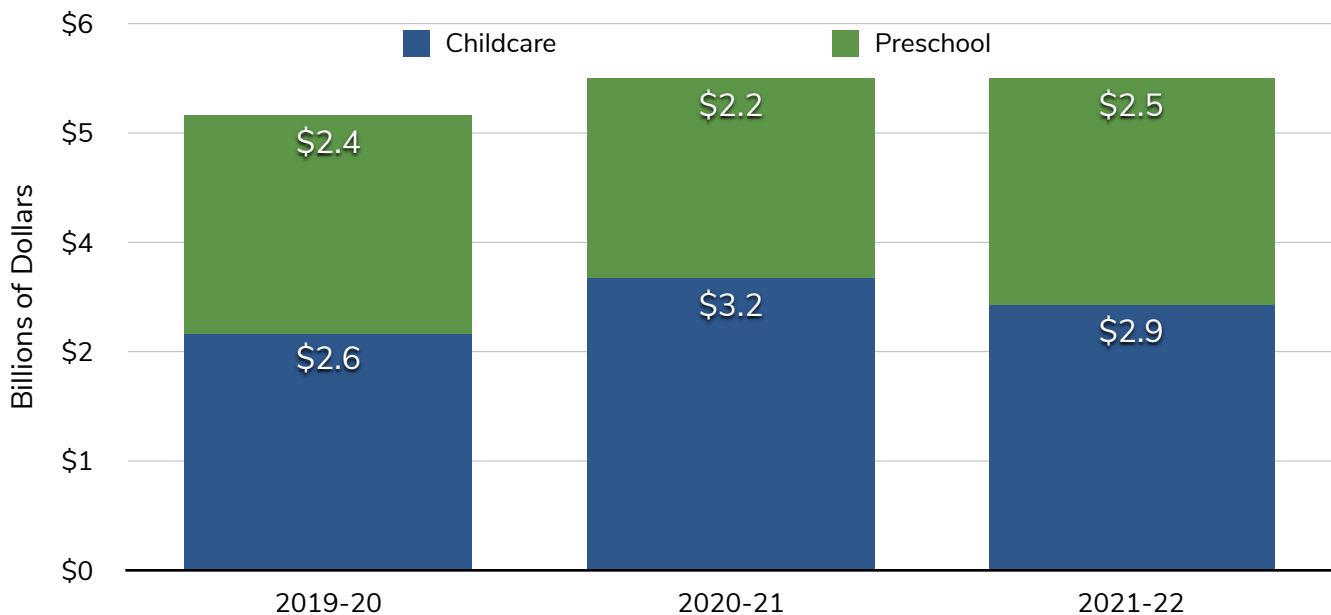




Early Childhood Education

Early childhood education in California consists of subsidized childcare (ages 0-3) and the state preschool program (ages 3-4) for families with qualifying low-incomes. Transitional kindergarten (ages 4-5) is also included, but available to families regardless of income and based on the child's birthday. The California State Preschool System is the largest state-funded preschool program in the nation, and administered through local educational agencies, colleges, community-action agencies, and private nonprofit agencies. An estimated 503,723 children are expected to be served by the various early childhood education programs in California in 2021-22, 4.3% fewer than in 2020-21 due primarily to a decrease in child care slots as providers have been forced to close due to rising costs and falling attendance.

Total 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 state has also taken several actions in the last year to support child care programs during the pandemic, including allocating \$460 million of federal relief funds to support child care programs and providers. California received an additional \$964 million in federal funds from the COVID relief bill passed in December 2020. A [survey](#) conducted in June 2020 found that 77% of open providers reported a loss of income from families while 80% also reported higher costs related to cleaning, sanitation, and PPE.

WHAT'S IN THE 2021-22 MAY REVISION & FINAL BUDGET

In addition to actions already taken during the 2020-21 budget year to respond to the pandemic, the May Revision proposes additional actions to support early childhood education:

- ▶ **\$250 million** of Prop 98 funds to begin planning and development to expand transitional kindergarten (TK) to all four-year-olds by fall 2025
- ▶ **\$250 million** of federal funds to provide \$600-per-child stipends to subsidized child care and preschool providers
- ▶ **\$1.5 billion** of federal funds to enable 120,000 children from low-income families to access subsidized child care in 2021-22, rising to 200,000 additional children over the next four years
- ▶ **\$150 million** to expand or develop child care infrastructure in areas of the state with few child care providers or facilities

These proposals were included in the final budget deal between the Governor and the Legislature along with higher payments for child care providers.

RECENT FEDERAL ACTIONS

The federal American Rescue Plan passed in March 2021 directs an additional \$3.9 billion in federal funds to child care providers to help with expenses, such as personnel, rent and mortgage payments, and cleaning supplies. This is on top of the approximately \$1 billion California received as a result of the COVID relief bill passed in December 2020. The state outlined in the 2020-21 budget in June 2020 how they would spend up to \$300 million of any future federal dollars, largely matching how funds were allocated from the CARES Act in March 2020:

- ▶ **\$150 million** to help families pay for child care
- ▶ **\$125 million** over to pay stipends to providers who are caring for children through the state subsidy program
- ▶ **\$25 million** over to help providers who have closed during the pandemic reopen

EARLY CHILDHOOD EDUCATION KEY FACTS

- ➔ **Pandemic Impacts:** In California, 8,500 licensed child care sites have shut down since the pandemic began, resulting in a loss of thousands of child care slots
 - ▶ Among in-home family child care sites (which can serve up to 8 or 14 children), 14% closed—a loss of approximately 3,635 sites
 - ▶ Among larger centers (which tend to be more expensive), 33% closed—a loss of 4,873 centers
- ➔ **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 2021-22 May Revision & final budget, LAO, [EdSource](#), and the California Budget & Policy Center.

Learn more & try your hand at the California Budget Challenge @ www.budgetchallenge.org