

# California’s Changing Child Care Landscape

Access to high-quality early care and education (ECE) matters for both parents’ employment and their children’s later life success. In recent years, California’s child care landscape has experienced significant changes—from the pandemic to the ongoing implementation of the state’s 2020 Master Plan for Early Care and Education.

We examine the shifting landscape with an eye toward understanding whether care is affordable for families and sustainable for child care providers. This assessment is timely, as the state continues to expand transitional kindergarten (TK), add subsidized child care slots, and reform how reimbursement rates are set for subsidized care. Our analysis relies on administrative program data, focus groups with families and providers involved in the subsidy system, and a survey of the professionals (whom we term “navigators”) who help connect families with providers offering subsidized care.

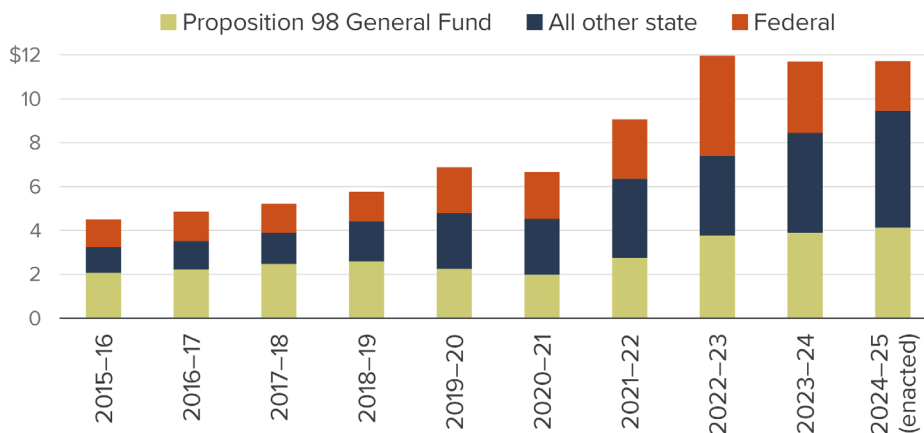
## Public investments have grown

Child care is expensive. Without subsidies, full-time preschool care in a family home or center ranges from 6% to 18% of median household incomes across California counties. Costs are even higher (from 8% to 28%) for infant care.

State and federal support to help families afford child care has nearly tripled over the past decade. Big increases occurred during the COVID-19 crisis, and more recently, state funds have made up for the expiration of pandemic-era federal funds. Despite this growth in funding, many publicly supported child care programs serve far fewer children than are eligible.

### State and federal funds supporting early care and education have nearly tripled over the past decade

Billions of dollars



Sources: Legislative Analyst’s Office, California Spending Plans: Child Care and State Preschool (various fiscal years).  
 Notes: Amounts are inflation-adjusted to July 2024. With the exception of the most recent year, revised estimates are shown. Includes TK, California state preschool (CSPP), CalWORKs child care, and Child Care and Development Fund (CCDF)-funded programs; excludes federally funded Head Start. Local funds for ECE are not included. Proposition 98 funds are mainly devoted to TK and state preschool.

## Many see gains in family affordability

Over half of navigators (54%) in our survey say the affordability of subsidized care has improved recently. Greater affordability overall could be due to the state's reduction of the fees some families owe for their children's care and the expansion of free TK for all four-year-olds. But access to affordable care varies. Over 75 percent of navigators say families can find affordable care for preschoolers but that it is harder to find for infants. In focus groups, providers indicate that families needing care for non-traditional hours and children with special needs face difficulties.

## Capacity has increased, but challenges remain

The overall number of spaces for early education and care now exceeds pre-pandemic levels by 6% due to modest growth in the supply of licensed, home-based child care (starting in 2023) and greater growth in TK enrollment (starting in 2022). Meanwhile, a declining child population has also reduced the overall disparity between child care need and supply. Altogether, this evidence points to progress in supply, although we are not able to determine whether the increase has outpaced family demand.

However, this progress may not be reaching everyone, as a majority of navigators in our survey say that provider supply has decreased. Supply also varies geographically, with the lowest-income regions seeing the lowest licensed child care supply relative to their child populations. Despite an increase in the state's reimbursement amounts for subsidized care (8% above inflation from 2021 to 2025), providers in our focus groups report that these subsidies have not kept pace with rising costs.

## TK is affecting the landscape

TK expansion has created a free preschool option for all four-year-olds, driving the overall increase in the supply of early childhood education and care options. Navigators agree that TK is drawing four-year-olds away from other forms of child care. This has created difficulties for some providers as their enrollment has skewed toward younger children, changing providers' training and staffing needs. Meanwhile, families express some wariness about TK as an option due to lack of information about the program and other factors, such as its limited number of hours.

## Looking forward

Closely monitoring trends in program data and family and provider perceptions can help the child care system expand successfully, reaching more families who desire care and ensuring that all types of providers are incentivized to offer high-quality care. Moving forward, accurate information about the effects of rate reform and TK expansion on child care programs as well as the availability of care for different age groups and family circumstances will help policymakers better understand key dimensions of the shifting system.

To support a successful expansion, we urge the state to continue exploring ways to integrate administrative data systems across the various agencies involved in California's child care system. In future research, we will examine issues related to continuity of care, support for children's development and parents' employment or training, and factors behind why some eligible families do not participate in subsidized care.

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Source: Adapted by Vicki Hsieh from [California's Changing Child Care Landscape: Understanding Costs and Supply](#), by Caroline Danielson, Brett Guinan, Joseph Hayes, Laura Hill, Patricia Malagon, and Anna Allison.