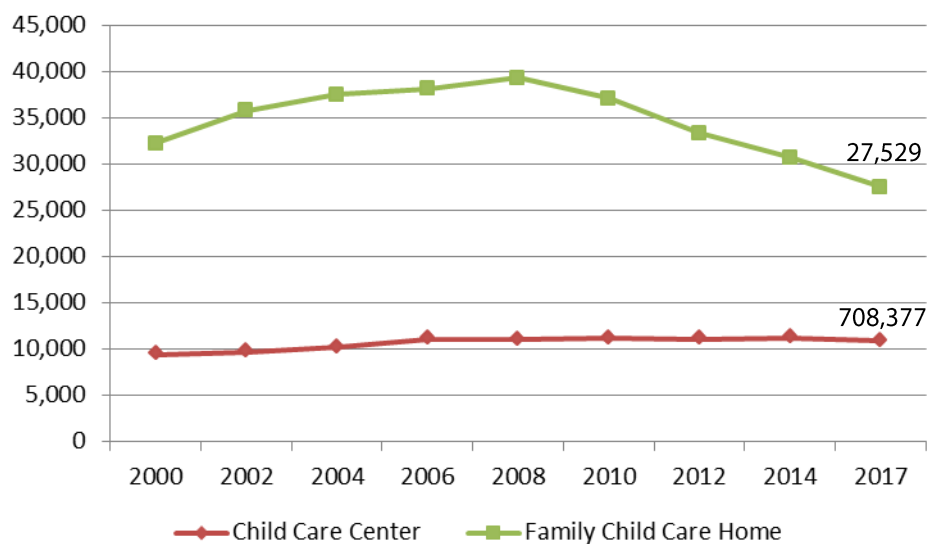


## California's Shrinking Child Care Market

**Licensed Child Care Facilities 2000-2017**



California has the largest and most ethnically diverse child populations in the United States, with almost three-fourths of California's child population comprised of children of color and 20% living in poverty. At the same time, California boasts the 6<sup>th</sup> largest economy in the world and is one of the most expensive places to live. Between 2014 and 2016 the unemployment rate dropped by 2% to its current rate of 5.4% showing the growth of the state's economic engine, its working population. As people enter the workforce, it is imperative that there is an ample supply of child care options so that parents and guardians can fully participate in the workforce.

The 2017 California Child Care Portfolio shows that California continues to face a shortage of affordable licensed child care to meet the demands of working parents. Of most concern is the continued decline of licensed family child care homes that are small businesses more likely to offer flexible hours of care and more affordable than center-based care. Between 2014 and 2017 there was a 10% decline in family child care home businesses, leaving the number of sites at just over 27,500. In comparison, in 2008 at the height of California's child care market there were 39,300 family child care home businesses. Center-based care has remained fairly stable over the years, with only a slight decrease between 2014 and 2017. The net supply of licensed child care centers and licensed family child care homes, result in availability of child care for only 23% of children with working parents. The continued decline of family child care homes is especially important, as they are the primary source of infant and toddler care in California. Only 6% of center slots are dedicated for children less than 2 years of age. Over half of the children two-years and under served in state subsidized programs are in a home-based setting.

One of the most important considerations for families seeking licensed child care is the cost of care. In California a low to mid-income family with two children earning \$71,500 annually will spend about one-third of their income (\$21,811) on child care. The burden is much heavier for families with lower incomes, where child care and housing costs can exceed their monthly incomes. For example, a family earning the minimum wage could spend almost half of their income on center-based child care and another 75% on housing, putting the family at risk of becoming homeless and in an endless cycle of poverty. The cost of care varies county by county. Center based care for infants can range from \$11,700 in Alpine County to \$21,300 in San Francisco County, and similarly child care represents one of the largest expenditures in a family's budget regardless of where one resides.

Access to a child care subsidy is invaluable for working parents and a critical support in keeping families out of poverty. Families receiving a child care subsidy can free up their budget to meet other family needs, such as housing, transportation, health care, food, clothing, etc. Despite the many benefits a subsidy can bring to a family, in 2016 California served only 315,100 children through state subsidized child care programs, only a fraction of those who are income eligible. In 2015, it was estimated that our state had 1.5 million children eligible for state subsidized child care.

California is in need of a solid investment to build its supply of licensed care, which is important for both private paying families and child care subsidized by the state. The shrinking supply of licensed care and especially family child care homes is of great concern to working families all across the state. As the labor force continues to grow, having a steady supply of child care options will be imperative for people to work and maintain economic stability.