



## Connecticut Lags Behind Most States in Support to Low Income Working Families through the Child Care Subsidy Program

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Care4Kids, Connecticut's child care subsidy program, was established to provide monetary support for moderate- and low-income families who need help paying for care for their infants, toddlers, preschoolers and school-age children. However, funding cuts and eligibility restrictions are diluting the effectiveness of Care4Kids in supporting low-income parents in paying for child care so they can work.

1. Between SFY 02 and SFY 07, funding for Care4Kids was cut by \$50.4 million (or 41%). Even when including the \$4 million TANF bonus, available SFY 07 funding for Care4Kids remains \$46.4 million (or 38%) less than was spent on this program in FY 02, *not even adjusting for inflation*.

Care4Kids Funding: SFY 02 – SFY 07 (in millions)								
FY 02 Actual	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Actual	FY 07 As Adopted in 2005	FY 07 Gov. Revised	FY 07 As Revised in 2006	FY 07 Including TANF Bonus
\$121.6	\$99.1	\$60.9	\$59.6	\$73	\$69.5	\$69.7	\$71.2	\$75.2

2. On average, 48% (13,520) fewer Connecticut children received a child care subsidy per month in 2005 than in 2002 (from 28,175 to 14,655).<sup>1</sup>

3. The United States Department of Health and Human Services (HHS) specifies that reimbursement rates that are set at the 75<sup>th</sup> percentile of the market rate are considered adequate to provide sufficient access to child care.<sup>2</sup> *In Connecticut the subsidy is set much lower-- at the 60<sup>th</sup> percentile.*

4. Although DSS is mandated to undertake this market rate survey every two years (at the cost of \$62,000 per survey) to determine the fees charged locally by child care centers, neither federal nor state law requires the Department of Social Services to increase the reimbursement rate to reflect the results of the survey. Presently, the 2006 subsidy reimbursement rates are based on the 2001 market survey.

5. DSS regulations index unlicensed family child care provider reimbursement rates to Connecticut's minimum wage, such that for each child, a provider receives one-third of the state minimum wage. In 2002, the family child care reimbursement rate for full time care (35 – 50 hours per week) was \$89 per week per child. Despite an increase in the state minimum wage in 2004 and in 2006, the Care4Kids reimbursement rate has not been adjusted to reflect these increases.

<sup>1</sup> *The Status of Child Care in Connecticut* (CT Department of Social Services, 2002, 2003, 2004, 2005).

<sup>2</sup> United States General Accounting Office, *Child Care: State Exercises Flexibility in Setting Reimbursement Rates and Providing Access for Low-Income Children., Report to Congressional Requesters*, GAO-02-894 (2002).