

California Households Need to Earn \$560K to Comfortably Afford Child Care

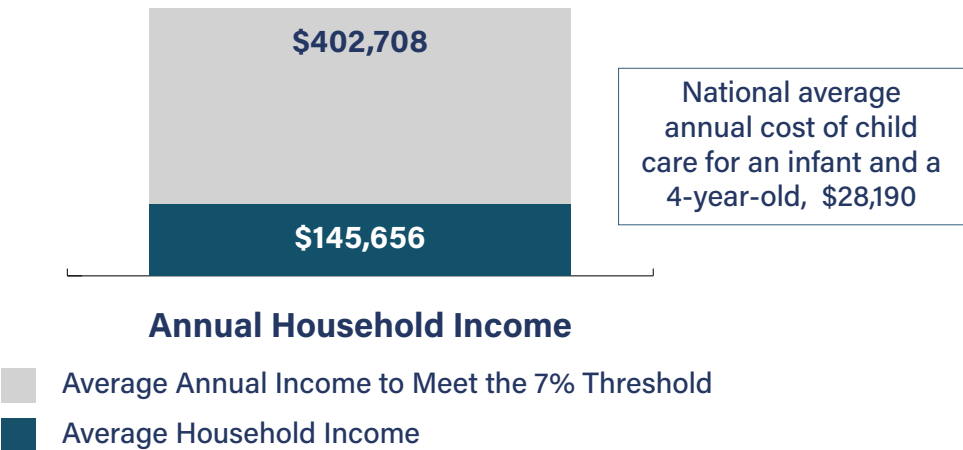


Nationwide Child Care Affordability Crisis

Child care is one of the costliest expenses for families and is no longer considered affordable by federal guidelines anywhere in the United States. Federal affordability thresholds laid out by the US Department of Health and Human Services state that for child care to be considered “affordable” families should spend no more than 7% of their annual household income on child care (Linton & Barr, 2026).

With the nationwide child care cost averaging \$28,000 for an infant and a four-year-old child, families need to earn at least \$400,000 to meet the affordability criteria for yearly spending on child care (Linton & Barr, 2026). As seen in Figure 1, the national average income of households with two children is \$145,656, meaning most American families fall far below the child care affordability threshold— spending almost 20% of their annual income on child care (Linton & Barr, 2026). These national trends highlight a widespread affordability crisis in child care with costs consuming a disproportionate share of household income across the country and placing significant financial strain on families.

Figure 1: National Average Household Income and 7% Threshold Child Care Affordability

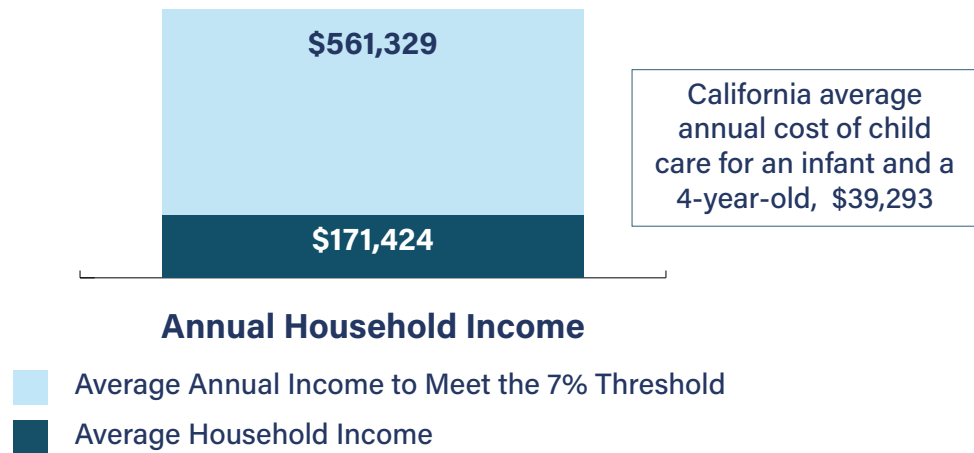


Source: LendingTree analysis of U.S. Census Bureau and Child Care Aware of America data

California Child Care Affordability Crisis

In California, families with two children spend an average of \$39,293 a year on child care (Linton & Barr, 2026a). To meet the federal affordability threshold of spending at most 7% of their household income on child care, California families need to make \$561,329 to comfortably afford child care, which is 228% more than the average annual household income of \$171,424 in California (see Figure 2) (Linton & Barr, 2026).

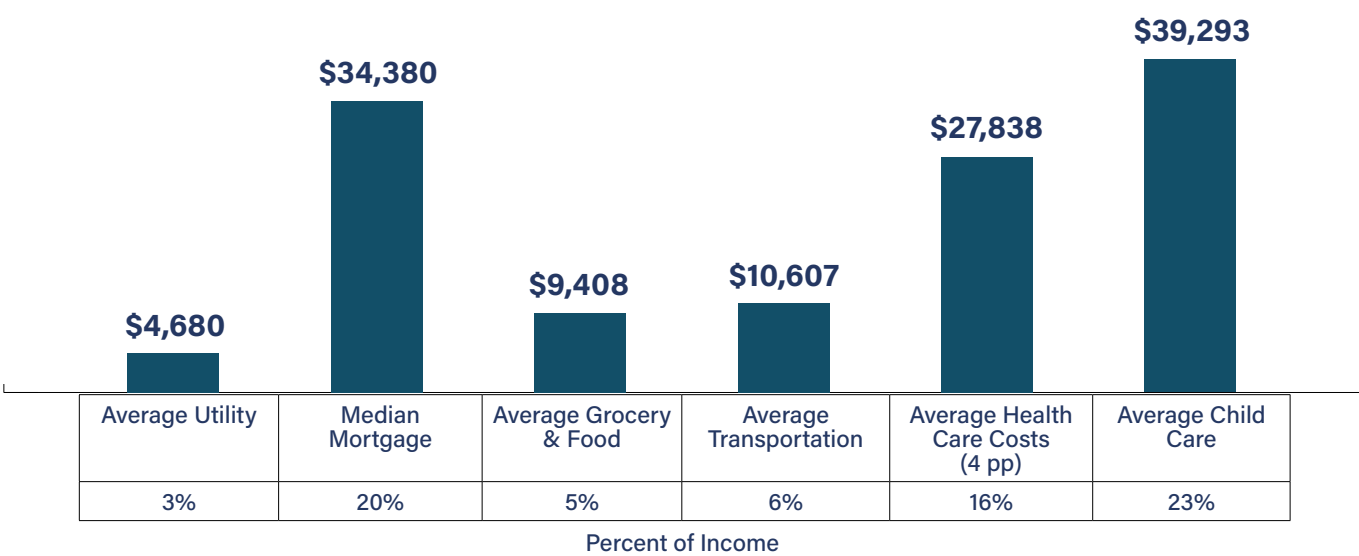
Figure 2. California Average Household Income and 7% Threshold Child Care Affordability



Source: LendingTree analysis of U.S. Census Bureau and Child Care Aware of America data

California parents have a variety of public and private child care options, but they are becoming limited because of high child care costs and supply shortages. Due to rising prices, budget constraints, and inflation, many families in California are left with having to make difficult choices. As shown in Figure 3, a California family with an annual income of \$171,424 would spend over 50% of their salary on rent/mortgage, transportation, groceries, utilities, and healthcare costs (Covered California, 2026; DeMarco, J., 2025). Factoring in \$39,293 a year on child care for one infant and a four-year-old child leaves this family with only 27% or \$3,857/month of their income to spend on personal expenses, savings, or emergencies. As California is one of the most expensive states to live in, \$3,857 a month leaves very little room for personal expenses without forcing families to make trade-offs. When broken down by demographic and race, child care continues to push families further from the 7% affordability threshold.

Figure 3. Annual Expenses for California Family of Four Earning \$171,424



Source: DeMarco, J. (2025). Cost of Living in California. SoFi. <https://www.sofi.com/cost-of-living-in-california/>

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Affordability Gap by Race & Ethnicity

The child care affordability and income gap is experienced more severely by some racial groups in California. Black or African American, Native American or Alaska Native, and households identifying as “some other race” are furthest from reaching the affordability threshold for child care based on their average household income statewide. White and Asian households come closest to comfortably affording child care, but average household incomes for these groups are still far from reaching the affordability threshold in California (Placer Community Dashboard, 2026).

Shown in Table 1, Black or African American households are the furthest from meeting the 7% affordability threshold. Black or African American households have an average annual household income of \$96,000 and would need to make 485% more to comfortably afford child care (Placer Community Dashboard, 2026). Native American or Alaska Native and those identifying as “some other race” have an average household income of around \$102,000 with an affordability gap of 450%. Households who identify as two or more races, Native Hawaiian and Pacific Islander, and Latino households earn an average of around \$115,000 annually, needing to earn 388% more to comfortably afford child care in California (Placer Community Dashboard, 2026). White and Asian households are closest to reaching the child care affordability threshold, with an average household income of \$130,500 and \$144,000, respectively (Placer Community Dashboard, 2026). But even with the highest average household incomes in the state, white and Asian families still fall short of the affordability threshold for child care, needing to earn around 300% more to comfortably afford child care in California.

Table 1: California Average Household Income and % Difference Needed to Afford Child Care

Race/Ethnicity	Avg. Household Income	% Difference b/w Avg. Income and \$560k Needed to Afford Child Care
Black/African American	\$96,038	485%
Some Other Race	\$100,115	461%
American Indian/Alaska Native	\$103,513	442%
Latino	\$112,404	399%
2+ Races	\$116,250	383%
Native Hawaiian/Pacific Islander	\$117,532	378%
White	\$130,537	330%
Asian	\$143,755	290%

Source: Placer Community Dashboard, 2026

Affordability Gap by County

The household income needed to meet child care affordability thresholds are three times the median income in nearly every county in California. Within California's 58 counties, annual household incomes range between a median of \$94,000 and \$195,000 (2025 State Income Limits, 2025). We used the statewide average child care cost of \$39,293 for one infant and a four-year-old child to calculate the percent families would need to earn to meet the federal affordability threshold in each county (see Appendix Table 1 for the full list). The results showed:

- ▶ 26 out of the 58 counties have a median household income between \$90,000 - \$100,000; 490% below the income necessary to comfortably afford child care
- ▶ 16% of counties (for example, Los Angeles and San Bernardino) need to earn around 435% more to meet the federal affordability threshold
- ▶ Nearly 30% of counties (like Santa Barbara, Orange, and Ventura) need to earn between 300% - 388% more to comfortably afford child care.

California counties with incomes considered upper-middle class in the rest of the nation, such as Alameda County (with a median household income of \$160,000), still fall 240% short of reaching the federal child care affordability threshold of \$561,392 (2025 State Income Limits, 2025). Even the wealthiest counties fall short of meeting the federal child care affordability threshold based on median household income.

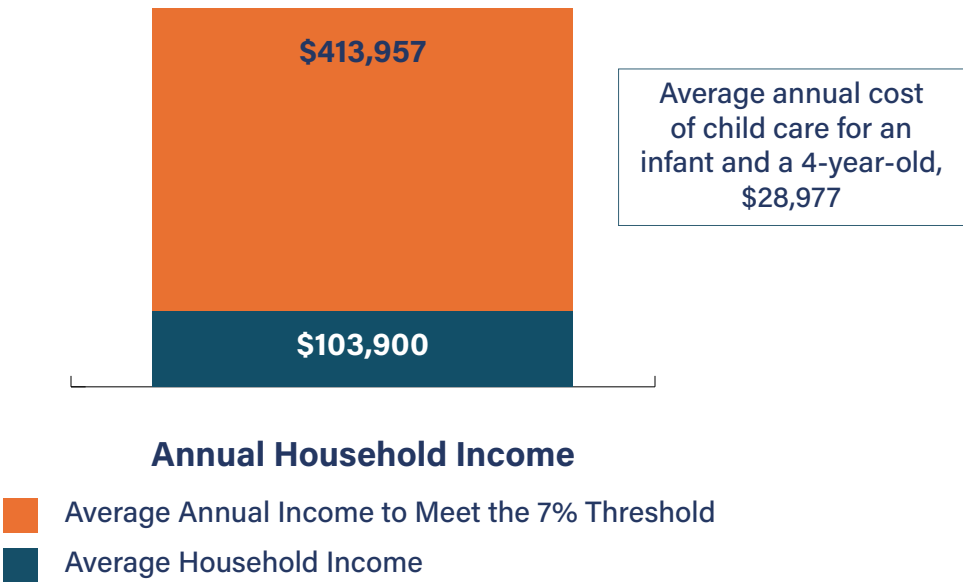
Below we analyzed child care affordability in two California counties, San Bernardino and Sacramento County, and one region, San Fernando Valley, to show what the gap between the federal affordability standards and the household income needed to comfortably afford child care looks like. We collected data from each area on child care cost for an infant and a four-year-old child, the median annual income for households of four, and the average monthly rent for a two-bedroom apartment. These areas are home to over five million California residents and serve as a useful snapshot of child care affordability throughout California.

San Bernardino County Specific Data

San Bernardino County has a population of nearly 2.2 million residents (Census Bureau Profile- San Bernardino County, California, 2020). San Bernardino’s population demographics are 56% Latino, 24% white, 8% Asian, 8% Black or African American, 3% identify as two or more races and less than 1% identify as Native American or Pacific Islander (San Bernardino County Community Indicators, 2025). Thirty percent of San Bernardino County’s population is under the age of 18 and 6% is under the age of five years old. San Bernardino County has a child poverty rate of 16% (Census Bureau Profile- San Bernardino County, California, 2020). Beyond its demographic profile, San Bernardino County’s economic landscape has important implications for family well-being. Household income, housing costs, and child care expenses together demonstrate the affordability challenges many families encounter. These demographic characteristics provide important context for understanding the economic challenges facing families in San Bernardino County. Examining household income alongside the cost of housing and child care illustrates the financial pressures many families experience.

In San Bernardino County, the annual median income for a household of four is \$103,900 (2025 State Income Limits, 2025). The average, monthly rent for a two-bedroom apartment in San Bernardino County is \$2,532 (How Much Does Childcare Cost in California?, 2026; Rental Affordability – San Bernardino County Community Indicators, 2025). The average annual cost of child care for an infant and a four-year-old in San Bernardino is \$28,977 (Daycare Cost in San Bernardino County, California, 2026). San Bernardino residents spend 28% of their income on child care. As seen in Figure 4, to meet the 7% federal affordability threshold, San Bernardino residents would need to earn \$413,957 in annual income. With a median annual household income of \$103,900, San Bernardino residents fall 298% short of affordable child care by federal standards.

Figure 4: San Bernardino County Household Income and Income Needed for Affordability

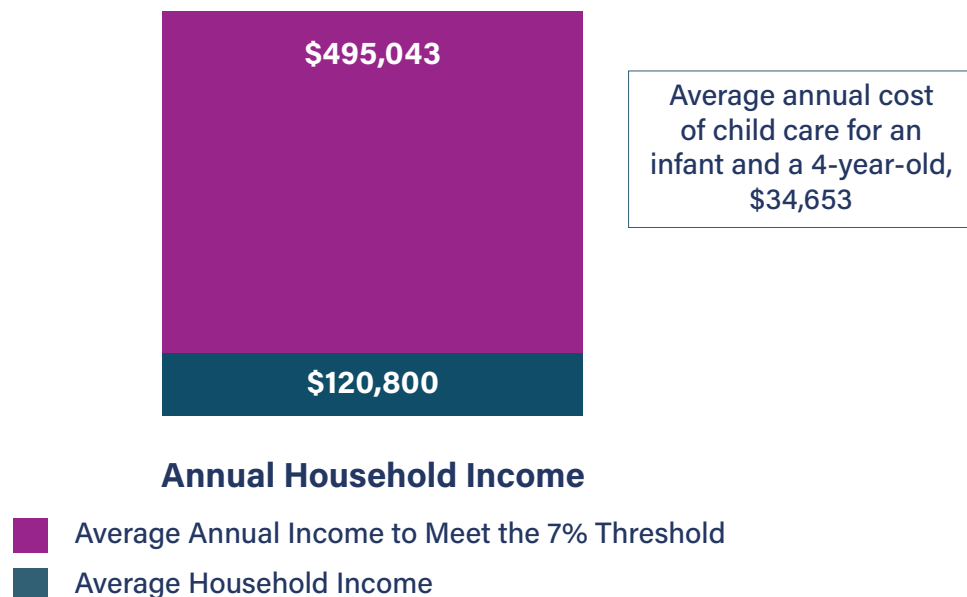


Sacramento County Specific Data

Sacramento County has a population of 1.6 million residents (Census Bureau Profile - Sacramento County, California, 2020). Sacramento's population demographics are 37% white, 19% Hispanic or Latino, 14% Asian, 11% two or more races, 9% some other race, 8% Black or African American and 1% for both American Indian and Alaskan Native, and Native Hawaiian and Other Pacific Islander. A quarter of Sacramento's population is under the age of 18 and 5.9% is under the age of five. Sacramento has a child poverty rate of 16% (Census Bureau Profile - Sacramento County, California, 2020). Understanding who lives in Sacramento County provides important context for examining the financial conditions that affect families.

In Sacramento County the median annual income for a household of four is \$120,800 (2025 State Income Limits, 2025). The average monthly rent for a two-bedroom in Sacramento County is \$2,248 (Average Rent in Sacramento, California, 2026). The average annual cost of child care for one infant and a four-year-old child in Sacramento is \$34,653 (Daycare Cost in Sacramento, California, 2026). On average, Sacramento County families spend 29% of their annual income on child care. As seen in Figure 5, to meet the federal child care affordability threshold, Sacramento County residents would need to earn an annual income of \$495,043. With a median annual household income of \$120,800, Sacramento families fall 310% short of affordable child care.

Figure 5: Sacramento County Household Income and Income Needed for Affordability

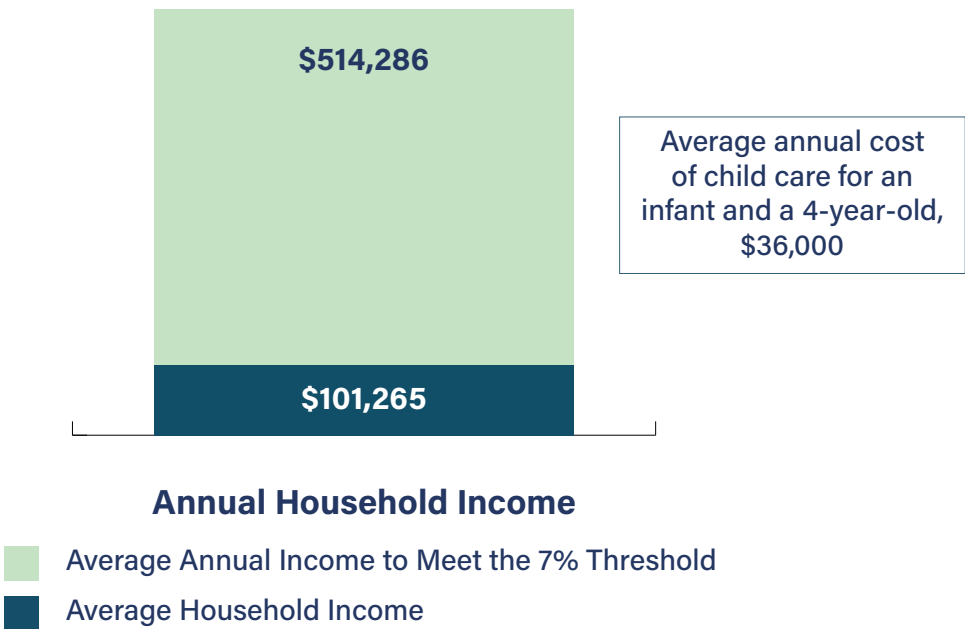


San Fernando Valley Specific Data

The San Fernando Valley has a population of 1.8 million residents (Census Bureau Profile - San Fernando Valley, California, 2020). San Fernando Valley’s population demographics are 32% white, 29% Hispanic or Latino, 17% identify as some other race, 9% as two or more races, 8% Asian, 3% Black or African American, and 1% American Indian or Alaska Native. Of San Fernando Valley’s nearly two million residents, 22% are under the age of 18 and 5% is under the age of five (Census Bureau Profile - San Fernando Valley, California, 2020). The San Fernando Valley has a child poverty rate of 16.5% (Census Bureau Profile - San Fernando Valley, California, 2020). While these demographic characteristics describe the population of the San Fernando Valley, examining household income alongside housing and child care costs provides a clearer picture of the financial realities many families face.

In the San Fernando Valley, the median annual four-person household income is \$101,265 (Census Bureau Profile - San Fernando Valley, California, 2020). The average, monthly rent for a two-bedroom in the San Fernando Valley is \$2,990 (Average Rent in San Fernando Valley, California, 2026). Residents in San Fernando Valley spend at least \$36,000 annually on child care for one infant and a four-year-old child, which is 40% of their income on child care alone (How Much Does Childcare Cost in California?, 2026). As seen in Figure 6, to meet the federal child care affordability threshold, San Fernando Valley residents would need to earn \$514,286 in annual income. With a median household income of \$101,265, San Fernando Valley residents fall 408% short of comfortably affording child care.

Figure 6: San Fernando Valley Household Income and Income Needed for Affordability



Recommendations to Support Families

Families across the nation struggle to meet the federal threshold for affordability when it comes to child care. In California, families face the same challenges as the costs for not only daily needs but also child care continue to rise. Although there are few things California families can do regarding inflation and the cost of living, there are ways in which legislators and advocates can help reduce the burden on families.

- ▶ Support a mixed-delivery system where families can choose child care options that best meet their needs and are affordable.
- ▶ Invest in the child care workforce by ensuring providers are paid a livable wage.
- ▶ Expand programs and benefits to families that can help reduce the cost of child care.

Addressing the affordability of child care requires sustained investment and a commitment to policies that prioritize the needs of families and providers alike. By strengthening the mixed-delivery system, investing in the early childhood workforce, and expanding financial support for families, California can help ensure that high-quality child care is both accessible and affordable. These actions would not only reduce the financial strain on working families but also promote children's healthy development, strengthen workforce participation, and contribute to the state's long-term economic well-being.



Appendix

Table 1: Median Household Income Ranges and County Representation

Median Household Income	% Difference b/w Avg. Income and \$560k Needed to Afford Child Care	County
\$90-100,000	524 - 461%	Del Norte, Fresno, Glenn, Humboldt, Imperial, Kern, Kings, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Sierra, Siskiyou, Tehama, Trinity, Tulare, Plumas, Colusa, Butte, Inyo, Stanislaus, Sutter, Yuba
\$101-110,000	456 - 410%	Calaveras, Tuolumne, Shasta, Riverside, San Bernardino, Monterey, San Joaquin, Los Angeles, Amador
\$111-120,000	406 - 368%	Mono, Santa Barbara, El Dorado, Placer, Sacramento
\$121-130,000	364 - 332%	Nevada, Solano, San Luis Obispo, Alpine, San Diego
\$131-140,000	328 - 301%	Ventura, Sonoma, Santa Cruz, Yolo, Orange, San Benito
\$141-150,000	298 - 274%	Napa
\$151-160,000	272 - 251%	Alameda, Contra Costa
\$161-170,000	249 - 230%	
\$171-180,000	228 - 212%	
\$181-190,000	210 - 195%	San Francisco, San Mateo
\$191-200,000	194 - 181%	Santa Clara

Based on California average \$39,293 annual child care cost for one infant and a 4-year-old child and \$561,329 annual income needed to meet the federal 7% affordability threshold.

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