Child Care Conditions:
The Costs of Doing Business

Rising costs and increased regulations continue to place mounting pressure on nonprofit organizations. In California, stress on the system is especially driven by for profit competition, threats of defunding, and costs such as unemployment insurance, worker's compensation, rent, utilities, healthcare, and litigation. This escalation has created a structural imbalance between an increased demand for services and operating costs that outpace revenue streams.

Since the last update and review of this structure in 2010, these are the cost and liability increases agencies have experienced.

Cost Category	% Increase Over Years	Summary
Labor Costs (Wages & Compensation)	106.25%	California's minimum wage has increased nine times from 2010 to 2025 from $8.00/hour to $16.50.
Commercial Rent / Real Estate	66%	Commercial rent and real estate in California have seen sharp increases since 2010, driven by tech-sector demand, limited supply, inflation, and rising construction costs.
Umbrella Insurance (Liability/Excess Liability)	50% within the last year 39% proposed additional rate hike	Umbrella insurance costs are skyrocketing due to increased wildfire risk, litigation costs, and market instability (some carriers leaving the state).
General Liability / Other Insurance Premiums	10–30% annually (common)	Nonprofit insurance premiums in general are rising 15–30% a year across many coverages; child care providers report widespread cost hikes.
Health Insurance	95%	Average monthly premiums for families with employer-provided health coverage in California grew by about $975, 95%, from 2008 through 2023 more than double the pace of inflation.
Cyber Insurance	10-30%	Due to rising data breeches, privacy, and cyber security compliance costs between 2016-2019, the GAO found a 10-30% increase in premiums during this time period.

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