

## Raise CCA reimbursement rates for all registered and licensed providers to the federal standard, 75th percentile of current market rate

By compensating providers at a rate that reflects the cost of quality care, we can encourage more providers to participate in the state's Child Care Assistance program — one of the best strategies for opening up more slots, offering families choice of providers and helping providers themselves earn a living wage and advance in the field. Now is time to act: the number of licensed and registered child care providers in Iowa dropped 42 percent between 2013 and 2018, and large portions of the state are “child care deserts.”

The Child and Family Policy Center and Iowa Association for the Education of Young Children recently surveyed Iowa child-care owners and directors and home child care providers on the financial consequences of participating in CCA. The responses were stark. Even after recent rate increases, many providers report taking significant losses by accepting child-care subsidies. Those losses have a direct impact on the quality and availability of child care across the state.

Here is what what providers are experiencing, in their own words.

### Current reimbursement makes it hard for home providers to make ends meet



“I do not feel comfortable charging private-pay families more than I am reimbursed for CCA families. So state rates keep me from annual increases to keep up with household bills and upkeep. So my family suffers as well as my child care families.”

— Home Child Care Provider | CCA loss: \$10 per week per child



“Regardless of the pay disparities, I do provide care for several children receiving CCA payments, because I recognize the need these families have, and the importance of providing our community’s youngest members with the same quality early childhood opportunities as their peers. In doing so, however, I work increasingly more hours for less pay.”

— Home Child Care Provider | CCA loss: \$60 per week per infant/toddler, \$50 per week per preschooler



“[T]he Home Provider is a dying breed because we can’t make a living wage to help support our own families. Many of us work a second job in order to provide for our own families while trying to keep our services available for our communities.”

— Home Child Care Provider | CCA loss: \$1,352 per year per child



“My competitive rate just barely covers expenses and the CCA rate is well below that.”

- Home Child Care Provider | CCA loss: \$30 per week per infant/toddler, \$20 per week per preschooler

## Current reimbursement make it hard for centers to retain staff and pay a living wage



“From staffing to supplies and training, it costs a lot of money to provide quality early childhood education, which is why it’s expensive to have a child attend a quality care facility. ... Until reimbursement comes closer to cost of care then it currently does, anyone taking CCA in an early education facility is most likely choosing to do so while taking a loss.”

— Child Care Center Provider



“Full-time tuition for four infants is only enough to pay minimum wage and related employment costs (not including training and benefits) for 12 hours of staffing for one staff member. We start at \$9.00 for lead teachers and \$8.00 for assistant teachers.”

— Child Care Center Provider | CCA loss: \$30,000 per year per infant/toddler



“We are a level 5 in the Quality Rating System so it would be nice to at least make the same as the regular pay parents provide.”

— Child Care Center Provider | CCA loss: None because local funders make up the difference



“[We] need to pay higher salary to keep good/experienced staff around and it doesn’t equal out with hourly pay and infant cost.”

— Child Care Center Provider | CCA loss: Yes, but no complete data yet

## Raising reimbursement is key to increasing quality



“We want to be able to help families who receive CCA, but our budget will not allow us to help very many families. I think this may jeopardize the quality of care the children may receive because centers cannot enroll many CCA children and still meet their budget without raising rates too high for the private-pay families.”

— Child Care Center Provider | CCA loss: \$10,000 per year per infant/toddler, \$5,000 per year per pre-schooler

“Rates still do not come close to covering the cost of quality. We run NAEYC-accredited centers. We provide well-resourced curriculum and equipment, research-based assessment, electronic parent communication, robust training and degree tuition reimbursement for staff, and far healthier meals than many providers. These things cost money, and until the state/public invests in that and realizes the public good we’re providing children, families, and the economy, it’s not going to change.”

— Child Care Center operator



“Quality child development homes charge more because they serve healthier meals, do more crafts and use a curriculum, purchase new developmental toys and keep their homes safe. All these items cost money.”

— Home Child Care Provider



## Raising reimbursement is key to increasing supply

“We are very close to not accepting CCA families due to the discrepancies in reimbursement. We have a very long waiting list and accepting those families at such a low rate does not make good business sense.”

— Child Care Center Provider



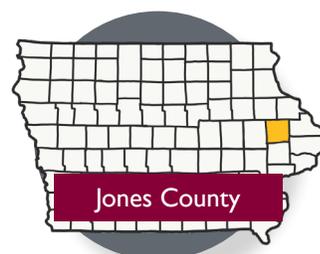
“We stopped accepting CCA for children under the age of 2 because we were losing money. Our cost of tuition is higher than the reimbursement rate gives back and with the lack of infant care in Story County we can have families that will pay the full rate.”

— Child Care Center Provider



“I no longer take school-aged children because CCA rates are substantially less than my private pay rates.”

— Home Child Care Provider



“We have actually slowed our expansion in areas with more demand from low-income families because we cannot run at such a loss, even if we cap the number of children using assistance at something ridiculously low like 5 or 10.”

— Child Care Center Provider



## Raising reimbursement rates made a concrete and immediate difference ...



“I am able to meet the financial bills for my family better with the increase of CCA.”

— Home Child Care Provider



“The increase has made it far more comparable to actual rates!”

— Child Care Center Provider



“Higher rates leave more available funds to provide equipment and supplies.”

— Home Child Care Provider

## ... but only narrowed, not eliminated, the gap between CCA and private pay



“Our financial loss has gone down by about 15 percent.”

— Child Care Center Provider



“I’ve gained about \$400-600 a month, which does help. However, there is not enough to still get ahead to run a profitable program. It would only take CCA payment to be late one week before our program is in the red.”

— Child Care Center Provider



“Of course, any increase is appreciated and helpful. But to be honest, when an increase only amounts to pennies a day or a few dollars per week for each child at best, it is difficult to realize a positive effect. Expenses continue to increase at a much faster rate than CCA reimbursement rates.”

— Home Child Care Provider