



## CHILD CARE LAW CENTER®

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### ANALYSIS AND RECOMMENDATIONS REGARDING THE IMPACT OF SB 3 ON CHILD CARE IN CALIFORNIA<sup>1</sup>

On April 4, 2016, Governor Jerry Brown signed SB 3 (Leno), which will raise the state minimum wage to \$15 per hour, giving California the highest state minimum wage in the country.<sup>i</sup> Higher income, itself, has a demonstrated positive impact on family and child health and education outcomes.<sup>ii</sup> **The Child Care Law Center joins others in celebrating this historic achievement.** At the same time, **we urge serious consideration of issues raised by the impact of the increase** on the long radically undercompensated field of child care.

**Ninety percent of child care workers make less than \$15 an hour.**<sup>iii</sup> Raising wages in child care presents specific challenges. A large portion of the consumer base for child care lacks the ability to pay more for it. In 2013, **infant care subsumed roughly 14 percent of the median annual income for married couples, and 44 percent for single parents.**<sup>iv</sup> Subsidies do not reach the vast majority of California's income eligible families, almost 300,000 of whom are on waiting lists for subsidized child care. The reimbursement rates that subsidies pay have not increased in tandem with the cost of care.

Child care for low-income families faces a structural problem: it involves a transfer of wages for the same period of working time, often from one minimum wage earner to another minimum wage earner. This **structural problem, which is true even at lower minimum wage levels, requires solutions outside the scope of minimum wage increases.** An increased minimum wage can help ease burdens for low-income California families and some child care providers. It cannot, on its own, solve the statewide crisis of unaffordable and yet underpaid child care.

**SB 3 offers an opportunity by way of a very great challenge.** Increasing the very low wages for child care work is essential to the quality and stability of child care and to economic justice for parents and child care providers. SB3 creates urgency under a longstanding question in child care: How do we get money into the child care system to absorb the increased cost of raising wages?

#### **SB 3 Operates On A Scheduled Phase-In, With Flexibility to Account for Recession or Budget Deficit**

SB 3 outlines a schedule of automatic increases in the state minimum wage, which would raise it to \$15 per hour by January 1, 2022.<sup>v</sup> Small businesses with 25 or fewer employees have an extra year to comply with each increase.<sup>vi</sup> The state may temporarily suspend the schedule of increases, in the event of a recession or budget deficit.<sup>vii</sup> Once the minimum wage reaches \$15 per hour, the California Department of Finance will further adjust it annually for inflation, increasing it by the lesser of 3.5 percent and the percentage rate of change in the national consumer price index, and not further increasing it at all in years when the rate of change in the consumer price index is negative.<sup>viii</sup> The minimum wage law does not apply to a person who is employing a family member. Previous Industrial

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<sup>1</sup> In drafting the following analysis, the Child Care Law Center wishes to recognize the extensive research contributions of Marcy Whitebook, Ph.D and others at the University of California, Berkeley Center for the Study of Child Care Employment, as well as the thoughtful insights offered by Ken Jacobs, Alexa Frankenberg, Nancy Harvey, Sally Large, Dion Aroner, Marci Seville, Sara Hicks-Kilday, September Jarrett, Fran Biderman and others who participated in Child Care Law Center's November 16, 2015 Legal Lunch Roundtable regarding The Fight for \$15 and Its Impact on Child Care.

Work Commission Orders defined a family member as “parent, spouse or children.” SB 3 expands the definition of family member to include registered domestic partners, grandparents and grandchildren, and siblings.

### **Child Care Workers Receive Among the Lowest Wages of Any Profession**

In California, the annual mean wage of a child care worker in 2015 was \$26,050. This was **\$2,000 less than the wage of a nonfarm animal caretaker.**<sup>ix</sup> Child care workers earn less than half of the pay of kindergarten teachers, and generally lack benefits or job security.<sup>x</sup> Nationally, 46 percent of childcare workers rely on public assistance.<sup>xi</sup> **Lack of education and training do not explain the low wages.** For teachers with a Bachelor’s or Higher Degree working with children age birth to three, the mean annual salary is \$27,248 a year.<sup>xii</sup> 40 percent of child care center staff have Bachelor’s degrees, but 70 percent earn less than \$15 per hour.<sup>xiii</sup> **The undervaluing of child care labor disproportionately affects women of color.** Women make up 95.6 percent of the child care workforce, compared with 47 percent of the workforce as a whole.<sup>xiv</sup> Women of color represent a majority of licensed family child care providers, more than one in three of whom identify as Latinas.<sup>xv</sup>

Low compensation for child care further causes wage compression: administrators report that **the difference between an early education teacher with 15 years of experience and a higher degree, and an entering child care worker, is only a few dollars an hour.** There has been an enormous push in child care and early education policy to raise qualifications, including through Quality Rating and Improvement Systems and increased training and monitoring requirements under the Child Care and Development Block Grant Act of 2014 (CCDBG).<sup>xvi</sup> The most important predictor of the quality of care children receive, among the adult work environment variables, is staff wages.<sup>xvii</sup> However, there has been no comparable rise in compensation.

### **Employees of Child Care Centers and Large Family Child Care Homes Will Directly Benefit From SB 3**

Child care providers in California may work in licensed centers, licensed family child care homes, or as individual child care providers for the children of a single family, either in their own home, or in-home for the family. The primary, direct beneficiaries of SB 3 will be teachers and staff in licensed child care centers, and assistants employed in large family child care homes. It is worth noting that in part because of lack of profitability, these care arrangements are not adequate to meet demand and do not serve the majority of children in California. In 2014, licensed child care was available for an estimated 25 percent of potential demand in California (i.e., children ages 0-12 with working parents).<sup>xviii</sup>

Child care centers include what are commonly called nursery schools or preschools. Child care centers must comply with licensing limits on maximum group size, ratios of adults to children, and the overall number of children that licensing has approved them to serve.<sup>xix</sup> Child care centers often employ a substantial number of workers. Licensed family child care must be provided in the caregiver’s own home, and can serve up to 8 children (for small family child care homes) or up to 14 children (for large family child care homes), depending on factors such as the ages of the children, the type of license, and the ratio of caregivers to children.<sup>xx</sup> Because of the limited number of children they serve, small family child care homes seldom employ child care workers, and large family child care homes seldom employ more than one or two assistants.

### **California’s License-Exempt Child Care Workers May Find It Difficult To Benefit From SB 3.**

## ANALYSIS AND RECOMMENDATIONS REGARDING THE IMPACT OF SB 3 ON CHILD CARE IN CALIFORNIA

In-home child care providers or “nannies,” sometimes referred to as license-exempt or family, friend neighbor care, should benefit from SB 3, but may find it difficult to do so. To benefit from minimum wage laws, including SB 3, a worker must (1) meet the definition of employee under the law, and (2) either work ‘on the books,’ or be willing to file a wage claim to bring to bear the law’s authority. **The vast majority of in-home care child care providers who do not participate in public child care programs work off the books.** In a 2012 survey of 2,086 domestic employees in 14 metropolitan areas, less than nine percent worked for employers who paid into Social Security on their behalf.<sup>xxi</sup> While some portion of these nannies may earn \$15 or more an hour per hour, they do not legally benefit from a minimum wage increase ([among other disadvantages to the workers of such arrangements](#)). Off the books nannies may rely on SB 3 in a claim for back wages, although it is unlikely that many will do so.

Among subsidized child care workers, only those who serve CalWORKs Stage 1 families provide care in the home of the parent and child. Federal and state law restrict parents’ ability to choose in-home child care, if the maximum payment rate to the child care provider would be less than the minimum wage.<sup>xxii</sup> For CalWORKs Stages 2 and 3 child care, the California Department of Education (CDE) requires contractors that administer its subsidies to have policies that prohibit subsidy payments to in-home child care providers unless the provider earns a payment equivalent to the minimum wage.<sup>xxiii</sup> Most contractors have established policies that generally prevent the use of in-home child care providers.

The California Department of Social Services, which administers CalWORKs Stage 1 child care, has set rules under which county welfare departments (CWDs) issue child care reimbursements to parents, rather than directly to the provider, and tell parents that they must act as the “employer” and take on legal responsibilities such as minimum wage laws.<sup>xxiv</sup> The state reimburses less than \$3 per hour for license-exempt care in almost every county in almost every age category, regardless of whether the care is in the provider’s or parent’s home.<sup>xxv</sup> As noted last year by the Assembly Budget Committees on Education Finance, and Health and Human Services, “rates for licensed-exempt providers continue to remain at amazingly low levels. For example **in Los Angeles, the current part-time hourly rate for licensed exempt care for a school-aged child is \$2.02 per hour.**”<sup>xxvi</sup>

The CalWORKs Maximum Aid Payment for an Assistance Unit of three, in the most expensive region in the state, is \$704 a month.<sup>xxvii</sup> **Legal restrictions on eligibility for cash aid prevent a family receiving Stage 1 child care from making up the difference between a \$3 per hour reimbursement and the \$15 per hour minimum wage.** The employment relationship between parent, child care provider, and the state for a parent who is using license-exempt care pursuant to an approved Welfare to Work plan, or a CDE contract, is an open question. This substantial control exerted by the agency over the hours worked, the rate of pay, background check clearance through a Trustline registration requirement, and other health and safety requirements, suggests that they are more aptly characterized as joint employment.<sup>xxviii</sup> Partly due to the low reimbursement rate, family members comprise about 40 percent of subsidized license-exempt child care providers.<sup>xxix</sup> Most family member license-exempt providers (depending on degree of relationship) are exempt from the minimum wage law.

### **SB 3 Will Not Directly Increase the Income of Most Family Child Care Home Providers.**

The vast majority of small family child care home licensees earn an annual income that constitutes hourly earnings substantially lower than \$15 an hour—**surveys suggest that, even in higher cost regions, family child care home providers earn roughly \$5 per hour.** Their income is a function of

## ANALYSIS AND RECOMMENDATIONS REGARDING THE IMPACT OF SB 3 ON CHILD CARE IN CALIFORNIA

the rates parents can afford; the child care providers' overhead costs such as housing, as well as materials and food for the children; and the limitations licensing sets on number of children they can serve. Family child care home providers that accept subsidized child care vouchers have the additional constraint on their income of dramatically outdated, depressed reimbursement rates. Large family child care homes operate under the same income constraints as small family child care homes, except that some have added costs if they employ assistants. Like small family child care home licensees, large family child care home providers generally take home annual earnings amounting to far less than \$15 an hour.

**Particularly in low cost counties, under SB 3, large family child care homes that hire an assistant and rely on subsidized payments will take home less than their minimum wage employee.**

For a typical 8am-6pm schedule, the minimum cost to a large family child care home to hire one full-time assistant at \$15 per hour wage, accounting for overtime and payroll, is approximately \$3,707.55 per month. The maximum monthly payment to a large family child care home in Kings County providing full time care to the maximum number of preschoolers allowed by licensing regulations is \$6,977.04. The employee in this scenario would gross \$3,300 per month, while the large family child care home licensee would net \$3,269.49, from which she or he would then have to deduct additional costs for educational and cleaning supplies, food, etc. Similar math applies in a number of other counties.

**Increasing subsidy rates is a critical first step to address this problem.** In depressed markets, however, subsidy payment rates may be close to current market rates, and child care providers can only receive reimbursement for up to the market rate that they charge unsubsidized parents. **Increasing rates and access to vouchers can help some but not all large family child care homes, particularly those in depressed markets.** Direct "Title 5" contracts between CDE and child care programs that serve low-income children may be better able to handle increased labor costs in depressed markets, as the contracts could be pegged (via increased SRR) to the cost of care, without limitation by local demand.

### Effect of SB 3 on Parent Eligibility

Income eligibility thresholds, currently identical for ongoing recertification as well as entry into state subsidized child care programs, have been frozen since 2007 at 70% of a derived State Median Income (SMI) based on census data from a decade ago.<sup>xxx</sup> A family of four loses eligibility for state subsidized child care if its income exceeds \$46,896.<sup>xxx</sup> The average California Self-Sufficiency Standard for two adults with one preschooler and one school-age child was \$63,979 in 2014.<sup>xxxii</sup> **A family of four that includes two, full-time workers earning the \$15 per hour will earn \$62,400, well over current income limits for child care, but still short of the self-sufficiency standard.** In Alameda County this minimum wage earning family of four with a preschool and a school age child would pay \$19,236 for child care, or almost 30 percent of their total income.<sup>xxxiii</sup> As a result, families lose eligibility for any child care assistance long before they achieve self-sufficiency.<sup>xxxiv</sup> If income eligibility relied on current data from the U.S. Census Bureau, the family of four would meet eligibility criteria at entry with an income of \$57, 218.<sup>xxxv</sup> If exit income were set at the current 85% of SMI, the family would remain eligible for assistance until its income reached \$69, 479. Family fees would allow increasing family financial participation as the family progressed toward greater self-sufficiency at the higher exit threshold. AB 2150 (Santiago and Weber), sponsored by the Child Care Law Center and Parent Voices, would make this change.

### A High Cost For Low-Income Parents Is Still A Low Wage For Child Care Providers

## ANALYSIS AND RECOMMENDATIONS REGARDING THE IMPACT OF SB 3 ON CHILD CARE IN CALIFORNIA

Child care comprises an enormous portion of even middle income families' budgets. Among families with a school age and a preschool age child, **child care costs exceed rent in 81% of communities, nationwide**, ranging from about half rental costs in San Francisco, to nearly three times rent in Binghamton, New York.<sup>xxxvi</sup> **In California, infant care costs one-third more than the cost of full-time, in-state public college tuition**—unlike college, young parents have no time to save for it.<sup>xxxvii</sup>

**Labor costs comprise a majority of child care operating costs.** In a recent study of Alameda County child care centers, labor costs accounted for roughly 64% of total function costs—nearly double the 35% of operating costs attributable to labor in fast-food restaurants, an industry often studied in conjunction with the minimum wage.<sup>xxxviii</sup> Child care centers may reduce some fixed, facility costs by increasing scale.<sup>xxxix</sup> However, centers seldom offer either infant care or the variable, non-traditional work schedules that low-wage parents disproportionately need. There are no “economies of scale” in family child care: a family child care provider cannot reduce costs across families simply by accepting fifty, instead of twelve, two-olds into her home. As a public policy matter, no one would find the resulting risk to the health and safety of children in care acceptable. As a legal matter, the state highly regulates the number of children a child care provider may serve by age and setting, under child care licensing laws.

If the major cost of child care is labor, and the cost cannot be spread across families by accepting more children, then **child care providers cannot increase pay for themselves or, where applicable, their employees, without increasing the rates they charge to parents. This presents a conundrum for the many child care providers who earn less than minimum wage, serving parents who themselves earn at or near minimum wage.**

### **Recommendations Regarding Systemic Child Care Issues Underscored By SB 3**

The Child Care Law Center recommends the following measures as necessary to conform California's public child care programs to the intent of SB 3 to help minimum wage workers, although not sufficient to address all highlighted, systemic child care issues:

- **Increase income eligibility ceilings for state subsidized child care programs**
- **Increase rates for both contracted (SRR) and voucher-based (RMR) child care**

In addition, the Child Care Law Center recommends exploration of the following measures:

- **Increase use of child care contracts in depressed child care markets**
- **Explore regulatory reforms to reduce burdens of child care licensing and subsidy participation.**
- **Statewide expansion of local child care funding initiatives, and state technical assistance to localities to identify community development measures to support child care.**

**The Child Care Law Center further recommends that the state create a task force, including people both in and outside the field of child care expertise, to examine and make recommendations for addressing the impact of SB 3 on child care availability, affordability, and salary structures.** The task force might explore local projects for statewide expansion. For example, since 2012, San Francisco's C-WAGES program has used local public funding to augment wages and benefits for staff in early learning programs that participate in quality rating and improvement activities and serve at least 25 percent children from income eligible families.<sup>xl</sup> A state level task force could also provide guidance

## ANALYSIS AND RECOMMENDATIONS REGARDING THE IMPACT OF SB 3 ON CHILD CARE IN CALIFORNIA

to localities to assist them in identifying sources of local revenue to help increase funding for childcare, such as local developer impact fees, transfer taxes, or other city mitigation funds.

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<sup>i</sup> Economic Policy Institute Minimum Wage Tracker, available at [http://www.epi.org/minimum-wage-tracker/#/min\\_wage/California](http://www.epi.org/minimum-wage-tracker/#/min_wage/California) (local higher minimum wage ordinances); National Employment Law Project, *14 Cities & States Approved \$15 Minimum Wage in 2015*, available at <http://www.nelp.org/content/uploads/PR-Minimum-Wage-Year-End-15.pdf> (survey of \$15 per hour wage ordinances).

<sup>ii</sup> See, Akee, Randall K. Q., William E. Copeland, Gordon Keeler, Adrian Angold and E. Jane Costello. "Parents' Incomes and Children's Outcomes: A Quasi-experiment Using Transfer Payments from Casino Profits." *American Economic Journal: Applied Economics*, 2(1):86-115 (2010), available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2891175/> (finding that additional \$4,000 per year for poorest households due to Native American casino related government transfer increased parental quality and children's education, mental health, and behavioral outcomes); Karris Cooper and Kitty Stewart, *Does Money Affect Children's Outcomes: A Systematic Review*, Joseph Rowntree Foundation (2013), available at <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/money-children-outcomes-full.pdf> (meta-data analysis finding that raising household income itself makes a difference to children's outcomes, regardless of investment in schools or parenting skills).

<sup>iii</sup> <http://www.nelp.org/content/uploads/Growing-Movement-for-15-Dollars.pdf> at 2.

<sup>iv</sup> Child Care Aware of America. Parents and the high cost of child care: 2014 report. Retrieved from: <http://usa.childcareaware.org/advocacy-public-policy/resources/reports-and-research/parents-and-the-high-cost-of-child-care>

<sup>v</sup> Labor Code § 1182.12(b)(1).

<sup>vi</sup> Labor Code § 1182.12(b)(2).

<sup>vii</sup> Labor Code § 1182.12(d).

<sup>viii</sup> Labor Code §§ 1182.12(c).

<sup>ix</sup> Bureau of Labor Statistics, U.S. Department of Labor, May 2015 State Occupational Employment and Wage Estimates California, available at [http://www.bls.gov/oes/current/oes\\_ca.htm](http://www.bls.gov/oes/current/oes_ca.htm)

<sup>x</sup> Marcy Whitebook, Deborah Phillips, and Carollee Howes, *Worthy Work, STILL Unlivable Wages: The Early Childhood Workforce 25 Years after the National Child Care Staffing Study* (2014) at Figure 3.4, available at <http://www.irle.berkeley.edu/cscce/wp-content/uploads/2014/11/ReportFINAL.pdf>

<sup>xi</sup> Jacobs, Ken, Ian Perry, and Jennifer MacGillvary. *The High Cost of Low Wages. Issue brief*. Berkeley: UC Berkeley Center for Labor Research and Education, 2015 at 3, available at <http://laborcenter.berkeley.edu/pdf/2015/the-high-public-cost-of-low-wages.pdf>.

<sup>xii</sup> Whitebrook et al., *supra* n. xi, at Figure 3.5.

<sup>xiii</sup> Background Summary prepared for the California State Assembly Informational Hearing on "Women of Color and the Gender Wage Gap in California" (Jan. 19, 2016), available at <http://www.equalrights.org/wp-content/uploads/2016/01/Background-Paper-Women-of-Color-and-the-Gender-Wage-Gap-in-California.pdf>

<sup>xiv</sup> Elise Gould, Child Care Workers Aren't Paid Enough To Make Ends Meet, Economic Policy Institute, Issue Brief #405 (Nov. 2015), available at <http://www.epi.org/files/2015/child-care-workers-final.pdf> ; United States Department of Labor, Civilian labor force by sex, 1970-2012, available at [http://www.dol.gov/wb/stats/Civilian\\_labor\\_force\\_sex\\_70\\_12\\_txt.htm](http://www.dol.gov/wb/stats/Civilian_labor_force_sex_70_12_txt.htm).

<sup>xv</sup> Marcy Whitebook, et al., *California Early Care and Education Workforce Study: Licensed Family Child Care Providers* (2006), available at [http://www.irle.berkeley.edu/cscce/wpcontent/uploads/2006/01/statewide\\_providers.pdf](http://www.irle.berkeley.edu/cscce/wpcontent/uploads/2006/01/statewide_providers.pdf).

<sup>xvi</sup> See, e.g., 42 USC §§ 9858c(2)(G) and (I)(i)(new training topics and professional development requirements under the reauthorized CCDBG).

- <sup>xvii</sup> Marcy Whitebook, Deborah Phillips, and Carollee Howes, *Worthy Work, STILL Unlivable Wages: The Early Childhood Workforce 25 Years after the National Child Care Staffing Study* (2014), available at <http://www.irle.berkeley.edu/cscce/wp-content/uploads/2014/11/ReportFINAL.pdf> at 3.
- <sup>xviii</sup> As cited on kidsdata.org, *Availability of child care for potential demand*. (2015), citing California Child Care Resource & Referral Network. Retrieved from: [http://www.rnetwork.org/california\\_child\\_care\\_portfolio](http://www.rnetwork.org/california_child_care_portfolio)
- <sup>xix</sup> Health & Safety Code §§ 1596.955–.956; Cal. Code Regs., tit. 22, § 101516.5.
- <sup>xx</sup> Cal. Health & Safety Code §§ 1597.30(a), 1597.44, 1597.46; Cal. Code Regs., tit. 22 § 102351(f)(1).
- <sup>xxi</sup> Linda Burnham and Nik Theodore, National Domestic Workers Alliance, *Home Economics: The Invisible and Unregulated World of Domestic Work* at xi, available at <http://www.domesticworkers.org/sites/default/files/HomeEconomicsEnglish.pdf>
- <sup>xxii</sup> 45 C.F.R. §§ 98.16(g), 98.30((e)(1)(iv)); 5 CAL. CODE REGS. §§ 18411, 18426; MPP § 47-420.4.
- <sup>xxiii</sup> Cal. Code Regs., tit. 5, §§ 18411(d) (Stage 2), 18426(d) (Stage 3); California Department of Education Management Bulletin (MB) 06-16, CHANGES IN LAW AFFECTING ALTERNATIVE PAYMENT PROGRAMS AND FAMILY CHILD CARE HOME EDUCATION NETWORKS UTILIZING THE REGIONAL MARKET RATE CEILINGS (2006), <http://www.cde.ca.gov/sp/cd/ci/mb0616.asp>.
- <sup>xxiv</sup> Cal. Educ. Code § 8357(f). (“If care is provided in the home of the recipient, payment may be made to the parent as the employer, and the parent shall be informed of his or her concomitant legal and financial reporting requirements.”).
- <sup>xxv</sup> Child Care and Development Reimbursement Rate Ceiling Calculator, available at <http://www3.cde.ca.gov/rcscc/index.aspx>.
- <sup>xxvi</sup> Overview provided for the Joint Hearing of the Assembly Budget Committees on Education Finance, and Health and Human Services, April 14, 2015 at p.7.
- <sup>xxvii</sup> MAP amounts by Region are available at <http://www.cdss.ca.gov/calworks/res/pdf/CalWORKsKeyFactsFigures.pdf>
- <sup>xxviii</sup> See, e.g., *Guerrero v. Superior Court*, 213 Cal. App. 4th 912 (2013), where the Court of Appeals found that the county and public authority were “employers” of IHSS worker under IWC wage order. A similar, but not identical, “economic realities” test under the Fair Labor Standards Act that looks at the entirety of the circumstances of employment to determine whether an employment relationship exists.
- <sup>xxix</sup> Testimony presented at California Senate Committee on Budget and Fiscal Review, Joint Hearing of Subcommittee No. 1 on Education and Subcommittee No. 3 on Health and Human Services on Child Care and Early Learning (April 14, 2016).
- <sup>xxx</sup> Cal. Educ. Code § 8263.1(c) (“Notwithstanding any other law, for the 2012-13, 2013-14, 2014-15, and 2015-16 fiscal years, the income eligibility limits shall be 70 percent of the state median income that was in use for the 2007-08 fiscal year, adjusted for family size.”)
- <sup>xxxi</sup> MB 11-06, *Updated Child Development Income Ceilings*, available at <http://www.cde.ca.gov/sp/cd/ci/mb1106.asp>.
- <sup>xxxii</sup> The Insight Center for Community and Economic Development, California Family Economic Self-Sufficiency Standard (Self-Sufficiency Standard), measures the minimum income necessary to cover a family’s basic expenses - housing, food, child care, health care, transportation, and taxes - without public or private assistance. The tool, widely used by policymakers, foundations, and service providers, is available at <http://www.insightccd.org/tools-metrics/self-sufficiency-standard-tool-for-california>.
- <sup>xxxiii</sup> *Id.*
- <sup>xxxiv</sup> Single income households in which the parent works overtime or multiple jobs also risk this child care cliff. For example, if the Kings County large family child care home assistant in the earlier example were a single mother of one child, her annual income would exceed the yearly income ceiling for child care assistance by less than \$300.
- <sup>xxxv</sup> U.S. Census Bureau, *Median Family Income in the Past 12 Months (in 2014 Inflation-Adjusted Dollars) By Family Size*, available at <https://www.census.gov/hhes/www/income/data/statemedian/>
- <sup>xxxvi</sup> Elise Gould and Tanyell Cooke, *High Quality Child Care Is Out of Reach for Working Families*, Economic Policy Institute Issue Brief #404 (Oct. 2015), available at <http://www.epi.org/publication/child-care-affordability/>
- <sup>xxxvii</sup> *Id.*

<sup>xxxviii</sup> Welsh-Loveman, Jeremy, *The Impact of Minimum Wage Regulations on the Early Care and Education Industry in California: A Study Conducted for the Alameda County Early Care and Education Planning Council, Oakland, California* (May 2015) at 14-15. In informal interviews conducted by Child Care Law Center, an Oakland large family child care home serving 12 children reported that payroll accounts for 71% of its monthly costs, while an Oakland center serving 80 children reported that payroll accounts for 83% of its total costs.

<sup>xxxix</sup> *Id.* at 20-21 (increased scale as tool to reduce costs in child care centers).

<sup>xl</sup> Explanation of C-Wages quoted from Whitebook et al., *supra* n. xi at 75-76.