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## STATE CHILD CARE ASSISTANCE POLICIES 2007: SOME STEPS FORWARD, MORE PROGRESS NEEDED

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Strong state child care assistance policies are essential for the many low-income parents who need reliable care for their children while they work and who cannot afford the high cost of child care on their own. Center-based care for one child can average \$3,000 to \$13,000 a year, depending on where the family lives and the age of the child.<sup>1</sup> Without help paying these significant costs, low-income parents face a tremendous financial strain and may risk losing their jobs because they cannot afford child care. Their children may be deprived of the high-quality child care that helps promote their learning and development. In recent years, many of these low-income families have found it particularly difficult to get the child care help they need due to declining federal child care funds and cutbacks in state child care assistance programs.<sup>2</sup>

Between 2006 and 2007, some states made improvements in their child care assistance policies. A brighter state budget picture likely helped states make some of these improvements to their policies.<sup>3</sup> But states' progress between 2006 and 2007 was limited, and most states have not made up the ground lost since 2001.

In general, states made some progress in the areas of income eligibility limits and waiting lists, but less progress with respect to parent copayments and virtually no progress with respect to reimbursement rates for child care providers:

- Ten states raised their income eligibility limits for child care assistance sufficiently to surpass inflation, as measured against the increase in the federal poverty level between February 2006 and February 2007, and an additional twenty-three states increased their income limits enough to keep pace, or nearly keep pace, with inflation, as measured against the federal poverty level.<sup>4</sup> Although no states reduced their income limits, the remaining eighteen states failed to increase their limits sufficiently to keep pace with inflation. Moreover, in thirty-three states, the income limit was still lower as a percentage of poverty than in 2001.<sup>5</sup>
- The number of states with waiting lists for child care assistance decreased slightly, to seventeen states in 2007, from eighteen states in 2006, and twenty-two states in 2001. In addition, in eleven of the thirteen states that had waiting lists and for which comparable data were available, the number of children on the waiting list declined from 2006 to 2007. In eight of the thirteen states that had waiting lists and for which comparable data were available, the number of children on the waiting list declined from 2001 to 2007.

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- In over two-thirds of the states, families receiving child care assistance paid the same or a lower percentage of their income in copayments in 2007 than in 2006. However, in over half of the states, parents paid a greater percentage of their income in copayments in 2007 than in 2001.
- Only nine states had reimbursement rates for providers who serve families receiving child care assistance at the federally recommended level in 2007, the same as in 2006. In comparison, twenty-two states had rates at this level in 2001.

These developments between February 2006 and February 2007 are discussed in more detail below. In addition, although not reflected in the February 2007 data or the analysis below, several states planned to make improvements in their child care assistance policies later in 2007, some of which have now been made. For example:

- Illinois increased its reimbursement rates for centers and family child care providers as of July 1, 2007, although the new rates will still not be at the federally recommended level of the 75th percentile of current market rates. For example, the reimbursement rate for center care for a four-year-old in the Metropolitan Region increased from \$551 per month to \$567 per month, and for a one-year-old, from \$779 per month to \$814 per month. Family child care providers are scheduled to receive additional rate increases in January and July 2008.
- Missouri increased its income eligibility limits in July 2007 sufficiently to surpass inflation. For example, the income limit for a family of three increased from \$18,216 a year (106 percent of poverty) to \$22,032 a year (128 percent of poverty). The state also raised reimbursement rates by 5 percent in March 2007 for regulated child care providers—the first increase for many types of providers since 1991.<sup>6</sup> However, the increase was not sufficient to bring rates to the federally recommended level of the 75th percentile of current market rates.
- New Mexico increased its income eligibility limits in July 2007 sufficiently to surpass inflation. For example, the income limit for a family of three increased from \$25,730 a year (150 percent of poverty) to \$28,330 a year (165 percent of poverty).
- Oregon plans to increase its income eligibility limits sufficiently to surpass inflation, as of October 2007. For example, the income limit for a family of three is expected to increase from \$25,764 a year (150 percent of poverty) to \$31,776 a year (185 percent of poverty). The state also planned to increase reimbursement rates for providers serving families receiving child care assistance significantly, from the 26th percentile of 2006 market rates to the federally recommended level of the 75th percentile of 2006 market rates. In addition, the state plans to reduce parent copayments by an average of 20 percent. The state has not yet determined how it will spread the reduction among families at different income levels, but if applied evenly, a 20 percent reduction would cut the copayment for a family at 150 percent of poverty from 27 percent of income to 22 percent of income, and would cut the copayment for a family at 100 percent of poverty from 11 percent of income to 9 percent of income.
- Utah, which had not updated its reimbursement rates since 2001, increased rates from the 50th percentile of 2004 market rates to the federally recommended level of the 75th percentile of 2006 market rates for licensed but not other providers serving families receiving child care assistance as of July 1, 2007.

Although some states have taken steps forward since February 2007, other states have enacted or at this writing are considering child care cuts. For example:

- Rhode Island reduced its income eligibility limits. For example, the income limit for a family of three decreased from \$38,633 a year (225 percent of poverty) to \$30,906 a year (180 percent of poverty) as of September 2007. The state also increased copayments as of September—the percentage of income paid by families with incomes above 100 percent of poverty increased by one percentage point. In addition, the state deferred a scheduled reimbursement rate increase until July 2008, so 2007 rates will remain below the federally recommended level of the 75th percentile of current market rates, and restructured reimbursement rates for child care providers offering both before- and after-school care in a way that will reduce the reimbursement they receive as of October 2007.
- In Wisconsin, under both the state senate and assembly versions of the pending budget bill, reimbursement rates would be frozen through 2009.<sup>7</sup> As a result, the state would no longer have reimbursement rates at the federally recommended level of the 75th percentile of current market rates.

Without additional resources, states may have greater difficulty making improvements in their child care assistance programs in coming years. Stricter federal welfare work requirements enacted as part of the reauthorization of the Temporary Assistance for Needy Families (TANF) program in 2006<sup>8</sup> could increase the demand for child care assistance among families now required to move from welfare to work.<sup>9</sup> Yet the amount of federal child care funding provided by Congress falls far short of what is needed to meet the projected demand.<sup>10</sup> When surveyed by the National Women's Law Center about the impact of the welfare work requirements on their child care assistance programs, most state administrators reported that it was too early to provide an assessment or that they had not yet seen any effects. However, a number of state administrators said that they anticipated that the demand for child care assistance would increase in the future.

## FUNDING FOR CHILD CARE ASSISTANCE FOR LOW-INCOME FAMILIES

The primary source of funding for child care assistance is the federal Child Care and Development Block Grant (CCDBG) program. CCDBG funding declined from a peak of \$4.817 billion in FY 2002<sup>11</sup> to \$4.800 billion in FY 2005,<sup>12</sup> before increasing to \$4.979 billion in FY 2006,<sup>13</sup> where funding remained in FY 2007.<sup>14</sup> After adjusting for inflation, the FY 2007 funding level is below the FY 2002 level (\$5.530 billion in FY 2007 dollars).<sup>15</sup>

Another important source of child care funding is the TANF block grant. States may transfer up to 30 percent of their TANF block grant funds to the CCDBG, or use TANF funds directly for child care without first transferring the money. Even before adjusting for inflation, states' use of TANF dollars for child care (including both transfers and direct funding) declined from a high of \$3.97 billion in FY 2000<sup>16</sup> to \$3.12 billion in FY 2006 (the most recent year for which data are available).<sup>17</sup>

The lack of sufficient funding has led to a decline in the number of children able to receive child care assistance. The administration's own estimates reveal that 150,000 fewer children received assistance in 2006 than in 2000.<sup>18</sup> Without additional funding, the administration projects that the number of children receiving assistance will decline by another 300,000 by 2010.<sup>19</sup>

## METHODOLOGY

The data in this report were collected by the National Women's Law Center from state child care administrators in the fifty states and the District of Columbia (counted as a state in this report). The state child care administrators were sent a survey in the spring of 2007 requesting data on policies as of February 2007 in four key areas—income eligibility limits, waiting lists, parent copayments, and reimbursement rates. Some states also volunteered information about changes to take effect later in 2007. In addition, states were asked an open-ended question about the effects of the new welfare work requirements on the child care assistance program. The state administrators were contacted by Center staff for follow-up information as necessary.

The 2006 data used in this report for comparison purposes were collected by the Center through a similar process and published in the Center's September 2006 report, *State Child Care Assistance Policies 2006: Gaps Remain, with New Challenges Ahead*. The 2001 data used in this report were collected by the Children's Defense Fund (CDF) and published in CDF's report, *State Developments in Child Care, Early Education and School-Age Care 2001*. CDF staff collected the data through surveys and interviews with state child care advocates and verified the data with state child care administrators. The CDF data reflect policies in effect as of June 1, 2001, unless otherwise indicated. The Center uses 2001 as a basis for comparison because it was just after the peak of TANF funding for child care in FY 2000 and just prior to the peak of CCDBG funding in FY 2002.

The Center collected data on the four policy areas covered in this report because they are central to determining whether low-income families can receive child care assistance and the extent of assistance they can receive. Income eligibility limits reveal how generous a state is in determining families who qualify for child care assistance,<sup>20</sup> and waiting lists help reveal whether families who qualify for assistance actually receive it. Parent copayment levels reveal whether low-income parents receiving child care assistance are left with significant out-of-pocket costs for care. Reimbursement rates reveal the extent to which families receiving assistance may be limited in both their choice of child care providers and the quality of care those providers offer.

## INCOME ELIGIBILITY CRITERIA

A family's ability to obtain child care assistance depends on a state's income eligibility limit, including whether a state makes annual adjustments to its limit for inflation so that a family does not become ineligible for assistance because its income simply keeps pace with inflation.

Between 2006 and 2007, nearly two-thirds of the states increased their income eligibility limits sufficiently to keep pace with or surpass inflation, as measured against the increase in the federal poverty level during this time period.<sup>21</sup> However, between 2001 and 2007, only about one-third of the states increased their income eligibility limits sufficiently to keep pace with or surpass inflation, as measured against the increase in the federal poverty level during this time period. In addition, income eligibility limits in 2007 remained low—at or below 200 percent of poverty in over two-thirds of the states.

- The income eligibility limit for a family to qualify for assistance increased as a dollar amount in thirty-five states between 2006 and 2007 (*see Table 1a*). In ten of these states, the increase was great enough that the income limit was higher as a percentage of the federal poverty level in 2007 than in 2006. In twenty-three of these states, the income limit increased enough to remain the same, or nearly the same, as a percentage of the federal poverty level.<sup>22</sup> In two of these states, the increase was not sufficient to keep pace with the federal poverty level, so the income limit was lower as a percentage of the federal poverty level in 2007 than in 2006.

- The income eligibility limit stayed the same as a dollar amount in sixteen states between 2006 and 2007. As a result, in all of these states, the income limit decreased as a percentage of the federal poverty level, bringing to eighteen the total number of states in which the income limits did not keep pace with the increase in the federal poverty level between 2006 and 2007.
- The income eligibility limit was higher as a dollar amount in 2007 than in 2001 in forty-one states (*see Table 1b*). In twelve of these states, the increase was great enough that the income limit was higher as a percentage of the federal poverty level in 2007 than in 2001. In six of these states, the increase was great enough that the income limit stayed the same, or nearly the same, as a percentage of the federal poverty level.<sup>23</sup> However, in twenty-three of these states, the increase was not sufficient to keep pace with the federal poverty level, so the income limit was lower as a percentage of the federal poverty level in 2007 than in 2001.
- The income eligibility limit was lower as a dollar amount in 2007 than in 2001 in seven states. The income limit stayed the same in three states. In all of these states, the income limit decreased as a percentage of the federal poverty level, bringing to thirty-three the total number of states in which the income limit failed to keep pace with the increase in the federal poverty level between 2001 and 2007.
- The income eligibility limit was above 100 percent of the federal poverty level (\$17,170 a year for a family of three in 2007) in all states in 2007. However, a family with an income slightly above 150 percent of poverty (\$25,755 a year for a family of three in 2007) could not qualify for assistance in over one-quarter of the states. A family with an income above 200 percent of poverty (\$34,340 a year for a family of three in 2007) could not qualify for assistance in over two-thirds of the states. Yet, in the majority of communities across the country, a family needs an income equal to at least 200 percent of poverty to meet its basic needs, including housing, food, child care, transportation, health care, and other necessities, according to a study by the Economic Policy Institute.<sup>24</sup>

## WAITING LISTS

States generally do not guarantee that families who qualify for child care assistance will receive it. Instead, a state may place eligible families on a waiting list or may freeze intake (turn away families without adding their names to a waiting list). Although some families move up the waiting list and ultimately receive assistance, some families wait for months or longer without receiving help. Many low-income families on waiting lists are forced to use care that is unreliable or of poor quality because they cannot afford better options without assistance, strain to pay other bills in order to pay for child care, or have difficulty keeping their jobs because they cannot afford care, according to several studies.<sup>25</sup>

In 2007, two-thirds of the states avoided placing families on waiting lists or freezing intake. The remaining one-third of the states had at least some families applying for assistance who were placed on waiting lists or who were turned away because of frozen intake. This was an improvement over the number of states with waiting lists in 2006 and 2001, especially since several states also had shorter waiting lists in 2007 than in both 2006 and 2001.<sup>26</sup>

- Seventeen states had waiting lists or frozen intake in 2007, a decrease from eighteen states in 2006 and twenty-two states in 2001 (*see Table 2*).

- Eleven states had shorter waiting lists in 2007 than in 2006. In contrast, two states had longer waiting lists in 2007 than in 2006. In the remaining four states with waiting lists in 2007, it was not possible to compare the length of waiting lists based on the available data.
- Eight states had shorter waiting lists in 2007 than in 2001, while five states had longer waiting lists. In the remaining four states with waiting lists in 2007, it was not possible to compare the length of waiting lists based on the available data.

## COPAYMENTS

In most states, families receiving child care assistance are required to contribute something toward their child care costs in accordance with a sliding fee scale. The sliding fee scale for determining this copayment is typically designed so that families at higher income levels are required to contribute more than families at lower income levels. In some states, the cost of care used by a family is taken into account in determining the amount of the family's copayment. Copayment policies are important: if copayments are too high, families may have difficulty covering the copayment or may be discouraged from participating in the child care assistance program altogether.

This study compares state copayment policies by considering two hypothetical families: a family of three with an income at 100 percent of the federal poverty level and a family of three with an income at 150 percent of the federal poverty level.<sup>27</sup> In over two-thirds of the states, families paid the same or a lower percentage of income in copayments in 2007 than in 2006. However, in over half of the states, families paid a higher percentage of income in copayments in 2007 than in 2001.

In addition, copayments remained high in many states in 2007. In over one-third of the states, a family at 100 percent of poverty was required to pay more in copayments in 2007 than the nationwide average amount spent on child care among families who pay for child care (including those who receive child care assistance and those who do not)—slightly under 7 percent of income.<sup>28</sup> A family at 150 percent of poverty was required to pay more than 7 percent of income in approximately two-thirds of the states in which a family at this income level was eligible for assistance.

- In four states, copayments for a family of three at 150 percent of poverty<sup>29</sup> declined as a percentage of income between 2006 and 2007 (*see Table 3a*). In twenty-six states, copayments remained the same as a percentage of income. However, in thirteen states, copayments increased as a percentage of income. In seven states, a family at 150 percent of poverty was not eligible for child care assistance in either 2007 or 2006, and in one state a family at 150 percent of poverty was eligible in 2007 but not 2006.<sup>30</sup>
- In eleven states, copayments for a family of three at 150 percent of poverty<sup>31</sup> declined as a percentage of income between 2001 and 2007. In eleven states, copayments remained the same as a percentage of income. However, in twenty-two states, copayments increased as a percentage of income. In the remaining seven states, a family at 150 percent of poverty was not eligible for child care assistance in 2007, an increase of four states since 2001.
- In four states, copayments for a family of three at 100 percent of poverty decreased as a percentage of income between 2006 and 2007 (*see Table 3b*). In thirty-two states, copayments remained the same as a percentage of income. In fifteen states, copayments increased as a percentage of income.
- In seven states, copayments for a family of three at 100 percent of poverty decreased as a percentage of income between 2001 and 2007. In fourteen states, copayments remained the same as a percentage of income. In thirty states, copayments increased as a percentage of income.

- In twenty-nine states, the copayment for a family of three at 150 percent of poverty was above \$150 per month (7 percent of income) in 2007. In an additional seven states, a family at this income level was not eligible for child care assistance.
- In eighteen states, the copayment for a family of three at 100 percent of poverty was above \$100 per month (7 percent of income) in 2007.

## REIMBURSEMENT RATES

States determine the maximum reimbursement rates they will pay child care providers and these rates may vary by geographic region, age of the child, type of care, and other factors. Low rates make it difficult for providers to keep their doors open, much less offer salaries sufficient to recruit and retain well-qualified staff, maintain low child-staff ratios, and purchase materials and supplies for activities to promote children's learning. Accordingly, low rates make it difficult for families receiving assistance to obtain high-quality child care.

States are required to conduct surveys of providers' market rates every two years, but are not required to set their rates at any particular level or update their rates regularly. Federal regulations recommend, but do not mandate, that rates be set at the 75<sup>th</sup> percentile of current market rates, a rate that allows families access to 75 percent of the providers in their communities.

In 2007, less than one-fifth of the states set their maximum reimbursement rates at the 75<sup>th</sup> percentile of current market rates, the same as in 2006, and down from over two-fifths of the states in 2001.<sup>32</sup> In many states, maximum reimbursement rates were significantly below the 75<sup>th</sup> percentile of current market rates.

- Only nine states set their maximum reimbursement rates at the 75<sup>th</sup> percentile of current market rates (rates from 2005 or 2006) in 2007, the same number of states as in 2006 (*see Table 4a*). In contrast, twenty-two states set their maximum reimbursement rates at the 75<sup>th</sup> percentile of current market rates in 2001 (*see Table 4b*).
- As of February 2007, seven states had not updated their rates since 2001.
- In sixteen states, maximum reimbursement rates for center-based care for a four-year-old in 2007 were 20 percent or more below the 75<sup>th</sup> percentile of market rates (based on the state's most recent market survey) for this type of care (*see Table 4c*).<sup>33</sup>
- In thirteen states, maximum reimbursement rates for center-based care for a one-year-old in 2007 were 20 percent or more below the 75<sup>th</sup> percentile of market rates (based on the state's most recent market survey) for this type of care.<sup>34</sup>

## CONCLUSION

A number of states made modest improvements in their child care assistance policies between February 2006 and February 2007, and several states had implemented, or planned to implement, further improvements later in 2007. However, given continuing gaps in policies on income eligibility limits, waiting lists, copayments, and reimbursement rates, states have many additional steps to take in order to provide low-income parents and their children the support they need.

## ENDNOTES

- <sup>1</sup> National Association of Child Care Resource and Referral Agencies, *Breaking the Piggy Bank: Parents and the High Price of Child Care* (Arlington, VA: NACCRRA, 2006), i.
- <sup>2</sup> See *infra* notes 11-19 and accompanying text.
- <sup>3</sup> National Governors Association and the National Association of State Budget Officers, *The Fiscal Survey of States* (Washington, DC: NGA and NASBO, 2006), vii-viii, *available at* <http://www.nga.org/Files/pdf/FSS0612.PDF> (last visited July 30, 2007).
- <sup>4</sup> The federal poverty level for a family of three was \$17,170 in 2007. U.S. Department of Health and Human Services, *The 2007 HHS Poverty Guidelines*, *available at* <http://aspe.hhs.gov/poverty/07poverty.shtml> (last visited August 20, 2007). The federal poverty level for a family of three was \$16,600 in 2006. U.S. Department of Health and Human Services, *The 2006 HHS Poverty Guidelines*, *available at* <http://aspe.hhs.gov/poverty/06poverty.shtml> (last visited August 20, 2007).
- <sup>5</sup> The federal poverty level for a family of three was \$14,630 in 2001. U.S. Department of Health and Human Services, *The 2001 HHS Poverty Guidelines*, *available at* <http://aspe.hhs.gov/poverty/01poverty.htm> (last visited August 20, 2007).
- <sup>6</sup> Basic rates for preschool and school-age care were last increased in 1991. In 1998, the state increased basic rates for infant care and nontraditional-hour care. In 1999, the state introduced rate enhancements for care for children with special needs, accredited providers, and disproportionate share providers who care for a large number of children receiving child care assistance.
- <sup>7</sup> E-mails from David Edie, Early Education Policy Analyst, Wisconsin Council on Children and Families, to Helen Blank, National Women's Law Center, July 26, 2007 and August 23, 2007.
- <sup>8</sup> Deficit Reduction Act of 2005, 120 Stat. 4, Pub. L. No. 109-171, § 7102 (2006).
- <sup>9</sup> The percentage of each state's caseload that must be participating in work activities remains the same as before the new requirements—50 percent of all families receiving assistance and 90 percent of two-parent families. However, states are no longer able to gain credit toward their work participation rates based on reductions made in their TANF caseloads since 1995. In states that had reductions in the caseloads since 1995, these credits had the effect of reducing the percentage of TANF families that had to work (by one percentage point for each percentage point reduction in the caseload). Now, however, states can only receive credit for caseload reductions since 2005. As a result, a greater proportion of a state's TANF families must meet the TANF work participation requirements. In addition, families in separate state programs funded by state dollars that count toward TANF maintenance-of-effort requirements are no longer exempt from federal work participation requirements. States that do not meet the work participation requirements are subject to fiscal penalties of up to 5 percent of their TANF grant. Mark Greenberg and Sharon Parrott, *Summary of TANF Work Participation Provisions in the Budget Reconciliation Bill* (Washington, DC: Center for Law and Social Policy, 2006), 1-3, *available at* <http://www.cbpp.org/1-1806tanf.pdf> (last visited August 1, 2007). Moreover, the Department of Health and Human Services, which was directed by the Deficit Reduction Act to define countable work activities, in 2006 defined these activities more restrictively than states had done previously. For example, according to one analysis, although vocational education still is considered a work activity, studies leading to a bachelor's or advanced degree cannot be counted as part of a vocational education program, even when directly related to preparation for a particular occupation. Elizabeth Lower-Basch, Evelyn Ganzglass, Elisa Minoff, Sharon Parrott, and Liz Schott, *Analysis of New Interim Final TANF Rules* (Washington, DC: Center on Budget and Policy Priorities and Center for Law and Social Policy, 2006), 3, 12-13, *available at* <http://www.cbpp.org/7-2106tanf.pdf> (last visited August 1, 2007).
- <sup>10</sup> Danielle Ewen and Hannah Matthews, *Toward a Decade of Indifference: Administration Budget Ignores Child Care Needs of Working Families* (Washington, DC: Center for Law and Social Policy, 2006), 2, *available at* [http://clasp.org/publications/childcare\\_2007budget.pdf](http://clasp.org/publications/childcare_2007budget.pdf) (last visited August 1, 2007).
- <sup>11</sup> U.S. Department of Health and Human Services, *FY 2003 President's Budget for HHS* (Washington, DC: U.S. Department of Health and Human Services, 2002), 83, 92, *available at* <http://www.hhs.gov/budget/pdf/hhs2003bib.pdf> (last visited August 1, 2007). This amount includes \$2.1 billion in discretionary funding and \$2.717 billion in mandatory (entitlement) funding.
- <sup>12</sup> U.S. Department of Health and Human Services, *FY 2006 President's Budget for HHS* (Washington, DC: U.S. Department of Health and Human Services, 2005), 88, 93, *available at* <http://www.hhs.gov/budget/06budget/FY2006BudgetinBrief.pdf> (last visited August 1, 2007). This amount includes \$2.083 billion in discretionary funding and \$2.717 billion in mandatory (entitlement) funding.
- <sup>13</sup> U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, *FY 2006 CCDF Allocations (Based on Appropriations)*, *available at* [http://www.acf.hhs.gov/programs/ccb/law/allocations/current/state2006/estimated\\_final\\_allocations2006.htm](http://www.acf.hhs.gov/programs/ccb/law/allocations/current/state2006/estimated_final_allocations2006.htm) (last visited July 9, 2007). This amount includes \$2.062 billion in discretionary funding and \$2.917 billion in mandatory (entitlement) funding.
- <sup>14</sup> U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, *FY 2007 CCDF Allocations (Based on Appropriation)*, *available at* [http://www.acf.hhs.gov/programs/ccb/law/allocations/current/state2007/estimated\\_final\\_allocations2007.htm](http://www.acf.hhs.gov/programs/ccb/law/allocations/current/state2007/estimated_final_allocations2007.htm) (last visited July 9, 2007).
- <sup>15</sup> Center for Law and Social Policy calculations based on Congressional Budget Office Economic Projections for the Employment Cost Index and the Consumer Price Index. E-mail from Hannah Matthews, Center for Law and Social Policy, to Karen Schulman, National Women's Law Center, July 9, 2007.



- <sup>16</sup> National Women's Law Center analysis of data from U.S. Department of Health and Human Services, Administration for Children and Families, Fiscal Year 2000 TANF Financial Data, Table A. Combined Federal Funds Spent in FY 2000 Through the Fourth Quarter, *available at* [http://www.acf.hhs.gov/programs/ofs/data/tanf\\_2000.html](http://www.acf.hhs.gov/programs/ofs/data/tanf_2000.html) (last visited September 4, 2007). Total includes \$2.413 billion transferred to the CCDBG, \$353 million spent on child care categorized as "assistance," and \$1.200 billion spent on child care categorized as "non-assistance."
- <sup>17</sup> National Women's Law Center analysis of data from U.S. Department of Health and Human Services, Administration for Children and Families, Fiscal Year 2006 TANF Financial Data, Table A. Combined Federal Funds Spent in FY 2006, *available at* [http://www.acf.hhs.gov/programs/ofs/data/2006/tanf\\_2006.html](http://www.acf.hhs.gov/programs/ofs/data/2006/tanf_2006.html) (last visited September 4, 2007). Total includes \$1.878 billion transferred to the CCDBG, \$221 million spent on child care categorized as "assistance," and \$1.017 billion spent on child care categorized as "non-assistance."
- <sup>18</sup> An estimated 2.3 million children received child care assistance in FY 2006. Office of Management and Budget, Analytical Perspectives, Budget of the United States Government, Fiscal Year 2008 (2007), Table 25–5: Beneficiary Projections for Major Benefit Programs, 375, *available at* <http://www.whitehouse.gov/omb/budget/fy2008/pdf/apers/estimates.pdf> (last visited July 9, 2007). In comparison, an estimated 2.45 million children received child care assistance in FY 2000. U.S. Department of Health and Human Services, Child Care and Development Fund (CCDF) Report to Congress for Fiscal Year 2002 and Fiscal Year 2003 (2003), 5-6, *available at* <http://www.acf.hhs.gov/programs/ccb/ccdf/rtrc2001/CCDFreport.pdf> (last visited July 9, 2007).
- <sup>19</sup> The Office of Management and Budget projects that 2.0 million children will receive child care assistance in FY 2010. Office of Management and Budget, Analytical Perspectives, Budget of the United States Government, Fiscal Year 2008 (2007), Table 25–5: Beneficiary Projections for Major Benefit Programs, 375, *available at* <http://www.whitehouse.gov/omb/budget/fy2008/pdf/apers/estimates.pdf> (last visited July 9, 2007).
- <sup>20</sup> This study focuses on the income criteria used to determine a family's eligibility when it first applies for assistance, because this traditionally has been used as the measure of access to benefit programs and determines whether a family can enter the program. However, some states allow families to continue to receive assistance up to a higher income level than the initial eligibility cutoff. Information about states that have different entrance and exit eligibility criteria is provided in the notes to Tables 1a and 1b.
- <sup>21</sup> In states that allow localities to set their income eligibility limits within a state-specified range, the maximum of that range was used for the analysis in this section.
- <sup>22</sup> In sixteen states, the income limit remained the same relative to the federal poverty level and in seven states, the income limit decreased relative to the federal poverty level by just one percentage point.
- <sup>23</sup> In five states, the income limit remained the same relative to the federal poverty level and in one state, the income limit decreased relative to the federal poverty level by just one percentage point.
- <sup>24</sup> National Women's Law Center analysis of data from Economic Policy Institute, Basic Family Budget Spreadsheets (2005), *available at* [http://www.epinet.org/datazone/fambud/xls/basic\\_family\\_budgets\\_20050901.xls](http://www.epinet.org/datazone/fambud/xls/basic_family_budgets_20050901.xls) (last visited August 1, 2007); and from Sylvia Allegretto, Basic Family Budgets: Working Families' Incomes Often Fail to Meet Living Expenses Around the U.S. (Washington, DC: Economic Policy Institute, 2005), *available at* <http://www.epinet.org/briefingpapers/165/bp165.pdf> (last visited August 1, 2007).
- <sup>25</sup> See, e.g., Karen Schulman and Helen Blank, In Their Own Voices: Parents and Providers Struggling with Child Care Cuts (Washington, DC: National Women's Law Center, 2005), 10; Children's Action Alliance, The Real Reality of Arizona's Working Families—Child Care Survey Highlights (Phoenix, AZ: Children's Action Alliance, 2004); Deborah Schlick, Mary Daly, and Lee Bradford, Faces on the Waiting List: Waiting for Child Care Assistance in Ramsey County (Ramsey County, MN: Ramsey County Human Services, 1999) (Survey conducted by the Minnesota Center for Survey Research at the University of Minnesota); Casey Coonerty and Tamsin Levy, Waiting for Child Care: How Do Parents Adjust to Scarce Options in Santa Clara County? (Berkeley, CA: Policy Analysis for California Education, 1998); Philip Coltoff, Myrna Torres, and Natasha Lifton, The Human Cost of Waiting for Child Care: A Study (New York, NY: Children's Aid Society, 1999); Jennifer Gulley and Ann Hilbig, Waiting List Survey: Gulf Coast Workforce Development Area (Houston, TX: Neighborhood Centers, Inc., 1999); Jeffrey D. Lyons, Susan D. Russell, Christina Gilgor, and Amy H. Staples, Child Care Subsidy: The Costs of Waiting (Chapel Hill, NC: Day Care Services Association, 1998); Philadelphia Citizens for Children and Youth, et al., Use of Subsidized Child Care by Philadelphia Families (Philadelphia, PA: Philadelphia Citizens for Children and Youth, 1997); Greater Minneapolis Day Care Association, Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance (Minneapolis, MN: Greater Minneapolis Day Care Association, 1995).
- <sup>26</sup> Waiting lists are not a perfect measure of unmet need, however. For example, waiting lists may increase due to expanded outreach efforts that make more families aware of child care assistance programs, and may decrease due to a state's adoption of more restrictive eligibility criteria.
- <sup>27</sup> If a state determined its copayment based on the cost of care, it was assumed that the family had a four-year-old in a licensed, non-accredited center charging the state's maximum reimbursement rate.
- <sup>28</sup> Julia Overturf Johnson, Who's Minding the Kids? Child Care Arrangements: Winter 2002, Current Population Reports, P70-101 (Washington, DC: U.S. Census Bureau, 2005), 15, *available at* <http://www.census.gov/prod/2005pubs/p70-101.pdf> (last visited July 20, 2007).
- <sup>29</sup> For a family of three, 150 percent of the federal poverty level was equal to an income of \$25,755 in 2007 and \$24,900 in 2006.
- <sup>30</sup> These eight states do not include states that have income eligibility limits to initially qualify for assistance below 150 percent of poverty but allow families already receiving assistance to remain eligible with incomes above 150 percent of poverty.
- <sup>31</sup> In 2001, 150 percent of the federal poverty level was equal to an income of \$21,945 for a family of three.

- <sup>32</sup> For this analysis, a state's reimbursement rates in a given year are considered up-to-date if based on a market survey conducted no more than two years prior to that year.
- <sup>33</sup> States were asked to report data from their most recent market rate survey, and most states reported data from 2005 or 2006 surveys. However, Kansas reported data from 2002 and six states—District of Columbia, Idaho, Nevada, Ohio, South Carolina, and Washington—reported data from 2004. Kansas, Nevada, and Washington are included in these seventeen states because their reimbursement rates were 20 percent or more below the 75<sup>th</sup> percentile of market rates based on their outdated surveys, and so presumably their reimbursement rates would be 20 percent or more below the 75<sup>th</sup> percentile of current market rates. The District of Columbia, Idaho, Ohio, and South Carolina are not included in the seventeen states because their reimbursement rates were less than 20 percent below the 75<sup>th</sup> percentile of market rates based on their outdated surveys, and thus it is not possible to calculate whether their reimbursement rates were 20 percent or more below the 75<sup>th</sup> percentile of current market rates.
- <sup>34</sup> Washington is included in these thirteen states because its reimbursement rate was 20 percent or more below the 75<sup>th</sup> percentile of market rates based on its outdated survey, and so presumably its rates would be 20 percent or more below the 75<sup>th</sup> percentile of current market rates. The District of Columbia, Idaho, Kansas, Nevada, Ohio, and South Carolina are not included in the thirteen states because their reimbursement rates were less than 20 percent below the 75<sup>th</sup> percentile of market rates based on their outdated surveys, and thus it is not possible to calculate whether their rates were 20 percent or more below the 75<sup>th</sup> percentile of current market rates.

## TABLES

**TABLE 1A: INCOME ELIGIBILITY LIMITS FOR A FAMILY OF THREE 2006 AND 2007**

State	Income limit in 2007			Income limit in 2006			Change in income limit 2006 to 2007		
	As annual dollar amount	As percent of poverty (\$17,170 a year)	As percent of state median income	As annual dollar amount	As percent of poverty (\$16,600 a year)	As percent of state median income	As annual dollar amount	As percent of poverty	As percent of state median income
Alabama*	\$20,916	122%	42%	\$20,916	126%	45%	\$0	-4%	-2%
Alaska*	\$46,243	269%	71%	\$46,243	279%	76%	\$0	-9%	-6%
Arizona	\$27,390	160%	57%	\$26,556	160%	54%	\$834	0%	3%
Arkansas*	\$35,724	208%	83%	\$26,174	158%	64%	\$9,550	50%	19%
California*	\$43,536	254%	75%	\$35,100	211%	62%	\$8,436	42%	13%
Colorado*	\$21,580-\$37,356	126%-218%	35%-61%	\$20,916-\$36,204	126%-218%	35%-60%	\$664-\$1,152	-1%-0%	0%-1%
Connecticut*	\$37,514	218%	50%	\$36,120	218%	50%	\$1,394	1%	0%
Delaware	\$34,344	200%	55%	\$32,184	194%	53%	\$2,160	6%	2%
District of Columbia*	\$40,225	234%	74%	\$40,225	242%	85%	\$0	-8%	-12%
Florida*	\$24,900	145%	49%	\$24,135	145%	49%	\$765	0%	0%
Georgia	\$26,560	155%	52%	\$24,416	147%	47%	\$2,144	8%	6%
Hawaii	\$47,124	274%	76%	\$47,124	284%	79%	\$0	-9%	-2%
Idaho	\$20,472	119%	42%	\$20,472	123%	46%	\$0	-4%	-3%
Illinois	\$30,396	177%	51%	\$30,396	183%	50%	\$0	-6%	1%
Indiana*	\$21,084	123%	38%	\$20,436	123%	37%	\$648	0%	1%
Iowa*	\$24,084	140%	43%	\$23,328	141%	43%	\$756	0%	0%
Kansas	\$30,708	179%	56%	\$29,772	179%	55%	\$936	-1%	0%
Kentucky*	\$24,900	145%	52%	\$24,135	145%	54%	\$765	0%	-2%
Louisiana	\$31,836	185%	70%	\$31,836	192%	75%	\$0	-6%	-5%
Maine	\$47,200	275%	85%	\$42,552	256%	85%	\$4,648	19%	0%
Maryland	\$29,990	175%	41%	\$29,990	181%	43%	\$0	-6%	-3%
Massachusetts*	\$34,680	202%	48%	\$28,968	175%	42%	\$5,712	27%	6%
Michigan	\$23,880	139%	40%	\$23,880	144%	41%	\$0	-5%	-2%
Minnesota*	\$29,050	169%	44%	\$28,158	170%	44%	\$892	0%	0%
Mississippi	\$34,999	204%	82%	\$34,999	211%	89%	\$0	-7%	-7%
Missouri	\$18,216	106%	34%	\$18,216	110%	34%	\$0	-4%	0%
Montana	\$24,900	145%	53%	\$24,132	145%	58%	\$768	0%	-5%
Nebraska*	\$19,932	116%	37%	\$19,308	116%	36%	\$624	0%	1%
Nevada	\$38,124	222%	75%	\$37,536	226%	71%	\$588	-4%	4%
New Hampshire	\$31,548	184%	46%	\$30,576	184%	46%	\$972	0%	0%
New Jersey*	\$33,200	193%	44%	\$32,180	194%	44%	\$1,020	0%	0%
New Mexico*	\$25,730	150%	60%	\$24,135	145%	63%	\$1,595	4%	-3%
New York*	\$33,200	193%	58%	\$32,180	194%	55%	\$1,020	0%	3%
North Carolina	\$35,592	207%	70%	\$35,592	214%	75%	\$0	-7%	-4%
North Dakota	\$29,556	172%	51%	\$29,556	178%	62%	\$0	-6%	-10%
Ohio	\$31,764	185%	56%	\$29,772	179%	54%	\$1,992	6%	2%
Oklahoma*	\$29,100	169%	62%	\$29,100	175%	69%	\$0	-6%	-7%
Oregon	\$25,764	150%	50%	\$24,900	150%	48%	\$864	0%	2%
Pennsylvania*	\$33,200	193%	57%	\$32,180	194%	56%	\$1,020	0%	1%
Rhode Island*	\$37,350	218%	61%	\$36,203	218%	61%	\$1,147	-1%	1%
South Carolina*	\$24,900	145%	52%	\$24,135	145%	51%	\$765	0%	1%
South Dakota*	\$34,575	201%	66%	\$33,525	202%	67%	\$1,050	-1%	-1%
Tennessee	\$29,016	169%	60%	\$27,924	168%	60%	\$1,092	1%	0%
Texas*	\$24,900-\$40,347	145%-235%	52%-85%	\$24,135-\$38,952	145%-235%	53%-85%	\$765-\$1,395	0%	0%
Utah*	\$30,948	180%	58%	\$30,384	183%	58%	\$564	-3%	0%
Vermont	\$31,032	181%	51%	\$31,032	187%	56%	\$0	-6%	-5%
Virginia*	\$24,900-\$41,508	145%-242%	40%-67%	\$24,135-\$40,225	145%-242%	40%-67%	\$765-\$1,283	-1%-0%	0%
Washington*	\$33,192	193%	55%	\$32,184	194%	55%	\$1,008	-1%	0%
West Virginia*	\$24,144	141%	55%	\$24,144	145%	62%	\$0	-5%	-7%
Wisconsin*	\$31,765	185%	53%	\$30,708	185%	53%	\$1,057	0%	0%
Wyoming*	\$33,120	193%	59%	\$32,172	194%	68%	\$948	-1%	-9%

\* indicates notes found on pages 14 and 15.

**TABLE 1B: INCOME ELIGIBILITY LIMITS FOR A FAMILY OF THREE 2001 AND 2007**

State	Income limit in 2007			Income limit in 2001			Change in income limit 2001 to 2007		
	As annual dollar amount	As percent of poverty (\$17,170 a year)	As percent of state median income	As annual dollar amount	As percent of poverty (\$14,630 a year)	As percent of state median income	As annual dollar amount	As percent of poverty	As percent of state median income
Alabama*	\$20,916	122%	42%	\$18,048	123%	41%	\$2,868	-2%	1%
Alaska*	\$46,243	269%	71%	\$44,328	303%	75%	\$1,915	-34%	-5%
Arizona	\$27,390	160%	57%	\$23,364	160%	52%	\$4,026	0%	5%
Arkansas*	\$35,724	208%	83%	\$23,523	161%	60%	\$12,201	47%	23%
California*	\$43,536	254%	75%	\$35,100	240%	66%	\$8,436	14%	8%
Colorado*	\$21,580-\$37,356	126%-218%	35%-61%	\$19,020-\$32,000	130%-219%	36%-61%	\$2,560-\$5,356	-4%- -1%	-1%-0%
Connecticut*	\$37,514	218%	50%	\$47,586	325%	75%	-\$10,072	-107%	-25%
Delaware	\$34,344	200%	55%	\$29,260	200%	53%	\$5,084	0%	1%
District of Columbia*	\$40,225	234%	74%	\$34,700	237%	66%	\$5,525	-3%	7%
Florida*	\$24,900	145%	49%	\$20,820	142%	45%	\$4,080	3%	4%
Georgia	\$26,560	155%	52%	\$24,278	166%	50%	\$2,282	-11%	2%
Hawaii*	\$47,124	274%	76%	\$46,035	315%	83%	\$1,089	-40%	-6%
Idaho	\$20,472	119%	42%	\$20,472	140%	51%	\$0	-21%	-9%
Illinois*	\$30,396	177%	51%	\$24,243	166%	43%	\$6,153	11%	8%
Indiana*	\$21,084	123%	38%	\$20,232	138%	41%	\$852	-15%	-3%
Iowa*	\$24,084	140%	43%	\$19,812	135%	41%	\$4,272	5%	3%
Kansas	\$30,708	179%	56%	\$27,060	185%	56%	\$3,648	-6%	-1%
Kentucky*	\$24,900	145%	52%	\$24,140	165%	55%	\$760	-20%	-4%
Louisiana*	\$31,836	185%	70%	\$29,040	205%	75%	\$2,796	-20%	-5%
Maine	\$47,200	275%	85%	\$36,452	249%	75%	\$10,748	26%	10%
Maryland	\$29,990	175%	41%	\$25,140	172%	40%	\$4,850	3%	1%
Massachusetts*	\$34,680	202%	48%	\$28,968	198%	48%	\$5,712	4%	-1%
Michigan	\$23,880	139%	40%	\$26,064	178%	47%	-\$2,184	-39%	-8%
Minnesota*	\$29,050	169%	44%	\$42,304	289%	76%	-\$13,254	-120%	-32%
Mississippi	\$34,999	204%	82%	\$30,999	212%	77%	\$4,000	-8%	5%
Missouri	\$18,216	106%	34%	\$17,784	122%	37%	\$432	-15%	-3%
Montana	\$24,900	145%	53%	\$21,948	150%	51%	\$2,952	-5%	2%
Nebraska*	\$19,932	116%	37%	\$25,260	173%	54%	-\$5,328	-57%	-17%
Nevada	\$38,124	222%	75%	\$33,420	228%	67%	\$4,704	-6%	8%
New Hampshire	\$31,548	184%	46%	\$27,797	190%	50%	\$3,751	-6%	-4%
New Jersey*	\$33,200	193%	44%	\$29,260	200%	46%	\$3,940	-7%	-2%
New Mexico*	\$25,730	150%	60%	\$28,300	193%	75%	-\$2,570	-44%	-15%
New York*	\$33,200	193%	58%	\$28,644	202%	61%	\$4,556	-9%	-3%
North Carolina	\$35,592	207%	70%	\$32,628	223%	69%	\$2,964	-16%	1%
North Dakota	\$29,556	172%	51%	\$29,556	202%	69%	\$0	-30%	-18%
Ohio	\$31,764	185%	56%	\$27,066	185%	57%	\$4,698	0%	-1%
Oklahoma*	\$29,100	169%	62%	\$29,040	198%	66%	\$60	-29%	-4%
Oregon	\$25,764	150%	50%	\$27,060	185%	60%	-\$1,296	-35%	-10%
Pennsylvania*	\$33,200	193%	57%	\$29,260	200%	58%	\$3,940	-7%	-1%
Rhode Island*	\$37,350	218%	61%	\$32,918	225%	61%	\$4,432	-7%	1%
South Carolina*	\$24,900	145%	52%	\$21,225	145%	45%	\$3,675	0%	6%
South Dakota*	\$34,575	201%	66%	\$22,826	156%	52%	\$11,749	45%	14%
Tennessee	\$29,016	169%	60%	\$24,324	166%	56%	\$4,692	3%	4%
Texas*	\$24,900-\$40,347	145%-235%	52%-85%	\$21,228-\$36,516	145%-250%	47%-82%	\$3,672-\$3,831	-15%-0%	3%-5%
Utah*	\$30,948	180%	58%	\$27,048	185%	56%	\$3,900	-5%	2%
Vermont	\$31,032	181%	51%	\$31,032	212%	64%	\$0	-31%	-13%
Virginia*	\$24,900-\$41,508	145%-242%	40%-67%	\$21,948-\$27,060	150%-185%	41%-50%	\$2,952-\$14,448	-5%-57%	-1%-16%
Washington*	\$33,192	193%	55%	\$32,916	225%	63%	\$276	-32%	-7%
West Virginia*	\$24,144	141%	55%	\$28,296	193%	75%	-\$4,152	-53%	-19%
Wisconsin*	\$31,765	185%	53%	\$27,060	185%	51%	\$4,705	0%	2%
Wyoming*	\$33,120	193%	59%	\$21,948	150%	47%	\$11,172	43%	12%

\* indicates notes found on pages 14 and 15.

## NOTES FOR TABLES 1A AND 1B: INCOME ELIGIBILITY LIMITS

*The income eligibility limits shown in the table represent the maximum income families can have when they apply for child care assistance. Some states allow families, once receiving assistance, to continue receiving assistance up to a higher income level than that initial limit. These higher exit eligibility limits are reported below for states that have them.*

*Changes in income limits were calculated using raw data, rather than the rounded numbers shown in the table.*

Alabama: In 2001, families already receiving assistance could continue doing so until their annual income reached \$27,756. In 2006 and 2007, the exit eligibility limit was \$32,184.

Alaska: The Alaska Permanent Fund Dividend (PFD) payment, which the majority of families in the state receive, is not counted when determining eligibility.

Arkansas: The income limits shown in the table take into account a \$100-per-month deduction (\$1,200 a year) that is allowed for an adult household member who works an average of at least 32 hours per week per month at the equivalent of minimum wage or higher. It is assumed there is one working parent. The stated income limits, in policy, were \$22,323 in 2001, \$24,974 in 2006, and \$34,524 in 2007.

California: Under policies in effect in 2001, families who had been receiving assistance as of January 1, 1998 could continue doing so until their annual income reached \$46,800 since they were subject to higher income guidelines previously in effect. Also note that in 2006 and 2007, two pilot counties (San Mateo and San Francisco) allowed families already receiving assistance to continue to receive it up to an annual income of \$51,876.

Colorado: Counties set their income limits within state guidelines. Also note that in 2007, counties could allow families already receiving assistance to continue doing so until their annual income reached \$52,274. The state increased the maximum income at which a county could set its eligibility limit to qualify for assistance to \$38,628 as of April 2007 to adjust for the 2007 federal poverty level.

Connecticut: In 2006, families already receiving assistance could continue doing so until their annual income reached \$54,181. In 2007, the exit eligibility limit was \$58,090.

District of Columbia: In 2001, families already receiving assistance could continue doing so until their annual income reached \$41,640. In 2006 and 2007, the exit eligibility limit was \$48,270.

Florida: In 2006 and 2007, families already receiving assistance could continue doing so until their annual income reached \$33,200.

Hawaii: In 2001, the state allowed a 20 percent deduction of all countable income in determining eligibility, which is taken into account in the figure shown here. The stated income limit, in policy, was \$36,828. The state no longer used the deduction in 2006 or 2007.

Illinois: In 2001, the state allowed a 10 percent earned income deduction in determining eligibility, which is taken into account in the figure shown here. The stated income limit, in policy, was \$21,819. The state no longer used the deduction in 2006 or 2007.

Indiana: In 2006, families already receiving assistance could continue doing so until their annual income reached \$22,524. In 2007, the exit eligibility limit was \$23,244.

Iowa: For special needs care, the income limit was \$32,184 in 2006 and \$33,200 in 2007.

Kentucky: In 2006, families already receiving assistance could continue doing so until their annual income reached \$26,549. In 2007, the exit eligibility limit was \$27,390. As of April 1, 2007, the income limit to qualify for assistance was increased to \$25,764 to adjust for the 2007 federal poverty level.

Louisiana: Data on the state's policies as of 2001 were not available, so data on policies as of March 15, 2000 were used instead.

Massachusetts: In 2001, families already receiving assistance could continue doing so until their annual income reached \$49,248. In 2006, the exit eligibility limit was \$39,864, and in 2007, it was \$58,956.

Minnesota: In 2006, families already receiving assistance could continue doing so until their annual income reached \$40,225. In 2007, the exit eligibility limit was \$41,500.

Nebraska: For a family transitioning from TANF, the income limit was \$29,772 in 2006 and \$30,720 in 2007.

New Jersey: In 2001, families already receiving assistance could continue doing so until their annual income reached \$36,575. In 2006, the exit eligibility limit was \$40,225 and in 2007, it was \$41,500.

New Mexico: For a period of time following August 1, 2001, the state lowered its income limit for non-TANF families to 100 percent of poverty. Parents whose child care cases were open prior to August 1, 2001 were not subject to this new income limit. Also note that in 2006, families already receiving assistance could continue doing so until their annual income reached \$32,180. In 2007, the exit eligibility limit was \$33,200.

New York: Data on the state's policies as of 2001 were not available, so data on policies as of March 15, 2000 were used instead. Also note that New York City has a higher income limit than the rest of the state.

Oklahoma: The income limit depends on how many children are in care. The income limits shown in the table assume that the family had two children in subsidized care. In 2006 and 2007, the income limit for a family of three with only one child in subsidized care was \$23,400. Also note that in 2006 and 2007, a family of three with two children in care and an annual income of \$35,100 would continue to be eligible for assistance if the family had been approved to receive child care assistance as of August 31, 2004 and was still eligible through August 31, 2005.

- Pennsylvania: In 2001, families already receiving assistance could continue doing so until their annual income reached \$34,381. In 2006, the exit eligibility limit was \$37,812 and in 2007, it was \$39,010.
- Rhode Island: In March 2007, the income limit was increased to \$38,633 to adjust for the 2007 federal poverty level.
- South Carolina: In 2001, families already receiving assistance could continue doing so until their annual income reached \$24,763. In 2006, the exit eligibility limit was \$28,158 and in 2007, it was \$29,050.
- South Dakota: The income limits shown in the table take into account that the state disregards 4 percent of earned income in determining eligibility. The stated income limits, in policy, were \$21,913 in 2001, \$32,184 in 2006, and \$33,192 in 2007. Also note that the state increased its stated income limit to \$34,344 as of March 1, 2007 to adjust for the 2007 federal poverty level.
- Texas: Local boards set their own income limits within state guidelines. Some local boards allow families an extended year of child care assistance at a higher income than their initial eligibility limit; however, this exit eligibility limit cannot exceed 85 percent of state median income.
- Utah: The income limits shown in the table take into account a monthly standard deduction of \$100 (\$1,200 a year) for each working parent, assuming there is one working parent in the family. The stated income limits, in policy, were \$25,848 in 2001, \$29,184 in 2006, and \$29,748 in 2007. The state also allows a deduction of \$100 per month for the household for medical expenses.
- Virginia: The state has different income limits for different regions of the state. In 2001, the state had three separate regional income limits, which for a family of three were: \$21,948, \$23,400, and \$27,060. In 2006, the state had four regional income limits: \$24,135, \$25,744, \$29,767, and \$40,225. In 2007, the state also had four separate regional income limits: \$24,900, \$26,568, \$30,720, and \$41,508.
- Washington: The state increased its income limit to \$34,344 as of April 1, 2007 to adjust for the 2007 federal poverty level.
- West Virginia: In 2006 and 2007, families already receiving assistance could continue doing so until their annual income reached \$29,772.
- Wisconsin: In 2001, families already receiving assistance could continue doing so until their annual income reached \$29,256. In 2006, the exit eligibility limit was \$33,204 and in 2007, it was \$34,340.
- Wyoming: The income limits shown in the table for 2006 and 2007 take into account a standard deduction of \$200 per month (\$2,400 a year) for each working parent, assuming there is one working parent in the family. The stated income limits, in policy, were \$29,772 in 2006 and \$30,720 in 2007. Also note that, in 2001, families already receiving assistance could continue doing so until their annual income reached \$27,060. In 2006, the stated exit eligibility limit was \$32,184 and in 2007, it was \$33,204. The state increased its stated income limit to qualify for assistance to \$31,776, with a new exit eligibility limit of \$34,344, as of April 1, 2007 to adjust for the 2007 federal poverty level.

**TABLE 2: WAITING LISTS FOR CHILD CARE ASSISTANCE**

State	Number of children or families on waiting lists as of early 2007	Number of children or families on waiting lists as of early 2006	Number of children or families on waiting lists as of December 2001
Alabama*	6,635 children	9,408 children	5,089 children
Alaska	No waiting list	No waiting list	588 children
Arizona	No waiting list	No waiting list	No waiting list
Arkansas*	1,350 children	1,761 children	8,000 children
California*	207,000 children (preliminary)	280,000 children (estimated)	280,000 children (estimated)
Colorado*	No waiting list	Waiting lists at county level	Waiting lists at county level
Connecticut	No waiting list	No waiting list	Frozen intake
Delaware	No waiting list	No waiting list	No waiting list
District of Columbia*	No waiting list	No waiting list	9,124 children
Florida*	44,898 children	53,965 children	46,800 children
Georgia*	24,808 families	10,250 families (and frozen intake)	16,099 children
Hawaii	No waiting list	No waiting list	No waiting list
Idaho	No waiting list	No waiting list	No waiting list
Illinois	No waiting list	No waiting list	No waiting list
Indiana*	3,143 children	4,125 children	11,958 children
Iowa	No waiting list	No waiting list	No waiting list
Kansas	No waiting list	No waiting list	No waiting list
Kentucky	No waiting list	No waiting list	No waiting list
Louisiana	No waiting list	No waiting list	No waiting list
Maine	1,779 children	2,010 children	2,000 children
Maryland	No waiting list	No waiting list	No waiting list
Massachusetts*	18,723 children	16,479 children	18,000 children
Michigan	No waiting list	No waiting list	No waiting list
Minnesota*	3,077 families	4,876 families	4,735 children
Mississippi*	13 children	107 children	10,422 children
Missouri	No waiting list	No waiting list	No waiting list
Montana	No waiting list	No waiting list	Varies by resource and referral district
Nebraska	No waiting list	No waiting list	No waiting list
Nevada	No waiting list	No waiting list	No waiting list
New Hampshire	No waiting list	No waiting list	No waiting list
New Jersey*	4,600 children	4,803 children	9,800 children
New Mexico	No waiting list	No waiting list	No waiting list
New York*	Waiting lists at county level	Waiting lists at county level	Waiting lists at county level
North Carolina	17,519 children	37,195 children	25,363 children
North Dakota	No waiting list	No waiting list	No waiting list
Ohio	No waiting list	No waiting list	No waiting list
Oklahoma	No waiting list	No waiting list	No waiting list
Oregon	No waiting list	No waiting list	No waiting list
Pennsylvania	7,529 children	7,353 children	540 children
Rhode Island	No waiting list	No waiting list	No waiting list
South Carolina	No waiting list	No waiting list	No waiting list
South Dakota	No waiting list	No waiting list	No waiting list
Tennessee*	Frozen intake	14,273 children (and frozen intake)	9,388 children (and frozen intake)
Texas*	15,231 children	33,506 children	36,799 children
Utah	No waiting list	No waiting list	No waiting list
Vermont	No waiting list	No waiting list	No waiting list
Virginia*	9,312 children	9,462 children	4,255 children
Washington	No waiting list	No waiting list	No waiting list
West Virginia	No waiting list	No waiting list	No waiting list
Wisconsin	No waiting list	No waiting list	No waiting list
Wyoming	No waiting list	No waiting list	No waiting list

\* indicates notes found on page 17.



## NOTES FOR TABLE 2: WAITING LISTS FOR CHILD CARE ASSISTANCE

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Alabama: Data for December 2001 were not available so data from November of that year were used instead.

Arkansas: The 2006 waiting list total is as of April 27 of that year. The 2007 waiting list total is as of May 3 of that year.

California: Counties maintain waiting lists, but until recently there was no statewide total for the number of families and children on those lists. The totals reported for 2001 and 2006 were estimated figures. The 2007 total is a preliminary count based on initial efforts to develop a consolidated statewide list.

Colorado: Waiting lists are kept at the county level, rather than at the state level. Four counties had waiting lists in 2001, but data on the total number of children on waiting lists in counties that had them were not available. In addition, four counties had frozen intake in 2001. In 2006, six counties had waiting lists. In 2007, no counties had waiting lists.

District of Columbia: The waiting list total for 2001 may have included some children living in the wider metropolitan area that encompasses parts of Maryland and Virginia.

Florida: The waiting list total reported for 2006 is as of January 31 of that year.

Georgia: The waiting list total for 2006 is as of April of that year. The waiting list total for 2007 is as of January of that year.

Indiana: In addition to the waiting list, some counties ran out of funding and stopped accepting applications for assistance in 2001.

Massachusetts: The waiting list total for 2006 is as of June 28 of that year.

Minnesota: The waiting list total for 2006 is as of December 2005. The waiting list total for 2007 is as of January of that year.

Mississippi: The waiting list total for 2006 is as of June 30, 2005.

New Jersey: Data for 2001 were not available, so data from March 2002 were used instead.

New York: Waiting lists are kept at the county level and statewide data are not available. In February 2006, 13 out of 58 counties had an active waiting list. Similar data are not available for 2007. Each county also has the authority to freeze intake and stop adding names to its waiting list.

Tennessee: When the state reported its data in 2001 and 2006, the state had frozen intake for families not in the TANF or Transitional Child Care programs. The waiting list figure for each year represents the number of children on the waiting list when intake was closed. The state did not provide a similar number for 2007, when the waiting list was also frozen. The state only provides child care assistance to families with a connection to the TANF program, teenage parents in school, and caretakers in TANF child-only cases who are employed full time.

Texas: Local workforce development boards maintain waiting lists. The totals in the table represent the aggregate number of children on waiting lists across all boards. In addition, some boards have stopped taking applications for child care assistance or adding names to the waiting list. Also note that the waiting list total reported for 2006 is as of January of that year.

Virginia: Data for December 2001 were not available, so data from January of that year were used instead.

**TABLE 3A: PARENT COPAYMENTS FOR A FAMILY OF THREE WITH AN INCOME AT 150 PERCENT OF POVERTY AND ONE CHILD IN CARE**

State	Monthly fee in 2007		Monthly fee in 2006		Monthly fee in 2001		Change 2006 to 2007		Change 2001 to 2007	
	As a dollar amount	As a percent of income	As a dollar amount	As a percent of income	As a dollar amount	As a percent of income	In dollar amount	In percent of income	In dollar amount	In percent of income
Alabama	\$217	10%	\$217	10%	\$215	12%	\$0	0%	\$2	-2%
Alaska	\$32	1%	\$44	2%	\$71	4%	-\$12	-1%	-\$39	-2%
Arizona	\$152	7%	\$152	7%	\$217	12%	\$0	0%	-\$65	-5%
Arkansas*	\$102	5%	\$253	12%	\$224	12%	-\$152	-7%	-\$122	-8%
California	\$65	3%	\$53	3%	\$0	0%	\$12	0%	\$65	3%
Colorado	\$237	11%	\$231	11%	\$185	10%	\$6	0%	\$52	1%
Connecticut	\$129	6%	\$125	6%	\$110	6%	\$5	0%	\$19	0%
Delaware	\$382	18%	\$217	10%	\$159	9%	\$166	7%	\$223	9%
District of Columbia	\$118	5%	\$102	5%	\$91	5%	\$15	1%	\$27	1%
Florida*	\$172	8%	\$130	6%	\$104	6%	\$42	2%	\$68	2%
Georgia	\$195	9%	Not eligible	Not eligible	\$139	8%	N/A	N/A	\$56	1%
Hawaii	\$50	2%	\$50	2%	\$38	2%	\$0	0%	\$12	0%
Idaho	Not eligible	Not eligible	Not eligible	Not eligible	Not eligible	Not eligible	N/A	N/A	N/A	N/A
Illinois	\$160	7%	\$160	8%	\$134	7%	\$0	0%	\$26	0%
Indiana*	Not eligible	Not eligible	Not eligible	Not eligible	\$154	8%	N/A	N/A	N/A	N/A
Iowa*	Not eligible	Not eligible	Not eligible	Not eligible	Not eligible	Not eligible	N/A	N/A	N/A	N/A
Kansas	\$207	10%	\$177	9%	\$162	9%	\$30	1%	\$45	1%
Kentucky	\$231	11%	\$170	8%	\$177	10%	\$61	3%	\$54	1%
Louisiana*	\$231	11%	\$163	8%	\$114	6%	\$68	3%	\$117	5%
Maine	\$214	10%	\$206	10%	\$183	10%	\$9	0%	\$31	0%
Maryland*	\$290	14%	\$290	14%	\$236	13%	\$0	0%	\$54	1%
Massachusetts	\$195	9%	\$180	9%	\$160	9%	\$15	0%	\$35	0%
Michigan	Not eligible	Not eligible	Not eligible	Not eligible	\$24	1%	N/A	N/A	N/A	N/A
Minnesota	\$105	5%	\$83	4%	\$53	3%	\$22	1%	\$52	3%
Mississippi*	\$138	6%	\$130	6%	\$105	6%	\$8	0%	\$33	1%
Missouri	Not eligible	Not eligible	Not eligible	Not eligible	Not eligible	Not eligible	N/A	N/A	N/A	N/A
Montana	Not eligible	Not eligible	Not eligible	Not eligible	\$256	14%	N/A	N/A	N/A	N/A
Nebraska*	Not eligible	Not eligible	Not eligible	Not eligible	\$129	7%	N/A	N/A	N/A	N/A
Nevada	\$224	10%	\$225	11%	\$281	15%	-\$2	0%	-\$57	-5%
New Hampshire	\$2	<1%	\$2	<1%	\$2	<1%	\$0	0%	\$0	0%
New Jersey	\$157	7%	\$157	8%	\$133	7%	\$0	0%	\$24	0%
New Mexico	\$133	6%	\$131	6%	\$115	6%	\$2	0%	\$18	0%
New York*	\$267	12%	\$257	12%	\$191	10%	\$10	0%	\$76	2%
North Carolina	\$215	10%	\$208	10%	\$159	9%	\$7	0%	\$56	1%
North Dakota	\$320	15%	\$280	13%	\$293	16%	\$40	1%	\$27	-1%
Ohio	\$194	9%	\$182	9%	\$88	5%	\$12	0%	\$106	4%
Oklahoma*	\$179	8%	\$170	8%	\$146	8%	\$9	0%	\$33	0%
Oregon	\$584	27%	\$517	25%	\$319	17%	\$67	2%	\$265	10%
Pennsylvania	\$173	8%	\$173	8%	\$152	8%	\$0	0%	\$21	0%
Rhode Island*	\$149	7%	\$125	6%	\$19	1%	\$25	1%	\$130	6%
South Carolina	\$56	3%	\$56	3%	\$77	4%	\$0	0%	-\$21	-2%
South Dakota	\$322	15%	\$299	14%	\$365	20%	\$23	1%	-\$43	-5%
Tennessee	\$178	8%	\$169	8%	\$112	6%	\$9	0%	\$66	2%
Texas*	\$193-\$236	9%-11%	\$187-\$270	9%-13%	\$165-\$256	9%-14%	-\$34-\$6	-2%-0%	-\$20-\$28	-3%-0%
Utah	\$150	7%	\$150	7%	\$220	12%	\$0	0%	-\$70	-5%
Vermont	\$312	15%	\$259	12%	\$123	7%	\$53	2%	\$189	8%
Virginia	\$215	10%	\$208	10%	\$183	10%	\$7	0%	\$32	0%
Washington	\$157	7%	\$152	7%	\$87	5%	\$5	0%	\$70	3%
West Virginia	\$103	5%	\$92	4%	\$54	3%	\$11	0%	\$49	2%
Wisconsin	\$204	9%	\$122	6%	\$160	9%	\$82	4%	\$44	1%
Wyoming	\$39	2%	\$97	5%	\$98	5%	-\$58	-3%	-\$59	-4%

\* indicates notes found on page 20.

**TABLE 3B: PARENT COPAYMENTS FOR A FAMILY OF THREE WITH AN INCOME AT 100 PERCENT OF POVERTY AND ONE CHILD IN CARE**

State	Monthly fee in 2007		Monthly fee in 2006		Monthly fee in 2001		Change 2006 to 2007		Change 2001 to 2007	
	As a dollar amount	As a percent of income	As a dollar amount	As a percent of income	As a dollar amount	As a percent of income	In dollar amount	In percent of income	In dollar amount	In percent of income
Alabama	\$65	5%	\$87	6%	\$65	5%	-\$22	-2%	\$0	-1%
Alaska	\$11	1%	\$14	1%	\$14	1%	-\$3	0%	-\$3	0%
Arizona	\$65	5%	\$65	5%	\$65	5%	\$0	0%	\$0	-1%
Arkansas*	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
California	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Colorado	\$145	10%	\$140	10%	\$113	9%	\$5	0%	\$32	1%
Connecticut	\$57	4%	\$55	4%	\$49	4%	\$2	0%	\$8	0%
Delaware	\$153	11%	\$104	8%	\$55	5%	\$49	3%	\$98	6%
District of Columbia	\$44	3%	\$35	3%	\$32	3%	\$9	1%	\$12	0%
Florida*	\$106	7%	\$87	6%	\$69	6%	\$20	1%	\$37	2%
Georgia	\$123	9%	\$120	9%	\$21	2%	\$3	0%	\$102	7%
Hawaii	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Idaho	\$105	7%	\$103	7%	\$65	5%	\$2	0%	\$40	2%
Illinois	\$87	6%	\$65	5%	\$65	5%	\$22	1%	\$22	1%
Indiana*	\$72	5%	\$71	5%	\$0	0%	\$1	0%	\$72	5%
Iowa*	\$0	0%	\$20	1%	\$22	2%	-\$20	-1%	-\$22	-2%
Kansas	\$58	4%	\$22	2%	\$22	2%	\$36	2%	\$36	2%
Kentucky	\$121	8%	\$100	7%	\$97	8%	\$21	1%	\$24	1%
Louisiana*	\$154	11%	\$91	7%	\$49	4%	\$63	4%	\$105	7%
Maine	\$114	8%	\$110	8%	\$97	8%	\$5	0%	\$17	0%
Maryland*	\$151	11%	\$151	11%	\$90	7%	\$0	0%	\$61	3%
Massachusetts	\$119	8%	\$90	7%	\$40	3%	\$29	2%	\$79	5%
Michigan	\$0	0%	\$24	2%	\$24	2%	-\$24	-2%	-\$24	-2%
Minnesota	\$47	3%	\$45	3%	\$5	<1%	\$2	0%	\$42	3%
Mississippi*	\$72	5%	\$63	5%	\$47	4%	\$9	0%	\$25	1%
Missouri	\$88	6%	\$88	6%	\$43	4%	\$0	0%	\$45	3%
Montana	\$57	4%	\$55	4%	\$49	4%	\$2	0%	\$8	0%
Nebraska	\$55	4%	\$53	4%	\$30	2%	\$2	0%	\$25	1%
Nevada	\$56	4%	\$56	4%	\$0	0%	\$0	0%	\$56	4%
New Hampshire	\$1	<1%	\$1	<1%	\$0	0%	\$0	0%	\$1	0%
New Jersey	\$90	6%	\$90	7%	\$71	6%	\$0	0%	\$19	0%
New Mexico	\$59	4%	\$57	4%	\$47	4%	\$2	0%	\$12	0%
New York*	\$17	1%	\$15	1%	\$4	<1%	\$15	1%	\$13	1%
North Carolina	\$143	10%	\$138	10%	\$106	9%	\$5	0%	\$37	1%
North Dakota	\$180	13%	\$180	13%	\$158	13%	\$0	0%	\$22	0%
Ohio	\$130	9%	\$99	7%	\$43	4%	\$31	2%	\$87	6%
Oklahoma	\$105	7%	\$90	7%	\$54	4%	\$15	1%	\$51	3%
Oregon	\$156	11%	\$141	10%	\$90	7%	\$15	1%	\$66	4%
Pennsylvania	\$87	6%	\$87	6%	\$65	5%	\$0	0%	\$22	1%
Rhode Island*	\$14	1%	\$14	1%	\$0	0%	\$0	0%	\$14	1%
South Carolina	\$39	3%	\$39	3%	\$43	4%	\$0	0%	-\$4	-1%
South Dakota	\$10	1%	\$0	0%	\$0	0%	\$10	1%	\$10	1%
Tennessee	\$87	6%	\$82	6%	\$39	3%	\$5	0%	\$48	3%
Texas*	\$129-\$157	9%-11%	\$125-\$180	9%-13%	\$109-\$170	9%-14%	-\$23-\$4	-2%-0%	-\$13-\$20	-3%-0%
Utah	\$10	1%	\$10	1%	\$36	3%	\$0	0%	-\$26	-2%
Vermont	\$72	5%	\$0	0%	\$0	0%	\$72	5%	\$72	5%
Virginia	\$143	10%	\$138	10%	\$122	10%	\$5	0%	\$21	0%
Washington	\$50	3%	\$50	4%	\$20	2%	\$0	0%	\$30	2%
West Virginia	\$43	3%	\$43	3%	\$27	2%	\$0	0%	\$16	1%
Wisconsin	\$147	10%	\$74	5%	\$61	5%	\$73	5%	\$86	5%
Wyoming	\$10	1%	\$10	1%	\$10	1%	\$0	0%	\$0	0%

\* indicates notes found on page 20.

## NOTES FOR TABLES 3A AND 3B: PARENT COPAYMENTS

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*For a family of three, an income at 100 percent of poverty was equal to \$14,630 a year in 2001, \$16,600 a year in 2006, and \$17,170 a year in 2007.*

*For a family of three, an income at 150 percent of poverty was equal to \$21,945 a year in 2001, \$24,900 a year in 2006, and \$25,755 a year in 2007.*

*For states that calculate their fees as a percentage of the cost of care, it is assumed that the family was purchasing care at the state's maximum reimbursement rate for licensed, non-accredited center care for a four-year-old. Monthly fees were calculated from hourly, daily, and weekly fees assuming the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month.*

*Changes in copayments were calculated using raw data, rather than the rounded numbers shown in the table.*

Arkansas: The state determines copayments based on the cost of care.

Florida: Local coalitions have flexibility in setting copayments; the copayments in the table reflect the maximum copayment levels allowed under state policy and used by a local coalition.

Indiana: Copayments vary depending on how long the family has been receiving child care assistance, with families paying a higher percentage of income the longer they receive assistance. The copayments shown in the table assume it is the first year the family is receiving assistance.

Iowa: A family with an income at 150 percent of poverty would be eligible for assistance if the family were using special needs care. For this family, the copayment in 2006 would have been \$180 per month, and in 2007, the copayment would have been \$198 per month. A family of three with an income at 100 percent of poverty that is using special needs care would have the same copayment as a family using basic care. Also note that no copayment is assessed for families with incomes under 100 percent of poverty.

Louisiana: Data were not available for June 2001, so data from March 2000 were used instead.

Maryland: The state determines copayments based on maximum state reimbursement rates in the region where the family lives. Copayments reported in the table were calculated assuming the family lives in the region of the state with the highest provider rates.

Mississippi: For children in foster care or protective services and children receiving Supplemental Security Income (SSI) benefits, the copayment is \$10 per month.

Nebraska: A family with an income at 150 percent of poverty would be eligible if the family were transitioning from TANF. In 2007, this family's copayment would be \$166 per month.

New York: Data were not available for June 2001, so data from March 2000 were used instead. Also note that the state allows districts the flexibility to set copayments within a state-specified range; the copayments in the table reflect the maximum amount possible in that range. In New York City, copayments are capped at 10 percent of income.

Oklahoma: In 2006 and 2007, a family of three with one child in care and an income at 150 percent of poverty would not be eligible for assistance unless it were already receiving assistance as of August 31, 2004.

Rhode Island: As of March 1, 2007, the monthly copayment for a family of three with one child in care and an annual income of \$25,755 was \$85 per month (4 percent of income), and a family of three with one child in care and an annual income of \$17,170 had no copayment.

Texas: Local workforce boards set their own copayments within state guidelines. Also note that parents participating in the TANF work program (Choices) and the Food Stamp Employment and Training program are exempt from the copayment.

TABLE 4A: STATE REIMBURSEMENT RATES 2007

State	State reimbursement rates compared to market rates	Year when rates last updated
Alabama*	30th-70th percentile of 2005 rates	2005
Alaska*	35th percentile (average) of 2005 rates	2001
Arizona	75th percentile of 2000 rates	2006
Arkansas	75th percentile of 2006 rates	2006
California	85th percentile of 2005 rates	2006
Colorado*	Varies by locality	2007
Connecticut	60th percentile of 2001 rates	2002
Delaware	Below the 75th percentile of 2005 rates	2006
District of Columbia*	Below the 75th percentile of 2004 rates	2005
Florida*	Varies by locality	2005
Georgia	50th percentile of 2005 rates	2006
Hawaii	Below the 75th percentile of 2005 rates	2006
Idaho	75th percentile of 2001 rates	2001
Illinois*	25th to above the 50th percentile of 2006 rates	2006
Indiana	75th percentile of 2005 rates	2005
Iowa	75th percentile of 2004 rates	2007
Kansas*	60th/65th percentile of 2000 rates	2002
Kentucky	68th percentile of 2005 rates	2005
Louisiana*	Varies	2007
Maine	75th percentile of 2006 rates	2006
Maryland	75th percentile of 2001 rates	2002
Massachusetts*	30th-60th percentile of 2006 rates	2007
Michigan	75th percentile of 1996 rates	1997
Minnesota*	53rd-68th percentile of 2006 rates	2006
Mississippi	58th percentile of 2005 rates	1999
Missouri*	50th percentile of 1996/1991 rates	1999
Montana	75th percentile of 2006 rates	2006
Nebraska	60th-75th percentile of 2005 rates	2005
Nevada*	Below the 75th percentile of 2004 rates	2004
New Hampshire	48th percentile of 2005 rates	2006
New Jersey	50th percentile of 2005 rates	2006
New Mexico*	60-95% of the 75th percentile of 2005 rates	2005
New York	75th percentile of 2005 rates	2005
North Carolina*	75th percentile of 2003/2005 rates	2006
North Dakota*	Varies	2000
Ohio	65th percentile of 2004 rates	2005
Oklahoma*	Varies	2006
Oregon	26th percentile of 2006 rates	2006
Pennsylvania*	At least the 60th/38th percentile of 2006 rates	2006
Rhode Island	75th percentile of 2002 rates	2004
South Carolina	75th percentile of 2004 rates	2005
South Dakota	75th percentile of 2005 rates	2005
Tennessee*	At least the 45th percentile of 2004 rates	2005
Texas*	50th-75th percentile of 2005 rates	Varies
Utah*	50th percentile of 2004 rates	2001
Vermont*	40th-70th percentile of 2006 rates	2006
Virginia*	5th-100th percentile of 2005 rates	2004
Washington*	37th-43rd percentile of 2004 rates	2005
West Virginia*	25th-70th percentile of 2006 rates	2002
Wisconsin	75th percentile of 2005 rates	2006
Wyoming*	75th percentile of 2004 rates	2005

\* indicates notes found on pages 24 and 25.

**TABLE 4B: STATE REIMBURSEMENT RATES  
COMPARED TO THE 75<sup>TH</sup> PERCENTILE OF CURRENT  
MARKET RATES 2007, 2006, AND 2001**

*Rates equal to or above the 75<sup>th</sup> percentile of current market rates....*

State	In 2007?	In 2006?	In 2001?
Alabama	No	No	Yes
Alaska*	No	No	No
Arizona	No	No	No
Arkansas	Yes	Yes	Yes
California	Yes	No	Yes
Colorado*	No	No	Yes
Connecticut	No	No	No
Delaware	No	No	No
District of Columbia*	No	No	No
Florida*	No	No	Yes
Georgia	No	No	No
Hawaii	No	No	No
Idaho	No	No	Yes
Illinois*	No	No	No
Indiana	Yes	Yes	Yes
Iowa	No	No	No
Kansas	No	No	No
Kentucky	No	No	Yes
Louisiana*	No	No	Yes
Maine	Yes	Yes	Yes
Maryland	No	No	Yes
Massachusetts	No	No	No
Michigan	No	No	No
Minnesota	No	No	Yes
Mississippi	No	No	Yes
Missouri	No	No	No
Montana*	Yes	Yes	No
Nebraska	No	No	No
Nevada	No	No	Yes
New Hampshire	No	No	No
New Jersey*	No	No	No
New Mexico	No	No	No
New York	Yes	Yes	Yes
North Carolina*	Yes	No	No
North Dakota*	No	No	Yes
Ohio	No	No	No
Oklahoma*	No	No	No
Oregon	No	No	No
Pennsylvania	No	No	No
Rhode Island	No	No	Yes
South Carolina	No	Yes	No
South Dakota	Yes	Yes	Yes
Tennessee	No	No	No
Texas*	No	No	Yes
Utah*	No	No	No
Vermont	No	No	No
Virginia*	No	No	No
Washington	No	No	No
West Virginia*	No	No	Yes
Wisconsin	Yes	Yes	Yes
Wyoming*	No	Yes	Yes

\* indicates notes found on pages 24 and 25.

**TABLE 4C: STATE REIMBURSEMENT RATE AMOUNT IN 2007  
COMPARED TO MARKET RATE AMOUNT FOR CHILD CARE CENTERS**

State	City/county/region*	Center Care for a Four-Year-Old					Center Care for a One-Year-Old				
		Monthly state reimbursement rate	75th percentile of market rate	Year of market rate	Difference between state rate and 75th percentile	Percentage difference between state rate and 75th percentile	Monthly state reimbursement rate	75th percentile of market rate	Year of market rate	Difference between state rate and 75th percentile	Percentage difference between state rate and 75th percentile
Alabama*	Birmingham Region	\$429	\$433	2005	-\$4	-1%	\$455	\$476	2005	-\$22	-5%
Alaska	Anchorage	\$550	\$685	2005	-\$135	-20%	\$647	\$700	2005	-\$53	-8%
Arizona*	Maricopa County (Phoenix)	\$515	\$722	2006	-\$206	-29%	\$576	\$823	2006	-\$247	-30%
Arkansas	Washington County	\$509	\$509	2006	\$0	0%	\$617	\$617	2006	\$0	0%
California	Los Angeles	\$744	\$660	2006	\$84	13%	\$1,029	\$995	2006	\$34	3%
Colorado*	Denver City and County	\$702	\$744	2006	-\$42	-6%	\$826	\$898	2006	-\$72	-8%
Connecticut	North Central Region	\$650	\$862	2005	-\$213	-25%	\$818	\$1,031	2005	-\$213	-21%
Delaware	New Castle County	\$478	\$539	2005	-\$61	-11%	\$539	\$598	2005	-\$59	-10%
District of Columbia*	Citywide	\$632	\$682	2004	-\$50	-7%	\$881	\$883	2004	-\$2	0%
Florida	Miami-Dade County	\$390	\$411	2005	-\$22	-5%	\$476	\$502	2005	-\$26	-5%
Georgia*	Zone 1	\$494	\$606	2005	-\$113	-19%	\$559	\$671	2005	-\$113	-17%
Hawaii	Statewide	\$500	\$527	2005	-\$27	-5%	\$700	\$750	2005	-\$50	-7%
Idaho	Boise Metro Area (Region IV)	\$492	\$518	2004	-\$26	-5%	\$594	\$638	2004	-\$44	-7%
Illinois*	Metropolitan Region (Group 1A)	\$551	\$844	2006	-\$294	-35%	\$779	\$1,083	2006	-\$304	-28%
Indiana	Marion County	\$619	\$619	2005	\$0	0%	\$714	\$714	2005	\$0	0%
Iowa*	Statewide	\$550	\$613	2006	-\$63	-10%	\$682	\$730	2006	-\$48	-7%
Kansas	Sedgwick County	\$429	\$551	2002	-\$123	-22%	\$655	\$779	2002	-\$125	-16%
Kentucky	Central Region	\$462	\$490	2005	-\$28	-6%	\$528	\$550	2005	-\$22	-4%
Louisiana	Statewide	\$385	\$396	2005	-\$11	-3%	\$407	\$418	2005	-\$11	-3%
Maine	Cumberland County	\$723	\$723	2006	\$0	0%	\$866	\$866	2006	\$0	0%
Maryland*	Region W	\$495	\$612	2005	-\$117	-19%	\$779	\$974	2005	-\$195	-20%
Massachusetts	Boston Region	\$776	\$1,011	2006	-\$235	-23%	\$1,258	\$1,629	2006	-\$371	-23%
Michigan	Wayne County	\$438	\$758	2005	-\$320	-42%	\$653	\$1,202	2005	-\$549	-46%
Minnesota	Hennepin County	\$859	\$940	2006	-\$80	-9%	\$1,154	\$1,277	2006	-\$124	-10%
Mississippi	Statewide	\$308	\$355	2005	N/A	N/A	\$336	\$390	2005	N/A	N/A
Missouri*	St. Louis (Metro Region)	\$337	\$704	2006	-\$367	-52%	\$567	\$880	2006	-\$314	-36%
Montana	Billings Region	\$476	\$476	2006	\$0	0%	\$606	\$606	2006	\$0	0%
Nebraska	Urban Areas	\$541	\$602	2005	-\$61	-10%	\$693	\$745	2005	-\$52	-7%
Nevada	Clark County	\$495	\$620	2004	-\$126	-20%	\$667	\$727	2004	-\$60	-8%
New Hampshire	Manchester	\$582	\$704	2005	-\$122	-17%	\$690	\$813	2005	-\$123	-15%
New Jersey	Statewide	\$557	\$783	2005	-\$226	-29%	\$675	\$874	2005	-\$199	-23%
New Mexico*	Statewide	\$481	\$520	2005	-\$39	-7%	\$563	\$585	2005	-\$22	-4%
New York*	New York City	\$779	\$779	2005	\$0	0%	\$1,247	\$1,247	2005	\$0	0%
North Carolina*	Mecklenburg County	\$616	\$616	2005	\$0	0%	\$666	\$666	2005	\$0	0%
North Dakota	Statewide	\$400	\$404	2005	-\$4	-1%	\$460	\$470	2005	-\$10	-2%
Ohio	Metro Area	\$580	\$601	2004	-\$21	-4%	\$736	\$799	2004	-\$63	-8%
Oklahoma*	Metro Area	\$411	\$455	2005	-\$44	-10%	\$563	\$636	2005	-\$73	-11%
Oregon*	Metro Area	\$407	\$705	2006	-\$298	-42%	\$558	\$894	2006	-\$336	-38%
Pennsylvania	Philadelphia	\$650	\$706	2006	-\$56	-8%	\$786	\$844	2006	-\$58	-7%
Rhode Island	Statewide	\$649	\$757	2006	-\$108	-14%	\$788	\$892	2006	-\$104	-12%
South Carolina*	Statewide Urban	\$359	\$359	2004	\$0	0%	\$403	\$403	2004	\$0	0%
South Dakota	Sioux Falls/Minnehaha County	\$497	\$497	2005	\$0	0%	\$605	\$605	2005	\$0	0%
Tennessee*	Top Counties in Population/Income	\$391	\$523	2006	-\$132	-25%	\$452	\$645	2006	-\$194	-30%
Texas	Gulf Coast Workforce Development Area	\$411	\$636	2005	-\$225	-35%	\$520	\$787	2005	-\$267	-34%
Utah*	Statewide	\$412	\$450	2006	-\$38	-8%	\$533	\$564	2006	-\$31	-5%
Vermont*	Statewide	\$480	\$671	2006	-\$191	-29%	\$543	\$693	2006	-\$150	-22%
Virginia	Fairfax County	\$827	N/A	N/A	N/A	N/A	\$1,005	N/A	N/A	N/A	N/A
Washington	Seattle/King County (Region 4)	\$611	\$770	2004	-\$159	-21%	\$728	\$937	2004	-\$209	-22%
West Virginia	Statewide	\$390	\$433	2006	-\$43	-10%	\$520	\$541	2006	-\$21	-4%
Wisconsin	Milwaukee	\$779	\$779	2005	\$0	0%	\$1,005	\$1,005	2005	\$0	0%
Wyoming*	Statewide	\$422	\$531	2006	-\$109	-21%	\$516	\$593	2006	-\$77	-13%

\* indicates notes found on pages 24 and 25.

## NOTES FOR TABLES 4A, 4B AND 4C: REIMBURSEMENT RATES

*State reimbursement rates are compared to the 75<sup>th</sup> percentile of market rates (the rate that allows families access to 75 percent of providers in their community) because federal regulations recommend that rates be set at this level.*

*A state is considered to have rates that were based on current market prices if the market survey used to set its rates was conducted no more than two years earlier (so, for example, rates used in 2007 were considered current if set at the 75<sup>th</sup> percentile of 2005 or more recent market rates).*

*The data in these tables reflect states' basic rates, unless otherwise indicated. Some states may have higher rates for particular types of care such as higher-quality care or care for children with special needs.*

*States were asked to report state reimbursement rates and the 75<sup>th</sup> percentile of market rates for their state's most populous city, county, or region. Monthly rates were calculated from hourly, daily, and weekly rates assuming the child was in care 9 hours a day, 5 days a week, 4.33 weeks a month. Differences between state reimbursement rates and the 75<sup>th</sup> percentile were calculated using raw data, rather than the rounded numbers shown in the table.*

Alabama: The percentile at which state reimbursement rates are set varies by region. In 2007, reimbursement rates ranged from a high of the 70<sup>th</sup> percentile for center-based care for infants and toddlers in the Birmingham region to a low of the 30<sup>th</sup> percentile for family/group homes in rural regions. Rates are reported for the Birmingham Region, which includes five counties.

Alaska: State reimbursement rates and percentiles vary by region and age of child. The percentile at which state rates are set ranges from the zero percentile (all market rates are above the state rate) to the 100<sup>th</sup> percentile (the state rate is above all market rates).

Arizona: Rates are reported for Maricopa County, which covers the Phoenix metropolitan area.

Colorado: Each county determines its own rates. Denver has a four-star rating system; reimbursement rates shown in the table are for four-star centers.

District of Columbia: The 2006 market rates have not been published yet. The state has tiered rates, with three levels: Bronze, Silver, and Gold. The reimbursement rates shown in the table reflect the Bronze-level rates. Providers must be working toward accreditation to qualify for the Silver-level rate, and must be accredited to receive the Gold-level rate.

Florida: Updates of reimbursement rates vary by local coalition.

Georgia: Zone 1 represents large urban and suburban areas, including Camden, Cherokee, Clayton, Cobb, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Hall, Henry, Paulding, and Rockdale Counties.

Illinois: Reimbursement rates are reported for the Metropolitan Region (referred to as Group 1A), which includes Cook, DeKalb, DuPage, Kane, Kendall, Lake, and McHenry Counties. Also note that the state increased its reimbursement rates for centers and family child care homes as of July 1, 2007.

Iowa: The state calculates provider reimbursements based upon units of care. A "unit" is a 5-hour block of time. The rates shown in the table are calculated assuming that if a family is using 9 hours of care, 5 days per week, 4.33 weeks per month, this would translate into 2 units of care per day for 22 days per month, or 44 units.

Kansas: For registered providers, rates are at the 60<sup>th</sup> percentile of market rates and for licensed homes and centers, rates are at the 65<sup>th</sup> percentile. Rates for relative providers are equal to 65 percent of registered care rates. Rates for regulated providers were last updated February 1, 2002. New rates were implemented for in-home care (care provided in the child's own home) on October 1, 2004 and for out-of-home relative care on January 1, 2005.

Louisiana: The percentile for the reimbursement rate varies. Based on the last market rate survey, which was completed in September 2005, rates for infant/toddler care in centers and family child care homes are below the 75<sup>th</sup> percentile of market rates, and rates for infant/toddler care for in-home providers are above the 75<sup>th</sup> percentile. For children ages three and over, rates for centers, in-home care, and school-based programs are below the 75<sup>th</sup> percentile, and rates for family child care homes are at the 75<sup>th</sup> percentile.

Maryland: Rates are reported for Region W, which includes Prince George's, Anne Arundel, Calvert, Charles, and Carroll Counties.

Massachusetts: The percentile for the reimbursement rate varies by type of care and region.

Minnesota: Reimbursement rates are not set at a particular percentile of market rates. Instead, the state increased reimbursement rates across the board by 6 percent in July 2006; these rates were still in effect as of February 2007. Licensed center rates cover 54.5 percent of 2006 market rates statewide (57.5 percent of market rates in rural counties and 53.1 percent of market rates in urban counties). Licensed family child care rates cover 65.3 percent of 2006 market rates statewide (67.7 percent of market rates in rural counties and 61.4 percent of market rates in urban counties).

Missouri: Reimbursement rates for preschool and school-age care were set in 1991 and are not reflective of a particular percentile. Reimbursement rates for infants were last increased in 1998, and were set at the 50<sup>th</sup> percentile of 1996 market rates. In 1998, reimbursement rates were increased for nontraditional-hour care as well. In 1999, the state introduced rate enhancements for care for children with special needs, accredited providers, and disproportionate share providers who care for a large number of children receiving child care assistance. Also note that rates were increased by 5 percent in March 2007 for regulated child care providers.

Montana: Data on policies as of 2001 were not available, so policies as of March 2000 were used instead.



Nevada: Reimbursement rates vary by region. The state conducted a market rate survey in 2004, but did not adjust its rates to the 75<sup>th</sup> percentile of the 2004 rates. Instead, it increased rates from previous levels, by 25 percent for infants, 20 percent for toddlers, and 15 percent for preschoolers and school-age children.

New Jersey: Data on policies as of 2001 were not available, so policies as of March 2000 were used instead.

New Mexico: The state does not set its rates as a percentile of market rates. In recent years, the state has raised rates for certain categories of providers or providers with higher-quality levels, rather than raising rates for all providers. The state increased rates for accredited providers in rural areas in April 2003, added differential rate levels for higher-quality providers in February 2004, and raised rates for licensed providers in rural areas in February 2005. The state has a quality rating system with five star levels. The rates reported in the table are for four-star centers.

New York: Reimbursement rates are reported for New York City, including Kings, Queens, Richmond, Brooklyn, and Bronx Counties.

North Carolina: The state has a tiered rate system with five levels. The state updated its rates in 2006 for three-, four-, and five-star providers if the 2005 market rate survey data supported a change. Rates currently in place for one- and two-star providers are based on 2003 data. The rates reported in the table are for three-star centers, since this is the most common star level for centers serving children receiving child care assistance.

North Dakota: The percentile for the reimbursement rate varies by provider type. For centers, the rate for infants is at approximately the 72<sup>nd</sup> percentile of market rates, the rate for toddlers is at approximately the 67<sup>th</sup> percentile, and the rate for three- to five-year-olds is at approximately the 75<sup>th</sup> percentile. For family child care, the rates are at approximately the 74<sup>th</sup> percentile for infants, the 75<sup>th</sup> percentile for toddlers, and the 52<sup>nd</sup> percentile for three- and four-year-olds. (State rates for school-age care are above the 75<sup>th</sup> percentile of market rates for school-age care because the state uses the same rates for children ages three to thirteen.)

Oklahoma: The percentile for the reimbursement rate varies by type of care, age of child, and region. The maximum state reimbursement rate for non-accredited care for a one-year-old in standard rate counties is at the 85<sup>th</sup> percentile of market rates, but the majority of the reimbursement rates are below the 85<sup>th</sup> percentile. Also note that the state has a tiered rate system with three levels. The rates reported in the table are for two-star centers, since the majority of centers are at this level. Two-star centers operate in compliance with appropriate licensing requirements and additional quality criteria, and meet requirements for master teachers, staff compensation scales, and program evaluation. In February 2006, the state increased rates for three-star centers and family child care providers in standard and metro rate counties for children up to age three.

Oregon: Reimbursement rates are reported for Rate Area A, primarily the Portland Metropolitan Area.

Pennsylvania: The percentile for the reimbursement rate varies by type of care, age of child, and region. Reimbursement rates are equal to at least the 60<sup>th</sup> percentile of 2006 market rates for center-based care and at least the 38<sup>th</sup> percentile for family child care.

South Carolina: The reimbursement rates shown in the table are for urban child care centers that meet licensing standards (referred to as "participating providers"). Providers that meet higher standards (referred to as "enhanced providers") receive higher reimbursement rates. The state's market rate survey included categories for enhanced providers and participating providers and the 75<sup>th</sup> percentile was obtained for each type.

Tennessee: The percentile for the reimbursement rate varies by type of care, age of child, and region. When reimbursement rates were last increased in 2005, no category of rates fell below the 45<sup>th</sup> percentile of the previous year's market rate survey. The reimbursement rates reported apply to counties that were among the top 15 in average population in 2004 and/or among the top 15 in per capita income in 2002-2004. There were 20 counties that met one or both of these criteria. There is a separate set of reimbursement rates that apply to the remaining counties.

Texas: Local boards determine and update reimbursement rates at their own discretion. Some local boards updated their rates in 2006 or 2007, and some have not updated rates for several years. Rates vary by age and category of care.

Utah: The state adjusted its infant rates in 2001. All other rates were last adjusted prior to 2001. As of July 1, 2007, the state increased its rates to the 75<sup>th</sup> percentile of 2006 market rates for all licensed providers.

Vermont: The state planned to increase rates effective July 2007.

Virginia: Reimbursement rates range from the 5<sup>th</sup> percentile to more than the 100<sup>th</sup> percentile of 2005 market rates.

Washington: Reimbursement rates range from the 37<sup>th</sup> percentile of 2004 market rates for centers to the 43<sup>rd</sup> percentile for family child care homes.

West Virginia: The percentile for the reimbursement rate varies by type of care and age of child. For example, the reimbursement rate is at the 70<sup>th</sup> percentile of 2006 market rates for center care for an infant; the 55<sup>th</sup> percentile for center care for a child over age two; the 50<sup>th</sup> percentile for family child care for an infant; and the 25<sup>th</sup> percentile for family child care for a child over age two. Also note that policies as of 2001 were not available, so policies as of March 2000 were used instead.

Wyoming: The state planned to implement new rates effective July 2007.



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