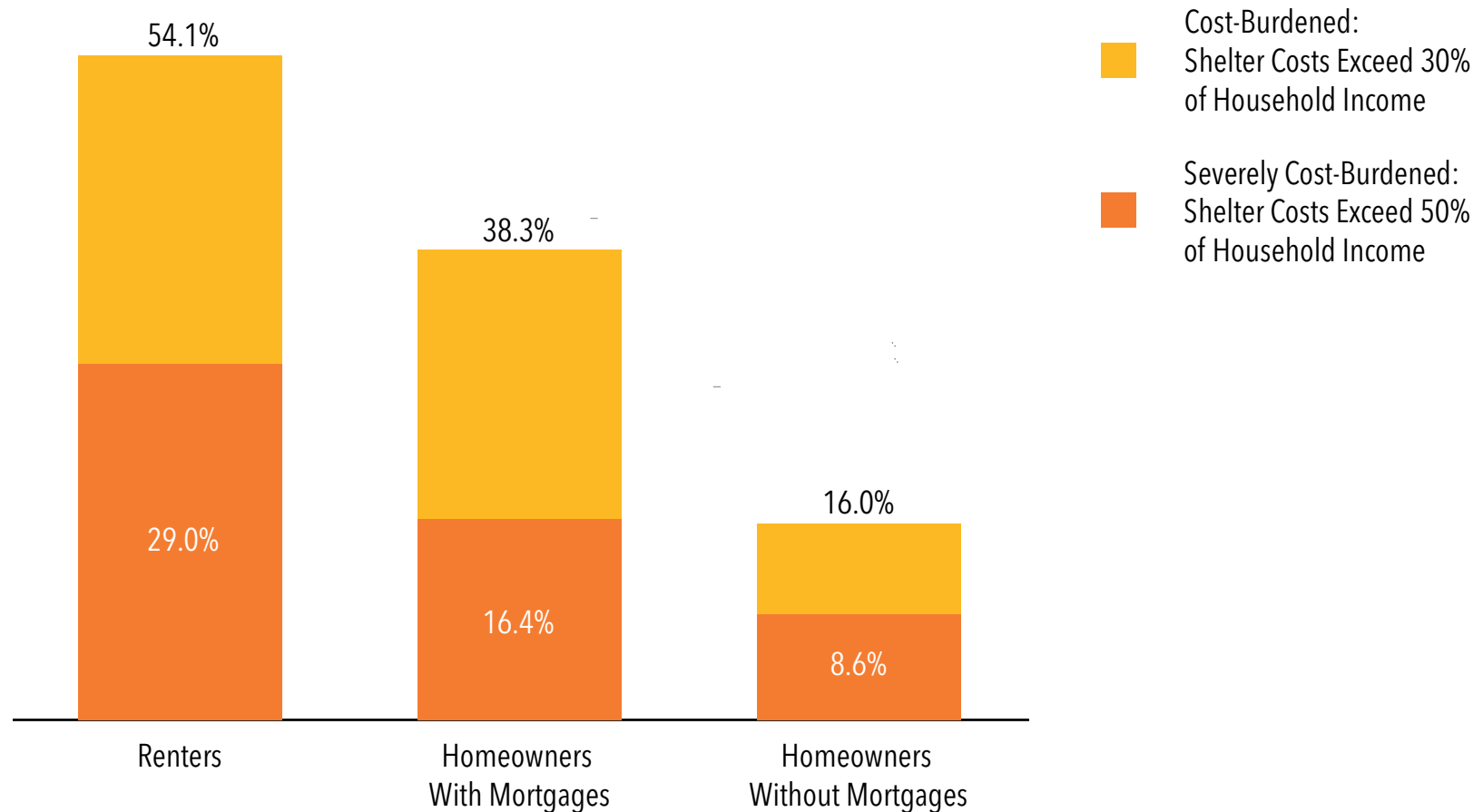
Note: Median annual earnings for individuals working at least 35 hours per week and 50 weeks per year. Excludes workers with \$0 or negative total earnings.

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



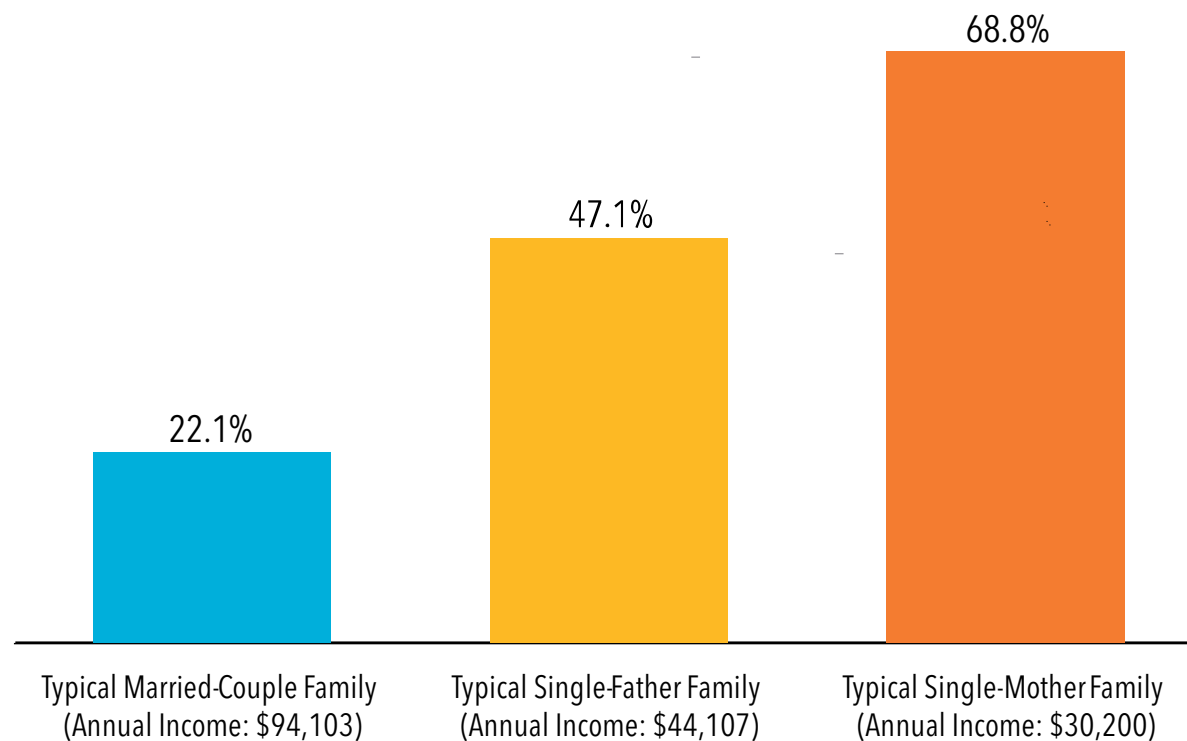
Note: Definitions of housing cost-burden are from the US Department of Housing and Urban Development.

Source: Budget Center analysis of US Census Bureau, American Community Survey data



The Cost of Child Care 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, 2016



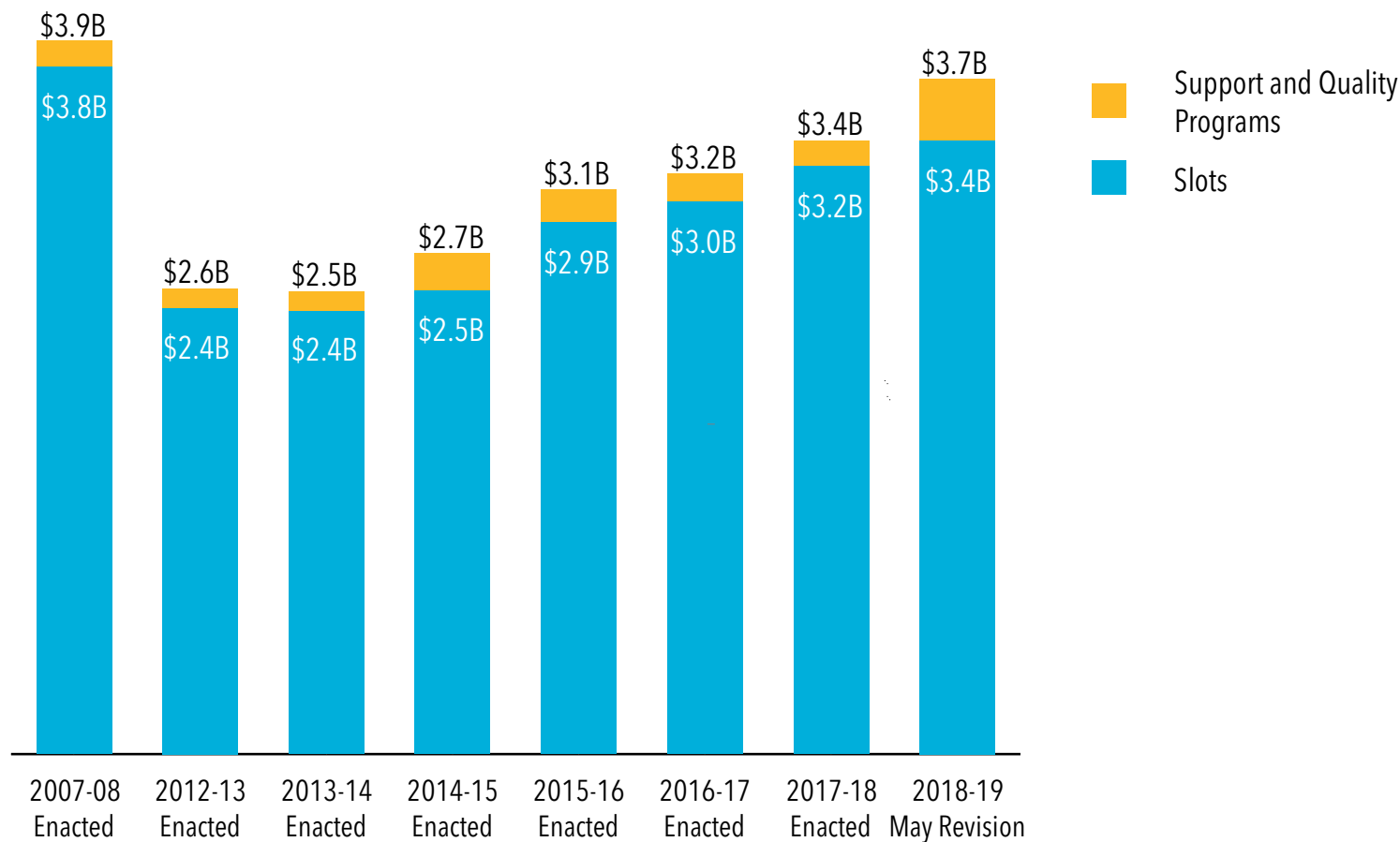
Note: Cost of care is for a licensed center in California in 2016 (full-time for an infant and prorated according to the school year for a school-age child). Costs are based on counties' median cost of care weighted to reflect each county's population of infants and school-age children.

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



Annual Funding for Child Care and Preschool Remains Well Below the Pre-Recession Level

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



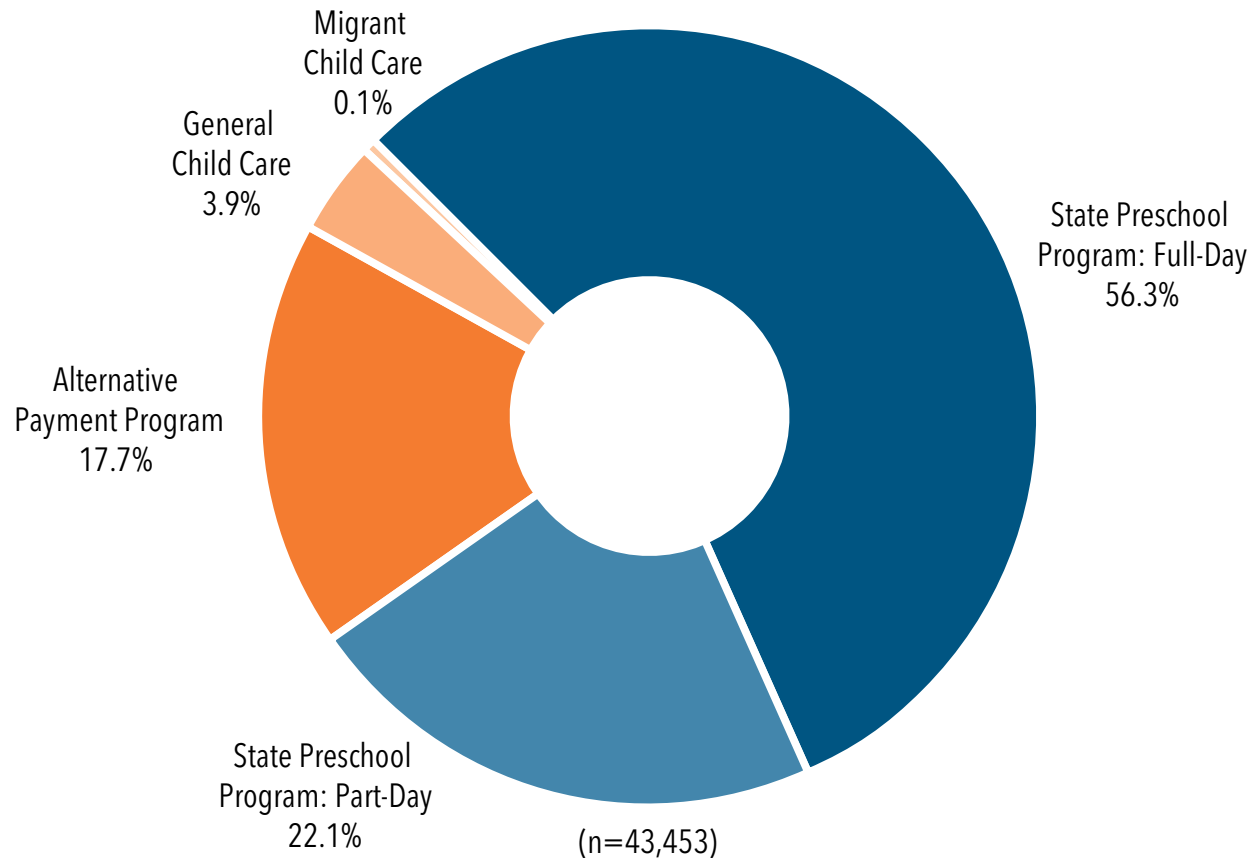
Note: Figures are in 2018-19 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten.

Source: California Department of Education and Department of Finance



About 43,000 Subsidized Child Care and State Preschool Slots Have Been Added Since the 2013-14 State Fiscal Year

Percentage of Slots by Subsidized Child Care and Development Program



Note: Slots include those funded with federal and/or state dollars. The Governor proposes to add 2,959 full-day state preschool slots in 2018-19, the fiscal year that begins on July 1.
Source: Budget Center analysis of Department of Finance and Legislative Analyst's Office data



May Revision Maintains One-Time Funding for New Early Care and Education Grants

Through a competitive grant process, the Inclusive Early Education Expansion Program would distribute \$167.2 million in one-time funds over five years to low-income and high-need areas. Specifically:

- Program funded with Proposition 98 General Fund, which means that only Local Education Agencies (LEA) could apply. LEAs are encouraged to partner with non-LEAs.
- Funds would provide one-time support for professional development and/or facility renovations or equipment, and grantees would have to provide a 33% local match.
- Grantees would also have to demonstrate that they would serve additional children, but the funds could not be used for ongoing expenses, such as slots for more children.



May Revision Does Not Reflect New Federal Funding

- Congress passed and President Trump signed a two-year budget deal that substantially increases federal discretionary funding for the Child Care and Development Block Grant (CCDBG).
- California will receive an additional \$232 million in the 2018 and 2019 federal fiscal years.
- The May Revision proposes to conduct a stakeholder process to determine how the funds will be spent.



Other Provisions in the May Revision

- Maintains multi-year agreement to boost provider rates and add additional state preschool slots.
- Provides \$104 million General Fund for CalWORKs Stage 2 and CalWORKS Stage 3 caseload adjustments.
- Other proposals outside of early care and education:
 - Strengthens the CalEITC for low-earning young adults and seniors who are currently ineligible and raises the income eligibility limit.
 - Proposes new funding to address homelessness, including additional funding for two CalWORKs housing programs.
 - Maintains CalWORKs Home Visiting Pilot Initiative, but doesn't expand eligibility.





California Budget
& Policy Center

1107 9th Street, Suite 310
Sacramento, California 95814

916.444.0500

kschumacher@calbudgetcenter.org

[@femiwonk](#)

[@CalBudgetCenter](#)

calbudgetcenter.org