

CHILD CARE

FACT SHEET

On the Edges: Child Care Assistance Policies that Affect Parents, Providers, and Children

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Introduction

Certain key child care assistance policies—income eligibility limits, waiting lists, parent copayments, reimbursement rates, and eligibility for parents searching for a job—are central determinants of families' access to help affording good-quality care and the generosity of that assistance.¹ These policies are the focus of the National Women's Law Center's annual report on state child care assistance programs. However, many other policies that receive less attention can also have a significant impact on parents' access to affordable, high-quality care. This past year, the National Women's Law Center collected some information from state child care administrators on recent changes—some positive, some negative—in these other policy areas. While we do not have comprehensive data on these policies, they are worth examining because they address important aspects of child care assistance, including what families must do to qualify for assistance, what they must do to remain eligible for assistance, and how child care providers are reimbursed for serving families receiving assistance.

Eligibility Criteria

Families' access to child care assistance depends on a state's eligibility criteria. In addition to setting income limits, states set other criteria that families have to meet to qualify for assistance, including activity requirements. Families must meet some activity requirements—such as participation in work or education—to qualify, but it is up to states to define these activity requirements and determine how flexible to make them. Less than half of the states **require parents to participate in work for a certain number of hours a week in order to receive child care assistance.**² Yet, Kansas began requiring that most adults receiving child care assistance be

employed a minimum of 20 hours per week (unless they meet criteria for exemption), effective November 2011.³ Requiring parents to work a minimum amount of hours to receive any child care assistance can create a challenge for parents who need child care to maintain the work hours they have. Parents may have to start with a limited number of work hours before they can eventually build up to longer hours, but they can never have this opportunity in the first place without child care.

In setting eligibility criteria, states also decide whether and under what circumstances to allow families to qualify for **child care assistance while parents participate in education programs.** Providing child care assistance to help parents attend school is important because research indicates that individuals with higher levels of educational attainment are more likely to have better paying, more secure jobs that enable them to support themselves and their children.⁴ All states allow at least some parents in school to receive child care assistance, but many states place restrictions on assistance for parents in school. States may allow parents to receive child care assistance while attending school for only a limited amount of time, or only up to a certain level of education, or only if they are also working for a certain number of hours. A few states have cut back on child care assistance while parents participate in education programs. For example, Nevada no longer provides child care assistance for parents in education or training programs, with the exception of minor parents who will be provided assistance if attending school to obtain a high school diploma or GED, effective July 1, 2011. North Carolina limited child care assistance for parents in post-secondary education or job training to twenty months, effective July 1, 2011.

A number of states' eligibility criteria include a **requirement for families to seek child support enforcement services in order to be eligible for child care assistance**. This policy can deter parents from applying for child care assistance if there are concerns about their relationship with the non-custodial parent. Washington recognized the disadvantages of this policy, and stopped requiring families to seek child support enforcement services in order to qualify for child care assistance, as of June 2012.

If families manage to meet all of the state's eligibility criteria and start receiving child care assistance, their ability to retain that assistance can depend on how frequently they have to renew, or recertify, their eligibility. **Longer eligibility periods** minimize the bureaucratic burdens for parents and the amount of time they must spend renewing their eligibility, making it easier for families to hold onto their child care assistance and enabling their children to have greater stability in their child care arrangements. It can also reduce states' administrative costs. The federal Office of Child Care issued a memo in September 2011 on policies encouraging continuity in care that included a recommendation for states to adopt a twelve-month eligibility period.⁵ Several states have recognized the benefits of this approach and have recently expanded their eligibility periods. For example, Rhode Island and Washington both expanded their eligibility periods for child care assistance from six months to twelve months as of July 1, 2012. The Office of Child Care memo recommends other policies to reduce administrative barriers to families' obtaining or retaining child care assistance, such as providing parents with multiple ways to submit eligibility information, including by phone or email, and by coordinating with other agencies and programs so that parents do not have to submit multiple forms or meet separate sets of requirements for each different program.

Several other policies can affect continuity of care, including policies on **determining the number of hours of care for which a family is eligible for child care assistance**. This policy area is particularly important for parents with variable work hours; a parent may be working a variable schedule, but may still need child care assistance for a constant number of hours each week in order to hold a slot in a child care program. States can meet the needs of parents in such situations by providing child care assistance based on the average number of hours worked over the course

of weeks or months, or cover full-time care as long as they work a minimum number of hours rather than only covering the exact number of hours worked during a particular day or week.

Reimbursement Policies

Families receiving child care assistance, and the providers who care for their children, are also affected by a range of reimbursement policies. While reimbursement rates generally have the greatest influence on whether families have access to a choice of providers and whether those providers have the resources they need to support a high-quality program, a number of other reimbursement policies are important as well. Reimbursement policies that chip away at providers' overall reimbursement can make it difficult for providers to sustain a high level of quality or keep their doors open at all, particularly for providers in low-income neighborhoods with a large proportion of their children receiving child care assistance.

In setting reimbursement policies, states must determine how to **reimburse child care providers for days when children are absent**. If states only reimburse providers for a limited number of absent days, providers must bear the burden of the income loss or parents must contribute more to help cover the loss, since providers still have fixed costs for staff and facilities even on days when children are absent. In some cases, restrictive absent-day policies may discourage providers from serving families receiving child care assistance. Such policies create particular challenges for families with children who have frequent or chronic illnesses that cause them to have regular absences—families and children who are already at a disadvantage. Strict limits on absent days can also be problematic for families with infants, who tend to get sick often as their immune systems develop. Unfortunately, several states have recently set stricter limits on reimbursement for absent days. For example, Montana reduced the amount of time for which it will provide reimbursement while a child is absent from 150 hours per year to 70 hours per year, as of January 27, 2012. Pennsylvania, which previously did not limit the total number of absent days for which it reimbursed providers, began limiting the total number of absent days for which it will reimburse providers to twenty-five days during a state fiscal year, and reduced the number

of consecutive absent days for which it will reimburse providers from ten to five, as of July 1, 2012. Minnesota plans to eliminate payment for absent days for legally exempt family child care providers and reduce the number of absent days for which licensed providers and license-exempt centers can receive reimbursement from twenty-five days per year to ten days per year as of January 1, 2013.⁶

States may also limit the **total number of hours for which child care providers can receive reimbursement** while serving children receiving child care assistance. These policies can significantly reduce providers' overall reimbursement level and may make providers less willing to serve families receiving child care assistance that need child care for longer-than-usual hours. Michigan—which reimburses providers on an hourly basis—reduced the maximum number of reimbursable hours from 90 hours in a two-week period to 80 hours in a two-week period, as of October 2011.

In addition, states determine whether to provide **reimbursement for child care provided during hours beyond a parent's work or school hours**. Some states allow for travel time between parents' work and their child care, study time for parents attending school, and/or daytime care for parents who work overnight and sleep during the day. A few states have recently adopted less generous policies on reimbursing for these hours, which can create challenges for parents with long commutes, parents trying to further their education, and parents working the night shift. For example, Michigan eliminated reimbursement for travel time between parents' work (or other approved activity) and their child care, as of October 2011.

Montana stopped providing child care assistance to cover sleep time for parents who work through the night, as of January 27, 2012.

State policies on **covering other fees beyond the basic rates**, such as registration fees and fees for field trips and other activities—fees that private-pay parents typically pay—may affect providers' income levels and/or parents' cost burden as well. Minnesota eliminated reimbursement for activity fees (which providers had previously been able to receive if their basic private-pay rate had been below the state's maximum reimbursement rate), as of September 3, 2012. North Carolina stopped covering fees for transportation services and registration, as of July 1, 2011.

Conclusion

State policy decisions on eligibility criteria, reimbursement, and additional aspects of child care assistance all affect families' access to the stable, high-quality child care that parents need to work and children need to be ready for school. These policies help to determine whether families can receive help affording child care, whether families receiving child care assistance have a choice of good-quality care, whether these families are still left with a significant cost burden, whether their children have continuity in their care, and whether providers serving these families are able to support high-quality care. As states look for cost savings at a time of tight budgets, it is important to recognize that changes in these policies have significant consequences for families who need financial support and children who need the learning opportunities that high-quality child care can offer.

- 1 Karen Schulman and Helen Blank, *Downward Slide: State Child Care Assistance Policies 2012* (Washington, DC: National Women's Law Center, 2012), available at http://www.nwlc.org/sites/default/files/pdfs/NWLC2012_StateChildCareAssistanceReport.pdf.
- 2 Sarah Minton, Christin Durham, Erika Huber, and Linda Giannarelli, *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2011* (OPRE Report 2012-51) (Washington, DC: The Urban Institute, 2012), 10-13, available at <http://www.urban.org/publications/412708.html>.
- 3 Previously, the work requirement only applied to post-secondary students, who had to be employed a minimum of 20 hours per week unless they were within six months of completion of their educational program. The new 20-hour work requirement applies to all families except teen parents who are in high school or working on their GED, former Temporary Assistance for Needy Families (TANF) recipients in the two months immediately following loss of TANF eligibility, families who are receiving social service child care (for parents in crisis or children in juvenile justice custody), and mandatory participants in the Supplemental Nutrition Assistance Program (SNAP) work program.
- 4 See, for example, Camille L. Ryan and Julie Siebens, *Educational Attainment in the United States: 2009* (Current Population Reports P20-566) (Washington, DC: U.S. Census Bureau, 2012), available at <http://www.census.gov/prod/2012pubs/p20-566.pdf>; Sandy Baum, Jennifer Ma, and Kathleen Payea, *Education Pays 2010: The Benefits of Higher Education for Individuals and Society* (New York, NY: College Board Advocacy and Policy Center, 2010), available at http://advocacy.collegeboard.org/sites/default/files/Education_Pays_2010.pdf.
- 5 U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Care, *Policies and Practices that Promote Continuity of Child Care Services and Enhance Subsidy Systems*, Information Memorandum: CCDF-ACF-IM-2011-06, September 21, 2011, available at http://www.acf.hhs.gov/sites/default/files/occ/im2011_06.pdf.
- 6 Teen parent school-based programs will continue to be exempt from any limits on absent days.