

DEPARTMENT OF ECONOMIC SECURITY CHILD CARE BUDGET PROPOSAL



FAST FACTS:



\$55,800,000

Additional federal funds received for the Child Care Development Block Grant Act (CCDBG)



400 additional children per month



FUNDS WILL SERVE:
APPROXIMATELY

5,000

CHILDREN ANNUALLY

\$73

Increase in avg. reimbursement



\$438

Median monthly reimbursement rate

\$975

Average cost of infant care in Maricopa County

DHHS recommends child care cost no greater than

10%

of gross monthly income.

Child Care in Maricopa County is

23%

of gross monthly income.

Did you know?

In May 2018, the State of Arizona received an additional \$55,800,000 of federal funds through the Consolidated Appropriations Act of 2018 passed by Congress. The bill specifies the funding "... will support the full implementation of the Child Care and Development Block Grant Act (CCDBG) as reauthorized in 2014..." which includes provisions requiring states to increase activities related to improving the quality and safety of child care programs and increase the number and percentage of low-income children in high-quality child care settings. Through the additional funds, the State has the flexibility to identify solutions to address the unmet need of early care and education within Arizona; however, guidance from the Administration for Children and Families strongly encourages states to utilize the funding to increase rates to as close to the current market rate as possible, ensuring equal access for eligible children to child care services.

An additional 400 children per month would increase the number of children served by the Department to 29,000 per month. The total cost to serve these additional families at the adjusted rate of \$428 per month is approximately \$27,100,000 annually. This allows for 5,000 additional children to obtain services each fiscal year. The increase in children served brings the Department significantly closer to the 40,000 children per month that were being served prior to the implementation of the waitlist during the past recession. With this increase, over the course of the year, the Department will have served a total of 35,000 unduplicated children. The Department will manage costs by maintaining a waitlist and releasing children into service monthly. This will ensure that the quality of child care will not be sacrificed, and the child care system will not be overwhelmed with an unsustainable number of children in service.

DES proposes raising the reimbursement rate for these authorized children to the median of the 2010 MRS, which raises the average reimbursement by \$73 to \$438 per month. The total cost of the increase for DES' 24,000 children currently utilizing child care subsidies is projected to be \$19,300,000.

While not the lowest in the nation in absolute terms, Arizona rates are based on the oldest data. DES reimbursement rates for centers in Maricopa County range from five to 26 percent of the current child care rate for infants through school-aged children. The Department of Health and Human Services (DHHS) suggests that child care should cost no more than ten percent of household income for a family of four. A typical single-parent, low-income household receiving child care assistance in Maricopa County can expect to spend about 23 percent of his/her gross monthly income toward the cost of child care for an infant. With the median monthly cost of center-based infant care in Maricopa County at \$975, the out-of-pocket payment for a low-income family is \$416 a month. For a preschool-aged child, the average monthly out-of-pocket cost is \$296 for a low-income family.

How can you help?

Contact your State leaders to share your opinion about this budget proposal.