

# 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.<sup>1</sup> Yet the high cost of child care puts quality care out of reach for many families, particularly low-income families.<sup>2</sup> 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.<sup>3</sup>

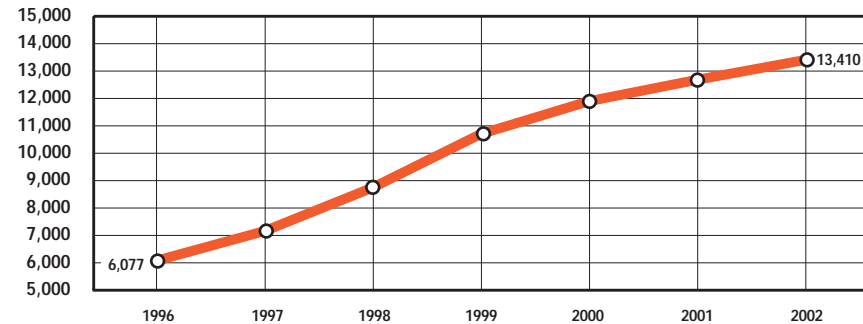
In 1997, U.S. families with earnings below the federal poverty level who paid for child care spent 23% of their earnings, low-income families spent 16% of their earnings and higher-income families spent 6% of their earnings for child care. Families with younger children spent a higher share of income on child care than families with older children.<sup>4</sup> Low-skilled single mothers who pay for child care spend

the highest proportion of their income on child care.<sup>5</sup>

The quality and stability of child care is critical to a parent's ability to work and to child development.<sup>6,7</sup> Parents of children in quality child care programs are more likely to be productive workers because they are less hampered by child care problems that result in frequent employee turnover and absenteeism.<sup>8</sup>

Rhode Island is the only state that has a legal entitlement to a child care subsidy for income-eligible families. Working families with incomes up to 225% of the federal poverty line are entitled to a child care subsidy for their children through age 16. Co-payments are required for families with income over the federal poverty guidelines. Reimbursement rates for child care providers who accept subsidies are set at the 75th percentile of the child care market rate in order to provide low-income families with access to a large proportion of the child care that exists, including higher quality care.<sup>9,10</sup> A recent study estimates that 18,302 Rhode Island families qualify for child care subsidies.<sup>11</sup> In 2002 in Rhode Island, there were 13,410 children in 8,102 families receiving child care subsidies.<sup>12</sup>

Child Care Subsidies, Rhode Island, 1996-2002



Source: Rhode Island Department of Human Services, December 1996-December 2002.

- ◆ The number of children receiving child care subsidies has increased from 6,077 in December of 1996 to 13,410 in December of 2002. In 2002, ninety-three percent of Rhode Island families receiving child care subsidies chose licensed child care centers or certified family child care homes for their child care arrangements.<sup>13</sup>
- ◆ The high cost of child care disproportionately affects the lowest income families. Low-income families that pay for child care spend an average of \$1 in every \$7 of earnings to purchase that care. Child care subsidies broaden a family's employment options, broaden the child care options available to families, improve access to higher quality care, and alleviate the financial burden of child care.<sup>14</sup>
- ◆ In December 2002, 71% of all child care subsidies in Rhode Island were being used by low-income working families not receiving cash assistance and 24% were being used by families receiving cash assistance through the Family Independence Program (FIP) and who were engaged in education, training or employment.<sup>15</sup>

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Table 26.

Child Care Subsidies, Rhode Island, 2002

CITY/TOWN	COMMUNITY CONTEXT		NUMBER OF CHILD CARE SUBSIDIES				TOTAL CHILD CARE SUBSIDIES
	# OF CHILDREN UNDER AGE 16 IN WORKING FAMILIES < 185% POVERTY	# OF CHILDREN UNDER AGE 16 ENROLLED IN FIP	UNDER AGE 3	AGES 3-5	AGES 6-11	AGES 12-16	
	Barrington	189	22	6	10	35	
Bristol	586	138	21	23	29	0	73
Burrillville	389	115	4	13	22	1	40
Central Falls	1,773	1,503	61	82	65	5	213
Charlestown	231	57	3	7	3	0	13
Coventry	793	245	45	72	65	3	185
Cranston	2,336	931	199	268	292	25	784
Cumberland	632	157	35	47	12	0	94
East Greenwich	137	65	39	57	13	1	110
East Providence	1,895	619	124	234	201	16	575
Exeter	171	42	2	10	0	0	12
Foster	129	20	2	8	11	0	21
Glocester	263	42	12	11	3	0	26
Hopkinton	267	32	7	6	0	0	13
Jamestown	81	21	2	4	4	0	10
Johnston	856	309	48	81	68	2	199
Lincoln	459	135	44	54	62	4	164
Little Compton	38	13	0	0	0	0	0
Middletown	657	95	68	120	30	0	218
Narragansett	322	81	13	22	22	3	60
New Shoreham	19	0	0	0	0	0	0
Newport	1,372	908	74	91	89	6	260
North Kingstown	833	236	39	63	117	4	223
North Providence	823	353	55	92	78	9	234
North Smithfield	132	38	5	6	11	0	22
Pawtucket	5,059	2,907	320	591	713	61	1,685
Portsmouth	329	49	9	11	18	1	39
Providence	13,712	13,240	1,412	1,635	1,966	267	5,280
Richmond	170	32	4	1	5	0	10
Scituate	175	40	4	13	14	0	31
Smithfield	330	52	27	58	31	2	118
South Kingstown	423	206	45	73	36	3	157
Tiverton	248	103	8	21	21	0	50
Warren	412	132	59	72	61	2	194
Warwick	2,136	724	300	421	336	25	1,082
West Greenwich	121	23	21	22	8	1	52
West Warwick	1,568	537	53	97	131	4	285
Westerly	875	244	13	60	44	0	117
Woonsocket	2,926	2,029	135	195	162	22	514
Out-of-State	NA	0	26	48	14	1	89
Core Cities	26,410	21,124	2,055	2,691	3,126	365	8,237
Remainder of State	17,457	5,371	1,289	2,008	1,666	104	5,067
Rhode Island	43,867	26,495	3,344	4,699	4,792	469*	13,304

FIP is the Family Independence Program.

### Notes to Table

\*Of these, 20 subsidies were used by youth ages 15 and 16. The small number of subsidies for youth is due in part to the fact that many out-of-school time programs serving older youth are not certified as child care providers.

### Source of Data for Table/Methodology

The Rhode Island Department of Human Services, INRHODES Database, December 1, 2002. All data are reported by location of the child care program not the residence of the child. Data in this table does not include retroactive payments made in December and may therefore differ slightly from data reported on the previous page. Also see methodology on page 125.

### References for Indicator

- <sup>1</sup> Schulman, K., et al (November 2001). *A Fragile Foundation: State Child Care Assistance Policies*. Washington, DC: Children's Defense Fund.
- <sup>2</sup> Schulman, K. (2000). *The High Cost of Child Care Puts Quality Care Out of Reach for Many Families*. Washington, DC: Children's Defense Fund.
- <sup>3</sup> Blau, D. et. al. (January 2001). *The Determinants and Consequences of Child Care Subsidy Receipt by Low-Income Families*. Chapel Hill, NC: Department of Economics, University of North Carolina, Chapel Hill.
- <sup>4</sup> Giannarelli, L. (2000). *Child Care Expenses of America's Families*. Washington, DC: The Urban Institute.
- <sup>5</sup> Anderson, P.M. et al (2000). "Child Care and Mother's Employment Decisions." In *Finding Jobs*. New York: Russell Sage Foundation.
- <sup>6</sup> Culkin, M.L., et al (December 1997). *Building Blocks: A Legislator's Guide to Child Care Policy*. Denver, CO: National Conference of State Legislatures.
- <sup>7</sup> Starting Points: *Meeting the Needs of Our Youngest Children* (1994). New York: Carnegie Corporation.
- <sup>8</sup> *Why Child Care Matters* (1993). New York, NY: The Committee for Economic Development.
- <sup>9</sup> *Rhode Island KIDS COUNT Special Report: Building an Early Care and Education System in Rhode Island* (December 1999). Providence, RI: Rhode Island KIDS COUNT.
- <sup>10</sup> *Starting Right: Quality Early Education and Child Care for Rhode Island's Children and Youth* (July 2000). Cranston, RI: Rhode Island Department of Human Services.

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