

## Child Care Assistance for Working Parents

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

### Helping Parents Go To Work

Through the Child Care and Development Block Grant (CCDBG), the federal government supports states in helping families with the cost of care. Eligible families can participate in their state subsidy program, which helps – if they can find a participating provider and if the amount of subsidy is sufficient to purchase child care in the area.

It is important that low-income working parents have the assistance they need to remain employed and to ensure their child is cared for in a quality setting while they are at work. But the assistance needs to provide access to good care and, unfortunately, that is too often out of reach.

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 to access child care and for providers 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. 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.

These are the families with the highest need because their work status is the most at risk. Families are forced into lesser choices, or risk not being able to go to work. 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.

### 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 for this time of early brain development. Funds are needed to achieve new levels of quality, and offer new opportunities to children like prekindergarten, which requires a high program standard.

### 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.”

### 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 cost 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 a small minority of states meet this benchmark, leaving parents poor choices in the market and forcing child care programs to make difficult business decisions.

Money goes 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 things they know they should.

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 including Quality Rating and Improvement Systems, professional development initiatives, and targeted supports for the care of infants and toddlers, children with special needs, and English Language Learners.

As important as these quality initiatives are, ECEC members report that the number one thing holding back quality improvements is subsidy reimbursement rates.

### 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.

Policy changes should include:

- Establishing reimbursement rates for providers caring for children receiving child care assistance at no less than the 75th percentile of the current market rate, based on a market rate survey that is conducted at least annually.

**What Our Members Say**

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

- Increasing the quality set-aside from 4 percent to 10 percent without shifting funds away from subsidy, and providing federally funded child care assistance sufficient to double the number of children currently served nationwide.
- Expanding income eligibility to 200 percent of the federal poverty level, with a one-year eligibility determination period for child care assistance.
  - The one-year redetermination change will result in cost savings to states, ensure continuity of care for children, and ensure continuity of program budgets for providers.
- Simplifying the administration and payment practices for providers and for families.
  - Payment should be based on enrollment, not attendance, and mirror the practices of private-pay families.
  - Payment to providers from the state should be timely.
  - States should implement single statewide forms and processes for subsidy administration, for ease of implementation and cost savings.
- Permitting "prospective payment," that is, a parent can access care and the provider is assured payment while a parent's case is being reviewed. The parent can go to work right away with their child safely in child care. Often the delay results in a parent losing a job opportunity.
- Guaranteeing payment for services provided for families certified as "eligible" including assuming responsibility for notifying the providers in changes to eligibility.

**What Our Members Say**

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

