

The Family Conservancy

2020 Public Policy Agenda

Improve Child Care Subsidy System

Issue Overview: High-quality child care is a necessity for working parents and developing children, yet the cost is often more than families can afford. While child care subsidy programs exist in both Kansas and Missouri, they are not meeting the needs of working families or child care providers.

Barriers for Families:

- Even if a family qualifies for the largest subsidy, they are often unable to cover the full cost of child care.
- For a family making the median household income, the current cost of infant care (around \$12,000 per year for an infant) is close to 20 percent of their income.¹ In both Kansas and Missouri, no support exists for this family.
- Parents are often forced to leave the workforce or choose a subpar child care arrangement — often unlicensed, unsafe and lacking the developmental supports young children need.

Barriers for Providers:

- Current reimbursement rates leave an unmanageable burden on parents and force providers to consider a difficult decision — offer their services at a rate that doesn't cover the true cost they incur or turn away the families that need their services most.
- Current child care subsidy rates do not allow child care workers to be properly compensated.

Barriers to Employers:

- Businesses rely on employees, and employees rely on child care. American businesses lose an estimated \$12.7 billion annually because of their employees' child care challenges.²
- Without an adequate child care system, employers have difficulty recruiting and retaining the workers they need. Challenges are especially difficult for industries with non-traditional work hours.

Strategies

- **Increase child care subsidy rates.**
 - Increase all subsidy rates to meet the federal recommendation of 75 percent of the market rate.
 - Support Kansas and Missouri in adopting subsidy rate-setting models that recognize the true cost of care.

- **Increase subsidy income eligibility for working parents.**
 - Increase the child care subsidy income eligibility for working families to 200 percent of the federal poverty rate in Kansas and 185 percent of federal poverty rate in Missouri.^{3,4}
 - Alleviate the “cliff effect” by encouraging Kansas and Missouri to adopt subsidy models that incentivize and support career advancement and self-sufficiency.
 - Support the replacement of the current hourly award model in Kansas with one that considers full-time and part-time coverage awards that more adequately meets working parents needs.

Outcomes

- By improving the child care subsidy system, vulnerable children will have access to high-quality child care and the amazing opportunities it provides.⁵
- Providers who accept children on subsidy will be able to adequately fund their programs, including properly compensating their workforce, and expanding to meet demand.

Supporting Role Issues

State

- **Expand Medicaid in Kansas and Missouri**
 - Medicaid expansion would provide coverage for thousands of individuals with limited or no access to health insurance.
- Monitor other policies impacting children and families as they arise.

Federal

- **Increase funding for the Child Care and Development Block Grant.**
 - While the recent increase is an important step toward improving the quality and accessibility of our child care system, there is currently funding for less than 20 percent of eligible families nationwide and additional funding is needed for quality improvements.
- **Increase funding for Head Start.**
 - Head Start is making a life-changing impact on children, families and our community. However, nationally, only 31 percent of eligible children ages 3 - 5 have access to HS, and only 7 percent of eligible children under 3 have access to EHS.⁶
- **Pass the Child Care for Working Families Act**
 - The bill would ensure no family under 150 percent of state median income pays more than seven percent of their income on child care.⁷
- Monitor other policies impacting children and families as they arise.