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Backgrounder: Early Care and Education

**California Working Families Policy Summit
January 12, 2011**

EARLY CARE AND EDUCATION OF CALIFORNIA'S CHILDREN *Parents Earning – Children Learning*

Access to quality child care and preschool plays a critical role in ensuring that all California children start kindergarten ready to learn, ready to succeed, and equipped with the basic skills need for a strong foundation in life. Access to affordable quality child care is also a critical support for working families in California.

Children Learning

The first indicator of the tremendous worth of quality early care and education comes from kindergarten teachers. Fully 95 percent of kindergarten teachers say students who attended preschool are better prepared for kindergarten in terms of pre-reading skills, early math concepts, and socio-emotional development. Children without this advantage start behind their peers, an early predictor of the achievement gap which is evident in later education outcomes.

The second indicator of early care and education's worth comes from test scores, especially for low-income children and children of color. For example, Latino students who attended preschool showed a 54 percent greater improvement in test scores than Latinos who did not have the advantage of preschool, reflecting, in particular, stronger language skills. And a 20-year study of preschoolers found that low-income children who attended quality preschool had higher levels of educational attainment, and were less likely to be placed in special education or held back a grade than their peers who did not attend preschool.

Early care and education is critical to ensure that children start kindergarten ready to learn and succeed and is the key to improving long-term student achievement, especially for low-income children and children of color.

Providing quality early care and education for California's children, birth to 4-years old, is a policy that Californians can agree with, but when it comes to funding such services, even to our state's poorest children -- most often children of color -- policy-makers and voters fall short!

- One in five California 4-year olds lacks a preschool opportunity if they aren't already qualified for transitional kindergarten.
- Our state's poorest children, most often children of color, are disproportionately affected by the lack of preschool and quality child care opportunities.
- California budget cuts have severely impacted the availability and quality of preschool and child care.
- California has made progress by offering transitional kindergarten which is available to all parents that want to take advantage of it and is funded at the same rate as kindergarten, giving the program a much higher probability than state preschool of providing a quality

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program. Overall, however, our public schools are poorly funded when compared to the rest of the nation.

Parents Earning

Access to child care to affordable quality child care is a critical support for working families in California. According to the 2009 California Child Care Portfolio, over 3.9 million children ages 0-13 in California have parents in the labor force. ¹Statewide, there are only licensed child care options to meet the needs of 27% of these children. A recent report from the National Association of Child Care Resource and Referral Agencies found nearly three-quarters of working families identified affordable child care as one of the most important factors of financial stability². Since 2000, the cost of child care has increased twice as fast as the median income of families with children. California continues to rank in the top ten most expensive states for child care³. For many families child care costs pose an economic burden, but for low income families the lack of access to child care subsidies becomes a barrier to employment. The challenges faced in the state budget have reduced overall funding for subsidized child care and this decrease continues to impact the statewide eligibility list which is already over 200,000 children.

CalWORKs Veto and Other Child Care Cuts

In 2010, California's governor vetoed funding for the state's Stage 3 CalWORKs program, which provides child care to the state's welfare-to-work low-income workforce. Without child care subsidies, many CalWORKs parents would not be able to return to work because the cost of child care cancels out income from mostly low-wage jobs. Our low-wage earners cannot afford to support their families by working and paying the full cost of child care.

The total amount of the veto and other cuts by the Legislature and Governor to child care totaled \$494.7 million.

Changes to Child Care and Development Spending in 2010-11 Budget Act	In Millions
Eliminate CalWORKs State 3 (veto)	-\$256.0
Technical/Caseload Adjustments	-101.1
Cap Provider Reserves at 5 percent	-83.1
Reduce License-Exempt Provider Reimbursements Rates	-31.2
Reduce Administration and Support Allowance	-17.1
Reduce Quality Improvement Activities	-10.5
Fund Swap for Child Care Licensing	4.3
Total Changes	-\$494.7

Funding for Infants and Toddlers – Basic Policy Issue

Basic funding for child care of children birth to 3 is inadequate for quality child care models and cannot sustain a business model for child care providers for this age group. California, through the regulatory process, has adopted minimum standards that include staffing ratios of one adult to four children, considered by most professional associations a necessity to ensure proper care. Although infant and

¹ 2009 California Child Care Portfolio, California Child Care Resource and Referral Network

² The Economy's Impact on Parents' Choices and Perceptions About Child Care – September 2010 National Association of Child Care Resource and Referral Agencies

³ Parents and the High Cost of Child Care 2010 Update – National Association of Child Care Resource and Referral Agencies

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toddler care is funded at higher per-child rates than state preschool, the per-child rate when coupled with the staffing ratios cannot provide a professional wage to employees providing the care.

Even families that fall within middle income ranges in California find it very difficult to afford quality child care services while they work. To attract and retain a quality child care workforce, funding must be improved so that child care workers can earn competitive salaries. It should also be noted that California’s child care workforce is primarily made up of minority professionals and reflect the same ethnic backgrounds as the children they serve.

Federal Outlook

Changes at the federal level do not bode well for increased funding of programs for the nation’s infants and children. Advocates for children will have to keep a keen eye for cuts and other detrimental changes that might be in the offing due to deficit spending worries.

CALIFORNIA PROGRAMS – A GUIDE

CalWORKs Child Care (funded through CDSS and CDE)

In an effort to reduce welfare caseloads and encourage people to work, CalWORKs program was created from a combination of federal and state funding sources to provide child care, including after school programs, to California’s working poor. Stage 1 is managed through the California Department of Social Services (CDSS), while Stages 2 and 3 are managed through the California Department of Education (CDE).

CalWORKs Stage 1 (CDSS) 09-10 Funding: State \$29M/Fed \$518M Enrollment: 66,316 children	Children ages 0 to 12 in CalWORKs families, when they first enter CalWORKS; limited to two years after the family stops receiving a CalWORKS grant
CalWORKs Stage 2 (CDE) 09-10 Funding: State \$430M/Fed \$46M Enrollment: 61,854 children	Children ages 0 to 12 in CalWORKs families, once a family’s situation is stable; limited to two years after the family stops receiving a CalWORKs grant
CalWORKs Stage 3 (CDE) 09-10 Funding: State \$145M/Fed \$267M Enrollment: 55,839 children VETOED FOR THE 2010-11 BUDGET	Children ages 0 to 12 in CalWORKs families when they have exhausted Stages 1 and 2 and are otherwise eligible for child care programs

General Child Care (CDE)

General Child Care is either provided through child care centers or family day care home networks. The program provides subsidies to support children in low-income families defined as having a monthly income of up to 75 percent of the state median income for their family size. Families with the lowest per-capita income are served first. In Fiscal Year 2009-10, this program was funded at \$691 million from the state and \$106 million from the federal government and served 86,189 California children.

Alternative Payment: Licensed and Licensed Exempt Care (CDE)

Alternative Payment, Licensed and Licensed Exempt Care, is a program that provides subsidized child care to low-income families, defined as having a monthly income of up to 75 percent of the state median income for their family size. Families with the lowest per-capita income are served first. In Fiscal Year 2009-10, this program was funded at \$114 million from the state and \$161 million from the federal government and served 37,186 California children.

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State Preschool (CDE)

Children who qualify for state preschool are from low-income families. State preschool per child funding rates are below rates necessary to attract and retain a quality professional workforce while maintaining regulatory staffing ratios. The workforce for state preschool are also usually of the same ethnic minority as the children they serve. In Fiscal Year 2009-10, this program was funded at \$439 million from the state for half and full-day programs, giving preschool services to 116,832 California children.

Proposition 10: First 5 California (First 5 Commission and County Commissions)

Passed by voters in 1998, Proposition 10 created the First 5 California Children and Families Commission and established authority for county First 5 Commissions which utilize a 50 cents-per-pack tobacco tax to implement education, health, child care and other important programs for children ages 0 to 5 and their families. The Proposition 10 initiative requires that county commissions maintain funding reserves and that a majority of funding decisions is determined at the local level. The reserves of the county First 5 Commissions are often committed to fund multi-year programs and provide a stable funding model for approved programs.

The state First 5 Commission provides funding for programs of statewide benefit. This initiative was intended to augment the efforts of state government, not supplant state funds. Unfortunately, in previous years, the Governor and Legislature have shifted some of their programmatic responsibilities to Proposition 10 due to the protracted fiscal crisis, counting on both county and state First 5 funds to support programs not envisioned under Proposition 10.

Legislation Passed to Build Bridge to Kindergarten (K-12)

Transitional kindergarten is a hybrid of quality preschool and kindergarten offered in an elementary school setting for 4-year olds born between September 1 and December 1. SB 1381 (Simitian) changed the minimum age for children entering kindergarten and Transitional Kindergarten provides for these children by offering them a developmentally appropriate learning environment that is supported by the same funding as kindergarten, including the revenue limit, categorical funding, and facility funding. Transitional Kindergarten teachers will need to be credentialed.

Head Start and Early Head Start Federal Programs (Federal)

The federal Head Start program (which serves 4 year olds) and Early Head Start (which serves infants and toddlers) is administered by the U.S. Department of Health and Human Services to promote school readiness. The program provides grants to local public and private nonprofit and for-profit entities to provide comprehensive child development services to economically disadvantaged children and families. In the 2009-10 fiscal year, the program served approximately 100,000 children in California. Head Start provides \$9,505 per child enrolled.