

CHILD CARE

FACT SHEET

Additional Child Care Funding is Essential to Stop State Cuts

June 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's** governor has proposed to reduce child care funding by \$452.5 million and eliminate 29,000 child care slots. Child care and development programs have already been cut by nearly \$1 billion since 2008, and 100,000 fewer children have been able to participate in these programs. Under the proposed funding cuts, the income eligibility limit for child care assistance would be reduced from 70 percent of state median income (\$42,216 a year for a family of three) to 200 percent of the federal poverty level (\$38,180 a year for a family of three). In addition, reimbursement rates for licensed child care providers serving families receiving child care assistance would be reduced from the 85th percentile to the 40th percentile of 2005 market rates.
- **Florida** has over 75,000 children on its waiting list for child care assistance.
- **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 this fiscal year.
- **New Jersey's** waiting list for child care assistance had increased to nearly 10,500 children as of February 2012.
- **Pennsylvania's** governor proposes to cut the child care budget by over \$24 million, or 7.4 percent from the enacted FY 2011-12 budget. The funding cut will be achieved through regulatory changes effective July 2012 that will reduce the number of days a child can be absent before child care assistance is suspended from 10 days to five days, and establish a cap on the annual number of absent days that can be reimbursed. The revised regulations also will reduce the number of days a parent can continue to receive child care assistance after an involuntary job loss from 60 days to 30 days. The budget proposal would reduce reimbursement rates for unregulated relative and neighbor care as well. The state Senate budget would also cut funding for the state's child care quality rating and improvement system by \$8.7 million, which could reduce technical assistance, professional development, and quality awards. The proposed cuts come at a time when the state's waiting list for child care assistance already has over 11,500 children on it. The state has also eliminated public funding for the T.E.A.C.H.® program, which provides education scholarships for child care teachers.
- **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 will begin 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.)
- **New York City's** mayor has proposed a budget for FY 2013 that, together with planned systemic changes, would result in over 15,000 children losing their child care program and over 32,000 children losing their after-school program as of October 2012. More than 43,000 children in New York City have already lost access to affordable child care and after-school programs since 2009. Other counties in New York have made or proposed child care cuts as well. For example, in Westchester County, the county executive is proposing steep increases in copayments for families receiving child care assistance.

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.