

# CALIFORNIA'S INFANTS *and* TODDLERS

FUTURE PROMISE, OR MISSED OPPORTUNITIES?



**There is a new spotlight on the first three years of life,** powered by recent advances in the science of human development. These are truly years of opportunity, and how we support the youngest Californians—our infants and toddlers—will have a significant impact on their success, the success of their families, and the success of our state.

Simply put, early experiences matter. That means parents, caregivers, and all others whose decisions affect young children need the knowledge and skills to guide them well during their earliest months and years. In particular, high-quality early care and education settings benefit the development of all young children—and offer even greater benefits for those who are economically disadvantaged.<sup>1</sup>

## WHO ARE CALIFORNIA'S INFANTS AND TODDLERS?

In 2050, the generation who are now California's babies and toddlers will be leading the Golden State. They are more than 1.5 million budding individuals, and their healthy growth and development relies on the care and security of their families and communities. They are the incalculable social capital of tomorrow, for whom we adults are the temporary stewards.

California's infants and toddlers all deserve the best possible start in life, but **nearly half live in families with incomes just barely high enough to meet their basic needs.** Low-income families<sup>a</sup> are often just one mishap or crisis away from slipping into poverty, and being poor—especially in the earliest years of life—can severely impact children's chances for optimal development.<sup>2</sup>

## 1.5 MILLION NUMBER OF INFANTS AND TODDLERS IN CA. THEY ARE:

53% Latino

25% White, non-Hispanic

10% Asian, non-Hispanic

5% Black, non-Hispanic

6% "Other" race

24% Families with incomes below  
the federal poverty level

48% Low-income families

62% Live with two parents:

34% Live with one parent

Infants and toddlers are ages birth  
through 2 years, 2013

U.S. Census Bureau, Population Estimates.  
U.S. Census Bureau, American Community Survey.

### MOST INFANTS AND TODDLERS IN CALIFORNIA FACE LIMITED OPTIONS FOR CARE.

The available figures suggest a serious shortage of licensed child care for children birth through age two. As of April 2014, there is an estimated capacity to serve 318,000 infants and toddlers in center-based care and family child care homes (including Early Head Start) licensed for this age group.<sup>3</sup> That is only enough for one in five of the 1.5 million infants and toddlers in California.

More precise and detailed data are kept for the much smaller number of children (about 86,500) whose care is supported by public funds. In California, there are several different state subsidized child care programs for low-income and working families. Families participating in the California Work Opportunities and Responsibilities to Kids (CalWORKs) program, or the state's Temporary Assistance for Needy Families (TANF, "welfare-to-work") program, receive Stage 1 Child Care, which is administered by the Department of Social Services. CalWORKs Stage 2 and 3 Child Care, as well as the General and Migrant Child Care and Development Programs, and the Alternative Payment Program, are administered by the California Department of Education. In addition, through direct federal contracts with local agencies, Early Head Start serves infants, toddlers, and pregnant women and their families who have incomes below the federal poverty level.

### THE QUALITY OF CHILD CARE IS A GREAT UNKNOWN.

Although each program must meet certain requirements for licensing, the standards vary by type of program. Unfortunately, beyond the licensing regulations, which include basic health and safety requirements, there is currently little assurance for parents selecting care that a particular setting provides high-quality early learning experiences. Even less is known about license-exempt settings.

Efforts are underway in California to establish local quality rating and improvement systems (QRIS)—a way to assess and improve child care quality—and increase state-level support for these and other quality improvement initiatives, such as programs that strengthen the qualifications, compensation, and stability of the workforce. With the recent reauthorization of the Child Care Development Block Grant—federal funding for state child care subsidies—California will need to articulate its goals for meeting new federal requirements and strengthening the quality of its child care system.

All infants and toddlers in subsidized care (FY2013-14)	Number	Percent
<b>By race/ethnicity<sup>a</sup></b>		
Latino	37,544	56
Black	13,353	20
White	12,787	19
Asian-American	6,662	3
Other	627	1
<b>By type of setting<sup>b</sup></b>		
Licensed centers	34,285	52
Licensed family homes	24,588	35
License-exempt care <sup>c</sup>	12,107	17
<b>By funding source<sup>d</sup></b>		
CalWORKS <sup>e</sup>	32,972	44
General Child Care Program	24,288	37
Alternative Payment Program	9,989	15
Migrant children, children with severe handicaps, and others	4,592	7
Early Head Start	20,000	*

a. Due to rounding, percents do not sum to 100.

b. Percentages do not sum to 100 because children may attend more than one type of setting.

c. Includes unlicensed centers, care by relatives, care of just one other family's children in addition to one's own, and parent co-ops.

d. Percentages are approximate, because children may receive funding through multiple sources.

e. Includes Stages 2 and 3; Stage 1 is administered separately, and enrollment data are not broken out by child's age.

\*Early Head Start is administered separately from the other listed programs, so percentage is not readily calculated. Some Early Head Start children may be included in the numbers for the General Child Care Program.

<sup>a</sup> "Low-income" refers to families whose incomes are less than twice the federal poverty level, which in 2014 was \$19,055 for a family with two adults and one child. Many experts believe two times the federal level is a threshold that more accurately reflects an income that meets families' basic needs. Further, the federal poverty level is not adjusted for regional differences in the cost of living.

## CARE FOR INFANTS AND TODDLERS DOES NOT ADD UP.

For many low-income California families, and for the providers of out-of-home care for infants and toddlers, the cost equation is a losing proposition.

Infant and toddler care is generally more expensive than comparable care for preschoolers or older children. In California, the average annual cost of center-based infant care in 2013 (the latest year available) was more than \$11,600. That's more than 40 percent of the median income for single-parent families. This is considerably higher than the average cost of tuition and fees (just over \$9,000) at a public California college.<sup>4</sup>

California families are eligible for a state child care subsidy if their incomes are below about \$42,000<sup>5</sup> (for a family of three, this is a little more than two times the federal poverty level). However, federal funding that states receive for child care (the Child Care Development Block Grant and, to a lesser extent, the TANF block grant) has fallen, in real dollars, compared with 2001.<sup>6</sup> That means, **despite a growing need, California's capacity to help low-income and working families through child care subsidies has decreased.**

**From a family's perspective, having access to child care assistance is determined by a combination of several key policy provisions:**

- the state's income eligibility cut-off;
- the existence of a waiting list<sup>b</sup> or intake freeze for child care facilities (reflects disparity between eligibility and capacity); and
- the amount, if any, of parents' co-payment, and the availability of options that meet their needs for location and hours of operation.

In California, providers are allowed to require parents to cover any difference between the subsidy and the fee they receive from parents paying with private funds only.

While California's subsidy-related policies compare favorably in many respects with those of other states, its infants and toddlers make up the smallest share (18 percent) of all children served by the subsidy program—a proportion smaller than in any other state,<sup>7</sup> and that does not meet the documented need among this age group.

**From the perspective of many providers, the subsidy system is unsustainable.**

Despite reducing the burdens for some families, **the subsidy system does not effectively sustain those who provide infant and toddler care.** For example, in Los Angeles County, the regional market rate for center-based infant care is \$1,980 per month (2014 data). However, center-based care providers are reimbursed only \$1,237 per month by the state—just 55 percent of the true cost of care.<sup>8</sup> California has decreased its subsidy reimbursements since 2001 and, not surprisingly, the result has been that many providers have had to cut back on, or stop offering, services for infants and toddlers.

Apart from considerations of eligibility, supply, and cost, families seeking care often encounter additional barriers. These may include transportation difficulties, burdensome application procedures, and perceptions that child care settings may not be accommodating of a family's cultural background.

**There are no winners here:** not the parents, who increasingly find care unaffordable; not the providers, who can't meet a payroll or pay the rent; and most importantly, not the infants and toddlers, who could benefit from stable, quality care.

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<sup>b</sup> Statewide funding for California's Centralized Eligibility List for subsidized care was eliminated in 2011, so parents may need to sign on to multiple lists.

## THE CHILD CARE SUBSIDY PROGRAM—WHILE OVERDUE FOR MULTIPLE IMPROVEMENTS—IS A MODEL WE CAN BUILD ON.

Increasingly, when it comes to addressing stubborn social problems, research highlights the importance of focusing attention simultaneously on the needs of parents *and* children. By allowing parents to work and providing stimulating, safe environments for our youngest children, high-quality early care and education programs have the potential to impact two generations.<sup>9</sup>

First, subsidies help parents get and keep jobs. Studies have found that single mothers who received a subsidy were more likely to be employed, and to work more hours, than those who didn't get this assistance. Parents served by the subsidy programs stay in their jobs longer, and earn more money.<sup>10</sup> Because the subsidy payments directly reduce the amount of parents' income that must go toward child care, families are more able to pay bills, reduce debt, and increase savings. Children benefit in multiple ways, too. Parents who receive a subsidy are more likely to enroll their child

in higher-quality care, compared with low-income parents not getting this assistance. Furthermore, when parents use a subsidy to enroll their toddler in higher-quality care, they are more likely also to use subsidy-supported preschool-age care.<sup>11</sup>

Numerous studies show that, when parents improve their financial circumstances, children are also better off. Parental employment, regardless of the income it generates, has also been associated with improved outcomes for children.

We know more now than ever before how important the earliest years of life are—for our children's future, and for our state's future. Yet, public funding priorities haven't caught up to this reality: they reflect understandings about young children's development, and working families, that are now several generations out of date. Access, affordability, and quality are three equally essential legs of a re-designed system. We can't miss this opportunity to take a leap forward and invest in our youngest children, their families, and the future of our state.

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