

California's Child Care System is in Crisis

Not Affordable

A single parent with a school-aged child and an infant would spend **50% of their income on child care.**

Not Accessible

1.8 million eligible children cannot access subsidized child care. Only **1 in 7** eligible children are served.

Not Sustainable

Every day, **24 child care businesses close their doors** due to workforce shortages, low wages, and rising business costs.

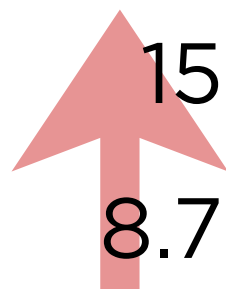
Child care providers can't make ends meet, so they leave. Child care businesses can't afford to remain open, so they close. Parents can't find, access, or afford care, so they quit. Businesses can't keep reliable employees, so they scale back. ***When the system is broken, California's economy loses.***



Flat Federal Child Care Funding Would Worsen the Crisis for Families, Providers, and Businesses

California currently receives approximately \$1.2 billion through the Child Care and Development Block Grant (CCDBG). For FY 2026, CCDBG funding increased by only \$85 million nationally, which translates to roughly **\$7 million for California**. This level of growth **falls well short of inflation and rising operation costs**, putting existing programs at risk of contraction and leading to further reductions in available child care for families across the state.

California's child care system is already too strained to fall further behind.



15%

average increase for **liability insurance** across businesses in 2026

8.7%

average rate increase for **worker's compensation** insurance in 2026

California's Child Care Businesses Can't Hire, Retain, or Remain Open

Child Care Wages

CA child care provider wages **have not increased since 2018**. The rates for care reimbursement are still based on 2017 data.

Child care workers have only earned

\$3-\$8

per hour since 2018

Entry-Level Wages

Meanwhile, minimum wage in California has **risen 61% since 2017**. Fast food workers now earn a minimum of \$20 per hour.

As a result of low wages, child care businesses struggle to recruit and retain staff because **their wages and benefits cannot compete with other entry-level jobs**.

Staff turnover reduces program capacity and stability, limits the pipeline of new workers entering the field, and often forces providers to scale back services or close permanently.



The Child Care for Working Families Act Would Stabilize Child Care Businesses

The Child Care for Working Families Act (S. 2295/ H.R. 4418, 119th Congress) would significantly increase federal investment in child care, helping families by capping child care costs at 7% of family income and expanding access to assistance for more working families.



At the same time, it would stabilize child care businesses by providing **more reliable and predictable funding, increasing reimbursement rates, and reducing the financial volatility** that leads many providers to operate on thin margins or close altogether. It also strengthens the child care workforce pipeline by raising wages and improving training for new hires, which would help **prevent program closures in California**.



Stabilizing California's Child Care System Yields Economic Benefits



\$7-13 Return

for every \$1 invested in child care. Child care supports two generations by keeping parents in the workforce while improving children's long-term outcomes for school and life.

\$24.9 Billion

in potential annual economic gains if all California families with children under age 5 had access to stable, reliable child care.



158,541 parents

who could join the California workforce if child care expenses were capped at 7% of their income. Many are forced to quit or reduce their hours because they can't access affordable child care.

“Child care policy is also workforce policy... when you have accessible, affordable child care, it allows for parents to join the workforce. It's a central aspect of the affordability, or cost of living, challenges that so many families are facing across the country.” - Rep. Kevin Kiley (CA-03), Chairman of the House Education and Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education

Opportunities to Strengthen California's Child Care System



Increase the Child Care Development Block Grant Funding (CCDBG) in FY 2027 to \$12.4B

CA Impacts: At \$12.4 billion nationally, California would receive roughly \$1.6 billion in CCDBG funding.

Increase Head Start Funding in FY 2027 to \$14.4B

CA IMPACT: At \$14.4 billion nationally, California would receive roughly \$1.6-\$1.7 billion in Head Start funding.

An Increase in Funding Would Serve Thousands of Families While Supporting the Workforce

An increase in CCDBG and Head Start funding would allow California to **expand access to child care for thousands of working families**, stabilize and expand the child care workforce, and ultimately support businesses in California with more stable, reliable, and productive employees.



One System for Families, Not Fragmented Programs

Many programs serve the same income-eligible families, yet access remains fragmented. By leveraging **trusted community-based organizations** as entry points, families can be screened once, guided through eligibility requirements, and connected to all programs for which they qualify. Regardless of entry point, families should be seamlessly connected to all eligible supports

Real Life Impacts of Access to Affordable Child Care



“Without the subsidized child care I receive, I will be forced to quit my job. To me, welfare is NOT a way of life, but a stepping stone I used to get to where I am today. I don’t want a handout from welfare! I want to work and make a good life for my children.”

- Parent

“Child care has given me the peace of mind to work and study knowing my children are safe and cared for. It’s the support system that made all the difference in my life.”

- Parent



“I just hope that I can change someone’s life... that I can help a parent go to work, who might not be able to find someone to watch their child, and that their child has a safe place to learn and grow.”

- Child Care Provider

“I’m barely on minimum wages, but I’m paying my employees well, so that’s what I feel is the hardest part. It’s trying to make people understand we are not babysitters. We do it because we love the kids and we want to bring change to the next generation.”

- Child Care Provider



Child Care Funding: Program Integrity Measures

Agencies are required to determine, administer, monitor, and audit the error rate in the following areas :

Eligibility • Need • Family Fee Assessment • Provider Payments



¹**Fraud and Overpayment:** WIC 10388 Chapter 22.5 Fraud and overpayment (10388)

²**Other:** WIC 10480 Article 1 Definitions(10480)

³**Provider Requirements:** FCC: Section 1596.8 of the Health and Safety Code

⁴**Provider Requirements:** FFN: Section 1596.792 of the Health and Safety Code

⁵**Reimbursement Rates:** WIC 10283 Chapter 11 Reimbursement Rates (10280-10287.5)

⁶**Family Size and Income:** WIC10272 Chapter 10 Administration (10265-10277)