



KEY FACTS

- The Child Care Subsidy Program, which uses both federal and local funds, helps qualified families pay their child care fees.
- In fiscal year 2019 the program provided subsidy payments directly to child care facilities for more than 5,000 infants and toddlers and over 4,000 three-to-five year olds in DC. Currently, everyone who is eligible can participate in the program, however there are not enough child care providers in the District to meet the needs of the families who need access to care.
- Moving forward, DC should continue its investment in early childhood education, particularly by reimbursing child care programs for the full amount of the cost of care - including pay parity for early childhood educators and public school teachers with equivalent roles, experience, and credentials.

What is the Child Care Subsidy Program?

Child care is a necessity for families across the country who need to work or participate in education or training. Quality child care can sometimes cost as much as or more than other major expenses such as healthcare, food, college tuition, and housing. The Child Care Subsidy Program helps families pay their child care fees. As a result, families are more likely to have access to quality child care that benefits both the child and the parents.

Child care subsidies are funded, in large part, through the federal Child Care and Development Fund (CCDF), a block grant to states, DC, the territories, and tribal governments that use the funds to help families pay for child care that will fit their needs and—for younger children—prepare them to succeed in school.¹ The District of Columbia Child Care Subsidy Program uses those federal funds, along with a state investment, to administer a child care subsidy program for low-income families. Subsidized child

care services are available to families through certificates (vouchers), or grants and contracts with providers. The program provides parents with a choice of a range of provider settings and types—including centers, family child care homes, relatives, and faith-based providers.²

CCDF is authorized under the Child Care and Development Block Grant Act (CCDBG) which was reauthorized in 2014. The federal government contributes a fixed amount of funding to CCDF, and states must contribute a minimum amount of additional funding. Appropriated by Congress each year, this program provides funding for states to invest in child care in a variety of ways including helping families afford child care, investing in initiatives to improve child care quality, and helping early educators and other child care providers build their skills.

Subsidies are available for parents, but they are not an entitlement, meaning eligibility does not guarantee an opportunity to participate. While many eligible DC families with young children who participate in the program due to substantial local investment, the current supply of early learning is not sufficient to serve all eligible families.³ As the District takes measures to expand the supply of early learning, it will be critical to ensure that subsidy funding keeps pace. Nationally, for eligible children of all ages, just over 1.3 million children receive a child care subsidy from the CCDF program each month, which is significantly less than the 13.3 million children eligible in 2016.⁴ In other words, while child care subsidies are a critical support for working families, they remain out of reach for some who need them.

Who Is the Child Care Subsidy Program Intended to Help?

CCDF was created to help families work or attend school. Due to historic and ongoing structural racism, families with low incomes are disproportionately headed by people of color.⁵ As a result, the rhetoric around the federal Personal Responsibility and Work Opportunity Reconciliation Act (sometimes known as “welfare reform”), which created CCDF, is often racially charged. DC is no exception to national racial disparities. According to the most recent Census estimates, the average income for DC’s white households is almost four times that of Black households and three times that of Latino households (\$208,622 vs \$54,778 and \$73,053). Income gaps are even greater for households with children. Due to that disparity, Black DC residents are almost four times and Latino DC residents are over twice as likely as white residents to be in poverty (25.7 and 14.1 percent vs. 6.3 percent).⁶

To be eligible for subsidized child care in the District, a child must, at the time of eligibility determination or redetermination:

- a) Be between 6 weeks and 13 years old, or under 19 years old if the child has special needs
- b) Reside with a parent(s), guardian(s), or adult with legal relationship to child
- c) Be a citizen or legal immigrant in the United States⁷
- d) Be a resident of the District of Columbia

- e) Meet the requirements for one of the categories of need:
 - a. Resides with parent(s) who is working or attending a job training or education program
 - b. Resides with parent(s) who is seeking employment or engaging in job search
 - c. Receives, or needs to receive, protective services or is considered a vulnerable child⁸
- f) Resides with a parent(s) or guardian(s) whose gross annual income does not exceed 250 percent of the federal poverty level or 85 percent of the DC Median Income based on family size⁹

The child care subsidy is based on an assessment of need, income, and family size. In addition to income-eligible families where one or more adult is working, child care assistance may also be available for:

- Families who receive Temporary Assistance for Needy Families (TANF) benefits and participate in education and training in accordance with their Individual Responsibility Plans
- Teen parents seeking a high school degree or its equivalent

Similar to other child care subsidy programs, the DC child care subsidy program has priority groups, which are established to continue enrolling children if a waiting list is in effect or to give first opportunity for placement if there are more applicants than available funds. Those priority groups are: children in families with very low family income, children with special needs or in foster care or protective services, children whose parents have disabilities, and children experiencing homelessness.¹⁰

Why is the Child Care Subsidy Program So Important?

Most child care subsidies go towards the care of young children. Early learning experiences play an important role in infants' and toddlers' development and well-being. Quality early learning enables parents to work or go to school feeling comfortable that their children are safe and thriving, and boosts the academic and social development of young children. Child care subsidies help make quality early learning affordable for parents, create stable and safe care for children, and strengthen families' economic security. The child care subsidy program:

Boosts the academic and social development of infants and toddlers: Since the first years of life are a period of rapid brain development, children's experiences during this period shape future learning, making access to quality early learning pivotal for young children. One study found that children in families earning low wages enrolled in higher-quality care before age 5 had math and reading achievement levels at ages 4.5 to 11 similar to their higher-income peers.¹¹

Creates stable and safe care for young children: Parents with access to affordable, stable and quality early learning are less likely to face child care interruptions that can result in absences or other

schedule disruptions in the workplace, and are less likely to change providers. Stable child care allows young children to create bonds with the early educator, which makes the child feel safe. A growing body of research shows that stability and continuity in child care providers promotes positive interactions between children and caregivers and the development of secure attachment relationships.¹²

Strengthens families' economic security: Research suggests that use of the subsidy program is associated with higher rates of employment and better employment outcomes for parents, particularly mothers.¹³ In fact, DC's implementation of universal preschool for 3 and 4-year-olds increased maternal participation in the labor force by 10 percentage points from 2007 – 2016.¹⁴ This is critical when considering the stabilizing effect of steady work on families and the part that it plays in the growth and development of the child. When parents do better economically, their children do better as well. Parental employment not only improves the economic circumstance of a family, but also has been shown to improve a child's social and emotional well-being.¹⁵

Similarly, participation in out-of-school time programs helps older children stay in school, increases test scores and grades, supports social and emotional development, and can positively impact physical health. In many cases, the greatest gains in these outcomes are for youth who are considered at risk of academic challenges due to the impacts of poverty.¹⁶ While DC supports out-of-school time programs through a variety of funding streams, child care subsidies are one contributing element.

How Does DC's Child Care Subsidy Program Work?

DC's Child Care Subsidy program, administered by the Office of the State Superintendent of Education (OSSE), provides financial assistance to families with children seeking access to child care while the parent(s) or guardian(s) work or attend job training or educational programs. The Child Care Subsidy Program offers families a wide range of child care options to enable families to choose the setting and time that best meet their needs.¹⁷ In addition to the traditional child care services offered 7am – 6pm Monday through Friday, the Child Care Subsidy Program assists eligible parents and guardians in paying for “nontraditional services,” which are available evenings, nights, and weekends at selected sites.¹⁸

To apply for the child care subsidy program, applicants must visit the Department of Human Services, Economic Security Administration, Child Care Services Division office or apply directly at an authorized Level II Child Care Provider.¹⁹ After completing and submitting the application, applicants have an interview with an eligibility worker. The purpose of the interview is for the worker to gain a thorough understanding of all relevant eligibility factors for the applicant family.¹⁸ Depending on their income, families may be required to pay co-payments. The District's sliding fee scale determines a family's co-payment amount.²⁰

Eligible families are only authorized to receive subsidies for a limited time, after which they must prove again that they are eligible for their subsidies to continue. In the District, the redetermination period is 12-months, which promotes continuity of care for children and families. While this redetermination

period has become the norm for states since the 2014 federal Child Care Development Block Grant Act, DC adopted this policy earlier than many other states.²¹

Who Benefits from DC's Child Care Subsidy Program?

Children Receiving Subsidies in the District

The District's child care assistance program helps families with monthly income below 85 percent of the DC median income (SMI) or below 250 percent of the Federal Poverty Level (FPL) pay for child care. The program operates with a \$112.6 million budget in federal and local funds²² and in fiscal year 2019 provided subsidy payments directly to child care facilities for 5,173 infants and toddlers (0-36 months) and 4,151 preschoolers (30-60 months).²³

Children eligible to receive subsidies

Child care subsidies increase equity by making sure children - particularly children living in historically underserved communities - can receive safe, high-quality care while their parents go to work or school.²⁴ In DC, fewer young children participate in the child care subsidy program than the number eligible.²⁵ This largely reflects the difficulty many families face in finding an early care and education program at all in the District, where demand far outpaces supply.²⁶

Recommendations to Improve the Reach of the Child Care Subsidy Program

Quality child care is a necessity for working families, but it is out of reach for many. For older children, this means that out-of-school time programs — which may be funded by child care subsidies in addition to many other funding streams — are vital, and it's important that the District expand the availability of these programs.

For young children, the majority served by the subsidy program, affordable, equitable, diverse, and high-quality early learning is among the most critical investments a state can make. In recent years, the District has shown leadership and commitment to early childhood through various innovative initiatives including universal preschool for 3 and 4-year-olds, the Birth-to-Three law, Capital Quality, the Quality Improvement Network, and the local child care subsidy expansion. The District has also already adopted flexibilities within the federal CCDF guidelines to make the child care subsidy program more accessible, including using the longer 12-month certification period and offering flexible child care options for parents with nontraditional work schedules.

While the District has positioned itself as a national leader in the provision of early learning opportunities, there is concern that the supply of child care for infants and toddlers in DC continues to fall far short of the demand, and at high cost.²⁷ DC has the most expensive infant child care in the

country.²⁸ The limited resources available to support early learning programs that serve infants and toddlers leave a large part of the early childhood workforce underpaid and restrict young children's access to high-quality care.²⁹ To address this issue, the District should:

Preserve existing funding levels

DC has invested in significant expansions to the federal CCDBG subsidy program. This funding has allowed every child who is eligible for the subsidy program, and for whom an early care and education program seat exists, to have access. Reductions in child care subsidy funding would threaten accessibility.

Expand child care subsidy to cover all eligible families

To build on its success in ensuring near-universal access to pre-K, DC recommitted to expanding access to early learning by passing recent legislation that would expand the child care subsidy system to more families.³⁰ If fully funded, the expanded subsidy program could reduce financial barriers to quality early learning.

Increase the supply of child care

The gap between program eligibility and use of child care subsidies is the result of insufficient supply. Many early care and education providers operate within thin margins. This contributes to a limited supply of high-quality care offerings and too many programs shuttering,³¹ leaving families scrambling. Communities with lower income households are disproportionately affected by this supply squeeze³² and are the same communities where local care providers rely almost entirely on the District's subsidy program.

Raise compensation for early childhood educators

In order to ensure that the child care supply is sufficient to meet the demand for subsidized care, the District must increase its workforce of qualified early educators. Educators must be knowledgeable about child development and able to demonstrate a diverse set of competencies to support children's growth across different developmental areas.³³ In 2016, OSSE increased the education requirements of the early childhood workforce to require that all lead teachers, at minimum, possess an associate's degree.³⁴

Despite these rising standards, current educator's pay may not be enough to attract and retain a skilled workforce in the District, where retention of early educators is "chronically low."³⁵ Fourteen percent of early educators in the Washington region lived in poverty between 2011 and 2015, compared to eight percent for the average working-age adult. And because early educators' wages are too low to afford the basics, such as rent and food, many workers turn to public assistance programs to get by.³⁶ Research suggests that increasing compensation reduces turnover, creates a more skilled workforce,

and improves the quality of learning that a child receives.³⁷ In the wake of increasing credentialing requirements, early educators with required higher educational attainment may be drawn to leave the sector for higher-paying jobs requiring similar credentials.

Use clear and inclusive language on program applications

With the recent changes to the Public Charge rule,³⁸ immigrant families may be less likely to apply for benefits even for their children who are eligible citizens. The District must provide clear, accurate, and consistent information around eligibility rules for the programs, and the potential impact of the Public Charge rule on those who participate, so that families may determine whether enrollment in the child care subsidy program is the right choice for them.

Using clear and inclusive application language will be key to ensuring that all families have access to high-quality, affordable early care and education programs.

Endnotes

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<https://datacenter.kidscount.org/data/tables/9765-poverty-by-race-ethnicity?loc=10&loct=3#detailed/3/any/false/37.871.870/2159.3498.2161.2157.3306.3307.3499.2160/19034.19033>
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38. Historically, the “public charge” inadmissibility test was designed to identify people who may depend on the government as their primary source of support. If the government determines that a person is “likely at any time to become a public charge” in the future, it can deny a person admission to the U.S. or lawful permanent residence (or “green card” status). ([Immigration and Naturalization Act section 212\(a\)\(4\), 8 USC 1182\(a\)\(4\)](#)) Revised public charge regulations published by the Department of Homeland Security (DHS) and the U.S. State Department that went into effect on February 24, 2020, redefine a “public charge” as a non-citizen who receives or is likely to receive one or more of the specified public benefits for more than 12 months in the aggregate within any 36-month period (such that, for instance, receipt of two benefits in one month counts as two months). The benefits considered are cash assistance for income maintenance from any level of government, SNAP (formerly Food Stamps), public housing, Section 8 housing assistance, and Medicaid (with exceptions for persons under age 21, women during pregnancy and for 60 days after the pregnancy ends and emergency services). This is much broader than the original test for public charge. For more information see: <https://protectingimmigrantfamilies.org/analysis-research/>