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## **Child Care Subsidies**

### **2007 Position Paper #1**

#### **The Problem**

Almost a third (28%) of Nevada's children under age six are in paid child care, according to the 2000 Census. More than 80% of the parents of those children indicated that labor force participation is the main reason for using child care services.

The combined effects of an increasingly younger population and limited availability of affordable housing mean that Nevada will have more children in families with fewer stay-at-home parents.

For many working Nevada parents the cost of child care is more than they can afford. For single low-income parents the cost can be prohibitive. In order to achieve self-sufficiency, parents, and especially single parents, need access to job training as well as employment. If there are young children in the family, child care is vitally necessary.

#### **Current Situation**

The federal Child Care Development Fund (CCDF) Child Care Program assists low-income families, families receiving temporary public assistance and those transitioning from public assistance, in obtaining child care. This allows them to work or attend training or school.

Subsidies for child care use state and federal funds, and can make the difference between employment and welfare, allow a parent to get job training, find employment, and achieve self-sufficiency. Currently, foster parents and recipients of Temporary Assistance to Needy Families (TANF) participating in the state NEON (New Employees of Nevada) program receive 100% of the maximum rates set by the state Division of Welfare and Supportive Services (DWSS).

All other parents are required to contribute a copayment on a sliding scale from 5% to 80% of the state maximum rates. These maximum rates vary by region of the state, by type of facility, and by the age of children served. Since November 2004 the highest maximum rates have been

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in Washoe County. For licensed child care centers these daily rates are \$35 for infants under one year, \$30 for toddlers one to three years, and \$26 for preschoolers over three.

Families with income below 75% of the state median are eligible for child care subsidies. Those at 130% of the federal poverty level (\$1798 per month for a family of three) receive 80% of the state maximum. This subsidy is reduced on a sliding scale to 20% for those at 75% of the state median income (\$3,177 for a family of three).

In January of this year (2007) almost 4,000 families received childcare subsidies for 6,591 children. The average cost of care per child was \$371, made up of the monthly subsidy plus the parent copayment. Of the total costs, parents paid 21% and the program paid 79%. (DWSS Child Care and Development Fund Fact Sheet:

[http://www.welfare.state.nv.us/child\\_care/ChildCareDocs/Attach-A-B.pdf](http://www.welfare.state.nv.us/child_care/ChildCareDocs/Attach-A-B.pdf) ).

## Gaps in Services

In Nevada a greater proportion of recipients of child care subsidies make copayments than nationally – 73% compared to 61%. And Nevada copayment levels are higher than the national average, presenting a barrier to parents who need the assistance. In 2000, the last year for which comprehensive national data are available, in Nevada the annual copay for one child in child care was \$3,636. Nationally it was \$1,720 (based on a family of three at 150% above the federal poverty level). Of course many families have more than one child needing child care.

It is difficult to tell how well the program is meeting the needs of families in Nevada. The fact that there are sometimes no waiting lists for the funds may not mean that there are no families who would qualify for them. If the copayments are too high then families may place their children in unlicensed child care or simply leave them with older siblings. Some parents may be underemployed or not employed at all because of their inability to pay the required amount.

## Nevada Can Do Better

- Fund a needs assessment to determine whether the current program is meeting the needs of Nevada families.
- Utilize available TANF funds to reduce the levels of copayments required from families receiving child care subsidies.

Federal funds are available to reduce the high level of copayments in Nevada. States are permitted to transfer up to 30% of TANF funds to the Child Care and Development Block Grant (CCDBG), the largest source of federal funding for child care assistance. Nevada has chosen not to transfer any of that available money.

Without adequate information about the number of Nevada parents who choose not to apply for child care subsidies the state cannot make effective decisions about appropriate funding levels for the program. A needs assessment is an important first step in ensuring that working parents get the assistance they need.

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