

An Overview of California's Subsidized Child Care & Development System

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California's subsidized child care and development system provides safe and affordable early care and education for families struggling to make ends meet.



Overview

- Family eligibility for subsidized child care and preschool
- Types of child care and preschool programs available to families
- Details on providers offering care in communities across California



Family Eligibility

- Families are generally eligible if their income is below the eligibility limit. For subsidized child care and the Full-Day California State Preschool Program, parents must also have a “need” for care.
- Roughly 300,000 children from families with low incomes receive early learning and care from the subsidized child care and development system.
- State and federal funding is inadequate to provide access to subsidized child care and the state preschool program for the millions of eligible children in California.



Subsidized Child Care and Development Programs

- CalWORKs child care programs
- Non-CalWORKs child care programs
- California State Preschool Program



CalWORKs Child Care Programs

- CalWORKs – the state’s welfare-to-work program – helps parents obtain subsidized child care from the provider of their choice. CalWORKs child care is offered in three “stages”:
 - **Stage 1** - generally provides child care for up to six months after families begin receiving cash assistance.
 - **Stage 2** - provides child care to families who have transitioned from Stage 1. Families may stay in Stage 2 for up to two years after leaving CalWORKs.
 - **Stage 3** - provides child care to families who reach the Stage 2 time limit if they remain eligible.
- Families may continue to receive child care assistance after leaving CalWORKs if they still have a need for care and their income does not exceed eligibility limits.



Subsidized Child Care Programs (Non-CalWORKs)

- California's child care programs available to low-income families not participating in CalWORKs include:
 - **General Child Care** – operated by licensed centers and family child care homes that contract with the state.
 - The **Alternative Payment Program** – administered by local agencies that help families obtain subsidized child care from the provider of their choice.
- Families are typically charged a fee based on their income, but very-low-income families do not have to pay.
- Families are able to maintain subsidized care as long as they remain income eligible and have a need for care.

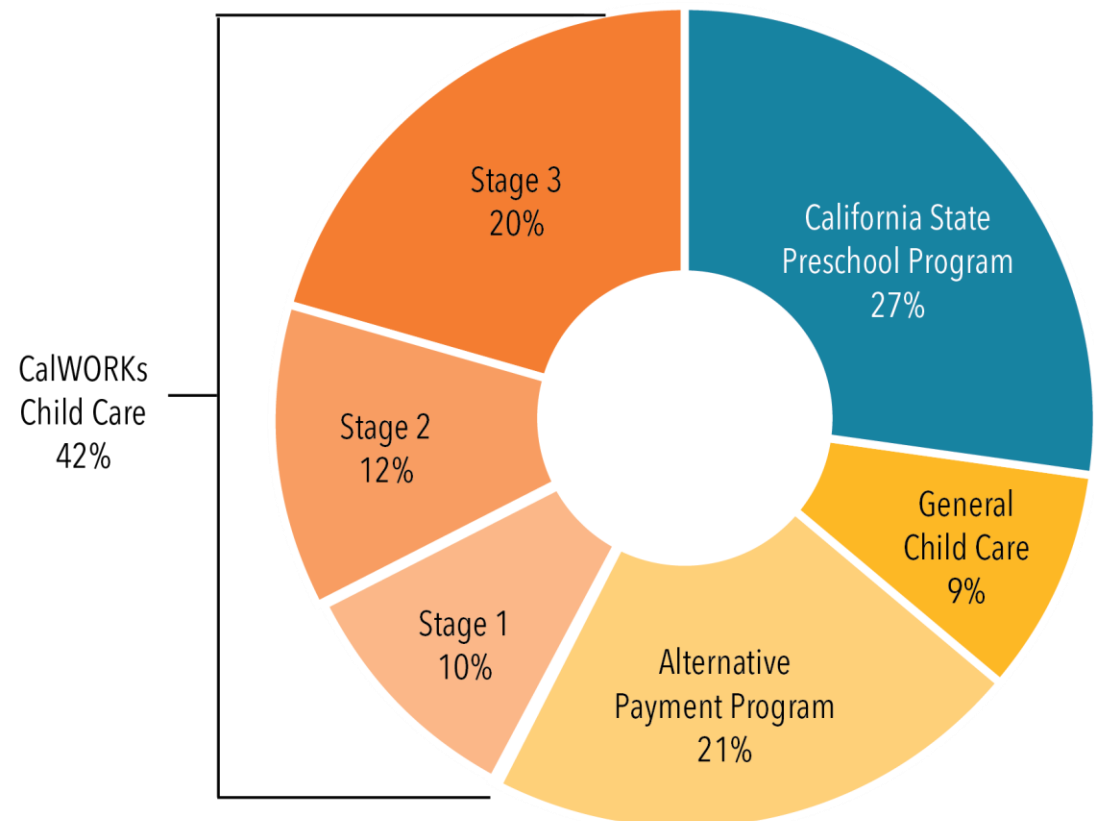


California State Preschool Program

- The California State Preschool Program (CSPP) provides **full- and part-day** preschool for eligible three- and four-year-olds from low- and moderate-income families.
- CSPP programs are typically available in licensed child care centers or local education agencies.
- Families generally must meet the **same income guidelines applicable to child care** to qualify for state preschool. State law, however, allows up to 10 percent of families in the CSPP to have incomes up to 15 percent above the income eligibility limit.
- Parents are not required to be employed or to participate in a job training program to qualify for part-day preschool, but full-day preschool requires a “need” for care and family fees.



Participation in Subsidized Child Care Programs and the California State Preschool Program for the 2020-21 Fiscal Year



Average Monthly Enrollment = 286,467

Note: Data do not sum to 100 due to rounding. Less than 1% of children participate in the Migrant Child Care Program or the San Francisco Bay Area Severely Handicapped Program.
Source: Budget Center analysis of data from the California Department of Education and Department of Social Services



Additional Early Learning and Care Programs in California

- Head Start: Federal child development program providing early learning and care for infants, toddlers, and preschool-age children from families with low incomes.
- Transitional Kindergarten: First year of a two-year kindergarten program offered in K-12 public schools. Eligibility is based on the age of the child.
- Title I Preschool Programs: Preschool classrooms funded with federal Title I dollars in low-performance school districts.



Child Care and Preschool Program Settings



Licensed Centers



Licensed Family
Child Care Homes

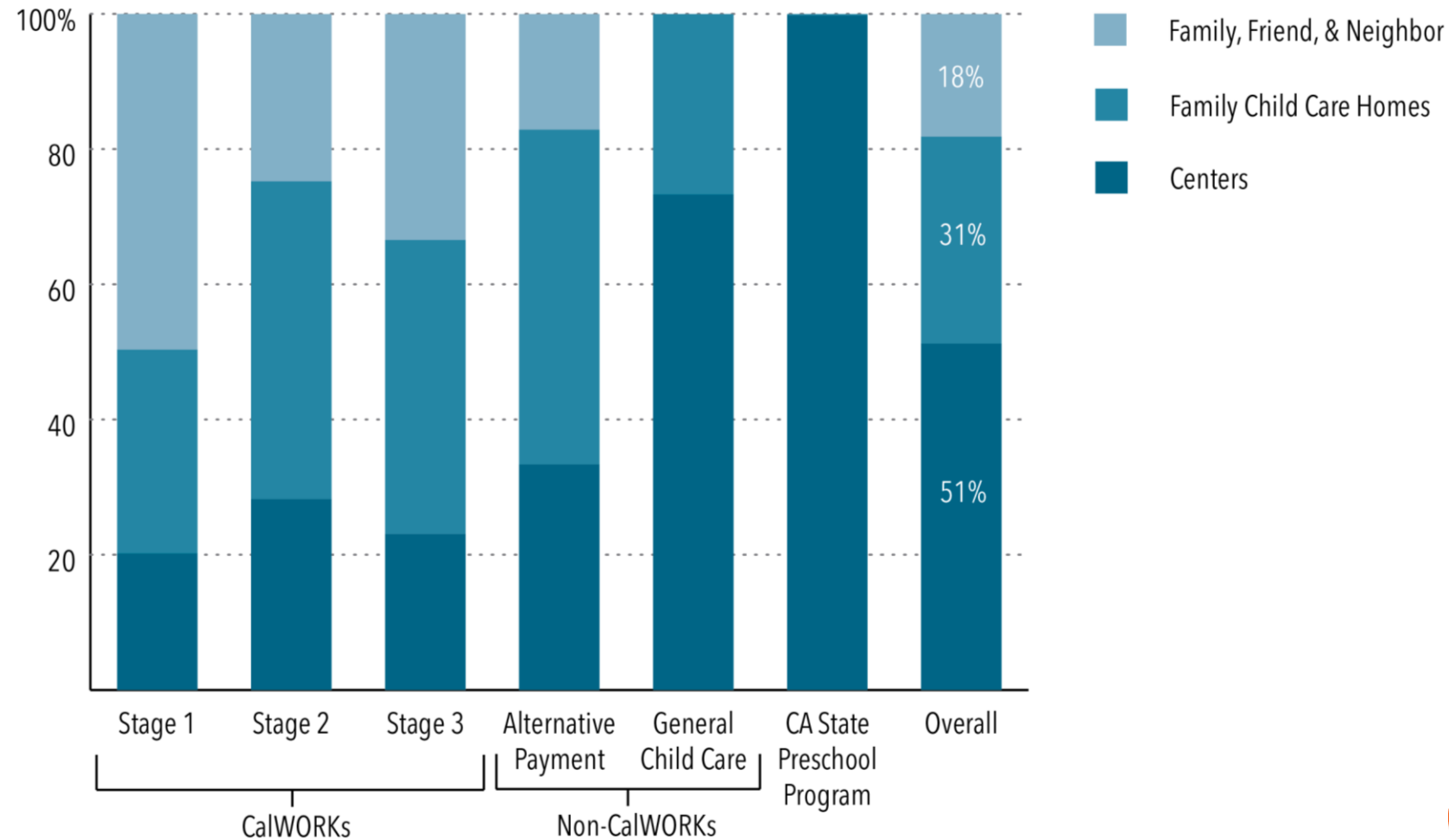


Family, Friend,
and Neighbors



Parents Have Some Flexibility in Choosing the Provider Setting that Works Best for Their Families

Participation in Subsidized Child Care and Development Programs by Setting, October 2020



Source: Budget Center analysis of data from the California Department of Education and Department of Social Services



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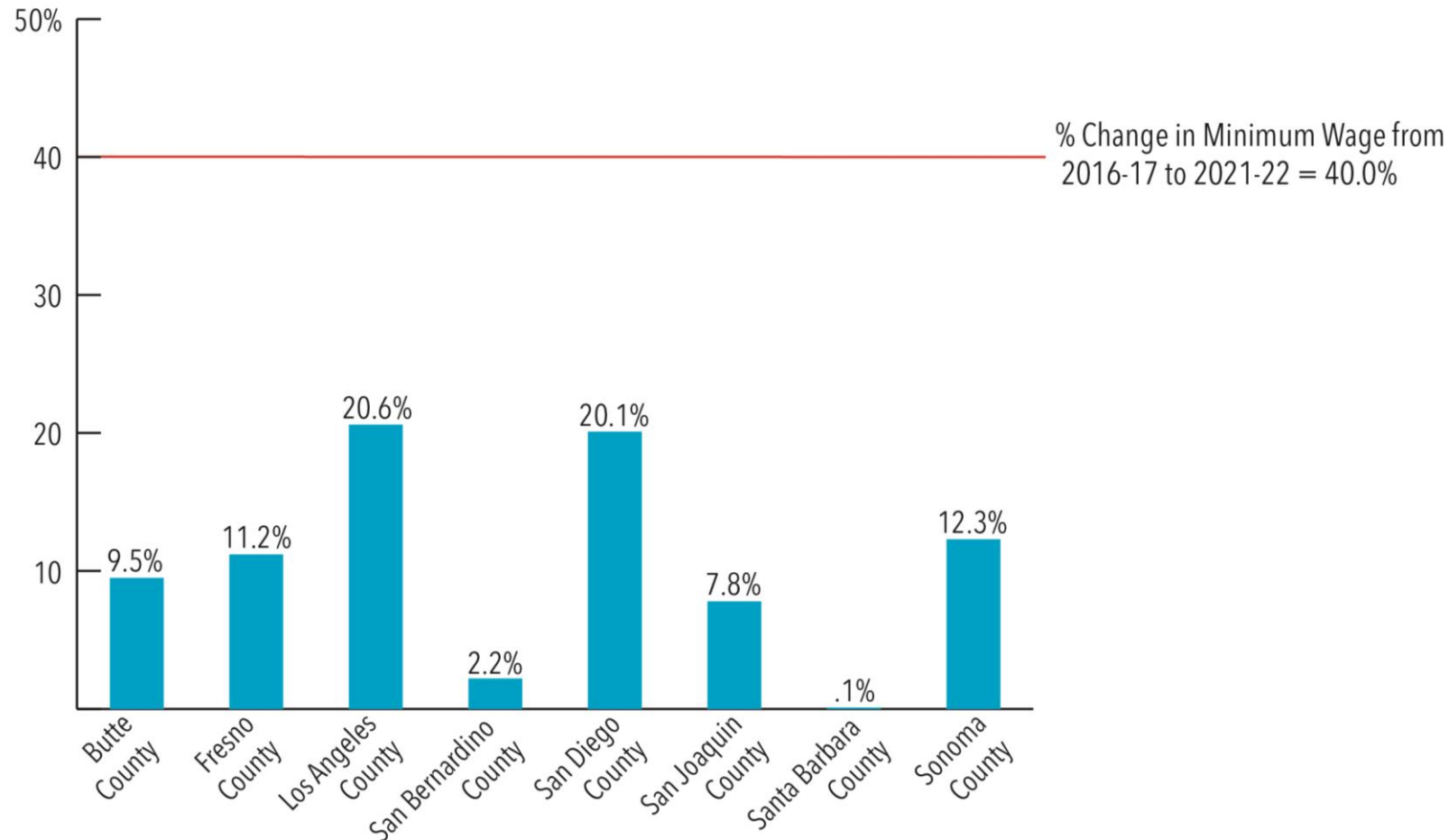
Payment Rates for Subsidized Child Care and California State Preschool Program Providers

Program	Payment Method	Payment Rate
CalWORKs Child Care	Vouchers	Regional Market Rate
Alternative Payment Program (Non-CalWORKs)	Vouchers	Regional Market Rate
General Child Care (Non-CalWORKs)	Contract With the State	Standard Reimbursement Rate
California State Preschool Program	Contract With the State	Standard Reimbursement Rate



Payment Rate Increases for Voucher-Based Child Care Providers Have Fallen Short of Increases to the Minimum Wage

Percent Change in Full-Time, Monthly Regional Market Rate Ceiling from 2016-17 to 2021-22



Note: Data reflect the maximum monthly payment rate for full-time preschool-age care in licensed child care centers for the 2016-17 and 2021-22 state fiscal years. The minimum wage increase reflects the highest wage in effect during each fiscal year for employers with 25 employees or less.

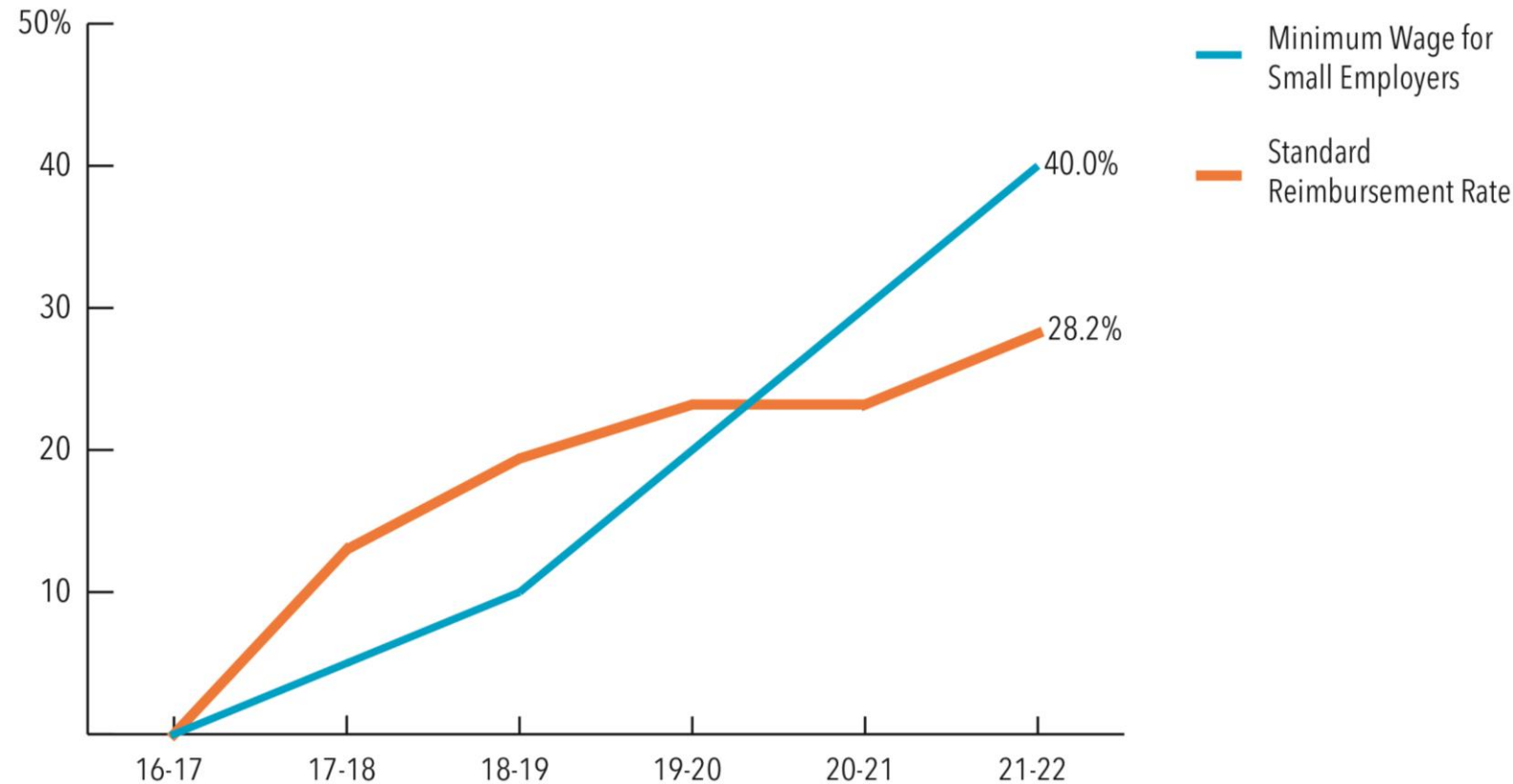
Source: Department of Education, Regional Market Rate Survey, Department of Industrial Relations data



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The Rising Minimum Wage Has Outpaced Increases to the Payment Rate for Contract Child Care Providers

Percent Increase in Minimum Wage and Standard Reimbursement Rate, 2016-17 to 2021-22



Note: Standard Reimbursement Rates are per child, per day. Rates have typically been adjusted for various factors, including child age and disability status. A "small employer" is defined as having 25 employees or less. The minimum wage reflects the highest wage in effect during each fiscal year.

Source: California Department of Education, Department of Industrial Relations, California Welfare and Institutions Code, Division 9, sec. 10280, 10281.5



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