

BARRIERS TO CHILD CARE FOR LOW INCOME FAMILIES

Presented to the Commission on Youth
Temporary Assistance for Needy
Families Advisory Group

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By

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What are the major barriers?

- The cost of high quality child care is beyond the reach of many economic groups and especially low income families.
- The maximum reimbursable rate of the Child Care Subsidy Program in our state is below the cost of many Child Care providers.
- There are many more families whose income would qualify them for Child Care Subsidy than there is funding to provide subsidy to these families.

Appendix A. State Income Eligibility Scale for Child Care Subsidy

Maximum Monthly Income Level
Effective 10/1/15

Family Size	100% of Federal Poverty Guidelines	GROUP I 150% of Poverty	GROUP II 160% of Poverty	GROUP III 185% of Poverty	*250% of Poverty
1	\$981	\$1,472	\$1,570	\$1,815	\$2,453
2	\$1,328	\$1,992	\$2,124	\$2,456	\$3,319
3	\$1,674	\$2,512	\$2,679	\$3,098	\$4,186
4	\$2,021	\$3,032	\$3,234	\$3,739	\$5,053
5	\$2,368	\$3,552	\$3,788	\$4,380	\$5,919
6	\$2,714	\$4,072	\$4,343	\$5,022	\$6,786
7	\$3,061	\$4,592	\$4,898	\$5,663	\$7,653
8	\$3,408	\$5,112	\$5,452	\$6,304	\$8,519
9	\$3,754	\$5,632	\$6,007	\$6,946	\$9,226 [†]
10	\$4,101	\$6,152	\$6,562	\$7,587	\$9,422 [†]

Notes:

FFY 2016 State Median Income - Federal Register, Vol. 80, No. 111, Wednesday, June 10, 2015 page 39,958-39,959

FFY 2016 Poverty Guidelines - Federal Register, Vol. 80, No. 14, Thursday, January 22, 2015, page 3,236-3,237. For a household greater than 8 add \$4,160 for each additional person.

*Eligibility is set at 250 percent of the Federal Poverty Guidelines for families residing in Fairfax and Alexandria. **In all other localities**, if the applicant or recipient is acting in loco parentis, eligibility is set at 250 percent of the Federal Poverty Guidelines (capped at 85% of SMI).

†Maximum income levels are capped at 85% of state median income. This symbol indicates that the 85% limit has been reached.

Single family median income in 2014 in Virginia was \$27,583.
Married Couple family median income in 2014 in Virginia was \$98,043

	Annual Cost of 1 Child in Child Care Center in Virginia in 2014
Infant	\$10,458
Four Year Old	\$7,957
School Aged Child	\$3,399

Source - Child Care Aware 2015 Report

Average Annual Center-Based Child Care Costs vs. Average Rent/Mortgage payments in Virginia - 2014

Infant	4 Year Old	School Age	Two Children	Rent	Mortgage
\$10,458	\$7,957	\$3,399	\$18,415	\$13,056	\$21,204

Source - Child Care Aware/U.S. Census Bureau

Child Care Expense Vs. College Education in Virginia

Infant	Four Year Old	School Age	College Tuition at Public Institution
\$10,458	\$7,957	\$3,399	\$10,899

Source - Child Care Aware, College Board Trends

Maximum Reimbursable Rate

The Department establishes Maximum Reimbursable Rates (MRR) for child care for all localities in the state by type of care. Local departments cannot establish their own MRR. The MRR is used to determine authorized payments.

Vendors will be paid up to the maximum reimbursable rate (less any required copayment) of the jurisdiction in which the vendor is located. If the vendor wishes to collect the amount due over the MRR, the vendor will collect this directly from the parent of the child.

Our recipients are required to pay the difference between the MRR and the full charges of the Child Care provider, and many families cannot pay this difference.

Summary of Families Receiving Child Care

Region	VIEW	TANF	Transitional	Head Start	Fee	Total
Central	582	253	127	71	774	1,807
Eastern	735	313	283	123	1,556	3,012
Northern	461	279	278	419	1,655	3,094
Piedmont	291	194	155	132	786	1,563
Western	83	90	37	27	277	530
Total	2,152	1,129	880	772	5,048	10,006

Source - VACMS Report 8/1/16

Child Care Wait List

Region	Number of Families	Infant	Toddler	Pre-School	School Age	Number of Children
Central	1,724	329	235	1,217	1,022	2,803
Eastern	3,834	739	588	2,781	2,277	6,385
Northern	5,265	1,070	761	3,734	2,551	8,116
Piedmont	912	181	140	654	548	1,523
Western	178	42	20	136	94	292
Total	11,913	2,361	1,744	8,522	6,492	19,119

Source – VACMS Wait List Report 8/1/16

- ▣ Women are 1.4 times more likely to maintain employment for two or more years if they receive child care subsidies regardless of level of education or previous receipt of public assistance – Boushey EPI
- ▣ 20% of parents with children under the age of 13 work non-standard hours making finding child care difficult – Enchautegui
- ▣ The Department of Health and Human Services places the official affordability threshold for child care at 10% or less of the family income – HHS 2014
- ▣ 65% of parents' work schedules are affected by child care challenges an average of 7.5 times in a 6 month period – Child Care Aware of America
- ▣ Child Care services are non-transferrable in Virginia. If a family receives child care in one locality and relocates for another the case is closed and the family must re-apply in the new location. This causes a “gap” in assistance.

Solutions

1. Raise the eligibility threshold, not the actual TANF allocation, to allow more “working poor” families to participate in the VIEW program and access supportive services to help stabilize them on the path to self-sufficiency.
2. Increase access for all families, especially working families, to quality child care by moving surplus funding to provide additional stability for previous TANF recipients (Transitional Programs) and leverage more funding for the non-TANF population
3. Close the “child care gap” which occurs when clients move from one locality to another.
4. Increase the MRR and provide incentives for child care providers to make care available for non-standard hours.

Resources

- Child Care Aware of America. “Parents and the High Cost of Child Care” 2015. www.usa.childcareaware.org
- U.S. Census Bureau table B25064. 2011-2013 three year estimates.
- College Board Trends in College Pricing: 2014
- Virginia Case Management System
- Enchautegui, M. “Who Minds the Kids when Mom Works a Nonstandard Schedule?” The Urban Institute. P.5. <http://www.urban.org>
- Boushey, Heather. “Work Supports and Job Quality Vital to Employment Tenure and Job Growth.” Economic Policy Institute. June 1, 2002.
- Gould, Elise and Tanyell Cooke. “High Quality Child Care is Out of Reach for Working Families.” Economic Policy Institute. October 6, 2015.