



## Child Care Subsidies

**Child care subsidies** — also called vouchers — help offset child care costs, enabling parents to go to work or school while their children engage in positive early learning experiences.

### Key Facts

Birth-to-Three for All DC improves school readiness and supports strong educators by:

- Increasing reimbursements to providers who educate infants and toddlers
- Expanding child care assistance for infants and toddlers so that no family — regardless of income — pays more than 10 percent of their income by 2028
- Prioritizing subsidies for low-income families to ensure universal access to affordable and quality early child care

### How Child Care Subsidies Work

Currently, families with very low incomes receive fully subsidized care, while other families make a co-payment based on a sliding income scale. Through federal Child Care Development Fund dollars and state funding, the subsidy program makes payments to providers to cover the difference between the family's contribution and a daily reimbursement rate designated by the District.

### Why Child Care Subsidies Matter

Child care is vital to children's development, families, and the economy. High-quality, affordable child care is essential to children's healthy development, parents' ability to work, and families' economic stability. Yet, the cost of care is out of reach for many families, including early educators:

- The average cost of infant care in DC is \$2,020 per month, or more than in-state college tuition and about 29 percent of a median family's income in DC.
- Demand for child care slots outstrips supply: There are more than 26,500 infants and toddlers under age 3 in DC, and only about 7,600 licensed child care slots available.

Child care assistance helps children and parents thrive and stimulates the economy. High-quality child care supports children's cognitive and social development, giving them the opportunity to develop skills they need

to succeed. Parents receiving child care assistance have higher employment rates and fewer work disruptions. Child care assistance also helps providers stay in business, and it boosts the supply of care needed to serve all working parents — something that any parent on a child care center waiting list cares about. Finally, by reducing what families pay for child care, child care assistance will allow families to spend more elsewhere in the economy.

## Who Child Care Subsidies Help

Working parents and their children benefit from child care subsidies.

4,000 infants and toddlers<sup>1</sup> and currently participate in the program, and there are approximately 2,310 child care workers in the District — they all stand to benefit from one or more of the core four program improvements in the Birth to Three Act.<sup>2</sup> By 2028, under full funding, the subsidy expansion would be available up to an additional 16,200 infants and toddlers, which is projected to be a majority of infants and toddlers by that time.<sup>3</sup>

If providers and child care workers are able to meet the increased demand, there would be a boost to the child care workforce and those workers would be earning higher wages due to the new competitive salary scale once it is funded. Providers would benefit from higher reimbursement rates that would gradually rise until October 2022, when they would equal the full cost of care for infants and toddlers.

Generally, DC children under age 13 in a family with an income below 250 percent of the federal poverty line — approximately \$53,000 per year for a family of three — are eligible if a parent is working or if the child needs or receives protective services or is deemed “vulnerable.” The Office of the State Superintendent of Education administers the program and has final authority on eligibility, while the Department of Human Services is tasked with determining initial and continuing eligibility. Some child development facilities also have the authority to determine eligibility. If a family’s income increases, they can still participate in the program as long as their income is below 85 percent of family median income in the District, or about \$69,000 per year for a family of three.

With full funding, the B-3 Act would expand the pool of infants and toddlers who are eligible for a subsidy by raising the maximum family income level in October 2024. Over the subsequent four years, the expansion would phase in further until it reaches universal eligibility, meaning all families can participate regardless of income, by October 2028.

## What’s Next

As result of the new Birth to Three law, the 2020 fiscal year DC budget provides \$9.3 million in new funds to improve the child care subsidy program. This funding increase is about 40 percent of the \$22 million appropriation that is needed during the 2020 fiscal year, and is less than 10 percent of the \$114 million needed over the next four years. In the 2021 fiscal year, DC lawmakers will need to appropriate \$46.4 million additional dollars to keep up with what’s needed to implement the improvements, per estimates from the District’s Chief Financial Officer. The state has not projected what the B-3 Act would cost over the next decade, when all of its provisions are fully phased-in.

### [LEARN MORE](#)

Let’s make sure DC is a city where equity starts at birth for every family. There are lots of great ways you can take action for DC’s littlest residents. Learn more at [Under3DC.org](https://www.under3dc.org).

1. Jeffrey S. DeWitt, “Updated Fiscal Impact Statement: Birth-to-Three for All DC Act of 2018,” Office of the Chief Financial Officer, September 14, 2018, [http://app.cfo.dc.gov/services/fiscal\\_impact/pdf/spring09/FIS%2022-203%20Birth-to-Three%20for%20All%20DC%20Act%20of%202018%20Enrolled.pdf](http://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/FIS%2022-203%20Birth-to-Three%20for%20All%20DC%20Act%20of%202018%20Enrolled.pdf);

2. However, it is unclear how many of these child care workers are employed at participating providers. May 2018 State Occupational Employment and Wage Estimates, Bureau of Labor Statistics, [https://www.bls.gov/oes/current/oes\\_dc.htm#25-0000](https://www.bls.gov/oes/current/oes_dc.htm#25-0000).

3. DeWitt, September 14, 2018.