

# Child Care Cliff Effect Infographic

## *Talking Points Companion*

Following provides additional information that you can share when speaking with a legislator, board member or community member about the information/data provided in the infographic.

The majority of Iowans value work and believe that those who are capable of doing so should support themselves and their families as much as possible through work. Although parents are working, many families with young children are in low-wage jobs (such as, retail, food service and health care) and struggle to make ends meet.

The basic problem is that low-wage work, even when workers have full-time year-round jobs – does not pay enough to lift a family out of poverty. For many families with young children, the family must have child care in order to work.

The federal government's Child Care and Development Fund (CCDF) Grant is a work support program that helps parents with low-wage jobs continue to work and/or attend school. In Iowa, we use both state and federal (CCDF) money to fund the Child Care Assistance (CCA) Program. The CCA Program supports low-income families by providing financial assistance for child care for parents who are:

- Working
- Gaining work skills
- Going to school

**Eligibility:** CCA provides financial assistance for children under the age of 13, or under the age of 19 if the child has a special need, in:

- Families whose parents are:
  1. Working at least 28 hours per week; or
  2. In school full time; or
  3. Are working and in school for a combined minimum of 28 hours per week; **and**
  4. Have income below 145% of the Federal Poverty Level (FPL) or below 200% of the FPL for families with a special needs child
- Families receiving Family Investment Program benefits and are participating in PROMISE JOBS
- Families with protective needs

**The CCA Program in Iowa is a “safety net benefit program” that supports parents with low-wage jobs and/or going to school.** In SFY'15, 94.7% of families paid under CCA received assistance because the parents were working. Research on child care subsidies consistently finds that this type of safety net program plays a key role in improving parents' employment outcomes, including stability of employment and earnings.

On the CCA Program, families with incomes at or below 100% of the Federal Poverty Level (FPL) do not pay a co-pay. The majority of families in the program do not have a co-pay (75-80%). For those families with a co-pay, opportunities for promotions and pay raises may cause the family to no longer be eligible for the CCA Program. Often, parents decline the pay raise or promotion because the small increase in income does not match the increase the family must pay in child care costs if the family is no longer eligible for the CCA Program.

Let's use the example in the infographic. You are a single parent with an infant and a preschooler.

- You are currently on the CCA Program
  - You work 40 hours a week at \$12.00/hr. (\$1,920 a month) and you receive \$500.00 a month in child support. (total gross monthly income is \$2,420)
  - You pay \$148.00 per month toward child care costs.
- You are offered a promotion at work and a \$ .75/hr. raise.
  - Your monthly income would change to \$2,040 and with the monthly child support payment you receive of \$500.00 your total gross monthly income is \$2,540
  - Based on the promotion/pay raise, your family's income is over 145% of the FPL and are no longer eligible for the CCA Program.
  - Your monthly child care costs change to \$1,424.
- Your monthly income would increase by \$120.00, but your monthly child care costs would increase by \$1,276.00. **If you accepted the promotion and pay raise, you would have a loss of \$1,156.00 in your gross household income.**

### Program Exit Eligibility Based on CCDF Reauthorization:

One change Iowa must implement based on the reauthorization of the Child Care and Development Fund (CCDF) Block Grant is to provide an "exit" eligibility option. The exit eligibility allows a period of time for families that exceed the income eligibility requirements to remain on the CCA Program. For families that are over the CCA Program eligibility limit of 145% FPL when completing the eligibility re-determination and below 85% of the SMI (State Median Income), the family can remain on the CCA Program for up to one year as part of a program "exit" eligibility option. The family/child must still meet all other CCA Program eligibility requirements (work, school, age of the child, etc.) to be eligible for the "exit" program (called CCA Plus).

In March, DHS will notice Administrative Rules for the exit eligibility change with a implementation date of July 1, 2016.

### Local Data

\_\_\_\_\_ # of children in your county(ies) on the CCA Program

\_\_\_\_\_ # of families in your county(ies) that receive assistance from the CCA Program

\_\_\_\_\_ # of children/families in your county(ies) at 140-145% of FPL [approaching the "child care cliff" for eligibility in the CCA Program] (NOTE: If this data is available, we will post it on the ECI website.)

\_\_\_\_\_ Identify employers from a variety of industries (retail, food service, health care, manufacturing, etc.) in your county(ies) that pay employees an hourly rate of \$14.00 or less. [Provides a local connection with jobs in the community that families on the CCA Program might have.]

\_\_\_\_\_ Data related to the average number of hours children are in child care in your county(ies) [CCR&R may have some of this data or contact child care facilities in your area to get this information.]

Refer to the Child Care Assistance and Reauthorization of the Child Care and Development Fund (CCDF) Grant infographics for information you can share related to the CCA Program and changes as a result of CCDF Reauthorization.