

LASTING RETURNS: Strengthening California's Child Care and Development System

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Executive Summary

Reliable and safe child care is an economic necessity for millions of California families, enabling parents to work or gain the education and training they need to become employed. Parents also increasingly recognize the role of quality child care and early education in preparing their children for success in school and beyond. And policymakers see child care as a key tool for helping families become or remain economically self-sufficient.

California's child care system is diverse. The quality and availability of care varies by county and neighborhood. Some families receive excellent service that meets parents' needs for reliability, affordability, and convenience, while providing children with quality care that promotes physical, cognitive, emotional, and social development. For others, available child care services are adequate, though not of high quality. For others still, child care opportunities are inadequate or unaffordable.

This report provides an overview of California's child care system and examines the state's subsidized system in greater detail. Among its principal findings:

- California families with working parents are less likely to rely on center-based child care than are families in the nation as a whole.
- The supply of child care in recent years has not kept pace with the movement of families from welfare to work. Many parents may use informal care even when they might prefer to enroll their children in licensed child care homes and centers.
- Thousands of school-age children in California are without child care or other adult supervision in the after-school hours when they may be most susceptible to harmful influences.
- Only a small portion of licensed child care programs are available to parents who work outside the traditional work day.
- Child care that is available may be of low quality, according to several studies. Moreover, while research finds that quality child care and early childhood programs provide substantial benefits to low income children and their families, the evidence suggests that child care used by low income families -- including low income working families -- tends to be of low quality.
- State child care spending tripled between 1996-97 and 2000-01. Nearly half of funds in California's subsidized child care system are federal, including the Child Care and Development Fund (CCDF) and the Temporary Assistance to Needy Families (TANF) Program. The largest share of state and federal child care funds goes to families receiving CalWORKs or transitioning from welfare to work.
- Despite California's considerable investment in child care, this report estimates that nearly 280,000 children in working families qualify for child care assistance on the basis of income but do not currently receive it.

- Many subsidized child care centers are experiencing a funding crisis. Programs operated by school districts are most likely to experience problems, but many community-based centers are having difficulties as well. The funding crisis stems, in large part, from a decline in the purchasing power of the daily rate paid to child care centers that serve low income and at-risk children.
- Low pay and limited funding have created a child care staffing crisis that undermines the ability of many community-based child care programs to provide good quality, stable child care.

The report makes seven principal recommendations:

1. Develop a master plan for the state's subsidized child care and development system.

A thorough review of governance, planning, finance, and accountability issues is needed in order to ensure that public child care dollars are best spent to improve the care and well-being of California's children. This can be accomplished by crafting a master plan through a comprehensive planning process that involves parents, administrators, policymakers, and child development experts. It must also involve the full participation of both state agencies with the significant responsibility for child care programs, as well as the [Department of Finance](#) and members of the Legislature.

2. Resolve the subsidized child care center funding crisis.

The state should continue the effort -- begun during the 2000-01 state budget with \$33 million in funds dedicated for this purpose -- to restore the lost purchasing power of the Standard Reimbursement Rate (SRR) for state-subsidized child care centers. Increasing the SRR by the same adjustment applied to basic K-12 education requirements since 1981-82 would cost approximately \$178 million, or roughly 6 percent of 2000-01 total child care spending.

3. Fully fund child care for all eligible children in working families.

Resources permitting, the state should initiate a five-year program to fully-fund California's subsidized child care system. At least half of the new child care should be based in subsidized centers in low income neighborhoods in order to promote access to quality child care in areas that are most in need.

4. Guarantee child care to low income working families.

The Legislature should establish a pilot program in one or more counties that guarantees child care to working families with incomes below a specified level. The income level should reflect geographic differences in the cost of living and could be increased annually based on available funding. The new program would combine funding from existing programs into a single program. Administrative savings gained from consolidating programs and funding should be reinvested and used for program expansion and quality improvement initiatives.

5. Increase efforts to resolve the child care staffing crisis.

The state should continue to allocate targeted support for child care staff salary increases and retention efforts. In light of the magnitude of the staffing crisis, it would be appropriate to restrict the use of these funds to programs serving children in state subsidized programs.

6. Ensure that state subsidized child care programs are high quality and enhance children's readiness for school.

The [California Department of Education](#)'s admirable framework for child care program quality should incorporate a rigorous evaluation component, a method for making programs accountable, and a fiscal incentive structure that promotes the provision of quality care.

7. Require the CDE to develop and operate an adequate child care data collection and analysis system.

The Legislature should conduct rigorous oversight of CDE data collection and analysis efforts. If substantial progress is not evident by December 2001, the Legislature should use federal quality improvement child care funds to engage an independent team of experts to evaluate the status of data collection efforts and make recommendations to ensure that timely, accurate, policy relevant data is available