Improving Access to the Child Care Assistance Program

Making Permanent the Exit Income Eligibility Limit

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The Child Care Assistance Program ("CCAP") provides subsidies to working parents to help pay for early learning programs for their young children and for safe after school care. To initially be eligible for CCAP, the parent must be working at least 20 hours per week and have income less than 180 percent of the Federal Poverty Level ($36,622 for a family of 3). Quality child care is expensive: the average cost for care for a child under age 6 is $832/month.[1] Child care subsidies help low-income families afford regulated care and help families keep their children in stable child care arrangements.[2]

Last year, the general assembly passed the Child Care Exit Income Pilot that allows families who are already receiving child care assistance to remain on the program until their income reaches 225 percent of the federal poverty level (44,528 for a family of 3). This allows families to get a better paying job, increase their hours or receive a small raise without losing their subsidy right away.

Legislation introduced by Representative Diaz **(H7421)** and Senator Crowley **(S2493)** would make the Exit Income Limit permanent - to allow working parents who are receiving child care assistance to continue to remain eligible as long as their income does not exceed 225 percent FPL ($44,528 for a family of 3).

The Exit Income Pilot has helped 188 children (in 124 families) maintain child care after a raise.[3] Rhode Island is now among 16 states, including Massachusetts and Connecticut, that allow working families to keep child care assistance as income rises (see chart below). The difference between the initial and continuing income eligibility thresholds in these 16 states ranges from 8 percent to 70 percent. Rhode Island's difference of 25 percent is comparable to the median increase of 24 percent -- much lower than Massachusetts' 70% percent and Connecticut's 50 percent.[4] In other words, the amount of increased income that

[1] Average cost for infant, toddler and preschool care that would allow parent to access care at 75% of RI providers (2013).
[2] Forry, N., Daneri, P., Minton, S. & Durham, C. (2014). Supporting Continuity through Child Care and Development Fund Subsidies: A Review of Select State Policies. OPRE Research Brief #2014-32. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.
[3] According to RI Dept of Human Services, as of March 31, 2014.
[4] Forry, Daneri, Minton, Id.

a Rhode Island parent is allowed to have while keeping eligibility falls in the middle of the pack for those states that have a tiered system.

Providing an exit income eligibility limit allows children to maintain consistent care when parent's income increases due to a small raise. Consistent, quality child care is vital to children's emotional and educational development. Parents are better employees when their children are in safe and stable child care, an important factor for employers as well as families.

Families with higher income need subsidies to pay for quality child care as demonstrated by income limits in other New England states (and formerly Rhode Island). As shown below, the other New England states recognize that workers at income levels higher than 180 percent of the FPL need help paying for quality child care. In Rhode Island, when CCAP was enacted in 1998, the plan was to increase the income limit to 250 percent of the FPL over time. Eligibility increased to 225 percent of FPL, but was rolled back in 2007 solely due to budgetary constraints.

Rhode Island Has Lowest Child Care Eligibility Level in New England
Percent of 2013 Federal Poverty Level

	RI	CT	ME	MA	NH	VT
2013 Income Eligibility	180% (in) 225% (exit)*	219% (in) 329% (exit)	250%	221% (in) 375% (exit)	250%	187%

* Set to expire in Sept 2014 if legislation not enacted.

Providing an exit income eligibility limit encourages parents to pursue increased earnings, additional hours or a higher paying job. Workers faced with a significant increase in child care costs resulting from a modest increase in pay may choose to forgo a better paying position or maintain limited hours of work, forfeiting career advancement or additional earnings that could help the family meet basic needs.

The following chart shows how having the "exit income" provides a great benefit to families who are participating in the CCAP program and whose income increases. When the family is allowed to remain on CCAP after a raise, the amount they spend on child care is only 10-14 percent of their net income rather than 40-44 percent.

Exit Income Keeps Child Care Assistance Affordable for Working Families

(Example of a 2 parent family with a toddler and school aged child)

2013 Data

	180% FPL	181% FPL	201% FPL
Net Monthly Income*	$3,212	$3,229	$3,535
Child Care Expenses with CCAP (Monthly co-payment)	$260	$328	$364
Percent of Net Income spent on child care	8%	10%	14%
Child Care Expenses without CCAP	n/a	$1,428	$1,428
Percent of Net Income Spent on Child Care	n/a	44%	40%

*** Net income is income less taxes.**