

Families of all income levels, not just families in poverty, struggle with the cost of care. In addition to Federal Child Care and Development Fund (CCDF) dollars, State general funds need to be allocated to the child care subsidy. The child care subsidy program promotes family economic self-sufficiency by assisting with the high cost of child care. The child care subsidy program has both short- and long-term effects on the economy. Short term, subsidies contribute to the economy by enabling parents to go to work as well as support child care providers who use the subsidy money to operate their business and maintain their own employment. Long term, subsidies provide equal access to quality child care opportunities so children are prepared for school and for life.

The Federal and State dollars that support CCDF subsidy currently serve families in poverty or children in the foster care system. Prior to February 1, 2009, working families earning 240% of poverty could qualify for assistance with 20% of their child care costs. Today, a single mom with an infant and preschooler making \$1820 a month (118% of poverty) would not qualify for subsidy. This same mother would have to spend 79% of her income on center-based child care for her children. Many families in this situation cannot afford to work. Given that 26.76% (119,400) of all Nevada's children under the age of 13 live below 200% of poverty and have all available parents in the workforce,<sup>1</sup> child care subsidies are critical in supporting their families' employment. Nevada's subsidy program currently only serves 6.27% of children in this eligible population.<sup>2</sup>

### Cost Comparisons

- **\$30,534:** Annual median income for an individual in NV
- **\$8,987:** Annual average cost for infant center care in Nevada
- **\$7,340:** Annual average cost for preschool center care in a in Nevada
- **\$5,364:** Average annual cost of UNLV tuition for an in-state undergraduate student

Access to quality care is also limited due to the State's subsidy reimbursement rate currently being set on 2004 market rates. Only 3 states have reimbursement rates that are set on older market rates (Schulman & Blank, 2011). The Federal Register (1998) specifically states that a "biennial market rate survey (be) relied upon to determine that the rates provided are sufficient to ensure equal access" (pg. 39986). In Clark County, the reimbursement rate for center-based preschool care only represents 4.04% of the available market. To access care outside of what the state will reimburse, parents must pay the overage between the State's maximum reimbursement rate and providers' actual market rate. For center-based preschool care in Clark County, the difference between the state maximum rate and the 2011 75th percentile rate is \$12.53 a day. This overage alone is 22% of income for a single mom with a preschooler living at 100% of poverty. Because higher quality child care is often times more expensive than lower quality care, families on the subsidy program are being forced to use care that they can afford due to the increased responsibility to cover the overage.

<sup>1</sup>Percentage calculated using U.S. Census Bureau American Community Survey table B5010-Ratio of income to poverty in the last 12 months by nativity of children under 18 and U.S. Census Bureau 2010 Census Summary File 2, Table PCT3 Population by Age.

<sup>2</sup>Percentage calculated by using the total number of children on the subsidy program from the Nevada Department of Welfare and Supportive Services December 2011 801 report data and U.S. Census Bureau American Community Survey Table B5010 data.

<sup>3</sup>Investment calculated by using average cost of care (state share only, parent co-payment excluded) from Nevada Department of Welfare and Supportive Services December 2011 801 report data and U.S. Census Bureau American Community Survey Table B5010 data.

*Study after study shows that the sooner a child begins learning, the better he or she does down the road. But today, fewer than 3 in 10 four year-olds are enrolled in a high-quality preschool program. Most middle-class parents can't afford a few hundred bucks a week for a private preschool. And for poor kids who need help the most, this lack of access to preschool education can shadow them for the rest of their lives. So tonight, I propose working with states to make high-quality preschool available to every single child in America. That's something we should be able to do.*

*Every dollar we invest in high-quality early childhood education can save more than seven dollars later on -- by boosting graduation rates, reducing teen pregnancy, even reducing violent crime. In states that make it a priority to educate our youngest children, like Georgia or Oklahoma, studies show students grow up more likely to read and do math at grade level, graduate high school, hold a job, form more stable families of their own. We know this works. So let's do what works and make sure none of our children start the race of life already behind. Let's give our kids that chance.*

- President Barack Obama, 2013 State of the Union Address, 2/11/13

#### **Recommendations:**

Increase the percentage of eligible children served by subsidies, including those children under 13 years old who live below 200% of poverty in single-earner moms, single-earner dads or dual earner households.

Require current market rates be used to determine subsidy reimbursements. The Child Care Development and Block Grant Act (CCDBG) mandates that states review the current market rate every two years, but does not require states to set the reimbursement rate based on the results. Nevada must legislatively mandate resetting the market rate at every two years to ensure equal access to quality, early childhood education programs. The Children's Cabinet currently conducts the statewide market rate survey every two years and shares these results with the state.



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