

## Child Care Assistance for Working Parents

Child care makes it possible for parents to go to work and support their families and for their children to learn and grow. But for many families, the price of child care puts safe, high-quality care out of reach and deeply strains family budgets. Federal and state child care assistance programs increase access to this child care and provide a foundation for quality early childhood education programs.

### Helping Parents Go To Work

The Child Care and Development Block Grant (CCDBG) is a partnership between the federal government and states to help low-income families with the high cost of child care. Eligible families can participate in their state subsidy program if funding is sufficient to meet need, if parents can find a participating provider, and if the amount of subsidy is sufficient to purchase child care in the area. CCDBG is the primary source of funding for child care assistance.

We know that low-income working parents who get help meeting the cost of child care are more likely to enter the workforce, to remain employed, and to work more.<sup>1</sup> For all parents, the quality of the child care setting they can afford is key to their piece of mind and productivity at work. Unfortunately, too often families cannot find or afford access to good care.

Subsidy reimbursement rates in many states are far below the cost of providing child care, making it difficult – and in some cases impossible – for families receiving the subsidy to access child care and for providers accepting subsidy families to make business ends meet. As a result, many providers of high-quality child care and early education do not participate in the subsidy system because they cannot afford it.

Child care providers could serve more subsidy families, make business ends meet, and do more to enhance the quality of care if they had the budget resources. Often, providers have to make up the shortfall of a low reimbursement rate in other budget areas because they do not want to turn away families who need child care.

Without that access to child care through this assistance, families are forced into lesser choices, or risk not being able to go to work at all. All children deserve access to the highest possible quality of care, and parents need to know their children are safe and learning while they are at work.

### How Do Child Care Subsidies Work?

Working parents apply for a child care subsidy “voucher” through the appropriate state agency. If funds are available, eligible parents can take their voucher to any participating child care provider. (If funds are not available, parents may be added to a waiting list or simply turned away. In either case, parents must come up with some child care arrangement so they can go to work.)

In most states, parents pay a co-pay and the state reimburses the child care provider for a pre-set price of service, based on a market rate survey. The federal recommendation is for rates to be set at the 75th percentile of current market rates. Unfortunately, only six states meet this benchmark, leaving parents poor choices in the market and forcing child care programs to make difficult business decisions.

### What Our Members Say

“The market rate survey determines what providers in our area charge parents, not what it actually costs us to provide care. In some cases we cannot set rates that cover the full cost of care because parents wouldn’t be able to afford it at all.”

## A Cornerstone of Quality

Fees from parents and from subsidy payments from the state go right into the program, to provide a high-quality, safe, and stimulating environment that we know is critical in these years of early brain development. Dollars go to staff wages, curriculum and supplies, meals and snacks, training opportunities and other elements that increase the quality of care.

Child care programs have constant and ongoing expenses associated with caring for young children. Without adequate subsidy reimbursement, providers have to cut back on supplies, cannot hire the staff needed, and may not be able to offer the opportunities they know are best for early childhood development. Public and private funds are needed to achieve new levels of quality within child care settings, and offer new opportunities to children.

In addition to payment assistance, CCDBG includes a set-aside for quality improvement activities. States use these funds for a variety of important initiatives to increase the supply of high-quality care.

Some of these initiatives include licensing and regulations, quality rating and improvement systems (QRIS), professional development for teachers and directors, and targeted supports for the care of infants and toddlers, children with special needs, and English Language Learners.

These quality initiatives are important, but ECEC members report that the number one thing holding back quality improvements is subsidy reimbursement rates. Currently, only six states set reimbursement rates at the federally-recommended 75th percentile of a state's current market rate survey (down from 22 states in 2001), and some states reimburse at levels as low as the 25th percentile.<sup>2</sup>

### What Our Members Say

"We have no federal child care policy. Until we do we are just chipping away at the edges."

## Recommendations

Congress should make improvements to the Child Care and Development Block Grant to reach more families and support providers in reaching and maintaining higher levels of quality. Child care is a partnership with the states, and we urge states to improve policies and practices as well.

- Congress should invest in the Child Care and Development Block Grant through the Discretionary and Mandatory funding process. Currently, only 1 out of every 6 eligible children is served through CCDBG. That's 1 out of 6 children with a parent with a job or enrolled in a training or education program, whose employment status will be at risk without child care.
- Congress should consider legislation to strengthen access to and quality of child care and make improvements that benefit children, parents, child care providers and communities. The Early Care and Education Consortium supports a comprehensive, multi-year vision for improving the Child Care and Development Block Grant, detailed in "Developing America's Potential: An Agenda for Affordable, High-Quality Child Care" which can be found at [http://www.ececonsortium.org/issue\\_subsidy.php](http://www.ececonsortium.org/issue_subsidy.php).

### What Our Members Say

"Providers should get to pay more attention to children and less attention to bureaucracy."

<sup>1</sup> Hannah Matthews, *Child Care Assistance: A Program That Works*, Center for Law and Social Policy, 2009.

<sup>2</sup> Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2010: New Federal Funds Help States Weather the Storm*, September 2010.



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