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. 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. 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.


