

Child Care: An Unaffordable Necessity

To Work or Not

There's a child care dilemma for parents trying to mix two full-time jobs with raising two children. Paying for two children in full-time child care has become more than a stretch for most families, it's beyond reach. Desperate, stressful thoughts swirl in parents' heads:

I can't afford to work! Maybe one of us should quit work? Maybe we should become tag team parents who take turns taking care of the kids while one of us works day shift and one works the night shift? Maybe my neighbor could watch the kids for a few hours every day after school? Or even: Our nine-year-old Susie is an exceptionally responsible child—maybe she can watch her little brother after school every day until we get home.

To hear Vermont parents tell their stories, visit www.VermontCCAB.org

From day shifts to night shifts, working overtime and at home, moms and dads are struggling to juggle jobs and parenting and checkbooks.

Basic Need

For the past six years, Vermont has developed and published its Basic Needs Budgets. For a Vermont family of four with two working parents and two preschool age children (one age 3 and one age 4^{1/2}), with a median household income, the cost of child care equals \$16,120† and represents 22% of the family household budget. When child care, transportation, food, housing and health care are added together, more than three-quarters (78%) of the household budget for this Vermont family of four is committed—before taxes are paid.

Increasingly Desperate Need

What is a stretch for a family at the Vermont median household income becomes a desperate need for families in the lower half of income groups. A single parent who is working full-time and who has two children in full-time child care is likely to be eligible for the Vermont Child Care Financial Assistance Program (Subsidy Program). Yet despite the program's objective of ensuring that lower income families have equal access to child care and pay no more than 10% of their income for the required co-pay, there are clear indications these goals are not being met.

For a single parent earning \$13,500 a year in the hospitality industry, with two preschool age children (one age 3 and one age 4^{1/2}), the cost of child care with a registered home provider is \$13,000, which before reimbursement could represent 96% of the household budget.

Child care costs after being reduced by the maximum child care subsidy payment still leaves a co-pay of \$3,713 or 27.5% of this single parent's budget.

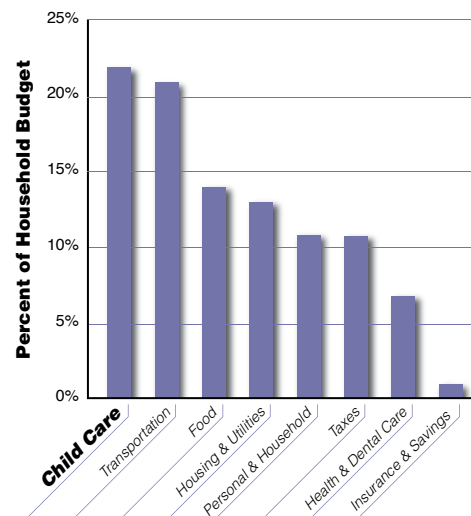
If such a single parent of two children earns \$15,080 a year by working full time and earning the Vermont minimum wage—which puts them above the state's eligibility scale based on the 1999 federal poverty guidelines—the child care subsidy is reduced on a sliding scale, which has the effect of increasing their co-pay even higher.

Families determined to be ineligible for the subsidy program, or who feel their subsidy level is inadequate, may file a variance. Variance requests and other indicators of the desperate need for child care continue to escalate. Between fiscal year 2006 and fiscal year 2008, Vermont experienced a 146% increase in the number of variances requested.

Costs for child care should not exceed what families can afford. Even when quality child care is available, most families face the question of whether they can afford it. Child care expenses have become an unaffordable necessity for families in a wide range of income levels.

Relative Impact of Household Budget Categories

Based on median gross income for 4-person household



Source: Vermont Basic Needs Budgets, 2007. Vermont 2006 Child Care Market Rates.

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† Child Development Division, statewide weekly market rate for 2 preschoolers enrolled full time at a licensed center-based program at 75th percentile, as of November 2006. For a registered home provider, the cost of child care would be \$13,000 for 2 preschoolers enrolled full time. Costs for one preschooler and one school age child would be less; Costs for an infant and a preschooler would be more.