

Closing the Gap

Using Outdated Guidelines for State Child Care Subsidy Denies Families Access

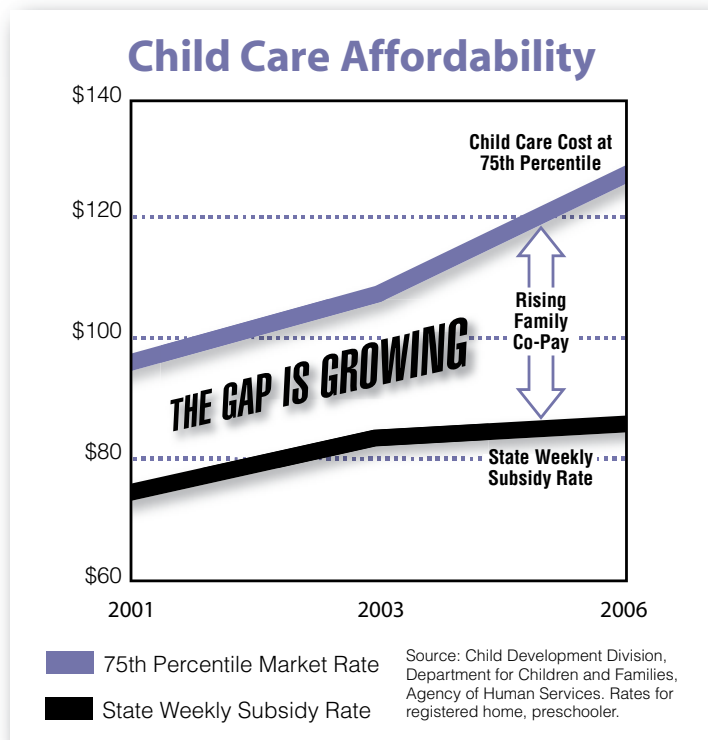
Too many struggling families are not eligible for a child care subsidy because Vermont continues to use the outdated 1999 federal poverty guidelines. For example, in 1999 a two-parent family with two children and an annual income no greater than \$37,380 was eligible for a child care subsidy. In 1999, \$37,380 was approximately 225% of the federal poverty level. In 2007, a similar family at 225% of the updated federal poverty level has an income of \$46,463. Today such a family would not be eligible for a child care subsidy because its income exceeds \$37,380. Today, this same family, earning \$37,380 or 181% of the 2007 federal poverty guideline is not eligible for any child care subsidy reimbursement, but is eligible financially for both Dr. Dynasaur and the Women, Infants and Children program. Each year Vermont does not update its child care subsidy eligibility criteria means more families are denied access to the program designed to serve them.

The Gap is Growing Between the State Subsidy Rates and Child Care Market Rates

For the children of working parents to be in a safe learning place, lower income families and child care providers must make up the difference—or gap—between the state subsidy reimbursement rate and the market rate. Parents are financially responsible for this difference, generally termed a co-pay. The State of Vermont is losing ground. In many areas, the state subsidy child care reimbursement rates for specific types of child care are lower than the rates charged by more than half of providers in that region, that is, below the 50th percentile. The federal standard is a state subsidy reimbursement rate set at the 75th percentile.

The 75th percentile is the standard established by the federal government to assure subsidized families have access to the child care market. It means families receiving a full subsidy have financial access to at least 75% of the care in their community.

The greater the gap between the 75th percentile and the subsidy rate, the less access families have to child care.



Vermont's Child Care Infrastructure

- **The State of Vermont has a legal and moral obligation to ensure our children can be in a safe learning place so their parents can work.**
- **Children, families, child care providers, our communities, and our economy are hurt when the State fails to meet its obligation.**
- **For many years, the State has been failing in its legal and moral responsibility to families in need.**
- **The \$7.3 million FY 2010 funding increase for the Early Care and Education Initiative proposed in the Governor's budget is an important first step towards closing the gap.**