

In Nevada, over 61% of children ages 0-5 live in families where all available parents are in the workforce. These working parents face the challenge of finding quality childcare that they can afford. Currently, the average annual cost of child care in licensed centers in Nevada ranges from \$9,751 for an infant to \$7,894 for preschoolers (age 3-5). These high costs cause a huge financial burden to all working families, especially those in poverty. Today, a single mom with an infant and preschooler making \$1,820 a month (118% of poverty) would have to spend 79% of her income on center-based care for her children. Many families in this situation cannot afford to work.

To help reduce this financial burden, the Federal Child Care and Development Fund provides child care subsidies to families with children (up to age 13) living in poverty (up to 75% of Nevada's median income). There are two types of subsidies provided to families, mandatory and discretionary. Mandatory subsidies are provided to children who have a parent participating in the New Employees of Nevada (NEON) Program; the state is required to provide subsidies to all NEON families who apply. Discretionary subsidies are provided to all other eligible at-risk families.

### Cost Comparisons

- **\$59,413:** Median Family Income (with children under the age of 18)
- **\$9,751:** Annual average cost for infant center care in Nevada
- **\$7,894:** Annual average cost for preschool center care in Nevada
- **\$6,683:** Average annual cost of UNLV/UNR tuition for an in-state undergraduate student

Unfortunately, the subsidy program is lacking the proper funding to reach those in need. Nevada's subsidy program currently only serves 1.15% eligible children (70.97% of mandatory and .79% of discretionary). Access to quality care is also limited due to the State's subsidy reimbursement rate currently being set to 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. The 2011 75<sup>th</sup> 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.

The Child Care Development Fund Subsidies provide parents with the necessary resources needed to become productive members of society and allows at-risk children to gain a strong start. Research shows positive long- and short-term benefits:

- High-quality pre-kindergarten education, especially for disadvantaged children, has been shown to:<sup>1</sup>
  - Decrease special education placement by 49% and reduce grade retention by 50%;
  - Decrease child abuse and neglect by 51% and juvenile arrests by 33%;
  - Increase high school graduation by 31% and college attendance by more than 80%; and
  - Increase employment by 23%.
- Increases parent employment rates by 13%.<sup>1</sup>
- Reduces worker turnover, absenteeism and increases productivity.<sup>2</sup>

### **Recommendations:**

Increase the percentage of eligible children served by subsidies, including those children under 13 years old who live at or below 75% of Nevada's median income in single-earner moms, single-earner dads or dual earner households.

Require current market rates be used to determine subsidy reimbursements (utilize market rates determined by the most recent market rates). The Child Care Development and Block Grant (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 setting the reimbursement rate to the most recent market rate every two years to ensure equal access to quality early childhood education programs. The Children's Cabinet and Las Vegas Urban League currently conduct the statewide market rate survey every two years and share these results with the state.

Require childhood subsidies to be used at child care programs participating in the Nevada Silver Stars Quality Rating and Improvement System (QRIS) to ensure children are receiving high-quality care. Currently, child care subsidies may be used at any licensed program and in some instances unlicensed homes. These programs may do more harm than good to a child's development if they do not promote a safe and enriching environment.



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\*Adapted from the Nevada Association for the Education of Young Children, Early Education and Care Imperatives for Nevada, 2012.

<sup>1</sup> [http://www.readynation.org/uploads/20120409\\_ReadyNationBusinessCaseLowRes.pdf](http://www.readynation.org/uploads/20120409_ReadyNationBusinessCaseLowRes.pdf)

<sup>2</sup> <http://www.childaction.org/providers/booklets/docs/solutions%20for%20employee%20child%20care.pdf>