

ADDITIONAL CHILD CARE FUNDING IS ESSENTIAL TO PREVENT STATE CUTS

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Many families today are at risk of losing the child care assistance that helps maintain their financial stability and ensure the well-being of their children. Through 2010, most states managed to maintain their child care assistance programs, largely thanks to an additional \$2 billion in federal Child Care and Development Block Grant (CCDBG) funding for 2009 and 2010 from the American Recovery and Reinvestment Act (ARRA). However, with only a portion of these ARRA funds being continued, and with persistent state budget gaps, many states are scaling back child care assistance for families. The cuts to child care assistance will only widen the existing gap between low-income families' need for help paying for care and the availability of help, especially given that number of low-income families (incomes under 200 percent of poverty) with children under age six has increased from 6.99 million in 2007¹ to 7.54 million in 2009 (the most recent year for which data are available).² These cuts force low-income parents to find a way to pay for child care themselves while struggling to pay other bills or prevent them from getting the reliable child care they need to work. The cuts cause children to lose access to the stable, good-quality child care that encourages their learning and development and prepares them for success in school, in a career, and in life. The cuts also can make it difficult for child care programs to fill their classrooms, leading them to lay off staff or close their doors entirely.

- **Arizona** has already cut the number of children receiving child care assistance from 48,000 to 29,000 since February 2009. In addition, the state's 2012 budget eliminates the entire state general fund appropriation for child care; this appropriation had totaled \$23.8 million in FY 2011 and had reached a high of \$84.5 million in FY 2008. Without state matching funds, the state will lose approximately \$40 million in federal money, and as a result, an estimated 13,300 fewer children will receive child care assistance. Even if the state is able to use other early childhood funding as the match required to receive federal funds, an estimated 5,100 fewer children will be served next year due to the loss of the state general funds.
- **Arkansas** used the ARRA funding to provide child care assistance to over 12,000 additional children and as a result reduced its waiting list for assistance. However, the state's waiting list grew from 2,727 children as of February 2010, to approximately 14,000 children as of February 2011.
- **California** has cut \$300 million in ongoing funds and \$220 million in one-time funding from its child care budget. As a result, the state will reduce funding for child care assistance programs by 11 percent, lower the income eligibility limit for child care assistance from 75 percent to 70 percent of state median income, reduce reimbursement rates for license-exempt child care providers, and eliminate funding for quality improvement initiatives such as grants

for renovation and repair of child care facilities, infant/toddler specialists, and infant/toddler resource grants.

- **Florida** had nearly 68,000 children on its waiting list for child care assistance as of February 2011. In addition, a funding cut of \$68 million in the 2011-2012 budget will affect child care assistance for nearly 15,000 children.
- **Georgia** will provide child care assistance to an estimated 10,000 fewer children in FY 2012 due to the expiration of ARRA funds and minimal re-investment of federal TANF funds.
- **Louisiana** has reduced the income eligibility limit for child care assistance from 75 percent to 65 percent of state median income and increased the number of hours a participant must work or attend a job training or educational program from 25 hours to 30 hours a week. These more restrictive eligibility policies will cause 5,000 children to lose child care assistance.
- **Maryland** started a waiting list for child care assistance as of February 28, 2011. Nearly 2,900 children were on the waiting list as of the spring. In addition, the Maryland Child Care Resource Network, which provides training and capacity building to help child care providers improve the quality of care, was cut by \$870,000 (18.6 percent).
- **Michigan's** 2012 budget cuts child care assistance by \$27.2 million, which includes a reduction in payments to unlicensed relatives and aide providers, a reduction in the maximum number of reimbursable hours of child care, and a reduction in error rates for income verification and eligibility. In addition, funding to the Early Childhood Investment Corporation (ECIC) for child care quality improvements was cut by \$1.9 million.
- **Minnesota** reduced reimbursement rates paid to licensed child care providers by 2.5 percent and reduced funding for child care resource and referral grants, child care service development grants, and child care facility improvement grants.
- **Mississippi** stopped providing child care assistance to families with incomes between 50 percent and 85 percent of state median income as of May 31, 2011. As a result, nearly 4,000 families are losing their child care assistance.
- **Nevada** reduced its general fund budget for child care by approximately \$5.9 million. As a result, the state is no longer providing child care assistance to parents attending school or training (other than minor parents working to finish a high school diploma) or families with incomes between 130 percent of poverty and 75 percent of state median income, the state's income eligibility limit.
- **New Mexico** has been placing all families with incomes between 100 percent of poverty and the state's income eligibility limit of 200 percent of poverty who apply for child care assistance on the waiting list since January 1, 2010. Families receiving child care assistance prior to January 1, 2010, including families with incomes between 100 and 200 percent of poverty, can continue to receive it as long as they remain eligible. The state has also reduced

reimbursement rates for child care providers by 4 percent. In addition, the state has cut funding for the T.E.A.C.H.® program, which provides child care teachers with scholarships for coursework in early childhood education and increased compensation when they complete the coursework, from \$1.166 million in FY 2010 to \$505,000 in FY 2012.

- **North Carolina's** waiting list for child care assistance increased from approximately 37,900 children in early 2010 to more than 46,700 children in early 2011. In addition, the state cut its Smart Start early childhood initiative and More at Four prekindergarten program by 20 percent each, and More at Four will begin requiring copayments from most parents with children participating in the program.
- **Ohio** has reduced its income eligibility limit from 150 percent of poverty to 125 percent of poverty (although families already receiving child care assistance can continue to receive it until their income reaches 200 percent of poverty).
- **Oklahoma** reduced its child care budget from about \$182 million to \$171 million. As a result, the state plans to lower its income eligibility limit—for example, the income limit for a family with two children will be lowered from \$35,100 to \$29,100 (although families already receiving child care assistance can continue to receive it up to the previous income limit). The state also plans to increase copayments by an amount ranging from 48 cents per child per week to \$13.60 per child per week, depending on family size and income. The state plans to cut quality initiatives as well, including a 41 percent reduction in health inspections, a 25 percent reduction in funding for resource and referral, and a 23 percent reduction in an initiative that supplements child care providers' wages.
- **Oregon** used ARRA funds to maintain prior improvements in its income eligibility limits, parent copayments, and provider reimbursement rates for child care assistance. However, as of October 1, 2010, the state—which had been providing child care assistance to families with incomes up to 185 percent of poverty and previously had no waiting list—capped enrollment in its Employment Related Day Care program at 10,000 families. Families enrolled in the child care assistance program prior to October 1, 2010 were able to continue to receive child care assistance through at least the end of June 2011, due to emergency funding. The state began placing families who applied for child care assistance after October 1, 2010 and who had not received TANF in Oregon for one of the prior three months on the waiting list. In January 2011, families on the waiting list were able to receive child care assistance due to attrition from the program, but the cap on the total number of families that can be served remains in place.
- **Pennsylvania** was able to serve all of the children on its waiting list for child care assistance as of May 2010, but the waiting list began increasing again and had more than 11,700 children on it as of January 2011. In addition, the 2011-2012 budget cuts state funding for child care by \$38.755 million. The state all but eliminated public funding for T.E.A.C.H.
- **Washington** lowered its income eligibility limit for child care assistance from 200 percent of poverty to 175 percent of poverty as of October 1, 2010. About 2,500 families were affected.

In addition, for the first time in more than twenty years, the state is placing families who apply for child care assistance on a waiting list.

- **Wisconsin** cut child care funding by nearly \$52 million in 2011-2012 and nearly \$54 million in 2012-2013 compared to baseline funding. To achieve these reductions, the Department of Children and Families is authorized to increase parent copayments, tighten income eligibility for families, and/or place families on waiting lists, ending a long-standing guarantee that assured eligible families of receiving child care assistance. Reimbursement rates for child care providers, except those for higher-quality providers, will remain frozen at 2006 levels through at least June 2013. The state is also reducing funding for its quality rating and improvement system.
- **Denver, Colorado** stopped taking applications for child care assistance for 18 months.

¹ U.S. Census Bureau, Current Population Survey, 2008 Annual Social and Economic Supplement, Detailed Table POV08: Families With Related Children Under 6 by Number of Working Family Members and Family Structure: 2007, *available at* http://www.census.gov/hhes/www/macro/032008/pov/new08_200_01.htm.

² U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement, Detailed Table POV08: Families With Related Children Under 6 by Number of Working Family Members and Family Structure: 2009, *available at* http://www.census.gov/hhes/www/cpstables/032010/pov/new08_200_01.htm.