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*Economic Progress Institute*

## **New EPI Brief Analyzes How Federal Investments Have Improved Rhode Island's Child Care Assistance Program as Congress Debates \$2.4 Billion Expansion of Child Care Funding**

*Additional federal funding would allow Rhode Island to make quality child care more affordable for a larger number of low-income working parents.*

**Providence, RI** –Last year, Rhode Island received an additional \$5.1 million in federal funds to assist low-income families with child care expenses. The state invested that funding to improve access and quality. This week, Congress continues debate on a package of funding bills that would boost the Child Care & Development Block Grant (CCDBG) funding by \$2.4 billion in key areas such as Head Start, job training, K-12 education, Social Security operations, and family planning. The Economic Progress Institute's latest brief entitled "***Improving Access and Quality: Rhode Island's Child Care Assistance Program***," analyzes the funding of Rhode Island's Child Care Assistance Program (CCAP), including the impact that the additional federal funds had on the program, and provides recommendations to further improve the program. Infusing CCAP with federal and state dollars would allow the state to make additional improvements that would address the present needs of Rhode Island parents and children.

CCAP 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. Current state funding is 80% less than it was in 2005, the peak of state investment over this time period.

In addition to the annual funding, Congress each year allocates additional, discretionary funds through the appropriations process. In FFY2018, Rhode Island received an additional \$5.1 million in discretionary funding, which amounted to a 78% increase over the FFY2017 funding. This funding allowed for the implementation of a new, tiered-payment reimbursement system for center-based programs serving infants, toddlers, and preschoolers. The tiered reimbursement system has allowed Rhode Island working families to have access to quality care and has further incentivized child care programs to further increase quality.

"Recent federal and state investments in Rhode Island's child care system has allowed us to make some gains to help Rhode Island children and working parents have access to quality and affordable child care" said Rachel Flum, executive director of the Economic Progress Institute. "However, further funding is needed to ensure that providers are adequately reimbursed for the care they provide and to help ensure that all our children are able to access the quality programming they need to be future productive members in our workforce."

Future state and federal investments can 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:
  - i. family providers so that they are also incentivized to increase quality
  - ii. Include providers who serve school-age children to ensure ongoing access
  - iii. 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 full report can be accessed at [www.economicprogressri.org/childcare2019](http://www.economicprogressri.org/childcare2019).

#### **About The Economic Progress Institute**

The Economic Progress Institute is a nonpartisan research and policy organization dedicated to improving the economic well-being of low- and modest-income Rhode Islanders. For more information visit [www.economicprogressri.org](http://www.economicprogressri.org).

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