prenatal-to-3 policy IMPACT CENTER
RESEARCH FOR ACTION AND OUTCOMES

CHILD CARE SUBSIDIES

Child care subsidies are an effective state strategy to impact:

CHILD CARE SUBSIDIES
provide financial assistance to help make child care more affordable for low-income families with parents who are working or enrolled in education or training programs.

State leaders in this strategy provide high reimbursement rates that meet the providers' true cost of care, require low family copays, have a low family share of the total cost of child care, and/or expand income eligibility thresholds.

State leaders:

CA LA MI NM OR

WHAT ARE CHILD CARE SUBSIDIES AND WHY ARE THEY IMPORTANT?

Child care subsidy programs provide financial assistance to help make child care more affordable for low-income families with parents who are working or enrolled in education or training programs.[1] Subsidy programs also aim to promote parental choice of care arrangements, support the supply and enrollment of children in high-quality care, and subsequently improve child development. Subsidy programs are financed through a combination of federal and state funds, but the programs are administered by states. States have considerable flexibility in setting rules on program policies and administration (e.g., eligibility requirements, application procedures, family copayment levels, and provider policies), resulting in substantial state variation in subsidy policies.

Child Care Is Not Affordable for Many Families, Especially Families With Lower Incomes

Families with low incomes face barriers to accessing child care that is not only affordable, but also reliable and high quality, especially for the youngest children. The average annual cost of center-based care in 2020 was $12,377 for infants, compared to $9,715 for 4-year-olds.[2] The cost of center-based infant care ranges from 27.8% to 69.2% of median income for single parents and from 7.3% to 16.7% of median income for married couples, depending on the state. Although home-based child care is typically less expensive than center-based care, cost figures remain high relative to income for families with infants and toddlers as well.[3]

Child Care Subsidies Can Help Parents Work and Get Children Into Child Care

By providing access to child care, subsidy programs may allow more parents to work or complete education and training programs and may support healthy child development when care settings are high quality and stimulate children's early brain development.[4,5,6]

Increased Parent Employment and Access to High-Quality Child Care Should Result in Improved Long-Term Child Outcomes

Child care subsidies may impact children's social-emotional and cognitive development through two main pathways: (1) indirectly, through higher family income from increased employment, which may reduce family stress, boost access to needed resources, and limit adverse childhood experiences; and (2) directly, through access to high-quality child care that may provide enriching and safe environments for children that support positive early development.[7,8,9,10]

Search the Prenatal-to-3 Policy Clearinghouse for an ongoing inventory of rigorous evidence reviews, including more information on child care subsidies.

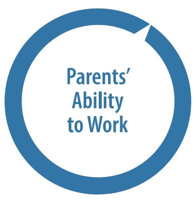
WHAT IMPACT DO CHILD CARE SUBSIDIES HAVE?

Research on child care subsidies has focused almost entirely on subsidy receipt and higher state subsidy expenditures, which are linked to improvements in access to needed services (e.g., use of single, formal care arrangements), the ability of parents to work (e.g., higher maternal employment), and to increased earnings, promoting sufficient household resources. However, the current evidence base does not provide clear guidance to states on how to fund or implement subsidy policies to ensure subsidies increase access to high-quality child care for families with low incomes (e.g., setting an optimal subsidy reimbursement rate level, eligibility thresholds, or family copayment and fee levels).

Strong Causal Studies Show That Child Care Subsidies Impact Three Prenatal-to-3 Policy Goals

Examples of the Impact of Child Care Subsidies Include:

- Higher state subsidy spending per child (of $1,000) led to 86% higher odds of enrollment in a single center-based care arrangement, rather than multiple care arrangements (B)



- A 10% increase in Child Care Development Fund subsidy expenditures led to a 0.7% increase in mothers' employment rate (A)
- $1,000 higher annual state subsidy spending per child led to a 3.5 percentage point increase in the likelihood of maternal employment (D)

- Subsidy receipt led to an increase in monthly earnings by 250% (E)

Note. Results are based on comprehensive reviews of the evidence. The letters in parentheses in the table above correspond to a strong causal study in the comprehensive evidence review of child care subsidies. Each strong causal study reviewed has been assigned a letter. A complete list of causal studies can be found in the child care subsidies evidence review. Comprehensive evidence reviews of each policy and strategy, as well as more details about our standards of evidence and review method, can be found at pn3policy.org/pn-3-state-policy-clearinghouse/.

More Research Is Needed to Determine the Potential of Child Care Subsidies to Reduce Disparities

No strong causal studies directly assess the effectiveness of child care subsidies at reducing disparities in outcomes for parents and children by race or ethnicity. However, equal access to child care subsidies remains a concern. A recent report provided an analysis of state polices and practices in 13 states, each with more than 80% of Hispanic children in the state living in low-income communities. The report indicated that considerable variation exists among these states in terms of their child care subsidy policies and practices.[11] About half of the states currently have policies and practices (e.g., documentation requirements for immigration status, requirements for minimum weekly work hours) that might impose additional burden for Hispanic families to access services.[11] Recent research also reveals a significant gap between the percentage of Hispanic families in the US who are eligible for child care subsidies and the families who receive them; Hispanic children account for 35% of eligible children, but just 20% of the population served with child care subsidies.[12]

More research is needed to establish whether child care subsidies contribute to closing disparities in outcomes for parents and children by race and ethnicity, and the specific policy levers that states should adopt to effectively provide child care subsidies to families and ensure equitable access to child care.

For more information on what we know and what we still need to learn about child care subsidies, see the evidence review on child care subsidies.

HOW AND WHY DO CHILD CARE SUBSIDY POLICIES VARY ACROSS STATES?

In contrast to the evidence for the five state-level policies that are included in this Roadmap, the current evidence base does not identify a specific policy lever that states should adopt and fully implement to effectively provide child care subsidies to families and ensure equitable access to affordable, high-quality care. In the absence of an evidence-based state policy lever to ensure child care subsidies effectively provide families the support they need, we present several choices that states can make to more effectively implement their child care subsidy program. Additionally, we leverage available data to assess state variation across a range of factors to identify the leaders among states in implementing their child care subsidy programs, and to demonstrate what progress states are making relative to one another.

State Leaders in Child Care Subsidies:

- Set reimbursement rates at or above the 75th percentile of a recent market rate survey;
- Set high reimbursement rates that fully cover or come close to covering the estimated true cost of providing care;
- Use cost estimation models to set reimbursement rates;
- Require low family copayments and fees;
- Have families contribute a low share of the total cost of child care; and/or
- Set income eligibility thresholds near or above 85% of the state median income.

Which States Are Leading the Way in Providing Child Care Subsidies?

California: California is a leader in implementing an affordable child care subsidy program for families based on its high reimbursement rates, low family costs, and high eligibility threshold. California is one of eight states in which families with incomes at 150% of the FPL pay no out-of-pocket costs for child care and the state's eligibility threshold is one of the highest in the country.

Louisiana: Louisiana is a leader in implementing an affordable child care subsidy program for families based on its significant efforts over the past year to increase reimbursement rates and lower family costs. Louisiana nearly doubled its base reimbursement rate for infants in center-based care since August 2021, and now exceeds both the equal access target and the estimated true cost of providing base-quality care. Families in Louisiana with incomes at 150% of the FPL pay no out-of-pocket costs for child care.

Michigan: Michigan is a leader in implementing an affordable child care subsidy program for families based on its significant efforts to increase reimbursement rates, lower family costs, and expand eligibility for subsidies. The state now reimburses well above both the equal access target and the estimated true cost of providing base-quality care and is one of eight states in which families with incomes at 150% of FPL pay no out-of-pocket costs for child care.

New Mexico: New Mexico is a leader in implementing an affordable child care subsidy program for families based on its high eligibility threshold, use of a cost-estimation model, and significant efforts to lower family costs over the last year. The state has the highest eligibility threshold in the country as measured by the percentage of the SMI. In New Mexico, due to the elimination of copayments for a one-year period, qualifying families temporarily pay no out-of-pocket costs for child care.

Oregon: Oregon is a leader in implementing an affordable child care subsidy program for families based on its significant changes since August 2021 to increase reimbursement rates and reduce the family share of costs. The state now exceeds the equal access target and the estimated true cost of providing base-quality care. Oregon has decreased the family share of child care costs by the greatest margin in the country over the past year.

State Policy and Administrative Choices Affect the Implementation of Child Care Subsidy Programs

States demonstrate leadership in child care subsidy policy by making policy choices to improve families' equitable access to child care through increasing income eligibility thresholds and reimbursement rates, reducing cost burdens on families, and covering a substantial portion of the true cost of providing child care. States have considerable flexibility in implementing child care subsidy policy and there is substantial variation on these indicators as a result. The policy progress and choices described below generally represent state policies as of early September 2022. However, state child care subsidy policies change at different times throughout the year and states may update subsidy policies between Roadmap data collection and publication.

State Contributions to Child Care Funding Vary, Leading to Variation in the Number of Families Served

States vary in how they maximize funding from the federal government. States can opt to provide the full amount to maximize matching funds and may contribute additional funding beyond the matching contribution level or required maintenance of effort funds. These policy choices result in variation across states in how many children are served among families who want to access child care subsidies. It is difficult to accurately estimate the percentage of eligible families served in each state, however, because of limitations of available national data. Waitlists are an imperfect proxy for whether states are serving all who are eligible; however, intake was frozen or waitlists were maintained in 13 states in 2021.[13]

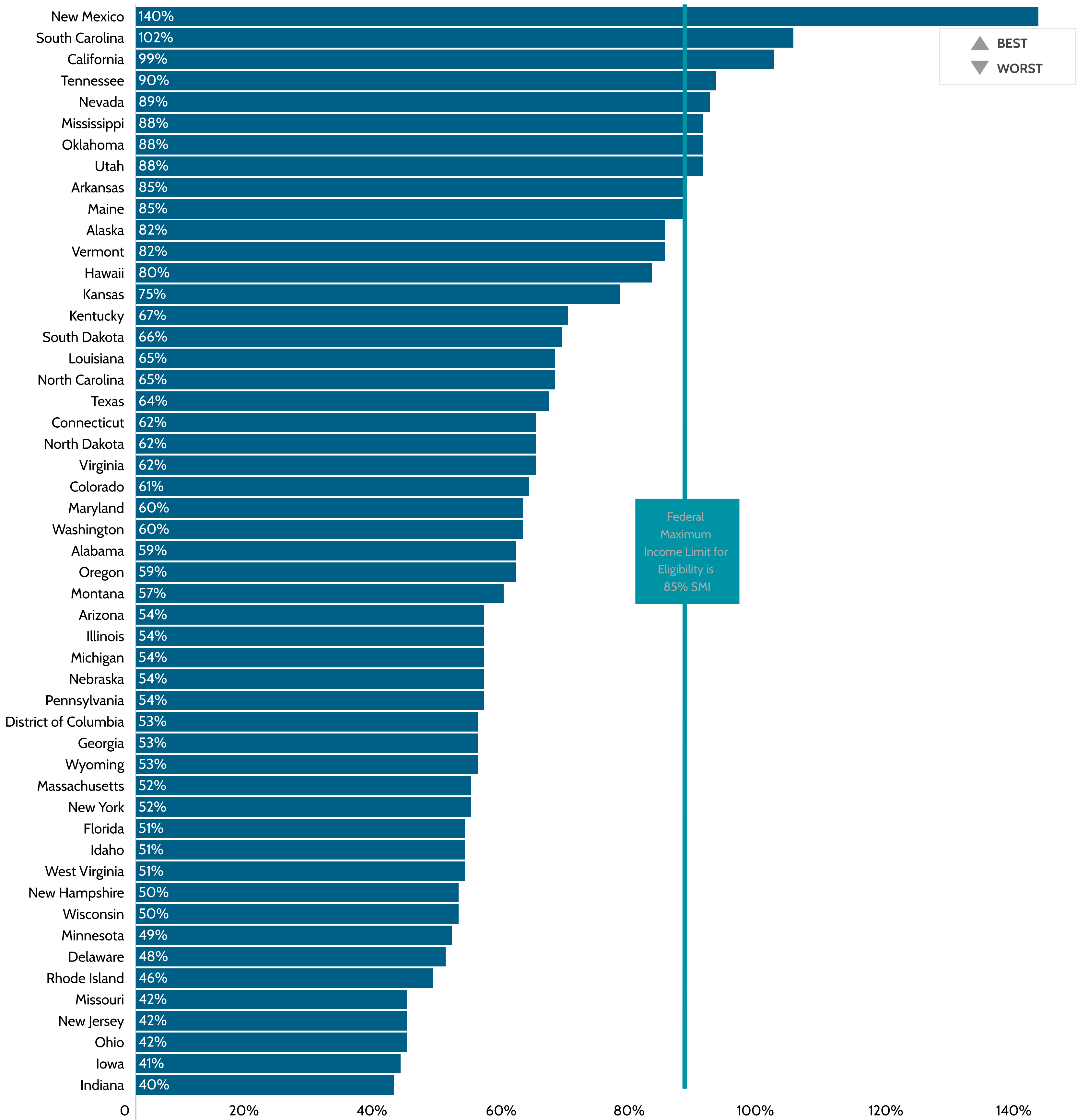
States Can Provide Child Care Subsidies to Families With Incomes up to 85% of the State Median Income, but Only Ten States Meet This Threshold

The income eligibility threshold to receive a child care subsidy varies considerably across states. States set subsidy eligibility at a specific dollar amount of family income, relative to the family size and/or structure. Federal eligibility requirements restrict states from setting income eligibility thresholds for subsidies above 85% of the state median income (SMI), regardless of family size or structure, unless a state fully funds the program for families above this income threshold. Expanding the income eligibility limit would allow more families to access care. However, without additional state or federal funding for the subsidy system, the expansion of access to families with higher levels of income may require states to reimburse providers at a lower rate.

States make changes to initial income eligibility thresholds throughout the year. States may update thresholds annually alongside changes to SMI or FPL thresholds (published each year in October and January, respectively), while other states update eligibility thresholds at other times of the year. Data reported below represent policies as of February 2021, except where known increases were made, in these cases, more recent data were used.

All but 10 states set their income eligibility limits below 85% of SMI. Two states (Arkansas and Maine) set their income eligibility limit at 85% of the state median income, and eight states set it above, including New Mexico with the highest income eligibility limit, set at 140% of SMI. In the remaining 41 states, fewer families are eligible for subsidies than federal law permits. Ten of those states set their income eligibility limits to only 50% or lower of the state median income.

Variation Across States in Household Income Eligibility for Child Care Subsidies as a Percentage of State Median Income

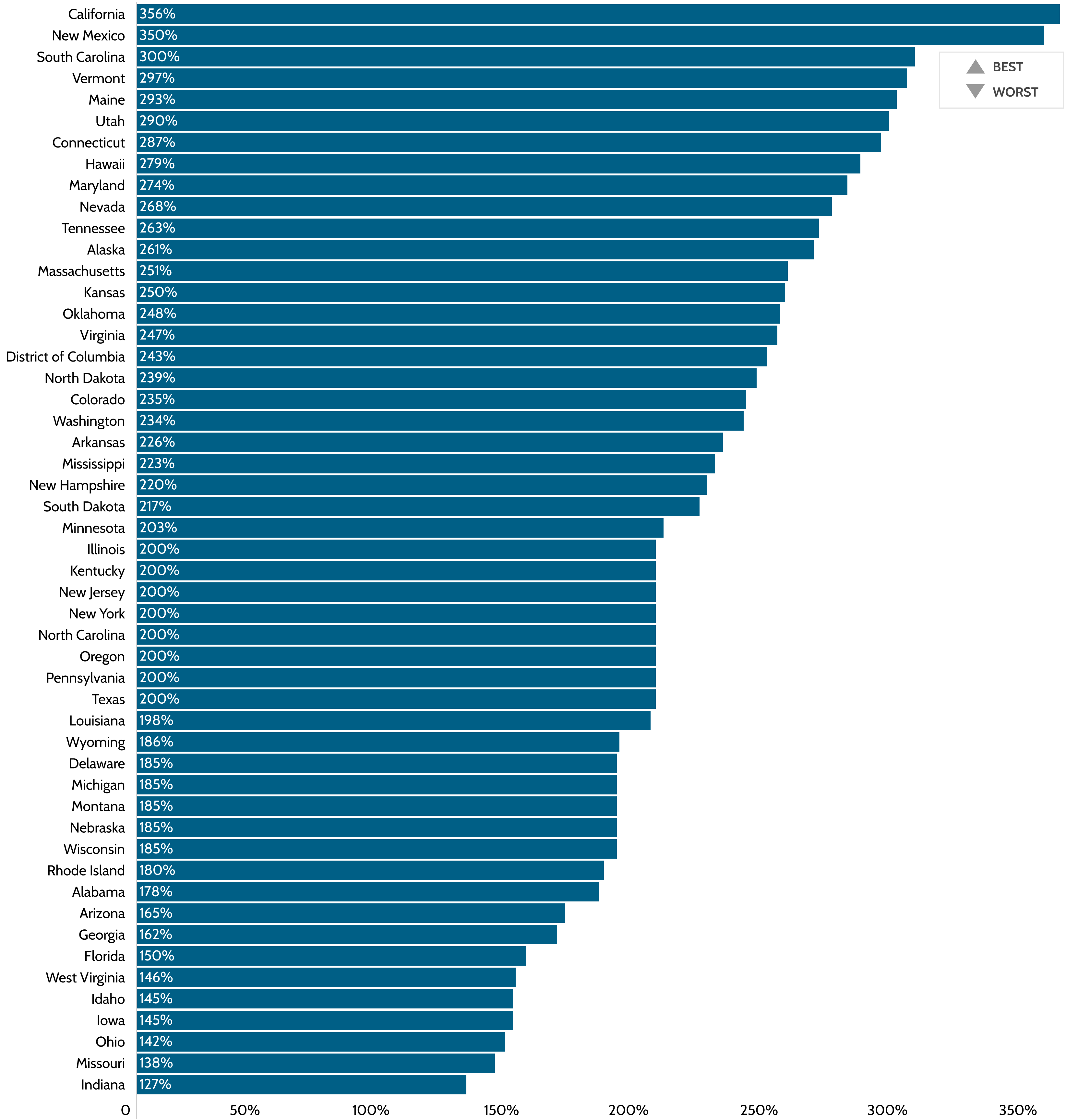


Notes: States can serve families with incomes above 85% SMI if non-federal funding sources are used. The eligibility limits shown for Colorado (Denver County), Virginia (Fairfax County), and Texas (Gulf Coast Workforce Development Area) are for the most populous geographic areas in each state as defined in CCDF plans. States may update subsidy policies between Roadmap data collection and publication; data for these states will be updated in late 2022/early 2023. For additional details, see Methods and Sources.

Source: As of 2021-2022. National Women's Law Center.

The income eligibility limits set by states also can be understood as a percentage of the federal poverty level (FPL), which allows for comparisons across states. Eligibility varies quite a bit based on where a family lives: Fourteen states provide child care subsidies to families with incomes at 250% of the FPL or higher, whereas seven states only provide child care subsidies to families with incomes at or below 150% of the FPL. Some states, however, set continuing program eligibility higher than initial income eligibility, which enables families to retain child care when their wages increase slightly.

Variation Across States in Household Income Eligibility for Child Care Subsidies as a Percentage of the Federal Poverty Level



Notes: The FPL percentages for Alaska and Hawaii were modified to reflect those states' higher federal poverty level guidelines. The eligibility limits shown for Colorado (Denver County), Virginia (Fairfax County), and Texas (Gulf Coast Workforce Development Area) are for the most populous geographic areas in each state as defined in CCDF plans. As of dates for eligibility thresholds vary by state. States may update subsidy policies between Roadmap data collection and publication; data for these states will be updated in late 2022/early 2023. For additional details, see Methods and Sources.

Sources: As of 2021-2022. National Women's Law Center.

States Can Set Their Reimbursement Rates for Providers to Levels That Create More Equitable Access and Cover the True Cost of Providing Care

The federal government considers state reimbursement rates at the 75th percentile or above (covering three-fourths of slots in the state based on a recent market rate survey) as providing low-income families with equal access to the child care market. Prices for child care that are based on the market rate survey provide information on what providers are currently charging families for care, but the market price may not fully represent the true cost of providing high-quality care, which would include paying child care workers appropriate wages and benefits.

As of September 2022, 15 states' base reimbursement rates for infants and toddlers in center-based and family child care arrangements meet or exceed the federal equal access target of the 75th percentile of a market rate survey conducted in 2020 or more recently. However, many states' base reimbursement rates cover only a portion of the rate needed to meet the federal equal access target.

States are also continuing to explore the option of requesting federal approval to use an alternative methodology for setting reimbursement rates, typically meaning the use of a cost estimation model, rather than a market rate survey. Using cost estimation models can be a pathway toward setting reimbursement rates that are more representative of the costs that providers may incur to provide high-quality care, rather than merely the price charged by providers, which represent what families are willing to pay. As of September 2022, the District of Columbia and New Mexico are using cost models to set their reimbursement rates. Virginia's cost estimation model has recently been approved and the state began using that model to set their reimbursement rates in fall 2022.

Comparing states' base reimbursement rates to cost estimation models also provides insight into how well the rates that are based on the market rate survey cover the true cost of providing child care. Market prices may differ from the true cost of care if the rates providers charge within a state do not reflect the full costs of providing care to families. For example, providers may set rates based on families' ability to pay or subsidize the care of infants and toddlers through higher prices charged for the care of preschoolers (e.g., due to higher caregiver-to-child ratios). Five states have base reimbursement rates for infants and toddlers in either center-based or family child care that fully cover the cost of base-quality care (as estimated by the Center for American Progress), including Michigan, Oregon, Virginia, Washington, and Wisconsin.

The figure below illustrates the difference between the market rate price and estimated true cost of care across states.

Variation Across States in Child Care Subsidy Reimbursement Rates

Infants in Center-Based Care | Toddlers in Center-Based Care | Infants in Family Child Care | Toddlers in Family Child Care

State	Current Base Reimbursement Rate	75th Percentile of the Most Recent Market Rate Survey	Estimated Cost of Base-Quality Care	Estimated Cost of High-Quality Care	Year of Market Rate Survey Used to Set Current Reimbursement Rates
Alabama	$845	$845	$1,031	$1,763	2021
Alaska	$980	$1,260	$1,442	$2,687	2017*
Arizona	$1,050	$1,342	$1,283	$1,970	2018*
Arkansas	$732	$711	$1,149	$1,809	2019
California	$1,688	$1,688	$1,785	$2,692	2018*
Colorado	$1,396	$1,881	$1,446	$2,283	2022
Connecticut	$1,322	$1,625	$1,712	$2,855	2018*
Delaware	$1,154	$1,357	$1,403	$2,226	2021
District of Columbia	$1,620	NA	$2,043	$2,521	2021
Florida	$1,155	$795	$1,364	$1,960	2019-2020
Georgia	$715	$1,135	$1,013	$2,002	2021
Hawaii	$1,733	$1,990	$1,690	$2,157	2019*
Idaho	$1,039	$960	$1,002	$1,799	2021
Illinois	$1,339	$1,255	$1,182	$2,432	2021
Indiana	$1,070	$1,473	$1,312	$1,823	2018
Iowa	$807	$971	$1,373	$1,921	2020
Kansas	$858	$811	$1,295	$2,398	2021
Kentucky	$983	$941	$1,189	$2,102	2020
Louisiana	$1,422	$690	$834	$1,830	2020
Maine	$932	$932	$1,622	$2,287	2020-2021
Maryland	$1,638	$1,636	$2,040	$2,886	2021
Massachusetts	$1,661	$1,874	$2,006	$2,963	2018
Michigan	$1,531	$1,218	$1,135	$2,001	2021
Minnesota	$1,586	$1,850	$1,658	$2,226	NA
Mississippi	$600	$607	$1,098	$1,728	2018*
Missouri	$789	$1,142	$1,449	$2,050	2018*
Montana	$941	$941	$1,075	$1,943	2020
Nebraska	$1,150	$1,150	$1,196	$2,062	2021
Nevada	$1,307	$1,368	$1,109	$2,229	2018*
New Hampshire	$1,192	$1,278	$1,150	$2,243	2021
New Jersey	$1,524	$1,455	$1,462	$2,647	2021
New Mexico	$880	NA	$1,061	$1,974	NA
New York	$1,759	$1,842	$1,872	$2,593	2017-2018
North Carolina	$963	$1,205	$1,155	$1,879	2015*
North Dakota	$913	$913	$1,140	$2,078	2021
Ohio	$994	$1,300	$1,060	$2,031	2020
Oklahoma	$795	$837	$1,318	$1,817	2017*
Oregon	$1,705	$1,595	$1,580	$2,502	2020
Pennsylvania	$1,033	$1,088	$1,437	$2,196	2019
Rhode Island	$1,024	$1,252	$1,625	$2,713	2021
South Carolina	$923	$923	$1,138	$1,742	2020
South Dakota	$922	$922	$810	$1,793	2021
Tennessee	$1,018	$1,075	$1,398	$1,887	2020
Texas	$891	$874	$1,254	$1,947	2021*
Utah	$1,040	$999	$1,381	$1,985	2020-2021
Vermont	$1,257	$1,257	$1,742	$2,320	2019
Virginia	$1,715	NA	$1,581	$2,243	2018
Washington	$2,323	$2,362	$1,710	$2,521	2021
West Virginia	$753	$782	$1,368	$2,057	2019-2020*
Wisconsin	$1,491	$1,473	$1,385	$2,009	2018*
Wyoming	$731	$732	$1,248	$2,110	2017

Notes: An "*" indicates that there is a more recent Market Rate Survey available to use in setting base reimbursement rates. The estimated cost of base-and high-quality care were derived from child care cost-estimation models developed by the Center for American Progress. NA = Not Applicable. The District of Columbia and New Mexico currently use a cost-estimation model rather than a market rate survey (MRS) and do not have values for the 75th percentile. Virginia does not report the 75th percentile value in their most recent MRS and is in the process of moving to a cost estimation model. States may update subsidy policies between Roadmap data collection and publication; data for these states will be updated in late 2022/early 2023. For additional details, please see Methods & Sources.

Sources: As of September 6, 2022. Personal communication with state CCDF Administrators and other staff overseeing the state's child care subsidy programs; State children and families department websites; and State Market Rate Surveys.

States Can Link Child Care Subsidy Receipt to Participation in the State's Quality Rating and Improvement System (QRIS)

States can use a variety of mechanisms to try to ensure their subsidy dollars are spent on higher quality child care. States typically use quality rating and improvement systems (QRIS) as a means to systematically assess key standards of child care environments and to communicate the quality of care in settings to a variety of audiences. Twenty-six states require either all licensed providers or those serving children with subsidies to participate in QRIS. In a small number of states, providers are required to achieve a minimum rating level that is higher than base quality to participate in the subsidy program.

Another mechanism, tiered reimbursement rates, are used by most states to incentivize programs to provide higher-quality care. Currently, in 38 states, providers receive a higher reimbursement rate if they have a higher quality rating. Between 2019 and 2021, several states (Alabama, Florida, Georgia, Kentucky, Ohio, and Texas) have moved toward mandatory participation for all providers or providers who serve children with subsidies.

Status of State QRIS Participation and Reimbursement Based on Higher Quality Standards

Note: Where possible, data are pulled for states that are planning or piloting QRIS programs. Data were unavailable for Connecticut (pilot), South Dakota (planning), and West Virginia (planning).
Sources: As of July 2022. The Build Initiative and Child Trends' Quality Compendium Data System, State QRIS and Administrative Child Care Websites, and State 2022-2024 CCDF Plans.

States Can Reduce the Copayment Amount That Families Are Expected to Contribute to Providers and Prohibit Providers From Charging Families Additional Fees for Child Care

The cost burden placed on families with child care subsidies also varies considerably across states. The base reimbursement rate does not represent the full value of the child care subsidy for parents, but rather the value of the subsidy for the child care provider. Families may be required to participate in cost-sharing for child care received through subsidies, typically through copayments.[14] States can set copayment rates at a dollar value or as a percentage of the total cost of care based on various factors, including family size, family structure, and family income.

The copayment rates that states charge families range from 0% for a family of three with an income at 150% of the FPL in eight states (California, Louisiana, Michigan, New Jersey, New Mexico, South Dakota, Utah, and Vermont) to 14% for a similar family in Montana. Over half of states charge families copayments equal to 5% or less of the family's income (at 150% of the FPL).

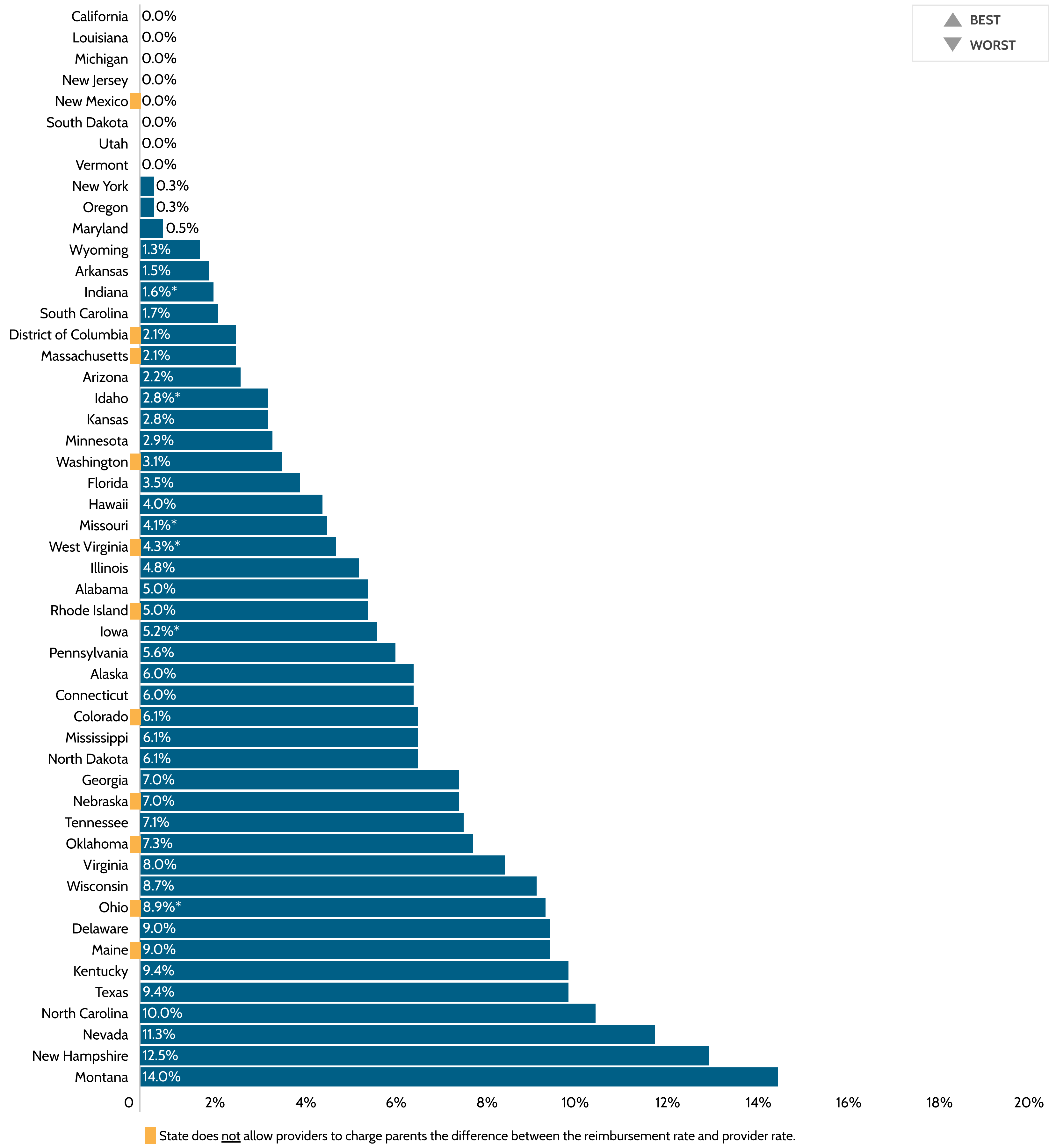
> See the impact of out of pocket child care costs on families' resources in your state in our Same Family, Different Resources simulation.

Families may face additional cost burdens in some states, depending on whether the state allows additional fees to be charged by the provider to the family to cover the difference between the reimbursement rate providers receive and the price providers typically charge to non-subsidized families. Families' total share of the cost of care includes these fees in addition to copayment contributions.

California, Louisiana, Maryland, Michigan, New Jersey, New Mexico, New York Oregon, South Dakota, Utah, and Vermont all have low overall cost burdens on families as a result of low copayments and/or high reimbursement rates relative to the market rate price. In the 11 states that do not permit providers to charge families additional fees to cover the full market price of care, providers may be required to absorb some additional costs.

Variation Across States in Copayment Rates and Whether Providers Are Allowed to Charge Parents the Difference Between the Reimbursement Rate and the Provider Rate

Monthly Copayment Amount as a Percentage of Income for a Family of 3 at 150% of the Federal Poverty Level



Notes: An "*" indicates this state is one of six whose initial income eligibility limit is below 150% FPL. For these states, household income and subsequent copayment fees were based on the maximum household income allowed for subsidy receipt instead of the household income at 150% FPL. States may update subsidy policies between Roadmap data collection and publication; data for these states will be updated in late 2022/early 2023. For additional details, please see Methods & Sources.

Sources: As of September 6, 2022. Personal communication with state CCDF administrators and other staff overseeing the state's child care subsidy programs, state agency websites, state CCDF plans, and state market rate surveys. When additional fee data could not be verified, data were pulled from the National Women's Law Center (as of February 2019).

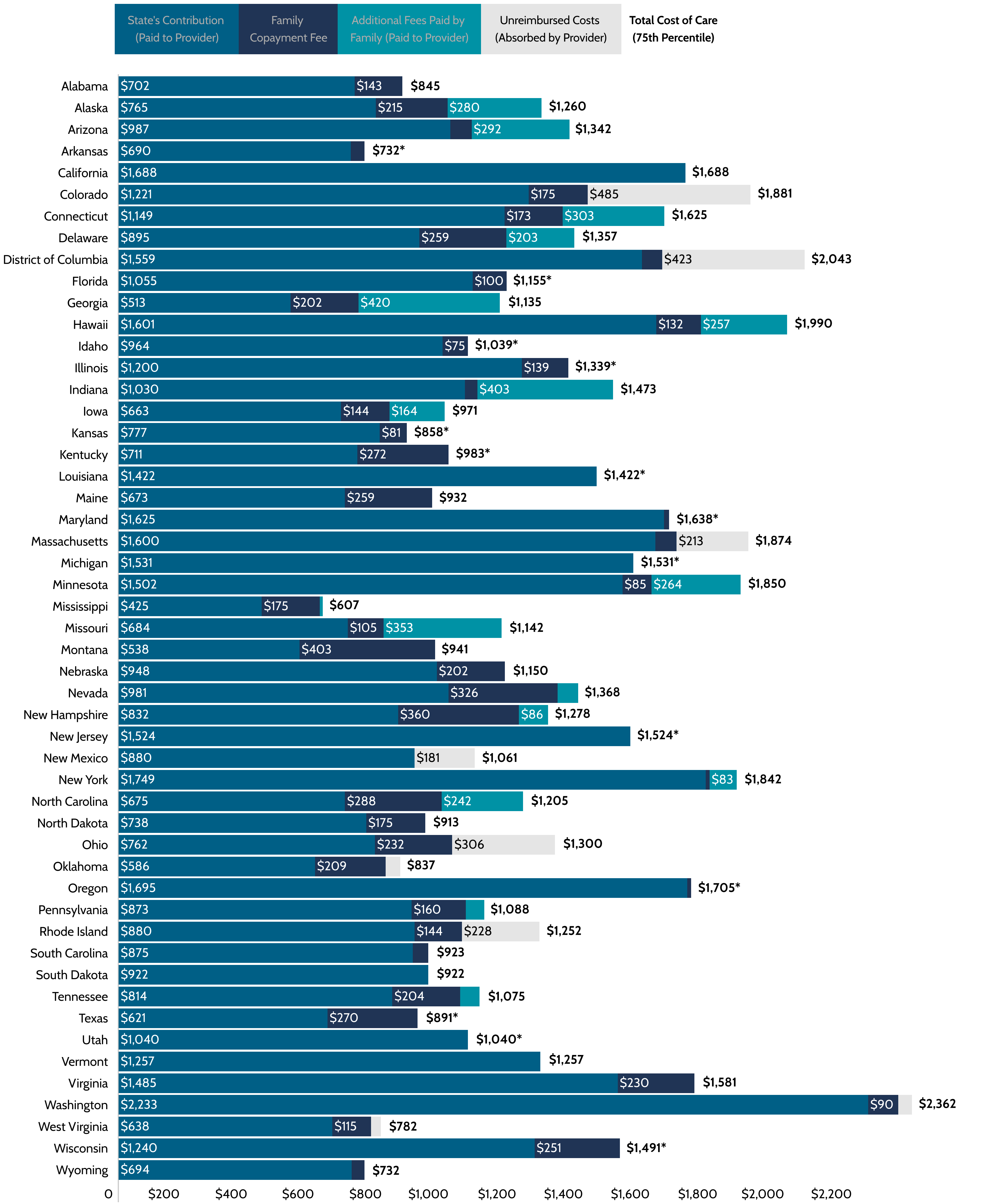
The Total Cost of Child Care is Distributed Differently Across States Because of Variation in States' Policy Choices

In the figure below, the total cost of child care is based on the cost associated with the equal access target (or 75th percentile), and it includes the amount the state provides as a subsidy, the family's required copayment contribution, the difference between the total cost of care and the subsidy amount paid for by the family (i.e., a fee) if the state allows it, and any unreimbursed cost to providers if the state does not allow the provider to collect a fee.

The variation across states on each of these elements is substantial, leading to widely different resources to families depending on where they live. For example, the 75th percentile of the market rate survey varies substantially, from a low of $607 per month for an infant in center-based care in Mississippi to a high of $2,362 in Washington, or nearly four times the price. In seven states (Alabama, Arkansas, Kansas, Mississippi, Oklahoma, West Virginia, and Wyoming), the 75th percentile amounts to approximately $800 per month or less for an infant in center-based care, whereas the price is more than $1,600 in 12 states.

In ten states (California, Louisiana, Maryland, Michigan, New Jersey, New Mexico, Oregon, South Dakota, Utah, and Vermont), the state pays providers a large share of the market rate price of care for an infant in a center-based setting and families with incomes at 150% of the FPL do not have a substantial share of the total cost. In contrast, payments to providers are low in other states leading to large out of pocket child care expenses (e.g., Georgia, Montana, Nevada, and North Carolina) or high unreimbursed costs for providers (e.g., Colorado, District of Columbia, and Ohio).

Variation Across States in the Distribution of the Total Cost of Child Care



Notes: Data for this measure are based on monthly child care subsidy rates and copayment fees for a family of 3 with income at 150% of the FPL with an infant in center-based child care. The total cost of care is assumed to be the price of care at the 75th percentile of market rates in the most populous geographic area in the state. The base reimbursement rate provided by the state's child care assistance program is comprised of the state contribution and the family's copayment fee. In states where providers are allowed to charge families an additional fee for child care, families owe the provider the difference between the total cost of care and the state's reimbursement rate. In states where providers cannot charge this additional fee, providers absorb these additional costs.

An "*" indicates this state's base reimbursement rate for an infant in center-based care exceeds the 75th percentile threshold; in these cases, the total cost of care is assumed to be the higher value of the base reimbursement rate. The District of Columbia and New Mexico currently use a cost-estimation model rather than a market rate survey (MRS) and do not have values for the 75th percentile. Virginia does not report the 75th percentile value in their most recent MRS and is in the process of moving to a cost estimation model; for these three states, the total cost of care is assumed to be the value of the estimated true cost of base-quality care. Idaho, Indiana, Iowa, Missouri, Ohio, and West Virginia set initial income eligibility thresholds below 150% of the FPL. For these states, household income and subsequent copayment fees were based on the maximum household income allowed for subsidy receipt. States may update subsidy policies between Roadmap data collection and publication; data for these states will be updated in late 2022/early 2023. For additional details on calculations, see Methods and Sources.

Sources: As of September 6, 2022. Personal communication with state CCDF administrators and other staff overseeing the state's child care subsidy programs, state agency websites, state CCDF plans, and state market rate surveys. When additional fee data could not be verified, data were pulled from the National Women's Law Center (as of February 2019).

The Percentage of the Total Cost of Care that Families Must Pay Also Varies Across States

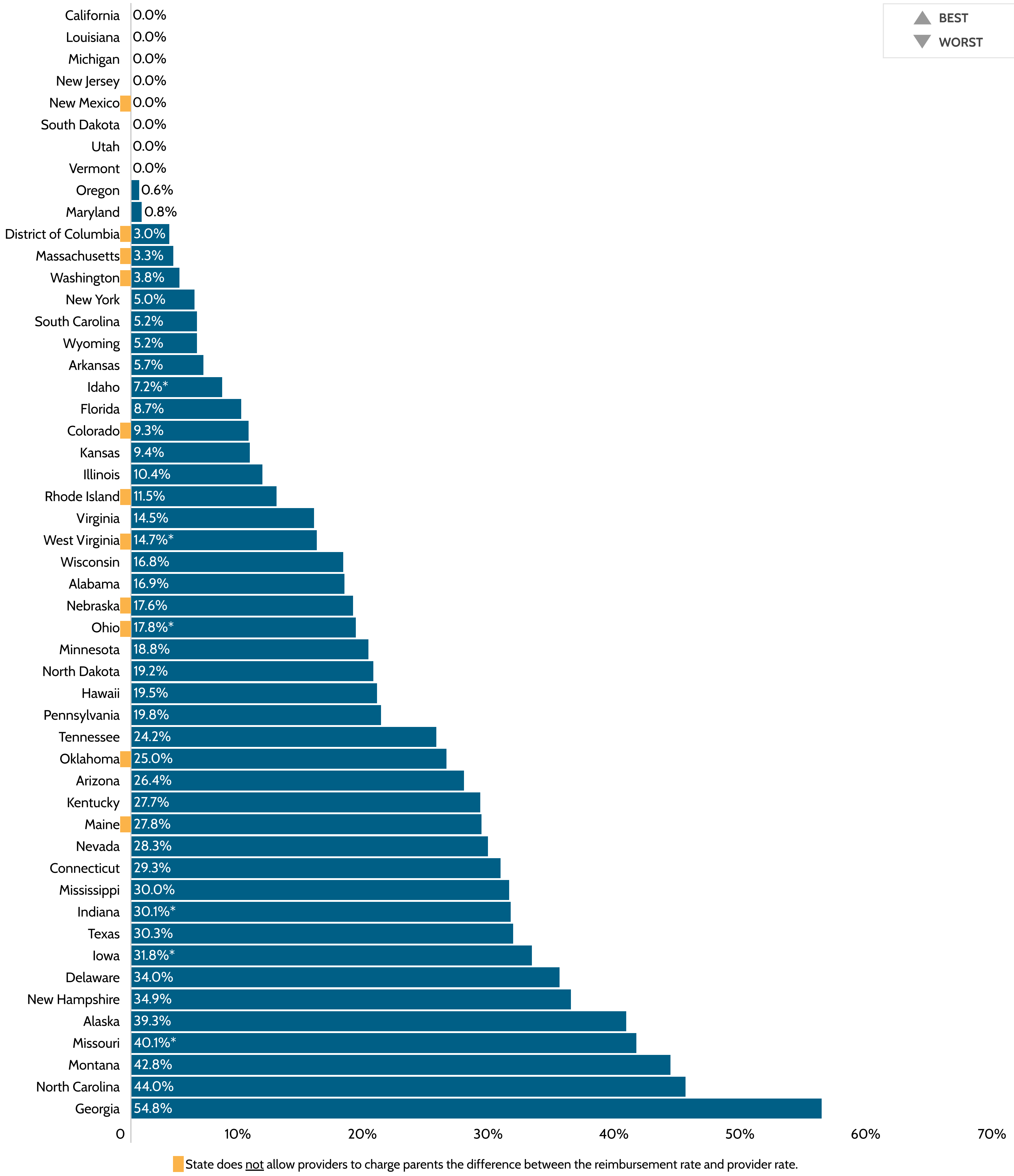
Variation across states in copayments and additional fees, as well as the extent to which state reimbursement rates cover a large portion of the market price for child care, leads to wide variation across states in the proportion of the total cost of care for which a family is responsible. In the figure below, the total cost of care is assumed to be the value of the equal access target in a state (the

75th percentile of the MRS). A family's total out-of-pocket child care expenses include both a required copayment and any additional fees to cover the difference between the base reimbursement rate and the price of care at the 75th percentile; together, these equal the family's total cost of care.

In several states, a family's contribution to the total price of child care is nominal: for example, in eight states, families with incomes at 150% of the FPL are not responsible for any of the total cost. And in Oregon and Maryland, families with incomes at 150% of the FPL are responsible for less than 1% of the total cost. However, families are responsible for more than one-third of the price of care in eight states (Delaware, New Hampshire, Alaska, Missouri, Montana, North Carolina, Nevada, and Georgia). In Georgia, families must pay more than half of the price of child care, which makes care unaffordable for many families.

Variation Across States in the Cost of Child Care for Parents

Share of Child Care Costs for an Infant in Center-Based Care Paid by a Family of 3 at 150% of the Federal Poverty Level



Notes: An "*" indicates this state is one of six whose initial income eligibility limit is below 150% FPL. For these states, household income and subsequent copayment fees were based on the maximum household income allowed for subsidy receipt instead of the household income at 150% FPL. The total cost of care is assumed to be the value of care at the 75th percentile of market rates in the most populous geographic area in the state. The family's costs include both copayment fees and any additional fees they may be responsible for that are not fully covered by the state's reimbursement rate. States may update subsidy policies between Roadmap data collection and publication; data for these states will be updated in late 2022/early 2023. For additional details, please see Methods & Sources.

Sources: As of September 6, 2022. Personal communication with state CCDF administrators and other staff overseeing the state's child care subsidy programs, state agency websites, state CCDF plans, and state market rate surveys. When additional fee data could not be verified, data were pulled from the National Women's Law Center (as of February 2019).

WHAT PROGRESS HAVE STATES MADE IN THE LAST YEAR TO MORE EFFECTIVELY IMPLEMENT CHILD CARE SUBSIDIES?

Although most of the funding for child care subsidies comes from federal sources, states have substantial latitude in how they implement their programs. Over the past year, states made many improvements to their child care systems by executive order and/or agency action, and several state legislatures passed legislation to increase reimbursement rates, cap family copayments, and more.

A number of states considered or enacted legislation to make child care more affordable for families. California extended a prohibition on the collection of family fees through the 2022-2023 fiscal year and authorized reimbursements to providers to cover those costs. Maryland also enacted legislation to lower the cost of child care for families by eliminating copayments for those that are eligible for other federal support programs (SNAP, WIC, etc.). New Mexico also continued to make significant changes to its child care subsidy program this year, eliminating child care copayments for all eligible families for one year, after expanding income eligibility in August 2021 to 350% of the FPL.

In addition, several states proposed bills to pay reimbursement rates based on enrollment rather than attendance, which could have the effect of increasing reimbursement to providers.

Several states—35 in total—worked to support providers and families by increasing reimbursement rates this year. Louisiana led those efforts by nearly doubling their reimbursement rates and reducing the overall family share of child care costs. Michigan also significantly increased their reimbursement rates and decreased the amount charged to families in the state. Reducing costs to families was a priority for states this year as well, with 37 states ultimately decreasing families' out-of-pocket child care costs by decreasing copays and/or increasing reimbursement rates. In eight states, families with incomes at 150% of the federal poverty level have no out-of-pocket costs.

Summary of States' Progress to Effectively Implement Child Care Subsidies in the Last Year

State	Increased Income Eligibility (≥5%)	Increased Base Reimbursement Rate	Decreased Copayment (≥1%)	Base Reimbursement Rate for Infants in Center-Based Care Meets or Exceeds the 75th Percentile	Base Reimbursement Rate for Infants in Center-Based Care Meets or Exceeds the True Cost of Care
Alabama	✓	✓		✓	
Alaska					
Arizona		✓			
Arkansas		✓		✓	
California	✓	✓	✓	✓	
Colorado		✓	✓		
Connecticut	✓				
Delaware		✓			
District of Columbia		✓		NA	
Florida		✓		✓	
Georgia		✓			
Hawaii	✓		✓		✓
Idaho	✓	✓		✓	✓
Illinois		✓		✓	✓
Indiana			✓		
Iowa			✓		
Kansas	✓	✓		✓	
Kentucky	✓	✓		✓	
Louisiana		✓	✓	✓	✓
Maine				✓	
Maryland		✓	✓	✓	
Massachusetts		✓			
Michigan	✓	✓	✓	✓	✓
Minnesota		✓			
Mississippi	✓				
Missouri					
Montana	✓			✓	
Nebraska	✓	✓		✓	
Nevada	✓	✓			✓
New Hampshire		✓			✓
New Jersey		✓	✓	✓	✓
New Mexico	✓		✓	NA	
New York					
North Carolina					
North Dakota		✓		✓	
Ohio		✓			
Oklahoma					
Oregon	✓	✓	✓	✓	✓
Pennsylvania		✓	✓		
Rhode Island					
South Carolina		✓		✓	
South Dakota		✓		✓	✓
Tennessee	✓	✓			
Texas		✓		✓	
Utah	✓	✓		✓	
Vermont		✓	✓	✓	
Virginia				NA	✓
Washington	✓	✓	✓		✓
West Virginia					
Wisconsin		✓	✓	✓	✓
Wyoming		✓			
TOTAL STATES	17	35	15	23	13

Notes: NA = Not Applicable. The District of Columbia and New Mexico currently use a cost-estimation model rather than a market rate survey (MRS) and do not have values for the 75th percentile. Virginia does not report the 75th percentile value in their most recent MRS and is in the process of moving to a cost estimation model.

Sources: Income eligibility information: As of 2021-2022. National Women's Law Center.Reimbursement rate and copayment information: As of September 6, 2022. Personal communication with state CCDF Administrators and other staff overseeing the state's child care subsidy programs; state children and families department websites; and state market rate surveys. True cost of care estimates: As of 2021. Center for American Progress. For additional details, please see Methods & Sources.

Notes and Sources