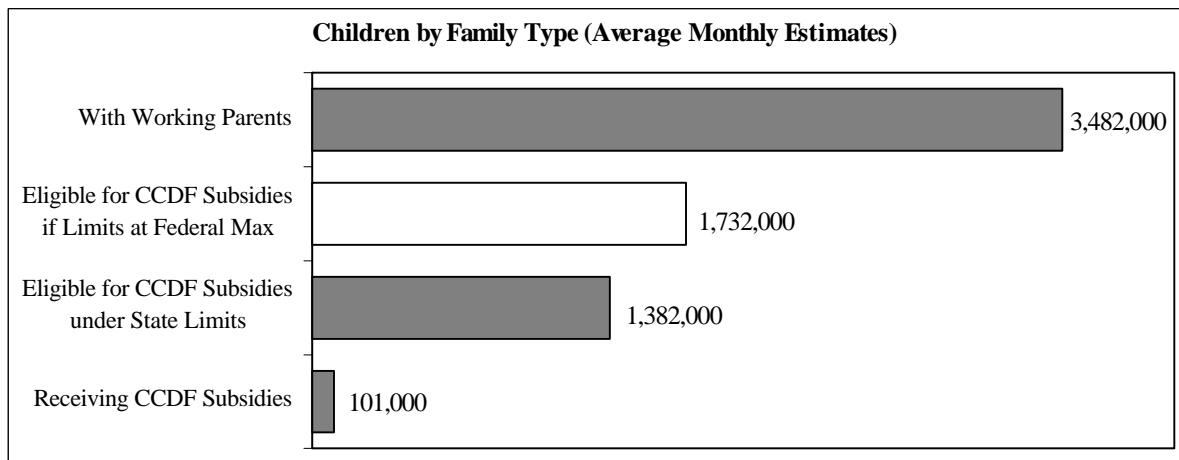


Child Care in California: A Short Report on Subsidies, Affordability and Supply

This report summarizes recent child care information for the state of California. The first section provides new information on child care subsidies, based on eligibility estimates generated by the Urban Institute and state administrative data reported to the U.S. Department of Health and Human Services (HHS). The second two parts, on affordability and supply, draw on state and local data collected by the Urban Institute during the summer of 1999 under contract with HHS. A companion document to the national report entitled “Access to Child Care for Low-Income Working Families,” the California report is one in a series of nine state reports.

I. Child Care Subsidies

Figure 1. Child Care and Development Fund (CCDF) Eligibility and Receipt in California



Sources: Urban Institute simulations and state administrative data reported to the Child Care Bureau.

- ❑ **3,482,000** children under age 13 (or under age 18 if disabled) live in families where the family head (and spouse if present) is working or is in an education or training program, as shown in Figure 1. Children across all family income levels are included in this estimate. Most of these children (**3,280,000**) are under age 13 and living with working parents.¹
- ❑ **1,382,000** of these children, and 930,000 families, are estimated to meet California’s income guidelines for child care assistance under the Child Care and Development Fund (CCDF) October 1997 state plan. The eligibility estimate would be even higher – **1,732,000** children – if California raised income eligibility limits to 85 percent of State Median Income, the maximum level allowed under Federal law.²
 - To be eligible under California’s October 1997 state plan, a family of 3 had to have income below **\$30,306**, or **75** percent of State Median Income.
 - Most eligible children (85 percent) live in families with annual income below 200 percent of the Federal poverty threshold and more than one-third (35 percent) are living in poverty. About 15 percent live in families that report receiving cash welfare.
 - Most (1,223,000) eligible children are under age 13 with working parents; the remaining children have parents in education/training programs or are disabled youth under 18.

- ❑ **101,000** children in California received child care subsidies through CCDF-funded programs in an average month in 1998. This estimate suggests that 7 percent of the eligible population under state limits (and 6 percent of children who would be eligible under the Federal maximum limits) were served with CCDF funds.³
- ❑ The Child Care and Development Fund (CCDF) is the major source of Federal funding allocated to states to subsidize the child care expenses of low- and moderate-income families so they can work, or attend education or training programs. Using CCDF dollars along with state funds, California has designed its own child care program within broad parameters specified under federal law. CCDF-funded subsidies, and the number of children that the state reported were served with these subsidies, are highlighted in this report because CCDF is a primary source of funding in most states. Also, CCDF administrative data is the most comparable source of child care data across states. It should be noted, however, that California, like many other states, also uses other funding sources to provide child care subsidies.
- ❑ In 1998, there were an estimated 200,000 children on the **waiting list** for government subsidies in California. Many counties in the state have waiting lists in excess of 1,000 children. Low-income families in California may have to wait for more than a year before they receive child care subsidies.⁴
- ❑ The state of California has a **priority system** for determining who receives child care subsidies. Children receiving cash welfare assistance through CalWORKS and children at-risk in the protective services system are guaranteed child care subsidies. Low-income working families receive subsidies as funds become available.
- ❑ In addition to the waiting list, state staff believe that there are eligible families that do not apply for child care subsidies. This belief is corroborated by staff from child care resource and referral agencies within the state of California.

II. Affordability⁵

- ❑ Prices for child care vary considerably, by such factors as geographic area, type of provider and age of child. Figure 2 shows the average monthly prices for child care in California. Given that these are average prices, it is clear that many families pay more or less than this amount.
- ❑ Centers in California charge an average of **\$420** per month for preschool care and **\$577** per month for infant care, as shown in Figure 2. This means that a family with \$15,000 in income and one preschool child in an average-priced center would spend more than one-third (34 percent) of its total monthly income on child care expenses. Average-priced infant care would represent an even higher share (46 percent) of monthly income for a family earning \$15,000.
- ❑ Family child care homes in California charge an average of **\$422** per month for preschool children and **\$432** per month for infants. This means that a family with \$15,000 in income and one child in an average-priced family child care home would spend 34 percent of its monthly income on care for a preschool child or 35 percent for an infant.
- ❑ Families who receive child care subsidies usually pay much smaller monthly **co-payments**, rather than the full market rate. Such co-payments are established under a sliding fee

schedule, and are based on family size, income and the number of children in care. For example, a family with \$15,000 in income and one preschooler or infant in an average-priced center in California would be charged a monthly co-payment of **\$43**, or about three percent of monthly income, as shown in Figure 2.

Figure 2. Child Care Prices and Co-Payments for a Hypothetical California Family of Three Earning \$15,000 with One Child in Care

	WITHOUT SUBSIDY		WITH SUBSIDY	
	Average Monthly Prices (Full Time Care)	% of Income (Family Income of \$15,000 Annually)	Monthly Co-Payments* (If receive subsidy)	% of Income* (Family Income of \$15,000 Annually)
INFANT (1 year)				
Center-based	\$577	46.1%	\$43	3.4%
Family child care home	\$432	34.6%	\$43	3.4%
PRESCCHOOLER (4 years)				
Center-based	\$420	33.5%	\$43	3.4%
Family child care home	\$422	33.8%	\$43	3.4%

* State policy does not prevent providers from charging parents additional amounts, above the co-payment, if the providers' rates exceed the state reimbursement level. Maximum reimbursement rates in California, however, exceed the statewide average prices. Figures in this table represent the minimum co-payment.

Source: Price data collected by the Urban Institute from the California Child Care Resource and Referral Network, a statewide child care resource and referral agency, summer 1999. Co-payment data collected by the Urban Institute from the California Department of Education, summer 1999.

III. Gaps in Child Care Supply⁶

- The adequacy of the supply of child care varies across California. To determine the level of unmet need, the California Child Care Resource and Referral Network uses a combination of census data and child care supply data from local resource and referral networks. Licensed child care supply meets only 21 percent of the estimated need for licensed care for children of all ages. Supply gaps vary throughout the state. For example, in Alpine County, licensed child care meets 78 percent of the need for all children; in Los Angeles County, supply meets only 17 percent of the need.
 - Throughout the state of California, **infant care** is in short supply. For example, in Los Angeles County, San Diego County, San Francisco County, and Siskiyou County less than 5 percent of slots in licensed care centers are infant slots.
 - Only 4 percent of all of the licensed and license-exempt centers, and only 33 percent of the licensed family child care homes listed with the California Child Care Resource and Referral Network provide care during **odd hours**, such as weekends, evenings or over night.

Sources

¹ Estimate based on microsimulations using the Urban Institute's TRIM3 model, guidelines in the state's 1997-99 CCDF state plan, and three years of Current Population Survey data (calendar years 1995-97).

² *Ibid.*

³ Estimates based on state administrative data reported to the Child Care Bureau and adjusted to reflect children funded through CCDF only. 1998 figures based on April-September 1998.

⁴ Waiting list data were obtained and compiled by the Urban Institute from the California Child Care Resource and Referral Network (a statewide child care resource and referral agency).

⁵ Information in this section was obtained and compiled by the Urban Institute from the California Child Care Resource and Referral Network (a statewide child care resource and referral agency).

⁶ Information in this section was obtained and compiled by the Urban Institute from the 1999 California Child Care Portfolio, California Child Care Resource and Referral Network.