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CHILD CARE & EARLY LEARNING

STATE CHILD CARE ASSISTANCE POLICIES FALL SHORT IN MEETING FAMILIES' NEEDS

Affordable, high-quality child care enables parents to work so they can support their families, and helps give children the early learning experiences they need to succeed in school. Yet many families, particularly low-income families, cannot afford child care on their own. The federal Child Care and Development Block Grant (CCDBG) program provides assistance to low-income families to help them with their child care costs. However, gaps in child care assistance policies—which are determined by states within federal parameters—leave many families without the help they need.

- **Low state income eligibility limits prevent many families from even qualifying for child care assistance.** In 2016, a family with an income above 150 percent of poverty ($30,240 a year for a family of three) could not qualify for assistance in 17 states. A family with an income above 200 percent of poverty ($40,320 a year for a family of three) could not qualify for assistance in 39 states.[1] Yet, in most 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, based on a study by the Economic Policy Institute.[2]

- **Even if families are eligible for child care assistance, they may not necessarily receive it.** Twenty states had waiting lists or frozen intake (turned away eligible families without adding their names to a waiting list) for assistance in 2016.[3] In a number of states, these waiting lists are quite long—over 25,000 children in Florida, over 24,000 children in Massachusetts, and over 20,000 children in North Carolina, as of early 2016.[4] Studies show that many families on waiting lists struggle to pay for reliable, good-quality child care as well as other necessities, or must use low-cost—and frequently low-quality—care. Some families cannot afford any child care, which can prevent parents from working.[5]

- **In many states, families receiving child care assistance are required to pay high copayments.** In 26 states, the copayment for a family of three at 150 percent of poverty was above 7.2 percent of income ($181 per month)—the average percentage spent on child care nationally among families who pay for child care—in 2016; in an additional seven states, a family at this income level was not eligible for child care assistance. In 13 states, the copayment for a family of three at 100 percent of poverty was above 7.2 percent of income ($121 per month) in 2016.[6] High copayments can create a significant financial strain for families or may discourage families from participating in the child care assistance program.

- **Most states pay low reimbursement rates to child care providers serving families receiving child care assistance.** Only one state set its reimbursement rates at the federally recommended level (the 75th percentile of current market rates, which is the rate designed to give families access to 75 percent of the providers in their community) in 2016.[7] In a number of states, reimbursement rates were significantly below the 75th percentile of market rates. In 31 states, reimbursement rates for center care for a four-year-old were at least 20 percent below the 75th percentile of market rates for this type of care. In 22 states, reimbursement rates for center care for a one-year-old were at least 20 percent below the 75th percentile of market rates for this type of care.[8] Inadequate reimbursement rates deprive providers of the resources needed to offer high-quality care and may discourage high-quality providers from enrolling families who receive child care assistance.

- **Even reimbursement rates for higher-quality care are insufficient.** Thirty-eight states had higher reimbursement rates for higher-quality care (tiered rates) in 2016.[9] However, in over three-quarters of these states, even the higher rates were below the federally recommended level in 2016. Without a significant rate differential for higher-quality care, providers are not able to cover the additional costs involved in raising quality—including expenses for additional staff in order to reduce child-staff ratios, increased salaries for staff with advanced education in early childhood development, staff training, facilities upgrades, and/or new equipment and materials.

- **Parents searching for work are often unable to qualify for child care assistance.** Forty-eight states allowed families receiving child care assistance to continue receiving it for at least some amount of time while a parent searched for a job in 2016. Yet only 14 states allowed families to qualify for and begin receiving child care assistance while a parent searched for a job in 2016.[10] Parents unable to receive child care assistance while searching for a job must scramble to find child care once they get a job, and may not be able to keep their child in the same stable child care arrangement during the job search.

- **Without significant additional federal and state investments in child care, these gaps in child care assistance policies could grow in coming years.** The Child Care and Development Block Grant Act of 2014, which reauthorized the major federal child care assistance program, makes important changes to the CCDBG program intended to improve the health and safety of child care, enhance the quality of care, and make it easier for families to obtain and retain child care assistance. Yet the law was not accompanied by substantial new resources to cover the additional costs entailed in meeting its new requirements. Unless additional funding is provided, states will struggle to implement the law while also improving important policy areas not directly addressed by the law and providing child care assistance to more—not fewer—children and families.

For more information, see the National Women's Law Center report, *Red Light Green Light: State Child Care Assistance Policies 2016*.

1 Karen Schulman and Helen Blank, Red Light Green Light: State Child Care Assistance Policies 2016 (Washington, DC: National Women's Law Center, 2016), 6, *available at* http://nwlc.org/resources/red-light-green-light-state-child-care-assistance-policies-2016/. The report analyzes data on policies as of February 2016.

2 National Women's Law Center analysis of data from Elise Gould, Tanyell Cooke, and Will Kimball, What Families Need to Get By: EPI's 2015 Family Budget Calculator (Washington, DC: Economic Policy Institute, 2015), *available at* http://www.epi.org/publication/what-families-need-to-get-by-epis-2015-family-budget-calculator/; 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.epi.org/page/-/old/briefingpapers/165/bp165.pdf.

3 Red Light Green Light: State Child Care Assistance Policies 2016, 7.

4 Red Light Green Light: State Child Care Assistance Policies 2016, 31.

5 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); 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); 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); 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).

6 Red Light Green Light: State Child Care Assistance Policies 2016, 8.

7 Red Light Green Light: State Child Care Assistance Policies 2016, 9.

8 Red Light Green Light: State Child Care Assistance Policies 2016, 10.

9 Red Light Green Light: State Child Care Assistance Policies 2016, 10.

10 Red Light Green Light: State Child Care Assistance Policies 2016, 12.