

Children Receiving Child Care Subsidies

DEFINITION

Children receiving child care subsidies is the number of children receiving child care that is either fully or partially paid for with a child care subsidy from the Rhode Island Department of Human Services. Child care subsidies can be used for care by a child care center, family child care home, a relative or an in-home caregiver.

SIGNIFICANCE

Families rely on child care to enable them to work and to provide the early education experiences needed to prepare their children for school. Yet the high cost of child care in the United States (\$3,000 - \$13,000 per child per year) puts quality care out of reach for many families, particularly low-income families. Rhode Island is the 5th least affordable state in the U.S. for a 4-year-old in a child care center. In Rhode Island, the average cost of full-time child care for a preschooler consumes 45% of the median single-parent family income and 10% of the median two-parent family income.¹

National studies have shown that child care subsidies increase the likelihood that low-income parents, particularly current or former welfare recipients, will be able to work and remain employed.^{2,3,4} Parents of children who receive child care subsidies are more likely to remain employed longer,

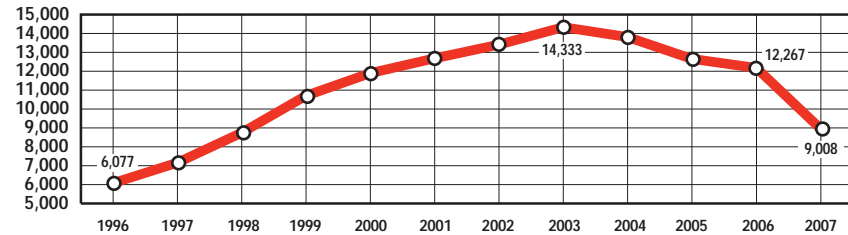
increasing the likelihood of advancement, promotion, real wage growth and economic security.⁵

In 1996, Rhode Island's Family Independence Act established an entitlement to child care assistance for families with incomes up to 185% of federal poverty level (FPL) as a key component of welfare reform. In 1998, the Starting Right bill expanded eligibility to families with incomes up to 225% of FPL and required that rates paid to child care providers be adjusted biennially to the 75th percentile of the child care market rate in order to provide low-income families with access to high-quality child care. Starting Right also expanded eligibility to families with children ages 13-15 and established the Comprehensive Child Care Services Networks.⁶

In 2007, eligibility for child care subsidies was reduced from 225% FPL to 180% (\$31,680 for a family of 3). Rates paid to providers have been frozen since 2004 at the 2002 market rate level.⁷

Using the federal affordability guideline that families should spend no more than 10% of their gross income on child care, a Rhode Island family would need to make at least \$87,000 per year to afford the average cost of child care for a 3-year-old at a licensed center (\$8,736).^{8,9}

Children Enrolled in the Child Care Subsidy Program, Rhode Island, 1996-2007



Source: Rhode Island Department of Human Services, December 1996 – December 2007.

◆ In December 2007, there were 9,008 children receiving child care subsidies in Rhode Island, down from 12,267 in December 2006. The number of children enrolled in the child care subsidy program increased steadily from 6,077 in December of 1996 to 14,333 in 2003. Since 2003, there has been a 37% decrease in the number of children receiving child care subsidies. In September 2007, 1,463 children were removed from the child care subsidy program due to a decrease in income eligibility from 225% of poverty to 180%. An additional 280 children lost subsidies because of a roll back in age eligibility from age 15 to age 12.¹⁰

◆ In 2007, 65% of Rhode Island families receiving child care subsidies chose licensed child care centers, 33% chose certified family child care homes and 2% chose a non-certified relative, friend or neighbor for their child care arrangements.¹¹

◆ In December 2007, 75% of all child care subsidies in Rhode Island were being used by low-income working families not receiving cash assistance and 17% were used by families enrolled in the Family Independence Program who were engaged in employment activities. Another 8% of child care subsidies were being used for children in the care of the Department of Children, Youth and Families.¹²

Average Annual Cost for Full-Time Child Care, Rhode Island, 2006

PROGRAM TYPE	COST PER CHILD
Child Care Center (infant care)	\$10,557
Child Care Center (preschool care)	\$8,736
Family Child Care Home (preschool care)	\$8,140
School-Age Center-Based Program (child age 6-12)	\$6,902

Source: Rhode Island KIDS COUNT analysis of average weekly rates from Bodah, M. M. (2006). *Statewide survey of childcare rates in Rhode Island*. Kingston, RI: University of Rhode Island.

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Table 34.

Child Care Subsidies, Rhode Island, December 2007

CITY/TOWN	SUBSIDY USE BY CHILD RESIDENCE			SUBSIDY USE BY PROGRAM LOCATION			
	ENROLLED IN FIP	NOT ENROLLED IN FIP	TOTAL CHILD CARE SUBSIDIES	UNDER AGE 3	AGES 3-5	AGES 6-12	TOTAL CHILD CARE SUBSIDIES
Barrington	5	6	11	5	5	8	18
Bristol	8	36	44	2	8	16	26
Burrillville	3	36	39	24	41	47	112
Central Falls	84	332	416	108	107	189	404
Charlestown	5	15	20	4	3	8	15
Coventry	17	107	124	26	58	34	118
Cranston	93	433	526	151	220	217	588
Cumberland	13	72	85	26	30	34	90
East Greenwich	1	20	21	25	25	7	57
East Providence	42	249	291	96	112	142	350
Exeter	4	1	5	1	1	2	4
Foster	4	6	10	3	1	4	8
Glocester	3	10	13	13	6	9	28
Hopkinton	0	12	12	2	1	11	14
Jamestown	1	8	9	2	3	3	8
Johnston	20	79	99	40	57	39	136
Lincoln	8	53	61	25	45	48	118
Little Compton	0	0	0	0	0	0	0
Middletown	12	73	85	51	50	31	132
Narragansett	1	18	19	4	6	6	16
New Shoreham	0	2	2	0	0	0	0
Newport	37	208	245	57	75	94	226
North Kingstown	17	83	100	29	36	44	109
North Providence	8	92	100	36	45	54	135
North Smithfield	3	16	19	4	6	9	19
Pawtucket	188	821	1,009	210	367	349	926
Portsmouth	1	26	27	7	11	9	27
Providence	722	3,012	3,734	1,002	1,138	1,615	3,755
Richmond	2	7	9	0	3	1	4
Scituate	4	3	7	2	2	2	6
Smithfield	4	26	30	31	40	18	89
South Kingstown	7	48	55	31	34	28	93
Tiverton	1	20	21	3	5	10	18
Warren	8	45	53	2	0	7	9
Warwick	58	268	326	131	201	170	502
West Greenwich	0	11	11	20	19	2	41
West Warwick	30	160	190	40	49	75	164
Westerly	15	57	72	22	32	28	82
Woonsocket	124	410	534	99	181	247	527
DCYF	NA	NA	730	NA	NA	NA	NA
Out-Of-State	NA	NA	NA	10	17	7	34
Core Cities	1,185	4,943	6,128	1,516	1,917	2,569	6,002
Remainder of State	368	1,938	2,306	828	1,123	1,055	2,972
Rhode Island	1,553	6,881	9,164	2,344	3,040	3,624	9,008

Source of Data for Table/Methodology

The Rhode Island Department of Human Services, InRhodes Database, December 2007.

Subsidy data by age of child are reported by the residence of the child. Total subsidy use numbers by child residence and total subsidy use numbers by program location do not match as the InRhodes Database is a live system and reports run on different days can have slight variation.

FIP is the Family Independence Program, Rhode Island's cash-assistance program. DCYF is the number of children in the care of the Department of Children, Youth and Families who are receiving child care subsidies.

Parents who are working and are enrolled in FIP can claim a "child care disregard." When cash benefits levels are calculated based on monthly income, the child care disregard allows families to not count or "disregard" and designate for child care expenses up to \$200 of their monthly income for children under 2 years of age and up to \$175 for children two years and older. The child care disregard is a form of subsidy not included in this table. In December 2007, 51 families used child care disregards.

The average annual cost for full-time child care was determined by multiplying the average weekly tuition rate by 52 weeks (for infants and preschoolers). For school-age children, the annual cost was determined by multiplying the average weekly tuition for before and after school care by 39 weeks and adding 3 weeks of average school vacation tuition and 10 weeks of average summer vacation tuition.

References

- ¹ *Breaking the piggy bank: Parents and the high cost of child care.* (2006). Arlington, VA: National Association of Child Care Resource and Referral Agencies.
- ² Loprest, P. (2003). *Use of government benefits increases among families leaving welfare.* Washington, DC: The Urban Institute.
- ^{3,5} Boushey, H. (2002). *Staying employed after welfare.* Washington, DC: Economic Policy Institute.
- ⁴ Lee, B. J., Goerge, R., Reidy, M., Kreader, J. L., Georges, A., Wagmiller, R. L., Stavely, J., Stevens, D. & Witte, A. D. (2004). *Child care subsidy use and employment outcomes of TANF mothers during the early years of welfare reform: A three-state study.* Chicago, IL: Chapin Hall Center for Children at the University of Chicago.

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