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## **STATES USE NEW CHILD CARE AND DEVELOPMENT BLOCK GRANT FUNDS TO HELP CHILDREN AND FAMILIES: UPDATE**

Congress approved a \$2.37 billion increase in funding for the Child Care and Development Block Grant (CCDBG), the major federal child care program, in March 2018. This was a historic increase for CCDBG, a program that provides funds to states to assist low-income families in affording child care, to help ensure the health and safety of child care, and to invest in improving the quality of care. The increase brought total funding for CCDBG in FY 2018 to \$8.143 billion<sup>1</sup>; this higher funding level was maintained—and slightly expanded upon—in FY 2019, with funding reaching \$8.193 billion.<sup>2</sup> States have until September 30, 2019 to obligate their FY 2018 CCDBG funds, and until September 30, 2020 to spend the funds. States—which set their child care policies and decide how to expend CCDBG funds within federal parameters—have already determined how they will use, or have already used, the increased funds to help more families access high-quality child care.<sup>3</sup>

- Over two-thirds of the states are using or will use the additional federal child care funds to raise payment rates for child care providers serving families receiving child care assistance, and a few additional states are considering using the funds for this purpose.<sup>4</sup> Raising payment rates encourages more providers to serve these families and gives providers more of the resources they need to support high-quality care and pay adequate salaries to child care teachers and staff.
- Nine states are using or will use the additional funds to serve families on the waiting list for child care assistance, enabling these families to get help affording the stable, nurturing child care that children need for their healthy development and that parents need to work or participate in education or training. A few additional states expanded access to child care assistance by increasing income eligibility limits or broadening other eligibility criteria.
- Many states are using the additional funds to implement provisions of the Child Care and Development Block Grant Act of 2014, which reauthorized the CCDBG program and established a number of new requirements aimed at ensuring the health and safety of children in child care, improving the quality of care, and making it easier for families to obtain and retain child care assistance.

The additional federal funds are essential to address existing gaps in the child care assistance program. Only one in six children eligible for federal child care assistance received it in 2015 (the most recent year for which data are available).<sup>5</sup> And only one state set its provider payment rates at the federally recommended level (the 75th percentile of current market rates, the rate designed to give families access to 75 percent of the providers in their community) as of February 2018.<sup>6</sup> While the funding increase is helping states make progress in improving families' access to assistance and provider payment rates, further federal and state investments will be necessary to fully address these and other gaps.

#### HIGHLIGHTS OF STATE UPDATES

This report is an update of a report published by the National Women's Law Center in January 2019. Since the Center's original report was published, a number of states have finalized their plans for using the new CCDBG funds and have reported new details about how their funds are helping children, families, and child care providers. Among the notable updates included in this report:

- Arizona was able to suspend its waiting list for child care assistance for the first time in 10 years so eligible families could be served without having to wait.
- Connecticut increased its payment rates for center care for infants and toddlers from the 4th percentile to the 50th percentile of market rates.
- Kansas expanded access to child care assistance and now expects a 34 percent increase in the number of children served.
- Oklahoma increased its income eligibility limit to qualify for assistance to the maximum level allowed under federal law, 85 percent of state median income.
- Tennessee raised its base provider payment rates and began paying a 15 percent bonus to providers in distressed areas or child care deserts and to providers offering nontraditional-hour care.

- **ALABAMA** used a portion of the new federal child care funds to increase base payment rates for child care providers serving families receiving child care assistance to the 70th percentile of 2017 market rates as of October 2018. For example, the monthly payment rate for center care for a four-year-old in Birmingham increased from \$468 to \$580. The state also used a portion of the funds to increase providers' access to training. Additionally, the state will implement a quality rating and improvement system and tiered payment rates for higher-quality family child care providers, increase existing tiered payment rates for child care centers, and increase its incentive bonus for programs participating in the quality rating and improvement system.
- **ALASKA** has proposed to update its income eligibility limits and copayment schedule for the child care assistance program, and to adjust provider payment rates based on the most recent market rate survey. The state is also using the additional federal child care funds to support professional development through the System for Early Education Development (SEED), continued implementation of the state's quality rating and improvement system (Learn & Grow), and scholarships for the early childhood workforce to receive higher education through the University of Alaska Fairbanks.
- **ARIZONA's** Department of Economic Security is using \$27.6 million of the new CCDBG funds to increase provider payment rates from the 75th percentile of 2000 market rates to the 50th percentile of 2010 market rates or the 25th percentile of the most recent market rate, whichever is higher; payment rates have increased by an average of 30 percent. For example, the monthly base payment rate for center care for a four-year-old in Maricopa County increased from \$515 to \$693 as of June 2019. In addition, the state is using \$27.1 million to provide child care assistance to 5,000 additional children during FY 2020; as of June 2019, the state was able to suspend its waiting list for child care assistance for the first time in 10 years. The Department will also use \$2 million to ensure compliance with state legislation that requires one-third of its CCDBG quality set-aside funds to be used for tiered payment rates for higher-quality care. In addition to tiered payment rates for providers with four- and five-star ratings in the state's quality rating and improvement system (which receive 10 percent and 20 percent, respectively, above the base rate), three-star providers began receiving a tiered payment rate (of 5 percent above the base rate) as of June 2019.

- **ARKANSAS** is funding 3,800 new child care assistance slots. As a result, the state, which had 2,244 children on its waiting list as of February 2018, was able to serve all eligible children who had been on the waiting list and to stop placing additional children on a waiting list as of August 2018. The state is also considering provider payment rate increases and steps to support more children in higher-quality care.
- **CALIFORNIA** will support 14,709 new vouchers to help families pay for child care, at a cost of approximately \$145 million a year (or \$290 million over two years). The state will also use its additional federal child care funds to begin implementation of annual inspections of licensed child care programs, at an initial cost of \$26.4 million.
- **COLORADO** will use its additional federal child care funds, together with state funds, to support changes consistent with the CCDBG reauthorization law that increase children’s continuity of care during temporary and non-temporary disruptions in parents’ eligible activities, that enable families to maintain their child care assistance when they move across county lines, and that allow families to retain their child care assistance until their income reaches 85 percent of state median income. The state, which had allowed counties to set their own income eligibility limits, also set the statewide minimum income limit to initially qualify for assistance at 185 percent of the federal poverty level, as of September 30, 2018. The state set county income eligibility limits based on the self-sufficiency standard within each county as of July 2019. (A county that chooses to continue or adopt income limits above the state-set income limit for the county may use its own local funds to provide child care assistance to families that qualify with higher incomes). In addition, the state now requires counties to adopt state-set tiered provider payment rates for higher-quality care. The state is considering additional changes to eligibility, payment rates, and other policies, and would use the balance of the remaining federal funds to implement these changes once adopted.
- **CONNECTICUT** will use the bulk of its \$14.3 million in additional CCDBG funds to support increases in provider payment rates. Payment rates were increased by 2.5 percent for licensed family child care providers and 1.5 percent for license-exempt family child care providers under a collective bargaining contract approved by the state legislature. As of September 2019, payment rates for center care for preschool-age children were increased to the 25th percentile of market rates, and payment rates for center care for infants and toddlers were increased from the 4th percentile to the 50th percentile of market rates. For example, the monthly payment rate for center care for a four-year-old in the North Central Region increased from \$693 to \$879. The state is also using the funds to fully implement the provisions of the CCDBG reauthorization law, including a graduated phase-out of child care assistance (for families whose income at redetermination is above the initial income eligibility limit but at or below 65 percent of state median income) as well as more efficient processing of criminal background checks.
- **DELAWARE** will use the additional federal child care funds to implement the CCDBG reauthorization law, including provisions related to graduated phase-out of child care assistance for families, allowing families a 12-month eligibility period prior to having to recertify, transitional child care, criminal background checks of providers, the consumer education website, reducing children’s expulsion from child care, requirements for license-exempt providers that serve children receiving child care assistance, provider health and safety trainings, and required disaster planning by providers.
- **DISTRICT OF COLUMBIA** will use the additional federal child care funding to support the early childhood workforce, child care assistance for families, and the child care agency’s data system modernization project.
- **FLORIDA** is using the additional federal child care funds to implement performance funding (similar to a tiered payment system) for child care and early education programs statewide, increase provider payment rates, and serve additional children who had been on the waiting list for child care assistance. The state will also use \$6 million of its CCDBG funds for a baseline assessment to implement the performance system; extend non-recurring funding for T.E.A.C.H. (which provides scholarships for child care workers to

attend school and earn a degree or credentials in early education and then provides bonuses to those who complete their educational program), HIPPY (Home Instruction for Parents of Preschool Youngsters), and Help Me Grow (a statewide system that helps to identify developmental and/or behavioral concerns in a child's first eight years of life and link children and their families to services and supports); and comply with the requirements of the CCDBG reauthorization law.

- **GEORGIA** increased its tiered payment rates for providers with ratings of one star or higher in the state's quality rating and improvement system (which has three levels) as of October 2018. Tiered rates were increased from 5 percent to 10 percent above the base rate for one-star providers, from 10 percent to 20 percent above the base rate for two-star providers, and from 25 percent to 40 percent above the base rate for three-star providers. (For example, the monthly payment rate for care for a four-year-old in Zone 1, which includes the state's larger urban counties, increased from \$519 to \$543 for a one-star center, from \$543 to \$593 for a two-star center, and from \$618 to \$692 for a three-star center, compared to the base rate of \$494.) In addition, the state began paying 50 percent above the base rate to providers awarded Quality Rated Subsidy Grants, which fund a specific number of slots for children receiving child care assistance at the provider's site, as of October 2018, and expanded the number of Quality Rated Subsidy Grant slots by 500 as of November 2018. The state also increased its base payment rates for care for infants and toddlers to the 25th percentile of 2016 market rates as of January 2019. (For example, the monthly payment rate for center care for a one-year-old in Zone 1 increased from \$559 to \$624.) The state increased all other base payment rates to at least the 25th percentile of market rates as of September 2019. (For example, the monthly payment rate for center care for a four-year-old in Zone 1 increased from \$494 to \$537.) The state reduced copayments for families as well, ensuring that no family pays more than 7 percent of its income in copayments—as recommended in the federal CCDBG regulations—as of September 2018. The state is also funding supports to help teachers address children's social-emotional needs, expanding professional development opportunities, and covering the costs of the initial national fingerprint scans for eligible providers.
- **HAWAII** will use the additional federal child care funding to invest in training and professional development opportunities for the child care workforce; licensing and monitoring of regulated and license-exempt providers serving families receiving child care assistance; background checks for child care providers and their household members; child care assistance for families with the lowest incomes; adjusting the state's income limit for the updated state median income; a website for provider searches; quality initiatives; a child care resource and referral system; and continuing to serve families eligible for child care assistance without placing any who apply on a waiting list.
- **IDAHO** increased its payment rates from the 65th percentile of 2015 market rates to the 65th percentile of 2018 market rates as of January 2019. For example, the monthly payment rate for center care for a four-year-old in Boise increased from \$623 to \$683. The state also used the additional federal child care funds to adjust its income limit for the updated federal poverty level. In addition, the state is implementing the provisions of the CCDBG reauthorization law related to the graduated phase-out of assistance for families whose incomes increase above the eligibility limit and to ongoing provider background checks.
- **ILLINOIS** increased its base payment rates for center care by 4.26 percent as of July 2018. For example, the monthly payment rate for center care for a four-year-old in Group 1A Counties (which include Cook County) increased from \$708 to \$738. The state will also use the new federal child care funds to implement provisions of the CCDBG reauthorization law designed to ensure that families can receive child care assistance for 12 months before having to recertify their eligibility.
- **INDIANA** used the new federal child care funds to offer additional child care workforce training and professional development opportunities by updating its Learning Management System; to allocate 500 child care assistance direct service slots to the Department of Child Services for placement in high-quality child care programs, with a focus on infants and toddlers (up to two years of age); and to expand direct services funding for families.

- **IOWA** increased its base payment rates from approximately 8.2 percent above the 75th percentile of 2004 market rates to between the 35th and 75th percentile of 2017 market rates as of January 2019. (For example, the monthly base payment rate for center care for a four-year-old statewide increased from \$595 to \$649.) The state also increased its tiered payment rates for providers at level five of the state’s quality rating and improvement system (which has five levels) from the 75th percentile of 2014 market rates to the 75th percentile of 2017 market rates, and introduced two new tiered rate levels for providers at quality levels one through four (which previously received the base rate), as of January 2019. (For example, the monthly payment rate for care for a four-year-old statewide was set at \$682 for a center at level one or two and \$722 for a center at level three or four, and increased from \$770 to \$822 for a center at level five.) In addition, the new federal child care funds are being used to cover existing funding shortfalls that occurred due to changes the state made starting in 2016 to implement the requirements of the CCDBG reauthorization law, including allowing families a 12-month eligibility period for child care assistance before having to recertify, allowing families to remain eligible up to a higher exit income limit than the initial income limit to qualify for assistance, and allowing families to remain eligible for assistance through a temporary loss of employment.
- **KANSAS** is using its additional federal child care funds to support an increase in the number of families receiving child care assistance; the average monthly number of children served is expected to increase from 8,840 children in state fiscal year 2019 to 11,837 children in state fiscal year 2020—a 34 percent increase. The additional families receiving assistance include families served in a new employment services program for those receiving Supplemental Nutrition Assistance Program (SNAP) benefits, foster caregivers who are working or in training, and families now eligible due to a reduction in the number of hours they must work to qualify for child care assistance from 28 to 20 hours per week. The state is also using the additional funds to fully implement the requirements under the CCDBG reauthorization law and regulations; policy changes were finalized and implemented by October 1, 2018. As part of these changes, the state reduced reporting requirements for families receiving child care assistance, so they now only are required to report changes when their household income exceeds 85 percent of state median income or they have a change in residence, child care provider, or hours of child care needed. In addition, the state increased its payment rates from the 40th percentile of 2014 market rates (for each county group) to the 65th percentile of 2017 market rates as of November 1, 2018. For example, the monthly payment rate for center care for a four-year-old in Sedgwick County increased from \$526 to \$571.
- **KENTUCKY** increased provider payment rates to at least the 40th percentile of 2017 market rates as of December 2018. For example, the monthly payment rate for center care for a four-year-old in Jefferson County increased from \$476 to \$541. In addition, the state increased the exit eligibility limit for families already receiving child care assistance from 165 percent of poverty to 200 percent of poverty. The state also expanded access to child care assistance by removing regulatory language that had prevented CCDBG funds from being used for child care assistance for foster children and by allowing students enrolled full time in post-secondary school or job training to be eligible for child care assistance (starting in June 2019) without having to meet a separate work requirement. Finally, a small portion of the additional federal funds were allocated to cover administrative costs for providers for the National Background Check Program.
- **LOUISIANA** used the additional federal child care funds for several activities. The state provided child care assistance to approximately 4,500 children who were on the waiting list. The funds were also used to reimburse child care providers for the fees associated with the newly required criminal background checks. Lastly, the funds were used to support educational scholarships for child care teachers and leadership opportunities for child care directors.
- **MAINE** increased its base payment rates for center care and family child care for all age groups to the 75th percentile of 2018 market rates as of June 2018. Previously, payment rates for center care for school-age children and family child care for all age groups were at the 75th percentile of 2015 market rates, and payment rates for center care for infants, toddlers, and preschoolers were at the 50th percentile of 2015 market rates. For example, the monthly payment rate for center care for a four-year-old in Cumberland

County increased from \$909 to \$1,121.

- **MARYLAND** increased its income limit to qualify for assistance from 50 percent of the 2001 state median income (\$29,990 a year for a family of three) to 65 percent of the 2018 state median income (\$60,081 a year for a family of three) as of July 2018. In addition, the state is using \$22 million of the new federal child care funds to increase provider payment rates. The state enacted legislation requiring rates to be set at least at the 60th percentile of market rates by FY 2022 and each year after. As a first step, the state increased its base payment rates to at least the 20th percentile of 2017 market rates as of May 2018. For the second step, the state increased its base payment rates to at least the 30th percentile of 2019 market rates as of June 2019. For example, the monthly payment rate for center care for a four-year-old in Region W (which includes Anne Arundel, Calvert, Carroll, Charles, and Prince George’s Counties) increased from \$559 to \$628 in May 2018 and to \$822 in June 2019. The state is also using its additional federal child care funds to support tiered payment rates for providers at levels three through five of its quality rating and improvement system (Maryland EXCELS) and bonuses for providers that increase their quality level. Other uses of the additional federal funding include a new consumer education website launched in September 2019 to highlight the Maryland State Department of Education’s Division of Early Childhood’s programs and grants; the expansion of Maryland’s Child Care Career and Professional Development Fund—which covers tuition, fees, and books for providers aspiring to attain an Associate’s or Bachelor’s Degree in early childhood education or a closely related field—from 200 to 460 students; and a new position of Criminal Background Check Coordinator whose responsibilities include assisting in developing policies and procedures to implement the CCDBG reauthorization law’s fingerprint requirements.
- **MASSACHUSETTS** is using its additional federal child care funds to support a 4.58 percent increase in payment rates for center-based providers that went in effect as of January 2019 (retroactive to July 2018). For example, the monthly payment rate for center care for a four-year-old in the Northeast Region increased from \$913 to \$955. The state is also using the funds to support and sustain 12-month eligibility for families receiving child care assistance. In addition, the state has used some of the funds for additional staffing for the state agency, including licensors and monitors, as well as for building out information technology infrastructure—including the billing database, licensing database, background record check system, and platform to accommodate health and safety trainings—for CCDBG compliance.
- **MICHIGAN** is using \$15 million of its additional federal child care funds to support a switch from paying subsidized providers on an hourly basis to a biweekly basis as of March 2019. The state will also use \$2.5 million for T.E.A.C.H. scholarships for providers pursuing additional educational credentials. The remaining funds are being used for caseload increases in FY 2018 and FY 2019.
- **MINNESOTA** is using the new federal child care funds to comply with the CCDBG reauthorization law’s provisions on 12-month continuous eligibility for families and on assistance for families experiencing homelessness. The state is also using the funds to cover costs related to implementing criminal background checks of providers, including background study and fingerprinting fees for existing staff (and some new staff) of licensed and license-exempt family child care providers and licensed and certified license-exempt child care centers as well as leasing of LiveScan fingerprinting devices. In addition, the state is using the funds for the state’s Parent Aware child care quality rating and improvement system and other quality supports.
- **MISSISSIPPI** used the new federal child care funds to provide child care assistance to 15,940 more children; as a result, the state—which had 16,103 families on the waiting list as of February 2018—was serving all eligible families who had been on the waiting list and was no longer placing additional families on a waiting list as of October 2018. The state also increased its base payment rates to the 75th percentile of 2016 market rates as of June 2018. For example, the monthly payment rate for center care for a four-year-old statewide increased from \$312 to \$440. The state increased its tiered payment rates for centers as of June 2018 as well. Centers that meet the quality criteria required to be designated as “comprehensive” will

receive payment rates that are 25 percent above the base rate (which is paid to “standard” centers). For example, the monthly payment rate for care for a four-year-old in a comprehensive center statewide will be \$550.

- **MISSOURI** has not yet reported how it will use the additional federal child care funding.
- **MONTANA** increased its provider payment rates to the 75th percentile of 2016 market rates as of October 2018 (and began using statewide rates). For example, the monthly payment rate for center care for a four-year-old in Billings increased from \$695 to \$758. In addition, the state expanded the age range to which the higher payment rates for care for infants and toddlers apply, from an age range of birth to 24 months to an age range of birth through 35 months. The state is also using its additional federal child care funds to support changes in its payment and authorization policies, so that payment for care for families receiving child care assistance are based on the child’s needs, rather than solely on the parent’s and child’s schedules; a provider will be paid for a full month of care as long as the child attends 85 percent of the authorized amount.
- **NEBRASKA** is using the new federal child care funds to assist providers with the cost of first aid and CPR trainings and to implement other requirements of the CCDBG reauthorization. The state is also using the funding to redesign its electronic billing portal for child care providers. In addition, funding will support community and business partnerships in the development of new child care programs in areas where there is a shortage of care.
- **NEVADA** is using its additional federal child care funds to eliminate the state’s waiting list for child care assistance. The state also increased tiered payment rates as of February 2019. Payment rates were raised to the 55th percentile of 2015 market rates for providers with a one-star rating in the state’s quality rating and improvement system, the 60th percentile for two-star providers, the 65th percentile for three-star providers, and the 70th percentile for four-star providers; previously, payment rates for one-star providers were set at the 75th percentile of 2004 market rates, and payment rates for two-, three-, and four-star providers fell between that level and the 75th percentile of 2015 market rates. For example, the monthly payment rate for care for a four-year-old in Clark County increased from \$498 to \$779 for a one-star center, from \$606 to \$801 for a two-star center, from \$693 to \$823 for a three-star center, and from \$779 to \$844 for a four-year center. (Payment rates for five-star providers remained at the 75th percentile of 2015 market rates.) The state also is using or intends to use its funds for a variety of other purposes and activities, most of which relate to implementing the requirements of the CCDBG reauthorization law. These uses of funds include expansion of eligibility for child care assistance for families experiencing homelessness, targeted child protective services and foster families, and parents participating in training and education (in certain circumstances); training and assistance to help licensed providers and license-exempt before- and after-school programs to reduce expulsion and suspension of children and increase support to address special needs; early childhood education regional professional development centers; a consumer education website; implementation of health and safety requirements for before- and after-school programs (including trainings, comprehensive background checks, establishment of group size and staff-child ratio requirements, and annual inspections); defining the orientation period during which comprehensive background checks of providers may be completed; ensuring that license-exempt providers (family, friend, and neighbor providers) complete the mandatory training requirements; oral health screenings; and emergency grants and start-up funding (for certain providers).
- **NEW HAMPSHIRE** will use the additional federal child care funding to implement the requirements of the CCDBG reauthorization law, including allowing families to remain eligible for child care assistance for 12 months before having to recertify, paying providers while children are absent from care as long as they attend 85 percent of their scheduled time, and covering the annual registration fee that providers charge for those parents receiving assistance (up to a certain amount). In addition, the state will modify its eligibility criteria for child care assistance to allow participation in approved substance misuse treatment

or mental health treatment programs to count as qualifying activities, which increases access to child care assistance for parents struggling with addiction.

- **NEW JERSEY** used approximately \$15 million to increase payment rates for child care centers. As of May 2018, the state increased its base payment rates for center care for infants, toddlers, and preschoolers. (For example, the monthly base payment rate for center care for a four-year-old statewide increased from \$579 to \$585.) As of June 2018, the state established new tiered payment rates for centers that have three-, four-, and five-star ratings under the state's quality rating and improvement system (which has five levels) and that serve infants, toddlers, and preschoolers. The new tiered rates ranged from 4 percent to 24 percent above the base rate, depending on the age of the child and the center's quality level. (For example, the monthly payment rate for care for a four-year-old statewide was \$609 for a three-star center, \$627 for a four-star center, and \$646 for a five-star center.) The state used additional funds to implement further increases in payment rates for centers as of January 2019; payment rates increased by 25 percent for center care for infants, 6 percent for center care for toddlers, and 10 percent for center care for preschoolers, and higher-rated centers received additional increases. (For example, the monthly payment rate for care for a four-year-old statewide was increased to \$645 for a licensed center, \$703 for a three-star center, \$738 for a four-star center, and \$775 for a five-star center.) In addition, the state will make \$1.2 million available to create a new \$100-per-month incentive, on top of the base rate and any tiered payment rates, for new infant care slots available for 12 months. The state will also provide \$6.8 million in grants to fund child care centers' acquisition of classroom curricula to enhance the quality of the child care experience and physical plant improvements to support healthy and safe environments. Grants will be used to fund the state's quality rating and improvement system and support staff training as well.
- **NEW MEXICO** will use the additional federal child care funding to implement the requirement under the CCDBG reauthorization law that eligible families be allowed to continue receiving child care assistance for 12 months before having to recertify.
- **NEW YORK**, which received \$97 million in new federal CCDBG funds and provided an additional \$7 million in new state funds, will dedicate up to \$80 million to cover new federal health, safety, and quality requirements under the CCDBG reauthorization law, including services and supports for infants and toddlers. Approximately \$10 million of the new funds will be used to expand access to child care assistance. The remaining funds may be directed to increasing provider payment rates and other initiatives related to improving the quality and accessibility of care.
- **NORTH CAROLINA** used \$3.6 million for state fiscal year 2018-2019 to increase payment rates for providers with quality ratings of three, four, or five stars and caring for children birth through age five in the state's tier one and tier two counties, as of October 2018. The state also budgeted \$9.75 million to increase its tiered payment rates for three-, four-, and five-star providers caring for children ages three through five in the state's tier three counties, as of October 2018. For example, the monthly payment rate for care for a four-year-old in Mecklenburg County, which is a tier three county, increased from \$721 to \$881 for a three-star center, from \$746 to \$939 for a four-star center, and from \$776 to \$1,035 for a five-star center. (The state's 100 counties are ranked based on economic well-being and assigned a tier designation, with the 40 most distressed counties designated as tier one, the next 40 as tier two, and the 20 least distressed as tier three.) In addition, the state will use \$19.5 million to provide child care assistance to an estimated 3,700 children on the waiting list.
- **NORTH DAKOTA** used its additional federal child care funding to increase its provider payment rates to, and then maintain payment rates at, the 75th percentile of current market rates. For example, the monthly payment rate for center care for a four-year-old statewide increased from \$600 to \$720 as of October 2018. The state has also used the funds to begin covering providers' registration fees for families receiving child care assistance. The state is using the funds to maintain enrollment in the child care assistance program as well.



- **OHIO** is using its additional federal child care funds to implement new provider payment rates based on the 2018 market rate survey and consistent with both federal guidance that base rates be at or above the 25th percentile of market rates and state fiscal year 2020-2021 budget language ensuring that no county's payment rate be lower than the rate in effect for the county on January 1, 2019. For example, the monthly payment rate for center care for a four-year-old in Franklin County increased from \$637 to \$712 as of July 2019.
- **OKLAHOMA** increased its tiered payment rates for providers that are at the two- and three-star levels of the state's quality rating and improvement system and are caring for children birth through age three to the 65th percentile of 2017 market rates as of August 2018. The state also increased payment rates for two- and three-star providers caring for children ages four and older and for all one-star-plus providers by at least 7 percent as of August 2018. (For example, the monthly payment rate for care for a four-year old in Enhanced Areas increased from \$375 to \$401 for one-star-plus centers, from \$461 to \$494 for two-star centers, and from \$509 to \$546 for three-star centers, compared to the base rate—which is paid to one-star centers—of \$292.) The state is evaluating adding four- and five-star levels to its quality rating and improvement system, if funding allows. In addition, the state increased its income eligibility limit to qualify for child care assistance, which had not been increased since 2007, to 85 percent of state median income as of March 2019; for example, the annual income limit for a family of three increased from \$35,100 to \$48,708.<sup>7</sup> The state also reduced copayments for most families, set a maximum copayment of 7 percent of family income, and stopped charging families additional copayments for each additional child they have in care. Finally, the state plans to expand partnership agreements with Early Head Start and increase quality initiatives with a focus on infants and toddlers, including stipends for specialized training for providers, increased payment for scholarships, and support for a regional infant and toddler specialist.
- **OREGON's** Early Learning Division (ELD) and Department of Health and Human Services (HHS) will jointly implement the \$25 million in additional federal child care funding that the state received. ELD will oversee about \$15 million of the funds to fully subsidize background check fees for providers, expand Focused Family Child Care Networks, expand its licensing program (including by investing in additional licensing specialists to reduce caseloads), and pilot Baby Promise (a program to build a supply of high-quality infant and toddler care for low-income families). DHS used approximately \$10 million of the funds to increase provider payment rates as of January 2019 so that they are set at a level closer to the 75th percentile of market rates and so that payment rates in rural areas match those in suburban areas. For example, the monthly payment rate for center care for a four-year-old in Portland increased from \$965 to \$1,060 as of January 2019. In addition, the state plans to use a portion of the new federal funds to increase the number of families receiving child care assistance, including by piloting contracts for care during nontraditional hours.
- **PENNSYLVANIA's** Office of Child Development and Early Learning proposes to spend \$50 million of the \$66.5 million in additional federal child care funding it was allocated on the following initiatives:
  - \$19 million to lift the freeze on payment rates for one- and two-star providers (after having previously lifted the freeze for three- and four-star providers).
  - \$20 million to provide an estimated 2 percent increase in rates for providers at all quality levels.
  - \$5 million to support high-quality professional development for providers.
  - \$2 million to pilot contracting for slots for infants and toddlers receiving child care assistance.
  - \$4 million to comply with the CCDBG reauthorization law's requirements for provider background checks.

In addition, the state approved \$6.8 million to serve 1,100 children on the waiting list for child care assistance.

- **RHODE ISLAND** used \$3.6 million of the new federal child care funds to increase payment rates for all child care centers serving infants, toddlers, and preschoolers as of July 2018. For example, the monthly payment rate for center care for a four-year-old statewide increased from \$700 to \$718. The state also established new tiered payment rates for providers as of July 2018. For example, the monthly payment rate for care for a four-year-old statewide is \$735 for a center at tier two of the state’s quality rating and improvement system (which has five levels for centers), \$770 for a center at tier three, \$791 for a center at tier four, and \$847 for a center at tier five. In addition, the state is using the funds to increase payment rates for family child care and to provide paid sick time for providers.
- **SOUTH CAROLINA** used a portion of its additional federal child care funds to increase its base and tiered provider payment rates as of November 2018. The new payment rates range from the 75th percentile of 2017 market rates for providers at the basic quality level to the 85th to 90th percentile for providers at the highest quality level of the state’s quality rating and improvement system. In addition, the overall number of families receiving child care assistance increased. The state also used the additional federal funding to increase providers’ access to training and expand support for providers pursuing early childhood degrees.
- **SOUTH DAKOTA** increased its payment rates from the 75th percentile of 2015 market rates to the 75th percentile of 2017 market rates as of June 2018. For example, the monthly payment rate for center care for a four-year-old in Minnehaha County increased from \$692 to \$701. In addition, the state increased its income limit to qualify for child care assistance from 175 percent of poverty (\$37,328 a year for a family of three) to 209 percent of poverty (\$44,592 a year for a family of three) as of March 2019. The state also eliminated copayments for families with incomes below 160 percent of poverty.
- **TENNESSEE** raised provider payment rates in April 2019, with an increase of 35 percent for care for infants and toddlers and 20 percent for care for preschool- and school-age children. For example, the monthly payment rate for center care for a four-year-old in Top Tier counties (counties with the highest populations and/or per capita incomes) increased from \$429 to \$515 as of April 2019. In addition, as of July 2019, the state began paying a 15 percent bonus to providers in areas identified as either distressed or child care deserts as well as to providers offering the majority of care during nontraditional hours (between 6 pm and 6 am).
- **TEXAS** will serve an estimated 28,000 children who were on the waiting list for child care assistance. The state also increased its base payment rates by 2 percent as of August 2018. (For example, the monthly base payment rate for center care for a four-year-old in the Gulf Coast area increased from \$507 to \$517.) The state increased its tiered payment rates as of August 2018 as well. Payment rates for providers at the four-star level of Texas Rising Star (TRS), the state’s quality rating and improvement system, were increased to at least the 75th percentile of 2017 market rates; payment rates for three-star providers were increased to at least 90 percent of the four-star rate; and payment rates for two-star providers were increased to at least 90 percent of the three-star rate. (For example, the monthly payment rate for care for a four-year-old in the Gulf Coast area increased from \$533 to \$582 for a two-star center, from \$543 to \$646 for a three-star center, and from \$554 to \$718 for a four-star center.)

In addition, the state will use \$40 million for initiatives to help providers enhance the quality of care, including:

- \$10 million to expand the Texas Workforce Commission’s Pre-K Partnership Program, a public-private partnership with the Texas Education Agency. Funds will be used to increase targeted early childhood support in areas of family engagement, coaching, professional development, and student assessment; improve the quality of teacher-student interactions; and expand public-private partnerships, where four-star providers partner with Independent School Districts and charter schools to expand prekindergarten capacity and increase the number of school-ready children.
- \$6.5 million to support the expansion of the TRS Mentor and Assessors Program, designed to provide local workforce boards with child care experts who offer additional guidance and technical assistance

to child care providers seeking TRS certification as well as assist current TRS providers in maintaining or increasing TRS star levels.

- \$7 million to local workforce boards to further expand targeted quality initiatives, with a specific focus on infant/toddler care and professional development.
- \$1 million to support early learning centers in areas affected by Hurricane Harvey by providing grants for curricula or other materials and equipment up to \$10,000 for affected TRS providers.
- \$3 million for regional Child Care Business Forums, designed to support strong provider business practices, provide professional development for administrators, and increase rates of business success leading to four-star ratings.
- \$8 million for a collaborative matching grant initiative, partnering with nonprofits, stakeholders, and research organizations for projects designed to improve the availability of high-quality child care services and meet the needs of local communities and child care providers. As part of this initiative, \$1 million will be used to support staff retention strategies, \$3 million for addressing challenging behaviors, \$1 million to support family child care networks, and \$3 million to support the development of an infant and toddler care network.
- \$800,000 to support the use of the Texas Early Childhood Professional Development System's Texas Workforce Registry, a web-based application that tracks child care professionals' education, employment history, and training hours.
- \$750,000 to support shared services, focused on back-office services for TRS providers. These shared services are aimed at improving child care providers' access to business tools to improve their oversight and administration of child care services.
- \$1 million to initiate a statewide study on the cost of quality care, with in-depth provider interviews and rigorous analysis of expenditures associated with quality care. The study will also examine provider business practices to help identify areas of weakness and strategies to improve providers' operational efficiencies.
- **UTAH** plans to use much of its increased federal child care funding to complete its implementation of the CCDBG reauthorization law, increase payment rates, and support the implementation of its new quality rating and improvement system (Child Care Quality System, or CCQS). As of July 1, 2018, the state fully implemented the provision of the CCDBG reauthorization law ensuring that eligible families can continue receiving child care assistance for 12 months without having to recertify; the state no longer acts on reported changes during the 12-month eligibility period that would result in decreased assistance or an increased copayment. The state also increased its payment rates from the 70th percentile of 2015 market rates to the 60th percentile of 2017 market rates as of October 2018. For example, the monthly payment rate for center care for a four-year-old statewide increased from \$568 to \$585. The state plans to further increase payment rates for licensed care for infants to the 75th percentile of market rates. In addition, CCQS will be fully implemented as of October 2019. Finally, the state will increase its income limit to qualify for child care assistance from 56 percent to 60 percent of state median income, and will increase its exit eligibility limit from 70 percent to 75 percent of state median income.
- **VERMONT** is using the majority of its new federal child care funds to increase payment rates for care for infants and toddlers. For example, the monthly base payment rate for center care for a one-year-old statewide increased from \$651 to \$833 as of July 2018. The state increased its tiered payment rates for higher-quality care for infants and toddlers as of July 2018 as well. For example, the monthly payment rate for care for a one-year-old statewide increased from \$684 to \$874 for a one-star center, from \$716 to \$916 for a two-star center, from \$781 to \$999 for a three-star center, from \$846 to \$1,083 for a four-star center,

and from \$912 to \$1,166 for a five-star center. The state will also use a portion of the additional federal child care funding to hire three new child care licensors in the Department for Children and Families.

- **VIRGINIA** is spending its additional federal child care funds on increasing provider payment rates and measures to enhance the availability and quality of child care. The state increased its payment rates for licensed providers to the 70th percentile of 2018 market rates as of June 2018. For example, the monthly payment rate for center care for a four-year-old in Fairfax County increased from \$1,147 to \$1,516. The state also adjusted its income eligibility and copayment schedules for the updated federal poverty level as of October 2018. In addition, the state will use the new funds to implement required fingerprint checks for providers and tiered payment rates tied to a quality rating and improvement system.
- **WASHINGTON** invested the entirety of its increased federal child care funds to raise payment rates for child care centers as of February 2019. With the increase in base payment rates, rates for centers at level two of the state's quality rating and improvement system (which are 2 percent above the base rate) are at least at the 45th percentile of market rates. For example, the monthly base payment rate for center care for a four-year-old in King County increased from \$803 to \$1,203.
- **WEST VIRGINIA** is using its additional federal child care funds to launch a quality initiatives evaluation project, which involves a cadre of evaluators to assess the quality of the state's early child care settings. The state also added quality improvement specialists to its six child care resource and referral regions. In addition, the state established a wage support program that rewards providers for completing college degrees and certain training modules while remaining in the early childhood field.
- **WISCONSIN** increased payment rates for care for children birth through age three by 5 percent and increased rates for infant care in all counties to at least \$5 per hour as of October 2018. In addition, as of October 2018, two-star providers receive a rate that is only 1 percent lower than the rate for three-star providers; previously, the rate for two-star providers was 5 percent lower than the rate for three-star providers. (The state's quality rating and improvement system has five levels; providers must be at least at the two-star level to serve families receiving child care assistance.) As of January 2019, the state increased payment rates for care for all age groups by 5 percent, with additional increases in tiered rates for four- and five-star providers. For example, the monthly payment rate for care for a one-year-old in a two-star center in Milwaukee increased from \$1,016 to \$1,113 as of October 2018, and to \$1,169 as of January 2019. The state plans to implement further increases in payment rates as of September 2019, partially supported with the increased federal funds.
- **WYOMING** plans to use its additional federal child care funds to raise provider payment rates to at least the 25th percentile, cover the registration fees charged by providers for families receiving child care assistance (up to \$50 per child, per certification year), and pay providers the full authorized amount for care as long as a child attends at least 85 percent of his/her authorized time.

### About this Report

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- 1 This amount includes \$5.226 billion in discretionary funding and \$2.917 billion in mandatory (entitlement) funding. Consolidated Appropriations Act, 2018, H.R. 1625, 115th Cong. 381-382 (2018) (enacted), <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf>; Office of Management and Budget, Appendix, Budget of the U.S. Government, Fiscal Year 2019 (2018), 464, available at <https://www.whitehouse.gov/wp-content/uploads/2018/02/appendix-fy2019.pdf>
- 2 This amount includes \$5.276 billion in discretionary funding and \$2.917 billion in mandatory (entitlement) funding. U.S. Department of Health and Human Services, Administration for Children and Families FY 2020 Justification of Estimates for Appropriations Committees (Washington, DC: U.S. Department of Health and Human Services, 2019), 75, available at [https://www.acf.hhs.gov/sites/default/files/olab/acf\\_congressional\\_budget\\_justification\\_2020.pdf](https://www.acf.hhs.gov/sites/default/files/olab/acf_congressional_budget_justification_2020.pdf).
- 3 States are at different stages in spending or determining how to spend their FY 2018 and FY 2019 funding. This variation stems, in part, from the fact that states differ as to whether they need regulatory and/or legislative action for policy and program changes necessary to expend the funds and differ in their regulatory processes and legislative calendars.
- 4 For the purpose of having comparable data across states in this report, monthly payment 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.
- 5 Nina Chien, Factsheet: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2015 (Washington, DC: U.S. Department of Health and Human Services, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, 2019), available at <https://aspe.hhs.gov/system/files/pdf/260361/CY2015ChildCareSubsidyEligibility.pdf>.
- 6 Karen Schulman, Overdue for Investment: State Child Care Assistance Policies 2018 (Washington, DC: National Women's Law Center, 2018), 13, available at <http://nwlc.org/resources/overdue-for-investment-state-child-care-assistance-policies-2018/>.
- 7 Prior to March 2019, Oklahoma's income limit depended on the number of children in care; the income limit for a family of three was \$35,100 a year if the family had two children in care, but \$29,100 if the family had only one child in care.