



Child Care Subsidies under the CCDF Program

An Overview of Policy Differences across States and Territories as of October 1, 2018

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If a child's parents both work full-time and together earn \$30,000 per year, can the family receive a subsidy to help pay for child care? What if one of the parents loses their job and needs child care while they look for a new job? If the family does qualify for a subsidy, how much will they have to pay out of pocket? The answers to these questions depend on a family's exact circumstances, including:

- 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 must comply with federal guidelines,¹ 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 under 13 years of age, or under age 19 if children have special needs
- defining the activities that qualify a family for assistance, within the federally-allowed categories (employment, education, etc.)

States/Territories also have the discretion to establish many other 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.² The CCDF Policies Database tracks State/Territory policies over time, with hundreds of variables describing policies related to:

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

This brief serves as a companion piece to the report “Key Cross-State Variations in CCDF Policies as of October 1, 2018”, providing a graphical overview of some of the policy differences across States/Territories.³ We describe and present policies related to:

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

¹ “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. 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, 2018 are reflected in this brief and the report “Key Cross-State Variations in CCDF Policies as of October 1, 2018”. Policy changes that were not yet in effect on October 1, 2018 will be reflected in future briefs and reports drawn from the CCDF Policies Database.

² The data are available for public use through annual published reports and access to the full Database detail.

³ For the 2018 Key Cross-State Variations report, see: Tran, Victoria, Kelly Dwyer, and Sarah Minton (2019). Key Cross-State Variations in CCDF Policies as of October 1, 2018: The CCDF Policies Database Book of Tables, OPRE Report 2019-117, Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

Finally, we provide information about additional resources that are available from the CCDF Policies Database project.

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 exactly which activities they approve for CCDF-funded child care. Additionally, in almost all cases, families must have income below the threshold defined by the State/Territory to be eligible for the child care subsidy.

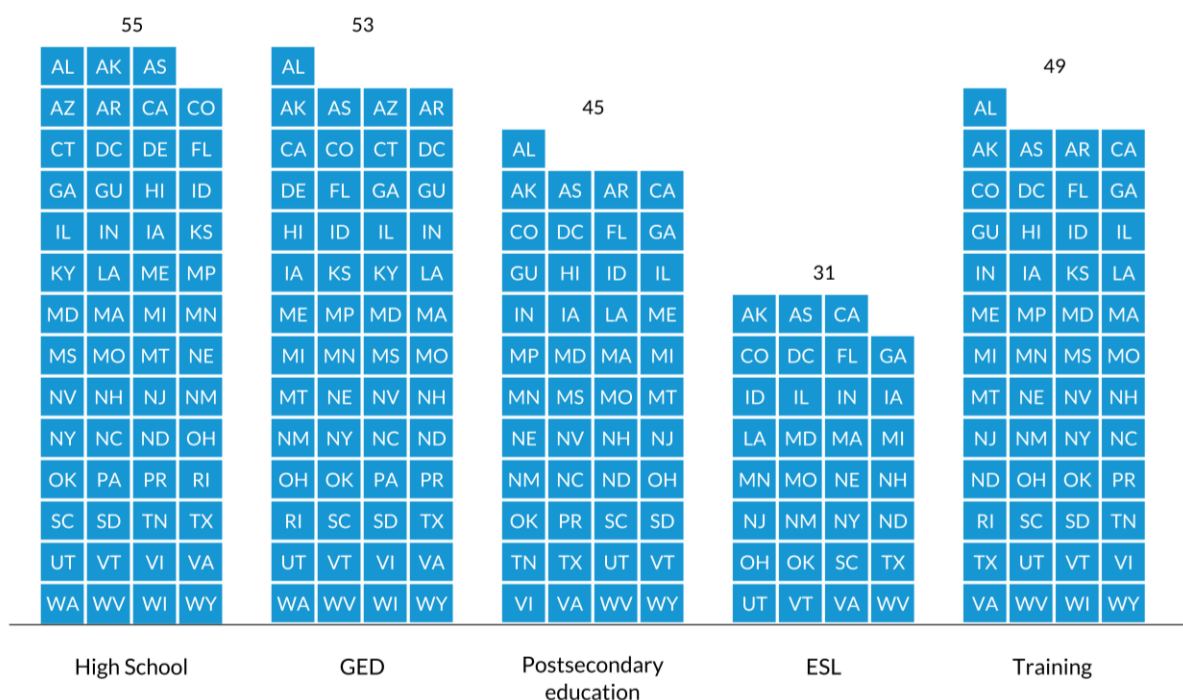
What Activities Does Each State/Territory Approve for CCDF Eligibility?

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 child care subsidies when parents are in education and training activities. Figure 1 shows which States/Territories approve each of these activities:

- High school (55 States/Territories)
- GED activities (53 States/Territories)
- Post-secondary education (45 States/Territories)
- English as a Second Language activities (31 States/Territories)
- Training (49 States/Territories)

Figure 1

State/Territory Approved Education and Training Activities for Eligibility (2018) ⁴



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.

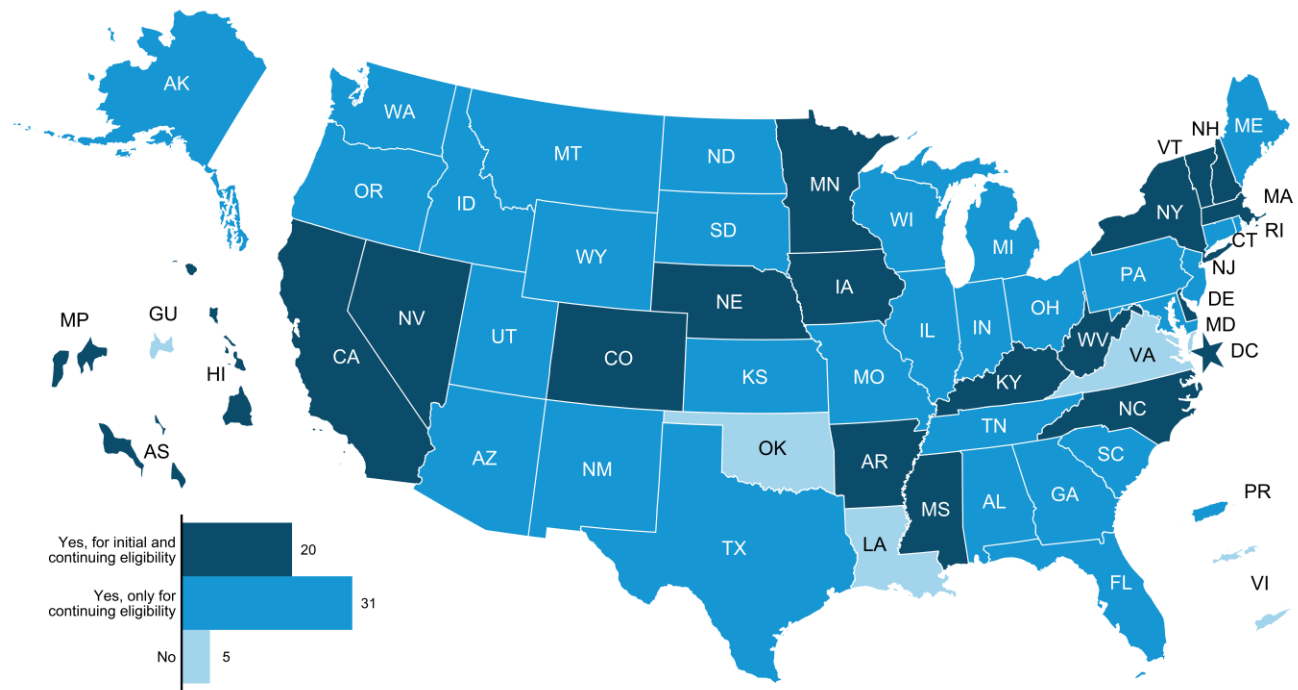
Figure 2 shows:

- Fifty-one States/Territories consider job search to be a qualifying activity for subsidized care for initial and/or continuing eligibility.
- Of the 51, 31 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 51, the other 20 States/Territories consider job search a qualifying activity for both initial and continuing eligibility.

⁴ States/Territories shown here approve these education and training activities, regardless of participation in work; Additional States/Territories subsidize child care while the parent is in education or training only when the parent also meets minimum work requirements. States listed as approving a particular activity may not approve it in all circumstances; for example, some states provide child care subsidies while a parent is in high school only if the parent is a teen.

FIGURE 2

State/Territory Job Search as an Approved Activity for Eligibility (2018)



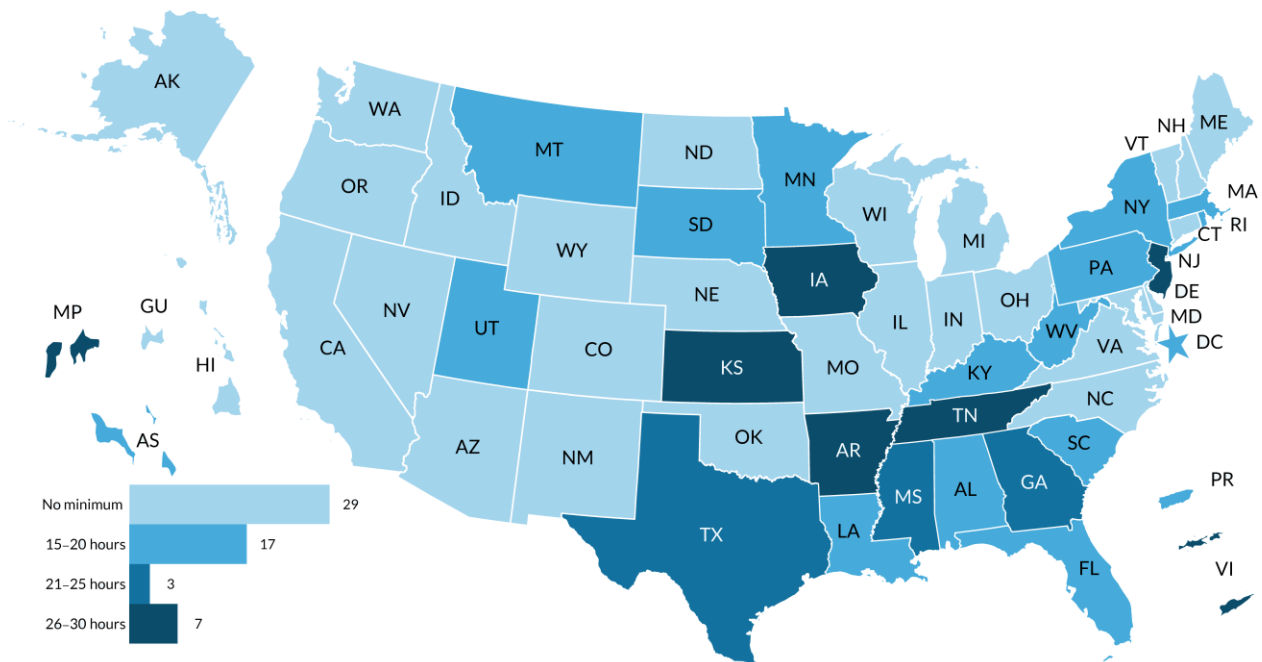
How Many Hours Does Each State/Territory Require Parents to Work in Order to be Eligible?

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:

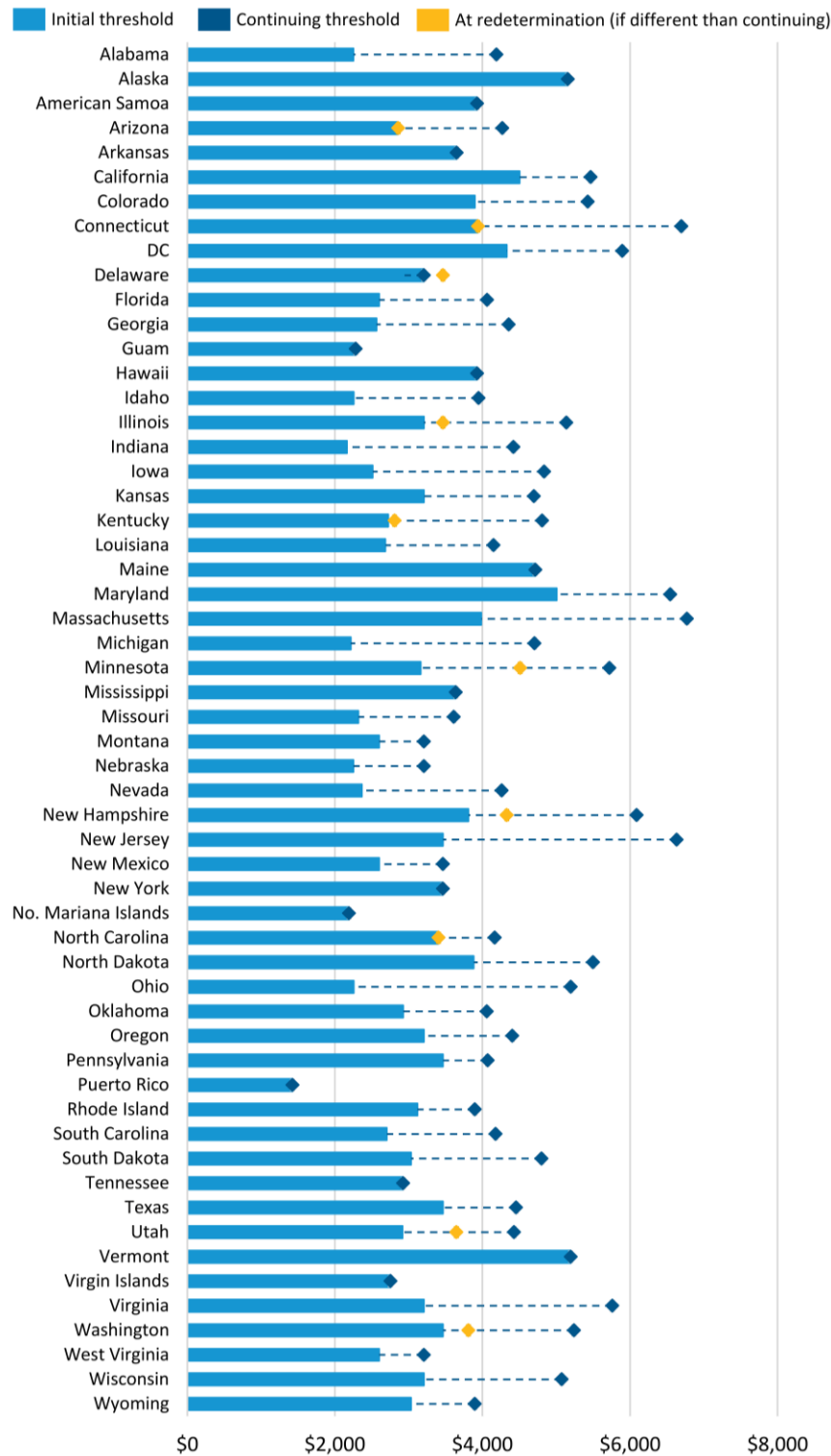
- Twenty-six States/Territories require parents to work a minimum number of hours per week to be eligible for care based on employment, and Montana requires parents to work a minimum number of hours per month.
- Of the states/territories with a minimum, the required hours range from 15 to 30 hours each week.
- For the 29 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 (2018)**What Are the Income Eligibility Thresholds for a Family of Three?**

Each State/Territory establishes a set of income eligibility thresholds at or below the federal limit of 85 percent of SMI to determine eligibility for subsidized child care. States/Territories also have the discretion to define what counts as income when evaluating a family's eligibility (the full CCDF Policies Database provides more information on how each State/Territory defines income). A family newly applying for subsidies must have countable monthly income at or below the program's initial eligibility threshold for their family size in order to be eligible for subsidies. Additionally, States/Territories may set higher continuing eligibility thresholds, or the maximum income that a family already receiving a subsidy can have and remain eligible. (The most recent federal regulations require all States/Territories to allow a family's eligibility to continue during the eligibility period as long as their income is at or below 85 percent of SMI, unless they have experienced a permanent change in employment, education, or training status.) Some States/Territories also use their continuing eligibility thresholds at the point of eligibility redetermination (to determine if there will be another eligibility period). Other States/Territories use a different set of thresholds at the point of eligibility redetermination. Finally, Delaware uses the same thresholds at initial eligibility and during the eligibility period, but a different set of thresholds at the point of eligibility redetermination.

FIGURE 4
State/Territory Monthly Eligibility Threshold Policies, Family Size 3 (2018)



Note: The most recent federal regulations require all States/Territories to allow a family's eligibility to continue during the eligibility period as long as their income is at or below 85 percent of SMI, unless they have experienced a permanent change in employment, education, or training status.)

Figure 4 shows:

- Initial eligibility thresholds for a family of three range from \$1,423 per month in Puerto Rico to \$5,195 per month in Vermont.
- Forty-two States use higher eligibility thresholds for at least some families who are already receiving subsidies. Thirty-three of these States use this continuing eligibility threshold not only during the eligibility period, but also at redetermination. Three states revert to the lower thresholds used to initially determine eligibility, with two of these including a three-month graduated phase-out period when income exceeds the lower limit. Six states use thresholds that are above the initial amounts used but below the amounts used during the eligibility period.
- Continuing eligibility thresholds for a three-person family range from 17 percent higher than the initial threshold in Pennsylvania to 131 percent higher than the initial threshold in Ohio.

Family Application and Terms of Authorization

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.

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.

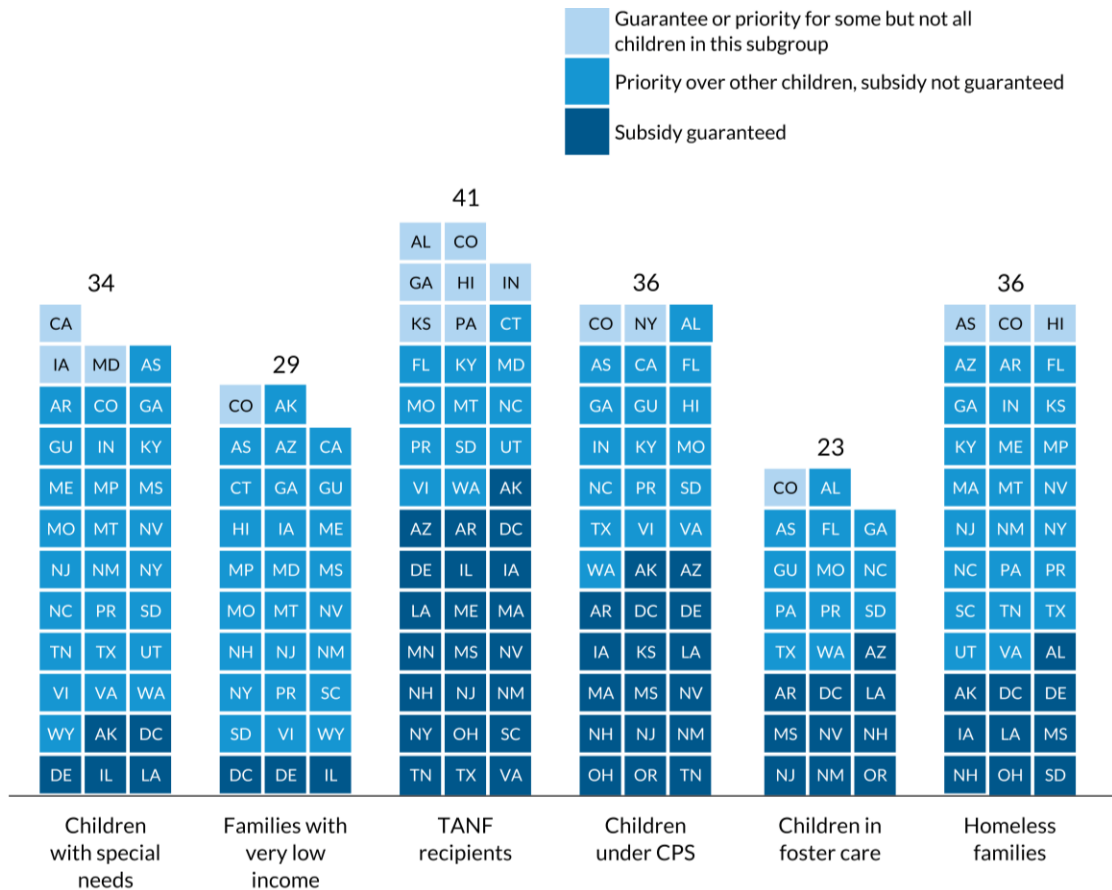
States/Territories may assign different levels or types of priority to families, including:

- guaranteeing a subsidy for the given group
- giving priority to a given group, but without a guarantee of a subsidy when funds are limited
- neither a guarantee of a subsidy nor priority for subsidies for families within a given group

Figure 5 shows which States/Territories give some sort of priority to:

- Children with special needs (34 States/Territories)
- Families with very low income (29 States/Territories)
- TANF families (41 States/Territories)
- Children under child protective services (CPS) (36 States/Territories)
- Children in foster care (23 States/Territories)
- Homeless families (36 States/Territories)

FIGURE 5

State/Territory Priority Policies (2018)

Family Payments

Each State/Territory sets its own policies for family payments, often termed “copayment”, 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.

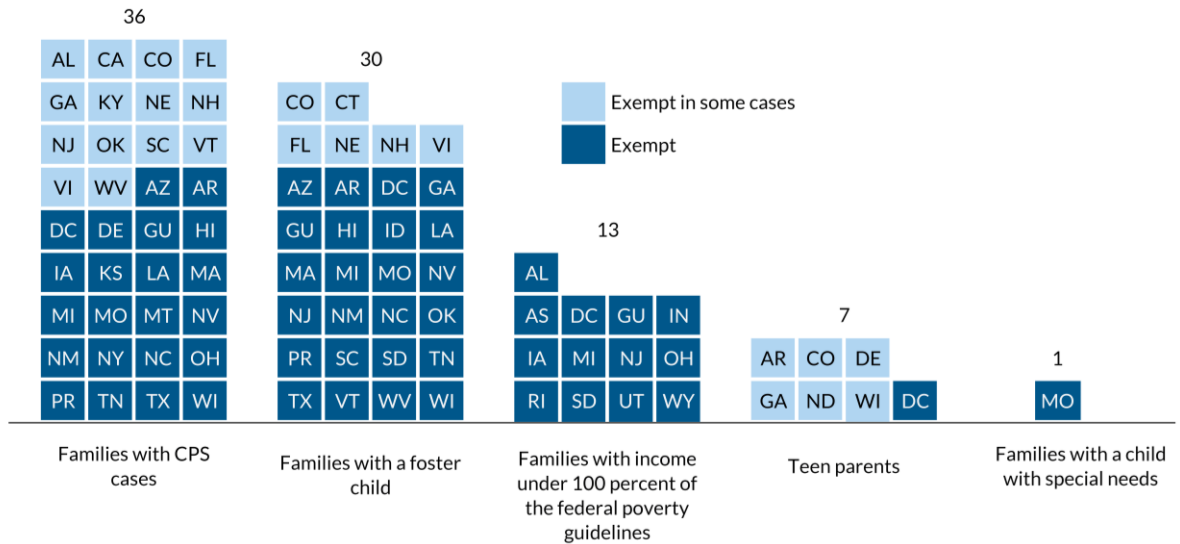
Figure 6 shows which States/Territories exempt from copayments:

- Children under CPS (36 States/Territories)
- Children in foster care (30 States/Territories)
- Families with income under 100 percent of the Federal Poverty Guidelines (13 States/Territories)

- Teen parents (7 States/Territories)
- Families with children with special needs (1 State)

FIGURE 6

State/Territory Copayment Exemption Policies (2018)



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. To compare the copayments in a consistent way, we consider a specific situation: a single parent with a two-year-old child and a four-year-old child.

Figure 7A shows:

- Twenty-nine 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.
- Eight States/Territories require a monthly copayment higher than \$100 for a family in this situation, while the remaining nineteen do not require any copayment.

Figure 7B shows:

- Thirty-six 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 11 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 7A

State/Territory Monthly Copayment Policies for a Family of Three Earning \$15,000 Annually (2018)

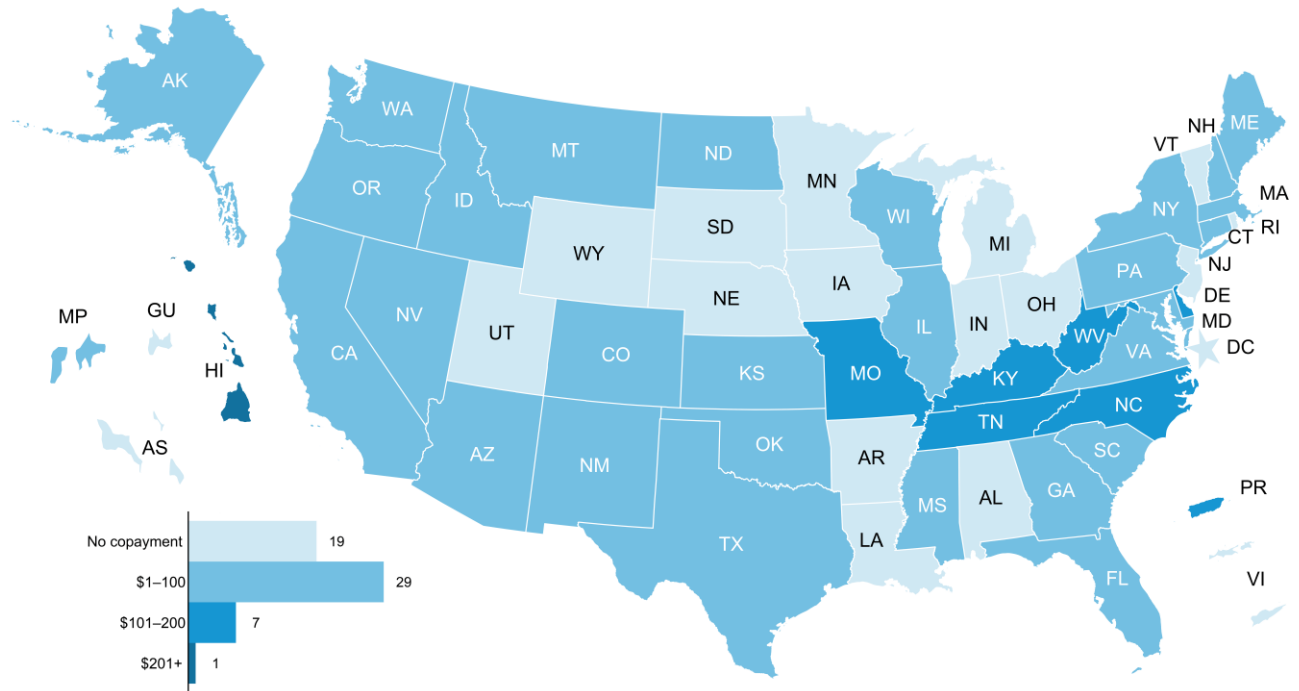
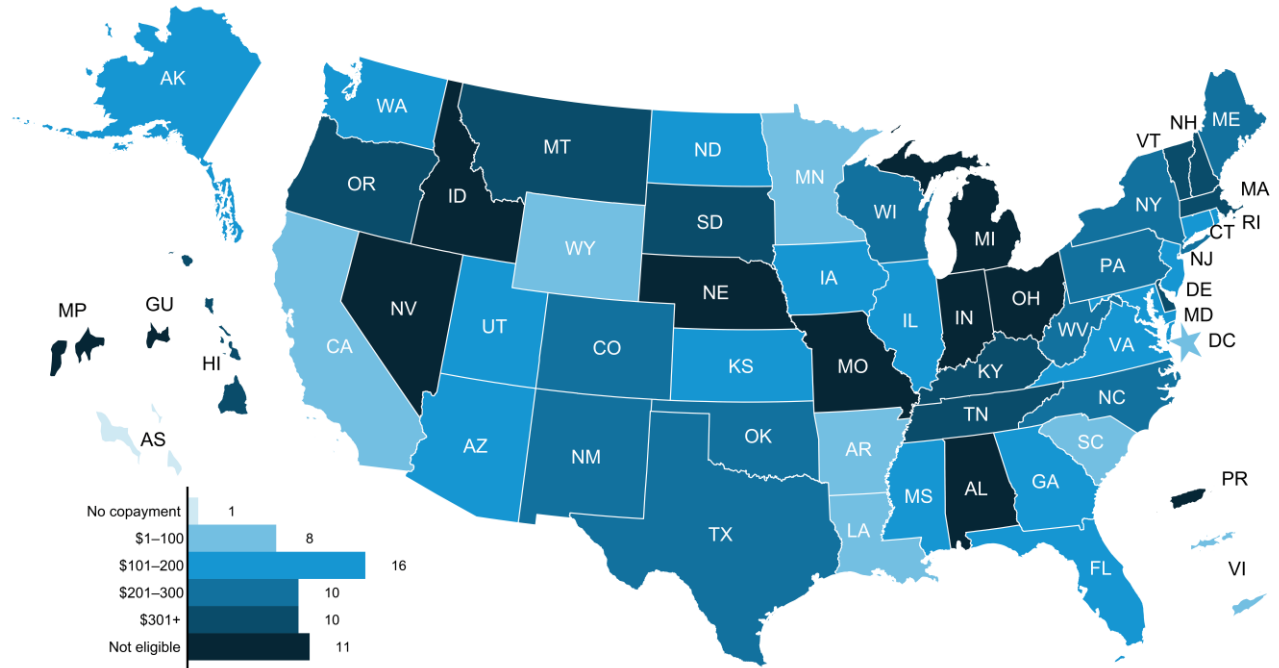


FIGURE 7B

State/Territory Monthly Copayment Policies for a Family of Three Earning \$30,000 Annually (2018)



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. For example, some States/Territories use a tiered reimbursement rate system with rates that increase as providers achieve higher quality ratings. In Figures 8A and 8B, the base rates are the rates providers are paid prior to any quality or other add-on, and the highest rates reflect the highest rates available including all additional criteria.

Figure 8A 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 \$1,505 in Virginia.
- The average monthly base rate for toddlers in licensed center care is \$723, and the median monthly base rate is \$638.
- Thirty-two States use higher tiered or accredited rates in addition to their base rates for care provided in child care centers.

FIGURE 8A

State/Territory Base and Highest Maximum Monthly Reimbursement Rates for Toddlers in Licensed Centers (2018)

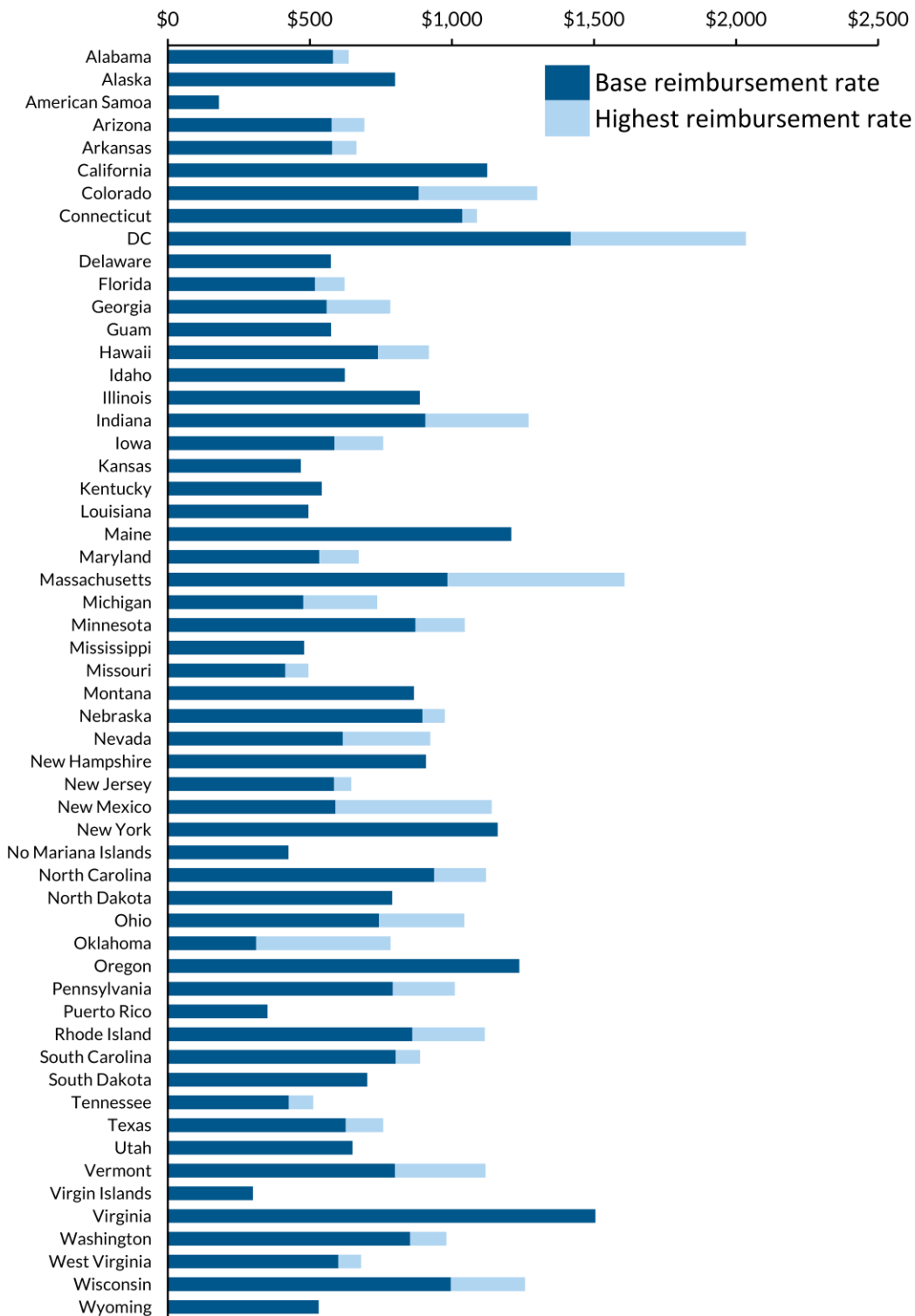


FIGURE 8B

State/Territory Base and Highest Maximum Monthly Reimbursement Rates for Toddlers in Licensed Family Child Care Homes (2018)

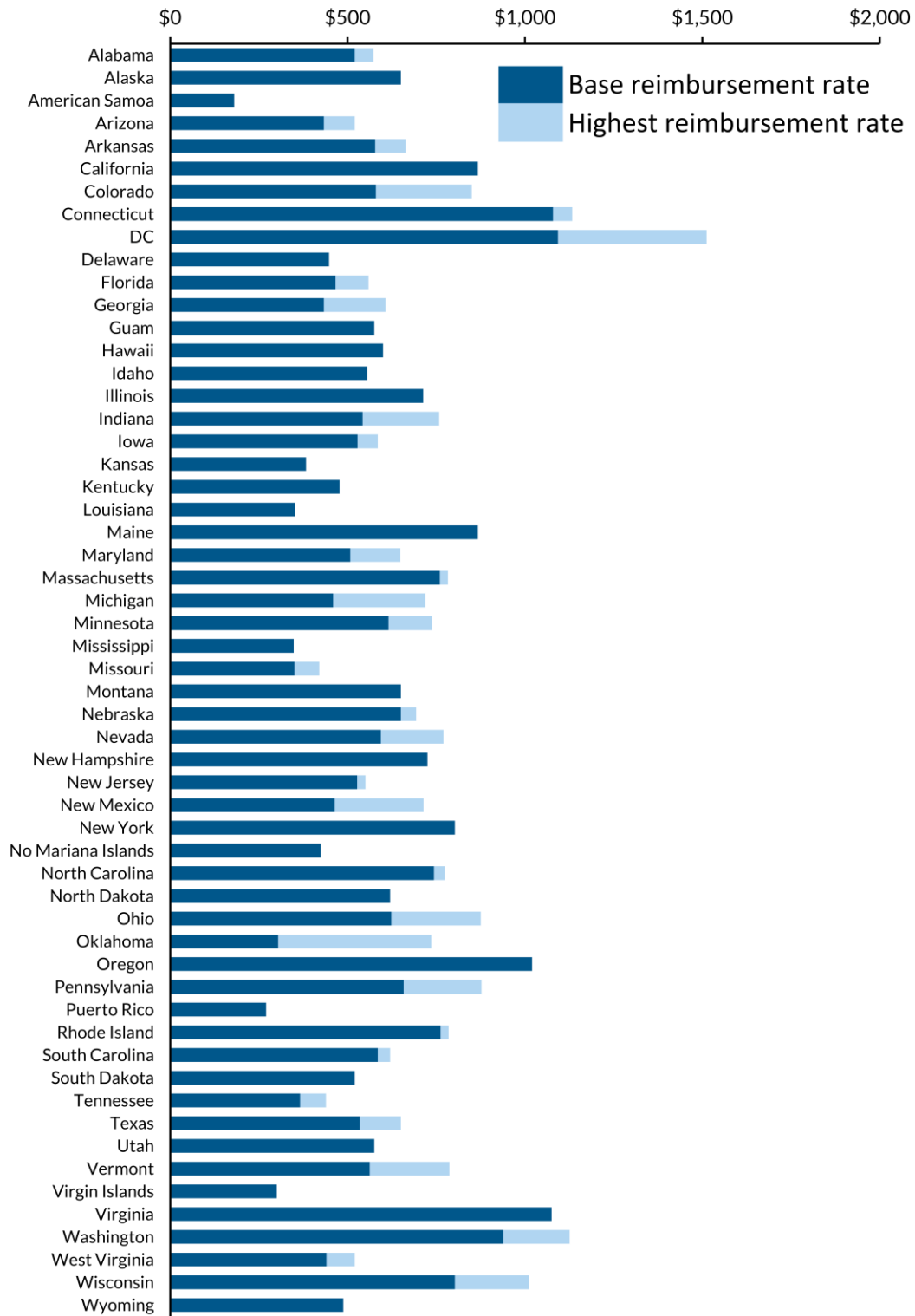


Figure 8B shows the base and highest rates for toddlers (35-months old) in licensed family child care homes.

- Monthly base rates for toddler care in licensed family child care homes range from \$180 in American Samoa to \$1,093 in DC.
- The average monthly base rate for toddlers in licensed family child care homes is \$589, and the median monthly base rate is \$569.
- Thirty-one States use higher tiered or accredited rates in addition to their base rates for care provided in family child care homes.

More Information from the CCDF Policies Database

The information presented in this brief as well as more detailed policies and historical data are available for public use from the CCDF Policies Database.

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

- Annual reports
- A search tool to create custom tables
- Full data files
- Briefs on CCDBG reauthorization
- Additional information, including presentations and trainings

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