

Building blocks: State child care assistance policies 2015 ^[1]

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Full report PDF ^[2]

Introduction

Child care helps children, families, and communities prosper. It gives children the opportunity to learn and develop skills they need to succeed in school and in life. It gives parents the support and peace of mind they need to be productive at work. And, by strengthening the current and future workforce, it helps our nation's economy. Yet many families, particularly low-income families, struggle to afford child care. The average fee for full-time care ranges from approximately \$4,000 to \$16,500 a year, depending on where the family lives, the type of care, and the age of the child. Child care assistance can help families with these high child care costs.

Given what a difference child care assistance makes for parents and their children, it is a positive development that families in thirty-two states were better off—having greater access to assistance and/or receiving greater benefits from assistance—in February 2015 than in February 2014 under one or more child care assistance policies covered in this report. Families in sixteen states were worse off under one or more of these policies in February 2015 than in February 2014. The policies covered are critical in determining families' ability to obtain child care assistance and the extent of help that assistance offers—income eligibility limits to qualify for child care assistance, waiting lists for child care assistance, copayments required of parents receiving child care assistance, reimbursement rates for child care providers serving families receiving child care assistance, and eligibility for child care assistance for parents searching for a job.

This year is the third year in a row in which the situation for families improved in more states than it worsened. In February 2014, families in thirty-three states were better off under one or more child care assistance policies covered in this report, and families in thirteen states were worse off under one or more of these policies, than in February 2013. In February 2013, families in twenty-seven states were better off under one or more child care assistance policies covered in this report, and families in twenty-four states were worse off under one or more of these policies, than in February 2012.

The past three years represent a turnaround from the previous two years, when the situation worsened for families in more states than it improved. In February 2012, families in twenty-seven states were worse off under one or more child care assistance policies covered in this report, and families in seventeen states were better off under one or more of these policies, than in February 2011. In February 2011, families in thirty-seven states were worse off under one or more of these policies, and families in eleven states were better off under one or more of these policies, than in February 2010.

The negative trends between 2010 and 2012 stemmed at least in part from states' exhaustion of the \$2 billion in additional federal funding for the Child Care and Development Block Grant (CCDBG) for FY 2009 and FY 2010 provided by the American Recovery and Reinvestment Act (ARRA) - states had to obligate all of the funds by September 2010 and expend those funds by September 2011. The slight increases in annual federal funding for CCDBG in FY 2011 and FY 2012 were not sufficient to keep pace with inflation, much less compensate for the loss of ARRA funds.

In contrast, states made some progress on child care assistance policies in the past three years as federal child care funding stabilized. While CCDBG funding in FY 2013 declined slightly from FY 2012, due to across-the-board federal budget cuts under the Budget Control Act (BCA) of 2011 (commonly known as the sequester), CCDBG funding increased slightly from FY 2013 to FY 2014, even after adjusting for inflation, and increased again from FY 2014 to FY 2015, although not sufficiently to keep pace with inflation. In addition, states' overall economies and fiscal situations improved, resulting in fewer budget cuts and increased investments in critical areas.

Although there were more improvements than cutbacks in the year between 2014 and 2015, the improvements states made were generally modest and too small to close persistent shortfalls in families' access to assistance and the level of assistance available. In addition, the number of states in which families were worse off in 2015 than in 2001 was greater than the number of states in which families were better off under each of the four policies for which there are comparison data for 2001.

Moreover, states will confront serious challenges making further progress in the years ahead as they implement the CCDBG Act of 2014, many provisions of which will not be implemented until 2016 to 2019. The

legislation makes important changes to the CCDBG program that aim to improve the health and safety of child care, enhance the quality of care, and make it easier for families to access and retain child care assistance. However, the legislation was not accompanied by significant new resources to cover the additional costs entailed in implementing it. As a result, states may be forced to reduce the number of children and families receiving child care assistance or make cutbacks in other policy areas as they shift resources to meet the law's requirements.

Changes between February 2014 and February 2015 and between 2001 and February 2015 are described in more detail below, but in summary:

- Two states increased their income limits for child care assistance by a dollar amount that exceeded inflation between 2014 and 2015. Four states increased their income limits to adjust for multiple years of inflation, and twenty-nine states increased their income limits for one year of inflation, as measured against the change in the state median income or federal poverty level. Fourteen states kept their income limits the same as a dollar amount. Yet two states lowered their income limits for child care assistance as a dollar amount between 2014 and 2015. Comparing 2015 to 2001, in twenty-seven states, the income limits were lower as a percentage of the federal poverty level.
- Twenty-one states had waiting lists or frozen intake for child care assistance in 2015, higher than the eighteen states with waiting lists or frozen intake in 2014 and equal to the number of states with waiting lists or frozen intake in 2001. Among the fifteen states that had waiting lists in both 2014 and 2015 and for which comparable data are available, the number of children on the waiting list decreased in seven states and increased in eight states between 2014 and 2015. Comparing 2015 to 2001, among the ten states that had waiting lists in both years and for which there are comparable data, the number of children on the waiting list decreased in four states and increased in six states.
- In all but a few states, families receiving child care assistance paid the same percentage of their income in copayments in 2015 as in 2014. For a family at 150 percent of poverty, copayments as a percentage of income increased in one state and decreased in one state. For a family at 100 percent of poverty, copayments as a percentage of income increased in two states and decreased in two states. In over one-quarter to over half of the states, depending on income, individual families were required to pay more in copayments in 2015 than the nationwide average amount that families who pay for child care spend on child care. Comparing 2015 to 2001, in nearly half to over half of the states, depending on income, families paid a higher percentage of their income in copayments.
- Eighteen states increased at least some of their reimbursement rates for providers serving families receiving child care assistance, while no state reduced its reimbursement rates, between 2014 and 2015. Yet, only one state had reimbursement rates at the federally recommended level in 2015, the same number of states as in 2014, and a significant decrease from the twenty-two states with rates at the recommended level in 2001. Thirty-nine states had higher reimbursement rates for higher-quality providers in 2015—an increase from thirty-seven states in 2014. However, in over three-quarters of these states, even the higher rates were below the federally recommended level in 2015.
- Forty-six states allowed families receiving child care assistance to continue receiving it while a parent searched for a job in 2015, the same number of states as in 2014. Between 2014 and 2015, six of these states increased the length of time families could receive child care assistance while a parent searched for a job. Thirteen states allowed families not receiving child care assistance to qualify for assistance while a parent searched for a job in 2015, a slight decrease from fourteen states in 2014.

Region: United States ^[3]

Tags: subsidies ^[4]

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