

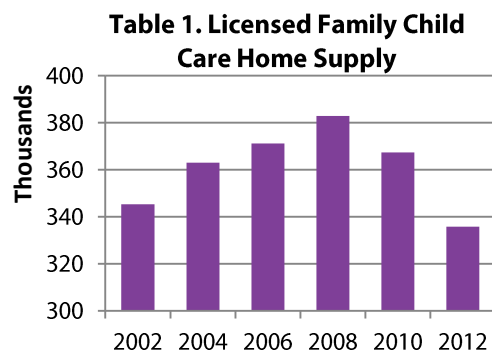
The State of Child Care and the Impacts of Years of Budget Cuts

There is limited access to child care in California, among all licensed child care as well as in the subsidized child care delivery system. Barriers include, but are not limited to: the lack of licensed child care slots, the schedules of care offered by providers, and the affordability of care. To provide a sense of the potential need for child care in California, the following are notable characteristics of children living in the State:

- Over 6.5 million children 0-12 years old live in California
- 64% (4.2 million) children have parents in the labor force
- Between 2010 and 2012 the number of young children living in poverty went up by 8%
- In 2012 there were approximately 1.5 million children ages 0-5 years that were eligible for subsidized child care, an increase of 40,278 compared to 2010

Licensed Child Care

In November of last year the California Child Care Resource & Referral Network released the *2013 California Child Care Portfolio*, a report documenting the licensed child care supply and demand statewide and county-by-county. The report found that since 2010 the statewide supply of licensed child care slots went down by 3%. This decrease was driven mainly by the decline of licensed family child care home (FCCH) providers, which experienced a 10% drop in the number of sites and a 9% drop in capacity. In counties such as Sacramento, Fresno, and Riverside the decrease ranged from 20% to 25%. In fact, statewide, FCCH capacity has dipped below the capacity levels reported in 2002. This downward trend began in 2008, likely as a consequence of the Great Recession, as many FCCH providers were foreclosed on or lost business as parents became unemployed.



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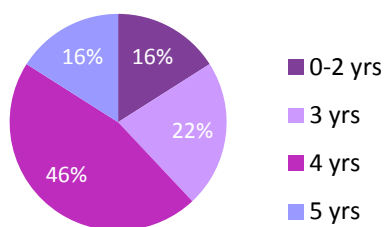
The decline in FCCH providers is concerning as the report shows that FCCH providers are more likely to offer care during the evening, weekend and/or overnight. Approximately 38% of homes offered one or more of these schedules; about 2% of centers offered this same type of care. The loss of FCCH providers also means less spaces for children in families working non-traditional hours.

Alternatively, total center-based capacity stayed relatively stable. There was a 6% decrease in school-age care and increases in both infant and preschool capacity. Though center-based infant capacity went up by

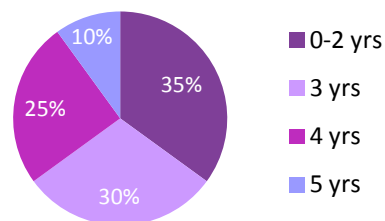
close to 4,000 slots, this specific type of care only constitutes 6% of the center-based supply. However, requests for infant care are among the highest across the state.

Given the statewide decline in child care, only 1 out of 4 children with working parents have a licensed child care slot available to them. For the remaining children, families often rely on a multitude of arrangements including friends and family members, nannies, and public park and recreation programs. Due to cost, limited hours of care or work schedules, families who are in a licensed facility may also rely on similar arrangements.

Children Served in Child Development Programs by Age FY2012-2013



Portion of Loss of Children Served 2009-2012



Subsidized Child Care

With regard to subsidized child care, the report found that since 2010, centers with a direct contract for child care slots went down by 6%. This is not surprising given that State funded child care and development programs have lost about one-third of their funding and, as a result, impacting the ability to serve low-income children.

Over the past few years the number of children served through subsidized child care has gone down across all programs and age groups. Between 2009 and 2012 California served 44,287 less children ages 0-5 years - almost 15,000 less children each year. Of those children under 5 years, infants and toddlers represent the largest portion of the loss at 35%. Yet, as previously mentioned, care for infants and toddlers is the most sought-after by families. In 2011, according to a Department of Education, Early Education and Support Division report, 30% of the fully eligible children waiting for subsidized care were 0-3 years old.

Yet, as families struggle to find care the sheer cost further impedes families from meeting their child care needs. A single

parent with an infant and preschooler making just above the income to qualify for a child care subsidy (\$42,217/year) will spend almost 40% of their income paying for child care, leaving little for rent and other everyday needs. Infant care in particular is the most expensive; at a center the cost can range from \$9,000 to \$13,700. Care at a family child care home ranges from \$5,800 to \$9,500.

Given the high cost of child care, families receiving a subsidy voucher through the California Work Opportunity and Responsibility to Kids (CalWORKs) and Alternative Payment Program, may have a more difficult time finding affordable, quality child care. The current reimbursement rates determined by the State, based on data in 2004, have not been adjusted to reflect the rising cost of child care, thereby limiting a family’s purchasing power to select a provider of their choice.

Working parents face a number of barriers trying to access affordable, quality child care. Lack of available licensed child care as well as the shrinking capacity of the State to provide subsidized child care continues to provide severe limitations for families. It will be important to take these points into consideration as California moves forward with addressing unmet child care needs and improving access to services for all families.