

Improving Access and Quality: Rhode Island’s Child Care Assistance Program

In March 2018, Congress approved legislation to almost double the amount of discretionary funds for the main federal-state program to assist low-income families with child care expenses. Rhode Island received \$5.1 million of these funds and has used the money as a catalyst to improve access and quality. The state’s no waiting-list policy of accepting all those eligible has continued, and a tiered-payment system based on quality was implemented. Infusing the program with additional federal and state funds would generate further advances in making quality child care more affordable for a larger number of low-income working parents.

The Need and the Beneficiaries

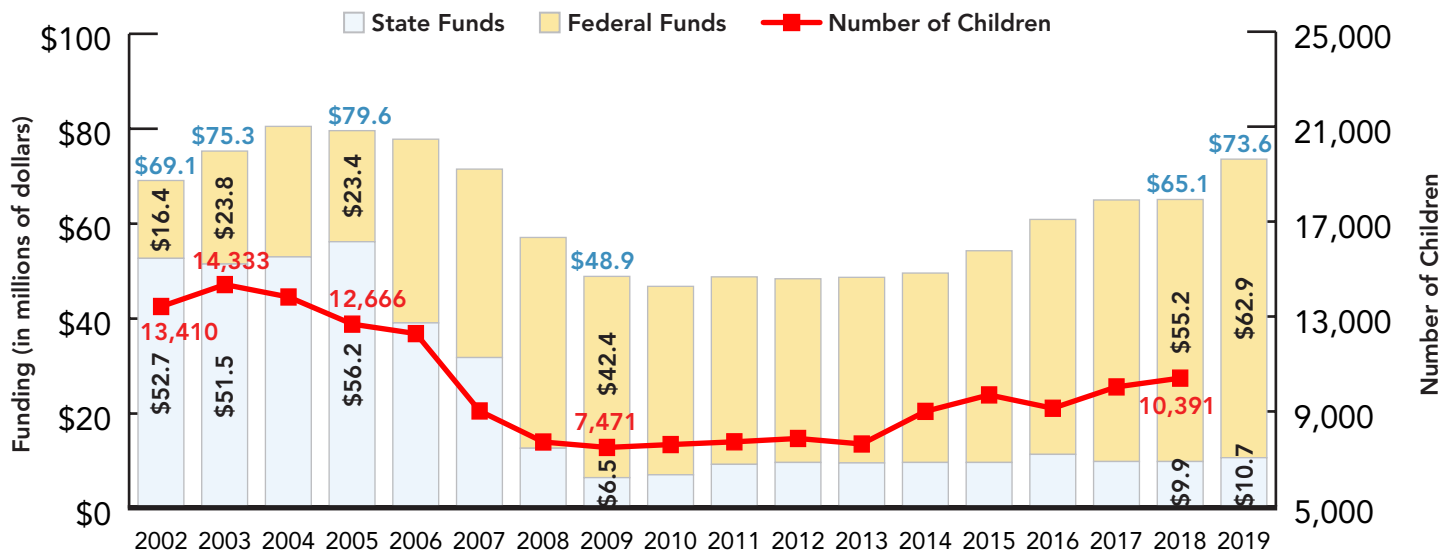
Parents rely on child care so they can work, and high quality child care programs provide the early education experiences critical for healthy child development.

However, child care is expensive and can easily become the biggest expense in a family’s budget. For a single mother of a toddler and a school-aged child, child care costs can consume up to one-third of her family’s budget—more than housing or food.¹

In Rhode Island, the Child Care Assistance Program (CCAP) is operated out of the Department of Human Services (DHS) and utilizes funding from federal and state sources to subsidize costs so that low-income, working families have access to high quality child care. The number of children who benefit each year has fluctuated over time as program eligibility requirements have changed (see Figure 1).²

The program derives the large majority of its funding from federal sources: from the Child Care & Development Block Grant (CCDBG), the Child Care Entitlement to States (CCES), and the Temporary Assistance for Needy Families (TANF) fund. The state contributes only the minimum necessary to meet its CCES Maintenance of Effort (MOE) obligations, and this has been the case for a decade (see Figure 1). Current state funding is 80% less than it was in 2005, the peak of state investment over this time period.

Rhode Island Child Care Assistance Program Funding and Enrollment by State Fiscal Year



Data compiled by Rhode Island KIDS COUNT

Source for Funding: Rhode Island House Fiscal Office. SFY2002-2018 are final expenditures, SFY2019 is budget as enacted.

Source for Enrollment: Rhode Island Department of Human Services, Point in time data for December of each year 2002-2018, except September for 2016; 2019 not yet available.

Figure 1

New Funds

In addition to the annual funding, Congress each year allocates additional, discretionary funds through the appropriations process. Beginning with Federal Fiscal Year (FFY) 2018, Congress provided substantial new discretionary child care funding through the CCDBG. In FFY2018, Rhode Island received an additional \$5.1 million in discretionary funding, which amounted to a 78% increase over the FFY2017 funding.

Rhode Island officials have used the additional CCDBG funding in a variety of ways. Direct payments to providers grew by \$3 million (from \$17.4 to \$20.4 million), quality earmarks increased by close to \$1 million (from \$2.75 to \$3.70 million), and funding for an infant and toddler initiative³ rose by \$350,000 (from \$1.18 to \$1.53 million).⁴

The largest investment, as part of the increase in direct provider payments, allowed for the implementation of a new, tiered-payment reimbursement system for center-based programs serving infants, toddlers, and preschoolers. This was the result of a multi-year effort by state advocates looking to address families' loss of access to quality care due to significantly below-market level reimbursements, and the lack of incentive for programs to further increase quality. The new reimbursement system is not initially applied to programs serving school-aged children. The new structure features the following:

- Five tiers with quality-based criteria
- Increases based upon the state's own BrightStars Quality Rating and Improvement System (QRIS)
- Initial application to infant, toddler, and pre-school care at child care centers
- Increases to infant/toddler reimbursement rates of between 2.5% to 33%, based on the QRIS (This brought the 5 star programs' rates up to the 75th percentile of the 2018 market-based rate survey, up from their 11th percentile of the 2015 market rate survey starting point.)

In addition, pursuant to negotiations with the local Service Employees International Union (SEIU) for family-based child care providers, Rhode Island provided an increase in reimbursement rates and earned sick time.

CCAP used new quality improvement set-aside dollars in a number of ways, including contracting with community-based organizations and with state higher education institutions to provide technical assistance and evidence-based professional development for the early learning workforce.



How Have Child Care Centers Used Additional Funds?

While it remains too early to gather and present any statistics from across the state, child care advocates have received anecdotal feedback demonstrating a range of uses for the increased provider reimbursement rates:

Access

"I was able to increase the number of CCAP children we could serve."

Wages

"I put it toward the minimum wage increases."

"I was able to give all staff a 5% wage increase."

"We raised wages for existing staff based on tenure."

Expenses

"We were able to cover the cost of a rent increase. We had been operating with a deficit and now we are breaking even."

Unmet Needs and Current Initiatives

Rhode Island's CCAP provides valuable assistance for low-income families — nevertheless, it does not go far enough to meet all present needs. Future state and federal investments are needed to address the following:

1. Extremely low wages for child care providers make hiring and retention challenging for centers. The median hourly wage for child care workers is \$11.82, only \$1.32 over minimum wage.
2. Many families who would benefit from CCAP assistance remain ineligible due to the strictest qualifying income level in New England: families must have income below 180% of the Federal Poverty Level (FPL) to qualify, though once eligible, children can remain enrolled until family income exceeds 225% of the FPL. For 2018, this meant an annual income of \$37,404 for a family of three to qualify, and an annual income of no more than \$46,755 for such a family to remain eligible.
3. The tiered payment system needs to be expanded to:
 - Include family providers so that they are also incentivized to increase quality
 - Include providers who serve school-age children to ensure ongoing access
 - Ensure the pre-school child care center rates are at or above the 75th percentile of the 2018 market rate survey for high quality programs

The Governor's proposed FY2020 budget includes state funds needed for a portion of the tiered payment system initiative, but it is not guaranteed that the final approved budget will include these provisions. The Governor's proposal also includes funds to expand the state's Pre-K slots for four-year-olds from the current 1,080 up to 7,000 over four years. Ensuring a smooth transition to such a "universal" Pre-K model would require the state to invest additional funds in the wages of the child care workforce so that the child care system is able to attract and maintain qualified teachers.

Conclusions

Rhode Island used the additional CCDBG funds to improve access to quality child care and thereby help low-income working families. The monies have helped develop programs and changes in payment methods in accord with the 2014 CCDBG regulations, laying a foundation for further improvements — but there remain unmet needs for quality child care services.

The Center for Law and Social Policy (CLASP), a nonpartisan and nonprofit organization advancing policy solutions for low-income people, reports that should Congress approve \$5 billion more in funding for FFY20, Rhode Island stands to receive \$11.25 million.

Child care is an important early learning support and workforce necessity. Rhode Island's children and families would benefit from these additional federal investments. We also urge Rhode Island to reverse the trend of the last decade by investing more state dollars in this important program to complement federal investments.

Endnotes

¹ 2018 Rhode Island Standard of Need, Economic Progress Institute, December 2018.

² The steep decline in participation between 2006 and 2008 was due to changes enacted for state budget reasons. These included lowering the income and age eligibility limits and reduced payments to providers all of which limited access to care for children needing CCAP.

³ The state provided continuous eligibility to 10% of families participating in the Early Head Start-Child Care Partnership pilot program.

⁴ Data for FFY2018 over FFY2017, as reported by Rhode Island's Department of Human Services (DHS) to the federal government on ACF-696 forms.