

Survey Confirms Devastating Impact of Child Care Changes on Children and Working Families

On July 1st, 2015, Governor Rauner made drastic changes to the Child Care Assistance Program (CCAP) through the emergency rulemaking process. These changes limit CCAP eligibility for new applicants to four priority groups:

- TANF recipients,
- teen parents in high school or GED classes,
- families with special needs children,
- and working families with incomes no greater than 50 percent of the federal poverty level.

Additional emergency changes include increased parent copays, required background checks for relative providers, and a requirement that single parents open child support collection cases for every child in the household as a prerequisite to qualify for child care assistance.

The limited eligibility has had the most devastating impact on families and child care providers. Historical data show that, on average, families in the four priority populations account for only 10 percent of all approved CCAP applications, meaning **90 percent of new applicants who were eligible prior to the rule changes will now be denied.**

While the full impact on the caseload is not yet known, and will grow over time, already the effects are noticeable.

- The number of child care assistance applications submitted in August 2015 is down almost 50 percent from August 2014. This suggests that many parents, knowing they will be denied, are deciding to not even apply.
- The CCAP caseload decreased by 9 percent, from 154,050 to 140,812, after just one month of data collected under the new rules.
- Since July 1st, 100 providers in Cook County alone have reported closing their doors.

The Illinois Child Care Assistance Program

The Illinois Department of Human Services Child Care Assistance Program (CCAP) provides low-income, working families with access to quality, affordable child care.

CCAP traditionally has helped parents with incomes at or below 185% of the federal poverty level (\$3,098/month for a family of three in 2015) pay for child care. Parents may choose the provider that best fits the needs of their family. CCAP reimburses the provider at the established state rate, which varies by region, age of child, and type of provider. Families are required to pay part of the cost of care through a sliding scale co-payment that is based on family size, income, and number of children in care.

All of this has changed under the Governor's proposed rule changes effective July 1st, 2015.

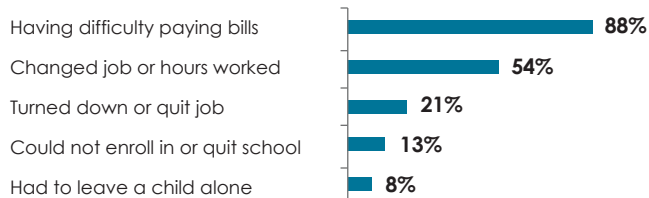
In order to better understand how the changes to CCAP have impacted families and child care providers, Illinois Action for Children collected more than 1,300 surveys from July through September 2015. This policy brief highlights how parents' child care arrangements and economic stability have been affected, and the impacts on providers and the broader child care infrastructure.

The results confirm our recommendation that:

The Illinois Department of Human Services should rescind the rule change based on the data alone, but the surveys provide much greater understanding of the significant reach these changes are having on children as well as the state's short- and long-term economic well-being.

Survey Findings

Impacts on families



Impacts on child care programs



Impact on Children

Since the CCAP changes went into effect, providers reported being forced to turn away 3,658 children from families who wanted to enroll but were ineligible for assistance under the new guidelines. When families cannot enroll in child care, they are forced to choose informal options, losing access to highly qualified staff and early learning opportunities.

"They have no one to keep their children except older siblings. In one family's case, the oldest child is 12 years old and she's keeping a 15 month old, 3 year old and 5 year old."

Many parents use CCAP to access part-day early learning programs like Head Start and Preschool for All to provide full-day care for their children. Without CCAP, low-income children have even fewer opportunities to receive quality early education so they can start kindergarten on a more level playing field with their higher-income peers.

Additionally, the children remaining in programs, whether they receive CCAP or pay the full cost, are impacted by staffing challenges. Children need stability and consistency, which is undermined by the increasing number of layoffs. Programs are being forced to maximize their staff to child ratios, meaning less individual attention for children.

Impact on Families

70 percent of parents reported having to alter their child care arrangements due to the CCAP changes.

Families that were fortunate enough to have the support of family or friends were able to turn to them for child care. Eighteen (18) percent of parents surveyed relied on these informal networks for sudden changes to child care arrangements. However, this is not an option for all families, and even for many families using informal care, it is not a permanent option.

54 percent of parents had to modify their work and/or school schedule in some way, most missing work or working fewer hours.

21 percent of parents had to turn down a job offer or quit their current job.

Lost work hours reduce their family's already low income and could even result in the loss of employment. A reduction in hours can also affect one's employee benefits and other work support services.

"I've had to cut my hours at work which means I will no longer [be] eligible for my insurance."

13 percent could not enroll in or had to quit school.

Full-time college students are not included in the priority populations unless they work and have an income less than 50 percent of the federal poverty level. At the start of the school year, many students reapplied for CCAP after their summer off and found themselves shut out of the program. Students who are working toward a higher degree to improve the quality of life

for their family are now suffering significant setbacks in the process.

"We can't apply to get benefits like we did last year because of the cuts. My wife can't go back to school this semester because we can't afford child care for our son out of pocket."

Some parents reported that without CCAP, they have been taking on the full cost of care themselves. Center care on average ranges from \$8,500 to \$13,000 annually, depending on the age of the child in care.¹ Shouldering the cost of care alone has led many parents to use funds typically earmarked for other necessities. Paying full price for child care is unsustainable for many working families and negatively impacts the household budget and their overall economic security.

“I was forced to pay out of pocket and had to take money off rent, now I’m behind on rent and have to find a second job to catch up!”

These disruptions to families’ child care arrangements, financing, and work schedules have significantly threatened the economic stability of working families.

88 percent of parents said the changes to CCAP have affected their ability to pay for their family’s day-to-day needs, including food, rent, and bills.

Falling behind on these necessities puts families and children at risk for homelessness and other hardships, including losing heat in their homes and experiencing hunger. The survey responses indicate that restricting access to CCAP has pulled the rug out from working families, leaving them only with impossible trade-offs.

Impact on Providers

Similar to parents, child care providers reported significant challenges as a result of the changes to CCAP. Two major challenges, which are inherently related, involve prospective clients’ CCAP eligibility and program vacancies.

74 percent of providers surveyed reported that families have been unable to enroll in their program because they are ineligible for CCAP under the new program guidelines.

62 percent reported having difficulty filling vacant spots.

How much does it cost when children leave for kindergarten?

- An agency lost 75 children to kindergarten across their 10 program sites this fall. If those slots remain vacant, they anticipate losing \$53,166 in revenue this year.
- Another agency with 15 sites lost between 500-600 children to kindergarten this past September. They anticipate losing \$350,000 annually if they do not fill these spots.
- Neither organization can survive this economic reality.

At the start of the school year, the providers surveyed were set to lose a total of 4,605 children to kindergarten. They reported that if they were unable to fill these vacancies, their programs would lose an average of \$6,000 per month.

Facing significant loss of revenues, 69 percent said they are unable to meet at least one of their financial obligations. This includes paying staff, rent, mortgage, or other bills. As noted in the discussion of parents’ financial instability, delaying or foregoing payment on these services is not a sustainable practice, and eventually providers will be forced to close their programs.

Providers are also struggling to make payroll, which creates financial hardship for child care staff and their families. Of the provider respondents, 31 percent reported layoffs or anticipate layoffs. Some staff has been forced to leave because they cannot work without steady pay.

“Qualified staff [is] leaving for other positions that are more secure.”

This will have lasting impacts on the child care workforce. These individuals, who provide stable, quality care for children, would have been the future directors of programs and are a part of our state’s child care workforce, will seek employment elsewhere or leave the early care and education field all together, and it will be hard to attract them back in the current environment.

The child care infrastructure is further depleted by the closure of numerous programs. **Since July 1st, 100 providers in Cook County alone have reported closing their doors.** The impact of these closures is not isolated to families who receive CCAP; full-fee families in programs that close experience a disruption in their care. In some regions of the state, child care programs are already in short supply in many communities. **Closing a program because of the CCAP changes may mean the loss of child care options for all families in the surrounding area.**

These findings are especially concerning, given the importance of the \$2.6 billion early care and education industry on our state economy. With every \$100 of new investment in this industry generating \$2.13 in new output, more than most other industries, this field is an economic engine for Illinois that we cannot afford to deplete.²

Recommendations

The survey responses indicate that the cuts to CCAP have significantly impacted families and child care providers, calling for immediate action to prevent further harm to Illinois' families, economy and the child care infrastructure.

Restore Child Care Assistance Program to guidelines in place on June 30, 2015

Governor Rauner and IDHS should rescind all provisions of the emergency rule enacted July 1, 2015. While there has already been significant damage done, suspending the rule would stop its spread. Without action, the emergency rule remains in effect until November 28, 2015.

Reject Identical Proposed Permanent Rules

While the emergency rule has been in effect, an identical proposed rule has been making its way through the permanent rulemaking process. The proposed rule gives IDHS the authority to restrict eligibility to the four priority groups, allowing the department to go back and forth between eligibility levels at any point. This would create uncertainty for parents and providers and continue to wreak havoc on the overall child care industry in Illinois.

Upon the expiration of the emergency rule, the Joint Committee on Administrative Rules (JCAR) will vote on the proposed rule. The devastating impact of the emergency rules on parents' work and school schedules, children's learning opportunities, and child care providers' businesses provide ample reason to stop this rule from becoming permanent.

Pass SB 570 House Amendment #2 (Gordon-Booth)

SB 570 House Amendment #2 would restore critical eligibility requirements for CCAP back to June 30, 2015 levels. Going forward, eligibility requirements established must, at a minimum, maintain access at this level. This legislation also prevents IDHS from adopting emergency rules relating to CCAP in the future. All changes must go through the normal rulemaking process or a change in statute.

The House of Representatives should vote in support of working families. Subsequently, the Illinois Senate should support this legislation, just as it supported an earlier version of the bill sponsored by Senator Toi Hutchinson. When the bill reaches the Governor's desk, he should consider the findings of this survey, which illustrate the significant damage caused by the emergency rule, and restore CCAP for working families and the future of Illinois.

Pass Budget Backed by Adequate and Sustainable Revenue

The General Assembly and the Governor need to work together to agree upon adequate and sustainable sources of revenue, not cuts alone, to balance our budget and support our working families and children. Our state cannot balance our budget solely on program cuts to services that support working and middle-class families. Vulnerable children and families have already made their fair share of sacrifices. A budget that asks them to sacrifice even more is unacceptable.