II

THEMES AND CASE STUDIES

THEME 1: ACCESS & EQUITY BARRIERS

Across interviews, families, providers, and system leaders consistently described the challenges of accessing child care, particularly for infants and toddlers. Many pointed to long waitlists, limited openings, and a lack of options that accommodate nontraditional work schedules. Even when care is available, cost remains a major barrier, with tuition and copayments often beyond the reach of working families. Participants also described challenges of accessing subsidy programs and finding affordable care that meets their families' needs. These barriers are especially significant for low-income families and communities that already face limited child care options. Together, these findings highlight how access is shaped by both the availability and affordability of care. The case studies that follow illustrate a range of approaches to expanding access, reducing financial barriers, and increasing public investment in child care systems.

THEME 1: ACCESS & EQUITY BARRIERS

CASE STUDY 1: NEW MEXICO UNIVERSAL CHILD CARE

Inland Empire interview connection:

“A parent is not going to pay me $300 a week for an infant. They’re like, ‘What am I working for?’ because I’m making minimum wage.” — Family child care provider interview [C1]

New Mexico’s universal child care policy offers one of the strongest state-level examples of how child care can be treated as public infrastructure rather than a private family expense. This case directly speaks to the Inland Empire interviews, where providers and advocates described affordability as one of the most urgent access barriers for families with infants and toddlers. Interview participants repeatedly explained that families in low-income communities often cannot afford licensed child care and are forced to rely on informal arrangements with relatives, neighbors, or unlicensed providers. While those arrangements may be more affordable, interviewees raised concerns about safety, reliability, developmental quality, and the lack of formal support for children ages 0–3.

New Mexico began by expanding no-cost child care assistance to families earning up to 400% of the federal poverty level and later announced universal access to no-cost child care regardless of income. The state also waived family copayments and invested in reimbursement rates for providers. This approach is important because it recognizes that family affordability and provider sustainability must be addressed together. If families receive subsidies, but reimbursement rates remain too low, providers cannot afford to serve them. If providers are supported but families still face high copays, access remains limited.

Implementation approach:

New Mexico's reforms were implemented through the state's Early Childhood Education and Care Department, created in 2019. This centralized early childhood agency gave the state a stronger governance structure for aligning child care, early learning, family support, and funding. The universal child care approach expands subsidy eligibility, removes income limits, waives copays, and supports facility expansion and provider recruitment.

Funding strategy:

The state relies on major public investment, including early childhood trust funds and revenue connected to the state's Land Grant Permanent Fund. This matters because New Mexico did not rely only on temporary relief dollars. Instead, it built a long-term financing structure for early childhood investment.

Outcomes and impacts:

New Mexico's child care reforms were built around a true-cost funding model designed to make child care more affordable for families while improving financial stability for providers. In 2022, the state expanded eligibility for child care assistance to families earning up to 400% of the federal poverty level, making thousands of additional families eligible for support. The state also eliminated family copayments for most participants and increased reimbursement rates based on the actual cost of providing care rather than relying solely on market-rate surveys.

A key feature of the reform was New Mexico's use of a cost estimation model to determine subsidy rates. According to the state's Child Care Assistance regulations, rates were intentionally designed to reflect the "true cost of delivering high-quality early childhood education" and to ensure equal access for families receiving subsidies.

The reforms produced several measurable outcomes. Child care assistance participation increased significantly following eligibility expansion, and thousands of additional children gained access to subsidized care. Families benefited from lower out-of-pocket costs, while providers received higher reimbursement rates that better reflected staffing, facilities, and operational expenses. By linking affordability reforms with provider funding, New Mexico sought to address both family access and provider sustainability simultaneously.

Beyond child care access, state leaders framed the policy as an economic development strategy. By reducing child care costs, the reforms aimed to increase workforce participation among parents, particularly mothers, while improving the availability and quality of care for young children.

Why It Matters:
New Mexico's reforms are significant because they address both sides of the child care equation: family affordability and provider sustainability. Rather than treating child care as a private family expense, the state framed early childhood services as a public investment in workforce participation, economic development, and child well-being.

Limitations:
Universal affordability does not automatically create enough infant/toddler slots. Like the Inland Empire, New Mexico still faces supply challenges, provider shortages, and facilities needs. The policy must therefore be paired with workforce compensation, facilities funding, family child care recruitment, and reimbursement reform.

Key lessons for the Inland Empire:
For Riverside and San Bernardino Counties, the New Mexico model demonstrates that affordability reforms are most effective when paired with reimbursement reform and long-term funding commitments. Interview participants consistently identified cost as a major barrier to access while providers reported difficulty maintaining financial stability. New Mexico's approach suggests that expanding eligibility, reducing family copayments, funding care at the true cost of delivery, and investing in provider capacity can help create a more equitable and sustainable child care system.

THEME 1: ACCESS & EQUITY BARRIERS

CASE STUDY 2: SAN FRANCISCO "BABY" PROPOSITION C

Inland Empire interview connection:
"The Inland Empire is a child care desert… families have to go far just to do a drop-off and pick-up." — Child care advocate interview [C2]

San Francisco's "Baby" Proposition C offers a California-based example of how local governments can raise dedicated revenue for child care and early education. Passed by voters in 2018, Proposition C created a commercial rent tax for child care and early education. The measure was designed to generate local revenue to expand access, improve affordability, and support the early care and education workforce.

Although San Francisco's economic base differs from the Inland Empire, the case is useful because it demonstrates that local governments do not have to wait for state or federal action to invest in child care. In the Inland Empire interviews, participants described a mismatch between family needs and available resources. Families face long distances, limited transportation, nontraditional work schedules, high tuition, and confusion about subsidy eligibility. San Francisco's model responds to a similar problem from a different angle: local public revenue can be dedicated to child care infrastructure.

Implementation approach:
Proposition C authorized a tax on commercial property leases for landlords above a revenue threshold. The majority of revenue is dedicated to early care and education. The policy was delayed by litigation, but after legal issues were resolved, San Francisco began using accumulated funds to expand affordability programs and support the early learning system.

Implementation was delayed because of legal challenges regarding California voter-approval requirements for local special taxes. Opponents argued that the measure required a two-thirds voter threshold rather than a simple majority. As litigation moved through the courts, San Francisco was unable to immediately spend the revenue generated by the tax. Following several court decisions and changes in California case law, the city ultimately prevailed, allowing accumulated funds to be released and invested in early childhood programs. As a result, hundreds of millions of dollars became available to support affordability initiatives, workforce investments, and expanded access to early care and education.

Funding strategy:

The funding model is a local commercial rent tax. This is significant because it creates a dedicated revenue stream for child care rather than forcing early childhood programs to compete annually for general fund dollars. A dedicated revenue model also gives advocates a clearer way to hold local government accountable for implementation.

Outcomes and impacts:

The Early Care and Education for All Initiative established a dedicated local funding stream to improve affordability, increase access, and strengthen the early childhood workforce. The ordinance specifically directed revenue toward expanding access to quality early care and education, supporting workforce development, and improving services for San Francisco families.

The significance of Proposition C is not simply the amount of money generated, but the creation of a sustainable funding mechanism that does not depend on annual budget negotiations. By creating the Babies and Families First Fund, San Francisco institutionalized long-term investment in early childhood services and demonstrated how local governments can generate dedicated revenue to address child care affordability and access challenges.

Limitations:

The main limitation is replicability. The Inland Empire does not have San Francisco's commercial real estate market. A commercial rent tax may not generate the same level of revenue in Riverside or San Bernardino Counties. The legal delay also shows that local tax measures must be carefully designed to avoid implementation setbacks.

Key lessons for the Inland Empire:

The Inland Empire should not copy San Francisco's tax structure without adaptation, but it can learn from the dedicated-revenue model. Regional partners could explore the implementation of a children's fund, county ballot measure, employer-linked child care contribution, or public-private early childhood fund. This case also supports the broader principle that child care access requires ongoing local infrastructure funding, not just temporary grants.

References

Theme 1

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