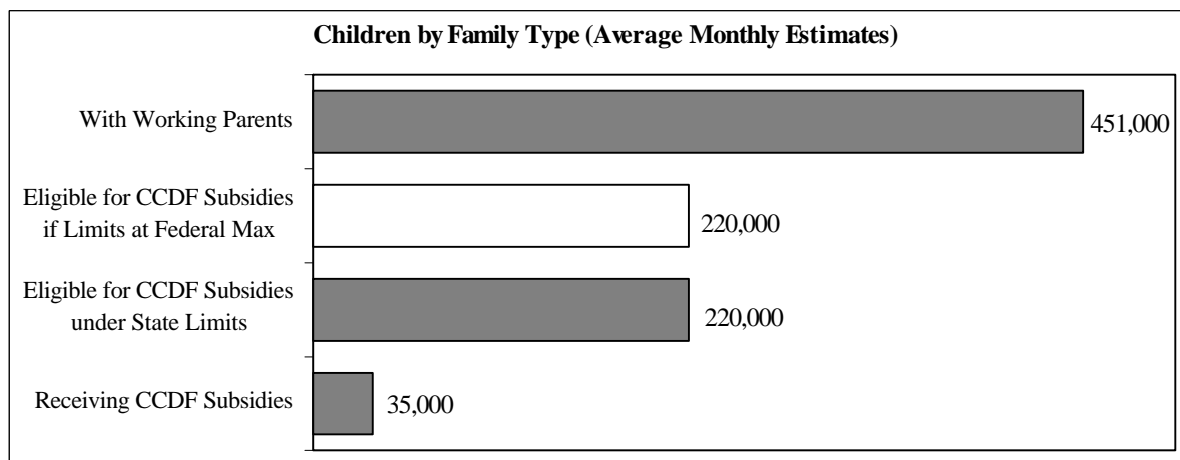


Child Care in Louisiana: A Short Report on Subsidies, Affordability and Supply

This report summarizes recent child care information for the state of Louisiana. The first section provides new information on child care subsidies, based on eligibility estimates generated by the Urban Institute and state administrative data reported to the U.S. Department of Health and Human Services (HHS). The second two parts, on affordability and supply, draw on state and local data collected by the Urban Institute during the summer of 1999 under contract with HHS. A companion document to the national report entitled "Access to Child Care for Low-Income Working Families," the Louisiana report is one in a series of nine state reports.

I. Child Care Subsidies

Figure 1. Child Care and Development Fund (CCDF) Eligibility and Receipt in Louisiana



Sources: Urban Institute simulations and state administrative data reported to the Child Care Bureau.

- ❑ **451,000** children under age 13 (or under age 18 if disabled) live in families where the family head (and spouse if present) is working or is in an education or training program, as shown in Figure 1. Children across all family income levels are included in this estimate. Most of these children (**428,000**) are under age 13 and living with working parents.¹
- ❑ **220,000** of these children, and 143,000 families, are estimated to meet the Louisiana's income guidelines for child care assistance under the Child Care and Development Fund (CCDF) October 1997 state plan. Louisiana's income eligibility limit is equal to the maximum level allowed under Federal law, 85 percent of State Median Income.²
 - To be eligible under Louisiana's October 1997 state plan, a family of 3 had to have income at or below **\$29,580**.
 - A large majority of eligible children (87 percent) live in families with annual income below 200 percent of the Federal poverty threshold and 45 percent are living in poverty. About 11 percent live in families that report receiving cash welfare.
 - Most (198,000) eligible children are under age 13 with working parents; the remaining children have parents in education/training programs or are disabled youth under 18.

- ❑ **35,000** children in Louisiana received child care subsidies funded by CCDF in an average month in 1998. This estimate suggests that 16 percent of the eligible population under both state limits and the Federal maximum limits were served with CCDF funds.³
- ❑ The Child Care and Development Fund (CCDF) is the major source of Federal funding allocated to states to subsidize the child care expenses of low- and moderate-income families so they can work, or attend education or training programs. Using CCDF dollars along with state funds, Louisiana has designed its own child care program within broad parameters specified under federal law. CCDF-funded subsidies, and the number of children that the state reported were served with these subsidies, are highlighted in this report because CCDF is a primary source of funding in most states. Also, CCDF administrative data is the most comparable source of child care data across states. It should be noted, however, that Louisiana, like many other states, also uses other funding sources to provide child care subsidies.
- ❑ **No waiting list** for government subsidies has been maintained since 1996-97. All families who currently apply receive subsidies. However, state staff believe that there are eligible families that do not apply for subsidies.⁴

II. Affordability⁵

- ❑ Prices for child care vary considerably, by such factors as geographic area, type of provider and age of child. Figure 2 shows the average monthly prices for child care in New Orleans, Louisiana. Given that these are average prices, it is clear that many families pay more or less than this amount.
- ❑ Centers in New Orleans, Louisiana charge an average of **\$303** per month for preschool care and **\$325** per month for infant care, as shown in Figure 2. This means that a family with \$15,000 in income and one preschool child in an average-priced center would spend close to one-quarter (24 percent) of its total monthly income on child care expenses. Average-priced infant care would represent a slightly higher share (26 percent) of monthly income for a family earning \$15,000.
 - Accredited care costs even more, **\$390** per month for a preschooler in center-based care, or about 31 percent of family income for families with \$15,000 in income.* Families with an infant in an accredited center would pay **\$412**, or about 33 percent of family income for families earning \$15,000.
- ❑ Family child care homes in New Orleans, Louisiana charge an average of **\$217** for both preschool-age children and infants. This means that a family with \$15,000 in income and one child in an average-priced family child care home would spend 17 percent of its monthly income on care for either a preschool-age child or for an infant.
- ❑ Families who receive child care subsidies usually pay much smaller monthly **co-payments** rather than the full market rate. Such co-payments are established under a sliding fee schedule, and are based on family size, income and the cost of care. The official fee in Louisiana ranges from 10 to 70 percent of the cost of care up to certain state-set maximum rates.

* Providers are accredited by national organizations based on criteria designed to measure quality. Accreditation is one indication that a provider has a demonstrated commitment to providing quality care.

- For example, a family with \$15,000 in income and one preschooler or infant in an average-priced center in Louisiana would be charged a monthly co-payment of \$29, or 2.3 percent of monthly income, as shown in Figure 2.
 - Louisiana does not require families with monthly incomes at or below \$1,100 to make co-payments.
- State policy does not prevent providers from charging parents additional amounts, above the co-payment, if the providers' rates exceed the state reimbursement level. For example, the maximum CCDF rate for preschool center care in New Orleans Louisiana is \$286 per month⁶, which is \$17 less than the \$303 average price shown in Figure 2. If the \$17 differential is paid by the family, the total cost to the family is \$46 per month, more than the official co-payment of \$29 shown in Figure 2. If the fee is not charged to the family, the provider loses \$17 per month for providing service to a subsidized child. The differential could be much larger than \$17 for some child care centers, including accredited centers and other centers with higher than average rates.

Figure 2. Child Care Prices and Co-Payments for a Hypothetical New Orleans, Louisiana Family of Three Earning \$15,000 with One Child in Care

	WITHOUT SUBSIDY		WITH SUBSIDY	
	Average Monthly Rates (Full Time Care)	% of Income (Family Income of \$15,000 Annually)	Monthly Co-Payments* (If receive subsidy)	% of Income** (Family Income of \$15,000 Annually)
INFANT (1 year)				
Center-based	\$325	26.0%	\$29	2.3%
Accredited center-based	\$412	32.9%	\$29	2.3%
Family child care home	\$217	17.3%	\$22	1.7%
PRESCHOOLER (4 years)				
Center-based	\$303	24.3%	\$29	2.3%
Accredited center-based	\$390	31.2%	\$29	2.3%
Family child care home	\$217	17.3%	\$22	1.7%

* State policy does not prevent providers from charging parents additional amounts, above the co-payment, if the providers' rates exceed the state reimbursement level. Figures in this table represent the minimum co-payment.

** Co-payments in Louisiana are based on a percentage of the cost of care, which was assumed equal to average monthly prices (shown in column 1) or maximum CCDF reimbursement rates, whichever was lower.

Source: Data collected by the Urban Institute from the Agenda for Children-Child Care Resources, a child care resource and referral agency serving the area in and around New Orleans, summer 1999.

III. Gaps in Child Care Supply⁷

- Not all providers in Louisiana accept children who receive subsidies. Of the providers registered with the Agenda for Children-Child Care Resources, which serves 11 of the 64 parishes in the state, 57 percent of centers and 45 percent of family child care homes accept subsidies. Only 50 percent of accredited centers serve subsidized children.

- Providers may be unwilling to accept subsidized children, or may limit their enrollment, when the state reimbursement rates are lower than their prices (see the example in section II). As a result, families receiving subsidies may have limited choices of caregivers.
- Staff from the resource and referral agency report shortages in the supply of various types of care in the 11 parishes they serve in Louisiana. Staff believe that the most severe areas of need are for infant care, school-age care, care during odd hours and care for children who have special needs or are ill. Specifically:
- **School-age care** is limited to some child care centers and some schools in many of the parishes in Louisiana served by the Agenda for Children-Child Care Resources. To participate in school-based care, children must attend a school that provides a school-age child care program.
 - **Care during odd hours** is very scarce in Louisiana. For example, only 4 of 447 centers in Orleans and Jefferson parishes provide care during non-traditional hours.
 - **Care for sick children** is not available from any of the centers in the Agency for Children-Child Care Resources' database, which covers 11 Louisiana parishes.

Sources

¹ Estimate based on microsimulations using the Urban Institute's TRIM3 model, guidelines in the state's 1997-99 CCDF state plan, and three years of Current Population Survey data (calendar years 1995-97).

² *Ibid.*

³ Estimates based on state administrative data reported to the Child Care Bureau and adjusted to reflect children funded through CCDF only. 1998 figures based on April-September 1998.

⁴ Waiting list data were obtained and compiled by the Urban Institute from the Louisiana Department of Social Services, the state child care agency.

⁵ Information in this section was obtained and compiled by the Urban Institute from Agenda for Children-Child Care Resources (AC-CCR) (a child care resource and referral agency in Louisiana). AC-CCR covers 11 of the 64 parishes in the state: Assumption, Jefferson, Orleans, Lafourche, Plaquemines, St. Bernard, St. Charles, St. James, St. John, St. Tammany, and Terrebone. These 11 parishes are concentrated primarily in and around New Orleans.

⁶ State maximum rates were obtained and compiled by the Urban Institute from the Louisiana Department of Social Services, summer 1999.

⁷ Information in this section was obtained and compiled by the Urban Institute from Agenda for Children-Child Care Resources.