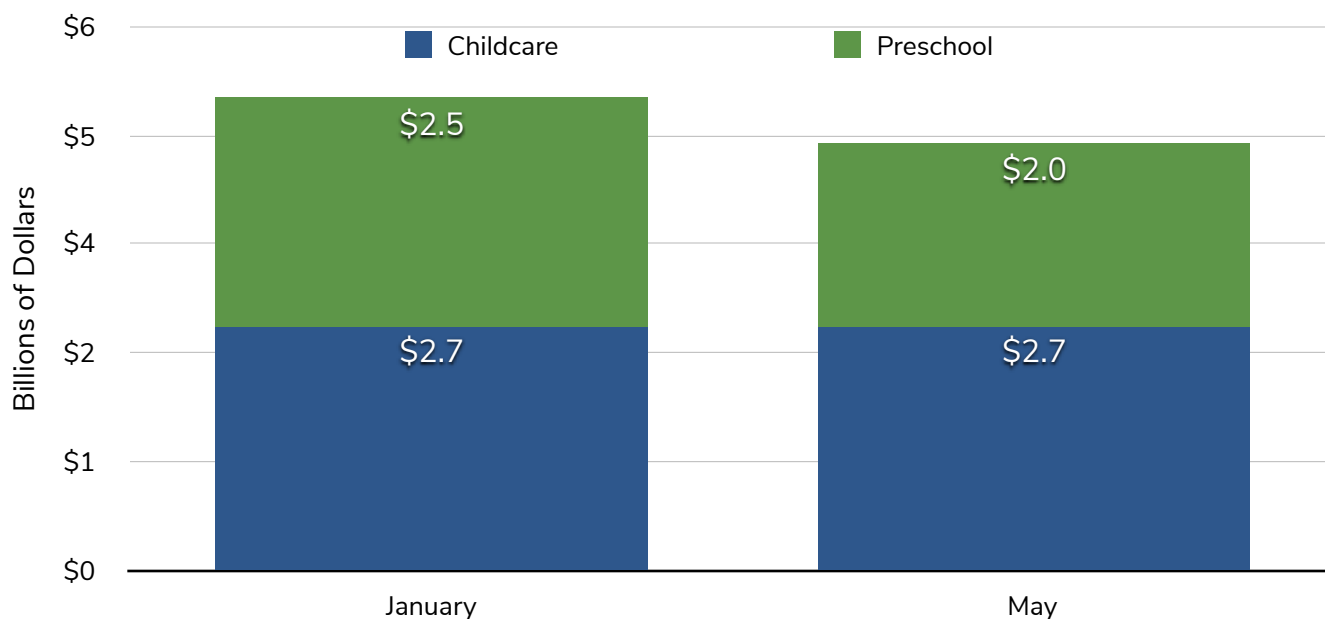




Early Childhood Education

Early childhood education programs (ECE) in California include subsidized childcare (ages 0-3) and state preschool (ages 3-4) for families with qualifying low-incomes. The California State Preschool System is the largest state-funded preschool program in the nation, and is administered through local educational agencies, colleges, community-action agencies, and private nonprofit agencies. An estimated 515,113 children are expected to be served by the various early childhood education programs in California in 2020-21—2.8% more than in 2019-20 and 7.9% more than in 2018-19.

Comparing January and May Funding for Childcare and Preschool



Data from the Legislative Analyst's Office

State policymakers have taken steps in recent years to expand access to full-day early learning opportunities for young children, including funding additional spaces in the California State Preschool Program and creating grant programs for early learning facilities. The budget would allocate **\$5 billion** toward childcare and the state preschool program in 2020-21, which is a decrease of 7.4% from the \$5.4 billion proposed in January.

WHAT'S IN THE 2020-21 BUDGET

The Governor and the Legislature provided differing proposals to help maintain support for early learning while recognizing current fiscal constraints. The Governor called for cuts to preschool slots and spaces at local education agencies and a 10% reduction in the reimbursement rate for childcare and preschool providers that contract directly with the state. The Legislature, on the other hand, provided a plan that prevented the 10% reduction in the reimbursement rate.

Ultimately, the Governor and Legislature agreed on a budget that prevented the reimbursement rate cut, but eliminated investments from 2019-20 to add 10,000 new preschool slots in 2020. The budget also includes \$2.3 million General Fund in 2020-21 to transition the existing childcare and child development programs from the Department of Education to the Department of Social Services to better align all childcare programs within a single department. Childcare providers who receive subsidies for low-income children will also keep receiving those subsidies for another year—even if the children are absent due to COVID-19—as long as they are either open or providing distance learning.

California also received **\$350.3 million** through the federal CARES Act for COVID-19 related childcare activities. Of this amount, \$125 million is being made available for the stipends to providers of childcare for essential workers, and children who have special needs, are homeless, in foster care or at-risk for domestic violence and \$73 million to continue care for at-risk children and children of essential workers. If the state receives additional federal funding, language in the budget allows for the quick deployment of an additional \$300 million in federal funds to extend access for families and to provide additional funding for providers dealing with higher costs as a result of the pandemic.

EARLY CHILDHOOD EDUCATION KEY FACTS

- ➔ **Post-Recession Funding:** Funding for both childcare and preschool was cut dramatically during the Great Recession, but has been increasing every year since 2014-15 and reached pre-recession levels (inflation-adjusted) in 2018-19
- ➔ **Expanding Access:** In 2019, the state raised the income eligibility limit from 70% of the State Median Income (SMI) to 85% of SMI, adjusted for family size
 - ▶ In 2019-20, 85% of SMI for a family of four was \$80,623 per year (\$6,710 monthly income)
- ➔ **High Cost of Childcare:** The cost of childcare is high in California (11th-highest-cost state in the US)—from a median annual cost of \$15,300 for infants under age 2 to \$10,200 for children ages 2-5 at a licensed childcare center
 - ▶ A single parent with an annual income of \$52,076 would pay nearly half of their income on the cost of care for an infant and preschool-age child without access to subsidized care
 - ▶ In a family with two working parents earning low wages, each parent would have to work 147 hours per week to avoid paying more than the federally-recommended 7% of income on the cost of childcare for their infant

*Data from the 2020-21 enacted budget, LAO, [California Budget & Policy Center](#), [Top Day Care Centers](#), and [EdSource](#).