

CHILD CARE

FACT SHEET

Additional Child Care Funding is Essential to Stop State Cuts

July 2012

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. Families in 37 states were worse off under one or more state child care assistance policies—due to more restrictive eligibility criteria, longer waiting lists, lower provider reimbursement rates, or higher parent copayments—in 2011 than in 2010.¹ And this negative trend has continued into 2012.

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 2007² to 7.64 million in 2010 (the most recent year for which data are available).³ 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.

- **California** turned back the governor's original budget proposal to reduce child care and early education funding by \$517 million, which would have deprived 62,000 children of the opportunity to participate in these programs. However, the final budget still cut funding for child care and early education programs by \$130 million, which could result in an estimated 26,500 fewer children being served. Child care and development programs have already been cut by nearly \$1 billion since 2008, and 100,000 fewer children have been able to enroll in these programs.
- **Florida** has over 75,000 children on its waiting list for child care assistance.
- **Louisiana** will reduce its income eligibility limit for child care assistance from 65 percent of state median income (\$35,872 a year for a family of three) to 55 percent of state median income (\$30,353 a year for a family of three) as of August 2012. This change will affect approximately 1,800 children. In addition, the state will reduce the number of days for which it will provide reimbursement while a child is absent from child care from five days per month to two days per month.
- **Maine** has cut state funding for child care by 46 percent. State funding for home visiting has been cut by 64 percent and state supplemental funding for Head Start has been cut by 60 percent. In addition, all local child care resource and referral agencies lost their contracts as of April 1st.

- **Maryland's** waiting list for child care assistance, started in February 2011, had grown to over 16,800 children as of February 2012.
- **Massachusetts** has 36,500 children on its waiting list for child care assistance.
- **Missouri** has cut a \$3 million state program that supplements federal Early Head Start funding. The budget also eliminates a \$3.7 million program to help create or expand licensed child care facilities and a \$3 million program to assist existing child care centers in gaining state or national accreditation.
- **Nevada** has reduced child care funding, resulting in 1,300 children losing child care assistance.
- **Pennsylvania's** child care funding in FY 2012-2013 is \$28 million lower than in FY 2011-12 and over \$70 million (19 percent) lower than in FY 2010-2011. The funding cut will be achieved through regulatory changes effective July 2012 that reduced the number of days a child can be absent before child care assistance is suspended from 10 days to five days, and established a cap on the annual number of absent days that can be reimbursed. The revised regulations also reduced the number of days a parent can continue to receive child care assistance after an involuntary job loss from 60 days to 30 days. In addition, the state cut funding for Keystone STARS, the state's child care quality rating and improvement system. The state has reduced reimbursement rates for unregulated relative and neighbor care as well. These cuts come at a time when the state's waiting list for child care assistance already has over 11,500 children on it. In 2011, the state also made cuts, eliminating public funding for the T.E.A.C.H.® program, which provides education scholarships for child care teachers, and raising copayments for families receiving child care assistance.
- **Wisconsin** will no longer reimburse family child care providers serving children receiving child care assistance for days when the children are absent, as of August 2011. In addition, the state began implementing a tiered reimbursement system, with rates based on providers' quality level, as of July 1, 2012. Providers at the elevated rating level (four star) will receive a rate that is 5 percent above the base rate and providers at the highest rating level (five star) will receive a rate that is 10 percent above the base rate, increasing to 25 percent above the base rate as of January 2013. However, providers at a proficient level of quality (three star) will receive the base rate, which has been frozen since 2006, and providers meeting only basic health and safety standards (two star) will receive a rate that is 5 percent below the base rate. (Providers at the one-star level are those that do not meet basic health and safety standards and are not permitted to receive child care assistance payments.)
- **West Virginia** will freeze intake for the child care assistance program for all families except families receiving welfare, foster families, families receiving child care because of a child protective service case, and families receiving court-ordered child care, effective August 1, 2012. In addition, copayments will increase—for example, families with two children in care will have their copayments increase from 5 percent to 12 percent of income. After January 1, 2013, families with incomes above 150 percent of poverty (\$28,635 a year for a family of three) will not be able to continue receiving child care assistance; currently, families can qualify for child care assistance with incomes up to 150 percent of poverty, and remain eligible to continue receiving assistance with incomes up to 185 percent of poverty (\$35,317 a year for a family of three).

The President's budget proposal for FY 2013 would increase funding for CCDBG by \$825 million to prevent a further decline in the number of children receiving child care assistance and to support a new quality improvement initiative. Even with the proposed increase in funding, CCDBG would only serve 1.5 million children, below the 1.7 million children served in 2010.

1. Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2011: Reduced Support for Families in Challenging Times* (Washington, DC: National Women's Law Center, 2011), available at http://www.nwlc.org/sites/default/files/pdfs/state_child_care_assistance_policies_report2011_final.pdf.
2. 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.
3. U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement, Detailed Table POV08: Families With Related Children Under 6 by Number of Working Family Members and Family Structure: 2010, available at http://www.census.gov/hhes/www/cpstables/032011/pov/new08_200_01.htm.