

ADDITIONAL CHILD CARE FUNDING IS ESSENTIAL TO PREVENT STATE CUTS

Until recently, most states have 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 will be forced to scale back child care assistance for families unless additional federal funding is provided. Already, a number of states and communities have begun to cut back on child care assistance. 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 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 school success. 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 nearly \$24 million for child care assistance; without these state matching funds, the state will also lose approximately \$40 million in federal money. As a result, child care assistance could be eliminated for 13,330 children as early as July.
- **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 15,000 children as of August 2010.
- **California** has passed a budget that cuts child care funding by \$720 million, including \$500 million in ongoing funding and \$220 million in one-time reductions. This cut will result in a 15 percent reduction in child care assistance, limitations on child care assistance for 11- and 12-year-olds (except those who are at risk of abuse, neglect or exploitation; are homeless; are receiving services in non-traditional hours; or have exceptional needs), a reduction in the income eligibility limit from 75 percent to 70 percent of the state median income, an increase in parent copayments by 10 percent, and a reduction in reimbursement rates to centers that have contracts with the state. While the House and Senate are now considering a restoration of at least a portion of this funding, due to higher-than-expected revenues, the final outcome is uncertain.
- **Florida's** waiting list for child care assistance increased from approximately 67,000 children in early 2010 to 89,000 children as of December 2010. 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's** governor has proposed a budget would cause 5,000 children to lose child care assistance.
- **Maine's** governor is proposing to reduce reimbursement rates for providers caring for children receiving child care assistance from the 75th percentile of market rates, which is the federally recommended level, to the 50th percentile of market rates. The state already reduced reimbursement rates by 10 percent last year.
- **Maryland** has been placing all families who apply for child care assistance on a waiting list since February 28, 2011. More than 1,500 children were placed on the waiting list in the first month. 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).
- **Mississippi** will stop 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 will lose their child care assistance.
- **New Mexico** has been placing all families with incomes between 100 percent of poverty (\$18,310 a year for a family of three) and the state's income eligibility limit of 200 percent of poverty (\$36,620 a year for a family of three) 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. In addition, the state has cut reimbursement rates for child care providers by 4 percent.
- **North Carolina's** waiting list for child care assistance increased from approximately 37,900 children in early 2010 to nearly 45,700 children in December 2010. In addition, the state House and Senate are proposing major cuts to the state's Smart Start early childhood initiative and More at Four prekindergarten 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).
- **Oregon** used ARRA funds to maintain prior improvements in its eligibility limits, parent copayments, and provider reimbursement rates for child care assistance. However, as of October 1, 2010, Oregon—which had been providing child care assistance to families with incomes up to 185 percent of poverty (\$33,874 for a family of three) 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 are able to continue to receive child care assistance through 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 nearly 11,700 children on it as of January 2011.
- **Washington** lowered its income eligibility limit for child care assistance from 200 percent of poverty (\$36,620 a year for a family of three) to 175 percent of poverty (\$32,043 a year for a family of three) 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's** governor has proposed a budget that would cut child care funding by over \$50 million in each year of the biennium. The governor is proposing to end a long-standing guarantee that assured eligible families of receiving child care assistance and to instead allow families to be placed on waiting lists. The governor is also proposing to increase parent copayments, tighten income eligibility for families, freeze provider reimbursement rates, and reduce bonus payments for higher-quality providers.
- **Denver, Colorado** stopped taking applications for child care assistance for 18 months.