



## Child Care Subsidy

### WHAT is Child Care Subsidy?

- Reliable and stable child care helps parents secure and retain steady employment.
- When low-income working families cannot afford the cost of child care (which annually averages \$7,000 – \$10,000), they are forced to choose between work, unemployment, leaving their children in inadequate and potentially unsafe care arrangements and/or, at times, between paying for child care or paying for housing and other basic living necessities.
- Child care subsidy is financial aid provided to offset the cost of care to eligible families. Most families receiving subsidy are required to contribute 8% - 10% of their family income toward the cost of care.

### WHY is Child Care Subsidy so Important?

- Child care subsidy helps put people to work.
- Child care subsidy enables children in low-income working families, in foster care, in child protective services, and with developmental delays or in need of child welfare services to access early education and care that helps them prepare for school success while their families work toward self-sufficiency.
- The availability of child care subsidy increases employment, job retention, workforce productivity, the growth of large & small businesses, & NC's tax base. Businesses that employ low-wage workers also benefit!

### HOW does Child Care Subsidy work?

- The Division of Child Development of NC's Department of Health and Human Services administers the state's Subsidized Child Care Program. Funds are allocated to counties and are administered locally by DSS or local purchasing agencies.
- Families apply to receive child care subsidy based on federal, state & local criteria & priorities. Once determined eligible, the family is issued a voucher to pay for services at a child care program of its choice and that business is reimbursed monthly for services provided (based on a state-determined market rate for the cost of care).

### WHAT DIFFERENCE is Child Care Subsidy making?

- In FY10, subsidy expenditures totaled nearly \$433.9 million and served 151,363 children. Approximately 84% of these children lived in households earning less than \$25,000/year. For their families, child care subsidy makes work affordable.
- In FY 11, child care subsidy funding has been reduced to approx. \$409.5 million (79% federally- and 21% state-funded including \$47,315,479 from Smart Start). As of 11/30/10, these funds had already served more than 121,000 children and statewide, 45,097 children remained on child care subsidy waiting lists.
- In Nov. 2011, 57% of all children receiving subsidy were served in NC's highest rated 4- and 5-star child care businesses; 85% of all children receiving subsidy were served in 3-, 4-, or 5-star rated child care.
- Children receiving child care subsidy are able to access quality child care that research indicates produces an unparalleled return on investment (as much as \$17 in future savings per \$1 spent).



North Carolina is a leader in early childhood education initiatives.



#### The N.C. Child Care Coalition: working to improve the quality and affordability of early childhood services in North Carolina:

Kaplan Early Learning Company • NC Early Childhood Assn • NC Assn for the Education of Young Children • NC Partnership for Children  
NC Head Start Assn • Child Care Services Assn • Ctr for Community Self-Help • Covenant With NC's Children • NC Justice Ctr • United Way of NC  
Easter Seals/UCP NC • NC Pediatric Society • NC-ADD • NC Institute for Child Development Professionals • NC Licensed Child Care Association  
NC Interagency Coordinating Council and many regional and local child care agencies, child care providers and individuals.

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*"I need licensed day care ASAP but couldn't afford to put them in there. My neighbor will no longer watch my kids after this month. I will lose my job, again!" – Mecklenburg County*



*"I am a grandfather and I have been given custody of my three grandchildren (all of whom are under the age of 5). I applied for child care subsidy and my grandchildren's names were placed on the county's waiting list. Before receiving child care subsidy, in order to keep working, I had to use up what little savings I had accumulated over a lifetime of work to pay a monthly child care bill of \$1,800." – Buncombe County*



*"I am a single dad of two boys ages 6 & 7. I have a full-time job and work very hard. I have been in the military for 7 years and now I'm a civilian. These funds are very important to us. We had to move out of our apartment in the middle of the summer because I couldn't afford it with day care. It's hard enough trying to support the three of us on one income and then adding day care on top of it. This summer I don't know what I'm going to do – two boys going to day care 5 days a week." – Guilford County*



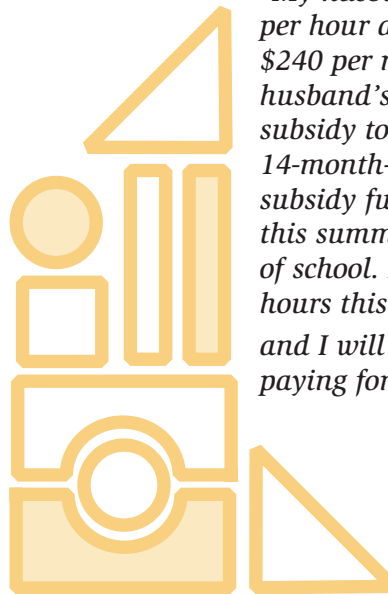
*"I am a 23 year-old Hispanic single mother, have 2 children under the age of three, and until recently, I worked 1st and 2nd shift. My children's father helps out and my friends and family had been providing child care. But because they can't help me any more with care during my 1st shift hours. I can't afford to pay a licensed center or home and I don't know from day to day who is going to watch my children so I can work." – Cabarrus County*



*"I had been on the waiting list for almost a year. Since there were no funds available I had to take on a second job. It is hard for me to work 2 jobs and go to school part-time. I have no spare time to spend with my daughter and if I were to quit one of my jobs my ends would not meet yet alone even touch! I don't have the heart to deny my child the learning and teachers that she needs and loves, but I need help!" – Guilford County*



*"My husband died recently. I make \$5.15 per hour at a local restaurant and receive \$240 per month in benefits from my deceased husband's Social Security. I receive child care subsidy to help me pay for child care for my 14-month-old child, however there are no subsidy funds to help me pay for child care this summer when my third grader gets out of school. My job requires that I work more hours this summer during the tourist season and I will have to quit if I do not get help in paying for child care." – Clay County*



**"I work for an airline company and was doing well enough to buy my own home. However, due to cuts in the industry, I was forced to take a lower paying job in order to maintain my employment. Because I had not been able to access child care subsidy in my county due to a waiting list, I recently lost my home, and my four-year-old and I have spent nights in my car. Now I stay with friends or family members for a few days at a time. I need help with child care so I can keep my job and not be homeless!"**  
**-- Mecklenburg County**