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## Does Child Care Works Work? An Exploration of Pennsylvania's Child Care Subsidy Program

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## Does Child Care Works Work? An Exploration of Pennsylvania's Child Care Subsidy Program

### Abstract

This article explores the theory and implementation behind Child Care Works, Pennsylvania's child care subsidy program. The article then studies and evaluates the policy through three criterion: effectiveness in providing families with low cost but high quality child care, efficiency in how it uses resources dedicated to childcare in the state, and the equitable distribution of access to childcare. Child Care Works has the potential to increase access to childcare and employment in Pennsylvania, but the current budget does not allot enough money to the program for it to be as helpful as it could be.

### Keywords

child care, early education, Child Care Works, Pennsylvania

# Does Child Care Works Work? An Exploration of Pennsylvania's Child Care Subsidy Program— *Samantha J. Martin, Gettysburg College*

## Introduction

Childcare is a necessity for hundreds of thousands of families across the Commonwealth of Pennsylvania. The U.S. Census Bureau reported in 2021 that there are 678,078 children under the age of 5 in the Commonwealth, making up approximately 5.2% of the state's population.<sup>1</sup> These children are too young to go to school, so they need someone to care for them while their parents or guardians are working. For these families, having access to affordable childcare is important in helping maintain their income, and by extension, a lifestyle where children have access to everything they need to grow.

The United States Department of Health and Human Services recommends that no more than 7 percent of a family's income go to childcare.<sup>2</sup> Unfortunately, access to what would truly be considered "affordable childcare," at least by these standards, is not available outright for many families in Pennsylvania. A study conducted by the Institute of State and Regional Affairs at Pennsylvania State University in Harrisburg found that the median cost of childcare per child per week in the state is \$290- with the weekly cost per child ranging from \$148 to \$627 across all Pennsylvania providers-, approximately \$15,080 per year.<sup>3</sup> With a state median family income of \$85,806, this means that around 17.6% of a family's income would go to childcare for a singular child.<sup>4</sup> Families relying on a singular breadwinner working full-time for minimum wage are even worse off, with the median weekly cost of childcare being roughly equivalent to their weekly

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<sup>1</sup> See Figure 1.

<sup>2</sup> Department of Health and Human Services. "Child Care and Development Fund (CCDF) Program." *Federal Register* 81, no. 190 (30 September 2016): 67438. <https://www.govinfo.gov/content/pkg/FR-2016-09-30/pdf/2016-22986.pdf>.

<sup>3</sup> Philip M. Sirinides & Gregory J. Collins. "The Cost of Child Care in Pennsylvania," *Penn State Harrisburg's Institute of State and Regional Affairs* (August 2020).

<sup>4</sup> See Figure 2.

income in its entirety.<sup>5</sup> Families need to purchase food, pay mortgage or rent, maintain utilities, and potentially maintain savings in case of an emergency; thus, paying this much money for childcare simply is not doable. In some families, the cost of childcare may even cancel out the benefits of a second stream of income and force one parent to quit their job to take care of their children. Families need a solution to this crisis, and in Pennsylvania, this part comes in the form of the Child Care Works Child Care Subsidy Program.

The Child Care Works program is Pennsylvania's childcare subsidy program, managed by the Early Learning Resource Center under the jurisdiction of the Department of Human Services. The program, which is designed to help families access higher quality childcare at a more affordable price, has the parents of the child pay an amount determined by the Early Learning Resource Center in their area to be affordable for them, and then the subsidy program pays the rest of the cost of childcare.<sup>6</sup> Child Care Works has historically served many families in the Commonwealth of Pennsylvania: over 118,000 children per month were enrolled in childcare using funds from the program during the 2019-20 fiscal year.<sup>7</sup> In recent years, however, the number of children enrolled in the program has gone down significantly; in 2022, an estimated 74,000 children per month received childcare subsidies.<sup>8</sup> This drop was likely caused by several factors, all related to the 2020 COVID-19 pandemic. Unemployment doubled between 2019 and 2021, rendering childcare services no longer necessary to some families- and financially out of reach, even with subsidies, to others.<sup>9</sup> Those who could not afford to pay for childcare had to make other

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<sup>5</sup> U.S. Department of Labor. "State Minimum Wage Laws." Wage and Hour Division, (1 January 2023). <<https://www.dol.gov/agencies/whd/minimum-wage/state>.>

<sup>6</sup> Pennsylvania Department of Health and Human Services. "Child Care Works: Subsidized Child Care Program". *Pennsylvania Department of Human Services*, (2023). <<https://www.dhs.pa.gov/Services/Children/Pages/Child-Care-Works-Program.aspx>.>

<sup>7</sup> "Executive Summary for the CCDBG State Plan for Plan Cycle FFYs 2019 – 2021", *Pennsylvania Department of Human Services*, (2019). [https://www.dhs.pa.gov/docs/Documents/OCDEL/c\\_273303.pdf](https://www.dhs.pa.gov/docs/Documents/OCDEL/c_273303.pdf).

<sup>8</sup> "Executive Summary for the Child Care Development Fund (CCDF) State Plan for Plan Cycle FFY 2022-2024", *Pennsylvania Department of Human Services*, (2022). <https://www.dhs.pa.gov/Services/Children/Pages/CCDF-Executive-Summary.aspx>.

<sup>9</sup> See Figure 3

arrangements, which often resulted in a parent who could have been working staying home with the children. Additionally, access to childcare is not as abundant in the state as it was prior to the pandemic: there are around 200 fewer childcare facilities in the state than there were prior to the pandemic, and the number of childcare workers in the state dropped from 48,100 in October 2019 to 44,000 in October 2021.<sup>10</sup>

Funding childcare was a major priority of Pennsylvania Governor Tom Wolf in the years following the start of the pandemic: \$220 million in CARES Act funding was distributed to childcare facilities across the state between 2020 and 2021. Wolf's administration argued that increases in funding to the program were crucial to the recovery of the state economy post COVID-19, noting that parents who are unable to obtain affordable childcare are prevented from getting jobs and that increasing funding to the program was important in creating a more equitable post COVID-19 pandemic world for families from all economic backgrounds.<sup>11</sup>

It is important for policies to be evaluated on multiple grounds prior to calls for changes in their funding, whether they be to increase or decrease said funding. This is especially the case for policies like Child Care Works that are expensive and meant to make access more equitable, and particularly so during times when the economy is struggling. Using the Three Es of policy analysis- effectiveness, efficiency, and equity- to further delve into policies is important to realizing a program's sustainability in its current state. Analyzing Child Care Works through this framework includes evaluating three key criteria: the program's effectiveness in providing families with opportunities to access affordable, high-quality childcare; the program's efficiency in achieving said goal and its economic outcomes; and how equitable the program is in providing opportunities to children of a range of economic standing. It will then discuss potential solutions to

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<sup>10</sup> Ed Mahon. "Pennsylvania's child care and staffing crisis, by the numbers." *WITF*, (26 November 2021). <<https://www.witf.org/2021/11/26/pennsylvanias-child-care-and-staffing-crisis-by-the-numbers>.

<sup>11</sup> Department of Health and Human Services, "Department of Human Services 2021-2022 Budget Update."

problems that arise within the program and evaluate if the program should be maintained as-is or if changes should be made.

### **Implementation of Current Policy**

*Qualifications.* Recipients of a childcare subsidy through the Child Care Works program must meet all the requirements set by the Pennsylvania Department of Human Services to receive benefits for the program. Since Child Care Works is a state program, the family receiving the benefits must live in the state of Pennsylvania, and there must be proof of identification available for every caretaker residing in the home. The child whose care the subsidy will pay for must be under the age of thirteen unless they have a disability, in which case the age limit is raised to eighteen and must be either a citizen or legal permanent resident of the United States.<sup>12</sup> Families are only eligible to receive subsidies if their income meets, or is below, 200 percent of the federal poverty level for their family size; for example, a family of four must have a total income of \$55,500 or less to qualify for the program.<sup>13</sup> Families who are presently receiving benefits through either the Temporary Assistance for Needy Families (TANF) program, the United States' supplemental income program; the Supplemental Nutrition Assistance Program (SNAP), which provides families with assistance in purchasing food; or those who recently left the TANF program are considered the priority for the program, with lower-income applicants outside of these programs being the next concern.<sup>14</sup> Lastly, families receiving the benefits from the subsidy program must meet the basic work requirements for the program: parents must either work 20 or more hours a week or work 10 hours while attending school or training for future work for the

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<sup>12</sup> Pennsylvania Department of Health and Human Services, "Child Care Works".

<sup>13</sup> See Figure 4.

<sup>14</sup> Pennsylvania Department of Health and Human Services, "Temporary Assistance for Needy Families (TANF) and Moving to Independence", (2023), < <https://www.dhs.pa.gov/Services/Assistance/Pages/TANF.asp>.>; Center on Budget and Policy Priorities, "A Quick Guide to SNAP Eligibility and Benefits", (3 March 2023). <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>.; Independent Fiscal Office, "Child Care and Early Education Funding in Pennsylvania," Research Brief 2017-4. (September 2017). <<http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/RB-2017-4.pdf>>

other 10 hours.<sup>15</sup> Those who are eligible for the program can apply to receive a subsidy through their local Early Learning Resource Center, or by submitting an online application via COMPASS, Pennsylvania's online benefits application service. Those who apply to the program will be required to submit documents proving the information provided on the application, including proof of identity and proof of income.<sup>16</sup>

**Enrollment.** The Child Care Works program is managed by the Early Learning Resource Centers located around the state.<sup>17</sup> These offices, whose clients are divided among them by county of residence, are considered the “hub” of information and resources regarding childcare within a region, and assist families in accessing quality childcare, and help families access personalized referrals to childcare providers in addition to administration of Child Care Works.<sup>18</sup> The Early Learning Resource Center in the client’s region processes a family’s application into the program. If the Center recognizes the family as eligible and has enough funds to pay what the family cannot afford, they will be accepted into the program.<sup>19</sup> Once the family enrolls, the Center pays a fixed amount for childcare per family, based on the size of the family and the range of income that they land in, directly to the family’s childcare provider.<sup>20</sup>

**Maintaining Access.** If accepted into the program, there are several requirements families must follow to remain in the program. The child’s guardian or guardians must select an eligible childcare provider for their child, whether it be a care center, small family day care home, group day care home, or placing the child in the care of a relative.<sup>21</sup> Relatives who are being paid through the Child Care Works program are required to complete an agreement with the Early Learning

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<sup>15</sup> Pennsylvania Department of Health and Human Services, “Child Care Works.”

<sup>16</sup> Pennsylvania Department of Health and Human Services, “Early Learning Resource Centers,” (2023).  
<<https://www.dhs.pa.gov/Services/Assistance/Pages/ELRCs.aspx..>>

<sup>17</sup> Pennsylvania Department of Health and Human Services, “Child Care Works”.

<sup>18</sup> Pennsylvania Department of Health and Human Services, “Early Learning Resource Centers”.

<sup>19</sup> Pennsylvania Department of Health and Human Services, “Child Care Works.”

<sup>20</sup> Pennsylvania Department of Health and Human Services, “Child Care Works”.

<sup>21</sup> Pennsylvania Department of Health and Human Services, “Child Care Works.”

Resource Center that will be managing the funds, and are required to participate in CareCheck, the background clearance program run by the PA Department of Human Services.<sup>22</sup> Child Care Works is a subsidy program, not a free childcare program; thus, guardians are also required to pay a co-pay to the facility they are receiving services from.<sup>23</sup> Co-payments on childcare are decided based on the family's size and income; families well under the poverty line may have to pay as little as \$5.00 for childcare.<sup>24</sup>

### **Funding**

Funding for the Child Care Works Child Care Subsidy Program is operated through the Department of Human Services in Pennsylvania's budgeting office. The program is funded using both federal and state grants and appropriations, its funding shifting particularly so during and after the COVID-19 pandemic.

***Federal Funding.*** Around 60 percent of Child Care Works' funding is provided by the federal government.<sup>25</sup> The 2020-2021 Fiscal Year budget for the Pennsylvania Department of Human Services contains \$271.21 million budgeted for Child Care Works, under childcare assistance from federal funds.<sup>26</sup> This is approximately \$72.039 million more than the federal funds used on the program in the 2019-2020 Fiscal Year, when \$139.885 million from federal programs was used.<sup>27</sup> The largest portion of this funding comes from the Temporary Assistance for Needy Families Block Grant, or TANFBG, which also provides cash assistance to families with children who are in poverty. \$230.306 million was allotted from the TANFBG for Child Care Works during the 2020-21 Fiscal Year.<sup>28</sup> \$38.710 million in funding for the program was also allotted from the Child Care and Development Block Grant, a grant administered by the U.S. Department of Health

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<sup>22</sup> Pennsylvania Department of Health and Human Services, "Child Care Works."

<sup>23</sup> Pennsylvania Department of Health and Human Services, "2020-2021 Budget Hearing Book, Department of Human Services," (2018).

<sup>24</sup> Pennsylvania Department of Health and Human Services, "Child Care Works."

<sup>25</sup> Pennsylvania Department of Human Services, "2020-2021 Budget Hearing Book".

<sup>26</sup> Independent Fiscal Office, "Child Care and Early Education".

<sup>27</sup> Pennsylvania Department of Human Services, "2020-2021 Budget Hearing Book."

<sup>28</sup> Center on Budget and Policy Priorities. "Policy Basics: Temporary Assistance for Needy Families," (1 March 2022).



and Human Services that funds efforts done by the states to provide childcare services to working families.<sup>29</sup> The Supplemental Nutrition Assistance Program, which primarily provides benefits to families so that they can purchase food, also provides \$2.194 million in federal funding for the program.<sup>30</sup>

***State Funding and Other Sources.*** Most of the remaining 40 percent of funding for the Child Care Works program is provided by the state government.<sup>31</sup> A specialized line item in the state budget, “Child Care Services,” provides funding for subsidies given to people who qualify based on income; this line item also provides funding for other childcare services paid for by the state, including Keystone STARS, T.E.A.C.H. Scholarships, and Professional Development.<sup>32</sup> During the 2022-2023 fiscal year, approximately \$181.5 million was allocated to “Child Care Services”.<sup>33</sup> A separate line item, titled “Child Care Assistance,” provides funding for families who qualified via their use of TANF or SNAP benefits, as well as families who just recently came off TANF; \$109.9 million was allocated to “Child Care Assistance” in the 2022-2023 fiscal year.<sup>34</sup> Child Care Works also utilizes \$1.705 million in funds from “Early Childhood Education Revenue,” a funding outlet not specified further within the Department of Human Services’ budget book.<sup>35</sup>

### **Effectiveness**

The main goal of the Child Care Works subsidy program is to provide Pennsylvania families with access to partial funding or childcare services they may not have been able to afford

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<sup>29</sup> U.S. Department of Health and Human Services, Office of Child Care. “Child Care and Development Fund (CCDF)”. *U.S. Department of Education* (28 August 2019).

<sup>30</sup> Center on Budget and Policy Priorities. “A Quick Guide to SNAP Eligibility and Benefits”

<sup>31</sup> Pennsylvania Department of Human Services, “2020-2021 Budget Hearing Book.”

<sup>32</sup> Independent Fiscal Office, “Child Care and Early Education.”, Pennsylvania Child Care Association. “FY 2017-2018 Enacted Budget to Governor Wolf’s proposed FY 2018-2019 budget.” (13 March 2018). <[https://www.pacca.org/state\\_policy\\_budget\\_issues.php](https://www.pacca.org/state_policy_budget_issues.php)>

<sup>33</sup> Pennsylvania Department of Human Services. “Governor’s Executive Budget, 2023-2024”. (April 2023). <[https://www.dhs.pa.gov/docs/Publications/Documents/Budget%20Information/2023-2024\\_DHS-Blue-Book.pdf](https://www.dhs.pa.gov/docs/Publications/Documents/Budget%20Information/2023-2024_DHS-Blue-Book.pdf)>

<sup>34</sup> Independent Fiscal Office, “Child Care and Early Education.”; Pennsylvania Department of Human Services, “Governor’s Executive Budget 2023-2024”

<sup>35</sup> Pennsylvania Department of Human Services, “2020-2021 Budget Hearing Book.”

otherwise, allowing family members to work and the children themselves to receive quality care. Thus, the most important metrics to use to analyze the effectiveness of the program are the program's ability to serve most Pennsylvania families, its ability to increase the quality of childcare that is affordable for said families, and its ability to create economic growth by allowing more people in the state to work.

*Access to Childcare and Economic Prospects.* As stated above, the goal of the Child Care Works program is to help low-income families in the state of Pennsylvania pay for childcare. Any family with children under thirteen who receive TANF or SNAP benefits are eligible to receive a subsidy from the program, as are families whose income is less than 200 percent over the poverty line.<sup>36</sup> Child Care Works provides funding for a large percentage of eligible families who apply to the program. The Independent Fiscal Office reported that around 117,700 children in Pennsylvania, or around 6 percent of children in the state under the age of 12, received some sort of subsidy from the program each month during the 2015-2016 Fiscal Year.<sup>37</sup> This portion of the population is entirely made up of families that may not have been able to afford quality childcare prior to receiving the subsidy but can now access childcare and thus be more active in the workforce. The program does not have enough funds to serve every family that technically qualifies for Child Care Works, however, and there is a waitlist of families waiting to receive their benefits. In 2017, there were nearly 14,000 children on the waitlist for Child Care Works due to the program running out of funding for the year, meaning that thousands of families had to find alternatives to ensure their children were cared for, with some even sacrificing necessary incomes by having one parent stay home to care for the child.<sup>38</sup>

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<sup>36</sup> Pennsylvania Department of Human Services."Child Care Works".

<sup>37</sup> Pennsylvania Department of Human Services, "2020-2021 Budget Hearing Book."

<sup>38</sup> Pennsylvania Department of Human Services."Child Care Works".

**Quality of Childcare** The use of childcare subsidies such as those from Child Care Works seems to correlate to families having access to better care. A 2012 analysis of child care subsidy usage of the Child Care and Development Fund found that while families who used subsidies to pay for part of their childcare services generally selected higher quality care facilities than those who did not have subsidies; however, the evidence suggested that this was because families that were able to access subsidies were more likely to select center-based care, which generally has higher quality ratings than “kith or kin care”.<sup>39</sup> Families receiving subsidies are also more likely to select child care providers that are licensed and approved by the state, for a variety of reasons; namely, because many state subsidy programs, including Child Care Works, require families to select a child care provider, whether it be a home-based or center-based provider, that adhere to the standards for childcare set by the Department of Human Services, as well as undergo the state’s background clearance program.<sup>40</sup> The program is not effective in equalizing early childhood education among all children. A 2004 study found that early education programs that did not serve children receiving subsidies were more likely to score higher on activities testing knowledge of language and reasoning, as well as on those rating social interaction, than those attending subsidized childcare programs. This is likely because childcare facilities that do not primarily serve those receiving childcare subsidies are often able to pay their teachers more than those that do, and higher pay for teachers have been found to contribute to higher scores on said activities.<sup>41</sup> Although the program does not put recipients on the same achievement level as more affluent

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<sup>39</sup> Rebecca M. Ryan, Anna Johnson, Elizabeth Rigby, and Jeanne Brooks-Gunn. “The Impact of Child Care Subsidy Use on Child Care Quality.” *Early Child Care Research Quarterly*, 26(3), 320-331. (2012). <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3160790/>.

<sup>40</sup> Pennsylvania Department of Human Services, “Child Care Works.”

<sup>41</sup> Julie A. Jones-Branch, Julia C. Torquati, Helen Raikes, and Carolyn Pope Edwards. “Child Care Subsidy and Quality [Abstract].” *Early Education and Development*, 15(3), 327-342. (2004). [https://www.tandfonline.com/doi/citedby/10.1207/s15566935eed1503\\_5?scroll=top&needAccess=true.>](https://www.tandfonline.com/doi/citedby/10.1207/s15566935eed1503_5?scroll=top&needAccess=true.>)

children, it does help the recipients receive higher quality care than those in their same income bracket.<sup>42</sup>

**Impact of Program Expansion** Analysis of the Child Care Works program in Pennsylvania, as well as similar subsidy programs nationwide, has found that the program would likely be more effective if their national funding was expanded. In 2019, the Urban Institute found that increasing the amount of federal grant money given to Pennsylvania for the Child Care Works program enough that every family with an income totaling under 150 percent of the poverty line would be highly beneficial to the state.<sup>43</sup> The Urban Institute claimed that the state would be able to assist around 20,100 families in the state who did not previously receive subsidies and would allow for 5,200 parents currently outside the workforce to care for their children to re-enter it.<sup>44</sup> It is estimated that around 6,600 children currently living in the state would be lifted out of poverty because of this increase, including around 2,000 infants and toddlers; with around 432,580 children under 3 residing in Pennsylvania, this means that around 0.04% of children in that age group would benefit.<sup>45</sup> Thus, increasing the budget for the Child Care Works program so that it could accommodate every family eligible and requesting a subsidy would increase the effectiveness of the program in achieving its main goal: providing affordable childcare so that parents can contribute more to the workforce than they previously had, and potentially even lift themselves into a higher income bracket.

### ***Efficiency and Economic Contribution***

With a budget of over \$302 million during the 2018-2019 Fiscal Year, Child Care Works is the most expensive childcare program operated by the state of Pennsylvania: Head Start had an

<sup>42</sup> Ryan, R., Johnson, A., Rigby, E., & Brooks-Gunn, J. (2012).

<sup>43</sup> Linda Giannarelli, Gina Adams, Sarah Minton, and Kelly Dwyer. "What if we Expanded Child Care Subsidies in Pennsylvania?" The Urban Institute, (June 2019). <<https://www.urban.org/sites/default/files/2019/06/12/what-if-we-expanded-child-care-subsidies-in-pa.pdf>>

<sup>44</sup> Giannarelli, L., Adams, G., Minton, S., & Dwyer, K., 2019.

<sup>45</sup> The Pennsylvania Key. "2018-19 OCDEL Budget Overview". (2018). <<https://www.pakeys.org/2018-19-pennsylvanias-early-learning-and-supports-budget>>

appropriation of \$59.2 million, while PA Pre-K Counts, the pre-kindergarten program, had a budget of \$192.3 million.<sup>46</sup> Child Care Works is also the most widely utilized program, however: the state reported that during the 2018-2019 Fiscal Year, 30,320 children attended programming through Head Start, while 42,867 children participated in the state's pre-kindergarten program.<sup>47</sup> If the costs of each program were divided by the number of children served in each, Child Care Works is the middling program in terms of cost: the program spent around \$2,565.84 per child per year in 2019, while Head Start spent \$1,952.50 and Pre-K Counts spent \$4,485.96.<sup>48</sup> Child Care Works was the program able to make childcare affordable to the most people and was able to do so while keeping costs per child relatively low; this is a solid mark in its favor for its ability to contribute to the Pennsylvania state economy, as well as its ability to run efficiently.

**Economic Contribution** As stated in the *Effectiveness* section, the Urban Institute found that expanding childcare programs in Pennsylvania, especially Child Care Works, could potentially add 5,200 parents to the workforce who were not a part of it previously, and would lift over 6,000 children living in the state out of poverty.<sup>49</sup> This would also be a major boost for the Pennsylvania state economy, however; the Economic Policy Institute estimated that an increase in childcare subsidies could contribute as much as \$6.1 billion in new economic activity.<sup>50</sup> This would partly be due to the increased number of workers in the state, as well as through freeing up money families previously spent on childcare: the Institute noted that programs such as Child Care Works bringing down the cost of child care could save Pennsylvania families around \$6,812 per year on childcare, which they could then spend in other areas, further expanding industry and good-consumption in the state.<sup>51</sup>

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<sup>46</sup> Pennsylvania Department of Human Services, "FY 2018-2019", The Pennsylvania Key, "2018-19 OCDEL Budget Overview"; Giannareli et al, 2019.

<sup>47</sup> Child Care Technical Assistance, "State/Territory Profile-Pennsylvania."

<sup>48</sup> The Pennsylvania Key, "2018-19 OCDEL Budget Overview."

<sup>49</sup> Giannareli et al, 2019.

<sup>50</sup> Economic Policy Institute, 2020.

<sup>51</sup> "Temporary Assistance for Needy Families (TANF) and Moving to Independence"

**Equity**

The question of equity regarding the Child Care Works program is based on the incomes of the families that partake in it; namely, that families across the income spectrum have equitable access to childcare resources.

**Other Benefit Programs** Income requirements for both the TANF and SNAP programs are stricter than those set in place for the Child Care Works subsidy program. A family's financial resources, including bank accounts, bonds, and property outside the main residence, must be worth less than \$1,000 to qualify for TANF benefits, and members of the family who are of working age must either look for a job or take part in an employment training program.<sup>52</sup> The gross monthly income for families receiving SNAP benefits is higher than that for TANF but lower than the income maximum set for the Child Care Works program; a family's income can only equal up to 130 percent above the poverty line to receive benefits.<sup>53</sup> On the other hand, families can still qualify for childcare subsidies and be considered "low income," with annual incomes of up to 200 percent above the federal poverty line.<sup>54</sup> Children whose families receive TANF or SNAP benefits, or who are currently transitioning off using TANF benefits, do not have to go on a waitlist for subsidies from Child Care Works, while those whose families are designated "low income" but are not receiving said benefits may land on a wait list.<sup>55</sup>

The fairness of this specific rule for Child Care Works is questionable, as families who qualify to receive TANF or SNAP benefits have access to other programs for affordable childcare; namely, through the Head Start and Early Head Start programs. All families whose incomes are below the poverty line, and who have children between the ages of 0 and 5, are eligible to enroll in either Head Start or Early Head Start; however, some programs are allowed to serve up to 35

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<sup>52</sup> Center on Budget and Policy Priorities, 2020.

<sup>53</sup> Independent Fiscal Office, 2017.

<sup>54</sup> Independent Fiscal Office, 2017.

<sup>55</sup> Pennsylvania Head Start. (9 December 2020). <<https://www.benefits.gov/benefit/1936>>.

percent of families whose incomes are between 100 and 135 percent of the poverty line.<sup>56</sup> Children whose families are between 130 and 200 percent above the poverty line are also considered “low income”, and their families are also struggling to afford childcare; however, they have fewer options than both families with enough money to have childcare without a subsidy or families below the poverty line, who have both other resources open to them, and are more likely to receive Child Care Works’ benefits.<sup>57</sup> These families would have to apply for private scholarships to childcare centers, which they may not have the resources to know how to investigate; rely on being employed by a business that has employer-based childcare, which not every family has the privilege to wait for; or utilize care options that are of lower quality, but higher affordability.

There is another childcare program run by the state government that those in this income bracket can utilize; however, the age limit on this program makes it less useful than the options offered to families who have lower incomes. Pre-K Counts, Pennsylvania’s preschool program, offers no-cost preschool in locations across the state to families whose income is below 300 percent of the poverty line, and who have children between the ages of 3 and 5.<sup>58</sup> This program is a worthy option for families in that income bracket who have children that age; however, the program does not offer an alternative for families whose children are under the age of 3. Families in this income bracket whose children are too young to be enrolled in pre-kindergarten programming, but who did not gain access to a subsidy, have fewer options than other families, which means that they are more likely to spend a devastating sum of money on childcare or lose out on a stream of income that could potentially help their family become more well-off.

### ***Solutions***

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<sup>56</sup> Independent Fiscal Office, 2017.

<sup>57</sup> ChildCare.gov., “Get Help Paying For Child Care”. (n.d.). <https://www.childcare.gov/index.php/consumer-education/get-help-paying-for-child-care>

<sup>58</sup> Pre-K Counts Grants. (2020). Retrieved December 09, 2020, from <https://www.education.pa.gov/Early%20Learning/Pages/Pre-KCountsAwardees.aspx>

It is important to address the problems brought about by the current iteration of Child Care Works, as is it important to discuss solutions to the problems put into place. The program seems generally functional and is providing great results for the people it can serve in its current form; however, it is not able to serve every person that it is designed to help, making it less effective than it could be in achieving its goals, as well as far less equitable. The main solution to fix the issue of the program not being able to help every person it is designed for is to increase the funding for the program, an idea supported by many. As stated above, the Urban Institute and Economic Policy Institute both have argued for the state of Pennsylvania to increase the childcare subsidy program to accommodate every family with an income lower than 150 percent of the poverty line.

The Pennsylvania government did indeed increase the amount of money put into the program: as detailed in the Funding section, during the 2017-2018 Fiscal Year the program had a budget of around \$321.1 million, while in the 2020-2021 year, the budget equaled around \$382.9 million.<sup>59</sup> This was partially due to a request by Governor Tom Wolf to increase funding to the program in 2017, which allowed the budget to significantly expand. Wolf's proposed budget increase was expected to increase the effectiveness and equitability of the program, allowing 11,000 children to leave the program's wait list.<sup>60</sup>

There is still much work to do if the program is to reach its goal: to provide a subsidy to every child in Pennsylvania who is eligible and will utilize it. Under Wolf's plan, 3,000 children would remain on the waiting list for the program; based on the numbers from earlier, an estimated \$7.69 million would be needed to pay for all 3,000 children left to enter the program.<sup>61</sup> There are a variety of ways this funding could be found: money from the Pre-K Counts program, the least efficient of Pennsylvania's three main state government providers of child care, could receive a

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<sup>59</sup> Giannarelli et al., 2019.

<sup>60</sup> Pennsylvania Department of Human Services, "2020-2021 Budget Hearing Book".

<sup>61</sup> Pennsylvania Department of Human Services, "2020-2021 Budget Hearing Book."; Pennsylvania Child Care Association, "Governor Wolf's FY 2020-2021 Child Care Proposal Once Again Relies on Federal Funding"



budget cut in favor of Child Care Works, The program would have to reduce their spending per child by \$179 per year, but some of the children benefiting from the program would likely also benefit from Child Care Works, which could help to cut costs for Pre-K Counts.<sup>62</sup> The Head Start program could also receive some cuts regarding its state level funding; however, Head Start already spends the least per child of any of the three programs administered by the state, and reducing the amount spent would likely do more damage to the quality of care at Head Start than it would for Pre-K Counts.<sup>63</sup> Therefore, recommending budget cuts to Pre-K Counts, and having said money go to Child Care Works instead, may be one of the best ways to fix the Child Care Works program's issues.

## **Conclusions**

Child Care Works is a program that helps provide thousands of Pennsylvanian families with childcare they can afford so that guardians can contribute to the state labor force and provide for their children. The program seems to be effective in completing its mission for those it can provide for, at least somewhat efficiently regarding its spending habits, and generally creates more financial benefits for the state than it does costs. Its system for paying part, but not all, childcare expenses for its qualifying families helps them help themselves: Child Care Works allows for families to contribute to both their income and the state's economy more than they would have without access to affordable childcare. Ultimately, it is a strong program that should be maintained by the state; however, the program does require boosts to its funding in order to maximize its potential to augment the Pennsylvania state economy and improve the lives of its residents.

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<sup>62</sup> Giannarelli et al., 2019.

<sup>63</sup> Pennsylvania Child Care Association, "Governor Wolf's FY 2020-2021 Child Care Proposal Once Again Relies on Federal Funding"

## Appendix

**Figure 1: American Community Survey 2021 Demographic and Housing Estimates for Pennsylvania, by Age.**

	<b>Population Estimate</b>	<b>Margin of Error</b>	<b>% of State Population</b>
<b>&lt; 5 years</b>	678,078	±2,801	5.2%
<b>5 to 9 years</b>	723,022	±12,228	5.6%
<b>10 to 14 years</b>	796,302	±11,858	6.1%
<b>15 to 19 years</b>	819,892	±5,228	6.3%
<b>20 to 24 years</b>	784,817	±5,120	6.1%
<b>25 to 34 years</b>	1,694,898	±5,847	13.1%
<b>35 to 44 years</b>	1,613,651	±5,077	12.4%
<b>45 to 54 years</b>	1,574,763	±5,395	12.1%
<b>55 to 59 years</b>	874,553	±12,741	6.7%
<b>60 to 64 years</b>	939,177	±12,812	7.2%
<b>65 to 74 years</b>	1,467,788	±3,333	11.3%
<b>75 to 84 years</b>	704,675	±8,357	5.4%
<b>&gt; 85 years</b>	292,440	±7,731	2.3%

Source: U.S. Census Bureau; “American Community Survey, 2021 American Community Survey 1-Year Estimates”, Table DP05; generated by Samantha J. Martin; using <<https://data.census.gov>> (26 April 2023).

**Figure 2: American Community Survey 2021 Population Estimates, by Family Income**

	<b>Population Estimate</b>	<b>Margin of Error</b>	<b>% of State Population</b>
<b>Families</b>	82,464,986	±105,035	82,464,986
<b>Less than \$10,000</b>	3,056,415	±34,054	3.7%
<b>\$10,000 to \$14,999</b>	1,667,928	±23,724	2.0%
<b>\$15,000 to \$24,999</b>	4,086,661	±35,639	5.0%
<b>\$25,000 to \$34,999</b>	5,117,957	±45,807	6.2%
<b>\$35,000 to \$49,999</b>	8,245,080	±43,426	10.0%
<b>\$50,000 to \$74,999</b>	13,648,681	±59,244	16.6%
<b>\$75,000 to \$99,999</b>	11,644,350	±56,801	14.1%
<b>\$100,000 to \$149,999</b>	16,152,982	±68,324	19.6%
<b>\$150,000 to \$199,999</b>	8,285,960	±49,368	10.0%
<b>\$200,000 or more</b>	10,558,972	±52,249	12.8%
<b>Median family income (dollars)</b>	85,806	±198	(X)
<b>Mean family income (dollars)</b>	115,522	±243	(X)

Source: U.S. Census Bureau, “American Community Survey, 2021 American Community Survey 1-Year Estimates”, Table DP05; generated by Samantha J. Martin; using <<https://data.census.gov>> (26 April 2023);

**Figure 3: American Community Survey Employment Estimates, 2019 vs. 2021.**

<b>EMPLOYMENT STATUS</b>	<b>2019 %</b>	<b>2021 %</b>
<b>Population 16 years and over</b>	10,474,419	267,057,693
<b>In labor force</b>	62.9%	63.0%
<b>Civilian labor force</b>	62.8%	62.5%
<b>Employed</b>	60.0%	58.6%
<b>Unemployed</b>	2.8%	3.9%
<b>Armed Forces</b>	0.1%	0.5%
<b>Not in labor force</b>	37.1%	37.0%

Sources: U.S. Census Bureau, “American Community Survey, 2021 American Community Survey 1-Year Estimates”, Table DP05; generated by Samantha J. Martin; using <<https://data.census.gov>> (26 April 2023); U.S. Census Bureau, “American Community Survey, 2019 American Community Survey 1-Year Estimates”, Table DP03, generated by Samantha J. Martin; using <<https://data.census.gov>>.

**Figure 4: Maximum Yearly Family Income to Qualify for Child Care Works Subsidies, May 2022.**

<b>Family Size</b>	<b>Maximum Yearly Family Income (May 2022)</b>
<b>2</b>	\$36,620
<b>3</b>	\$46,060
<b>4</b>	\$55,500
<b>5</b>	\$64,940
<b>6</b>	\$74,380
<b>7</b>	\$83,820
<b>8</b>	\$93,260

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