The Benefits of High-Quality Child Care and Subsidies in Pennsylvania
2014 Fact Sheet

The need for high-quality child care and child care subsidies

Out-of-home care is a necessity for many families due to work schedules. About 5.8 million children under age three across the country (50 percent) are in child care on a regular basis and three-fifths (60.6 percent) of women with children under age three are in the labor force.

Child care can be expensive. Data demonstrates that the cost of child care for two children exceeds housing costs for families in Pennsylvania, with child care fees being 111.9 percent higher than annual rental costs and 13.5 percent higher than annual mortgage payments.

Recognizing the significant time children spend in child care and the cost of care, it is critical these settings not only be safe, but also high-quality, and that we provide families in need with assistance to afford care. Child care subsidies make quality child care more affordable, support the healthy development of children and help low-income parents access the child care they need to go to work or to school and support their families.

Child care benefits the commonwealth – not just kids

Quality child care has a ripple effect that ultimately benefits every Pennsylvania taxpayer and bolsters the commonwealth’s competitiveness in a global economy.

For children …
Child care promotes development and learning. Children who spend more time in high-quality child care in their first five years have better reading and math scores across their elementary school years.

For parents …
Child care helps keep low-income families working. Research shows low-income mothers with children in high-quality child care experience more stable employment and higher earnings. Conversely, a lack of child care options hurts a family’s economic and household stability. Faced with waiting an average of more than 56 days for available subsidized child care slots, low-income families may find themselves making decisions ranging from quitting their jobs, leaving older children to care for younger ones, or leaving children with neighbors, unregulated providers or alone.

For businesses and employers …
Employers appreciate quality child care because it promotes peace of mind that helps employees focus on their work, making them more reliable and productive. A report issued by business leaders notes that if parents have quality early care and education available in their communities, not only will absenteeism and turnover go down, but retention and productivity will go up.

For Pennsylvania …
Child care has short-term and long-term benefits for the commonwealth’s economy. Investing in early care and education generates community-based economic development in the form of jobs, the purchase of goods and services, and a more efficient workforce. In the long run, quality early education creates an employable, educated workforce that helps build and sustain our communities.
Where are we now?

- Pennsylvania provides subsidized child care assistance to families through Child Care Works. On average, about 116,626 children ages birth to 13 years old receive assistance each month. In Child Care Works, parents pay a share of child care costs based on income. Working parents are eligible for assistance for child care expenses if they meet income guidelines. (For example, the annual income for a family of four must be less than $47,700 to be eligible to apply.) **About 2,280 children are on the child care subsidy waiting list.**

- As of January 2014, 46 percent of Pennsylvania’s regulated child care providers - child care centers, group child care, and family child care providers - voluntarily participate in Keystone STARS. However, only 4.8 percent of child care slots for children birth to age 4 are in the highest quality programs - achieving a Keystone STAR 4 rating or other accreditation.

- Also based on January 2014 data, 85.8 percent of all children enrolled in Child Care Works have regulated child care and 59.8 percent of those children are enrolled in STARS programs. **However, only 21.6 percent of children enrolled in Child Care Works receive services at a STAR 3 or STAR 4 provider.**

- The current budget began addressing access and quality issues by increasing funding to:
  - Reduce the child care subsidy waiting list by about 1,400 children.
  - Improve Keystone STARS through the Rising STARS initiative, which focuses on ensuring more at-risk children have access to the highest quality providers.
  - Establish a tuition assistance program to help the early learning workforce gain education and credentials needed to provide high-quality care.

- **The governor's fiscal 2014-15 budget proposes using about $15 million in unspent federal TANF funds to serve approximately 2,895 children off the child care subsidy waiting list.**

How we build on our success

*The governor’s proposal to use federal dollars for the waiting list moves us in the right direction, but it is not enough. Now is the time to take a bigger step forward by increasing state funding to:*

- Ensure more at-risk children have access to high-quality child care by making the next investment in the Rising STARS initiative. This would be accomplished by increasing child care subsidy tiered reimbursement rates for STARS 3 and 4 providers so government funding comes closer to covering the true costs of high-quality care for a total of $11.4 million.

- Reinstate a fair child care reimbursement system by lifting the rate freeze to assure that all providers are subject to the same rate for reimbursement. The current policy unfairly penalizes experienced child care providers whose state payment rates were frozen at 2009 levels, but allows new child care providers to receive payments at the maximum payment levels. Rescinding the freeze effective January 1, 2015, would cost a total of $14.4 million.

- Build on efforts to support the early childhood workforce in gaining the education and credentials they need to provide high-quality, early learning experiences for Pennsylvania’s young children by increasing funding for the Rising STARS Tuition Assistance Program to $9 million. Since its introduction in November 2013, more than 1,200 early childhood educators have enrolled in about 2,250 courses.