Five Things You Need to Know About California’s Child Care and Development System
1. Access to Quality Child Care and Preschool Eases the Effects of Poverty

- Poverty affects children’s physical and mental health and academic achievement.
- Quality child care and preschool programs can help to mitigate the effects of poverty leading to:
  - Stronger reading and math skills
  - Fewer behavioral issues
  - Increased high school graduation rates
  - Lower rates of delinquent behavior
Poverty Remains High in California

More Than One in Seven Californians and One in Five California Children Lived in Poverty in 2013

Percentage of Californians With Incomes Below the Federal Poverty Line

Source: US Census Bureau
The Average Income of the Wealthy Increased Significantly Between 1987 and 2012, While Declining Among All Other Californians

Source: Franchise Tax Board
2. Affordable Child Care and Preschool Helps Families Make Ends Meet

- Child care accounts for a large share of household budgets.
  - Roughly three-quarters of the household budget for a three-person family living at the federal poverty line
  - More than half of a typical single mother’s income
  - More than one-third of a household budget for a three-person family with income just above the program limit

- Access to care increases parents’ employment and earnings and reduces the chance that parents have to miss work or cut their hours
3. State Budget Cuts Have Weakened Key Services and Supports That Help Low-Income Families Advance
Annual Funding for Child Care and Preschool Remains $1.1 Billion Below 2007-08, After Adjusting for Inflation, Even With the Recent Increase in Funding

Note: Figures include federal and state dollars and reflect funding provided to support child care and preschool slots. Child care includes CalWORKs and non-CalWORKs programs. Source: Department of Finance
State Budget Cuts Have Reduced the Number of Subsidized Child Care and Preschool Slots by More Than One-Fifth Since 2007-08

Note: Reflects slots funded with federal and/or state dollars. Child care includes CalWORKs and non-CalWORKs programs. A small portion of the drop since 2007-08, roughly 3,000 slots, is due to a new methodology for calculating funded slots in several small child care programs.

Source: Department of Finance
CalWORKs Grants Remain Far Below the Deep-Poverty Threshold

Note: Grants are for high-cost counties beginning in 1996. Prior to 1998, grants were provided through the AFDC program. 2015 grant reflects a 5 percent increase scheduled for April 1, 2015. The Governor assumes that no additional grant increase will be provided in 2015.

Source: CBP analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data.
4. The Income Eligibility Limit is Outdated

- Income eligibility limit is based on data from 2005.
- Policymakers reduced the income limit in 2011.
- 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 a longer period.
5. Provider Payment Rates Are Outdated

- Outdated payment rates restrict families’ access to quality care and/or limit providers’ ability to offer services.
- Providers that contract directly with the state have seen their payment rate decrease by nearly 20 percent since 1980-81, after adjusting for inflation.
- Many providers reimbursed with vouchers will not see a rate increase at all, despite the changes made in the 2014-15 budget agreement.
For More Information:

Kristin Schumacher
Policy Analyst
California Budget Project
kschumacher@cbp.org
916-444-0500
www.cbp.org
www.californiabudgetbites.org
Twitter: @CABudgetProject