Opportunities for States in Child Care:
Background on the Federal Law and What's Happening Now

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Overview

- CCDF Overview
- Federal rules and regulations
- Key areas of state flexibility
- Early Head Start-Child Care (EHS-CC) Partnerships
CCDF Overview

- Primary source of funding for child care assistance for low-income working families and to improve child care quality.
- Federal government sets broad parameters for the program and a floor for basic health and safety.
CCDF Overview (cont’d)

• States make policy decisions within those broad parameters that impact access, quality, and supply of child care.

• To draw down all federal funds, states must meet match and MOE requirements.

• States are required to spend 4% of funds on quality initiatives.
  - Quality dollars spent in 2012 accounted for 12% of total expenditures on the national level.
Current Status

• CCDF last reauthorized in 1996.
• Regulatory Action
  ▪ Office of Child Care issued new proposed regulations May 2013.
  ▪ Anticipate final rule late 2014.
• Congressional Action
  ▪ Senate passed CCDF reauthorization March 2014.
  ▪ House held CCDF hearing March 2014; no companion bill at this time.
CCDF Goals

• CCDF goals emphasize maximum flexibility for states, parental choice, consumer education, independence from public assistance and state regulation of health, safety and licensing standards (current law).
• Broad interest in revising goals to have greater focus on quality, school readiness and improved coordination of early care and education.
• But CCDF must meet needs of children with working parents, birth to 13.
Child Care Subsidies Support Family Economic Stability

• Child care assistance helps families with very low-incomes remain in the workforce with increased earnings.
  • In a research study of single mothers, it was found that women were more likely to be employed when receiving child care subsidies and that their employment was more likely to be full time.
• Parental employment and high-quality child care supports the healthy development of young children.
Federal Funds Provide Vast Majority of Support for Early Childhood Programs

- Child Care and Development Fund (CCDF)
- Temporary Assistance for Needy Families (TANF)
- Head Start/Early Head Start
- Race to The Top – Early Learning Challenge
- Title I of the Elementary and Secondary Education Act (ESEA)
- Child and Adult Care Food Program
- IDEA, Parts B and C
- Home Visiting – MIECHV
- State pre-kindergarten (federal, state and local)
- Other funding streams, initiatives and partnerships
Subsidy Funding Exceeds Other Sources

- State pre-kindergarten spending (2013, all sources): $5.4 billion
- Child care subsidy spending (2012, CCDF and TANF combined): $3.9 billion + $7.4 billion
- Head Start, 2013: $7.6 billion

Source: National Institute for Early Education Research and CLASP analysis of U.S. Department of Health and Human Services data
But Spending is Falling

Figure 1. Total Combined Child Care Spending (in billions), 1997-2012

Source: CLASP calculations based on HHS data
Who Gets Help?

- 1.5 million children served in 2012
- 17% of eligible children served

Age of children served in CCDF,

- Infants and Toddlers (under 3 years): 33%
- Preschoolers (3-5 years): 28%
- School Age (6-13 years): 39%

Source: CLASP analysis of HHS data.
Who Gets Help?

• Income eligibility is set above federal poverty in all states; between 100-150 percent of poverty for family of three in 37 states.
• States prioritize and serve low-income and TANF families first.
  ▪ More than half of families have incomes below poverty; 76 percent below 150 percent of poverty.
  ▪ 19 percent of families report TANF as a source of income.

**CCDF Recipients by Income (FY 2012)**

- Below 100% Federal Poverty Level (FPL) 51%
- Between 100 - 150 Percent FPL 25%
- Above 150 Percent of FPL 13%
- Invalid/Unreported Data or Head of Household is Child 11%
Key Areas of State Flexibility

- States define work, education, and training
- States set income eligibility and prioritize low income families and other groups.
- States decide how eligibility is determined
- States set how care is authorized.
- States set provider payment rates.
- **States determine policies and processes.**
State Policies Often Fall Short of Meeting Needs of Working Families

- A family with an income above 150 percent of poverty ($29,295 a year for a family of three in 2013) could not qualify for child care assistance in fourteen states.
- Only three states pay providers at the 75th percentile of market rates (the level recommended in federal regulations); the remaining states pay providers below that level.
- In thirty states, the copayment for a family of three at 150 percent of poverty was above $176 per month (7.2 percent of income) in 2013.
- Nineteen states had waiting lists or frozen intake for child care assistance in 2013.
- Families may get help for up to 12 months in about half the states.
  - Average subsidy duration is 3-7 months.

Source: National Women’s Law Center, 2013
EHS-CC Partnerships

- Early Head Start-Child Care Partnerships
  - Funding will be available to all 50 states
  - Will allow new or existing Early Head Start programs to partner with local child care centers and family child care providers serving low-income infants and toddlers.
  - Provides tremendous opportunity for state and communities to strengthen access to high-quality care and reach our youngest most vulnerable children and families.
State Subsidy Policy Reforms Can Support Partnerships, Broader Early Childhood Efforts

- Longer eligibility periods with limited interim reporting
- Establish broad definitions of work, including job search, that allows for more continuous eligibility
- Use direct contracts for high quality infant and toddler care.
- Pay rates that support high-quality care.
- Use payment methods that support provider stability: enrollment vs attendance, absence days, timely payments.
- Waive parent co-payments for families under poverty.
- Coordinate eligibility with other benefits programs.
- Improve access to information on child care options and quality through QRIS and other efforts.
State Decisions are Constrained by Resources

- Fiscal challenges can prevent reforms:
  - Total CCDF and TANF spending on child care in FY 2012 at 10 year low.
  - Serve 260,000 fewer children in CCDF since 2006.
  - Serve only one in six children eligible under federal rules.
- On the other hand, resource constraints and reduced administrative capacity in states can make simplification of CCDF appealing.
CLASP Resources


• For more information about EHS-CC Partnerships:
  ▪ State Child Care Subsidy Policies that Support Early Head Start-Child Care Partnerships: http://www.clasp.org/resources-and-publications/publication-1/CLASP-ChildCareSubsidyTool.pdf
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