CHILD CARE ASSISTANCE

FEDERAL FUNDING AND GUIDELINES

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) reformed the nation’s welfare system by changing the focus from distributing benefits to helping families become self-sufficient through employment, with federal funding from the Temporary Assistance for Needy Families (TANF) block grant. A portion of the TANF block grant is set aside for child care assistance. Additionally, the federal government provides funding to improve the affordability, availability and quality of child care through the Child Care and Development Fund (CCDF) block grant.

The federal TANF and CCDF grants provide matching funds to states for four categories through which a parent may qualify for child care assistance: 1) TANF clients engaged in employment activities through the Jobs Program; 2) former TANF clients who are working but earn less than 165 percent of the federal poverty level, with a mandatory copay (sometimes called Transitional Child Care); 3) foster parents and relatives caring for children under the supervision of the Department of Child Safety (DCS); and 4) at the state’s option, teen parents in school, parents in homeless shelters and working clients with low incomes may receive assistance, with a mandatory copay. This fourth category is sometimes called the non-mandatory category because the states exercise discretion in defining the categories and income eligibility requirements.

ARIZONA’S PROGRAM

In Arizona, the Department of Economic Security (DES) administers the child care assistance program for families with children 12 years of age or younger. Depending on the category, the length of time for which families are eligible to receive child care subsidies is restricted by statute: 1) for the low-income working population, there is a 60-month cumulative time limit per child; 2) the Transitional Child Care benefit is available for 24 months; and 3) the
TANF Child Care benefit is available to families as long as they are receiving TANF Cash Benefits, which has a 24-month cumulative lifetime time limit. Families are limited to receiving child care assistance for six children per household. There is no specified time limit, however, for children in foster care or families referred by DCS.

For families in the non-mandatory category to be eligible to receive child care assistance, the family’s gross monthly income must be at or below 165 percent of the federal poverty level (FPL); however, once the family’s gross monthly income exceeds 85 percent of the State Median Income (SMI), the family is no longer eligible. Statute allows DES to specify by rule how long families can receive child care assistance when they are between 165 percent FPL and 85 percent SMI. Furthermore, families in this category receive child care assistance only to the extent that funding is available.

Families in the non-mandatory category must earn less than 165 percent of the federal poverty level and receive child care assistance only to the extent that funding is available. To avoid exceeding appropriated funding levels, DES periodically establishes a waiting list for this category. Statute requires the waiting list to be prioritized by income level, regardless of the amount of time spent on the list. DES initiated a waiting list on February 18, 2009. As of May 2015 August 2017, approximately 770 5,090 children are on the waiting list. Pursuant to the FY 2016 2017 budget, the Legislature intends that the combined number of children authorized for the non-mandatory category be maintained throughout the year at a minimum of 8,500 children. DES projects that it will have the resources to exceed the minimum requirement and serve 10,500 children within that population.

Federal law and Arizona statutes require child care assistance payment rates to provide equal access for eligible families to comparable child care services provided in the private market. DES conducts a biennial market rate survey of child care rates to comply with federal requirements to receive CCDF funding. According to the Joint Legislative Budget Committee, the average rate of inflation for child care market rates from one biennial survey to the next is approximately eight percent.

During the annual appropriations process, the state Legislature sets the child care assistance rate for the next fiscal year, based on one of the market rate surveys conducted by DES. For FY 2016 2017, the average amount of assistance paid to child care providers per child is projected to be approximately $326 336 per month. Actual assistance rates vary based on geographic area, the age of the child and the type of child care.

Child care providers must contract with DES to provide child care to children eligible for child care assistance. They must either be licensed or certified as a child care facility or group home by the Arizona Department of Health Services, or certified as a family child care home by DES, except under certain circumstances. Contracted providers receive up to the maximum child care assistance rate directly from DES and collect the required copay from each client. Failure to pay a copay to the provider may cause a client to lose child care assistance. In addition to any required copay, clients are responsible for any child care expenses the provider charges above the allowable state reimbursement maximums.

**ADDITIONAL RESOURCES**

- Department of Economic Security
  Child Care Administration
  www.azdes.gov/childcare
- Child Care Services
  Statutes: Arizona Revised Statutes, Title 46, Chapter 7
Child Care Assistance Federal Funding and Guidelines

- Annual Appropriations Report, Joint Legislative Budget Committee
  
  www.azleg.gov/jlbc.htm