

ALICE Update

How Child Care Costs Impact Many Connecticut Families

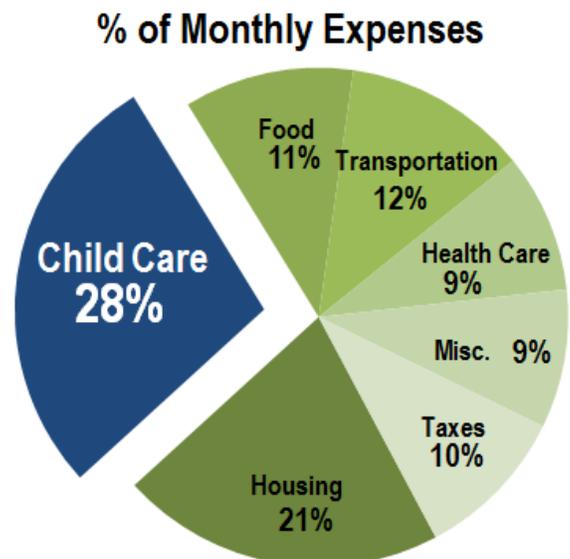
Do You Know ALICE?

Twenty-five percent of Connecticut households have earnings that exceed the Federal Poverty Level (FPL) but fall short of a basic cost of living threshold. This threshold is a measure of the amount of income required to pay for the essential costs of living included in a Household Survival Budget.

We call these households **ALICE**—an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. Together with the 10% of Connecticut households in poverty, more than one-third of Connecticut households (35%) struggle to get by. ALICE households represent a cross-section of the population that includes all races, ethnicities, ages, and people from every city and town in Connecticut.

Household Survival Budget Connecticut Average (2012)	
Monthly Expenses <i>(minimum cost options)</i>	Family of Four <i>(2 adults, 1 infant, 1 preschooler)</i>
Housing <i>HUD Fair Market Rent for a 2 bedroom apartment</i>	\$1,143
Child Care <i>Licensed home-based care for 1 infant & 1 toddler</i>	\$1,518
Food <i>USDA Thrifty Food Plan</i>	\$592
Transportation <i>Avg. cost of maintenance, gas, insurance for 1 car</i>	\$624
Health Care <i>Monthly out of pocket health care spending</i>	\$467
Miscellaneous <i>10% of line items above, for cost overruns</i>	\$490
Taxes <i>Federal and state income taxes</i>	\$556
Monthly Total	\$5,391
Annual Total	\$64,689

For detailed information about sources and methodology for the Household Survival Budget, see Appendix C in the Connecticut ALICE Report (<http://alice.ctunitedway.org/>)



In this ALICE Update, we use the latest available cost data from 2-1-1 Child Care to help explain the biggest child care challenges facing ALICE Families in Connecticut:

1. **Child care is often the single-largest expense for families with young children**, with limited options for affordable infant and toddler care posing a significant challenge. This is especially true for ALICE families.
2. **Child care subsidies are available for working families**, but some ALICE families have earnings that exceed the eligibility threshold, and others struggle to cover the difference between the subsidy and the provider fee.
3. **Availability and cost of child care varies throughout the state**, limiting options for ALICE families who may not be able to find child care providers they can afford that are located near where they work or live.
4. **There are limited child care options that are available during evening, night, or weekend shifts.** 2nd shift, 3rd shift, and weekend hours are more common among low- to moderate-income ALICE workers. When work schedules are unpredictable, and vary from week to week, **it can be hard for ALICE families to find child care when they need it.**

Child care is often the single-largest expense for families with young children

Child care is not an optional expense for working families with young children. Working parents need child care in order to work, and often face challenges locating reliable and affordable options. The most recent fee data available from 2-1-1 Child Care estimates the statewide average cost of full-time child care in a licensed home-based day care setting is \$211/week for 1 preschooler and \$253/week for an infant, which adds up to \$2,011 per month. This may be less than what many Connecticut families pay for child care each month, due to variations in cost and availability throughout the state, differences in family size, and other costs associated with child care that are not included—such as the cost of alternate care arrangements when the child care setting is closed.

Consider a hypothetical household of four (two adults, one preschooler, and one infant) in Connecticut with the following characteristics:

- **EMPLOYMENT:** Both adults are employed full-time
- **WAGE:** Household wage of \$40/hour (\$20/hour per adult)
- **SCHEDULE:** Both adults have stable 40-hour work weeks, Monday through Friday
- **CHILD CARE:** Center-Based care for both children at the statewide average rate of \$2,011/month (\$915/month for a preschooler and \$1,096/month for an infant)

This household earns \$6,933 per month before taxes, and child care accounts for more than one-quarter (29%) of their gross income—a substantial amount.

However, not all households with children have these characteristics. **In a single-parent household with one adult earning \$20/hour full time, child care for two would amount to 58% of the monthly gross income.**

**Full-Time, Center-Based child care
for 2 children
(1 infant, 1 preschooler)**



**\$2,011
PER MONTH**

The cost of child care is a significant burden for families like the one described above, but **the reality for ALICE households in the state is that they face an even greater burden.** Although ALICE works hard in jobs that contribute to and strengthen our communities, those jobs are not always full-time, they do not always have stable and predictable weekday shifts, and they often pay less than \$20/hour (51% of jobs in Connecticut pay less than \$20/hour).

Child care subsidies are available for working families, but some ALICE families have earnings that exceed the eligibility threshold

In Connecticut, the Care 4 Kids (C4K) program provides subsidies to help working parents pay for child care. However, some ALICE households have incomes that exceed the eligibility threshold, which is \$53,097/year for a family of four. Last year, C4K helped 14,600 families (22,000 children) pay for child care each month, on average. The amount of the C4K subsidy varies based on the type of care, the type of provider, the amount of care, and the family's countable income, up to a maximum reimbursement that is set for each region in the state.

For example, full-time care for **two children** (1 infant, 1 preschooler) with a Center-Based provider in Hartford costs an average of \$489/week (\$276 for infant care, \$213 for preschool care). For that care situation, C4K has a maximum reimbursement rate of \$201/week for the infant care and \$160/week for the preschool care. Families pay the difference between the provider fee and the maximum reimbursement (\$75 for infant, \$53 for preschool), as well as an income-based family fee that ranges from 2% to 10% of the C4K maximum reimbursement for their youngest child. In this case, for a family of four that earns \$40,000/year in Hartford, C4K would pay \$314/week to the provider (\$154 for the infant and \$160 for the preschooler). The family would pay \$175/week to the provider, which includes both the family fee as well as the difference between the provider fee and the maximum reimbursement for both children.

The C4K subsidy provides much needed assistance and relief for families, and a challenge for ALICE families whose earnings are close to the eligibility limit is that they may have to forgo extra hours, promotions, or wage increases at work in order to continue receiving C4K. To the extent that these opportunities increase their income, it is often not enough of an increase to make up for a loss of C4K assistance for families whose earnings exceed the eligibility threshold.

This creates a difficult situation for ALICE families, such that when they are faced with a choice between career advancement and being able to pay for child care, **ALICE families will often forfeit opportunities to move up at work because they cannot afford to earn more money.**

Availability and cost of child care varies throughout the state

Child care costs vary based on the type of care (Infant/Toddler, Preschool, and School-Aged), the setting (Center-Based or Home-Based), and the location. Typically, the cost of care declines as the child ages, with Infant/Toddler care being the most expensive and School-Aged care the least expensive.

Statewide, the average weekly cost of Infant/Toddler care ranges from \$135 to \$400 in Home-Based settings and from \$175 to \$400 in Center-Based settings.

The high cost of Infant/Toddler care creates the greatest burden, as shown in TABLE 1. The weekly cost amounts to the highest percentage of median income in both Home-Based (30.9%) and Center-Based (48.8%) settings in Hartford, where the median income is \$29,430/year.

Adding to the challenge posed by the high cost of Infant/Toddler care is the fact that its availability varies throughout the state. There are six municipalities in the state that have no licensed Center- or Home-Based Infant/Toddler child care providers at all (TABLE 2), and 15 that only have a single provider offering Infant/Toddler care in their town. 52 Connecticut towns have two to five providers of Infant/Toddler care, and the remaining 96 municipalities have at least six providers who offer Infant/Toddler care.

TABLE 1. Average Weekly Fees of Full-Time Infant/Toddler Care for One Child by % of Median Income, Top 10 Cities/Towns

City/Town	Center-Based			City/Town	Home-Based		
	Average Weekly Fee	% of Median Income	Median Income		Average Weekly Fee	% of Median Income	Median Income
Hartford	\$276	48.8%	\$29,430	Hartford	\$175	30.9%	\$29,430
New Haven	\$312	43.3%	\$37,428	Bridgeport	\$214	27.1%	\$41,050
Bridgeport	\$246	31.2%	\$41,050	New Haven	\$192	26.7%	\$37,428
New Britain	\$241	31.1%	\$40,294	Torrington	\$233	23.3%	\$51,951
Ansonia	\$250	28.6%	\$45,505	Waterbury	\$178	22.8%	\$40,639
Waterbury	\$222	28.4%	\$40,639	New Britain	\$176	22.7%	\$40,294
Windham	\$220	27.5%	\$41,639	Ansonia	\$189	21.6%	\$45,505
Stamford	\$394	26.7%	\$76,779	Windham	\$162	20.2%	\$41,639
West Haven	\$263	26.1%	\$52,353	New London	\$162	19.5%	\$43,307
Middletown	\$297	25.7%	\$59,994	East Hartford	\$183	18.9%	\$50,400

Sources: 2-1-1 Child Care Average Fee Report, July 7, 2015, American Community Survey 5-year Estimates, 2013.

TABLE 2. Number of Cities/Towns with Infant/Toddler Care Providers by Type

# Providers	# of Cities/Towns		
	Center-Based	Home-Based	Either Type
None	24	20	6
1	35	27	15
2	29	16	19
3	15	11	10
4	18	8	12
5	10	9	11
6+	38	78	96

There are limited child care options available during evening, night, or weekend shifts, and it can be hard for ALICE families to find child care when they need it

For the many ALICE workers with schedules that vary from week to week, or whose jobs require evening, overnight, or weekend shifts, finding child care can be a significant challenge. The vast majority of Center-Based child care providers in Connecticut do not offer evening or weekend care. There are many Home-Based providers that offer evening or weekend hours, but availability is limited by the smaller capacities allowed in Home-Based settings. As a result, ALICE families who work evening, overnight, or weekend shifts may depend on a combination of multiple sources of care for their children that includes family, friends, and neighbors.

Another challenge for ALICE workers without stable, predictable work schedules is that child care providers are typically paid for a full week of care in advance, whether the care is ultimately used or not. When work schedules change from week to week or on short notice, ALICE families may end up paying for child care that they do not use. Alternately, they may need to pay for alternate child care arrangements when they are scheduled to work a shift during hours that their regular child care provider is not available.

Explore the Average Cost of Child Care in Connecticut

The map at right shows the ten Connecticut municipalities where the average cost of child care for one Infant/Toddler in a Center-Based setting is highest as a percentage of median income.

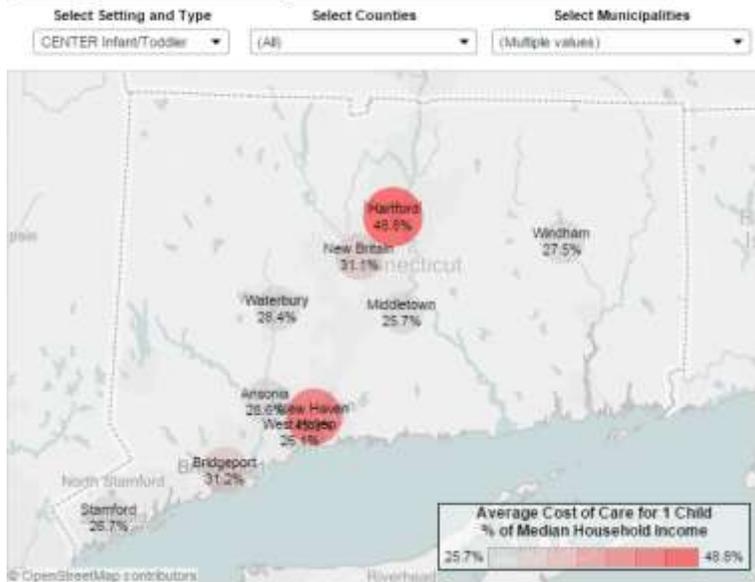
Visit <http://alice.ctunitedway.org/childcare> to interact with the map, and view the average cost of care for different settings and ages of children in every Connecticut municipality for which data is available.

Hover over each town on the map to view additional details, including the average weekly cost of care and statistics about the ALICE population.

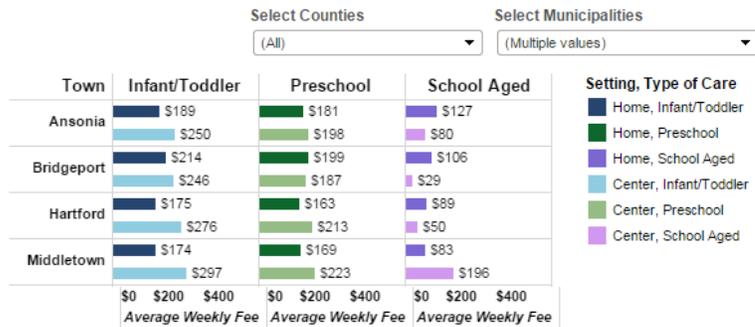
In addition to the map view, the average cost data for all towns can be compared using the interactive table available with the web-based version of this ALICE Update.

Select the municipalities of interest, and see comparisons of the average weekly cost for Center-Based and Home-Based Child Care for Infant/Toddler, Preschool, and School Aged children.

Average Cost of Care by % of Median Household Income



Average Weekly Fee by Setting



Connecticut United Ways are supporting and advocating for more affordable, high quality child care

The disproportionate financial hardships ALICE households face in paying for child care requires a call to action. Connecticut United Ways are committed to investing in quality child care and in supporting additional subsidized slots for families in need. In 2014, we invested more than \$4.8 million in child care and early learning programs in Connecticut. Together, Connecticut United Ways are providing community leadership and support to many ongoing activities including Campaigns for Grade Level Reading, Early Childhood Councils, and local Discovery Initiatives. United Ways continue to engage their communities in this work, recruiting hundreds of volunteers for reading programs, mentoring and other supportive efforts.

How can you help? You can raise awareness about ALICE among business, community, and government leaders. You can share the stories of ALICE families and their burden of high child care costs. And you can stimulate an informed discussion among your community's residents and leaders about improving the well-being of ALICE households and about how their improved well-being will improve your community as a whole. Let's start by tackling the challenge of providing more affordable child care.

About Connecticut United Ways

Connecticut United Ways identify and build upon strengths and assets in their local communities, helping individuals and groups with specific interests find ways to contribute their time and talents, support direct-service programs and community-change efforts, and advocate public policy changes toward advancing the common good by creating opportunities for all, with a particular focus on education, income, and health — the building blocks for a good quality of life. We engage people and organizations throughout our communities who bring passion, expertise and resources needed to get things done, and we invite everyone to be part of the change.