Improving Child Care Quality and Promoting Family Work Support – A State Legislative Perspective

The State Perspective on Child Care Policy – An Overview

Over the past decades, child care has become increasingly necessary in the lives of American families. As more women joined the workforce and family roles and makeup evolved, the demand for affordable, high-quality child care has become an increasingly complex issue for state lawmakers to address.

While some families are able to care for their own children or use trusted family members and relatives for child care, at least one out of four children, or about 12 million for the latest year for which census data are available— is enrolled in some type of organized child care outside of their home.¹

The rising demand for child care for working families has led to increases in the number and type of child care settings, including center-based child care, home-based child care, and informal care provided by friends, neighbors, relatives or other people. The increase in the type of child care settings however, has not resulted in reduced costs for families nor has it provided parents with more affordable options. In fact, the average weekly payment for child care has increased by nearly 60 percent over the past three decades, with the highest increases occurring in the past 15 years.² In some cases, child care costs have exceeded average housing costs and college tuition.³ For poor families, as much as one-third of monthly family income goes to pay for child care, compared to non-poor families who pay less than one-tenth of their monthly income on child care.⁴ The cost of child care skyrockets for parents who need settings that can provide care for children with special needs and disabilities, infants and toddlers, or care during nontraditional work hours.

But while the demand for, supply of and cost to obtain child care have all increased, the supply of quality child care has not kept pace. This is despite increasing knowledge about the importance of the first three years of young children’s development and the role of positive early relationships in defining life-long trajectories. For many state lawmakers, curbing the cost of child care represents only one piece of the puzzle in states’ goals to improve long-term outcomes.
for young children. At the same time, raising the bar on child care quality—without addressing the high cost that comes with it—can end up limiting access to affordable child care for many low-income parents. State lawmakers are working to balance these competing priorities and seeking effective policies that address child-care cost and quality in complementary ways to meet the needs of young children, working parents and states’ economic and workforce goals. This paper highlights the challenges that states face in ensuring child-care quality while curbing the high cost of child care, as well as policy options that state legislatures are implementing to address these critical issues facing millions of children in child care. While the list of examples is not exhaustive and may not include all state efforts, they do offer an overview into the diversity of action steps that legislatures across the country have taken to promote the quality of child care while helping working families achieve greater economic stability.

The Role of Legislatures in Child Care State Policy

Since passage of the Child Care and Development Block Grant Act (CCDBG) of 1990 and subsequent federal welfare reform efforts throughout the 1990s, state lawmakers have been approaching child care policy as a work support strategy. States, territories and tribes administer funds from the block grant (also referred to as the Child Care and Development Fund or CCDF) to provide financial assistance to offset the cost of child care so low-income parents can work or participate in training or education. States are required to meet several federal requirements, but by-and-large have the flexibility to administer the funds and implement programs at the state—or local in some cases—level.

States have the flexibility to establish income eligibility guidelines and thresholds for initial determination and redetermination of benefits, define “family” and “income”, develop parent cost-sharing or copay systems, and determine child care provider reimbursement rates. Federal law requires states that receive CCDF to set guidelines for licensing requirements, basic health and safety standards, and procedures to ensure compliance to these standards. How these guidelines and requirements are implemented and monitored, however, are largely left to state agencies, with policy or statutory authority and guidance provided by state legislatures.

For decades, state legislatures have appropriated funds from the federal CCDF program – a primary funding source for state child care programs. In addition, lawmakers have also developed policies to ensure that the basic goals of the program are met: ensuring the healthy development of young children, providing access to affordable child care so low-income parents can go to work, and helping families offset child care costs as part of their efforts to gain

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**Federal Requirements for States Related to Child Care and Development Fund Administration**

1) Provide child care subsidies to low-income families with children under the age of 13.
2) Provide child care subsidies to children in families whose incomes do not exceed 85 percent of the state median income (SMI).
3) Provide child care subsidies to children (a) whose parents are working or attending a job training or educational program, or parents as described in (a) and children who need or receive protective services.

*Source: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Care.*
financial stability. Common policy strategies to advance these goals include raising family income eligibility and expanding access to affordable child care, offering child care assistance to extremely poor parents who struggle to find work, and extending child care assistance to parents who are participating in vocational training or education programs. States have also addressed the rising, high cost of child care through revisions to parent copay systems and provisions for parents to receive tax credits to offset child care costs.

State lawmakers, especially those who work on human services policy, are becoming more familiar with basic principles and research on best practices in early childhood development, such as age-appropriate activities and materials, loving caregivers and basic health and safety standards. Over the years, state child care policies have evolved to incorporate many of these principles and best practices, including legislative or policy actions to implement statewide Quality Rating and Improvement Systems (QRIS), targeted strategies to improve infant and toddler care, and expanded investments in the early childhood workforce among others. While these efforts have helped states achieve some improved outcomes for children in child care, research from the past two decades suggests much more can be done, especially in terms of addressing the link between the quality of young children's relationships and their long-term life trajectories. As one early childhood expert states, "The importance of mother-child relationships is old news … [while] the importance of other family relationships is semi-old news and the impact of these relationships on the development of the brain is new news." As such, children's needs for positive, stable relationships and experiences extend into their interactions with their neighbors, other children, child care providers, teachers, health care providers, faith-based leaders and other members of their community, in addition to their families. More legislators are taking actions and incorporating the principles of early brain development and the need to build foundational skill in young children into their policy decision-making process, not only to improve outcomes for children but also to promote family economic self-sufficiency and develop a robust workforce in local communities.

**Federal Legislation and Funding Programs Related to Child Care Assistance for Low-Income Families**

**Child Care and Development Block Grant (CCDBG)** – Created by the Omnibus Budget and Reconciliation Act of 1990 to help states, territories and tribes increase the availability, affordability and quality of child care services for low-income parents.

**Personal Responsibility and Work Opportunity Reconciliation Act of 1996 – PL 104–193 (PRWORA)** – Established statutory provisions to unify a fragmented child care subsidy system to form the Child Care and Development Fund (CCDF). There are four major provisions of the Act related to child care subsidies to states:

1) Replacing child care programs under title IV-A of the Social Security Act (AFDC Child Care, Transitional Child Care and At Risk Child Care).
2) Amending the CCDBG Act to increased funding levels.
3) Repealing the Aid to Families with Dependent Children (AFDC) program.
4) Creating the Temporary Assistance for Needy Families (TANF), a comprehensive welfare reform program with time-limited assistance that focuses on moving low-income individuals into work.
**Child Care and Development Fund (CCDF)** – Created in 1996 as a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The CCDF program consists of discretionary funds allotted under the CCDBG and entitlement (mandatory and state matching) funds allotted under the Social Security Act. CCDF is the regulatory term and this language is not directly found in the statutes.


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**Improving Child Care Quality – State Challenges and Approaches**

On average, approximately 12 million children under age 5 are cared for by someone other than a parent. These children participate in a variety of child care settings that include center-based, in-home or informal care.

Across states, and child care programs, quality varies. Oversight and monitoring of child care programs by state or local governments also vary significantly across different states and programs. One national organization, Child Care Aware of America, examines the quality of child care programs in states and finds only 10 states that meet its definition of quality in 2013.  

The federal Child Care and Development Fund (CCDF) provides grants to states, totaling approximately $5 billion per year, but it does not mandate standards and requirements for states. Instead, states have adopted laws and regulations on their own, including requirements for background checks, minimum staff training, on-site inspections, and minimum health and safety standards. For example, a report by Child Care Aware of America found that only 13 states mandate comprehensive background checks for child care providers while in 17 states, the level of education required for child care providers is less than a high school diploma or GED. As a whole, states continue to struggle to implement the more nuanced aspects of "quality" in teacher and caregiver workforce development, curricula and programming, parent education and communication, among other indicators of quality.

There are no easy solutions to improve the overall quality of child care programs and no single set of "quality" indicators can guarantee it. But state legislatures, with the help of on-the-ground practitioners, program evaluators and neurological scientists, have taken enormous, innovative steps to develop policies that create a better likelihood for children to participate in high-quality child care settings. States are also looking to improve and evaluate current efforts that aim to foster young children's executive function, build their social and emotional competence, and cultivate cognitive abilities and skills that are necessary for school success. Three primary approaches used in states to improve child care are outlined below.
What Is Child Care Quality?

Almost anyone can agree that high-quality child care is important. There is however, less consensus as to the exact attributes or factors that guarantee 'quality.' A number of national organizations have developed guidelines, recommendations and criteria to help child care programs improve their overall quality. Some of these guidelines and organizations are listed below*:

- **The National Association for the Education of Young Children** (NAEYC) has [Early Childhood Program Standards](#) to ensure quality in 10 areas:
  - Relationships, curriculum, teaching, assessment of child progress, health, teachers, families, community relationships, physical environment, and leadership and management.

- **Child Care Aware® of America** (formerly the National Association of Child Care Resource and Referral Agencies) has developed [program benchmarks](#) for the following areas. In addition, CCA has also developed program oversight benchmarks for site inspection, licensing personnel education and qualifications, and licensing staff caseload, which it asserts can be importance factors to ensure the quality of child care programs.
  - Background check, minimum education for directors and lead teachers, minimum staff training (initial and ongoing), learning activities, basic health and safety standards, parent communication, adult-child ratios and maximum class/group size.

- The **National Association for Family Child Care** (NAFCC) requires providers who seek accreditation status through NAFCC achieve the [Quality Standards for Accreditation](#) in five content areas:
  - Relationships, environment, developmental learning activities, safety and health, professional and business practices.

- **Zero to Three**, an organization focused on the development of infants and toddlers, describes the characteristics of a "good caregiver" as someone who is loving and responsive, respectful of children's individuality, and capable of providing a stimulating environment. Zero to Three recommends that parents look for the following factors when choosing a child care program:
  - Staff training in infant and toddler development, engaging interactions and conversations with children, well-organized, interesting and accessible toys and materials; staff capacity to accommodate children with special needs, respect for language, culture and values of families, appropriate and effective discipline, provider values and beliefs, group size and ratio, and adherence to state and local licensing requirements.

- **The American Academy of Pediatrics** has also approved a [policy statement](#) on the importance of high-quality child care that mirrors components recommended by other national organizations, including the following:
  - State licensing and program accreditation, low adult-child ratio and group size,
Implementing and Improving Quality Rating and Improvement Systems (QRIS)

Since the late 1990s, states have implemented Quality Rating and Improvement Systems (QRIS), a star-ranking system, to improve the quality of early care and education settings. States have also used the QRIS framework as a "consumer guide and accountability measure for funding." To date, at least 39 states and the District of Columbia have adopted this framework, including recent efforts in Nebraska and Maine, where lawmakers approved statewide implementation of QRIS systems. Both states will provide tiered reimbursements for providers who meet or exceed certain quality ratings. Nebraska's legislation also includes provisions allowing providers to voluntarily participate in the QRIS even if they do not receive state subsidies and establishing a statewide professional development registry for early care and education providers.

Other legislative enactments related to implementation of the QRIS framework include Minnesota, where lawmakers approved measures allowing providers who meet and exceed quality standards to receive higher reimbursements from the state (also known as "tiered" or "differential" reimbursements). Quality standards that qualify for higher state reimbursements may include effective use of research-based curriculum and programming, adherence to best practices and guidelines around positive adult-child interactions, effective implementation of age-appropriate learning activities, among other quality factors. Lawmakers in Texas are also tying state reimbursements to QRIS quality in addition to requiring localities to use nationally-recognized standards as part of their accreditation and certification process. Child care providers in Indiana will soon be able to receive state tax credits if they are able to obtain certain QRIS ratings.

Building parent awareness and education about the quality of child care programs is a key goal for states that choose to implement QRIS. In some cases, states are offering parents who enroll their children in QRIS-rated programs certain incentives and benefits. One example is Montana where lawmakers approved raising the income eligibility limit for parents who enroll their children in QRIS-rated programs and in Washington—a state with a long-standing QRIS—where lawmakers expanded their QRIS system to include not only center- but home-based child care programs to ensure that regardless of the child care arrangement, young children are afforded the same standards and quality of care.

Strengthening the Child Care Workforce

Caregivers, providers and teachers play a major, influential role on a child’s development, especially for children in child care outside of their homes. The quality and education of the early childhood workforce has been shown by research to be a significant, contributing factor in the overall quality of child care and other early learning settings. In particular, research has attributed the level of education (as well as access to ongoing training in early childhood development) of child care providers to the overall quality of child care programs.
For a number of years, states have enacted legislation to strengthen child care provider education, training and ongoing professional development. In 2008, lawmakers in Wyoming approved scholarships for child care providers to gain certificates or degrees in early care and education. Similarly, Colorado lawmakers created the Child Care Incentive Grants and the Early Childhood Educator Development Scholarships in 2010. Today, scholarships programs, including state Teacher Education and Compensation Helps (TEACH) initiatives, are providing financial incentives for child care providers in at least 20 states to obtain teaching credentials and specialized training.

State legislatures have also invested in statewide initiatives to improve the early care and education workforce, including North Dakota, where lawmakers enacted legislation to provide voluntary, state-provided progressive training opportunities that lead to credentials for child care providers. In Maine, lawmakers called upon a working group to recommend ways that the higher education and early care and education systems can collaborate to identify common provider education and training needs, goals and strategies to improve the quality of care and education for young children. In Washington, lawmakers committed to create a statewide system of preparation and continuing professional development for providers in 2012 as well as formally adopted core competencies for those professionals.

Formalizing teacher and provider standards at the statewide level has been the focus for lawmakers in Arkansas who created a birth-through-prekindergarten teacher or teaching credential and endorsement in 2009, and in North Carolina, where lawmakers implemented an early educator certification for licensed, center- and home-based child care providers. Other legislative measures to raise minimum training standards for child care programs, especially those receiving state funds, were enacted in Connecticut and Indiana, in addition to Texas, where lawmakers enacted legislation to require that training for child care providers must be delivered by qualified instructors.

Finally, another common legislative approach for states is establishing early childhood workforce registries that serve as a hub or clearinghouse of professional development resources for child care providers. Workforce registries, such as the ones recently established in Nebraska and Nevada, allow early childhood professionals to track their own educational attainment, credentials and ongoing professional development, while connecting them to colleagues, mentors and trainers to share best practices as well as on-the-ground, practical solutions.

**Setting Legislative Priorities for Infant and Toddler Care**

States have limited resources and competing priorities. Informed by the studies on the return of investments of early intervention and prevention, as well as the importance of building social and emotional competence in very young children, lawmakers are embedding language in legislation to ensure that infants and toddlers are receiving quality care to help them develop and thrive. Lawmakers in two states—Louisiana and Texas—have convened legislative workgroups to assess the extent to which state early care and education programs are meeting the mental health, social, emotional and cognitive needs of infants and toddlers. The Texas legislation further specified that child care provider trainings must be based on research and specifically the research behind infant and toddler brain development. Lawmakers in Colorado and Kansas
have also established specific funding streams and programs to support quality programming for infants and toddlers. And in Washington, lawmakers have called for a comprehensive birth-to-3 plan that focused specifically on the quality of care for infants and toddlers.

**Increasing Access and Curbing the Cost – State Challenges and Approaches**

State lawmakers are also tackling the difficult challenge of improving access to affordable child care. On average, weekly out-of-pocket child care costs have increased by nearly 60 percent during the past three decades. In 35 states and the District of Columbia, the cost of child care exceeds college tuition costs, and in 25 states and the District of Columbia, rent is more affordable than child care. Poor families pay as much as 30 percent of their monthly income on child care, a much greater portion compared to non-poor families who pay less than 10 percent on average.

Parents of children with special needs and parents who work evenings or weekend hours are further limited in their ability to find affordable child care. The increasing cost of already-high child care can force low-income working parents to settle for child care settings that lack basic health and safety standards, putting the physical safety and health of young children at risk and disrupting the fragile processes of their social, emotional and cognitive development.

<table>
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<tr>
<th>State</th>
<th>4-year-old</th>
<th>As percent of median family income (single-mother)</th>
<th>Infant</th>
<th>As percent of median family income (single-mother)</th>
<th>Median rental housing cost</th>
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<tbody>
<tr>
<td>Colorado</td>
<td>$9,619</td>
<td>37%</td>
<td>$12,736</td>
<td>49%</td>
<td>$10,716</td>
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<td>Massachusetts</td>
<td>$12,176</td>
<td>44%</td>
<td>$16,430</td>
<td>60%</td>
<td>$12,432</td>
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<tr>
<td>Minnesota</td>
<td>$10,664</td>
<td>41%</td>
<td>$13,876</td>
<td>53%</td>
<td>$9,480</td>
</tr>
<tr>
<td>New York</td>
<td>$12,355</td>
<td>48%</td>
<td>$14,939</td>
<td>58%</td>
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<tr>
<td>Oregon</td>
<td>$10,200</td>
<td>47%</td>
<td>$13,452</td>
<td>62%</td>
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<tr>
<td>Alabama</td>
<td>$5,785</td>
<td>31%</td>
<td>$5,467</td>
<td>29%</td>
<td>$8,244</td>
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<tr>
<td>Louisiana</td>
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<td>25%</td>
<td>$5,574</td>
<td>29%</td>
<td>$9,048</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$4,312</td>
<td>24%</td>
<td>$4,863</td>
<td>27%</td>
<td>$8,268</td>
</tr>
<tr>
<td>South Carolina</td>
<td>$5,308</td>
<td>26%</td>
<td>$6,280</td>
<td>31%</td>
<td>$8,916</td>
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<tr>
<td>South Dakota</td>
<td>$5,781</td>
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<td>$6,071</td>
<td>26%</td>
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<tr>
<td>Tennessee</td>
<td>$4,515</td>
<td>23%</td>
<td>$5,857</td>
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<td>National Average</td>
<td>$7,613</td>
<td>32%</td>
<td>$9,466</td>
<td>39%</td>
<td>$9,939</td>
</tr>
</tbody>
</table>

Source: Child Care Aware of America. Figures are for full-time child care in a center-based setting and exclude the District of Columbia. Typically, center-based child care is more expensive than home-based (or family) child care. Infant care is typically most expensive, followed by preschool-aged child care. School-aged child care is the least expensive compared to infant and preschool-aged care. Data for all 50 states are available at [http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf](http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf).
Expanding Access to Child Care through Eligibility Criteria Revisions

Raising the maximum allowable income for which families can qualify for child care assistance is one way that states help more families access affordable child care. In 2008, the New Mexico Legislature approved families earning up to 200 percent of the federal poverty level to receive child care assistance. In the same year, lawmakers in Colorado enacted legislation to raise the maximum state income eligibility guideline to 85 percent of the state median income (or approximately $58,980 for a family of three), the maximum allowable limit under the federal CCDBG. In 2014, North Dakota became another state to raise the state income eligibility limit (up to 85 percent of the state median income), while in Nebraska, the limit was raised to 125 percent of the federal poverty level for 2014 and 130 percent thereafter. Similarly and in response to the rising demand for affordable child care, California lawmakers extended a temporary, higher income eligibility limit for another year to allow families with incomes up to 70 percent of the state median to be eligible for child care assistance.

State lawmakers also helped ease the burdensome application processes for parents and thus facilitated more access to affordable child care. In 2010, lawmakers in Colorado revised the eligibility determination process and allowed families to undergo benefits redetermination every 12 instead of six months. Enacted legislation in Washington has similarly implemented changes to allow a 12-month period for benefits determination.

Making Out-of-Pocket Child Care Payments More Affordable

Lawmakers have also looked at rising child care copays as a major factor in the overall high cost of child care. Revisions of copay systems in several states in recent years have helped to ease this financial stress for parents. California lawmakers called for implementation of a simplified monthly copay system in 2013, a few years after the Illinois General Assembly approved waiving copays for parents whose incomes fall below the federal poverty level and lawmakers in Missouri waived copays for parents who have children with special needs. More recently, lawmakers in North Dakota committed to reducing child care copays if the legislature deems that appropriations are sufficient in the future and in Colorado, lawmakers approved a cap on maximum parent copays not to exceed one percent of annual family income for families living at 100% of the federal poverty level.

Addressing the "Cliff Effect" in Child Care and Family Work Support State Policy

Lawmakers in several states have enacted measures to address the "cliff effect" in public assistance policies. For parents who receive child care assistance, a minor increase in income can cause him/her to exceed the income limit and suddenly lose benefits. But often, small income increases are not adequate for low-income parents to pay for child care on their own without any assistance (see text box).
Since 2012, Colorado lawmakers have begun to address aspects of the child care assistance "cliff effect" through local, county-based pilot programs that allow parents to gradually make larger child care copayments as their incomes also gradually increased. In 2014, lawmakers expanded on these provisions and added new ones into state law, including raising the income eligibility threshold, capping maximum parent copays, establishing a tiered copay structure, implementing presumptive eligibility for 30 days, and setting the income eligibility limit for families exiting off assistance at a higher amount than when they enter the program. The new law also allows unemployed parents to remain eligible for child care for up to 60 days while they are looking for a job or attending training and requires that their approved child care hours are not strictly tied to their work or training schedules as to cause disruptions in the schedule and continuity of care for children.

In Washington, lawmakers have been taking steps to streamline and improve the child care assistance program, including the establishment of a legislative task force to study ways to address the conflicts that arise from the states' multiple eligibility guidelines for public assistance, a graduated child care copay scale that counters the "cliff effect," and design of a public assistance subsidy system that accounts for minor income fluctuations without penalizing recipients. The task force will also look at creating broad authorization categories so that minor changes in parents' work schedule do not require changes in authorization.

In Rhode Island, lawmakers recently established a Child Care Subsidy Transition Pilot Program to allow families to keep their eligibility for child care assistance until their annual income exceeds 225 percent of the federal poverty level. California and Pennsylvania are other states where legislatures have done work in recent years to address the public assistance "cliff effect."

Other Approaches to Curb the Cost of Child Care

In addition to revising income eligibility guidelines to widen access to affordable child care, making child care copays more affordable and addressing the impact of the "cliff effect," states have also employed a wide range of strategies to help low-income, working parents afford child care. State strategies include child care tax credits (Colorado and Louisiana), vouchers for full-time working or single mothers (Puerto Rico), transitional assistance benefits for a specified period (Tennessee) and income disregards after 12 months of participation in the state child care assistance program (Nebraska). Two states—Arkansas and Connecticut—have also expanded on the child care provisions of the federal Temporary Assistance to Needy Families (TANF) program by implementing state-specific statutes and provisions allowing parents receiving TANF benefits to qualify for child care state assistance.
Putting Child Development at the Forefront of State Policy

State lawmakers are constantly balancing the needs for improved access to affordable child care with the need for high-quality child care and early learning environments. State legislatures, with a track record of diverse and innovative problem solving, do not have all the answers in improving the overall quality of child care and providing guarantees to affordable and accessible child care for low-income, working families.

But as more comprehensive efforts that address the underlying connection between family economic stability and young children’s development—such as those in Colorado and Washington states—state lawmakers across the country are building their tool box with additional policy options, improving practices, and incorporating lessons learned from other states to ensure that young children’s experiences in child care and other early learning settings are building their foundation for success in school, work and life.

“*The early childhood social setting and environment are important factors, along with a high quality Pre K program to impact children with a positive and solid foundation. It is critical that states invest in tested and proven early childhood programs. It is a detriment if public and private partnerships don’t work to prepare young children for the K-12 education system.*”

*Representative Terri Collins (AL-R)*

For more information about child care and other early learning state policy issues, contact the NCSL Early Care and Education project staff at cyf-info@ncsl.org or visit www.ncsl.org/research/human-services/early-care-and-education.aspx.

End Notes

2 Ibid.


