Child Care Assistance
Helping Missouri’s Working Families

Child care is a critical workforce support in Missouri, allowing 175,000 parents to go to work every day.¹

Two-thirds of Missouri’s families with young children have all parents in the workforce and thus require some form of child care.¹

Did You Know?

- The average annual cost of infant care is nearly equal to tuition at Missouri’s public universities.²
- Missouri ranks 47th in the nation with respect to income eligibility for child care assistance.
- Each month approximately 41,000 children in Missouri receive child care assistance.
- Parents with reliable child care are more reliable employees with fewer absences and greater workforce productivity.

Investing Early

- Because 90% of a human’s brain structure develops before the age of 5, early childhood experiences are critical for success in school and later life.
- By ensuring that low-income families have access to affordable, high quality early childhood programs, Missouri can maximize the benefits of its investment in child care.
- Improvements in child care Affordability, Access, and Quality are all necessary to achieve the highest return for our investment in Missouri’s next generation.

Child Care Affordability: Eligibility for State Child Care Assistance

Missouri’s income eligibility for child care assistance is 127% of the Federal Poverty Level (FPL).

When compared to all states, our eligibility guidelines rank us 47th in the nation.¹ As the graph below shows, Missouri lags behind neighboring states.

A single mother with two young children making just $23,000 a year ($1,917 a month) is ineligible to receive assistance for child care costs that average $11,325 a year in Missouri, nearly 50% of her total income.

Who is Served?

On average in FY 2008, about 41,200 Missouri children were served per month:

- 50% were preschool age
- 23% were infants and toddlers
- 27% were school-age children
- 50% were African American
- 47% were White
- 3% were other races/ethnicities
- 92% had family incomes below 105% of FPL
- 94% were from single parent families
The chart below shows the reasons why parents need child care.

The majority of these parents were employed or in school/training.

**Reasons for Child Care**

- Employed: 65%
- Education/training: 21%
- Protective services: 13%
- Special needs/incapacitated parent: 1%

**Transitional Assistance**

Parents receiving state assistance rely on child care to go to work, but Missouri’s low eligibility limits often prevent parents from advancing in the workforce. The smallest increase in income can push working parents over the eligibility threshold, actually costing them thousands of dollars in child care costs when they lose state assistance. For many parents, the cost of child care is more than the benefits of a raise, causing workers to turn down higher-paying jobs.

In 2008, the Missouri General Assembly approved a new transitional assistance program for child care that allows parents receiving state assistance to accept up to a $1/hour raise and maintain reduced child care benefits.

**Child Care Access: Provider Reimbursement Rates**

The Missouri Department of Social Services directly reimburses child care providers for the services they provide to the children of working families who receive state child care assistance.

Federal funding requires states to set reimbursement rates at a level that ensures children eligible for state assistance have equal access to child care programs available to middle-class families. To ensure equal access, states are recommended, but not required, to set child care reimbursement rates at the *market rate*.

**Market Rate:**
Rate at which families can access 75% of child care providers in a region. Rate is determined by a state survey of providers conducted every two years.

Much like the impact of low Medicaid rates on access to health care, the inadequacy of child care reimbursement rates affects the number of providers in Missouri who are willing to accept child care assistance.

**Did You Know?**

- In Missouri, child care provider reimbursement rates are set at approximately 65% of the market rate for infant care and only 50% of the market rate for preschool and school-age care.
- Missouri ranks last nationally for adequately reimbursing providers for preschool care and 44th for infant care.
**Impact on Parent Access**

When the state reimbursement rate falls short of the fee child care providers charge, providers often charge an additional co-pay to parents to cover the difference. If providers charge the co-pay, many low-income families are unable to afford the additional amount, pushing them to lower quality care. If providers do not charge the co-pay, they risk either lowering their quality or losing their business.

The graph below shows, for several counties across the state, three things: (1) the monthly child care market rate for one preschooler and one infant; (2) the monthly state reimbursement to providers; and (3) the difference between the market rate and state reimbursement.

**Who should make up the difference shown in blue? At what cost?**

In order to ensure equal access to better quality child care programs for Missouri families receiving state child care assistance, Missouri must set a goal of raising the current inadequate reimbursement rates to the market rate.

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**Impact on Provider Quality**

Low reimbursement rates make it difficult for child care providers to support high quality care and can discourage high quality providers from serving families receiving child care assistance.

Nearly 1 in 4 children served by the state child care assistance program is cared for in unlicensed settings with only minimal standards for child health and safety and no standards for educational quality. Providers basically receive the same child care rate, regardless of whether they provide good quality (qualified teachers and rich learning environments) or poor quality care (lack of teacher interaction, reliance on TV to entertain children, harsh discipline).

To maximize the state’s investment in early childhood education, we need to strengthen the quality of Missouri’s child care programs.

**How do we know whether child care programs are high quality?**

The Missouri Quality Rating System (MO QRS) is a reliable and valid measure of quality in child care settings that provides state policymakers, early childhood and school-age programs, and parents with an easy-to-understand way of gauging quality.

**What can MO QRS do, with respect to child care financial assistance?**

- It can serve as an accountability tool to best target scarce dollars to improve program quality and to measure how well initiatives designed to improve quality are working.
- It can provide programs with detailed, structured feedback for exactly what steps they need to take to improve quality.
- It can be used to reward higher quality programs by paying providers more for accepting children who qualify for child care assistance (tiered subsidy).
Summary

• Children need high quality early childhood and school-age programs to prepare them for success in school and life.
• Parents need to be able to advance and be productive in the workforce, knowing their children are safe and receiving services that support their health and development.
• Families need to be able to access programs that are both affordable and of good quality.
• Child care programs that accept children on state assistance need higher reimbursement rates AND more resources to improve program quality.

Recommendations

1) Raise income eligibility for the Missouri Child Care Assistance Program.
2) Provide additional funding for transitional assistance that allows parents to advance in the workforce while gradually taking on the full cost of child care.
3) Increase reimbursement rates for providers, with the goal of reaching the market rate.
4) Increase the percentage of children on assistance attending licensed programs.
5) Establish a voluntary, statewide Missouri Quality Rating System.
   a. Provide supports to programs to improve quality rating.
   b. Tier child care payments so children from low-incomes families can afford higher quality programs.

Works Cited:

1 American Community Survey 2007, U.S. Census Bureau

Supporting Organizations

Association for the Education of Young Children of Missouri
Boone County Coordinating Board for Early Childhood Education
Center for Family Policy & Research
Central Missouri Community Action
Child Day Care Association of St. Louis
Citizens for Missouri’s Children
First Chance for Children (Early Childhood Advisory Group)
Francis Family Foundation
Francis Institute for Child and Youth Development
The Metropolitan Council on Early Learning (MCEL)
Missouri AfterSchool Network
Missouri Child Care Resource and Referral Network (MOCCRRN)
Missouri Head Start Association
Missouri Head Start-State Collaboration Office
ParentLink
Parents as Teachers National Center
Partnership for Children
University of Missouri-Kansas City
Institute for Human Development

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For more information about Missouri’s Child Care Assistance Program, please contact the Partnership for Children at 816-531-9200 or infopfc@pfc.org

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