



California Budget  
& Policy Center

# Child Care and Development Programs in California: Key Context and Current Issues

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CALIFORNIA CHILD DEVELOPMENT ADMINISTRATORS  
ASSOCIATION

EARLY LEARNING ADVOCACY DAY

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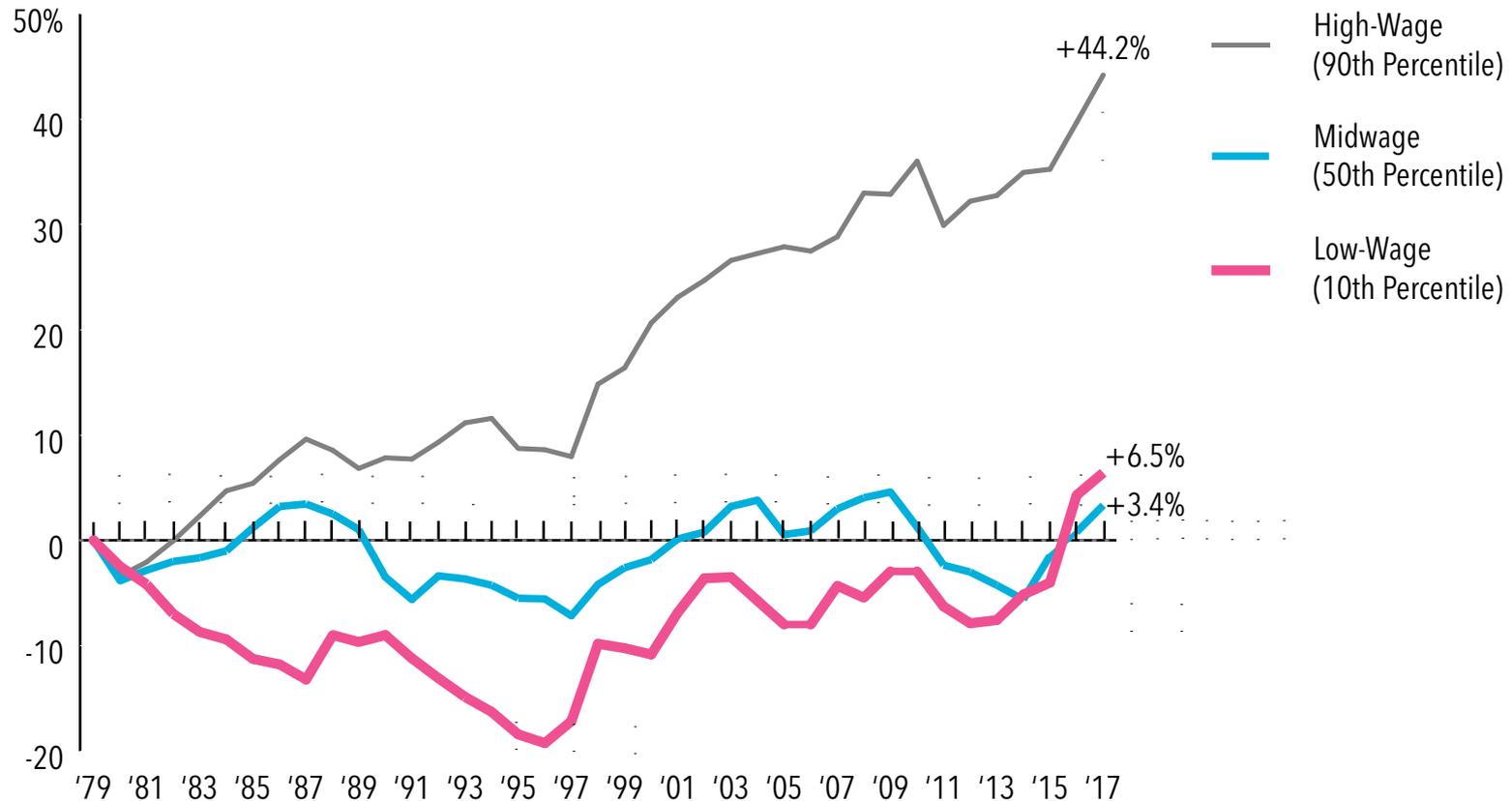
# The Social and Economic Context of the State Budget

**Despite eight years of sustained economic growth, the recovery remains uneven and elusive for many Californians.**



# California's Low- and Mid-Wage Workers Have Seen Only Modest Gains Since

Percent Change in Inflation-Adjusted Hourly Wages for Workers Ages 18-64



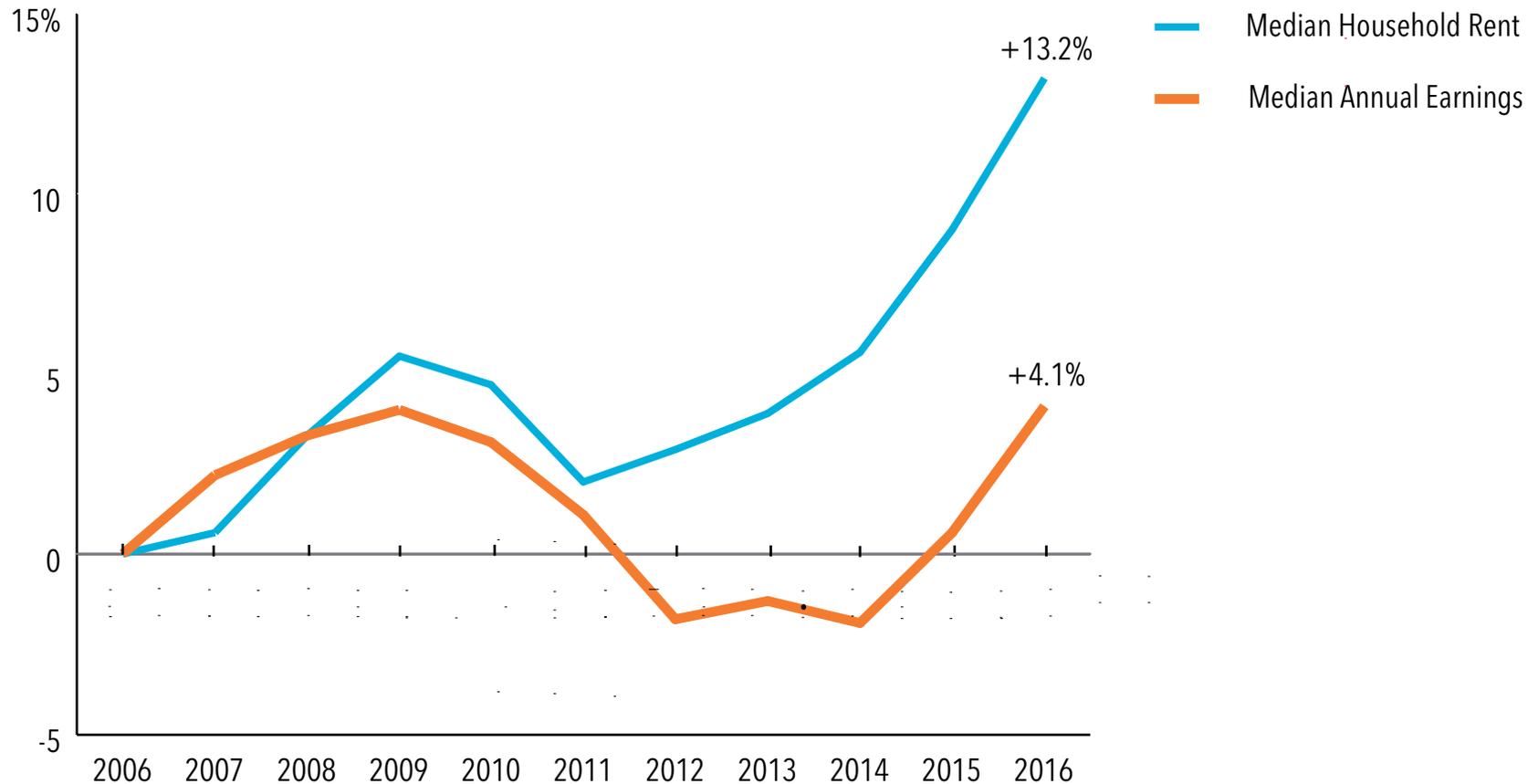
Note: Figures reflect 2017 dollars.

Source: Economic Policy Institute analysis of US Census Bureau, Current Population Survey data



# Workers' Earnings Have Not Kept Pace With Rents in California

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



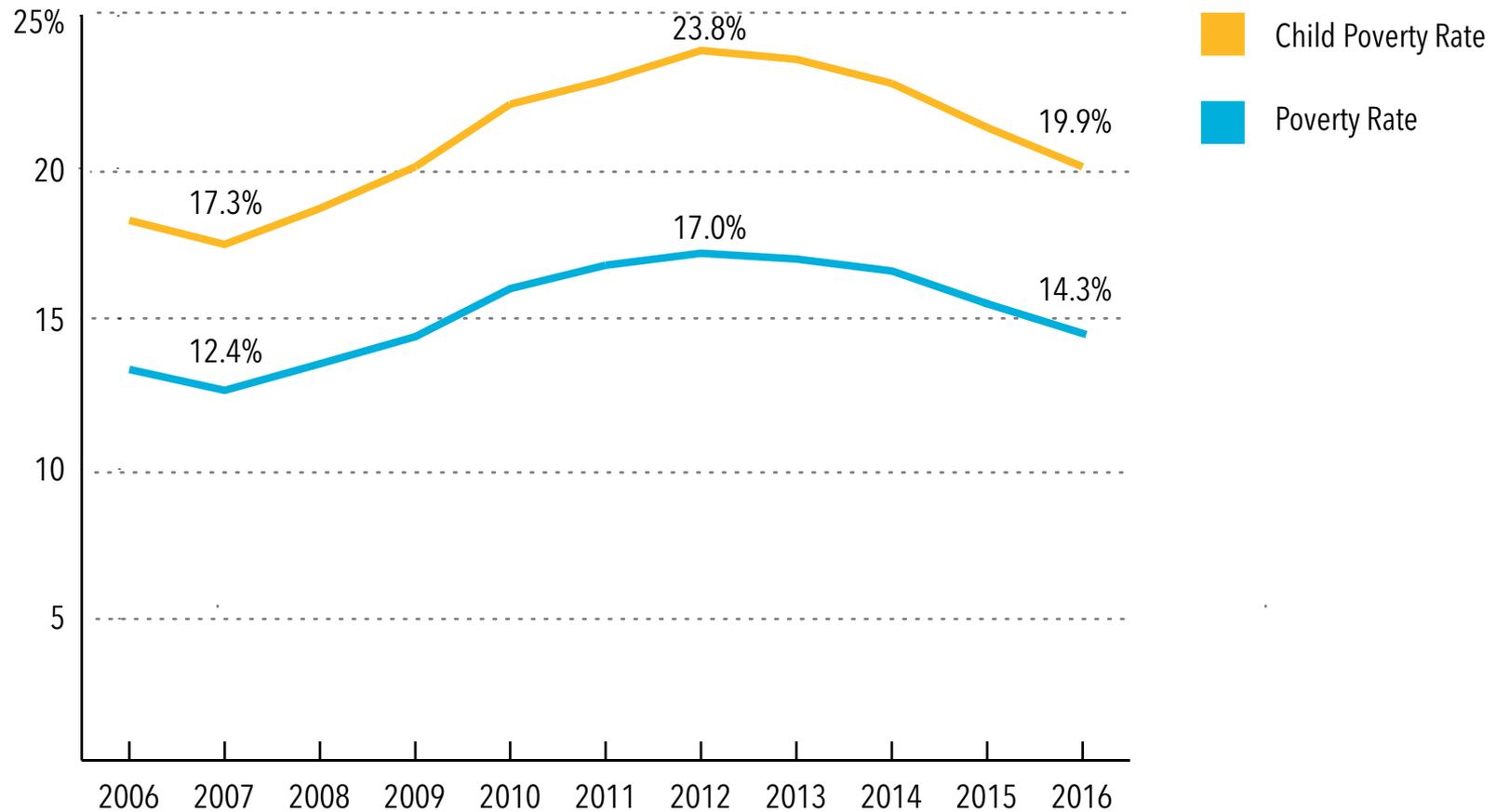
Note: Median annual earnings for individuals working at least 35 hours per week and 50 weeks per year. Excludes workers with \$0 or negative total earnings.

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



# 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



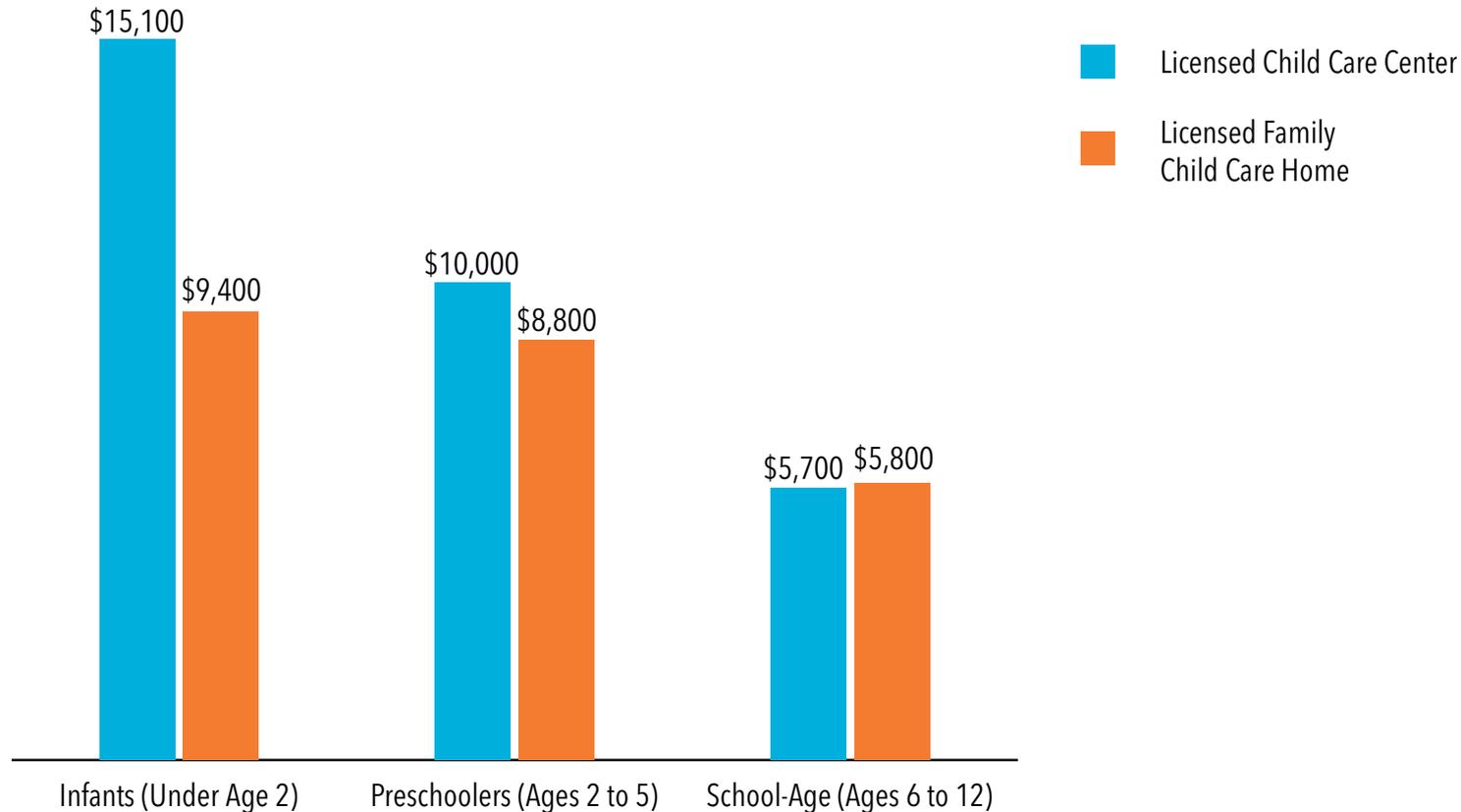
# **Affordable child care and preschool helps families make ends meet.**

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



# The Cost of Child Care Is Prohibitively High in California

## Median Cost of Care Statewide, 2016



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.

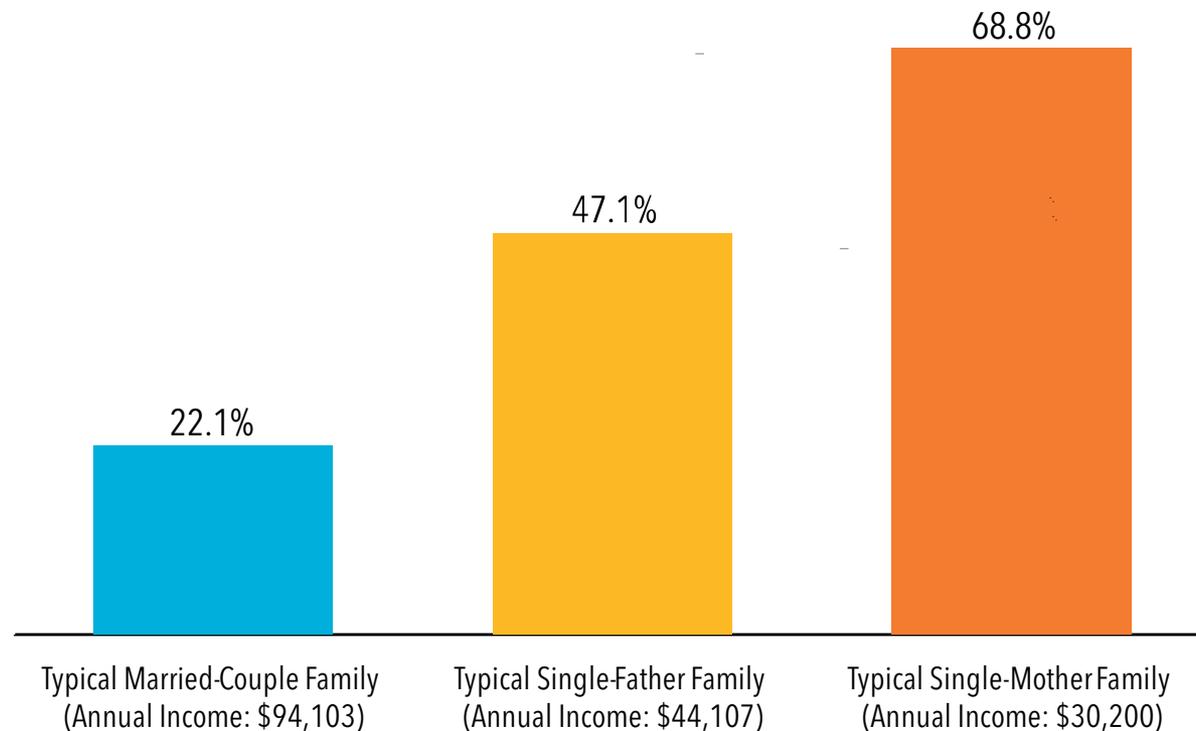
Source: Budget Center analysis of California Department of Education data, 2016 Regional Market Rate Survey



# 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, 2016

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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



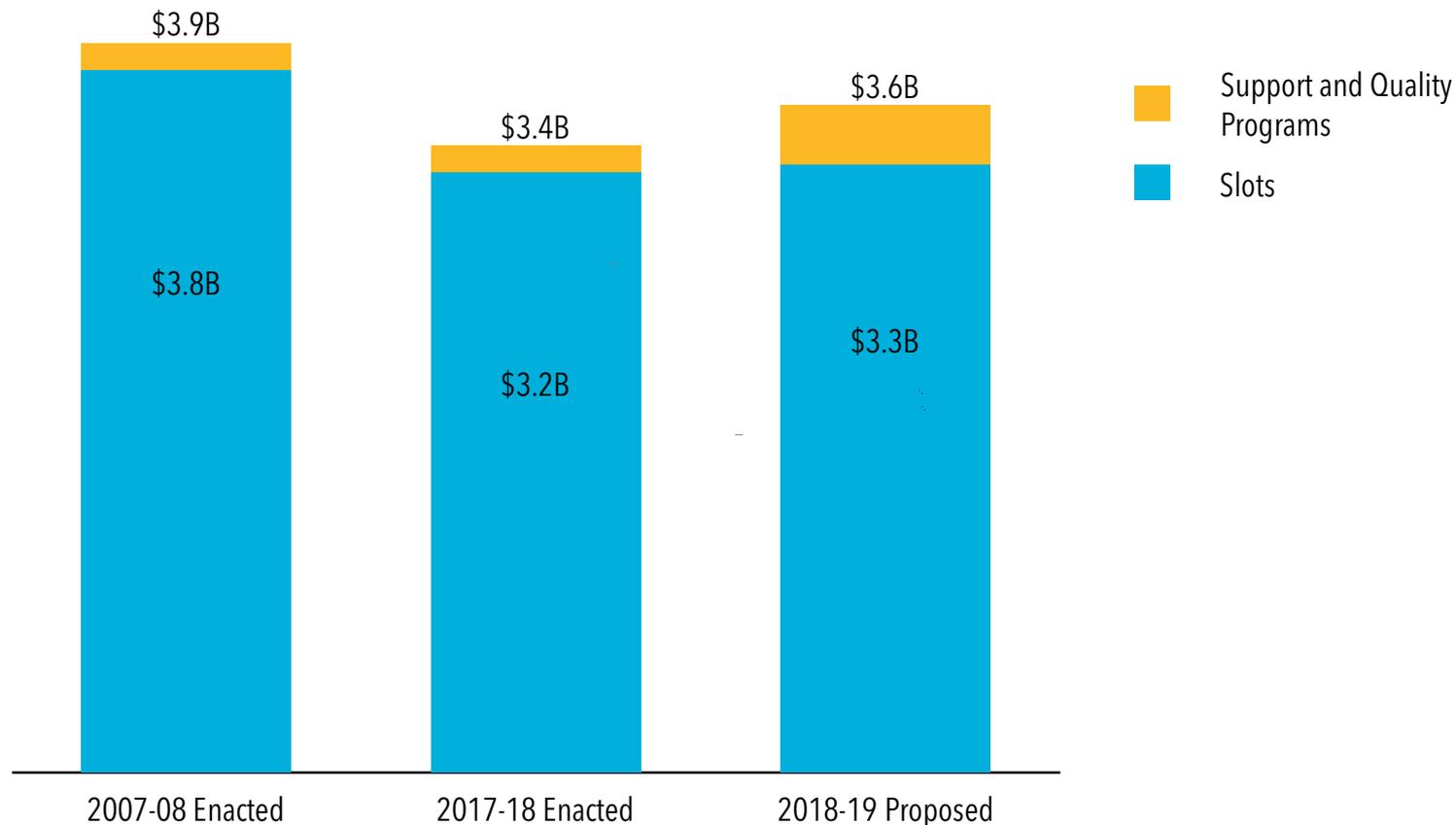
**State budget cuts have weakened key services and supports that help families achieve economic security.**

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



# 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



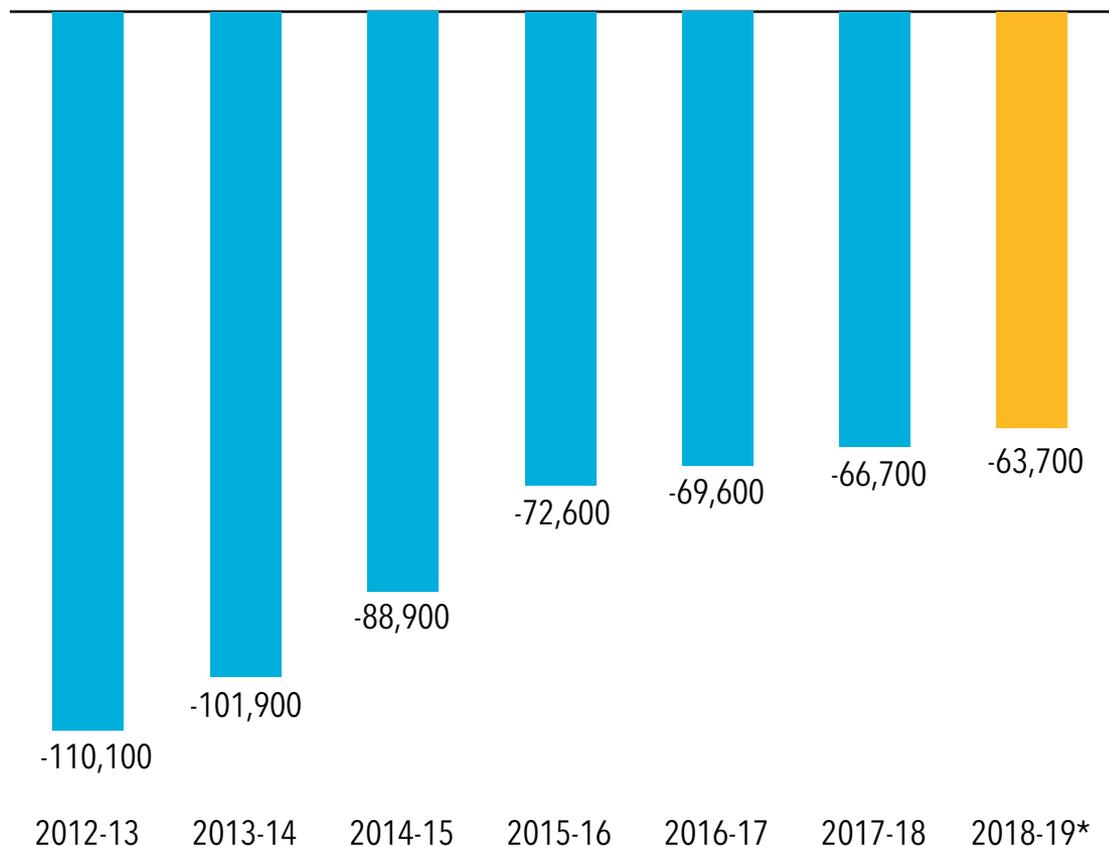
Note: Figures are in 2018-19 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten.

Source: California Department of Education and Department of Finance



# Even With Recent Increases, California Will Have 64,000 Fewer Child Care and Preschool Slots Than in 2007-08

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



\*Proposed

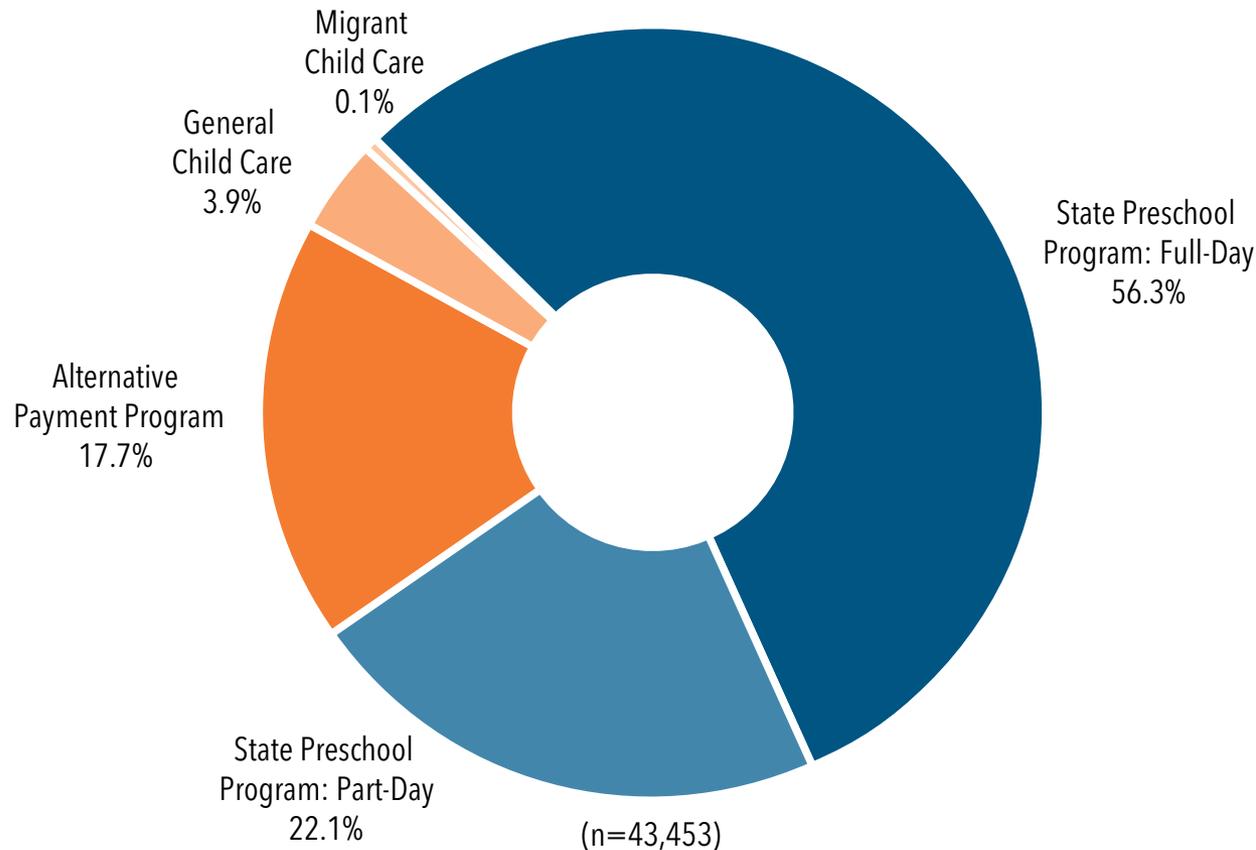
Note: Child care includes CalWORKs and non-CalWORKs programs and excludes Transitional Kindergarten. Slots include those funded with federal and/or state dollars.

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



# About 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

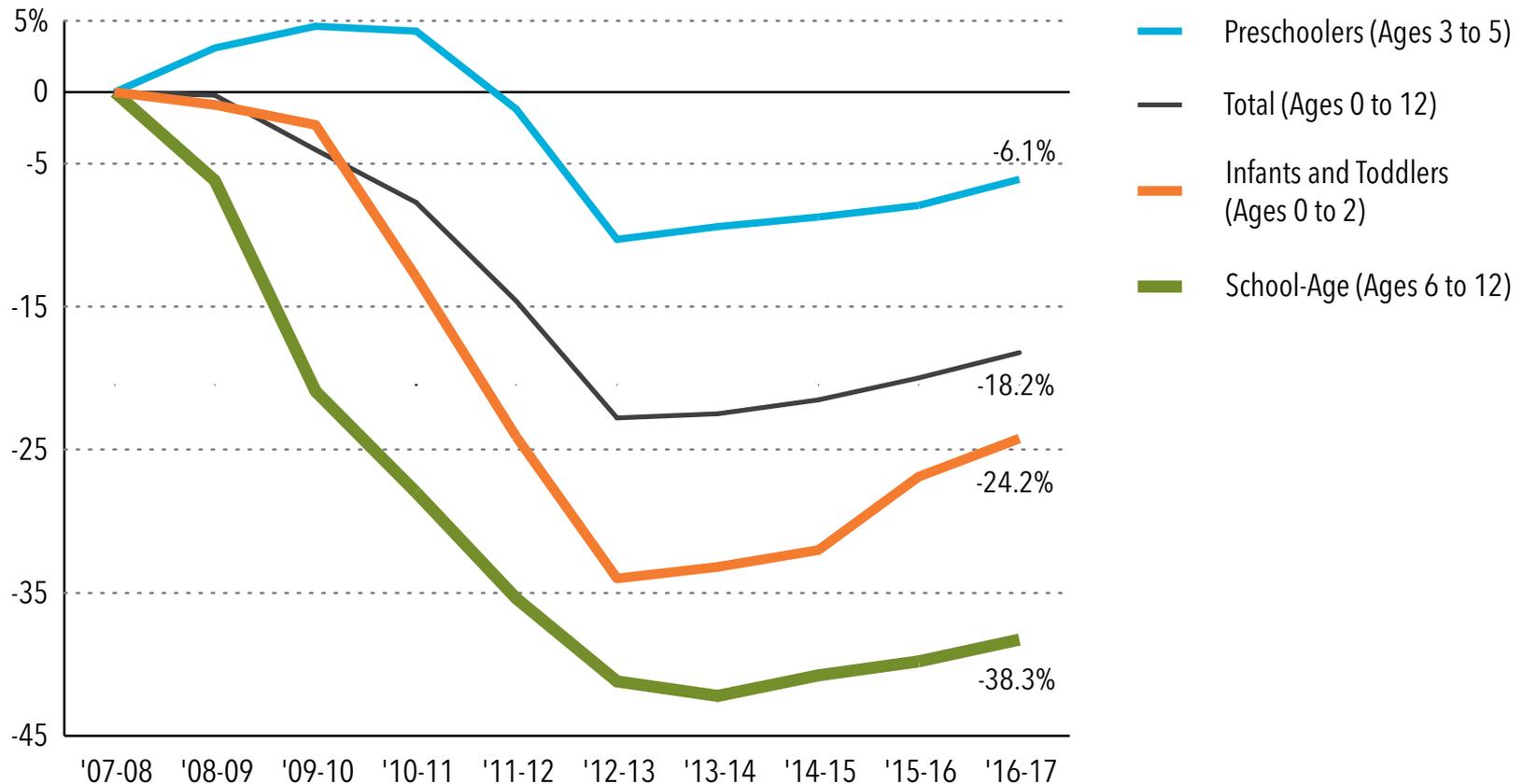


Note: Slots include those funded with federal and/or state dollars. The Governor proposes to add 2,959 full-day state preschool slots in 2018-19, the fiscal year that begins on July 1.  
Source: Budget Center analysis of Department of Finance and Legislative Analyst's Office data



# The Number of Infants, Toddlers, and School-Age Children in Subsidized Care Has Dropped Significantly

## Percent Change in Average Number Served in Subsidized Programs, 2007-08 to 2016-17



Note: Data represent the average number of children served in October and April of each fiscal year in subsidized child care and development programs administered by the California Department of Education. Data do not include afterschool programs or Transitional Kindergarten.  
Source: Budget Center analysis of California Department of Education data



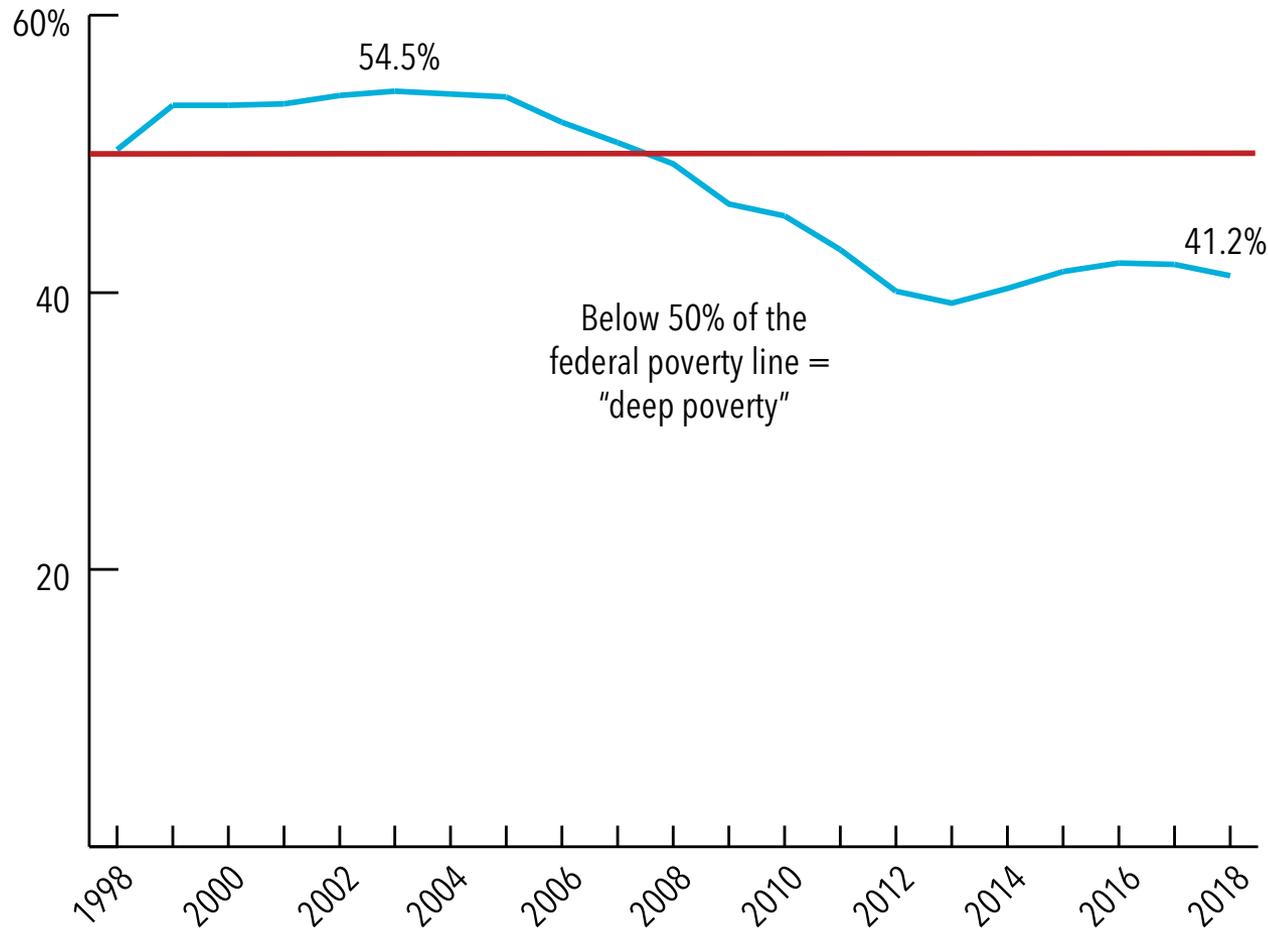
**CalWORKs provides modest cash assistance to families while helping parents find and keep jobs.**

**About 860,000 California children receive assistance from CalWORKs.**



# Without an Increase in 2018-19, CalWORKs Grants Will Be Below the Deep-Poverty Line for the Eleventh Straight Year

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

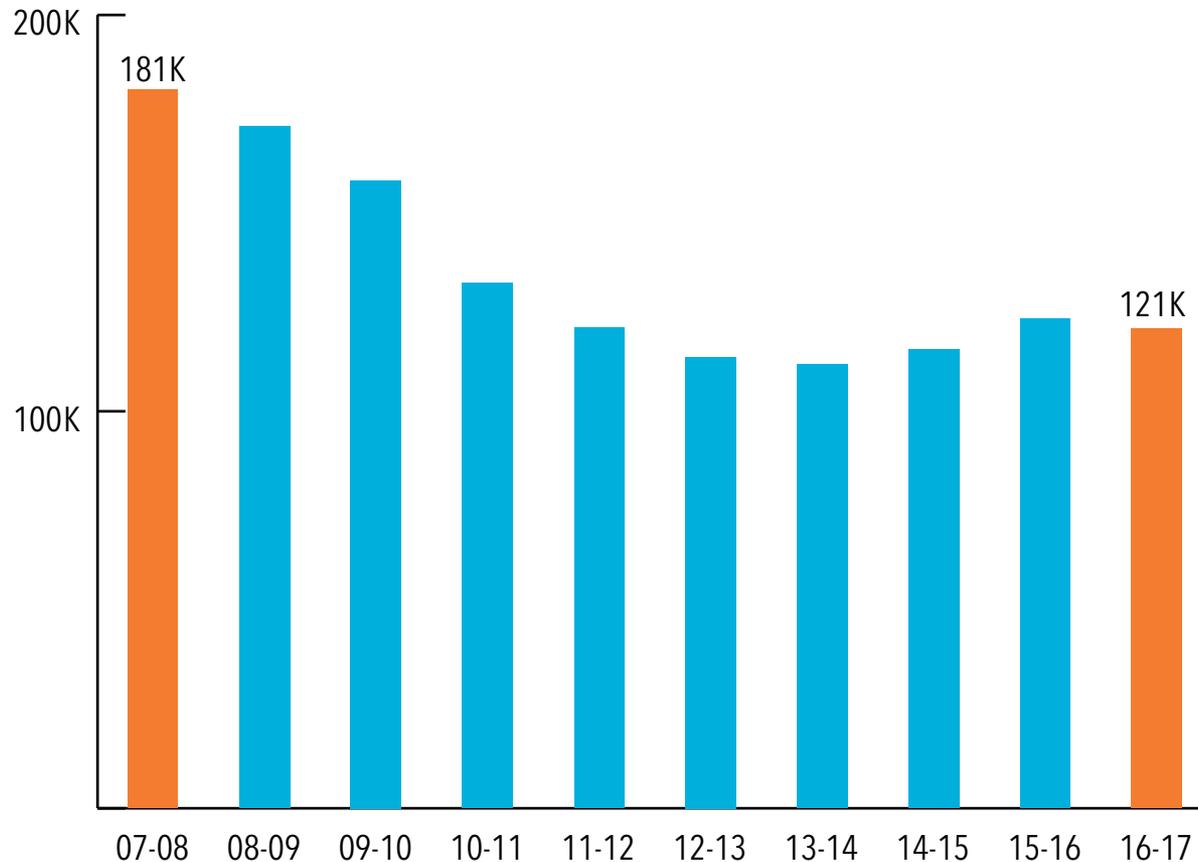


Note: Grants are for high-cost counties. The proposed 2018-19 budget does not increase grant levels.  
Source: Budget Center analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data



# Enrollment in CalWORKs Child Care 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 2016-17 reflects an estimate, not an actual.

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



# 2018-19 Budget Proposal

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- State revenues for the coming fiscal year projected to be higher than previously forecasted.
- Reflects uncertainty due to potential cuts/changes to federal programs, as proposed by Republican leaders; the effects of the recently enacted federal tax plan; and the risk of an economic downturn.
- Places a heavy emphasis on building up state reserves including a major discretionary deposit to the state rainy day fund.
- Includes various types of one-time funding across the budget – including the “Inclusive Early Education Expansion Program” and the CalWORKs home visiting pilot program.
- Does **not** propose any additional **ongoing** funding for many key services that help families make ends meet and advance economically.



# Proposal Includes One-Time Funding for New Early Care and Education Grants

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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:

- Nearly three-quarters of the funds (\$125 million Proposition 98) would be for Local Education Agencies. The remainder (\$42.2 million federal TANF funds) would be for other child care and preschool providers.
- Funds are to be used for one-time funding for professional development, facility renovations, or equipment and require a 33% local match.
- Grantees must show that they would serve additional subsidized children, but the funds may not be used for ongoing expenses.



# Federal Budget Deal Could Result in Increased Funding for Child Care Programs

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- Congress passed and President Trump signed a two-year budget deal that doubles federal discretionary funding for the Child Care and Development Block Grant (CCDBG).
- California is estimated to receive an additional \$305 million to fund the costs of the 2014 CCDBG reauthorization and to add more subsidized child care slots.
- Congress has until March 23 to pass an spending bill that sets appropriation levels – including the increased CCDBG funding – for the federal fiscal year that began on October 1, 2017.



# Budgets are statements about our values and priorities.





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