

# Designing a State-Level Early Child Care and Education Program

## What are the key policy options for states interested in designing an early child care and education program?

### I Comprehensive, universal early child care and education program



Expands public education to cover preschool for 3- and 4-year-olds, while funding and partnering with private child care providers to cover infants and toddlers.

#### Benefits and Challenges:

- All children are eligible
- Ensures care is affordable for all families
- High up-front public investment

#### Funding:

- Primarily publicly funded
  - Family contributions could be required
- DHHS affordability standard:** families pay no more than 7% of income

### II Employment-based early child care and education contributory program



Working parents are eligible for early child care and education benefits if they and/or their employers contribute into the program.

#### Benefits and Challenges:

- Targets resources specifically to working families
- Coverage is not universal – only children with at least one working parent are covered
- Determining eligibility is confusing

#### Funding:

- Employer and/or employee contributions
- Family copayments could be required

### III Universal early child care and education subsidy program



All families are eligible for an early child care and education subsidy, which could be a flat rate for all children or scaled based on family income.

#### Benefits and Challenges:

- All children are eligible
- Greater flexibility for families
- States can adjust the generosity of program benefits to control costs; for families, however, subsidies may not be sufficient to make care affordable

#### Funding:

- Subsidies would be publicly funded
- Families would pay difference between subsidy amount and full cost of care