

Strengthen Missouri's Child Care Assistance to Increase Access to Quality Care

Access to high quality, affordable childcare not only creates a solid foundation for children to thrive but is also an essential component of developing a strong workforce. Yet too many Missouri families face barriers in accessing childcare, either because of the high cost of care or because local childcare options are limited.

Affordability

Many families in Missouri struggle to pay for childcare. The cost of care for two children under age 5 at a child care center in Missouri is over \$16,000 annually, accounting for over 70% of the income of the average single mother with two children.¹ As a result, many working families with low wages rely on informal care arrangements that often do not offer the same level of continuity and stability that more formal arrangements guarantee.

Access

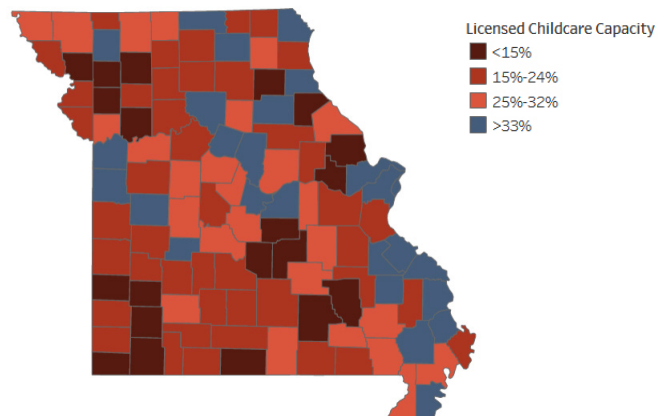
In addition, a lack of licensed childcare providers in many areas of Missouri further inhibits access to quality care. While licensing on its own does not guarantee quality, it does ensure a baseline level of care through health and safety inspections as well as consistent standards for child/staff ratios, discipline policies and staff training requirements.

The cost of care for two children under age 5 at a child care center in Missouri is over \$16,000 annually - more than 70% of the income of the average single mother with two children.

- The approximately 2,600 licensed child care facilities in Missouri that accept children under the age of five provide enough slots for fewer than 1 in 3 Missouri children.
- Yet well over 2/3 of Missouri children live in households in which both parents (or one single parent) work, highlighting the large discrepancy between capacity and need.

Ninety of Missouri's 115 counties have the capacity to serve fewer than 1 in 3 of children under age 5 in licensed facilities, a measure commonly used to identify child care "deserts."

Licensed Childcare Facilities Have the Capacity to Serve Fewer Than 1 in 3 Missouri Children Under Age 5*



*Child care capacity defined as the total number of slots at licensed childcare facilities (childcare centers and family/group homes) accepting children under age five as a percent of the total number of children under age five by county.

While some parents may be able to travel to neighboring counties to receive childcare, others (particularly rural Missourians) live in areas in which a lack of licensed childcare is endemic and covers wide swaths of the region.

Investments in Child Care Assistance Would Increase Access, Affordability

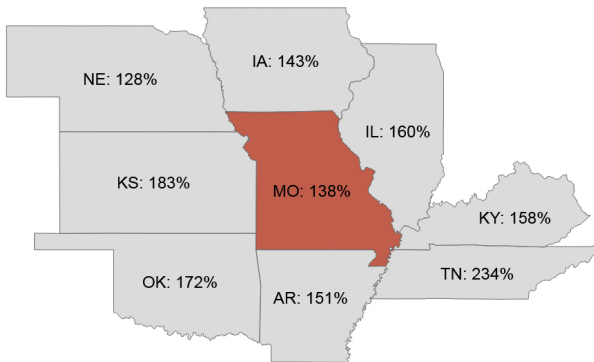
Missouri offers childcare assistance in order to help bridge these gaps for families with low wages.

- In fiscal year 2017, nearly 64,000 children and over 40,000 families received the childcare subsidy in Missouri.
- Yet, Missouri's childcare assistance lags behind other states in many ways and only 6% of family households receive childcare assistance annually.

Eligibility

Missouri parents earning up to 138% of the federal poverty level (FPL) – or \$2,348 per month for a family of three - are eligible for childcare assistance. This eligibility is well below the national average of 180% FPL and is behind most states that neighbor Missouri.

Eligibility for Child Care Assistance in Missouri is Below the National Average and Most Neighboring States



Source: National Women's Law Center. (2017)
Persistent Gaps: State Child Care Assistance Policies 2017

Reimbursement rates

Missouri's reimbursement rates for child care providers are well below comparable market rates.

- In St. Louis County, reimbursement is only about half the 75th percentile market rate (a federal benchmark meant to ensure equal access to child care), ranking last in the nation.²
- Providers are allowed to charge parents the difference between what the state pays and the actual cost of care, or can elect not to accept children with child care assistance at all.

Copayments

Eligible parents must pay fees based on income.

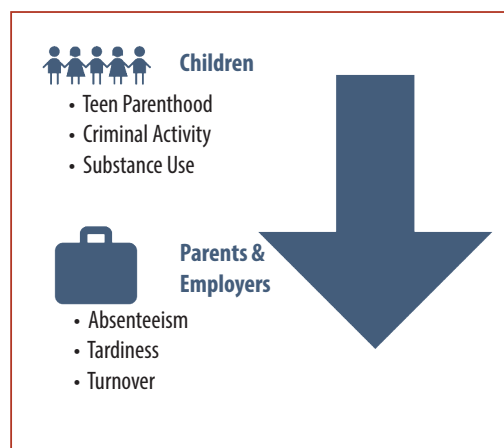
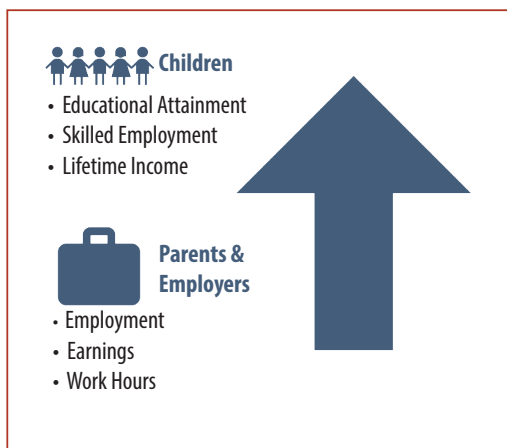
- Fees are approximately \$200 per month for families with two children and incomes at 138%FPL.
- This is on top of any fees charged by the provider to compensate for the difference between the facility rate and state reimbursement.

Inadequate funding for child care subsidies in Missouri compounds the already existing problems of childcare affordability and access.

Strategic investments in childcare have the potential to improve access and affordability for families statewide.

- Higher eligibility rates and lower copayments would increase the ability of working parents with low wages to afford the childcare that is necessary to gain a foothold in the workforce.
- Higher reimbursement rates to providers would simultaneously encourage more facilities to participate in the subsidy program and enable more facilities to invest in improvements that would increase access to high quality childcare programs for all of Missouri's families and children.³

Access to Quality Childcare Benefits Children, Parents, & Employers⁴



Public return on investment for quality early child programs has been estimated at up to \$7 for every dollar spent.⁵

Notes

1. Child Care Aware. (2017) Missouri: Cost of Childcare.
2. National Women's Law Center. (2017) Persistent Gaps: State Child Care Assistance Policies 2017
3. Isaacs, Greenburg, & Derrick-Mills. (2018). Subsidy Policies and the Quality of Child Care Centers Serving Subsidized Children.
4. Child Care Council (2014). Why Should Employers Care? Relationship Between Productivity and Working Parents.
5. Reynolds, A. J., & Temple, J. A. (2008). Cost-effective early childhood development programs from pre-school to third grade. *Annu. Rev. Clin. Psychol.*, 4, 109-139.