

Child Care Assistance Policies in States Receiving Early Learning Challenge Grants

The Race to the Top-Early Learning Challenge fund, a competitive grant program jointly administered by the U.S. Departments of Education and Health and Human Services, aims to help states strengthen their early learning systems. The goal of the initiative is to increase access to high-quality early learning programs, especially for low-income children. The nine states awarded a total of \$500 million in grants—California, Delaware, Maryland, Massachusetts, Minnesota, North Carolina, Ohio, Rhode Island, and Washington—were successful because they developed comprehensive, collaborative strategies for achieving this goal. However, these states have several gaps in their child care assistance policies, leaving many low-income families without the help they need paying for reliable, high-quality child care. By addressing these gaps as part of their strategies to bolster their early learning systems, the states can expand low-income children's access to the high-quality early care and learning programs that nurture their successful development.

- Several of the states receiving ELC grants have recently reduced their income eligibility limits:
 - Washington reduced its income limit from 200 percent of poverty (\$36,624 a year for a family of three) to 175 percent of poverty (\$32,424 a year for a family of three) in 2010.
 - California reduced its income limit from 75 percent of the 2007 state median income (\$45,228 a year for a family of three) to 70 percent of the 2007 state median income (\$42,216 a year for a family of three), as of July 2011.
 - Ohio reduced its income limit to qualify for child care assistance from 150 percent of the 2010 federal poverty level (\$27,468 a year for a family of three) to 125 percent of the 2011 federal poverty level (\$23,172 a year for a family of three), as of July 2011.
- Six of the nine states receiving ELC grants (California, Maryland, Massachusetts, Minnesota, North Carolina, and Washington) have waiting lists for child care assistance, including two (Maryland and Washington) that started their waiting lists in 2011.
- Many of the states receiving ELC grants charge parents receiving child care assistance relatively high copayments. For example, six out of the nine states (Delaware, Maryland, Massachusetts, North Carolina, Ohio, and Rhode Island) require families with incomes at 150 percent of poverty to pay 8 percent or more of their income in copayments.
- None of the nine states receiving ELC grants have reimbursement rates for providers serving children receiving child care assistance at the federally recommended level (the 75th percentile of current market rates, the rate designed to give parents access to 75 percent of the providers in their communities), and some states have recently reduced their rates.

- In six of the nine states (Delaware, Maryland, Massachusetts, Ohio, Rhode Island, and Washington), the reimbursement rate for center care for a four-year-old is more than 20 percent below the 75th percentile of market rates.
 - Ohio reduced its reimbursement rates from the 35th percentile to the 26th percentile of 2008 market rates as of July 31, 2011.
 - Minnesota reduced its reimbursement rates for licensed child care providers by 2.5 percent in 2011.
- Only four of the nine states receiving ELC grants (Maryland, Minnesota, North Carolina, and Ohio) paid higher rates for higher-quality care as of February 2011. And in those four states that did pay higher rates, the rate at the highest quality level was still below the 75th percentile of market rates.
 - All nine of the states receiving ELC grants allow parents already receiving child care assistance to continue receiving it for some period of time while searching for a job. However, only three of the nine states (California, Massachusetts, and Minnesota) allow parents to qualify for child care assistance while searching for a job.
 - At least two of the states receiving ELC grants are considering proposals to cut their child care assistance programs, which will further reduce the number of children and families receiving help:
 - In Washington, the governor has proposed reducing the state’s child care budget by \$50 million, which would cut child care assistance to 4,000 families.
 - California’s budget shortfall is likely to force cuts to child care funding—which will come on top of an 11 percent cut made to child care programs earlier in the year.

Analysis based on data on state policies as of February 2011 from Karen Schulman and Helen Blank, *State Child Care Assistance Policies 2011: Reduced Support for Families in Challenging Times* (Washington, DC: National Women’s Law Center, 2011); and additional updates from state child care advocates.