

Child Care Subsidies

Child care subsidies (also known as vouchers) help offset child care for parents, enabling them to work or attend school while their children engage in positive early learning experiences.

How it works

Families with very low incomes receive fully-subsidized care. Other families make a co-payment based on a sliding income scale. Through federal Child Care Development Fund dollars and state funding, the subsidy program makes payments to providers to cover the difference between the family's contribution and a daily reimbursement rate designated by the District.

Impact of COVID-19

- The District's child care sector is in critical condition. A November 2020 DC Action for Children survey of DC early learning programs revealed that 57% of child care programs that accept subsidies expect lower payments from the Office of the State Superintendent of Education (OSSE) under new payment guidelines. Public and philanthropic relief has helped but has not met the full need, with programs reporting that grants covered only 35% of their costs. Revenues have plummeted as costs have risen as fewer than one-third of the family care homes and centers report full enrollment. Many parents are either too fearful of returning or can't afford to. The District could lose up to 50% of its child care slots.

Why child care subsidies matter

High-quality, affordable child care is essential to children's healthy development and a family and community's economic stability and well-being. Yet, the cost of care is out of reach for many DC families, including early educators:

- The average cost of infant care for one child in the District is \$2,020¹ per month or more than in-state college tuition. It takes up almost 29 percent of \$84,892², the median income for DC families with children.
- Demand for child care slots outstrips supply: There are more than 26,500 infants and toddlers under age 3 in DC, and only about 11,257³ licensed child care slots available.

Child care assistance (subsidies) helps children and parents thrive and stimulates the economy. High-quality child care supports children's cognitive, physical, social and emotional development, allowing them to develop skills they need to succeed. Parents receiving child care assistance have higher employment rates and fewer work disruptions. Child care assistance also helps providers stay in business, boosting the supply of care available to serve all working parents — something important to any parent on a waiting list for child care. When District families aren't spending nearly 29% of their income on child care, they have more money to spend elsewhere in the economy.



Key facts

The Birth-to-Three Act improves school readiness and supports strong educators by increasing reimbursements to providers who educate infants and toddlers.

It expands child care assistance for infants and toddlers so that no family — regardless of income — pays more than 10 percent of their income for child care by 2028.

The Act also prioritizes subsidies for low-income families to ensure universal access to affordable and quality early child care.

\$2,020

The average monthly cost of infant care in the District is more than in-state college tuition



Child Care Subsidies (cont'd)

About Under 3 DC

Under 3 DC is a broad-based coalition of parents with young children, early childhood educators, advocates, community-based organizations, and health professionals who believe every child deserves a strong start and a limitless future. Our work centers on the people experiencing racial and economic injustice every day. It shines a spotlight on the need for more public investments to support families with infants and toddlers. Together, we can set the city on a path to creating and sustaining a high-quality, equitable early childhood system.

Under3DC.org

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Who they help

Working parents and their children benefit. In DC, 5,173 infants and toddlers and currently participate in the program⁴, and there are approximately 1,740 child care workers in the District⁵ — they all stand to benefit from one or more of the core four program improvements in the Birth-to-Three Act. By 2028, under full funding, the subsidy expansion would be available for up to an additional 11,027 infants and toddlers, a projected majority⁶.

If providers and child care workers can meet the increased demand, there would be a boost to the child care workforce, and those workers would be earning higher wages due to the new competitive salary scale once it gets funded. Providers would benefit from higher reimbursement rates that would gradually rise until they would equal the full cost of care for infants and toddlers.

DC children under age 13 in a family with an income below 250 percent of the federal poverty line — approximately \$54,000 per year for a family of three⁷ — are eligible for child care assistance if a parent is working, if the child needs or receives protective services, or is deemed “vulnerable.” The Office of the State Superintendent of Education administers the program. It has final authority on eligibility, while the Department of Human Services determines initial and continuing eligibility. Some child development facilities also have the power to determine eligibility. If a family’s income increases, they can still participate in the program as long as their income is below 85 percent of the family median income in the District or about \$75,094 per year for a family of three⁸.

With full funding, the Birth-to-Three Act would expand the pool of infants and toddlers eligible for a subsidy by raising the maximum family income level in October 2024. Over the subsequent four years, the expansion would phase in further until it reaches universal eligibility, meaning all families can participate regardless of income, by October 2028.

What’s next

As a result of the Birth-to-Three Act, the DC budget provides \$9.3 million in new funds to improve the child care subsidy program. This funding increase is about 17 percent of the \$55 million needed during the 2021 fiscal year.⁹ DC lawmakers will need to appropriate \$75 million additional dollars in the 2022 fiscal year, per estimates from the District’s Chief Financial Officer. The District has not projected what the Birth-to-Three for all DC Act would cost over the next decade when all of its provisions are fully phased-in.

1 Economic Policy Institute. Child care costs in the United States. 2020.

2 Ibid.

3 Population estimate is the 2019 1-year estimate in American Community Survey table B09001. The licensed child care capacity is for FY19 and pulls from OSSE’s Performance Oversight responses.

4 OSSE’s FY19 Performance Oversight Responses

5 U.S. Bureau of Labor Statistics. State Occupations! Employment and Wage Estimates. 2019.

6 Jeffrey S. DeWitt, “Updated Fiscal Impact Statement: Birth-to-Three for All DC Act of 2018,” Office of the Chief Financial Officer, September 14, 2018, http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/FIS%2022-203%20Birth-to-Three%20for%20All%20DC%20Act%20of%202018%20Enrolled.pdf;

7 U.S. Department of Health and Human Services. Poverty Guidelines for 2020. 2020.

8 Office of the State Superintendent of Education. Sliding Fee Scale FY20. 2019

9 Jeffrey S. DeWitt, “Updated Fiscal Impact Statement: Birth-to-Three for All DC Act of 2018,” Office of the Chief Financial Officer, September 14, 2018, http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/FIS%2022-203%20Birth-to-Three%20for%20All%20DC%20Act%20of%202018%20Enrolled.pdf;