



California Budget
& Policy Center

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

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CHILD CARE FOOD PROGRAM ROUNDTABLE

calbudgetcenter.org

Goals of the Presentation

- Review the budget process timeline, including the **Governor's role** and the **Legislature's role** and when and how **members of the public** can get involved
- Provide details on the **social and economic context** in which policymakers are crafting the 2018-19 state budget
- Give a **broad overview of funding** for the subsidized child care and development system



Overview of the State Budget

- The state budget expresses our **values and priorities**.
- The **state Constitution** establishes the “rules of the game.”
- The budget process is **cyclical** – budget decisions are made throughout the year.
- The **Governor** has the lead role in crafting the budget; the **Legislature** reviews and revises the Governor’s proposals.
- **Public input** is a key part of the budget process and comes in many forms.



The state budget process can be divided into three distinct periods.

July to December

January to Mid-May

Mid-May to June



July to December

Governor's Administration

- Department of Finance (DOF) leads development of Governor's proposed budget.
 - Look for opportunities to engage with Administration officials.

Legislature

- Legislative leaders develop budget priorities.
 - Seek to have your priorities considered.
- Budget committee staff look ahead to upcoming budget deliberations.
 - Build relationships and suggest ideas for hearings.



January to Mid-May

Governor's Administration

- Proposed budget released by January 10.
 - Weigh in on the Governor's proposals.
- DOF makes budget adjustments and prepares May Revision.
 - Engage with budget officials, offering candid feedback on Governor's initial proposals.

Legislature

- Budget subcommittees hold dozens of hearings to review proposed budget.
 - Testify at hearings and continue to meet with key legislators and staff.



Mid-May to June

Governor's Administration

- May Revision released by May 14.
 - Look for opportunities to engage with Administration officials.

Legislature

- Budget subcommittees convene hearings on May Revision proposals.
 - Testify at hearings and continue to meet with key legislators and staff.
- Budget conference committee meets to iron out differences.

The Governor, the Speaker of the state Assembly, and the President Pro Tem of the state Senate negotiate the final outlines of the budget package.

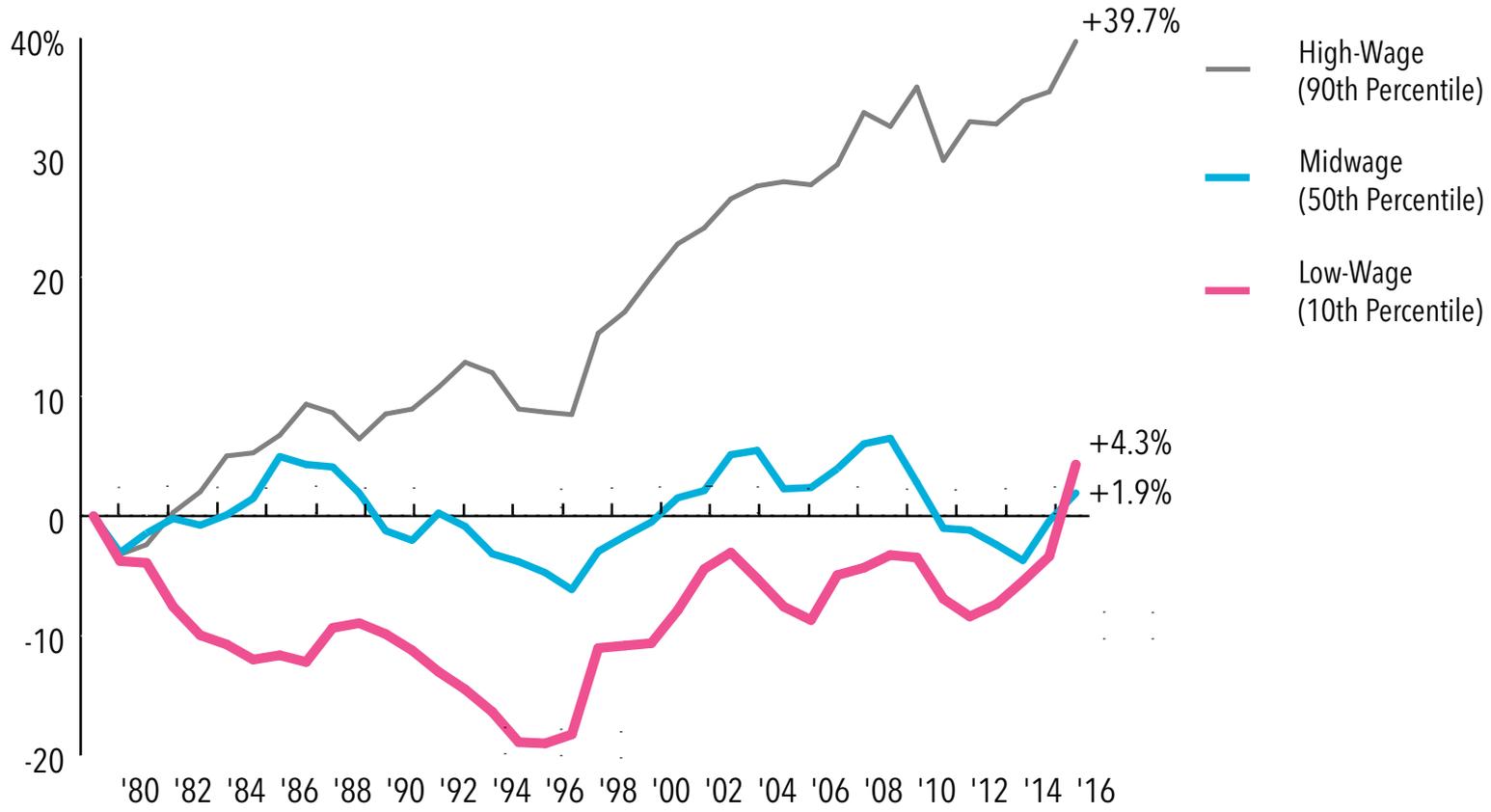


California's economic recovery has been strong, but millions have not shared in the state's economic gains.



Modest Gains for California's Low- and Midwage Workers

Percent Change in Inflation-Adjusted Hourly Wages for Workers Ages 18 to 64 Since 1979

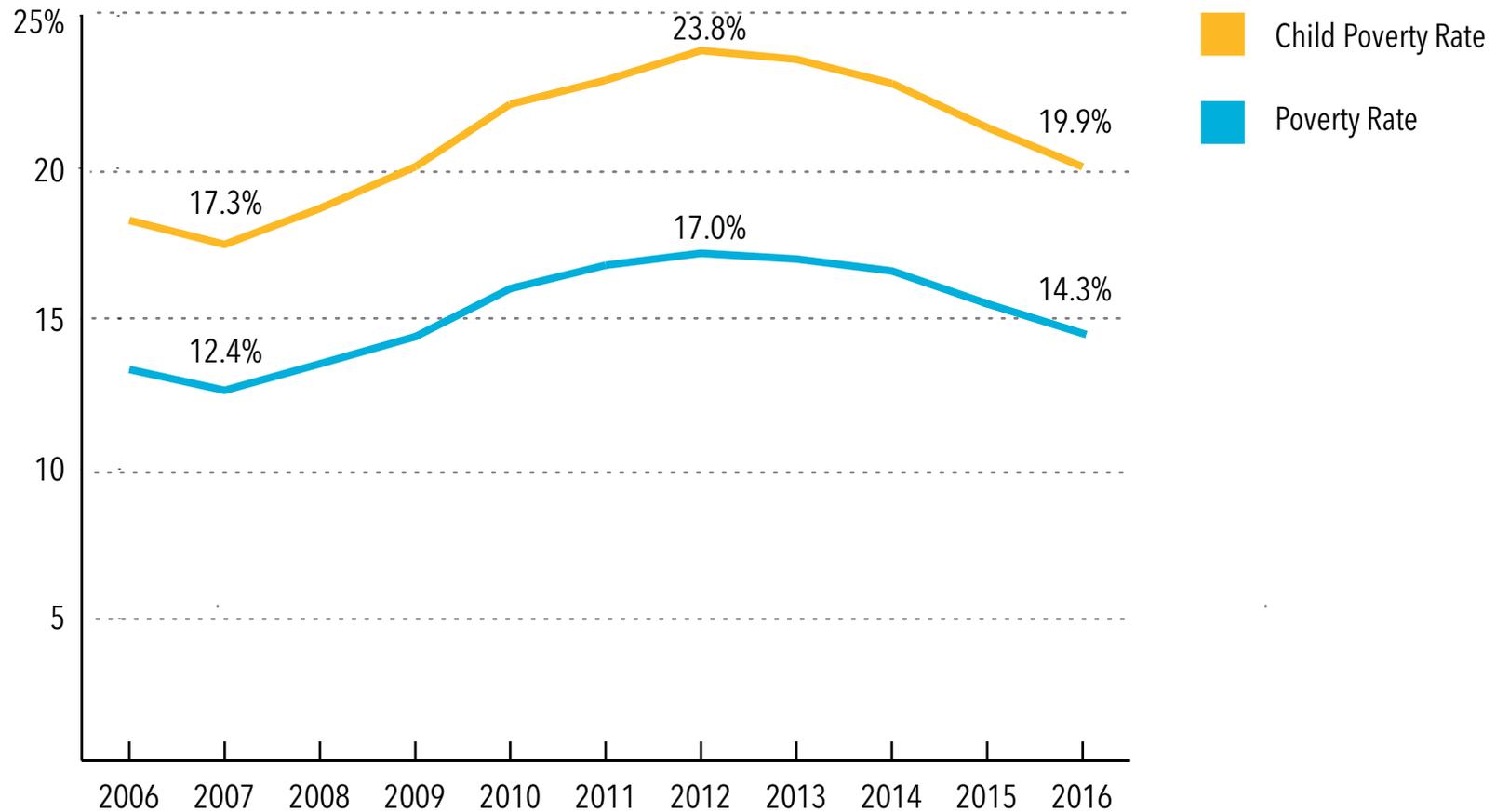


Source: Economic Policy Institute analysis of US Census Bureau, Current Population Survey data



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



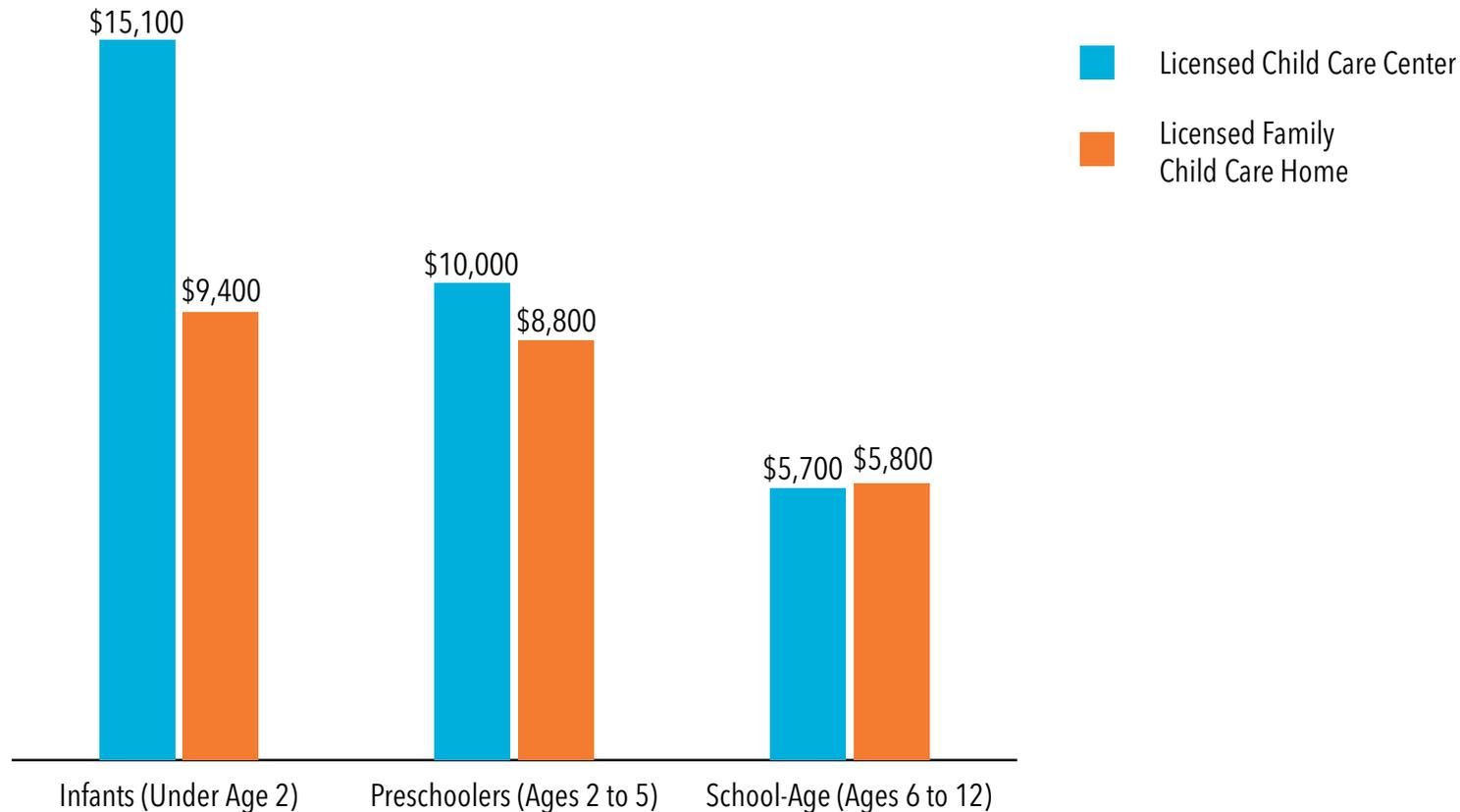
Affordable child care and preschool helps families make ends meet.

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



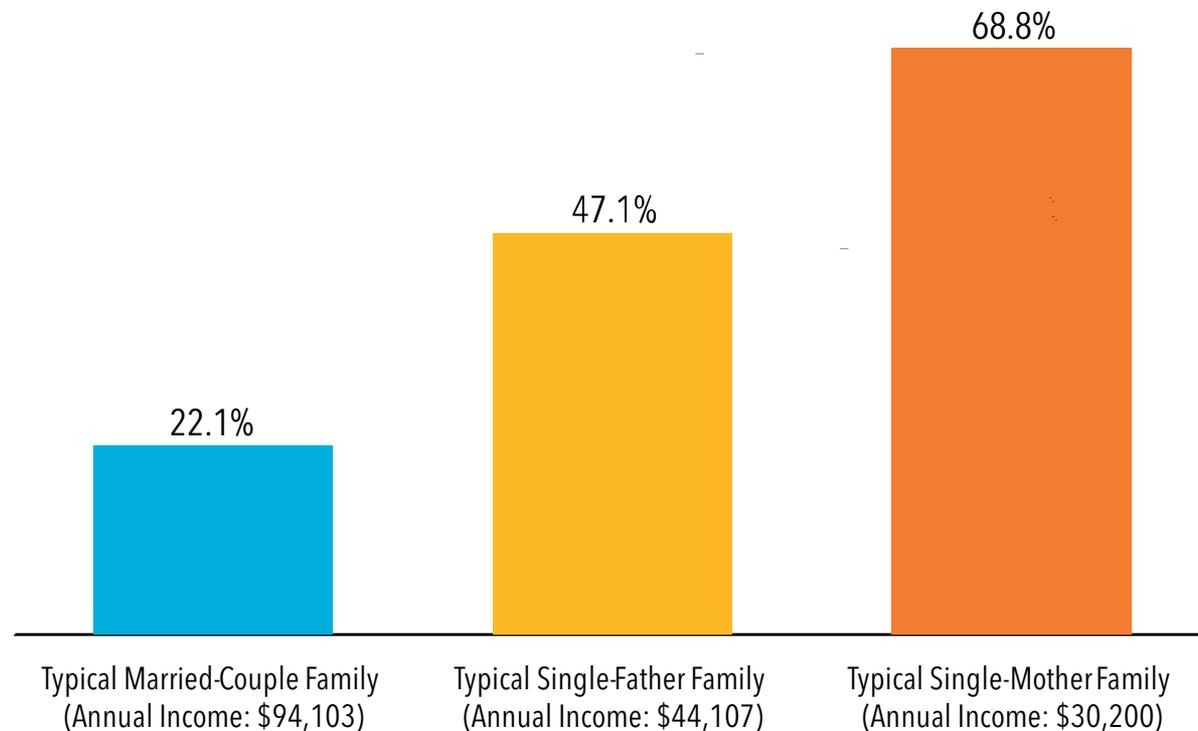
Note: Figures are rounded to the nearest hundred. Cost of care is full-time for infants and preschoolers and prorated according to the school year for a school-age child. Costs are based on counties' median cost of care weighted to reflect each county's child population.

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



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



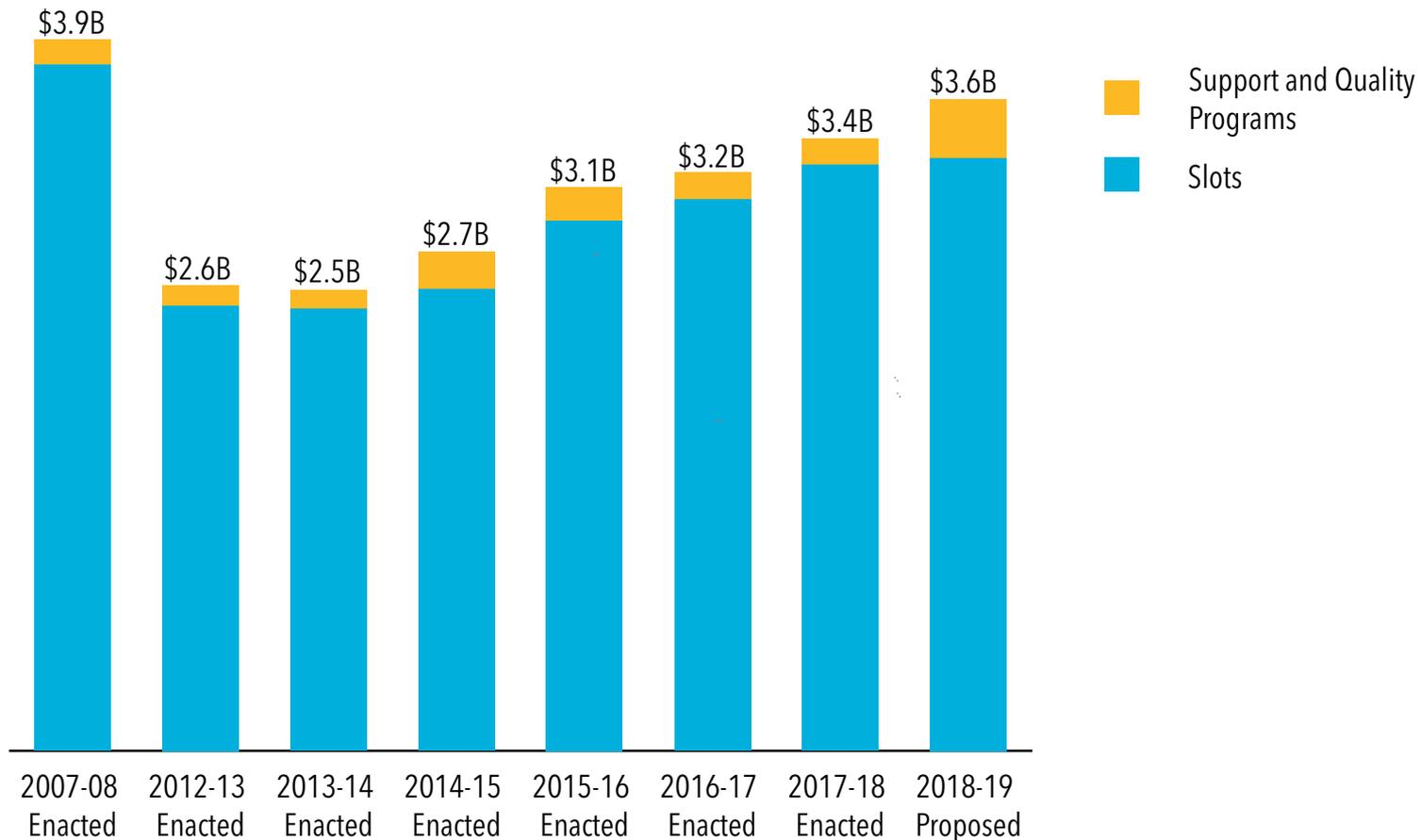
State budget cuts have weakened key services and supports that help families achieve economic security.

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



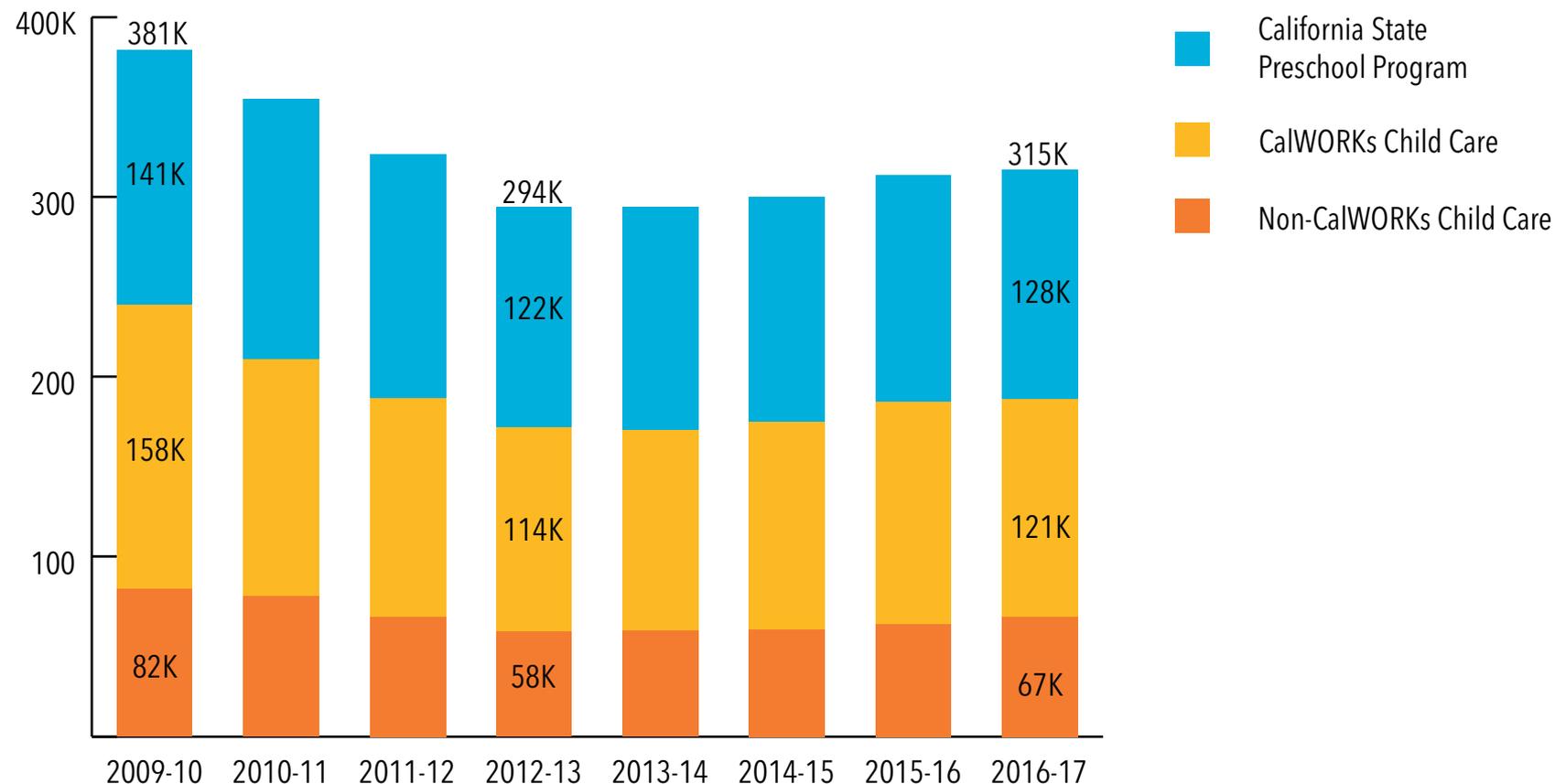
Note: Figures are in 2018-19 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten.

Source: California Department of Education and Department of Finance



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 2016-17 reflect estimates, not actuals.

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



Proposed budget includes one-time funding for competitive grants for child care and preschool providers.

Budget also provides slight increase in payment rate for ECE providers contracting directly with the state, while continuing multiyear plan (approved in 2016-17 budget) to begin reinvesting in child care and preschool programs.



2018-19 Budget Proposal

- Reflects uncertainty due to potential cuts/changes to federal programs; the effects of the federal tax plan; and the risk of an economic downturn.
- State revenues for the coming fiscal year projected to be higher than previously forecasted.
- 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.



Budgets are statements about our values and priorities.





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