

California's Changing Child Care Landscape

Presentation to the ECPC

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Caroline Danielson



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PPIC

PUBLIC POLICY
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Background



About PPIC

The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research.



IMPROVING
OPPORTUNITY FOR
CALIFORNIANS

We encourage the development of policies that improve the well-being of all Californians.



UNDERSTANDING
CALIFORNIA'S
FUTURE

We analyze key trends to anticipate major challenges and identify practical policy solutions.



INFORMING
CIVIC LIFE

We provide a voice for Californians on critical issues and promote constructive dialogue to help realize the state's potential.

US DHHS is funding state studies relating payment policies to CCDF child care access

- 48-month evaluation grant started September 2023
- Grantee collaborative: CT, IL, MA, MI, MN, VT, DC and CA tribal
- PPIC partners:
 - Lead agency partner: CDSS
 - Contractor: Mission Analytics
- Key data
 - Population and licensing data
 - Surveyed R&Rs, APPs, LPCs
 - Five focus groups with providers and five with parents

Current study: California's changing child care landscape

Motivation

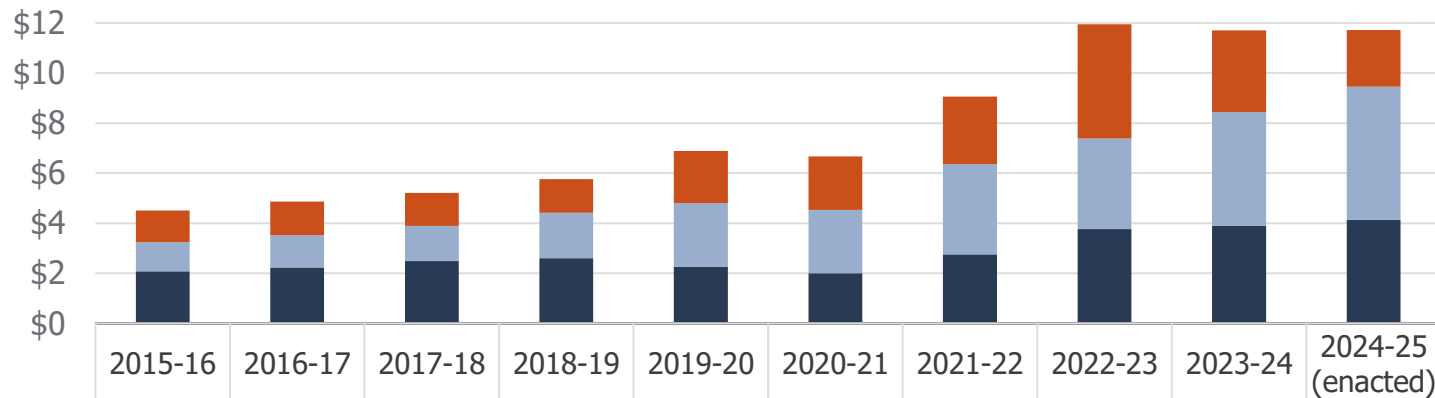
- Coming out of the pandemic, the landscape of early care and education has shifted.
- What are notable changes?
- How are families and providers experiencing the changes?

Child care is important for many families, but it is expensive

- Market rates range from 6% to 28% of typical family incomes across the state
- Families spend a higher percentage of their incomes on child care in low-income counties, even though care costs less
- Three-quarters of Californians say they are in favor of more public funding for child care so parents can work

Funding for early care and education has grown—with recent increases in state investments

Billions

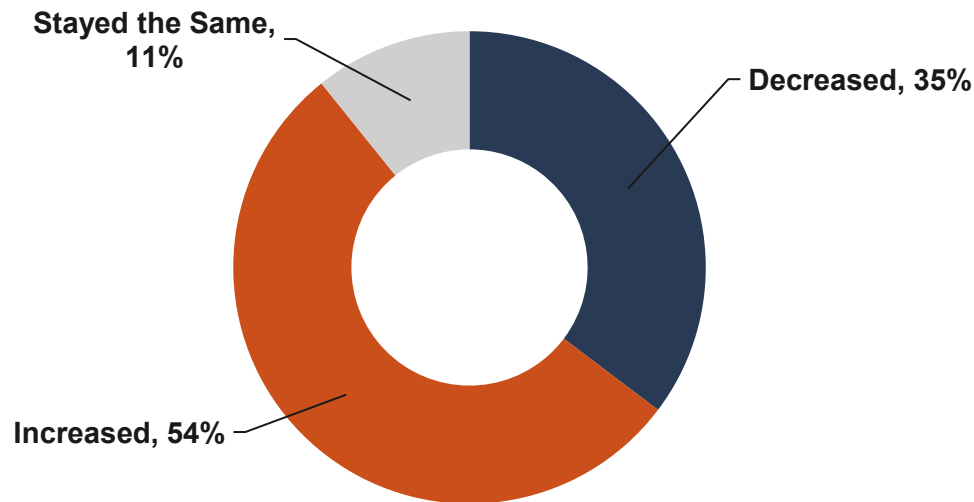


Federal	1.3	1.3	1.3	1.3	2.1	2.1	2.7	4.6	3.3	2.3
All other state	1.2	1.3	1.4	1.8	2.5	2.5	3.6	3.6	4.5	5.3
Proposition 98 General Fund	2.1	2.2	2.5	2.6	2.3	2.0	2.8	3.8	3.9	4.1

Sources: Legislative Analyst's Office, California Spending Plans: Child Care and State Preschool (various fiscal years).

Note: Amounts are inflation-adjusted.

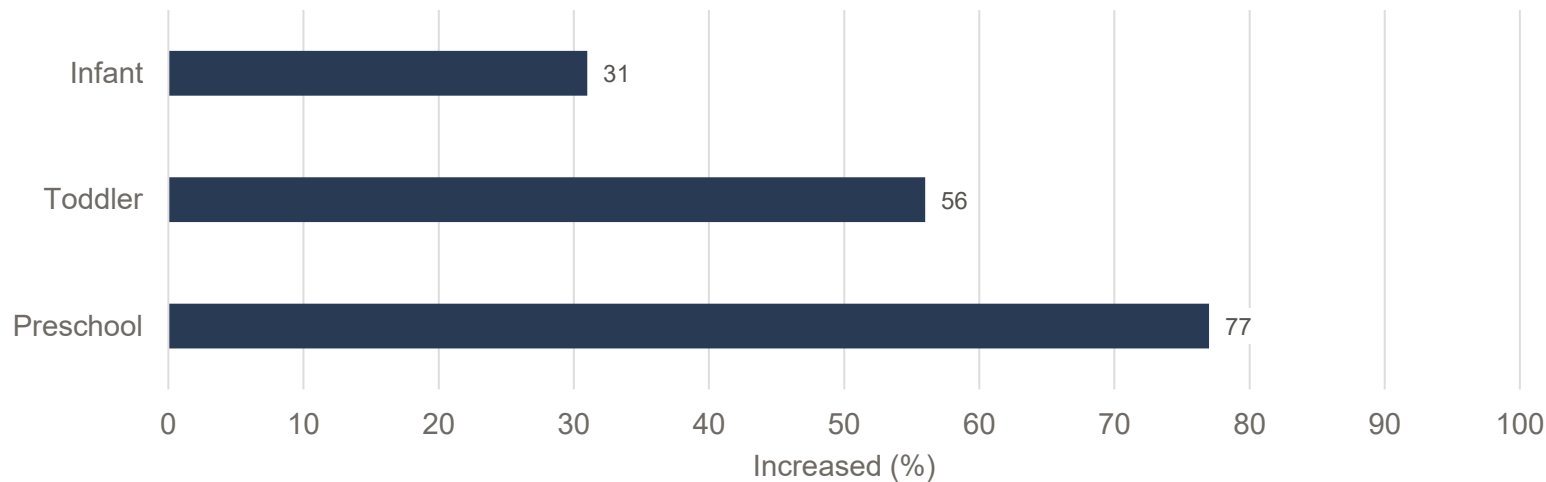
A majority of survey respondents say subsidized care has become more affordable



Source: Authors' survey of child care R&Rs, APPs and LPCs, 2024. Responses to the question: "In your opinion, has the affordability of subsidized child care for children 0 to 5 changed in recent years?"

However, responses varied by age of child

“In your opinion, has the affordability of subsidized child care for children 0 to 5 changed in recent years?”



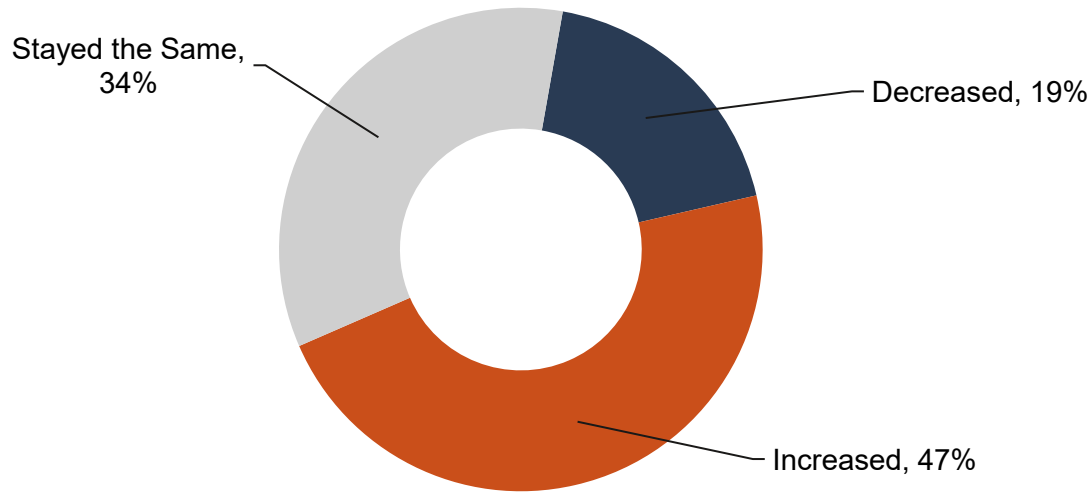
Source: Authors' survey of California R&Rs, APPs and LPCs, 2024.

Family fee reductions frequently cited

"When they stopped the copayments [during COVID-19], it made a big difference. I could save that money for other things we needed." – San Mateo County parent

Among survey respondents who agreed that subsidized care has become more affordable, 71% cited family fees as a reason

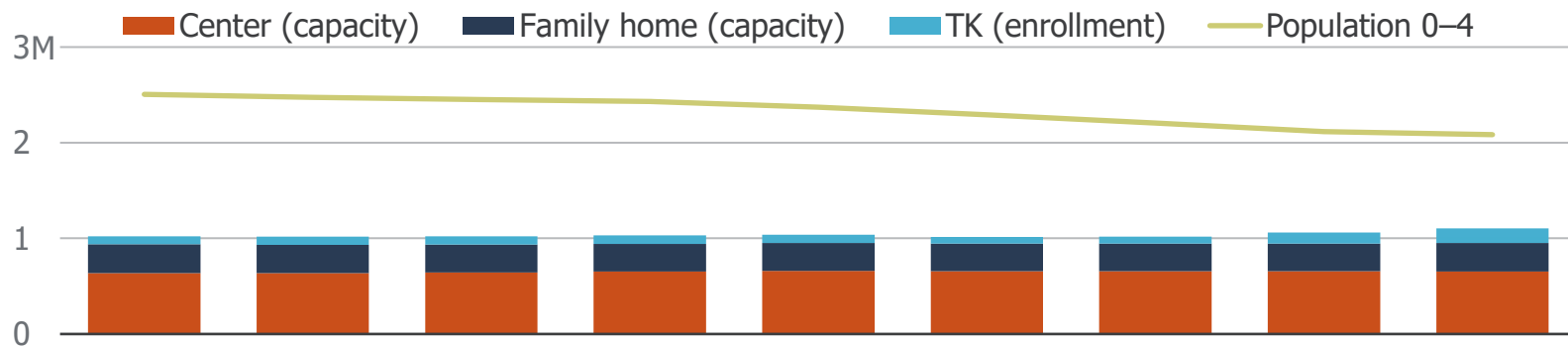
Nearly half of the agencies surveyed perceive increased turnover among child care provider staff



Source: Authors' survey of R&Rs, APPs and LPCs, 2024. Responses to the question: "In your opinion, has the supply of subsidized child care for children 0 to 5 changed recently?"

Overall licensed capacity has grown, while the child population declines

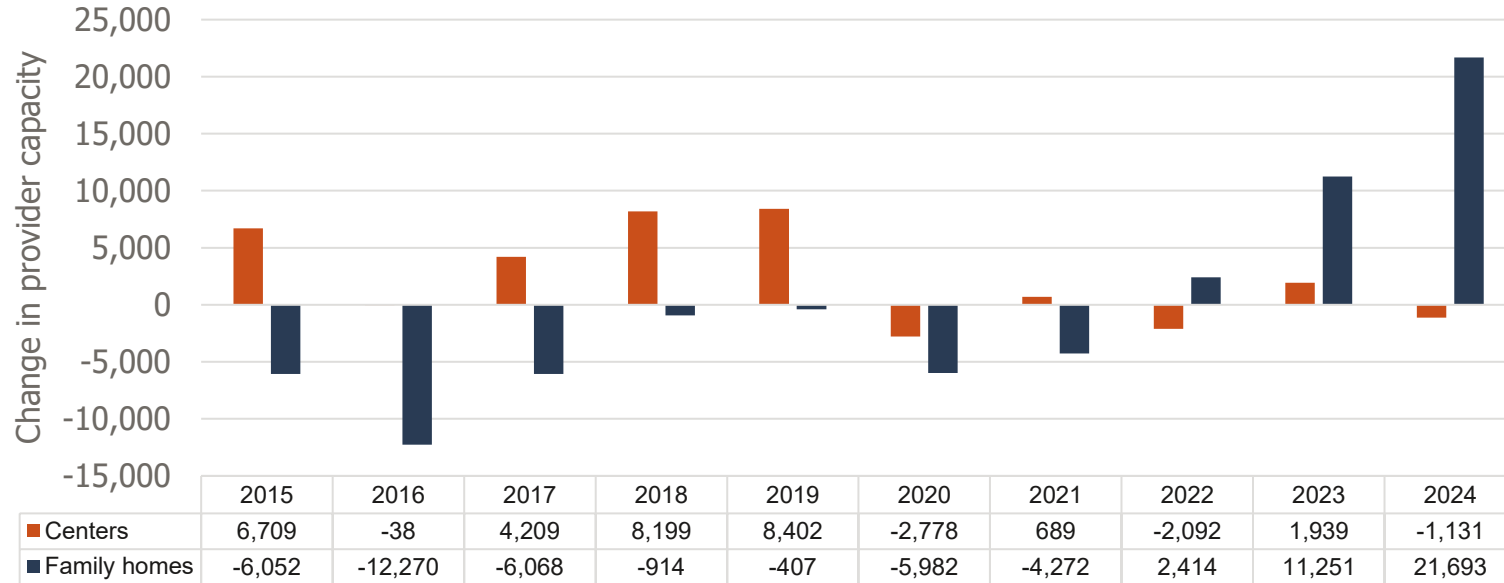
1000s of ECE spaces



Category	2015	2016	2017	2018	2019	2020	2021	2022	2023
TK	82,000	84,000	88,000	90,000	89,000	68,000	75,000	117,000	151,000
Family Home	302,000	295,000	292,000	290,000	292,000	289,000	288,000	288,000	297,000
Center	637,000	638,000	643,000	652,000	659,000	656,000	656,000	656,000	654,000
Population 0-4 (Approx)	2.505 M	2.473 M	2.451 M	2.431 M	2.371 M	2.290 M	2.206 M	2.116 M	2.084 M

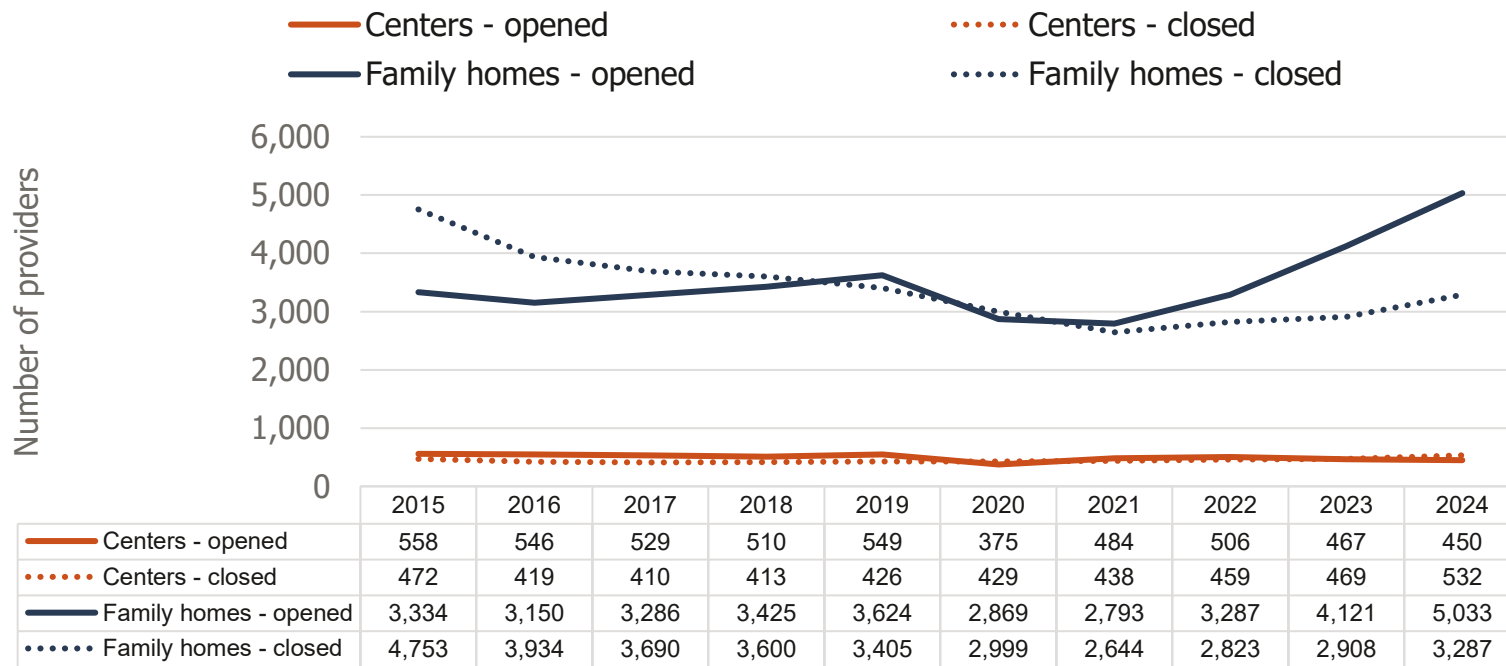
Sources: CDE TK Enrollments; CDSS Community Care Licensing; IPUMS USA, American Community Survey 1-Year Estimates.

Licensing data show recent gains in provider capacity driven by family homes



Source: CDSS Community Care Licensing.

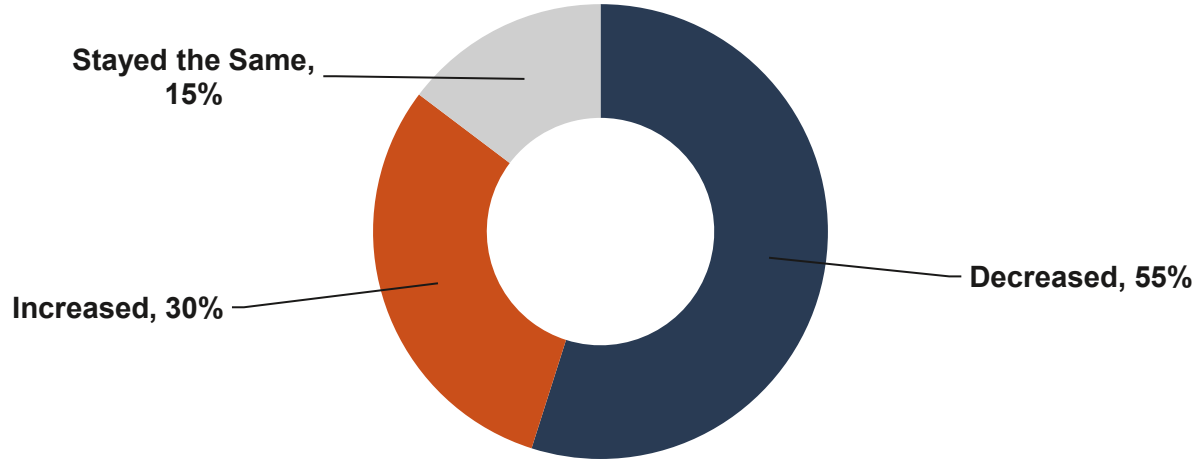
Licensing data show growth in the number of new family home providers



Source: CDSS Community Care Licensing.

Perceptions of the investments vary

Despite increases in licensed capacity, many survey respondents perceive a recent decline in the supply of subsidized care



Source: Authors' survey of R&Rs, APPs and LPCs, 2024. Responses to the question: "In your opinion, has the supply of subsidized child care for children 0 to 5 changed recently?"

Discussion prompts

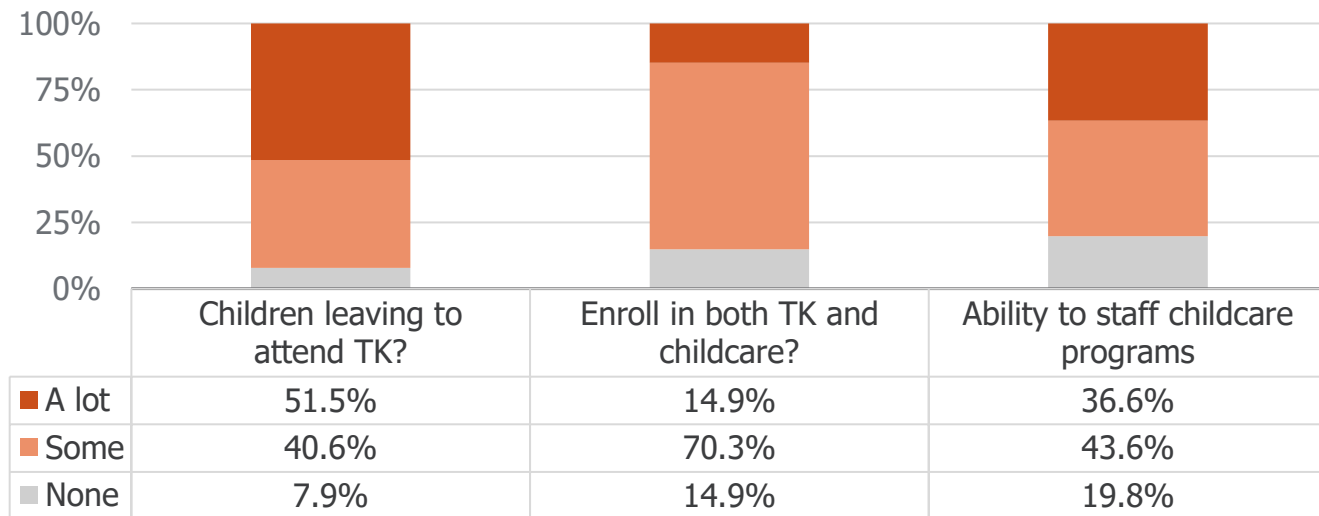
- Our research found both increased child care spaces *and* concerns that supply is stagnant or decreasing
 - From your experience, which aspects of this picture resonate?
 - What are the implications for policy of your responses?
- What factors may be driving the increase in both small and large family home capacity?

Several factors could be contributing to the differences we see between licensing data and survey responses

- Experiences may differ regionally
- Capacity may differ from actual enrollment
- Trends are different for centers versus family homes

Survey respondents say TK expansion is affecting child care enrollment and staffing

An overwhelming majority of survey respondents see at least some effects



Source: Authors' survey of R&Rs, APPs and LPCs, 2024, 2024.

Survey respondents report a shift towards families with younger children needing placements

- Fewer 4-year-olds: 71%
- More 3-year-olds: 46%
- More toddlers: 52%
- More infants: 27%

Shift in composition may present difficulties for providers:

- Staffing ratios
- Licensing requirements
- Necessary training, experience caring for younger children

Providers see substantial changes due to TK

"TK is really crushing us. Families are moving their four-year-olds to TK, and it's taking away a lot of our preschool enrollment." – San Mateo County provider

"We might need to take on more infants and toddlers because so many kids are going to TK now, but it's harder work and more expensive to offer infant care." – Humboldt County provider

"TK helps provide more educational access to families who wouldn't otherwise be able to afford it. That's good for the community." – Los Angeles County provider

Parents concerned about TK suitability

"I'm concerned about the quality of the care in public schools for TK... It's a bigger class size, and I'm not sure my child will get the attention they need." – Los Angeles County parent

"I think I would like to stay in child care because I still feel like they are too young for kindergarten." – Kern County parent

"It will be cheaper to move my child to TK when it's full day. Right now, it's too short..." – Los Angeles County parent

Discussion prompt

- Our research found multi-faceted responses to TK expansion
 - From your experience, which aspects of this picture resonate?
 - What policy guidance would you give regarding supporting an adequate supply of care for infants and toddlers?

As the state implements the Master Plan for Early Learning and Care, the entire system is adjusting

- The supply of child care has surpassed pre-pandemic levels
- Focus group family participants and survey responses suggest that family affordability has improved
- Challenges remain, and TK is top of mind

Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

Caroline Danielson (danielson@ppic.org)

Laura Hill (hill@ppic.org)

Thank you for your interest in this work.