

## Helping Workers Keep Their Child Care While Moving Up the Job Ladder: Improvements to the Starting Right Subsidized Child Care Program

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In these tough economic times, it is more important than ever that workers have the ability to maintain access to affordable child care and continuity of care for their children. The Starting Right Child Care Program helps parents pay for high quality child care while they are at work. Quality child care and early learning programs support job stability and employment for families and help build a stronger future workforce.

To qualify, parents must be working at least 20 hours per week and have income at or below 180% of the federal poverty level (\$32,958 for a family of 3 in 2009). In 1998, the income eligibility level was set at 225% FPL but was reduced to the current level in 2007 as a budget-saving measure.

Legislation introduced in the General Assembly this year would implement an “exit income eligibility limit” which will allow working parents who are eligible for child care assistance to remain eligible as long as their income does not exceed 225% FPL (\$41,197 for a family of 3). This will prevent parents from losing eligibility due to cost-of-living increases or raises at work.

- **Implementing a higher “exit income eligibility limit” will bring Rhode Island more in line with other New England states.** As shown in the chart below, all other New England states have a higher “entry” eligibility income limits for subsidized child care. The two states that have “exit” income limits, Connecticut and Massachusetts, set those limits, (336% FPL and 364% FPL respectively), above the proposed “exit” limit of 225% FPL.<sup>1</sup>
- **Addressing the child care “cliff effect.”** This legislation will address the “cliff effect” that occurs when a parent’s earnings increase slightly, but as a result finds child care costs increasing significantly. For example: Consider what happens when a parent earning twice the minimum wage (\$14.81/hour) receives a raise of 84 cents/hour. Her eligibility for the child care subsidy ends and her child care costs increase from \$205 to \$1,314 a month<sup>2</sup>.
- **Providing an exit income eligibility limit helps families maintain their child care and their job.** An employee faced with a significant increase in child care costs resulting from a modest increase in pay may choose to forgo a raise the family desperately needs or decide not to take on additional work or hours that could help the family meet basic needs.
- **Consistent child care arrangements are important for children, the employee parent and the employer.** Consistent, quality child care is vital to children’s emotional and educational development. Stable and secure child care is vital to an employee parents’ attendance at work and knowing that their children are well cared for frees parents to concentrate on their jobs.

<sup>1</sup> Data from National Women’s Law Center’s report “State Child Care Assistance Policies 2009: Most State Hold the Line, but Some Lose Ground in Hard Times”. See <http://www.nwlc.org/pdf/nwlcstatechildcareassistancepolicies2009.pdf>. Note that in total, 19 states have separate exit eligibility limits.

<sup>2</sup> Data from The Poverty Institute 2008 Rhode Island Standard of Need.

Child Care Subsidy Eligibility Limits in New England						
Percent of 2009 Federal Poverty Level						
	RI	CT	ME	MA	NH	VT
<b>2009</b>		224%		214%		
<b>Income</b>	180%	(incoming)	250%	(incoming)	250%	194%
<b>Eligibility</b>		336%		364%		
		(exit)		(exit)		

### Important Child Care Facts

- Rhode Island families require child care.** 67.5% of Rhode Island children under age six had all parents in the workforce, meaning that these children spend at least some time in child care, according to the American Community Survey 3-Year Estimates (2006-2008). That is higher than the U.S. average of 62.5%.<sup>3</sup>
- Child care is expensive.** The average cost of care for an infant/toddler in a child care center in Rhode Island in 2009 was \$13,078/year, almost double the cost of tuition at a public college (\$7,120/year in 2007-2008).<sup>4</sup>
- The child care industry is an important part of Rhode Island's economy.** In March 2010, there were 716 certified family home providers and 371 licensed child care centers in the state, employing well over 10,000 Rhode Islanders.<sup>5</sup>
- Quality, regulated care is directly related to future success in school.** Research has shown that children who attended higher quality child care settings performed better on measures of both cognitive skills and social skills. High quality child care continues to positively predict children's performance well into their school careers.
- Participation in the child care program has been declining since 2003 and is now below the participation level in 1997, when the Starting Right program began.** In 1997, 7,159 children received subsidies. Enrollment rose to a high of 14,333 in 2003, fulfilling the programs' intention of allowing children from lower income families to participate in regulated child care. In 2010, 6,810 children are expected to receive subsidies.<sup>6</sup>
- State investments in child care assistance have fallen by almost 90% during the last 5 years.** In 2010, the state investment in the program is only \$6.2 million, representing less than one percent (only .2%) of state general revenue. Total state and federal spending for child care assistance has dropped more than 41%, from \$79.5 million in 2005 to \$46.7 million in 2010.<sup>7</sup>

<sup>3</sup> US Census, American Community Survey, 2006-2008, 3-year estimates.

<sup>4</sup> Child care rate is based on 90% percentile rate for infant and toddler in a child care center as cited in the Statewide Survey of Child Care Rates in Rhode Island. (2009) Bodah, M. M., University of Rhode Island. Tuition and fees for 4-year public college in Rhode Island for 2007-2008 averaged \$7,120 a year, based on statistics compiled by the National Center for Education Statistics, 2008.

<sup>5</sup> Rhode Island Department of Children Youth and Families, [http://www.dcyf.ri.gov/day\\_care\\_listing.php](http://www.dcyf.ri.gov/day_care_listing.php). Checked on March 9, 2010.

<sup>6</sup> Rhode Island Kids Count Factbooks. FY2010 numbers reflect those budgeted at November 2009 caseload estimating conference.

<sup>7</sup> House Fiscal Advisory Staff. Rhode Island Budgets as Enacted. FY2010 numbers reflect those budgeted at November 2009 caseload estimating conference.