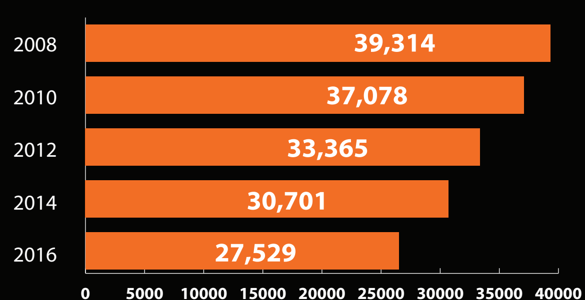
Declines in Small Businesses that Support Working Families

LICENSED FAMILY CHILD CARE (FCC)
IS A DECLINING INFRASTRUCTURE FOR CALIFORNIA'S WORKING PARENTS

California has seen almost a 30% decline in the number of these small businesses between 2008 and 2016.

DECLINE IN NUMBER OF FCC HOMES



CCRC and partners conducted research with these small business owners and they reported reasons for closing:

- Cuts to child care subsidies
- Declines in enrollment
- Cost of insurance
- No increase in pay with increase in education or experience
- No health or other benefits

INCREASED COSTS

FCC business owners report the rising costs of insurance for their business.

CUTS TO SUBSIDIES

Funding for child care in California dropped by $1B between 2007-08 and 2013-14.

RESULT: ACCESS TO CHILD CARE IS COMPROMISED

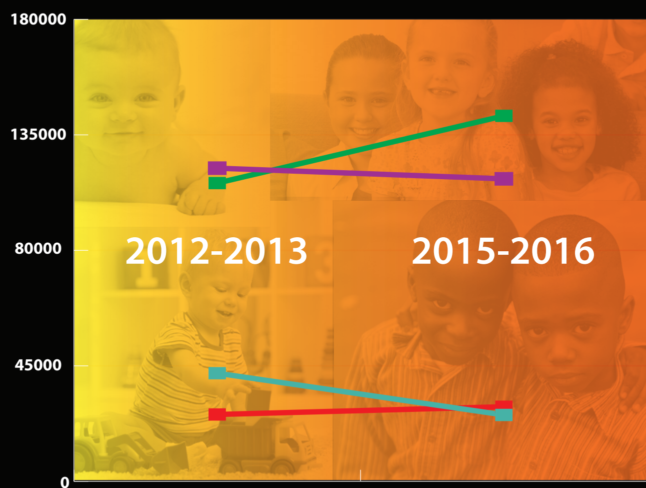
Reductions in the number of licensed FCC providers compromises access to child care and parent choice, particularly for parents of infants/toddlers, parents of color, and low-income parents.

DECLINING SOURCES OF INCOME

INCREASED CHILD CARE OPTIONS FOR CUSTOMERS/PARENTS

Increased availability of other pre-kindergarten programs gives parents more options, resulting in fewer enrollments for FCC providers.

- An increased proportion of California funding for 3-4 year-olds in centers: 14% in 2008 to 1/3 in 2017-18
- Enrollments in Transitional Kindergarten (TK) for 4-year-olds (enrollments of TK+Kindergarten rose from 488,742 in 2011-12 to 530,531 in 2015-16). 46.8% of the 4-5-year olds were served in TK-K in 2012 and 51.9% were served in 2016 even though there was a decline in this population in the state in this timeframe



CHILDREN SERVED BY FUND OVER TIME IN CA

CalWORKs
State Preschool
General Child Care
Alternative Payment

RESULT: CHILD CARE PROVIDERS ARE MOVED INTO POVERTY

When preschool children leave licensed FCC for other care options these small business owners are moved into poverty

Before: 1 infant and 2 preschoolers enrolled full-time and 2 school-age children enrolled part-time in LA County

Business income: $44,028.12/year (still not at CA self-sufficiency for provider's OWN family)

After: 2 Preschoolers exit to other care options:

Business income: $23,719.80/year (provider's family is now below the Federal Poverty Level for a family of 3)

All converge to create economic pressure on an industry that is already under-resourced. How can they compete and survive?

Their product: Quality. Has the promise of increased quality attracting more customers through the QRIS been realized?

Tiered reimbursement or pay for higher quality.

- Quality must be measured in a way that doesn't leave out FCC providers.
- Quality Improvement initiatives need to be offered in ways that appeal to FCC providers who work 10-12 hour days and care for their families in the evenings and weekends.

Changes to funding structure: because these businesses are limited in the number of infants they can care for, increase the reimbursement rates for this group to ensure that when families of preschoolers find other options, these small businesses do not end up below the federal poverty line.