



Children's Advocacy Institute

Executive Director
Robert C. Fellmeth

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RECOMMENDATIONS ON CHILD CARE

CALIFORNIA WORKING FAMILIES POLICY SUMMIT JANUARY 24, 2003

Introduction

Child care policy can be defined from the perspective of many different policy agendas. It is a *child-oriented policy* that provides children an opportunity to flourish and become productive members of society. Children in high quality care are 33% less likely to be arrested and 20% more likely to complete high school. Child care is also an *education policy*. Research confirms that children's cognitive development begins at an early age and that children should have nurturing early educational experiences that prepare them for school. Child care is also a *working families policy*. Working families need child care in order for parents to acquire and maintain employment. It is estimated that by 2010, 85% of the state's workforce will consist of parents. Finally, child care is also an *economic infrastructure policy*. Licensed child care employs an estimated 123,377 people, enables parents to earn approximately \$13 billion, and contributes an estimated \$65 billion to the state's Gross State Product. Given the many approaches to child care policy, any vision of child care needs to take all of the aforementioned into account. In addition, whatever the perspective used to formulate child care policy, a number of basic issues, such as access, affordability, and quality, need to be addressed.

I. Access and Affordability

Background

Access and affordability are two of the main pillars of any child care system. Only one slot at a licensed child care center or family child care home exits for every 4.6 children with working parents, which amounts to less than 22% of the current demand. Shortage of licensed spaces is most severe in neighborhoods where the majority of its residents are minorities. Similarly, the costs of child care are often out of reach for many working families. A single mother earning minimum wage with one child in full-time care pays approximately 47% of her wages for licensed child care.

Families with infants and toddlers, children with diverse cultural and linguistic backgrounds, and children with special needs face multiple barriers. The cost of putting an infant and a preschooler in full-time care is more than the fair-market rent for a two-bedroom apartment. Non-relative child care remains particularly unaffordable or unavailable for minority parents. Parents may prefer providers that are culturally and linguistically knowledgeable, but may not find appropriate care within close proximity. Similarly, parents of children with special needs may prefer programs with caregiver sensitivity and responsiveness, developmentally appropriate practices, supportive physical environments, and teacher training and education, but may find them out of reach due to cost, location or hours of operation.

University of San Diego
School of Law
5998 Alcalá Park
San Diego, CA 92110
(619) 260-4806
(619) 260-4753 (Fax)

926 J Street
Suite 709
Sacramento, CA 95814
(916) 444-3875
(916) 444-6611 (Fax)

Reply to:
 San Diego
 Sacramento

Recommendations

- A. The Legislature should adopt a policy that family fees will not be more than 8% of a family's income, in line with recommendations made by the Children's Defense Fund and other childrens advocacy groups.
- B. The Legislature should provide funds to increase the supply of child care for infants and toddlers.
- C. The Legislature should fund an increased supply of child care for children with disabilities.
- D. The Legislature should provide additional training to providers regarding the diversity of the young child population (i.e. cultural and linguistic sensitivity, children with disabilities, etc.).
- E. The Legislature should identify stable and ongoing revenue sources to fully fund a child care system including TANF, CCDF, and other federal sources of funds.

II. Quality

Child care quality is essential for infants, toddlers, pre-school and school-age children. Young children in high quality child care demonstrated greater mathematical ability, greater thinking and attention skills, and fewer behavioral problems. The positive effects held true for children from a range of family backgrounds, with particularly significant effects for children at risk. Further, reports indicate that children benefit from the positive effects of quality child care well into their adolescence. In addition to school-readiness activities, children are better served when their place of care provides nutritious food and age-appropriate physical activity.

Recommendations

- A. The Legislature should encourage the expanded participation by providers of license-exempt child care in the federal Child and Adult Care Food Program (CACFP), improving child nutrition and bringing additional federal funds into California.
- B. The Department of Education should maintain an active role in enforcing quality standards and funding quality initiatives.
- C. The Legislature should maintain the Standard Reimbursement Rate used to fund state-contracted child development programs, regardless of whether the Governor's realignment proposal takes effect.
- D. The Legislature should restore funds to the Community Care and Licensing Division in order to better monitor and enforce existing regulations.
- E. The Department of Education should determine the real cost of care based upon a review of the elements of the full cost of high quality care, including but not limited to, system infrastructure, adequate reimbursement rates and wages.
- F. The Department of Health Services should distribute posters and brochures on age-appropriate physical activity and the availability of food programs, such as the Food Stamps and WIC programs, to child care providers.

III. CalWORKs Child Care

Background

The Governor's proposed budget for FY 2003-04 calls for a state-local realignment of most child care and early education programs and the elimination of Stage Three, despite the fact that the state's child care subsidy program has always been underfunded. Less than a third of those eligible for a child care subsidy receive one, and wait lists are at a record level 280,000. It is estimated that over 59,000 children would lose their child care if CalWORKs Stage Three was eliminated. Further, January 2003 marks the onset of the 60-month lifetime ban on welfare for many families. State aid at a reduced level (the "child's share") may continue, but such funding is uncertain in the future, and the "child's share" may place the family below the poverty line. At a time of economic uncertainty and high unemployment, the state's child care subsidy should remain intact and not be devolved to the counties.

Recommendations

- A. The Legislature should maintain the state's commitment to current CalWORKs recipients, including maintaining the state child care infrastructure and funding.
- B. The Legislature should fully fund Stages One, Two and Three of the CalWORKs child care.
- C. The Legislature and the Governor should adopt a policy whereby 1) family fees are not per child fees, and 2) family fees are no more than 8% of a family's income for those families with an income that is 50% of the State Median Income.

IV. Staff Compensation, Retention, and Training

Background

California continues to struggle to recruit and retain a skilled workforce. A strong link exists between the level of professional development and compensation of the workforce and the level of quality of care children receive. Yet, most child care workers fail to earn a living wage, leading to turnover from jobs and the field, and which compromises the consistency children require to build trusting relationships necessary to support their academic and socio-emotional development.

Recommendations

- A. The Legislature should adopt a policy whereby child care providers are paid a living wage, and the reimbursement rates (RMR) for existing child care providers is maintained.
- B. The Legislature should continue to fund AB 212 and CARES matching grants to counties to allow the maintenance of retention incentive programs.
- C. The Department of Education should create a database of statewide data describing the current early care and education workforce to serve as a tool for planning and evaluation.

V. Master Plan on Child Care

Background

The Governor's proposed budget seeks to completely restructure the state's early care and education system by realigning child care into a block grant to counties. Massive permanent and structural changes should not be enacted without a thorough analysis of the entire budget and many faces of child care: education, school readiness, working families, and economic infrastructure. Although there is legislative interest in developing a long-term vision of child care as it interfaces with preschool and K-12, there is currently no master plan on child care. Any changes to the child care system should be made after a statewide comprehensive and inclusive process that works with State Proposition 10 Commission, the Joint Committee to Develop a Master Plan on Education, private foundations interested in universal preschool, and a broad cross-section of child care providers and advocates.

Recommendations

- A. The Legislature should reject that state-local realignment of early care and education programs, and maintain early care and education programs within the Proposition 98 guarantee.
- B. The Legislature should call for a comprehensive master plan that incorporates goals and objectives for preschool, child care, and after-school care, as well as the K-12 system.

VI. Facilitate Development and Increase Investment in Child Care Facilities

Background

In order to bring California up to the child care center capacity typical of most states, over \$3 billion in new construction would be required, which should be concentrated in low-income and urban areas where the demand is great and the supply lacking.

Recommendations

- A. The Legislature should implement a five-year plan of bond investment to provide \$3 billion for the construction and renovation of quality child care centers in underserved areas.
- B. The Legislature should not revert unspent funds from the Child Care Facilities Revolving Fund, as proposed in the Governor's mid-year cuts.

VIII. Funding and the State's Current Fiscal Situation

Background

California is currently experiencing a fiscal deficit due in part to the largest decline in revenues since World War II. Although it may seem responsive to trim state budgets during a budget deficit, any major changes or calls for reform need to consider the long-term impacts and vision of the proposed reforms. No changes should be made to existing programs without specifically assessing the real impact to working families. Strong consideration should be given to revenue enhancements in order to preserve the existing child care infrastructure and other programs that support working families.

Recommendations

- A. Advocates, policymakers, and the Governor should support a fair and balanced budget that includes revenue enhancements, such as an increase in the upper income tax bracket and a re-evaluation of Proposition 13 property taxes for business and commercial entities.
- B. The Legislature should expand the child care tax credit to more than the current 10% of all child care costs.
- C. The Legislature should review all tax expenditures that have been enacted in order to assess their effectiveness and repeal those that are not cost-effective, while continuing to support and expand family-friendly tax policies.