

In 2014, the Child Care and Development Block grant (CCDBG) – also known as the Child Care Development Fund – was reauthorized for the first time since 1996. Historically, the CCDBG aimed to reduce the high financial burden of child care on working parents by providing a subsidy to offset a portion of the costs.

- The average cost of care in licensed centers in Nevada ranges from \$10,324 for an infant to \$8,792 for preschoolers (age 3-5).¹
- A family with an infant and preschooler making \$4,041.67 a month (200% of poverty) would have to spend 39% of their income on center-based care for their children.²

In Nevada, child care subsidies are provided to families with children – up to age 12 – 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 based upon available funding.

Since its reauthorization, the CCDBG has broadened its focus to not only assist parents with funding, but also to ensure the children who receive the subsidies attend high quality early learning programs. To accomplish this, the reauthorization added many new – and largely unfunded – mandates. These mandates include issues related to safety, quality improvements, eligibility requirements, general processes, and payments. Overall, the following four mandates will largely affect the State’s child care subsidy program going forward:

I. Protection for Working Parents

Under the Protection for Working Parents mandate, there was a renewed focus on ensuring stability for children and families receiving subsidy. The act:

- Extends the timeframe in which a family is re-determined for eligibility from 3-months to 12-months³

Cost Comparisons

- **\$61,081:** Median Family Income (with children under the age of 18)
- **\$10,324.:** Annual average cost for infant center care in Nevada
- **\$8,792:** Annual average cost for preschool center care in Nevada
- **\$6,943:** Average annual cost of UNLV/UNR tuition for an in-state undergraduate student

¹ As reported in Nevada’s 2015 Child Care Cost Survey conducted by the Children’s Cabinet in September 2015.

² According to the 2015 Federal Poverty Guidelines, <http://ccf.georgetown.edu/wp-content/uploads/2015/01/2015-Federal-Poverty-Guidelines.pdf>

- Requires the state, during the redetermination period, to take into account parents irregular fluctuations in earnings⁴
- Establishes – before termination of benefits – a graduated phase-out of care for families whose income does not exceed 85% of the state median income⁵.

Each of these mandates ensures that once a family qualifies for care they will continue to receive a portion of the subsidy in perpetuity.

II. Payment Practices

The Payment Practices mandate works to alleviate stress on providers who serve children receiving subsidy assistance. This mandate requires the state to amend the way it calculates a provider's reimbursement rate. Prior to the reauthorization, Nevada reimbursed a provider based on the number of days that a child actually attended. This placed additional strain on a provider, as they dedicate a slot to the child whether or not they actually attended. The new mandate requires:

The State... to implement enrollment and eligibility policies that support the fixed costs of providing child care services by delinking provider reimbursement rates from an eligible child's occasional absences due to holidays or unforeseen circumstances such as illness. (Sec. S.ii)

By tying reimbursement payment rates to days scheduled, child care subsidy payments will become more predictable for providers. And as a result, hopefully increasing the number of quality providers who will accept subsidy reimbursements.

III. Payment Rates

Nevada currently sets its provider reimbursement rates at 2004 market rate levels. This has forced many families receiving subsidy to use lower quality – and often times cheaper – care; as they could not afford to cover the difference between what subsidy would pay and what quality child care costs. To remedy this problem, the new mandate requires:

The State... to certify that payment rates for the provision of child care services... are sufficient to ensure equal access for eligible children to child care services that are comparable to child care services in the State. (Sec. 4.A.i)

To comply with this new requirement, Nevada may be required to update its reimbursement rates from 2004 market rates to the most current rates.⁶ The following table shows the needed daily increase in subsidy payments per child if market rates are updated.

³ Sec. N.i.I

⁴ Sec. N.i.II

⁵ Sec. N.iv

⁶ On June 13, 2016, the Administration for Children and Families of the U.S. Department of Health and Human Services sent a letter to the Nevada Department of Health and Human Services saying, "They continue to be concerned that Nevada's rates may not allow for equal access." https://www.acf.hhs.gov/sites/default/files/occ/nevada_stplan_pdf_2016.pdf.

CHILD CARE CENTERS		Washoe	Clark	Car-Doug	Rural
Infants	Current Reimb Rate (2004)	\$35.00	\$31.00	\$29.00	\$27.00
	12-2015 75th Percentile Rate	\$43.59	\$48.00	\$39.19	\$35.75
	2015 / 2004 Rate Difference	\$8.59	\$17.00	\$10.19	\$8.75
Toddlers	Current Reimb Rate (2004)	\$30.00	\$28.00	\$24.00	\$22.00
	12-2015 75th Percentile Rate	\$39.58	\$42.00	\$35.85	\$32.50
	2015 / 2004 Rate Difference	\$9.58	\$14.00	\$11.85	\$10.50
Pre-K	Current Reimb Rate (2004)	\$26.00	\$23.00	\$24.00	\$22.00
	12-2015 75th Percentile Rate	\$34.00	\$39.87	\$31.50	\$36.00
	2015 / 2004 Rate Difference	\$8.00	\$16.87	\$7.50	\$14.00

During the month of September 2015, Nevada provided child care subsidies to 3,210 families which allowed a total of 5,711 children to attend child care. This was done at a cost of \$1,967,341.91 for the month. If Nevada would have paid 2015 market rates for the same month and served the same number of children and families, it would have cost the state approximately \$2,826,648 – an increase of \$859,306. Over the course of a year, for Nevada to increase the child care market rates to 2015 rates and serve the same number of families it would cost an additional \$10.3 million dollars.

IV. Compliance with State Licensing Requirements

The reauthorized CCDBG grant also set a new requirement for the state to certify that license-exempt child care providers who serve children on subsidy are not endangering the health, safety, or development of the children they serve.⁷ To satisfy this requirement, the state must now conduct background checks and on-site inspections for all providers receiving subsidy. This requirement will create the need for approximately 10 new staff members and additional resources to conduct the checks and inspections statewide at a cost of over \$560,000 annually.⁸

⁷ Sec. F. ii

⁸ Estimates provided by Children’s Cabinet and Las Vegas Urban League.

Recommendations

These four new – largely federally unfunded – mandates have placed further strain on Nevada’s child care subsidy program. Prior to the implementation of these mandates, Nevada only served 3.21%⁹ of its eligible population. Without a substantial investment in the program, Nevada will serve even less of its working families. These same families will then continue to struggle to provide for their children while spending up to 39% of their income, solely, on child care. Some families may also choose to leave the workforce altogether, causing additional strains on Nevada economy and other social safety net programs such as Supplemental Nutrition Assistance Program (SNAP), Homelessness and Urban Development (HUD) program, and the Temporary Assistance for Needy Families (TANF) program.

The Children’s Advocacy Alliance recommends that Nevada:

- Provide additional funding to increase the percentage of eligible children served by subsidies, including those children under 13 years of age who live at or below 75% of Nevada’s median income in single-earner moms, single-earner dads or dual earner households to allow them to work, seek employment, or attend school/vocational training.
- Require childhood subsidies to be used at child care programs participating in the Nevada Silver State 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.
- Ensure that child care subsidies are available for biological and foster families to support the need for high quality care for parents/foster parents who work or are in school. The low subsidy reimbursement rate and requirement for foster parents to pay the overage places additional burdens on these families. Kinship caregivers are also being denied eligibility from receiving both child-only TANF and child care subsidies for their relative’s children they are fostering.



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⁹ Calculation from Children’s Cabinet.