

## HOW CHILD CARE FUNDING WORKS

Child care is an industry that has been functioning with the support of federal funding, primarily through the Child Care and Development Block Grant (CCDBG) and its associated Child Care Development Fund (CCDF). The block grant allocates money to individual states to support low-income families and child care providers. These dollars supplement eligible small child care businesses' revenue generated from other sources like fees, individual donations, and private grants.

The child care funds listed above are managed by Idaho Department of Health and Welfare, through our Idaho Child Care Program (ICCP). The intention of ICCP is to provide assistance to working families with children under the age of 13, or over when the child has a disability, through partial payments for child care.

**Child Care and Development Block Grant (CCDBG):** a Congressional act that governs the use of state and federal dollars from the Child Care Development Fund. This act was reauthorized in 2014, after passage in 1990.

**Child Care Development Fund (CCDF):** the primary funding source provided by the federal government to states to help working families pay for child care. Additionally, the CCDBG allows these funds to be used to improve the quality of care within a state by supporting the license application process, quality of care improvements, and professional development for child care professionals.

**A Note on Licensing:** IdahoSTARS, a joint project between the Idaho Association for the Education of Young Children (IDAEYC) and the University of Idaho's Center on Disabilities and Human Development (CDHD), assists providers in licensing applications and provides functional resources on quality child care. Additional licensing requirements are established in seven municipalities: Ammon, Boise, Chubbuck, Coeur d'Alene, Idaho Falls, Lewiston, and Pocatello.<sup>2</sup> There are also established licensing exemptions, but these providers would still be eligible to participate in ICCP if they meet the other requirements.

## WHO RECEIVES FUNDING?

Child care providers who choose to participate in ICCP must be licensed by the state and then receive support directly from the Department. In Idaho, child care providers are required to be licensed if they care for seven or more children and receive compensation for providing care for one or more of those children.

Families with young children are eligible for support through the ICCP, helping cover child care costs so parents or caregivers can work. Families pay a portion of the cost of care though a "copayment" based on the size of family and household income, but also eligibility requirements like employment, job training, and/or participation in the Temporary Assistance for Families in Idaho program.<sup>1</sup> The copayment for each family is calculated based on number of hours parents are in school or working, household income, and the state rate based on the age of child, type of care, and location of provider. The copayment is paid directly to the child care providers, and the ICCP program then matches the families' copayment and provides the remaining dues to the provider. It is up to the child care provider to secure payment from parents.

## WHAT IDAHO CHILD CARE PROVIDERS NEED NOW

According to Idaho's Birth through Five Needs Assessment, nearly half of all Idaho children lack access to affordable, quality child care. The rise in child care deserts (communities with a scarcity of licensed child care spaces), the unfeasibility of the large majority of providers to operate without financial support, and challenges retaining qualified teachers has left a gap of an estimated at least 20,500 children who need care.<sup>3</sup> The volatility of the industry and economic conditions caused by the COVID-19 pandemic have only made access to quality child care more difficult for Idaho families.

Federal pandemic relief has been critical in keeping child care providers' doors open. Congresses under both President Trump and the current administration have passed federal relief acts that provided robust support for the child care industry. Without our typical annual allocation in addition to the relief dollars, Idaho's child care industry would be nearly impossible to sustain. Last session, the Idaho legislature secured over \$100M to support Idaho child care providers. Emergency relief grants are continuing to be disbursed to over 700 child care providers across the state through the end of fiscal year 2022. It is clear support will be needed beyond this timeline in order to sustain the needs of working families.

<sup>1</sup> Idaho Child Care Program, Idaho Department of Health and Welfare: <https://healthandwelfare.idaho.gov/services-programs/children-families/idaho-child-care-program>

<sup>2</sup> IdahoSTARS: <https://idahostars.org/About-Us>

<sup>3</sup> Idaho Association for the Education of Young Children: <https://idahoaeyc.org/pdg>