



# Child Care Subsidies under the CCDF Program

An Overview of Policy Differences across States and Territories as of October 1, 2015

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If a single mother earns \$25,000 per year, can she get government help, or a subsidy, to pay for child care? What if she lost her job and needs child care while she hunts for a new one? If she is eligible for a subsidy, how much will the government pay, and how much will she have to pay out of pocket? The answers to all of those questions depend on a family's exact circumstances:

- the ages of the children
- the number of people in the family
- income
- where they live

Child care subsidies are provided through a federal block grant program called the Child Care and Development Fund (CCDF). CCDF provides funding to the States, Territories, and Tribes. They use the money to administer child care subsidy programs for low-income families.

In setting up their CCDF programs, States/Territories<sup>1</sup> have to comply with broad federal guidelines,<sup>2</sup> including (but not limited to):

- establishing income eligibility limits at or below 85 percent of state median income (SMI)
- setting the maximum age for children at or below 12 years, or at or below 18 years if children have special needs
- defining the activities that qualify a family for assistance (work, education, etc.)

Within the federal guidelines, States/Territories have the discretion to establish many of the detailed policies used to operate their CCDF programs. In this brief, we present some of the policy differences across the States and Territories. The policies are taken from the CCDF Policies Database, a project funded by the Office of Planning, Research and Evaluation within the Administration for Children and Families.<sup>3</sup> The CCDF Policies Database tracks State/Territory policies over time, with hundreds of variables tracking policies related to:

- family eligibility
- application and wait list procedures
- family copayments
- provider reimbursement rates
- other provider policies

This brief serves as a companion piece to the 2015 Book of Tables, providing a graphic overview of some of the policy differences across States/Territories.<sup>4</sup> We describe and present policies related to:

- eligibility requirements
- family application, terms of authorization, and redetermination
- family payments
- policies for providers

Finally, we provide information about additional resources from the CCDF Policies Database.

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<sup>1</sup> “States/Territories” is used throughout the brief to refer to the 50 States, the District of Columbia, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the Virgin Islands. The CCDF Policies Database and this brief focus on State/Territory CCDF policies and do not cover Tribal CCDF policies.

<sup>2</sup> The 2014 reauthorization of the Child Care and Development Block Grant (CCDBG) changed many federal requirements for the CCDF program. Any State/Territory policy changes prompted by these federal policy changes and implemented on or before October 1, 2015 are reflected in this brief and the 2015 Book of Tables report. Policy changes that were not yet in effect on October 1, 2015 will be reflected in future briefs and reports drawn from the CCDF Policies Database.

<sup>3</sup> The data are available for public use through annual published reports and access to the full Database detail.

<sup>4</sup> For the 2015 Book of Tables see: Stevens, Kathryn, Sarah Minton, Lorraine Blatt, and Linda Giannarelli (2016). The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2015, OPRE Report 2016-94, Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

# Eligibility Requirements for Families and Children

As described above, families must meet certain eligibility criteria to qualify for child care subsidies under the CCDF program. Within the federal guidelines, States/Territories establish which activities they approve for CCDF-funded child care. Additionally, in almost all cases, families must have income below the threshold the State/Territory defines to be fully eligible for the child care subsidy.

## What Activities Does Each State/Territory Approve for CCDF Eligibility?

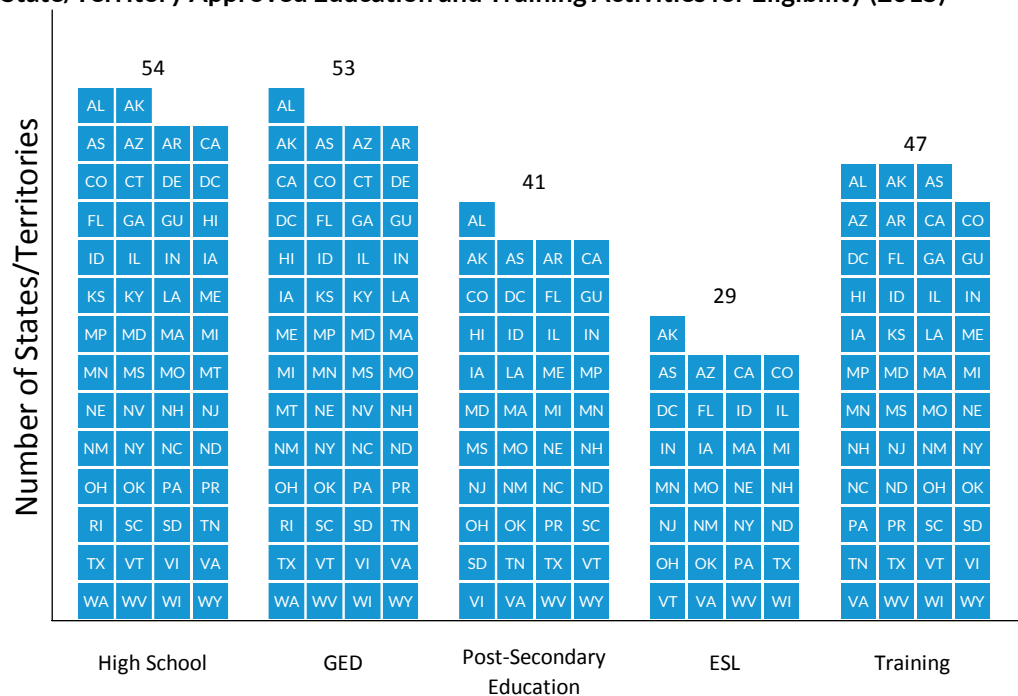
To qualify for subsidies, parents and guardians usually must participate in approved activities, as defined by each State/Territory.

Employment is an approved activity in every State/Territory. Many States/Territories also approve education and training activities. Figure 1 shows which States/Territories approve each of these activities:

- High school (54 States/Territories)
- GED activities (53 States/Territories)
- Post-secondary education (41 States/Territories)
- English as a Second Language activities (29 States/Territories)
- Training (47 States/Territories)

FIGURE 1

State/Territory Approved Education and Training Activities for Eligibility (2015)



## Do States/Territories Approve Job Search as an Eligibility Activity?

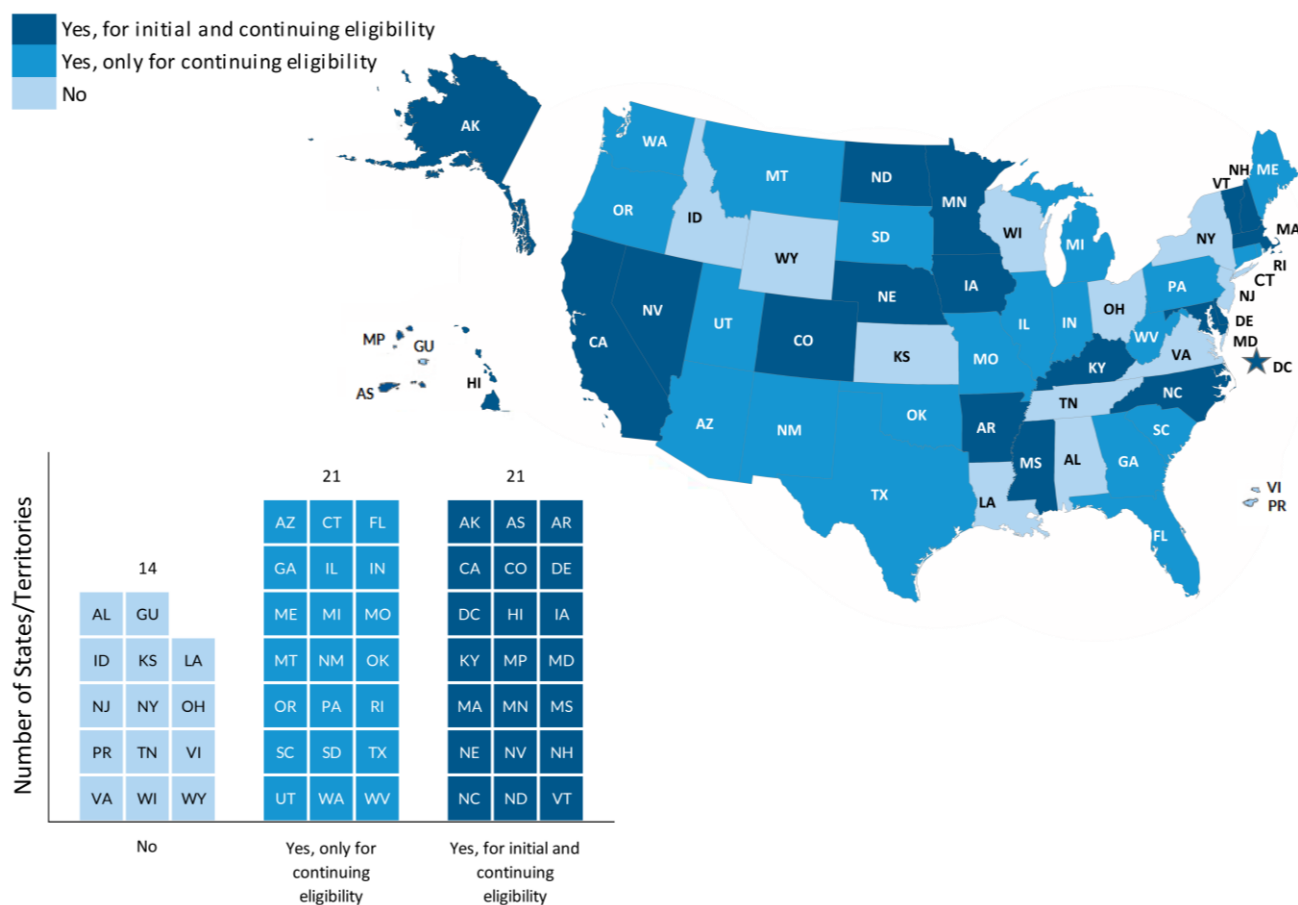
In addition to employment, education, and training, States/Territories may also provide subsidies for periods of job search. Parents searching for a job may need child care so that they can attend interviews, work on resumes, or submit job applications.

Figure 2 shows:

- Forty-two States/Territories consider job search to be a qualifying activity.
- Of the 42, half of the States/Territories only allow a family to continue receiving subsidized care during a period of job search if the family was already receiving subsidies for another reason.
- Of the 42, the other half of the States/Territories consider job search a qualifying activity for both initial and continuing eligibility.

FIGURE 2

### State/Territory Job Search as an Approved Activity for Eligibility (2015)



## How Many Hours Does Each State/Territory Require Parents to Work in Order to be Eligible?

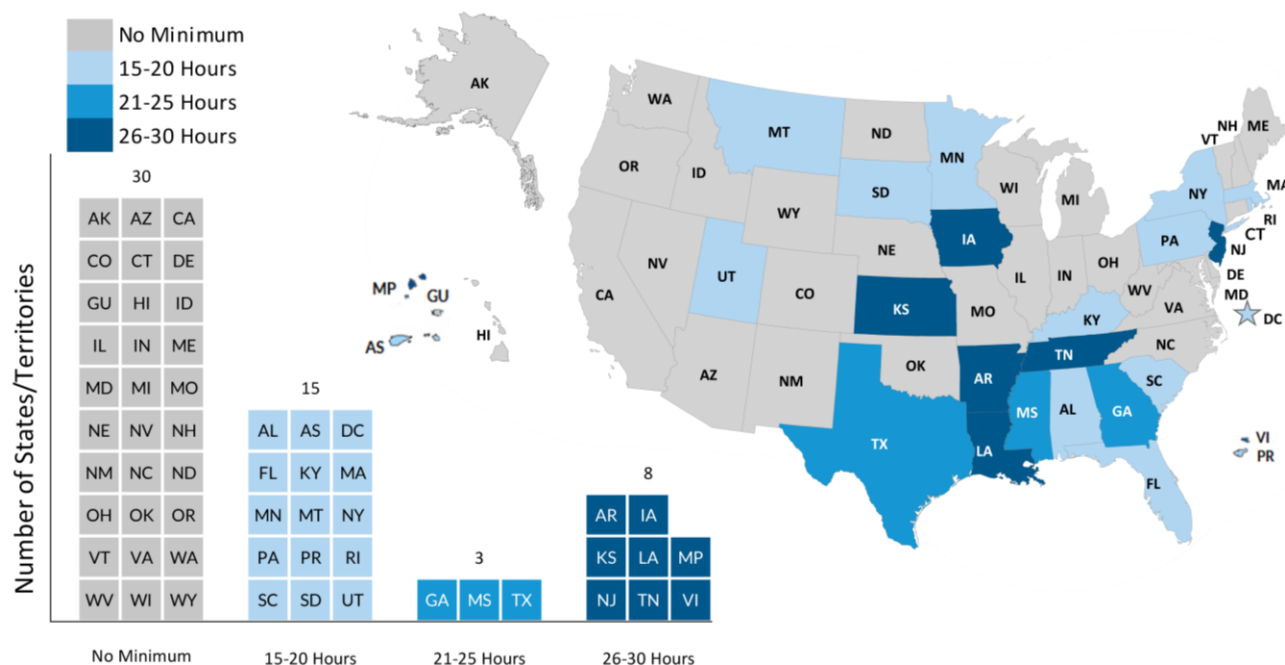
Employment is a qualifying activity for child care subsidies in all States/Territories, but some programs only provide subsidies for parents/guardians working a minimum number of hours. In some States/Territories, students may also be required to work a minimum number of hours in addition to their school activities.

Figure 3 shows:

- Twenty-six of the States/Territories require parents to work a minimum number of hours per week to be eligible for care based on work.
- Of the 26, the minimum required hours range from 15 to 30 hours each week.
- For the 30 programs with no explicit minimum work hour policy, the number of work hours generally affects the number of hours approved for subsidized child care.

FIGURE 3

### State/Territory Minimum Work Hour Requirement Policies (2015)



## What Are the Income Eligibility Thresholds for a Family of Three?

Every State/Territory establishes income eligibility thresholds at or below the federal limit of 85 percent of SMI to determine eligibility for subsidized child care. A family newly applying for subsidies must have countable monthly income at or below the program's initial eligibility threshold in order to be eligible for subsidies. Some States/Territories also establish continuing eligibility thresholds, or the maximum income that a family already receiving a subsidy can have and still remain eligible.

FIGURE 4

State/Territory Eligibility Threshold Policies (2015)

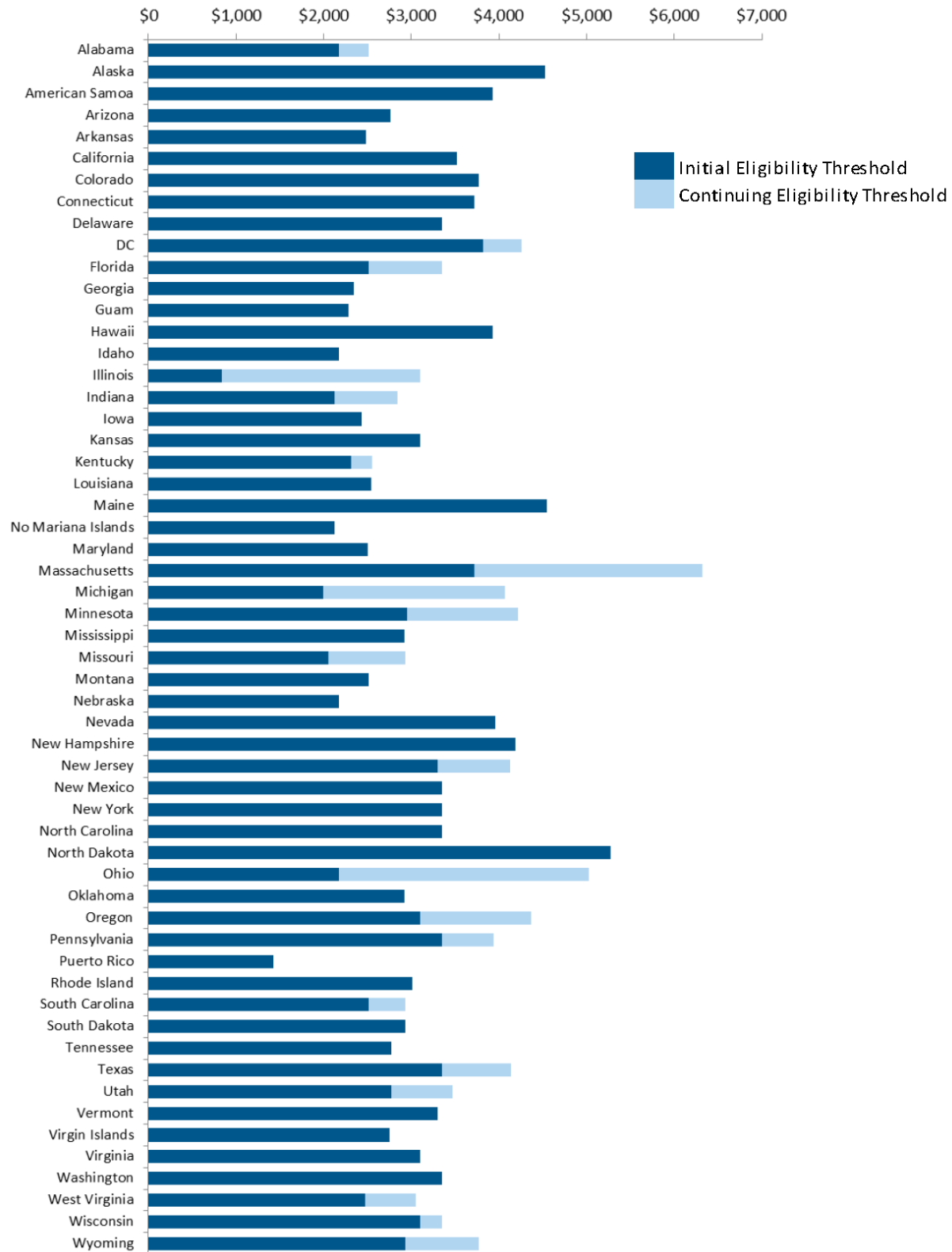


Figure 4 shows:

- Initial eligibility thresholds for a family of three range from \$838 to \$5,279 per month.
- Twenty States use higher eligibility thresholds for families who are already receiving subsidies.
- Continuing eligibility thresholds for a three-person family range from 8 percent to approximately 270 percent higher than the initial threshold.

## Family Application, Terms of Authorization, and Redetermination

Each State/Territory CCDF program has procedures for how families apply for and retain subsidies, how the number of hours of child care is established, and how eligible applicants are prioritized for services when the number of eligible applicants exceeds the number of subsidies that the program can provide.

### How Long until States/Territories' Redetermine a Family's Eligibility?

Recipients of child care subsidies receive assistance for a set period of time, often called a redetermination period, an eligibility period, or a benefit period. After that period, the family's eligibility and subsidy level must be redetermined.

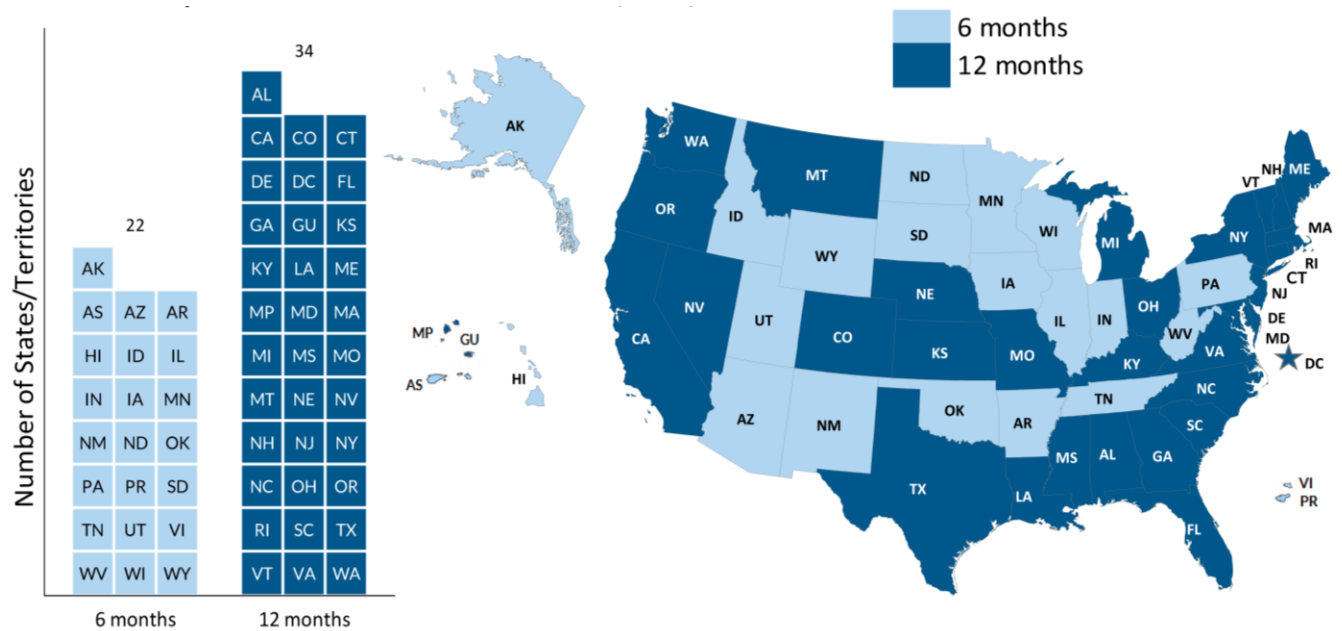
Redetermination policies vary by State/Territory and sometimes vary according to a family's particular circumstances or eligibility group. For instance, a State/Territory may have a 12-month redetermination period for most clients but require that child protective services cases be reassessed after six months.

Figure 5 shows:

- Thirty-four States/Territories use a 12-month redetermination period.
- Twenty-two States/Territories use a six month redetermination period.



FIGURE 5

**State/Territory Redetermination Period Policies (2015)****What Groups Are Given Priority for CCDF Subsidies?**

CCDF subsidies are not a guaranteed benefit. It is possible that more families will apply for and be eligible for the CCDF-funded subsidy program in a particular State/Territory than can be subsidized with the State's/Territory's available funds. To address this, States/Territories may establish priority groups among eligible families and use waiting lists for families who cannot be served immediately.

States/Territories may assign different levels or types of priority to families, including:

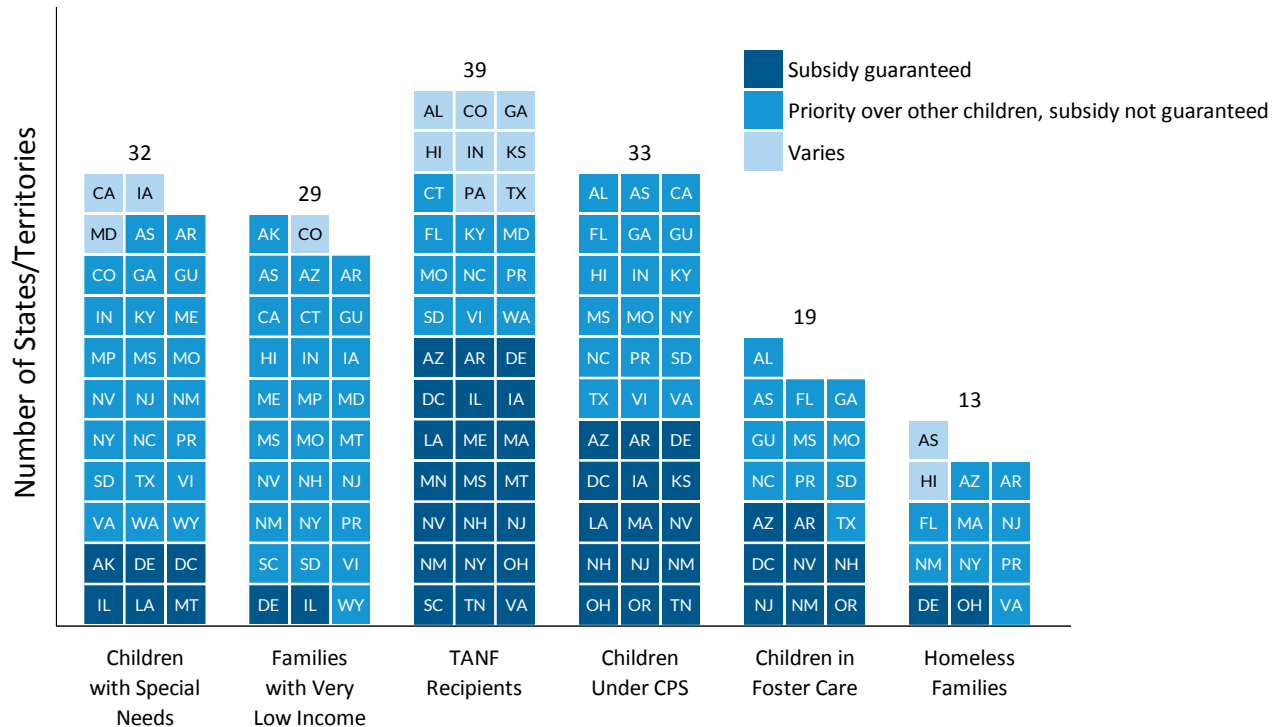
- treating families within a given group the same as all other families
- giving priority to a given group, but without a guarantee of a subsidy when funds are limited
- guaranteeing a subsidy for the given group

Figure 6 shows which States/Territories give some sort of priority to:

- Children with special needs (32 States/Territories)
- Families with very low income (29 States/Territories)
- TANF families (39 States/Families)
- Children under child protective services (CPS) (33 States/Territories)
- Children in foster care (19 States/Territories)
- Homeless families (13 States/Territories)



FIGURE 6

**State/Territory Priority Policies (2015)**

## Family Payments

Each State/Territory sets its own policies for family payments, often termed “copayments”, within the broader federal guidelines. Copayment amounts can vary by family size, income, number of children in care, and a variety of other factors.

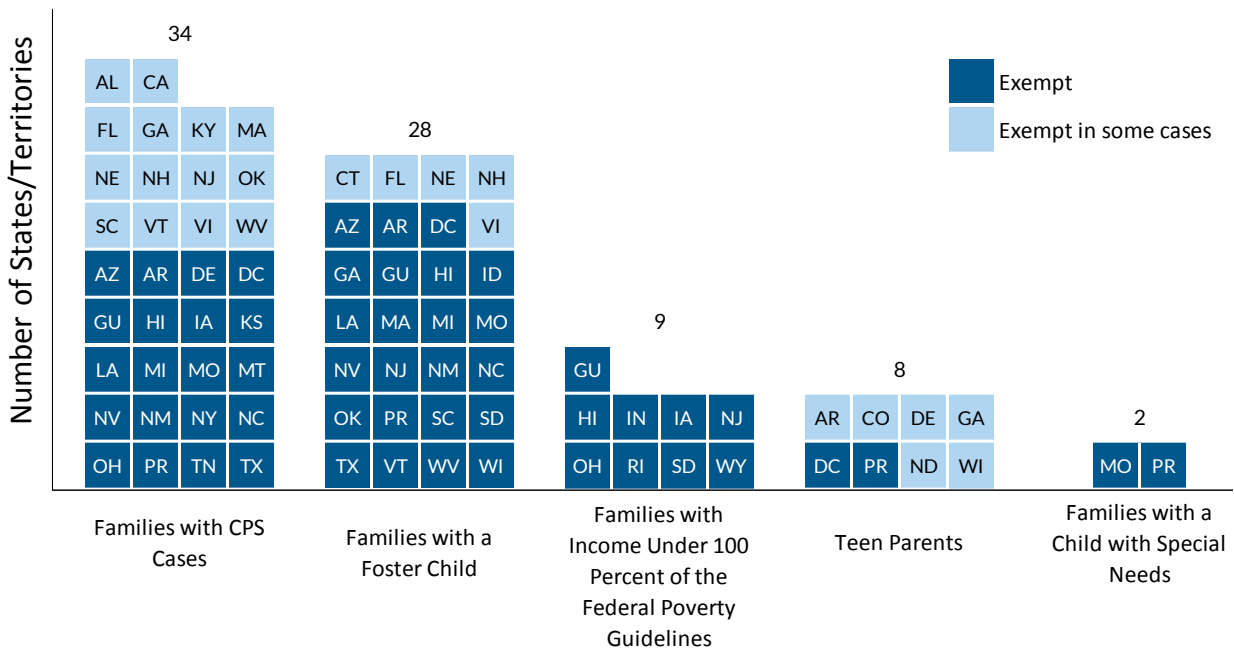
### What Groups Are Exempt from Copayments?

Many States/Territories exempt at least some families from paying any copayment; in other words, these families receive child care for free. The groups of families that are exempt vary across States/Territories.

Figure 7 shows which States/Territories exempt copayments from:

- Children under CPS (34 States/Territories)
- Children in foster care (28 States/Territories)
- Families with income under 100 percent of the Federal Poverty Guidelines (9 States/Territories)
- Teen parents (8 States/Territories)
- Families with children with special needs (2 States/Territories)

FIGURE 7

**State/Territory Copayment Exemption Policies (2015)****What Are the Copayments for a Family of Three?**

After determining income level and family size, each family in need of care (and not exempt from copayments) is assigned a copayment amount. The amounts vary greatly across States/Territories.

Figure 8A shows:

- A majority of the States/Territories require a monthly copayment of \$1 to \$100 for a three-person family (a single-parent with a two-year-old and a four-year-old) earning \$15,000 annually.

Figure 8B shows:

- Most States/Territories require monthly copayments over \$100 a month for a three-person family (a single-parent with a two-year-old and a four-year-old) earning \$30,000 annually.
- In over one-quarter of States/Territories a three-person family (a single-parent with a two-year-old and a four-year-old) earning \$30,000 annually is not eligible for subsidized child care.

FIGURE 8A

State/Territory Copayment Policies for a Family of Three Earning \$15,000 Annually (2015)

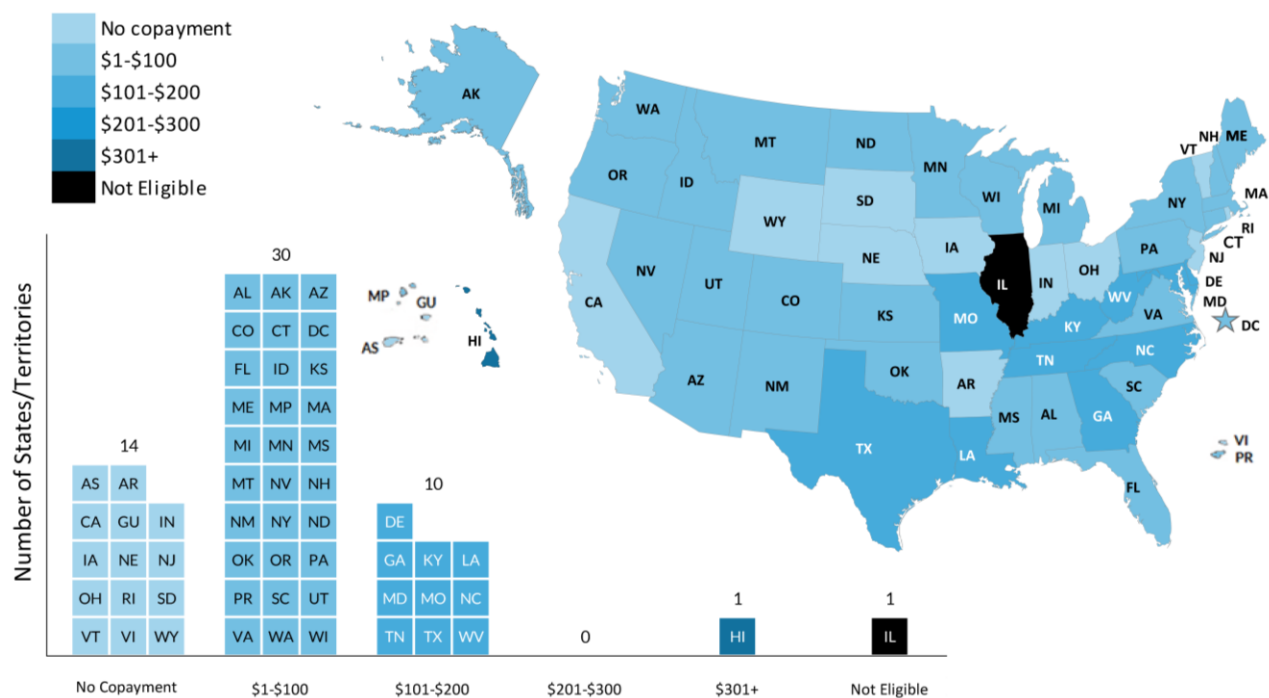
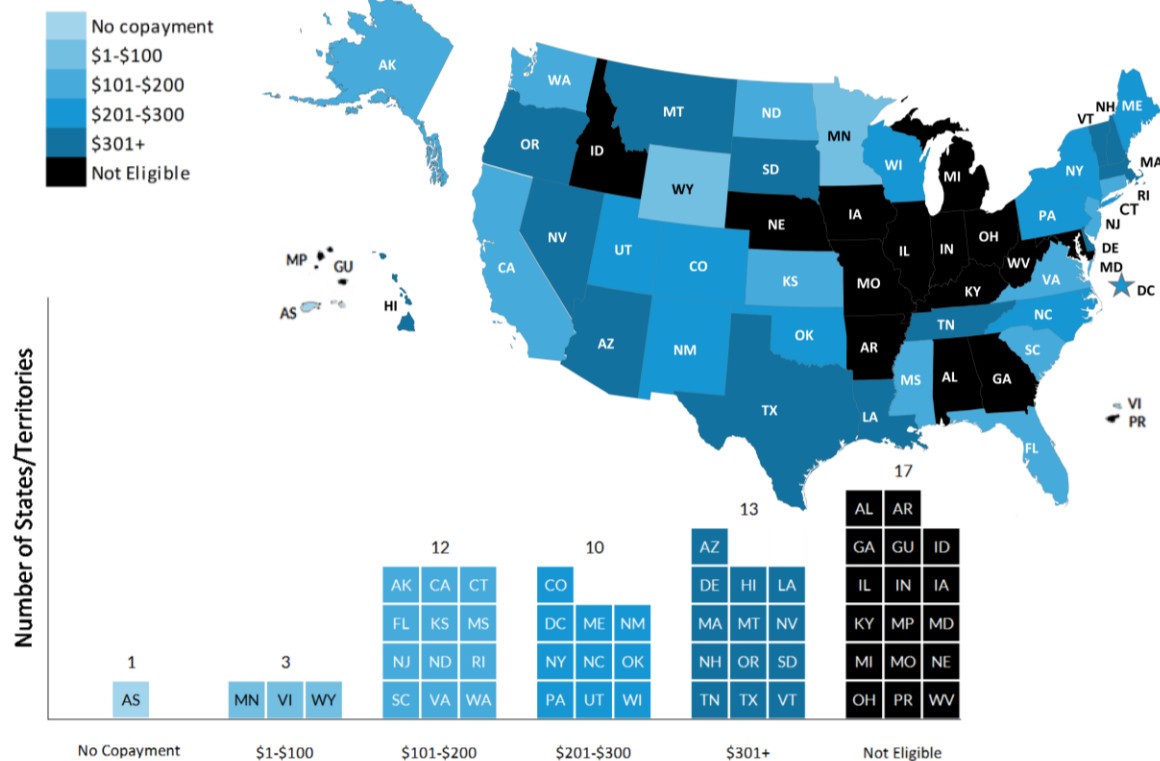


Figure 8B

State/Territory Copayment Policies for a Family of Three Earning \$30,000 Annually (2015)



## Policies for Providers

Each CCDF program includes extensive policies related to child care providers. These policies operate within the context of a State's/Territory's broader policies concerning child care licensing and regulation. However, some policies related to providers are specific to the CCDF program. These include the maximum reimbursement rates that will be paid by the State/Territory for CCDF-subsidized care.

### What Are the Maximum Reimbursement Rates for Providers?

Each CCDF program determines the maximum amounts that will be paid to child care providers—often termed “maximum reimbursement rates”, “payment rates”, or “provider payments”. The States/Territories establish these rates by conducting market rate surveys of child care prices. Maximum rates affect not only providers but also families, as the maximum rates may establish the highest-cost care that the family can obtain with the subsidy, without paying an additional cost beyond the copayment.

Within each State/Territory, rates may differ based on a number of factors, including:

- provider type
- amount of care (full-time, part-time, before-and-after, or summer care)
- the age of the child

States/Territories may also provide higher rates for providers who qualify for increased payments based on meeting additional criteria beyond the basic licensing requirements (i.e., higher quality ratings). In Figures 9A and 9B, the base rates are the rates providers are paid prior to any quality or other add-on, and the highest rates reflect the highest tiered or accredited rates available.

Figure 9A shows the base and highest rates for toddlers (35-months old) in licensed center care:

- Monthly base rates for toddler care in licensed child care centers range from \$180 in American Samoa to \$1,148 in Virginia.
- The average monthly base rate is \$637, and the median monthly base rate is \$596.
- Twenty-nine States use higher tiered or accredited rates in addition to their base rates for care provided in child care centers.

Figure 9B shows the base and highest rates for toddlers (35-months old) in licensed family child care homes:

- Monthly base rates for toddler care in licensed family child care homes range from \$180 in American Samoa to \$925 in Connecticut.
- The average monthly base rate is \$527, and the median monthly base rate is \$506.
- Twenty-eight States use higher tiered or accredited rates in addition to their base rates for care provided in family child care homes.

FIGURE 9A

**State/Territory Base and Highest Maximum Reimbursement Rates for Toddlers in Licensed Centers (2015)**

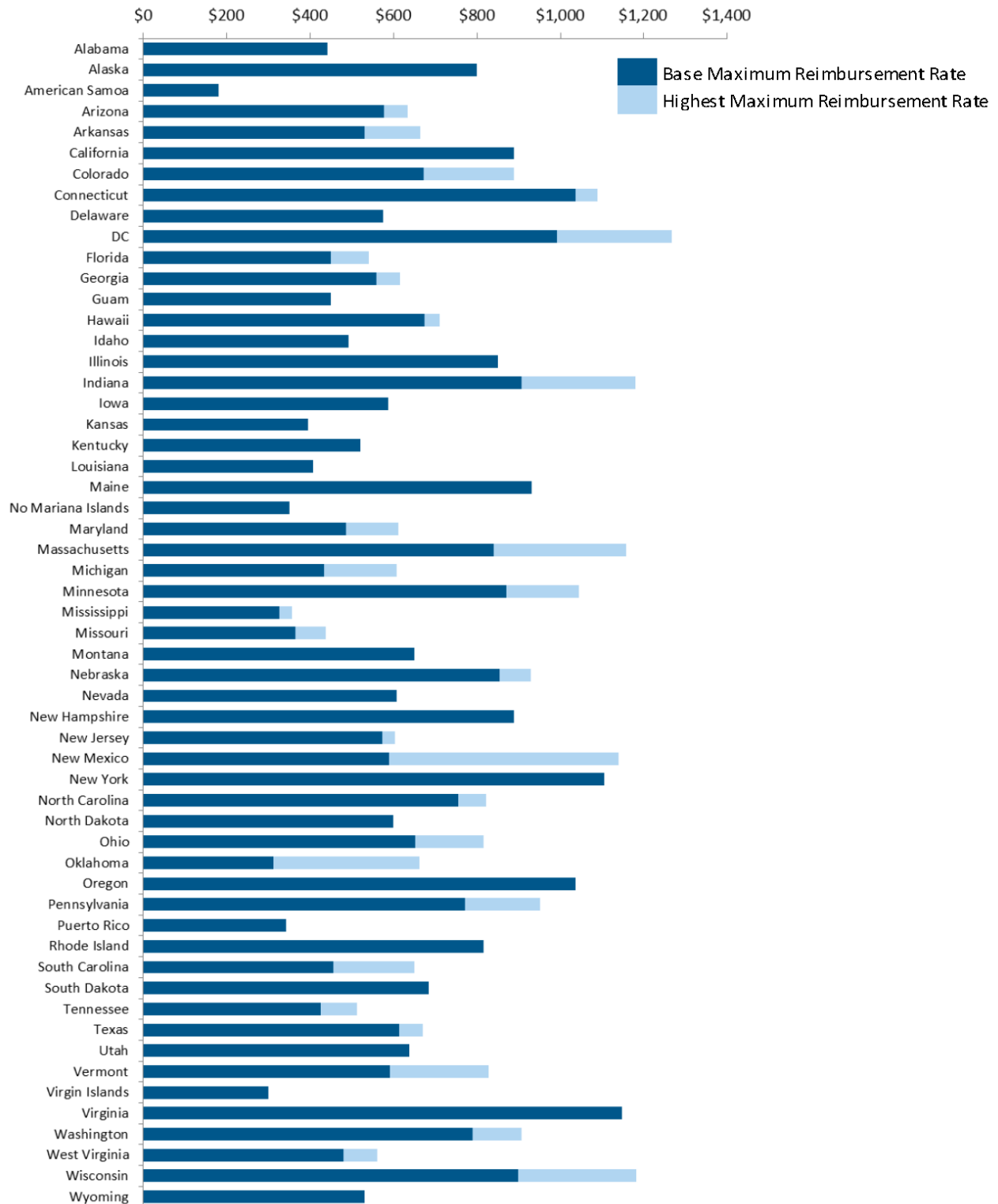
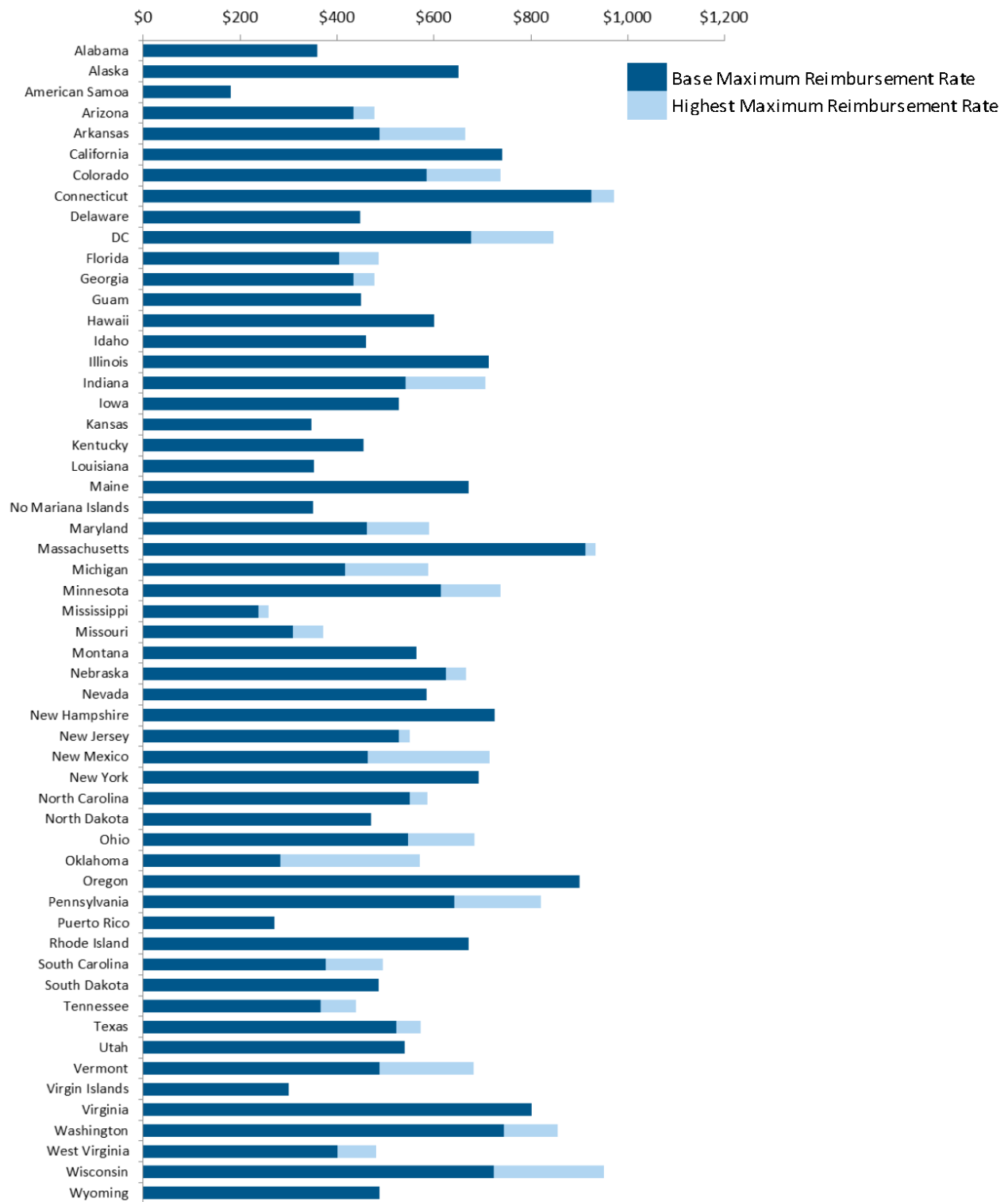


FIGURE 9B

**State/Territory Base and Highest Maximum Reimbursement Rates for Toddlers in Licensed Family Child Care Homes (2015)**



## CCDF Policies Going Forward

Many aspects of CCDF policies will be changing in the coming years. A major federal CCDF policy change occurred in November 2014 with the passage of the Child Care and Development Block Grant Act of 2014. The law reauthorizes the CCDF program and alters many federal requirements, particularly in the areas of health and safety and redetermination periods.

Any State/Territory policy changes prompted by these federal policy changes and implemented on or before October 1, 2015 are reflected in this brief and the 2015 Book of Tables report. Policy changes that were not yet in effect on October 1, 2015 will be reflected in future briefs and reports drawn from the CCDF Policies Database.

Additional information from the CCDF Policies Database project can be found at <http://ccdf.urban.org>. Resources available on the project website include:

- Briefs on CCDBG reauthorization
- Annual reports
- Full data files
- Additional information, including presentations and trainings



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