



Child Care Development Fund 101: Virginia's Child Care Subsidy Program



Virginia Poverty
Law Center

In 2007, 356,617 children nationwide were on waiting lists for subsidized child care, forcing thousands of parents out of the workforce or to inadequate child care arrangements. It is essential to support an increase in child care appropriations in FY 2009. CCDF is up for reauthorization in 2010 and must be seen as a priority in order for low income families to have quality child care while they enter the work force to attain financial independence.ⁱ

Background

The Child Care Development Fund (CCDF) is the primary federal program providing quality child care services to low-income families. Due to decreases in overall CCDF and Temporary Assistance for Needy Families (TANF), the Bush Administration estimated that 200,000 children were expected to lose child care subsidies. In addition to dwindling federal funding, many states are facing their own budgetary shortfalls which could have detrimental impacts on the quality and costs of child care, as well as the number of families eligible to receive child care subsidies.

Child Care Development Fund

The CCDF is a federal block grant allocated to all 50 states, Territories, and Tribes to provide child care subsidies to low-income and special needs working families. CCDF originated in the Child Care Development Block Grant (CCDBG) Act of 1990 with the intention of providing child care to low-income working families. In addition to supporting work activities, child care subsidies are available to low income parents engaged in educational and training activities that promote self-sufficiency. From FY 2006-2007 CCDF funds provided early child care and education services to more than 1.7 million children a month. Without additional funding for CCDBG, the current decrease in the number of children served is expected to continue.ⁱⁱ

Issue: Subsidized child care is essential for low income families who are working towards self-sufficiency. However, federal funding for child care, when adjusted for inflation, has decreased by \$731 million since 2002. Decreased funding increases the cost of child care and negatively affects the quality of and access to child care.

CCDF long term goals

The CCDF program is designed to do the following:

- Improve the quality of child care available to low-income families and families receiving or transitioning from TANF;
- Decrease the number of families who are incapable of working due to a lack of child care;ⁱⁱⁱ
- Provide services and supports to families to encourage self sufficiency and;
- Promote the development of social and educational skills to help children succeed in a school environment.

Virginia Funding

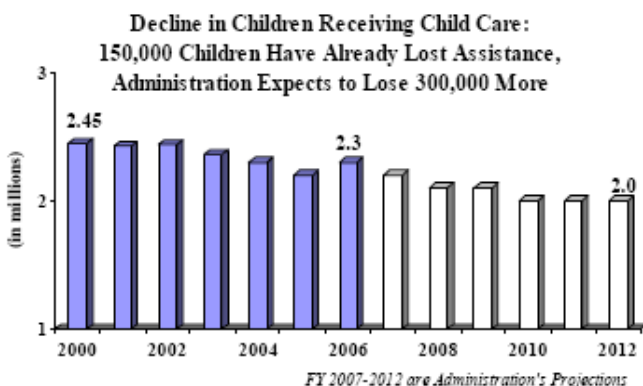
In Virginia, FY 2008 state and federal funding for child care subsidies totaled \$164,043,746 and served over 57,000 children.

Impact on Virginia's Working Families

The CCDF enables low-income working families to place their children in reliable child care while they are at work or continuing their education. Parents who are low-income, enrolled in TANF, or trying to transition off of public assistance depend on child care subsidies so they can work, receive additional training, or further their education. Child care costs are increasingly on the rise as are other basic commodities such as gas, food, and housing. Low-income working families already have trouble making ends meet, and child care is an expense that low-income parents struggle to afford.

Virginia-at-a-glance

- 583,000 children under 18 are living below 200% of poverty.
- 364,654 children under the age of six need child care in order for their parents to work.
- Average cost of child care for an infant: \$9,100.
- Average cost of child care for a 4-year-old: \$7176.



Source: Child Care Bureau-ACF FY 08 CCDF

- Cost of full-time care for an infant (percent of median income for married couples): 11%.
- Cost of full-time care for an infant (percent of median income for single parent): 34%.
- Virginia served 57,000 children in subsidized childcare in 2008 and 7,184 children were left on the waiting list.
- 92% of all child care requests are for full-time care.^{iv}

Eligibility

Child care subsidies are prioritized to TANF and VIEW families first as well as to families with special needs children. In Virginia, TANF participants are limited to two years of assistance at a time, and five years of assistance throughout their lifetimes. Virginia directly allocates \$2 million in TANF funding towards implementing child care subsidies through the CCDF.

Assistance to non-TANF or non-VIEW families is based on income. State income eligibility rates play an important role in determining which families are able to access child care subsidies. Federal guidelines stipulate that CCDF funding is limited to families with incomes at or below 85 percent of the state median income, although states are able to determine their own eligibility rates up to that level. Virginia currently has an upper income eligibility limit ranging from 146-244 percent of the federal poverty level, depending on the region. Many states, including Virginia, must further narrow their eligibility criteria due to excess demand and inadequate funding levels.

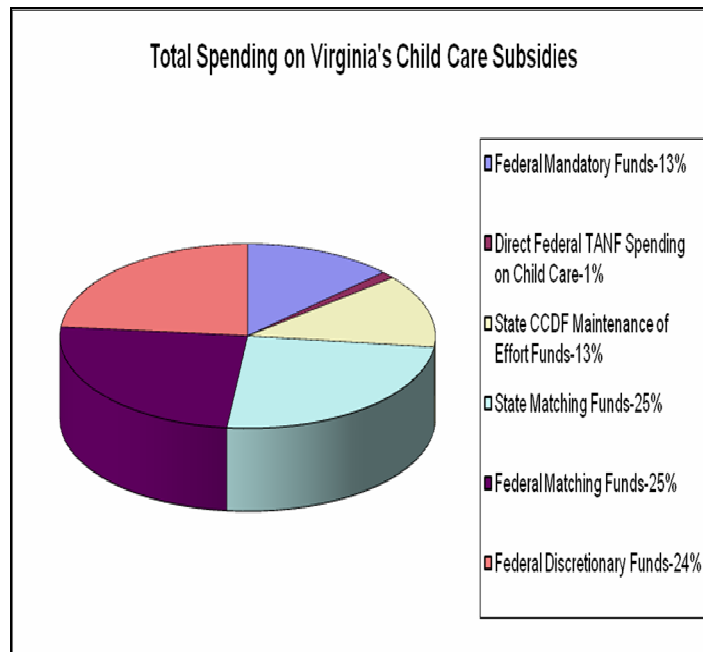
Because of the huge unmet need for subsidized childcare in Virginia, the 2008 legislature appropriated an additional \$12 million dollars to provide subsidies for children on Virginia's waiting list. At least 2,600 more children will be served once these additional funds are allocated.¹

Reimbursement Rates

The reimbursement rate given directly to child care providers is intended to offer equal access to high-quality care. The federally recommended level suggests that reimbursement rates be set at the 75th percentile of current market rates, giving subsidy recipients access to 75 percent of child care providers in each area. Virginia last updated reimbursement rates in 2004, and they range across the state from the 5th percentile to over the 100th percentile of market rates. Low reimbursement rates put a great financial burden on participating families because they must pay a higher co-payment to ensure high quality care.

Co-payment

Federal statutes and regulations require that families participating in child care subsidy programs must assist in paying some of the costs of child care. The parent co-payments are calculated based on a percentage of household income and family size. Virginia has a standard co-payment level of 10 percent of income for families at both 100 percent and 150 percent of the federal poverty level. The national average for unsubsidized child care is 6.4 percent of income.



Source: Child Care Bureau-ACF FY 08 CCDF

Conclusion

With nearly one quarter of America's families with young children earning less than \$25,000 a year, and the average cost of child care ranging from \$3,400 to \$14,600 a year, it is imperative to continue adequate funding levels for child care. Without effective child care subsidies, low-income families are faced with few options for quality child care, and their employment or educational opportunities are in jeopardy. The CCDF plays an essential role in the support of families working towards self-sufficiency.

ⁱ Child Welfare League of America, Child Care and Head Start <http://www.cwla.org/advocacy/2008legagenda03.htm>

ⁱⁱ Center for Law and Social Policy,

<http://www.njcitizenaction.org/ecapchildcarebudget08.pdf>

ⁱⁱⁱ <http://www.acf.hhs.gov/programs/ccbf/ccdf/gpra/measures.htm#1>

^{iv} NACCRA