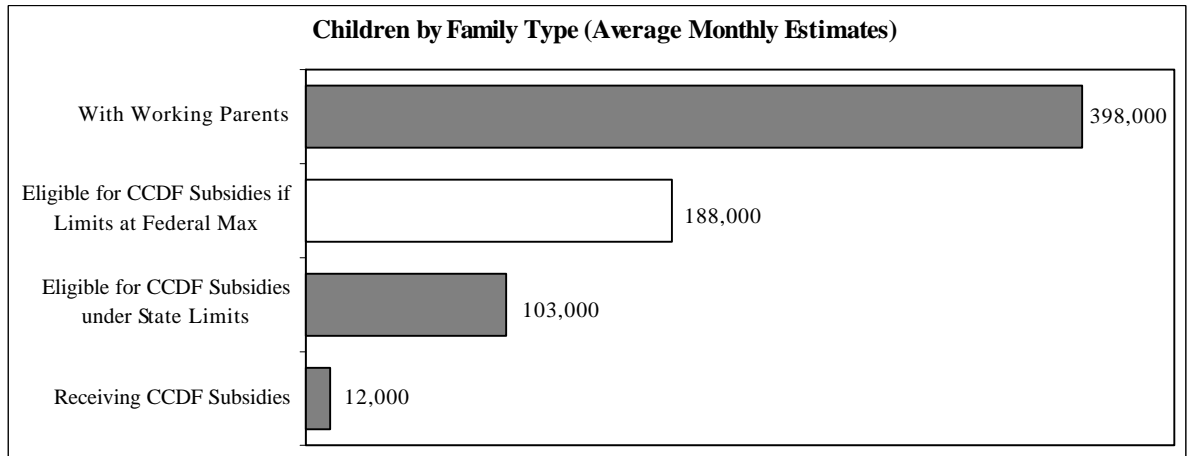


## Child Care in Connecticut: A Short Report on Subsidies, Affordability and Supply

This report summarizes recent child care information for the state of Connecticut. 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 Connecticut 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 Connecticut**



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

- ❑ **398,000** children under age 13, (or under age 19 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 (380,000) are under age 13 and living with working parents.<sup>1</sup>
- ❑ **103,000** of these children, and 63,000 families, are estimated to meet Connecticut’s income guidelines for child care assistance under the Child Care and Development Fund (CCDF) October 1997 state plan. The eligibility estimate would be even higher – **188,000** children – if Connecticut raised income eligibility limits to 85 percent of State Median Income, the maximum level allowed under Federal law.<sup>2</sup>
  - To be initially eligible under Connecticut’s October 1997 state plan, a family of 3 had to have income below **\$26,112**, or **50** percent of State Median Income. A family could continue to receive subsidies until its income reached **\$39,168** or **75** percent of State Median Income.
  - Most eligible children (84 percent) live in families with annual income below 200 percent of the Federal poverty threshold and more than two-fifths (41 percent) are living in poverty. About 23 percent live in families that report receiving cash welfare.

- Most (89,000) eligible children are under age 13 with working parents; the remaining children have parents in education/training programs or are disabled youth under 19.
- **12,000** children in Connecticut received child care subsidies funded by CCDF in an average month in 1998. This estimate suggests that 12 percent of the eligible population under state limits (and 6 percent of children who would be eligible under the Federal maximum limits) were served with CCDF funds. In addition, Connecticut's state administrative data system indicates that 14,600 children were served with other Federal and state funds.<sup>3</sup>
- 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, Connecticut 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 Connecticut may, like many other states, also use other funding sources to provide child care subsidies.
- There is **no waiting list** for government subsidies in Connecticut. The United Way of Connecticut/Child Care Infoline, a statewide child care resource and referral agency, reports that the state only takes new applications for subsidies when the funds are available. Connecticut has not had to stop taking applications for at least 12 months. However, staff from the United Way of Connecticut/Child Care Infoline believe that there are eligible families that do not apply for subsidies.<sup>4</sup>

## **II. Affordability**<sup>5</sup>

- 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 Hartford and New Britain, Connecticut. Given that these are average prices, it is clear that many families pay more or less than these amounts.
- Centers in Hartford, Connecticut charge an average of **\$481** per month for preschool care and **\$618** 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 more than one-third (38 percent) of its total monthly income on child care expenses. Average-priced infant care would represent an even higher share (50 percent) of monthly income for a family earning \$15,000.
- In New Britain, Connecticut, center-based care costs an average of **\$480** per month for preschool care, or 38 percent of monthly income for a family earning \$15,000, as shown in Figure 2. The average price for infant center-based care in New Britain, Connecticut is **\$657** per month, or 53 percent of monthly income for a family with \$15,000 in income.
- Family child care homes in Hartford, Connecticut charge an average of **\$414** per month for preschool children and **\$456** per month for infants. This means that a family with \$15,000 in income and one child in an average-priced family child care home would spend 33 percent of its monthly income on care for a preschool child or 37 percent for an infant. A family in New Britain, Connecticut with the same annual income using average-priced care would spend 41

percent of its monthly income (**\$508** per month) for preschool care or 43 percent (**\$531** per month) for an infant in a family child care home.

- ❑ 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 income and family size. By law, families in Connecticut are required to make only one co-payment regardless of the number of children they have in care.
  - For example, a family of three with \$15,000 in income and one preschooler or infant in average-priced care in Connecticut would be charged a monthly co-payment of \$50, or 4 percent of monthly income, as shown in Figure 2. If this family of three had two preschoolers in average-priced care, its monthly co-payment would also be \$50.
  - In Connecticut, families receiving cash welfare assistance are not required to make co-payments.

**Figure 2. Child Care Prices and Co-Payments for Hypothetical Connecticut Families of Three Earning \$15,000 with One Child in Care**

	WITHOUT SUBSIDY		WITH SUBSIDY	
	Average Monthly Prices (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)
<b>FAMILY LIVING IN HARTFORD, CONNECTICUT</b>				
<b>INFANT (1 year)</b>				
Center-based	\$618	49.5%	\$50	4.0%
Family child care home	\$456	36.5%	\$50	4.0%
<b>PRECHOOLER (4 years)</b>				
Center-based	\$481	38.4%	\$50	4.0%
Family child care home	\$414	33.1%	\$50	4.0%
<b>FAMILY LIVING IN NEW BRITAIN, CONNECTICUT</b>				
<b>INFANT (1 year)</b>				
Center-based	\$657	52.6%	\$50	4.0%
Family child care home	\$531	42.5%	\$50	4.0%
<b>PRECHOOLER (4 years)</b>				
Center-based	\$480	38.4%	\$50	4.0%
Family child care home	\$508	40.6%	\$50	4.0%

\* 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.

Source: Data collected by the Urban Institute from United Way Connecticut/Child Care Infoline, a child care resource and referral agency serving Connecticut, summer 1999.

- ❑ 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 a preschooler in a family child care home in New Britain, Connecticut is \$433 per month, which is \$75 less than the \$508 average price shown in

Figure 2. If the \$75 differential is paid by the family, the total cost to the family is \$125 per month, more than twice the official co-payment of \$50 shown in Figure 2. If the fee is not charged to the family, the provider loses \$75 per month for providing service to a subsidized child. The differential could be much larger than \$75 for some child care setting, including accredited centers and other settings with higher than average rates, and for families with more than one child in care.

### **III. Gaps in Child Care Supply**<sup>6</sup>

- ❑ Maximum reimbursement rates in Connecticut are determined on a regional basis. Providers in Connecticut may be unwilling to accept subsidized children, or may limit their enrollment, when the reimbursement rates are lower than their prices (see example in section II). As a result, families receiving subsidies may have limited choices of caregivers.
  
- ❑ Staff from United Way Connecticut/Child Care Infoline, the resource and referral agency serving Connecticut, report shortages in the supply of infant/toddler care, school-age care, care during non-traditional hours, and care for children who have special needs or are ill. Specifically:
  - There is a shortage of **infant/toddler care** in Connecticut. Many center-based programs do not offer care, or offer limited services, to children under the age of three.
  - **School-age care** in many areas of Connecticut can be difficult to find. Generally, children must attend programs within their school district, and vacancy rates vary by area. For example there is one school District in Hartford that has no available school-age slots.
  - **Care during non-traditional hours** is in short supply in Connecticut. For example, only 16 percent of family day care homes in Hartford offer any non-traditional hour care. A smaller fraction, 5 percent, provide care during weekend hours.
  - Connecticut's licensing regulations do not permit programs to offer **care for sick children**.

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#### **Sources**

<sup>1</sup> 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).

<sup>2</sup> *Ibid.*

<sup>3</sup> 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.

<sup>4</sup> Waiting list data was obtained and compiled by the Urban Institute from the United Way of Connecticut/Child Care Infoline (the statewide child care resource and referral agency).

<sup>5</sup> Information in this section was obtained and compiled by the Urban Institute from the United Way of Connecticut/Child Care Infoline (the statewide child care resource and referral agency).

<sup>6</sup> *Ibid.*