STATE BUDGET CUTS CREATE A GROWING CHILD CARE CRISIS FOR LOW-INCOME WORKING FAMILIES

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STATE BUDGET CUTS CREATE A GROWING CHILD CARE CRISIS FOR LOW-INCOME WORKING FAMILIES

In 2002, states and local communities faced growing demand for child care assistance as signs of the economic downturn grew. They looked to Congress and the Bush administration to reauthorize the Child Care and Development Block Grant (CCDBG) and the Temporary Assistance for Needy Families (TANF) block grant, the major sources of funding for child care assistance programs.[1] Only one out of seven children eligible for child care assistance under federal law actually receives help.[2] The CCDBG and TANF reauthorization offered an opportunity to expand child care assistance to more low-income families so they could work and help their children get the early experiences necessary to succeed in school.

However, the reauthorization of the Child Care and Development Block Grant stalled, and states received no new help. Finally in February, the 2003 appropriations bill, which funds all federal programs, was enacted and actually cut funds available for child care—30,000 children may lose the help they need.[3] In addition, the administration continued to support a welfare bill that increased work requirements for low-income parents with no increase in funds for child care. With growing state budget deficits combined with the declining availability of TANF resources for child care, states are now cutting child care, early education, and school-age programs for low-income working families.

Although a handful of states took modest steps to improve the affordability and quality of care for low-income working families, budget crises forced many states to make cuts in programs or postpone planned improvements in 2002. Examining proposals for 2003-2004 and cuts already made, hundreds of thousands of low-income working families will likely lose the child care help they need to stay employed. To continue working, these families may be forced to leave their children in child care that jeopardizes their health and safety or does not help them get ready for school. This situation will be exacerbated as states cut more initiatives that bolster the quality of care and eliminate staff that monitor child care programs to ensure they are safe. Without additional federal child care funds, the outlook for children and their parents is bleak.

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[1] The federal Child Care and Development Block Grant (CCDBG) provides money to the states to fund child care assistance for low-income working families and families working to get off welfare. In an average month, over 2 million children receive child care assistance through the program. States can also use these funds to improve the quality of child care and early education. In FY 2002, federal funding for the CCDBG was $4.817 billion. In addition, states are allowed to use federal funds from the Temporary Assistance for Needy Families (TANF) block grant—the welfare program—to help pay for child care assistance. States may transfer up to 30 percent of TANF funds to the CCDBG or use TANF funds for child care within the TANF block grant. In FY 2001, states spent approximately $3.65 billion of their TANF funds on child care, including $1.99 billion in transferred funds and $1.66 billion in direct spending. (R. Schumacher and T. Rakpraja. (September 2002). *States Have Slowed Their Use of TANF Funds for Child Care in the Last Year*. Washington, DC: Center for Law and Social Policy.)

[2] Calculations by the Children's Defense Fund, using data on the number of children served from U.S. Department of Health and Human Services, *FY 2003 Budget in Brief*, February 2002, and data on the number of children eligible from the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, as presented by Julie B. Isaacs at the State Administrators Meeting in Washington, DC, August 13, 2001.

[3] Children's Defense Fund calculations, February 2003.

State Investments Are Threatened

States were able to make new investments in child care, early education, and school-age care following the 1996 passage of welfare reform, which placed new demands on families to move to work and increased the need for child care. States used funding available through the CCDBG, the major federal child care program, and TANF, or welfare, funds that were either transferred to CCDBG or used directly for child care.[4]

Due to budget crises and competing demands on TANF resources, this progress on child care is being reversed. Data show that state discretionary spending declined from fiscal year 2001 to 2002, in inflation-adjusted terms, by 0.4 percent; it is projected to decline again from 2002 to 2003 by 0.9 percent based on budgets enacted last spring. Thirty-eight states cut spending in 2002, are projected to cut spending in 2003, or both.[5] States are facing budget deficits in the range of $70 billion to $85 billion for state fiscal year 2004, according to the Center on Budget and Policy Priorities (CBPP). The deficit projections for fiscal year 2004 are in addition to at least $17.5 billion in new deficits that have developed in current year (state fiscal year 2003) budgets since those budgets were enacted. These gaps are on top of the $50 billion in deficits that states closed when they enacted their fiscal year 2003 budgets.[6]

As states struggle to close these budget gaps, funding for child care, early education, and school-age programs is being cut. In 2002, at least 13 states, including Alabama, Arizona, Maine, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, North Carolina,[7] North Dakota, Oklahoma, Oregon, and Utah, reported decreased state investments in their child care assistance programs. A number of these cuts were quite large:

- Alabama reduced its investments by $4 million;
- Michigan cut programs by $36.2 million; and
- North Carolina cut programs by $27.3 million.
- At least seven states—Alabama, Indiana, Kansas, Mississippi, Oklahoma, Utah, and Wyoming—reported that they were not able to provide the state matching funds required to draw down all federal CCDBG funds, leaving thousands of families

[4] States have the authority to transfer a total of up to 30 percent of their current-year federal TANF funds to the CCDBG and the Social Services Block Grant (SSBG). The amount that may be transferred to the SSBG has been limited to 10 percent of the federal funds the state received, while the CCDBG transfer limit is 30 percent of the federal funds. States can also spend TANF funds directly on child care without transferring the funds. "In fiscal year 2001 states devoted 18 percent of total TANF funds (including maintenance of effort (MOE) funds) used to child care—including both direct spending in the state's TANF program and transfers to the state's child care assistance program. In fiscal year 2000, states devoted 20 percent of total TANF and MOE funds used to child care and 17 percent the year before. The states devoted a total of $5.1 billion in federal TANF and state MOE funds to child care." In Z. Neuberger, *TANF Spending in Federal Fiscal Year 2001* (Washington, DC: Center on Budget and Policy Priorities, March 2002).

[5] N. Johnson, *Is the State Fiscal Crisis Real?* (Washington, DC: Center on Budget and Policy Priorities, February 6, 2003).

[6] I.J. Lav and N. Johnson, *State Budget Deficits for Fiscal Year 2004 Are Huge and Growing* (Washington, DC: Center on Budget and Policy Priorities, January 23, 2003).

[7] North Carolina's reductions represent changes from state fiscal year 2000-2001 to state fiscal year 2001-2002. In state fiscal year 2002-2003, the state made a small ($15 million) one-time increase in state subsidy funds, although it reduced the amount of TANF funds transferred to the CCDBG by $3.8 million.

without access to help. Alabama left $17 million in federal child care dollars; Mississippi left $11.2 million.

Even states that did not make cuts in 2002 in child care and early education programs face a bleak outlook in budgets proposed or implemented for 2003 and 2004:

- Recent cuts in Ohio will mean that 18,500 children will lose their child care assistance by September 2003 to help the state save $268 million during the 2004 to 2005 biennium.
- In Connecticut, the proposed budget for the next three years would cut $40 million from child care assistance programs; 30,000 children will lose the help they currently receive.
- In Maryland, the fiscal year 2004 budget proposes a 23 percent reduction in child care services funding. Funding for child care assistance to low-income families would be reduced from $134 million to $109 million. As of January 15, 2003, only families who are or have been on welfare within the past year will be able to receive assistance.
- Massachusetts recently made cuts to the current year budget for social service and education programs, including a $3.1 million reduction in contracts for child care for low-income families and a $10 million cut to the School Readiness program. The state is also reducing the amount available for Early Literacy grants by $11.8 million.

Some states are reducing the amount of Temporary Assistance for Needy Families (TANF) funds used for child care. These funds had enabled states to significantly increase their investments in child care, early education, and school-age care over the last five years as states transferred TANF dollars to the CCDBG or used unspent TANF funds from prior years to support child care programs. When state use of TANF funds for child care began to slow in 2001, the trend ended. These “reserves” have been exhausted or nearly exhausted in most states and, thus, are no longer available to augment child care funding. In fiscal years 2001 and 2002, states collectively spent about $2 billion more in federal TANF funds than they received.[8] Twenty-three states have insufficient reserves to maintain the fiscal year 2001 program level through fiscal year 2003. Without additional funds, nearly half the states would likely need to scale back TANF-funded child care programs by fiscal year 2003.[9] Some states reduced these expenditures in 2002.

- Twelve states, including Alabama, Arizona, Georgia, Illinois, Indiana, Iowa, Louisiana, Michigan, Minnesota, Oklahoma, Tennessee, and Texas, reported that they decreased the amount of funds they transferred from TANF to the CCDBG.

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[8] Z. Neuberger**,** *Annual TANF Expenditures Remain $2 Billion above Block Grant* (Washington, DC: Center on Budget and Policy Priorities, 2002)

[9] In 17 of the states now spending above their annual funding level, unobligated TANF funds from prior years are insufficient to allow them to maintain their fiscal year 2001 spending level in the current fiscal year. Six additional states have insufficient reserves to maintain the fiscal year 2001 program level through fiscal year 2003. (Zoë Neuberger, *States Are Already Cutting Child Care and TANF-Funded Programs* (Washington, DC: Center on Budget and Policy Priorities, 2002)).

- Eight states, including Arizona, Arkansas, California, Indiana, Louisiana, Maryland, Nevada, and North Dakota, reported decreases in the amount of TANF direct funds used for child care.[10]

Low-Income Working Families Bear the Burden of These Cuts

Low-income working families bear the burden of state budget cuts as states limit eligibility for child care assistance, cut reimbursement rates to child care providers, raise parent copayments, and reduce investments in health and safety.[11]

Texas clearly illustrates the impact of the budget crises on low-income working families. The state's two-year budget, passed in 2001, failed to provide a sufficient funding increase to maintain even the current level of child care support for low-income working families—nearly 30,000 eligible children are on the waiting list for help. In order to meet its strict welfare work requirements in fiscal year 2003, Texas will devote a larger proportion of its funds to serving families trying to move from welfare to work, which will mean less help is available for low-income families working to stay off welfare. At least 6,000 *fewer* children in low-income, non-welfare families are expected to receive child care assistance in fiscal year 2003, as compared to fiscal year 2001.

In fact, most state child care programs could not serve all the families who needed help before the current budget crises. More than one-third of the states have waiting lists for child care assistance; many lists have tens of thousands of children. Over 200,000 eligible children are on the waiting list in California, more than 48,000 children in Florida, more than 22,000 families in Georgia, 12,000 children in Indiana, and 17,000 children in Massachusetts. Connecticut has not been able to help any new eligible low-income working families since July 2002 and in August created a waiting list for these families that has grown to over 5,000 families.[12] The District of Columbia and Tennessee—each with existing waiting lists—stopped taking new applications for assistance from some eligible families.

Eligibility for Help Restricted. A number of states have reduced their child care income cutoffs, so fewer families are eligible for help. In 2001, no state set its income eligibility at or below 100 percent of the federal poverty level;[13] in 2002, New Mexico limited help to families at or below poverty. In 2001, seven states limited assistance to families at or below 150 percent of poverty. In 2002, there were 11 states with income eligibility at this low level.

Families who are unable to get help end up making enormous financial sacrifices, choosing between paying the rent and paying for child care, and worrying all day at work about their

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[10] TANF direct funds are TANF funds used for child care but not transferred to the CCDBG.
[11] Information reported in this section is based on data collected from state child care administrators, state advocates for child care and early education, and news reports.
[12] The state continues to serve families receiving TANF and those who have left TANF within the last six months.
[13] Data from 2001 are from D. Ewen, H. Blank, K. Hart, and K. Schulman, *State Developments in Child Care, Early Education and School-Age Care 2001* (Washington, DC: Children's Defense Fund, April 2002).

children's care. Some may have no choice but to turn to welfare.[14] However, time limits on welfare assistance will mean that some families will have nowhere to turn.

- In Maryland, as of January 15, 2003, only families who are or have been on welfare within the past year are able to receive assistance. All other eligible families will be placed on the waiting list, which had 966 families as of early March, 2003.
- Kansas lowered its eligibility for assistance from 185 percent of the federal poverty level ($27,787 for a family of three)[15] to 150 percent ($22,530 for a family of three) effective February 1, 2003.[16] More than 2,000 children are expected to lose child care assistance.
- Cuts in Ohio will mean that 18,500 children will lose their child care assistance by September. On April 1, the state will decrease income eligibility from 185 percent of the federal poverty level to 150 percent. Families who are currently receiving help but have income above 150 percent of poverty will lose their assistance the next time their eligibility is redetermined.[17] An additional proposal will eliminate 4,000 slots in Head Start.
- Effective July 1, 2002, Nebraska reduced its income cutoff for child care help to low-income working families from 185 percent of the federal poverty level ($27,787 for a family of three) to 120 percent ($18,024 for a family of three), unless they have received cash welfare assistance in the past 24 months. Families transitioning from welfare will continue to be eligible until they earn up to 185 percent of poverty. However, low-income working families with incomes above 120 percent of poverty who are not transitioning from welfare who are currently receiving help will lose their subsidies. More than 2,000 families have lost child care assistance as a result of this change.
- Thousands of low-income Colorado families may lose child care help due to state budget shortfalls and increasing demand for TANF assistance. Rules vary by county, but some counties in crisis already have lowered income eligibility requirements or frozen enrollment. Jefferson County (one of the state's largest counties) went from helping families up to 185 percent of the federal poverty level to only helping those earning up to 150 percent of poverty, to finally setting the cutoff at 130 percent of poverty ($19,526 for a family of three).

Provider Payments Reduced. Budget crises have prompted states to lower rates or to postpone planned rate increases for child care providers. This is particularly troubling as more than half of the states fail to set rates that reflect at least the 75th percentile of the current cost of child care (the rate that allows families access to 75 percent of the providers in their community). The amount a state pays providers has an enormous impact both on parental choice and on the quality

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[14] For examples, see: Deborah Shlick, Mary Daly, and Lee Bradford, *Faces on the Waiting List: Waiting for Child Care Assistance in Ramsey County* (Ramsey County, MN: Ramsey County Human Services, 1999). Survey conducted by the Minnesota Center for Survey Research at the University of Minnesota; Philip Coltoff, Myrna Torres, and Natasha Lifton, *The Human Cost of Waiting for Child Care: A Study* (New York, NY: The Children's Aid Society, December 1999); and Casey Coonerty and Tamsin Levy, *Waiting for Child Care: How Do Parents Adjust to Scarce Options in Santa Clara County?* (Berkeley, CA: Policy Analysis for California Education, 1998).
[15] All income levels are reported based on federal poverty guidelines for 2002.
[16] Effective July 1, 2003, income eligibility for assistance in Kansas will revert to 185 percent of poverty. However, more than 2,000 families who have incomes between 150 and 185 percent of poverty will need to make other arrangements from February through July.
[17] States regularly redetermine whether families continue to be eligible for help. Although states have different policies, families generally must go through redetermination once every six to 12 months.

of care that families can access. Rates based on what child care cost four or five years ago make it all but impossible for providers to keep their doors open. Many providers simply cannot afford to serve children receiving child care help. When providers do accept low rates, they may ask parents to make up the difference between what the state pays and what the provider charges for care, placing an additional financial burden on already stressed family budgets. Providers may also be forced to put off needed improvements to facilities and equipment or keep staff salaries unacceptably low.

- In its most recent biennium budget, Arizona had allocated resources to raise rates to the 75th percentile of 2000 market rates effective October 1, 2002. However, a subsequent special session of the legislature eliminated this rate increase, leaving rates four years out of date.
- Michigan enacted a 6 percent rate reduction effective December 29, 2002 for all relative care providers.
- Ohio repealed a state law that required rates to be updated. As a result, reimbursement rates for center providers are frozen at 1998 rates, and rates for informal providers will be lowered from the 75th percentile of the market rate to the 60th percentile.
- In West Virginia, the Department of Health and Human Resources is proposing a 50 percent reduction in the rate paid to informal providers in order to close a $3.2 million deficit in the child care budget.

Parent Fees Increased. In every state, many parents receiving assistance pay something towards the cost of child care. High parent fees, or copayments, can make it difficult or impossible for families to use child care assistance or put families under extreme financial hardship even if they are receiving help. A number of states are filling funding gaps in their child care programs by increasing these fees.

- In West Virginia, a 50 percent increase in parent copayments went into effect February 1, 2002.
- Effective January 1, 2003, the Idaho Child Care Program increased parent copayment amounts by 6 percent per child. This change complied with a 3.5 percent budget cut for the agency that administers the program for fiscal year 2003.
- In Ohio, changes effective April 1 include an increase in parent fees of an average of $50 per family.
- In January 2003, Washington directed state agencies to make $20 million in reductions for the current fiscal year in the state's welfare program. A family of three earning between $1,027 per month ($12,324 per year) and $1,722 per month ($20,664 per year) will pay $50 a month for child care instead of $25.
- The proposed budget for the 2004-2005 biennium in Minnesota includes an increase in parent fees for families with incomes between 75 and 100 percent of poverty that will double their monthly fees from $5 to $10 per month. The proposal will also increase parent fees for all families above 100 percent of poverty by 10 percent.

Cuts Threaten the Quality of Child Care. Investments in licensing and monitoring of programs; training, education, and compensation for caregivers; resource and referral programs, which help families find child care and provide supports to their communities' child care providers; and safe facilities all contribute to making safer and higher quality care accessible to families. States are making cuts in these areas as well, some of which jeopardize children's basic health and safety.

- As a result of a budget crisis, Tennessee will not implement new rules to protect children as they are transported by child care centers. These rules were put in place following the deaths of four children who were in a child care provider's van. The new rules include drug tests for drivers, inspections of child care vehicles, and a requirement that buses be used instead of vans. A 9 percent cut in the budget of the state Department of Human Services means that the agency cannot afford to hire the six new inspectors needed to fulfill the inspection requirement.
- In Arizona, five child care licensing surveyors were requested in the budget. These positions were approved, but budget constraints kept them from being filled. A hiring freeze is in place within the Department of Health Services Child Care Licensure Division. The current caseload is approximately one licensor for every 100 programs. Nearly a quarter of Arizona's 2,376 licensed providers have not been inspected in more than a year, despite a state law that requires annual checks. About 5 percent of child care programs have not been inspected for two years. License renewals of such facilities, which are required every three years, are backlogged as well.
- Kansas reduced funding for Early Learning Grants, which are used to recruit and train providers, increase the availability of care for infants and toddlers, and help providers improve their quality and earn accreditation, by $1.4 million.
- In Maryland, proposed cuts would reduce funding for the state credentialing program, which helps child care providers advance in the field, by $2 million to only $145,000. The cuts would also result in a nearly 70 percent decline in the budget for the Maryland Child Care Resource Network, which provides information and referral services for families and training and technical assistance to providers throughout the state.
- Washington restructured the field licensors' office and eliminated three State Health Surveyor positions. As a result, licensors are being asked not to focus on best practices or mentoring, but instead to emphasize basic "minimum" licensing standards. They are now unable to provide the historical quality enhancements they have offered for over six years.
- In Wisconsin, the proposal for the July 1, 2003 to June 30, 2005 biennial budget cuts $6 million—all of the funding available through the Child Care and Development Block Grant—from the TEACH® Early Childhood Wisconsin Scholarship and Bonus Program and the REWARD Wisconsin Stipend Program, which provide scholarships and enhanced compensation to providers who receive additional training.
- In Vermont, the proposed budget includes a $200,000 (60 percent) cut in an initiative that improves the quality of child care programs by providing incentives and bonuses to child care providers to encourage them to work towards credentials and degrees.

Programs for Infants and Toddlers Cut Back. The first three years of life are critical to children's early learning. During this time, children develop many of the basic learning patterns and abilities that they will build upon for the rest of their lives.[18] Only a few states had made efforts to improve the quality and availability of care for infants and toddlers in previous years. Now, these states are cutting back their innovative—though limited—investments.

- In North Carolina, all state funding for Early Head Start, which provides high quality care for infants and toddlers living in poor families, was eliminated—a cut of approximately $605,000.
- Due to a severe budget shortfall, Oklahoma will discontinue the state's First Start program as of July 2003. The First Start program provides high quality, full-day, full-year child care programs for children birth through age three. Programs give priority to TANF families, meet Head Start performance guidelines, and are nationally accredited within one year.
- Kansas cut state funds available for Early Head Start by $300,000.

Prekindergarten Programs Lose Ground. Children who participate in quality prekindergarten programs develop better language skills and are more likely to succeed in school, according to numerous studies.[19] Yet low-income families have limited access to prekindergarten programs. Only 44 percent of children ages three to five and not yet in kindergarten who are in families with incomes below $15,000 a year are participating in prekindergarten programs, compared with 71 percent of children in families with incomes of $75,000 or more.[20]

This situation could grow worse as states make cuts in their prekindergarten programs. In 2002, 10 states, including Hawaii, Maine, Massachusetts, Missouri, Montana, New York, North Carolina, Ohio, South Carolina, and Virginia, reported cuts in state investments in prekindergarten programs. These and other states have made or proposed additional cuts in their prekindergarten programs for fiscal years 2003 and 2004.

- The Massachusetts Community Partnerships prekindergarten program was cut by 7.5 percent in the fiscal year 2002 budget. The initial budget for fiscal year 2003 imposed an additional cut of 8.4 percent; an additional mid-year reduction of $10.2 million brought the decrease in state fiscal year 2003 to 19 percent. The state also reduced funding for Head Start by 10 percent.
- In New York, the proposed budget for 2003-2004 includes an 8.5 percent cut to education. This would completely eliminate all funding ($210 million) for the Universal Prekindergarten program—which was supposed to provide prekindergarten to all four-year-

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[18] For examples, see: Rima Shore, *Rethinking the Brain: New Insights into Early Development* (New York, NY: Families and Work Institute, 1997); and Carnegie Corporation of New York, *Starting Points: Meeting the Needs of Our Youngest Children* (New York, NY: Carnegie Corporation, August 1994).
[19] For examples, see: Michigan Department of Education, "State Funded Preschool Program Works for Children At-Risk" (Press Release), January 23, 2002. Retrieved from the Internet at http://www.state.mi.us/mde/off/board/news/news012302.pdf; Colorado Department of Education, *Colorado Preschool Program Child Progress in Years 1-3: Summer 1989 through Summer 1992* (Denver, CO: 1993); and Lawrence Schweinhart and David Weikart, *Significant Benefits: The High/Scope Perry Preschool Study Through Age 27* (Ypsilanti, MI: High/Scope Educational Research Foundation, 1992).
[20] U.S. Census Bureau, *School Enrollment—Social and Economic Characteristics of Students, October 2000* (Current Population Reports P20-533), Released June 2001. Retrieved from the Internet at http://www.census.gov/population/www/socdemo/school.html.

olds by 2002; the program currently serves 60,000 children. In addition, the Experimental Prekindergarten program, a long-running program that provides prekindergarten to disadvantaged three- and four-year-olds, would be cut by $3.8 million.

- A state-funded early childhood program for at-risk children in Tennessee could see 60 percent of its classrooms eliminated—a total of 90 classrooms—if additional funding is not found by next fall. About $9 million in federal funding through the TANF block grant may no longer be available for the program after this summer.
- Ohio, which had allocated enough state funds to provide nearly universal access to Head Start programs for all eligible three- and four-year-olds, is in the process of replacing all state dollars with TANF funds, as well as decreasing the overall budget for Head Start. These choices could place children who need Head Start in an extremely precarious situation if more TANF funds are necessary for basic cash assistance and fewer surplus TANF funds are available for other supports for families. If Ohio cannot find new state funds for Head Start, it will have to reduce the number of children served or decrease spending in other areas supported by TANF funds including child care. A projected $50 million shortfall in the child care budget in fiscal year 2003 could further affect the Head Start program, as the state examines different ways to fill the budget gap.

Programs for School-Age Children Less Available. After-school programs can help keep children safe while offering them extra support to help them succeed in school, yet the opportunities to participate in these programs are especially limited for low-income children. School-age children living in families below the poverty line are one-third as likely as children living in families at or above 200 percent of the poverty line to participate in at least one enrichment activity after school.[21] Two-fifths of low-income working parents have significant problems finding care beyond school hours (after school, summer, vacations, or other school closing days) for their school-age children.[22] School-age options are in danger of becoming even scarcer as several states have made or will likely make cuts in funding for these programs.

- In its most recent biennium budget, Arizona had allocated TANF funds for pilot out-of-school programs for youths ages 11 to 16. A subsequent special session of the legislature eliminated these programs in order to use the funds elsewhere.
- In 2002, Massachusetts eliminated the $5 million After-School and Out-of-School Time (ASOST) grants to communities. These grants supported 28,468 children and youths who now may be left without safe, supportive after-school experiences. In addition, $4 million in funding for after-school youth development matching grants to municipalities and community-based organizations was cut. The 2003 budget includes a 67 percent cut in the only remaining school-age program.
- The budget proposal in Maryland cuts the After School Opportunity Fund by $5 million.
- In Vermont, the proposed budget includes a $75,000 (10.5 percent) reduction in state funds for after-school programs.
- Washington reduced investments in middle school-age programs by $900,000.

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[21] K. Smith, *Who's Minding the Kids: Child Care Arrangements: Spring 1997* (Current Population Reports P70-86). (Washington, DC: U.S. Census Bureau, 2002).
[22] J. Heymann, What Happens During and After School: Conditions Faced by Working Parents Living in Poverty and Their School-Aged Children," *Journal of Children and Poverty*, 2000, Vol. 6, No. 1. pp. 5-20.

- West Virginia eliminated School Day Plus grants, which were given to child care providers operating before- and after-school programs.

Child Care and Early Education Investments Are Critical to Families

Parents cannot go to work each day without safe, reliable care for their children. Studies have repeatedly shown that child care problems can cause parents to miss work or lose their jobs. Child care assistance is integral to any effort to move families from welfare to work and to help low-income parents stay employed.[23] Single mothers of young children are 40 percent more likely to still be employed after two years if they receive help paying for child care, according to an analysis of data from the late 1990s. Former welfare recipients with young children are 82 percent more likely to still be employed after two years if they receive help. In addition, mothers with a high school degree or less are just as likely as mothers with some college education to experience an increase in length of employment if they receive child care assistance.[24]

The need for child care help is growing as more families go to work. Since the passage of the 1996 welfare law, employment among low-income single mothers with young children grew from 44 percent in 1996 to 55 percent in 1999.[25] The proportion of welfare recipients who are combining work and welfare has increased markedly as well—from 11 percent in 1996 to 33 percent in 2000.[26] In addition, states now engage a far larger proportion of non-working recipients in welfare-to-work activities. Single parents and families in which both parents' incomes are necessary to make ends meet have no choice but to work so they can support themselves and their children. These families need quality child care in order to go to work and help their children enter school ready to succeed.

By helping parents work, child care assistance programs also spur economic development that benefits states and communities. In 2001, Americans spent approximately $38 billion on licensed child care programs. These programs employed slightly more workers—934,000—than public secondary schools.[27] The formal child care sector, in turn, enables parents to work and earn. In a

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[23] See, for example, Marcia K. Meyers, Theresa Heintze, and Douglas A. Wolf, *Child Care Subsidies and the Employment of Welfare Recipients, Working Paper #15* (Berkeley, CA: University of California, August 1999); Lisa Renee Baker, *Child Care and Subsidy Use in Illinois* (Illinois Department of Human Services, June 2000); and Joan Acker, Sandrea Morgen, Terri Heath, Kate Barry, Lisa Gonzales, and Jill Weight, *Oregon Families Who Left Temporary Assistance to Needy Families (TANF) or Food Stamps: A Study of Economic and Family Well-Being From 1998 to 2000, Volume 1* (Oregon: Center for the Study of Women in Society, Welfare Research Team, University of Oregon, January 2001).
[24] Heather Boushey. (2002). "Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth" (Economic Policy Institute Briefing Paper). Washington, DC: Economic Policy Institute.
[25] U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress* (Washington, DC: U.S. Department of Health and Human Services, August 2000).
[26] U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Fourth Annual Report to Congress* (Washington, DC: U.S. Department of Health and Human Services, April 2002).
[27] M. Cubed. (Fall 2002). *The National Economic Impacts of the Child Care Sector*. Study sponsored by the National Child Care Association. Retrieved from the Internet at http://www.nccanet.org/NCCA%20Impact%20Study.pdf.

study in Vermont, working parents who rely on child care services earned over $1 billion annually, or 13 percent of the total wages in the state. These families pay about $100 million in state and federal income taxes.[28]

Yet many families cannot get the help they need. Approximately 16 million children under 13 living in low-income working families may need child care assistance,[29] but the families of only 2.2 million children now have help paying for child care through the Child Care and Development Block Grant. This represents only one of seven children eligible for child care assistance under federal law.[30] In many states, access to help continues to be extremely restricted. More than one-third of the states place eligible families on waiting lists for help or do not allow eligible families to even apply for assistance. In more than a quarter of the states, a family of three earning just $25,000 a year does not qualify for *any* assistance. This includes four states, Alabama, Missouri, Nebraska,[31] and New Mexico, where a family of three earning $20,000 a year would not be qualify for assistance. Families with such low earnings cannot afford the high cost of care on their own. Full-day care in a center can easily cost $4,000 to $10,000 per year—at least as much as college tuition at a public university.[32]

Good early care and education is essential not just in helping parents work, but also in ensuring children—particularly low-income children—are prepared for school. Research clearly demonstrates that children who participate in high quality early education programs score higher on cognitive, reading, and math tests than their peers who do not participate. Children who participate in the quality programs are also less likely to require special or remedial education and are more likely to graduate from high school and have higher earnings as adults.[33]

Children are participating in prekindergarten programs in ever increasing numbers. Over half of children ages three to five not yet in kindergarten were enrolled in some form of prekindergarten—including child care, prekindergarten, and Head Start—in 2000.[34] The number of children ages three to five enrolled in prekindergarten more than doubled between 1980 and

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[28] Windham Child Care Association and Peace and Justice Center, *The Economic Impact of Vermont's Child Care Industry: Executive Summary* (Brattleboro and Burlington, VT: Windham Child Care Association and Peace and Justice Center, June 2002).

[29] There were more than 16 million children under 13 in families below 200 percent of poverty with a working family member and no TANF income in 2001. Unpublished Children's Defense Fund tabulations of U.S. Census Bureau data from the March 2001 Current Population Survey.

[30] Calculations by the Children's Defense Fund, using data on the number of children served from U.S. Department of Health and Human Services, *FY 2003 Budget in Brief*, February 2002, and data on the number of children eligible from the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, as presented by Julie B. Isaacs at the State Administrators Meeting in Washington, DC, August 13, 2001.

[31] Nebraska eligibility is for non-TANF families. TANF families and families transitioning from TANF have a higher income eligibility.

[32] Karen Schulman, *Issue Brief: The High Cost of Child Care Puts Quality Care Out of Reach for Many Families* (Washington, DC: Children's Defense Fund, 2000).

[33] L. N. Masse and W. S. Barnett. (2002). *A Benefit Cost Analysis of the Abecedarian Early Childhood Intervention*. New Brunswick, NJ: National Institute for Early Education Research.

[34] Children's Defense Fund calculations based on data from U.S. Census Bureau. (June 2001). *School Enrollment—Social and Economic Characteristics of Students: October 2000* (Current Population Reports P20-533). Retrieved from the Internet at http://www.census.gov/population/www/socdemo/school.html.

2000, from 2 million to 4.3 million.[35] Yet, low-income children are still much less likely to have access to these programs than other children.

The Administration Closes the Door on Low-Income Families

States and the families they serve face bleak times, and the Bush administration is not offering them a helping hand, but rather making the situation worse. The administration's budget singles out the rich for massive new tax breaks, while targeting programs for disadvantaged children and youths for budget cutbacks and freezes. Preying on the most vulnerable, the Bush administration's budget block grants, weakens, and cuts a range of essential children's services including Head Start, Medicaid, child care, education and training, nutrition assistance, and youth services. Specifically, the administration's budget for the CCDBG and the TANF block grant offers no help to states while imposing unreasonable new requirements. The President's budget proposal:

- Lavishes riches on the wealthy while starving child investments. The Bush administration's budget moves revenues into the pockets of the richest Americans and away from a broad range of services and supports for low- and moderate-income working families. The $1.3 trillion tax cut enacted in 2001 will provide 52 percent of its benefits to the top 1 percent of taxpayers with average incomes over $1 million in 2010. The 2004 budget includes a new round of tax cuts totaling $1.5 trillion over the next 10 years. Just a few of the new tax cut provisions will give the richest 1 percent of Americans an average of $30,000 each. On the other hand, a person in the bottom fifth of taxpayers will get only $6 from the same set of tax cuts.
- Block grants core services for low-income children and families under the guise of state flexibility. Under the Bush administration budget, Head Start, the premier early childhood program for disadvantaged preschoolers, would be block granted and sent to the states—without the performance standards that are the core of the program's success. The administration's untested experiment gambles with the futures of nearly 1 million children. Further, the fiscal year 2004 proposed funding increase for Head Start barely covers the cost of inflation.
- Freezes child care funding over five years while increasing work requirements for low-income families. The budget documents note that at least 200,000 children currently receiving assistance could lose that help by 2007 if the budget proposal goes forward. Further analysis shows that this number may severely understate the number of children who could lose help.[36] Last year, the Congressional Budget Office (CBO) estimated that the cost of meeting the work requirements included in the House-passed TANF reauthorization bill—requirements modeled on the administration's welfare proposals—would be between $8 billion and $11 billion over five years. (These costs included costs associated with expanding welfare-to-work programs as

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[35] T. D. Snyder and C. M. Hoffman. (February 2002). *Digest of Education Statistics 2001* (NCES 2002-130). Washington, DC: U.S. Department of Education, National Center for Education Statistics.
[36] S. Parrot and J. Mezey, *Bush Administration Projects that the Number of Children Receiving Child Care Subsidies Will Fall by 200,000 During the Next Five Years: Actual Loss in Child Care Subsidies Likely Would Be Far Greater* (Washington, DC: Center on Budget and Policy Priorities and Center on Law and Social Policy, February 2003).

well as the cost of providing child care to parents participating in these programs.) These estimates were ignored entirely in the budget proposed by the administration.

- Cuts $400 million, or 40 percent, from the 21st Century Community Learning Centers program, eliminating after-school programs for 570,000 children.

Overall, the Bush administration's budget offers no hope for the millions of parents who need child care help now in order work and support their families and would limit the ability of parents to get the help they need for years to come. Instead of ensuring that children receive the early learning experiences they need to be successful in school, this budget ensures that countless families will be worrying about the basic health and safety of their children.

State-By-State Analysis

State-by-State Analysis

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Alabama	Yes, there are 6,092 children on the waiting list.	Alabama decreased state funds available for child care subsidies by $4 million in 2002.	
Alaska	No		Alaska may implement a $3 million budget cut for child care in fiscal year 2004.
Arkansas	Yes, there are 703 families on the waiting list.		
Arizona	No	Arizona decreased state funds available for child care subsidies in fiscal year 2003 by $3 million from the previous year. In 2001, Arizona appropriated $4 million from TANF funds to the Department of Economic Security to expand teen mentoring, youth leadership, homework assistance and tutoring, and other activities for young teens in the out-of-school hours. Due to cuts to the 2002 budget, the appropriation was eliminated. In addition, the state had allocated resources in its most recent biennium budget to raise rates to the 75th percentile (the rate that allows families access to 75 percent of the providers in their community) of 2000 market rates effective October 1, 2002. However, in a subsequent special session of the legislature, this rate increase was eliminated, leaving rates four years out of date.	Due to increased caseloads in Arizona, there is a significant shortfall in the budget for child care subsidies. On March 13, 2003, the state will create a waiting list for all new low-income working families.

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
California	There is no statewide list, although individual agencies at the local level maintain waiting lists. Last year there were estimated to be 280,000 children on the waiting list.		In California, the Governor is proposing to take most child care funds, including most of the child care funds for welfare recipients, out of the state budget for the 2003-2004 fiscal year and move them to counties, potentially funding child care through several new county-level tax proposals. While the full impact of such a move is unknown, child care could end up competing for money in every county with county-funded programs, such as foster care and nursing home and elder care. This proposal places the child care of 443,000 children at risk.
Colorado	Eight counties are no longer accepting new applications.		
Connecticut	The state has not accepted new applications for assistance from non-TANF families since July 2002 and started a waiting list in August of 2002 for these families. The list has over 5,000 families on it.		The proposed budget for the next three years would cut $40 million from child care assistance programs, causing 30,000 children to lose the help they currently receive.
Delaware	No		
District of Columbia	Yes, there are 631 children on the waiting list,[2] and the District of Columbia stopped taking applications from non-TANF eligible families July 1, 2002.		
Florida	Yes, there are 48,390 children on the waiting list.		The Governor of Florida, in an effort to make universal prekindergarten available, has proposed limiting child care assistance to TANF families and low-income working families with four-year-olds, leaving all other families without help.
Georgia	Yes, there are 22,132 families on the waiting list.[3]		
Hawaii	No		

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Idaho	No	Effective January 1, 2003 the Idaho Child Care Program increased parent copayment amounts by 6 percent. This change was needed in order to comply with a 3.5 percent budget cut for fiscal year 2003.	In the current legislative session, $264,500 in state funding for child care assistance will be cut.
Illinois	No		
Indiana	Yes, there are 12,068 children on the waiting list.	Indiana reduced the income eligibility for child care assistance from 143 percent of the federal poverty level (FPL) ($21,479 for a family of three) to 127 percent of the FPL ($19,075).[4]	
Iowa	No		
Kansas	No	Kansas will lower its subsidy eligibility from 185 percent of the FPL ($27,787 for a family of three) to 150 percent of the FPL ($22,530), effective February 1, 2003.[5] This is expected to impact an estimated 2,032 children who currently receive subsidized child care. In addition, the state cut its Early Head Start initiative by $300,000 overall.	
Kentucky	No		Kentucky, which has seen an increase in the low-income population needing child care help but no increase in funds, will have to cut the number of families receiving help in July 2003. Parents of nearly 78,000 low-income children are eligible for the program now, about 1,600 more than the state expected to serve. The state is currently considering proposals to lower the income level at which families qualify for help, raise each family's copayment, and cut daily child care provider reimbursement rates by $1.
Louisiana	No		

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Maine	Yes, the state currently maintains a waiting list. [6]	Maine decreased state funding for child care subsidies by $3.7 million.	The proposed budget for 2004 includes another decrease of nearly $550,000 (about 2 percent) of child care funds.
Maryland	Yes, there are 966 families on the waiting list.[7]	As of January 15, 2003, only families that are or have been on welfare within the past year will be able to receive assistance. All other eligible families will be placed on a waiting list.	In Maryland, the Governor's budget proposes a 23 percent reduction in child care services funding. Funding for child care assistance to low-income families would be reduced from $134 million to $109 million (a $25 million cut). Additional proposed cuts would reduce funding for the Maryland After School Opportunity Fund by $5 million, reduce the state credentialing program that helps child care providers advance in the field by $2 million to only $145,000, and cut other quality improvement initiatives by $2.1 million. The proposal also includes a cut of $4 million—nearly 70 percent—in the budget for the Maryland Child Care Resource Network, which provides information and referral services for families and training and technical assistance to providers throughout the state.

State	Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?[1]	Cuts already in place	Proposed cuts
Massachusetts	Yes, there are 17,378 children on the waiting list.	The Massachusetts Community Partnerships prekindergarten program was cut by 7.5 percent in the fiscal year 2002 budget, and the budget for fiscal year 2003 imposes an additional cut of 8.4 percent. State funding for Head Start was also reduced by 10 percent. In 2002, Massachusetts eliminated the $5 million After-School and Out-of-School Time (ASOST) grants to communities. The budget for 2003 includes a 67 percent cut in the only remaining school-age program. In addition, the Governor recently made cuts to the fiscal year 2003 budget for social service and education programs, including a $3.1 million reduction in contracts to provide child care for low-income families and a $10.2 million cut to the Community Partnerships prekindergarten program (for a total decrease in state fiscal year 2003 of 19 percent). The state is also reducing the amount available for Early Literacy grants by $11.8 million. These cuts are for the current fiscal year.	
Michigan	No	Michigan cut child care assistance programs by $36.2 million. The state also enacted a 6 percent rate reduction effective December 29, 2002 for all relative care providers.	

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Minnesota	Yes, there are 5,216 families on the waiting list.	During fiscal year 2003, $500,000 for innovation grants was cut from the state Head Start program. These grants helped programs partner in creative ways with other community programs serving the same families to provide needed services, such as literacy and life skills to non-native speakers of English. The reduction was put in place after many programs had obligated the grants, so programs may have to make cuts in other areas in order to compensate for these new cuts.	The proposed budget for the 2004-2005 biennium in Minnesota includes a reduction of $8.1 million in fiscal year 2004 and $9.5 million in fiscal year 2005. It includes an increase in parent fees for families with incomes between 75 and 100 percent of the FPL that will raise their fees from $5 to $10 per month. The proposal will increase parent fees for all families above 100 percent of the FPL by 10 percent. In addition, the budget proposal eliminates $4 million in child care funds currently used for the At-Home Infant Care (AHIC) program, which helps families who qualify for help stay home with their infants.
Mississippi	The state does not maintain a waiting list, but counties may keep waiting lists or freeze intake for child care assistance.	Mississippi decreased state funds for child care assistance by $356,000.	
Missouri	No	Missouri decreased state funds for child care by $159,000.	
Montana	Yes, there are 700 children on the waiting list.[8]	Montana decreased state match funding for the Child Care and Development Block Grant (CCDBG) by $320,000 (10 percent). Combined with the federal funds that those dollars would have drawn down, the state has a total loss of $1.2 million in child care funding.	The proposed budget cuts all state match funds for the CCDBG—$1.6 million, with a subsequent loss of $4.6 million in federal funds. The budget also eliminates a planned $15.1 million transfer of TANF funds to child care. Together, these cuts will reduce funds for child care by $21.4 million, or 40 percent of the funds available in fiscal year 2002.

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Nebraska	No	Nebraska decreased state funds for child care assistance by $1.9 million. Effective July 1, 2002, Nebraska reduced its income cutoff for child care help to low-income working families from 185 percent of the FPL ($27,787 for a family of three) to 120 percent ($18,024), unless they have received cash welfare assistance in the past 24 months. While families transitioning from welfare will continue to be eligible until they earn up to 185 percent of the FPL, those low-income working families currently receiving help with incomes above 120 percent of the FPL who are not transitioning off of welfare will lose their subsidies.	
Nevada	No		
New Hampshire	No		The proposed budget includes a 5 percent reduction in rates paid to child care providers.
New Jersey	Yes, there are 5,688 children on the waiting list.		
New Mexico	Information not available		

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
New York	New York does not maintain a statewide waiting list, but counties may keep waiting lists or freeze intake for child care assistance. New York City alone has approximately 35,000 children on the waiting list.	In New York's Monroe County (which includes Rochester), a budget gap forced the county to cut eligibility for the child care assistance program from 200 percent of the FPL ($30,040 for a family of three) to 140 percent ($21,028). Families currently receiving help that are above the new cutoff can continue to receive help—but only until their next scheduled eligibility recertification. At least one center, in business for 40 years serving low-income families in downtown Rochester, has been forced to close due to the changes.	In New York, the proposed budget for 2003-2004 includes an 8.5 percent cut to education, including a complete elimination of all funding ($204million) for the Universal Prekindergarten program—which was supposed to provide prekindergarten to all four-year-olds by 2002. In addition, the Experimental Prekindergarten program, which provides prekindergarten to disadvantaged three- and four-year olds, would be cut by $7.5 million. The budget proposal also eliminates all funding--$30 million—for the Extended Day/School Violence Prevention programs, which fund academic tutoring and remediation, conflict resolution/violence prevention, and recreational and other programs for 80,000 young people throughout the state.
North Carolina	Yes, there are 14,261 children on the waiting list.	North Carolina reduced funding for child care subsidies by $27.3 million in state fiscal year 2001-2002. All state funding for Early Head Start was eliminated—a cut of approximately $605,000. In state fiscal year 2002-2003, the state made a $20 million reduction in local Smart Start funding.	
North Dakota	No	North Dakota decreased state funds for child care assistance by $126,000.	

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Ohio	No	Cuts in Ohio will mean that 18,500 children will lose their child care assistance by September to help the state save $268 million. On April 1, the state will decrease income eligibility from 185 percent of the FPL ($27,787 for a family of three) to 150 percent ($22,530). Families who are currently receiving help but have income above 150 percent of the FPL will lose their assistance the next time their eligibility is redetermined. The changes also include an increase in parent fees, which will increase the amount families pay by an average of $50. Rates for informal providers will be lowered from the 75th percentile of the market rate to the 60th percentile.	A proposal in Ohio will eliminate 4,000 slots in Head Start in the next two years.
Oklahoma	No	Oklahoma will discontinue the state's First Start program as of July 2003, due to a severe budget shortfall.	
Oregon	The state stopped accepting applications from families in which the parents are students in March 2002.	Oregon decreased state funding for child care subsidies by $4.2 million.	
Pennsylvania	Yes, there are 2,484 children on the waiting list.		
Rhode Island	No		
South Carolina	No	South Carolina decreased state funds available for prekindergarten by $2 million.	
South Dakota	No		

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Tennessee	Yes, there are 13,000 children on the waiting list. In addition, Tennessee stopped accepting new applications for its non-TANF child care assistance program in September 2001 and this freeze is still in effect.	As a result of the budget crisis in Tennessee, the state will not implement new rules to protect children as they are transported by child care centers. These rules were put in place following the deaths of four children who were in a child care provider's van. The new rules include drug tests for drivers, inspections of child care vehicles, and a requirement that buses be used instead of vans. A 9 percent cut in the budget of the state Department of Human Services means that the Department cannot afford to hire the six new inspectors needed to fulfill the inspection requirement.	A state-run early childhood program for children at-risk in Tennessee could see 60 percent (90) of its classrooms close if more funding is not found by next fall. About $9 million in federal funding through the TANF block grant may no longer be available after this summer. State education officials are looking for ways to replace the money.
Texas	Yes, there are 29,900 children on the waiting list.	Texas did not transfer any funds from the TANF block grant to the CCDBG in 2002, a decrease of $33.5 million from the previous year. These funds had been used to support licensing and monitoring of programs.	Texas has proposed the elimination of all state funds for the statewide resource and referral network and may eliminate the Rising Stars program, which provides an incentive to local workforce development boards to support the development of higher quality caregivers.
Utah	No	Utah decreased state funding for child care subsidies by $1.9 million.	
Vermont	No		In Vermont, the Governor has proposed a $200,000 (60 percent) cut in an initiative that improves the quality of child care programs by providing incentives and bonuses to child care providers to encourage them to work towards credentials and degrees. In addition, the proposed budget includes a $75,000 (10.5 percent) reduction in state funds for after-school programs.
Virginia	Local departments of social services keep waiting lists.	Virginia decreased state funds for prekindergarten by $2 million.	

State	Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?[1]	Cuts already in place	Proposed cuts
Washington	No	In April 2002, Washington lowered the income eligibility limit from 225 percent of the FPL ($33,795 for a family of three) to 200 ($30,040). At the same time, all families' copayments were increased by $5 per month. Washington also eliminated state funding for Head Start, a cut of $940,000. In January 2003, state agencies were directed to make to make $20 million in reductions for the current fiscal year in Washington's WorkFirst program. A family of three earning between $1,027 and $1,722 per month ($12,324 and $20,664 per year) will pay $50 a month for child care instead of $25. Many quality improvement initiatives have been eliminated, including many child care teacher recruitment/retention projects, the state child care wage ladder, and projects to encourage providers to serve more children with special needs. The state also reduced investments in middle school-age programs by $900,000.	
West Virginia	No	West Virginia decreased eligibility from 200 percent of the FPL ($30,040 for a family of three) to 150 percent of the federal poverty level ($22,530) as of February 1, 2002. The state also implemented a 50 percent increase in parent fees at that time. In addition, West Virginia eliminated School Day Plus grants, which were given to child care providers operating before- and after-school programs.	In West Virginia, the Department of Health and Human Resources is proposing a 50 percent reduction in the rate paid to informal providers in order to close a $3.2 million deficit in the child care budget.

State	**Did the state have a waiting list for child care subsidies or had the state stopped accepting subsidy applications from any families?**[1]	**Cuts already in place**	**Proposed cuts**
Wisconsin	No		In Wisconsin, the budget proposal for the July 1, 2003 to June 30, 2005 biennial would cut $6 million—all the funding available through the CCDBG—from the TEACH® Early Childhood Wisconsin Scholarship and Bonus Program and the REWARD Wisconsin Stipend Program.
Wyoming	No		

Source: Data in this table are based on information obtained through surveys and interviews with state child care administrators and advocates.

[1] All waiting list data are as of December 1, 2002 unless otherwise indicated.
[2] The District of Columbia waiting list figure is as of November 8, 2002.
[3] The Georgia waiting list figure is as of October 2002.
[4] Federal poverty level for a family of three in 2002 was $15,020.
[5] Effective July 1, 2003, income eligibility for assistance in Kansas will revert to 185 percent of poverty. However, more than 2,000 families who have incomes between 150 and 185 percent will need to make other arrangements from February through July.
[6] There were 2,000 children on the waiting list in Maine as of December 1, 2001. More recent data are not available.
[7] Data for Maryland's waiting list are as of March 4, 2003.
[8] Data for Montana's waiting list are as of January 21, 2003.

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