Abstract

California offers an array of state- and federally funded early care and education (ECE) programs for children birth to age 5, particularly those living in or near poverty. However, California’s ECE system is complex and fragmented, often making it difficult for policymakers, providers, and families to understand. This brief, which is based on the report Understanding California’s Early Care and Education System, provides policymakers with a comprehensive overview of the state’s ECE system, describing its administration and funding, access to care, program quality, and data limitations.

The full report can be found online at https://learningpolicyinstitute.org/product/ca-ece-report.

California’s Landscape of Early Care and Education

California’s early childhood system encompasses a patchwork of programs with distinct purposes and designs. California’s ECE system has been constructed incrementally over more than half a century. The result is a complex hodgepodge of programs that serve over half a million children birth to age 5 each year.

California’s landscape is made up of several programs, each of which is composed of various subprograms, described in Figure 1. General school readiness programs make up one portion of California’s ECE system. These include preschool programs for low-income children, such as the California State Preschool Program (state preschool), Head Start and Early Head Start, and district-based preschool funded by Title I. Transitional kindergarten is a school-based preschool program for children just below the age cutoff for kindergarten enrollment, regardless of family income.

California also runs two clusters of ECE programs designed to support working parents in addition to supporting child development. One is the Alternative Payment programs, which provide child care vouchers, mostly through California’s state welfare program, CalWORKs. The other is General Child Care and Development, which offers subsidized slots in state-contracted centers.

Other programs, including the California Home Visiting Program and county-led home visiting programs, seek to enhance child outcomes through parent coaching and education. Special education programs include Early Start, which offers a variety of early intervention services for infants and toddlers diagnosed with, or at risk of, developmental delay, and Special Education Preschool for children ages 3 to 5.
Figure 1

California’s Early Care and Education Programs

**California State Preschool Program**

- **Enrollment**: 136,107
- **Center**: 96,262
- **Lic. Home**: 39,845

**Transitional Kindergarten**

- **Enrollment**: 77,274
- **Center**: 39,845
- **Lic. Home**: 39,845

**Head Start**

- **Enrollment**: 105,210
- **Center**: 81,932
- **Lic. Home**: 16,192
- **Home-Visit**: 6,586

**District-Based Preschool**

- **Unknown**: 2,511
- **Center**: 2,511
- **Lic. Home**: 2,511

**Home Visiting**

- **Enrollment**: 42,800
- **Center**: 40,289
- **Lic. Home**: 2,511
Figure 1 (continued)

Special Education

<table>
<thead>
<tr>
<th>PROGRAM ENROLLMENT</th>
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<td>34,137</td>
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</table>

Key

- **PROGRAM ENROLLMENT** (Birth to age 5)
  - 1,000 Children / square > 500 Children

- **PROGRAM SETTINGS**
  - **Center**
  - **Lic. Home**
  - **Home Visit**

- **PROGRAM AGES**
  - 0-2 3 4 5
  - Children’s age in years

- **PROGRAM ELIGIBILITY**
  - **Working**
  - **Low Income**

Alternative Payment Programs

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<td></td>
<td>30,116</td>
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<tr>
<td></td>
<td>12,094</td>
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<td></td>
<td>14,396</td>
</tr>
<tr>
<td></td>
<td>438</td>
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</table>

General Child Care and Development

<table>
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<th>PROGRAM ENROLLMENT</th>
<th>23,656</th>
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<tr>
<td>ENROLLMENT</td>
<td>21,802</td>
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<td></td>
<td>1,854</td>
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Note: This graphic shows the state- and federally-funded ECE programs for children birth to age 5 that are part of California's comprehensive early learning system, many of which are comprised of several sub-programs. Programs vary in the ages they serve, the settings in which they operate, and their eligibility requirements.

Enrollment data are for 2015–16, except for Early Start, Special Education Preschool, Transitional Kindergarten, and Home Visiting, which are for 2014–15. Transitional Kindergarten enrollment likely expanded in 2015–16. Home Visiting enrollment is an estimate from an analysis conducted by Next Generation. Children enrolled in multiple programs may be counted more than once.

Many federal, state, and local agencies administer ECE programs, making the system complex and confusing.

The picture of California’s ECE system grows more elaborate when taking into account the administration of these programs at the federal, state, and local levels. Figure 2 depicts the relationships between the major ECE programs and the agencies that are involved in administering them (for example, providing and/or monitoring funding, setting and/or monitoring quality standards and licensing, and providing technical assistance for program implementation). Nearly all of California’s ECE programs are partially supported by federal and state funds and, thus, are subject to each authorizing agency’s oversight.

With few exceptions, every ECE program also has a local administrator, such as a school system or county agency, charged with overseeing program implementation at the district or county level. Other local organizations also contribute to the overall functioning of California’s ECE programs. First 5 County Commissions provide funding and support; resource and referral agencies (R&Rs) provide guidance to families seeking child care; and local planning councils assess local child care needs.

Within this maze of administrators sit California’s ECE providers, including for-profit and nonprofit child care centers, public schools, community-based organizations, and individual homes. A provider may be accountable to one or more agencies at the local, state, and federal levels, depending on its funding sources. This complexity can create confusion and increase the burden of administrative and reporting requirements.

Figure 2
Many Agencies Control California’s ECE Programs

Note: This graphic shows the multiple agencies that administer state- and federally funded ECE programs in California. Administrative oversight includes setting regulations, allocating resources, managing contracts, and overseeing program quality, among other responsibilities. Administrators may, but do not always, provide funding. ECE programs (the colored lines shown in the key) may be offered by various kinds of local providers, some of whom offer multiple programs at a given time. Several other organizations, particularly First 5, resource and referral agencies, and QRIS consortia, also provide considerable support to providers and programs, although their role varies by county.

**Funding**

Early childhood programs rely on a complex array of federal, state, and local funding sources.
Most of California’s early childhood programs rely on multiple funding sources from both state and federal funding streams. Federal funds primarily flow from the U.S. Department of Health & Human Services. State investments primarily come from Proposition 98 education funds, which finance the k-12 system, as well as the California general fund (see Figure 3).

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**Figure 3**

**California’s ECE Programs Receive Both State and Federal Funding**

![Graph showing funding sources for ECE programs in California](image)

**Funders**

- U.S. Dept. of Health & Human Services
  - Head Start: $1.065B
  - Maternal, Infant, and Early Childhood Home Visiting: $152M
- U.S. Dept. of Education
  - Title I: $1.065B
  - Individuals with Disabilities Education Act: $13M
- State of California
  - General Fund (Non-Prop. 98): $1.610B
  - Prop. 98 General Fund: $990M

**Programs**

- Head Start
- California Home Visiting Program
- Alternative Payment Program, Non-CalWORKs
- General Child Care and Development
- Alternative Payment Program, CalWORKs

**Note:** This graphic shows the multiple state and federal sources that fund ECE programs in California. County First 5 investments, including $559 million from the state tobacco tax, are not included since these investments are locally determined. Transitional kindergarten funding is an estimate based on Local Control Funding Formula allocations, and does not reflect federal or local support, which may be substantial. Local preschool initiatives may receive funding from sources other than Title I, but these data are not collected statewide. ECE supports include quality rating and improvement systems, resource and referral agencies, local planning councils, and other quality enhancements. Funding for ECE supports includes $21 million in Prop. 10 tobacco tax revenue administered through First 5 California quality improvement grants.

**Source:** See Table 1 in the full report at [https://learningpolicyinstitute.org/product/ca-ece-report](https://learningpolicyinstitute.org/product/ca-ece-report).
In some regions, local investments play an important role in funding ECE, although the size of these investments is unclear. In 2016, First 5 spent $560 million in Proposition 10 tobacco tax revenue on an array of services, including support for quality rating and improvement activities, home visiting, and collaborative efforts to improve state and county data systems. Some cities and counties also invest in local ECE programs.

**Overall, ECE funding is vulnerable to economic fluctuations, and it has not yet fully recovered from the recession, despite recent investments.**

From 2006 to 2013, publicly funded ECE programs experienced over $1 billion in budget cuts, with particularly steep reductions in state funding (see Figure 4). As a result, approximately 110,000 child care slots, or about 25%, were cut between 2008–09 and 2012–13. Reimbursement rates flatlined, failing to keep up with inflation and cost-of-living increases. Some evidence suggests that many ECE providers receiving state contracts shut their doors during this time because they could not make ends meet. These budget cuts illustrate the vulnerability of early childhood funding in times of recession.

Over the past 4 years (2013–17), state spending on ECE has increased. Even with new state investments, however, overall early education funding is still below pre-recession funding levels, adjusting for inflation.

**ECE funds are not always fully utilized.** Despite inadequate overall funding levels, ECE programs do not always expend all of the funding allocated by the legislature. The California Legislative Analyst’s Office (LAO) estimates that $101 million, or 12%, of state preschool funds were “unearned” (i.e., unused) in 2014–15, a significant increase from prior years. LAO suggests several potential reasons for the lack of uptake, including insufficient planning time for providers to fill the slots and financial incentives that discourage schools from accepting state money.
Per-child reimbursement varies by program, despite serving similar children, with regional rates differing by up to 50%.
Each ECE program has a different rate structure for reimbursing providers. For example, the reimbursement rate for children in Alternative Payment programs reflects the cost of living in various regions, while the rate for children in state preschool is constant across the state. In the highest-cost county, San Francisco, the state reimburses state preschools 50% less than Alternative Payment providers, despite the fact that state preschool must meet higher standards.9
Transitional kindergarten students are funded at the same rate as children in grades k-3, meaning they are substantially better funded than state preschool students.10

Access to Care

Publicly funded ECE programs currently do not have sufficient capacity to serve all of California’s children and families.
In 2015–16, approximately 963,000 children under age 5 were eligible for one of California’s publicly funded ECE programs based on income and work requirements. Yet only 33% of these children were served by any of the state’s programs that year, and many were enrolled in programs that run for only a few hours each day. Nearly 650,000 children in or near poverty, whose parents struggle to afford ECE, did not have access to publicly funded ECE programs, despite being eligible.11

The state is making strides toward meeting the needs of low-income preschool children. Approximately 69% of low-income 4-year-olds had access to some kind of ECE program, while just over one-third (38%) of 3-year-olds had access. Not all of these children were in programs that require a developmentally appropriate education curriculum, however. About 10% of these 4-year-olds receive services through the Alternative Payment programs, which allows parents to choose their provider among a wide array of options that likely vary widely in quality. As a result, some young children may receive ECE that does not meet their need for language-rich and hands-on guided learning opportunities.

Access to publicly funded ECE programs is extremely limited for infants and toddlers.
The problem of unmet need is particularly great for children birth to age 3 (see Table 1). Approximately 14% of eligible infants and toddlers are enrolled in publicly subsidized programs—a large portion of whom are in family child care homes or license-exempt care. The fraction of children served is even smaller when taking into account the many children who are low-income but do not qualify because at least one parent does not work.12

Full-day programs are particularly limited in scope.
To meet the needs of children and families, ECE must be accessible when parental schedules require it. Among California’s ECE programs, only the Alternative Payment programs offer the possibility of subsidized care during nontraditional hours, which many low-income working parents need. Many of California’s largest ECE programs offer more part-day than full-day slots, despite a demand for full-day services.13

<table>
<thead>
<tr>
<th>Age</th>
<th>Portion of California’s eligible population enrolled in subsidized ECE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth to age 3</td>
<td>14%</td>
</tr>
<tr>
<td>3-year-olds</td>
<td>38%</td>
</tr>
<tr>
<td>4-year-olds</td>
<td>69%</td>
</tr>
<tr>
<td>Birth to age 5</td>
<td>33%</td>
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</tbody>
</table>

Note: For information about the sources and methodology used to calculate the number of children eligible and portion served, see Appendix A in the full report.
Quality

California’s ECE programs are subject to differing regulations, creating programs of varying quality. As California strives to meet the demand for ECE services, it must also focus on program quality. The standards and quality of California’s early learning programs vary widely, however, and generally fall into three quality categories:

1. Those that meet high-quality standards, such as Title 5 or the Head Start Performance Standards
2. Those that only meet Title 22 health and safety requirements
3. Those that are license-exempt

Of the many features that influence an ECE program’s overall quality, the areas in which California’s publicly funded programs vary substantially are shown in Table 2. As the table illustrates, many of California’s ECE programs require teachers to have some units in ECE or child development, though teachers who serve children in license-exempt Alternative Payment programs and family child care homes may not have completed any ECE or child development classes. Some, but not all, programs meet or exceed staffing ratios outlined in professional standards. Finally, school readiness programs such as Head Start and state preschool must provide a developmentally appropriate curriculum, while providers that serve children through Alternative Payment programs may, but are not legally required to, implement a curriculum. Because of these discrepant standards among programs, children’s access to high-quality programs may vary.

### Table 2
California’s ECE Programs Have Different Quality Standards

*Minimum program standards for 4-year-olds*

<table>
<thead>
<tr>
<th>Alternate Payment Program</th>
<th>Minimum Teacher Requirements</th>
<th>Staff-to-Child Ratios</th>
<th>Curriculum Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>License-Exempt Providers</td>
<td>![x] No requirement</td>
<td>![x] No requirement</td>
<td>![x] No requirement</td>
</tr>
<tr>
<td>Family Child Care Homes</td>
<td>![x] No requirement</td>
<td>![✓] 1:8a</td>
<td>No requirement</td>
</tr>
<tr>
<td>Centers</td>
<td>![✓] 12 ECE units</td>
<td>![✓] 1:12</td>
<td>No requirement</td>
</tr>
<tr>
<td>Transitional Kindergarten</td>
<td>![✓] Teaching credential and 24 ECE units</td>
<td>![x] No requirement³</td>
<td>Developmentally appropriate curriculum</td>
</tr>
<tr>
<td>California State Preschool Program</td>
<td>![✓] 24 ECE units plus 16 general education units</td>
<td>![✓] 1:8</td>
<td>Developmentally appropriate curriculum</td>
</tr>
<tr>
<td>Head Start</td>
<td>![✓] A.A. or B.A.²</td>
<td>![✓] 1:10</td>
<td>Developmentally appropriate curriculum</td>
</tr>
</tbody>
</table>

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² May include up to two infants and must include at least two children over the age of 6.

³ While there is no legally required teacher-child ratio, maximum class size is 31 students. Teachers may have classroom aides.

⁴ While an A.A. or equivalent experience is the minimum requirement, the Head Start Act requires that 50% of all teachers in center-based programs nationwide have at least a B.A. with a specialization in early childhood education.
Program quality is threatened by workforce instability, an outcome of low teacher pay. Program standards are not the only driving force for quality. As a result of low reimbursement rates, wages for child care and preschool providers have historically been very low, with early educators earning roughly half the hourly wage of kindergarten teachers. The Center for Child Care Employment reports that 47% of California’s child care workers rely on some form of public income support and earn a median hourly wage of $11.61, putting them in the seventh percentile of earners in the state. Preschool teachers fare somewhat better, but still earn half the hourly wage of kindergarten teachers. In contrast, transitional kindergarten teachers receive the same salary, benefits, and working conditions as other public school teachers, which are much more generous.

Such low wages, along with job instability and stressful working conditions, affect programs’ ability to recruit and retain well-qualified staff. Poor compensation is a top reason why early educators leave their jobs, and turnover rates are alarmingly high. Many move on to jobs in k-12 schools or in other sectors that pay considerably better wages. The state reimbursement rate increases passed by the state legislature in 2016, if fully implemented, will allow for a much-needed pay raise for many ECE staff. However, these higher rates may not be sufficient to cover costs of a rising minimum wage.

California has begun to make strides to define and promote quality across programs, but standards are localized and inconsistent. Quality rating and improvement systems (QRISs)—a mechanism for defining and improving quality among ECE providers—began to emerge in California in the mid-2000s. The state has developed 17 county-driven QRISs, a decentralized approach followed by only two other states. Counties have autonomy in determining the types of supports or incentives they offer to providers to help them achieve progressively higher levels of quality. In all counties, participation is voluntary. As of 2015, QRIS participants include 3,278 provider sites serving 124,734 children. Despite the rapid growth of QRISs in California, work remains to ensure they effectively support quality improvement among providers.

Data Limitations

A lack of consistent data makes it difficult to know just how much California invests in ECE and where these investments go. Several data limitations make it difficult to evaluate the true adequacy of ECE funding in California. For example, children in the ECE system do not have a unique identifier and may be accessing multiple programs but are counted separately each time. It is also unclear how many families are actively seeking support—the actual demand—since there is no centralized waiting list for publicly subsidized ECE programs. Lack of consistency in state data compounds these challenges. State agencies may interpret ECE funding information differently, yielding conflicting numbers. For example, the California Department of Education sometimes reports different program funding totals than the Department of Finance, and the cause of the discrepancy is not always clear.

Questions for Policymakers

The landscape of California's ECE system presented here raises questions that state policymakers need to consider.

1. How can California move from a patchwork of disconnected programs to a more unified ECE system? The existence of multiple programs run by multiple agencies has created a siloed approach to policymaking and funding. This inhibits policymakers from taking a comprehensive view of how to best reach children statewide and makes it difficult to determine who is being served, where gaps exists and for whom, and even how much the state is investing in ECE overall. Focusing on state preschool in isolation from other programs, for example, draws attention away from the need for services for children birth to age 3. Not accounting for Head Start in determining access to and need for services skews assessments of ECE participation and costs. Whether through a single administrative agency, a formal interagency team, or another structure, a systems perspective would enable California policymakers to create a plan of action that considers the entire landscape, ultimately improving both efficiency and services for children.
2. How should California increase the availability of high-quality, full-day ECE programs that meet the needs of children and families?
Publicly funded ECE programs currently do not have sufficient capacity to serve all of California’s children and families, with only a third of eligible children served. Access is particularly limited for infants and toddlers. Increased investment in programs such as General Child Care and Development and Early Head Start would bring additional services to this particular population. Families also need programs that they can reasonably access if they work, including full-day programs and programs with nontraditional schedules. One strategy is to increase investments in full-day ECE such as full-day Head Start and full-day state preschool. Blending and braiding funding sources is another strategy for creating full-day slots. California needs to determine how to increase the availability of high-quality, full-day ECE programs, particularly for children birth to age 3.

3. How can California more sustainably fund ECE programs?
The evidence is clear that California has a considerable distance to go in creating a stable and sufficient source of revenue to serve all children who qualify for subsidized ECE. State revenue for ECE is vulnerable to general economic decline and decreasing tobacco tax revenues. New funding is needed, not just to create new slots, but also to raise reimbursement rates so that programs are financially stable and teachers are paid a fair wage. This is especially important for programs that currently receive lower reimbursement rates than others in the state system, despite offering similar services. A move to a more stable funding system in California will take time, but it should start now. Whether by adding preschool funding to the Local Control Funding Formula, finding new or alternative funding sources to supplement declining tobacco tax revenues, or other means, California needs to develop a reliable funding strategy for ECE.

4. How can California continue to improve quality and supports for all ECE programs?
Research shows that high-quality instruction is vital for student success, yet California’s ECE programs vary in their quality standards. QRIS provides one means for addressing quality. However, incentives for ECE programs to participate in QRIS are determined locally, and participation is low. Further, California must evaluate the supports it provides to assist improvement efforts because QRIS is meant to help programs improve. Whether by including incentives to encourage providers to participate or strengthening mechanisms to assist providers in reaching quality standards, California needs to enhance its quality improvement systems.

5. How can California improve its data systems to inform strategic decision making?
At the state level, no single agency has a complete picture of who has access to ECE programs. Without a way to track individual children, the state will not know whether the same children are receiving services from multiple programs, or whether individual children receive ECE for a few months or a few years. Because of this lack of data, policymakers do not know how much they are investing per child and whether that investment is sustained. California would benefit from an improved ECE data system that identifies individual children and tracks their access to programs over time. The state needs to determine where best to house the information and how to make it available.

California has a long history of investing in children birth to age 5, and the state offers an array of programs designed to meet the diverse needs of children and families. However, there are insufficient resources to serve all families who qualify, and the landscape is complex and uncoordinated. Increasing access and improving quality will require both administrative and budgetary changes, but ultimately can create a system that, as a whole, will serve California’s children better.
Centralized eligibility lists previously offered a single, consolidated source of information about children and families waiting to receive subsidized child care. However, these lists have limitations. For example, they may not be updated frequently or may not include all eligible children and families. Therefore, the focus has shifted towards improving the quality and accessibility of early childhood education programs to better meet the needs of children and families.

State funding includes Proposition 98 and non-Proposition 98 general fund support for Department of Education child care programs, community college CalWORKs, Department of Social Services CalWORKs Stage 1, and quality/infrastructure supports for early childhood education, but does not include transitional kindergarten (which reflects a reallocation of kindergarten funds rather than a new funding source) or afterschool programs (which serve children older than age 5). Federal funding includes Child Care and Development Fund, Temporary Assistance for Needy Families/Social Services Block Grant, Head Start grants, Early Head Start-Child Care Partnership grants (including California Department of Education and local grantees), and the Race to the Top-Early Learning Challenge grant, but does not include 21st Century Community Learning Center afterschool grants.

Children birth to age 3 who are not income eligible for Head Start but do have family incomes below 70% State Median Income are only eligible for services if their parents work, are seeking work, are in school, or are incapacitated. We estimate that nearly 140,000 more children birth to age 3 would be eligible for services if these work requirements were lifted, as they are for 3- and 4-year-olds, since there is no work requirement for state preschool.


LPI analysis of the following sources: Management Bulletin 16–11, 2016–17, California Department of Education; Education Code Section 8265.5; CalWORKs child care programs RMR Ceilings, August 2016, California Department of Social Services.


Endnotes


5. Legislative Analyst’s Office. (2015). Overview of California’s child care and development system. Sacramento, CA. http://www.lao.ca.gov/handouts/education/2015/Overview-of-child-care-development-041415.pdf. The standard reimbursement rate was frozen at the 2007 rate for many years, despite the fact that market rates were required to be calculated every 2 years.


7. State funding includes Proposition 98 and non-Proposition 98 general fund support for Department of Education child care programs, community college CalWORKs, Department of Social Services CalWORKs Stage 1, and quality/infrastructure supports for early childhood education, but does not include transitional kindergarten (which reflects a reallocation of kindergarten funds rather than a new funding source) or afterschool programs (which serve children older than age 5). Federal funding includes Child Care and Development Fund, Temporary Assistance for Needy Families/Social Services Block Grant, Head Start grants, Early Head Start-Child Care Partnership grants (including California Department of Education and local grantees), and the Race to the Top-Early Learning Challenge grant, but does not include 21st Century Community Learning Center afterschool grants.


9. LPI analysis of the following sources: Management Bulletin 16–11, 2016–17, California Department of Education; Education Code Section 8265.5; CalWORKs child care programs RMR Ceilings, August 2016, California Department of Social Services.


11. For information about the methodology used to calculate the number of children eligible and portion served, see Appendix A of the full report at https://learningpolicyinstitute.org/product/eca-ecereport.