

Child Care in Kansas

A short-term opportunity to achieve long-term improvements

FISCAL FOCUS

Budget and Tax Policy in Perspective

Just as we invest in roads and bridges to keep our economy moving forward, quality and affordable child care is a critical part of our state's infrastructure. When Kansas parents have access to quality and affordable child care, they are more likely to enter and remain in the workforce. For low-income parents, in particular, the cost of child care can mean choosing between their children and their jobs. The Child Care Assistance Program, one component of the child care system in Kansas, is an effective tool for keeping parents in the workforce and reducing the number of families that need more costly state financial assistance.

But, even for parents at moderate income levels, quality and affordability are two real concerns. The average cost of child care for an infant in a Kansas child care center is more than \$9,000 per year.¹ For a single mother earning the median income in Kansas (\$21,529), child care costs can absorb 41 percent of the family's budget.² When considering quality, a recent national comparison ranked Kansas 47th in child care oversight and regulations.³ With the availability of federal stimulus dollars, we have a critical opportunity to strengthen the child care system — in terms of both affordability and quality — in Kansas.

Impact of child care on the economy

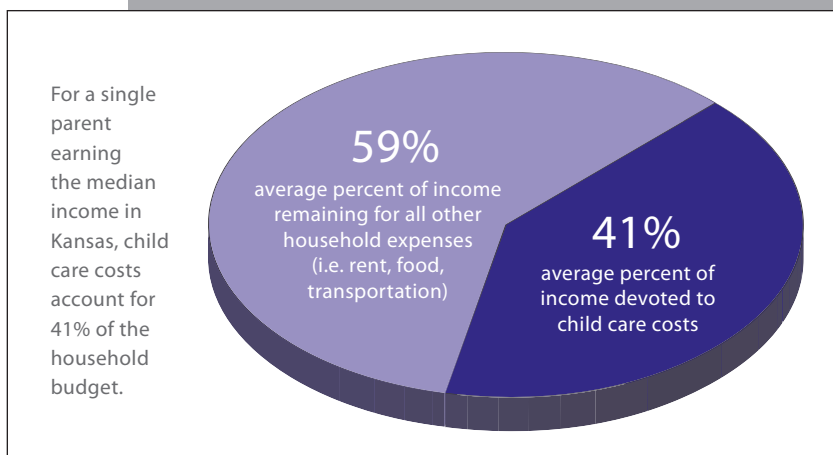
The availability of high-quality, affordable child care helps create an adequate labor pool from which Kansas companies can attract and retain employees. Child care has a direct correlation to workplace performance as well. When parents know their children are being cared for during work hours, research tells us they are less likely to be absent from work, more focused on their jobs, and more productive in the workplace.

However, parents aren't the only ones who need to be

concerned about whether children are being cared for during the work day. Studies show when children have access to quality care during the first five years of their lives, they are more likely to succeed in school and better prepared when they enter the workforce as adults.

Because the Child Care Assistance Program keeps more parents in the workforce, it further serves as a cost-saving measure for the state in two ways. First, the investment we

Child Care Costs in Relation to Median Income



make in child care assistance encourages Kansans to remain in the workforce and become financially independent which, in turn, saves the state dollars in other assistance programs that these families would likely require if unemployed. Second, the federal economic stimulus package offers specific resources to states for child care assistance. For example, \$18.4 million was earmarked in the stimulus package for the Kansas Child Care Assistance Program for Fiscal Year 2009-2010.

The Child Care Assistance program

One of the primary obstacles to keeping parents in the workforce is the availability of quality, affordable child care.

The Kansas Child Care Assistance Program focuses on removing that obstacle by helping low-income parents who are entering or struggling to remain in the workforce with child care costs.

The Child Care Assistance program, which is administered by the Kansas Department of Social and Rehabilitative Services (SRS), was created by welfare reform in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.⁴ It is a central component of the Welfare-to-Work initiative, which was designed to reduce the number of families receiving TANF (Temporary Assistance for Needy Families) benefits by helping low-income Kansans find and keep steady employment. As a state and federal partnership, federal funding for the program is provided through the Child Care and Development Fund (CCDF), which was formerly known as the Child Care and Development Block Grant (CCDBG).

Program eligibility

Under federal law, states have the ability to determine eligibility levels for Child Care Assistance with some restrictions.⁵ In Kansas, SRS has set the eligibility level at 185% of the federal poverty level. In 2009, this equated to an income up to \$40,793 for a family of four.⁶

In 2003, this eligibility level was temporarily reduced to 150% of the federal poverty level because of budget allotments put in place by the governor to address a budget shortfall. As a result, 2,029 children of working families lost child care between January and March of 2003. According to SRS, approximately 774 child care providers lost at least one SRS-subsidized family due to the reduction during this time.⁷

Program impact

In general, child care assistance is available to help defray the cost of care for children under the age of 13. However, child care assistance may also be available for children between the ages of 13 and 18 in cases of special needs.⁸

An average of 12,000 Kansas families benefit from the Child Care Assistance program with 22,500 children served by the program on a monthly basis. However, national data suggests that this includes only about 12 percent of the children and families that are eligible for assistance under the

program.⁹ In addition to the children served by the program, more than 6,400 child care providers in Kansas participate in the Child Care Assistance program.¹⁰

Provider rates

The rate of compensation for providers under the Child Care Assistance program is based on local market rates. Under federal law, states must conduct a survey of child care market rates every two years.¹¹ Federal guidelines suggest that state provider rates should be set at the 75th percentile of market rates in order to provide equal access to care for Child Care Assistance participants.

The most recent survey, conducted in 2008, reflects that Kansas is lagging behind when it comes to providing compensation in the 75th percentile of state market rates. The survey divided child care rates into three categories: centers, licensed providers and registered providers. Overall, Kansas provider rates were the 47th percentile of local market rates. Average compensation at child care centers fell into the 47th percentile of market rates while average compensation for licensed providers fell into the 51st percentile of market rates, and average compensation for registered providers fell into the 28th percentile of market rates.¹²

Family share for child care assistance

Based on sliding scale for a family of four

PERCENTAGE OF FEDERAL POVERTY LEVEL	FAMILY SHARE OF CHILD CARE COSTS PER MONTH
70 percent	\$0
100 percent	\$27
110 percent	\$70
120 percent	\$95
130 percent	\$127
140 percent	\$166
150 percent	\$213
160 percent	\$249
170 percent	\$265
180 percent	\$281
185 percent	\$293

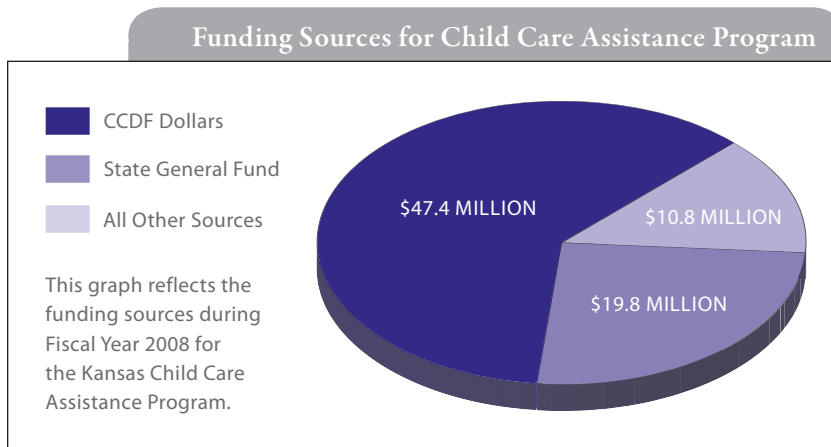
Family share

Under the Kansas system, most families are responsible for paying a portion of the cost of child care. The family share is based on a sliding scale beginning with incomes at 100 percent of the federal poverty level. For instance, a family of four earning 150 percent of the poverty level would pay \$213 per month as their share of child care costs.¹³

Traditional funding for child care

Funding composition

The CCDF is the primary source of funding for the Child Care Assistance program in Kansas. These federal dollars represent about 61 percent of total child care assistance expenditures in Fiscal Year 2008. An additional 25 percent of funding for the program comes from the State General Fund, and the remaining 14 percent of funding comes from a combination of the Children’s Initiatives Fund, Social Service Block Grant, and Temporary Assistance to Needy Families.¹⁴



Quality set-aside

States are required to spend at least four percent of all CCDF funds on activities that are geared toward improving the quality and availability of child care, educating parents and the public about child care issues, and increasing parental choice regarding child care.¹⁵ Kansas spent about \$3.1 million on child care quality in Fiscal Year 2008. The majority of these funds were dedicated to child care resource and referral services.¹⁶

Stimulus funding for child care

In addition to traditional federal funding for child care programs, the American Recovery and Reinvestment Act (ARRA) enacted in February 2009 provides economic

stimulus funding for state child care programs. As part of the ARRA, \$2 billion in new CCDF dollars will be going to states over the next two years, including \$18.4 million for child care programs in Kansas. Of the dollars earmarked for Kansas, \$1.5 billion is intended for quality expansion and \$811,000 is intended for infant and toddler services.¹⁷ Federal guidelines are clear that this funding must be used to supplement, and not supplant State General Fund dollars for child care assistance to low-income families.¹⁸

Priorities for ARRA funding

There are a number of directions that states can take to utilize the new ARRA child care dollars. However, most proposals fall into two categories: serving more families and improving the quality of care.

The State of Kansas is currently developing a plan for how to spend its ARRA child care dollars. Early discussions between SRS and key stakeholders have produced a number of priorities, including quality enhancement, professional development, family supports and technology. Some

options in these areas include:

- **Quality enhancement** — fully implement a quality rating and improvement system (QRIS), improve provider compensation rates, promote the hiring of specialists in high-quality care for infants and toddlers, and provide assistance for providers to update and improve the safety of equipment.
- **Professional development** — provide scholarships and bonuses for professional development for providers.
- **Family supports** — provide family supports to help low-income families recover from the economic crisis, such as adjusting program eligibility to reflect temporary employment, part-time work, or significant changes in the number of hours workers have from week to week.
- **Technology** — fund grants to promote efficiency and service in the Child Care Assistance program.

Conclusion

The influx of ARRA dollars provides a time-limited opportunity to strengthen the child care system in Kansas. In addition to ensuring families are able to access child care assistance, the ARRA dollars also provide an opportunity to make strategic long-term investments that will result in meaningful improvements to the Kansas child care system.

Although there are opportunities for improvement in a number of areas, one of the most promising investments Kansas can make is in a statewide quality rating and improvement system, which would set the foundation for further improvements within the child care system.

Establishing a strong tool for measuring the quality of child care throughout the state will better equip parents to make child care decisions and it will help the state target

areas for improvement. Through the shared investment of the state and federal government in child care programs, we can provide a high-quality, affordable learning environment for Kansas children while strengthening the state's workforce for years to come.



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Sources and Notes

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- 2 NACCRRA, "Ranking of Combine Child Care Center Regulation and Oversight," 2009.
- 3 NACCRRA, "Ranking of Combine Child Care Center Regulation and Oversight," 2009.
- 4 Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).
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Data note: The Kansas median income in 2007 was \$47,341.
- 6 Data Note: 2009 Federal poverty guidelines established by the U.S. Department of Health and Human Services set the poverty level for a family of four at \$22,050. 185% of \$22,050 is equal to \$40,792.50.
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