



The Vermont Legislative Research Shop

Childcare Subsidies

Over 60 percent of the nation's youth under the age of six are in some sort of childcare. As a result, demand for all types of care has increased, triggering prices to rise across the market. Unfortunately, the new cost has left some families unable to participate without assistance. Given that research has proven good educational opportunities in early childhood to be deeply important later in life, the issue is being dealt with in a variety of ways across the country (NCSL 2006).

Currently, the national Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) provides subsidies to families of low-income through the States. The states receive block grants in an effort to aid flexibility that can be used to subsidize childcare centers, preschool programs, family childcare homes, and even care by relatives or friends to those families eligible under welfare (NCSL 2006).

Between the years of 1996 and 2001, the number of children in subsidized programs has doubled to over two million and total spending has 060190.08 602A Statk0001rc0 Tthe mJ-20()5.5cr How(rtS3r urrepef

The flexibility states have been granted has also increased. Previously, states had to reimburse welfare recipients on any childcare provider, except those whose cost was in the 25th percentile. Currently, there is no regulation on the minimum cost that states have to reimburse. In addition states are no longer required to take into account the costs of childcare based on age and environment. There is still however the same

“That child care demand increased more rapidly than administrators had forecasted” (Lino 1998, p47).

State Activity

New Jersey

The New Jersey Department of Human Service gives support to working families who need money and resources to achieve and sustain a livable and self-sufficient environment. The department works together with Unified Child Care Agencies in every county to provide information to assist parents with any questions they may have about certain types of child care, how to pay for child care, and help find suitable child care resources. This Department monitors 3,800 licensed child-care centers and over 5,100 family day care homes, which are all registered with the state voluntarily. Every year the DHS Division of Youth and Family Services Licensing Bureau inspects the child-care centers that are licensed within the state to ensure that safety,

Family Development. Retrieved on April 18, 2006 from the New Jersey Department of Human Services Web site: <http://www.state.nj.us/humanservices/dfd/statesubchildcare.html>

Flexible Fund for Family Services. Retrieved on April 18, 2006 from the New York State Office of Children and Family Services Web site: http://www.ocfs.state.ny.us/main/FFFS_FAQ.asp.

Lino, Mark. 1998. Child Care