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Recent Changes to California's Child Care and Development System

LEGISLATIVE ANALYST'S OFFICE

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Senate Budget and Fiscal Review—

Subcommittee No. 1 on Education

Hon. Marty Block, Chair

Subcommittee No. 3 on Health and Human Services

Hon. Holly Mitchell, Chair





Notable Reductions During Recession



Between 2008-09 and 2012-13, Child Care and Preschool Programs Experienced Notable Reductions

- Overall funding for child care and preschool programs decreased by \$984 million (31 percent).
- About one-quarter of slots were eliminated (approximately 110,000 slots across all programs).



The State Also Changed Certain Policies to Achieve Budgetary Savings, Including:

- Instituting work exemptions for California Work and Responsibility to Kids (CalWORKs) participants with very young children.
- Reducing the Regional Market Rate (RMR) for license-exempt providers from 90 percent to 60 percent of licensed rates.
- Maintaining the RMR and Standard Reimbursement Rate (SRR) at 2005 and 2007 levels, respectively.
- Lowering income eligibility thresholds from 75 percent to 70 percent of state median income.
- Reducing payments to administrative agencies from 19 percent to 17.5 percent of total contract amounts.
- Implementing parent fees for part-day State Preschool services.



Recent Augmentations

2014-15 Budget Act Included Augmentations for Child Care and Preschool Programs

- Provided an additional \$281 million across the programs.
- Increased slots and rates and provided funding for quality improvement activities and facilities.

Major 2014-15 Child Care and Preschool Spending Changes	
<i>(In Millions)</i>	
Change	Amount
Provide 7,500 additional full-year, full-day State Preschool slots ^a	\$70
Provide quality improvement grants for State Preschool	50
Increase the SRR by 5 percent	49
Caseload adjustments ^b	26
Fund quality improvement activities (one time)	25
Increase the RMR by 9 percent ^c	19
Repeal part-day State Preschool fees and backfill foregone revenue	15
Provide 1,000 additional General Child Care slots	13
Provide additional facilities loans for State Preschool (one time)	10
Provide 500 additional Alternative Payment Program slots	4
Total	\$281

^a Includes funding for an additional 4,000 full-day slots beginning June 15, 2015.
^b Includes CalWORKs caseload changes and higher per-child costs as well as 0.5 percent statutory growth for State Preschool, General Child Care, and Alternative Payment Program.
^c The weighted average increase in the RMR is 9 percent. Actual increases vary by county and provider type. Rate increase began January 1, 2015.
 SRR = Standard Reimbursement Rate and RMR = Regional Market Rate.



Regional Market Rate Update

- Each County Has 72 Different Voucher Rates**
 - The rates account for different settings, children’s ages, and duration of care.
 - Statewide there are over 4,000 different voucher reimbursement rates.

- Most Common Care for Voucher Families**
 - Almost 80 percent of children are in full-time child care.
 - Over half of children are school aged (5 years or older).
 - Over 40 percent of children receive care in family child care homes.

- Full-Time, Center-Based Care Received More Increases Than Family Child Care Home Care**

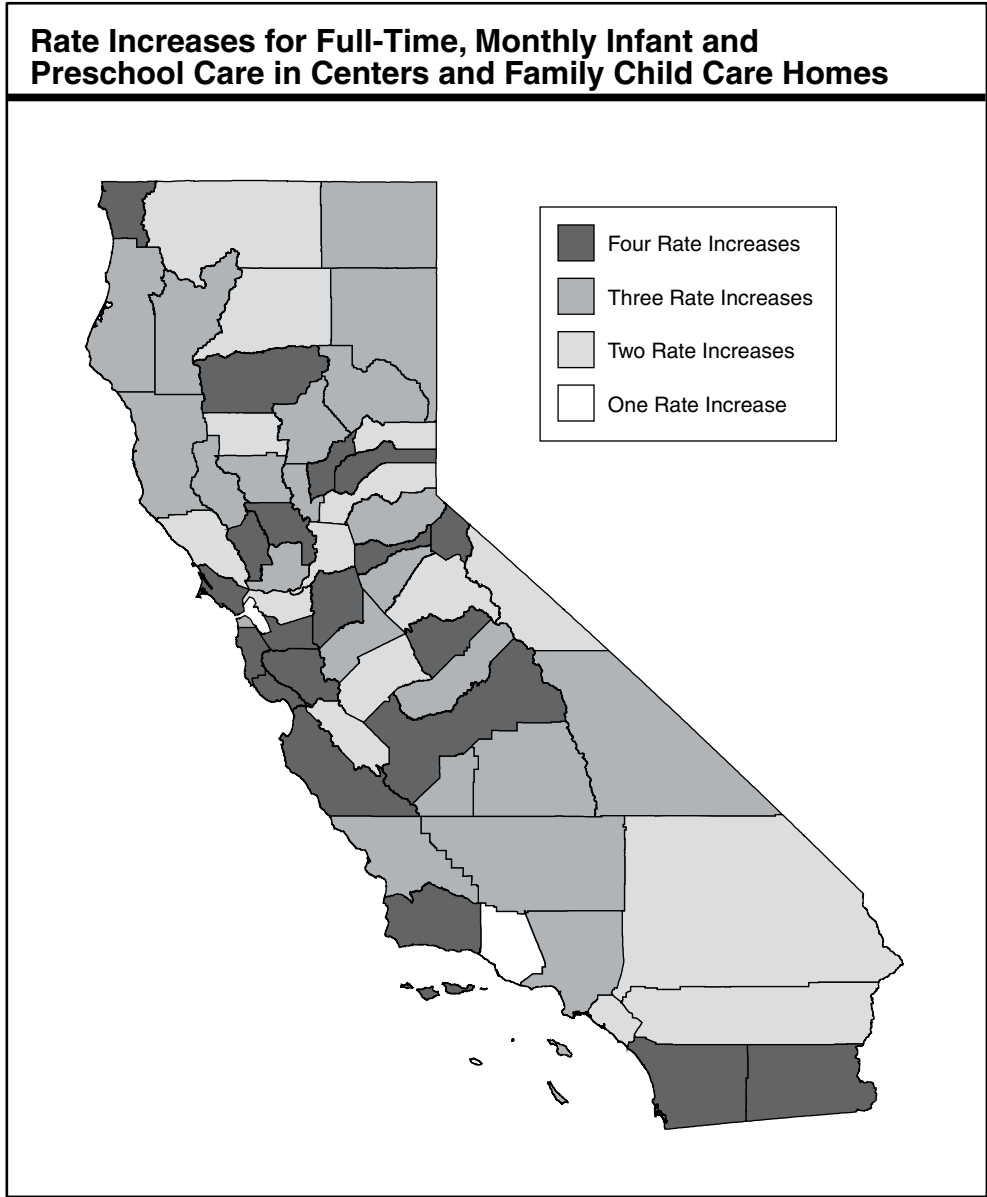
Number of Counties Where Full-Time Regional Market Rate Increased			
<i>From 2013-14 to 2014-15</i>			
	Infants	Preschool Age	School Age
Center-based care	56	55	41
Family child care home care ^a	26	40	13

^a All increases for family child care homes also apply to license-exempt providers, as they receive 60 percent of the applicable family child care home rate.



Rate Increases by County for Infants and Preschool-Age Children

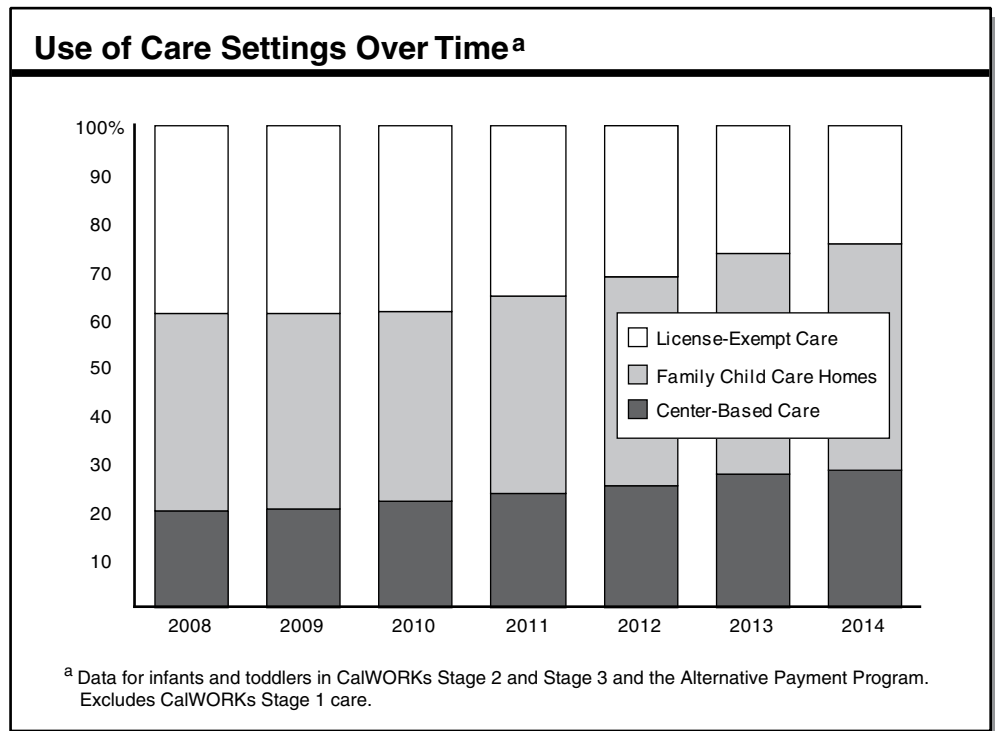
- Average Increase for Infant and Preschool Full-Time, Monthly Care Was \$91 Per Month





Changes in Care Settings

More Infants and Toddlers in Licensed Care



Capacity in Overnight Facilities Down

- Based on Resource and Referral Network data, between 2008 and 2012 over 760 fewer facilities statewide offered overnight care. This decline resulted in a 6 percent reduction in overnight capacity (or over 4,000 slots).