

Capping the Co-pay: A State-by-State Analysis

Child Care Proposal Will Keep More Money in Families' Pockets

Updated October 2021 to incorporate 200% SMI, better align with income thresholds used for LIHEAP eligibility, and adjust for inflation.

It is no secret that the cost of child care is unbearable for most families. In many states, the monthly cost of child care often exceeds the average **mortgage payment** and the annual cost is higher than **in-state college tuition**. Historically, this cost has fallen to parents and providers as the child care system has been significantly underfunded. The lack of funding exacerbates the structural racism embedded in the system and disproportionately affects **families of color, women, and single parents**.







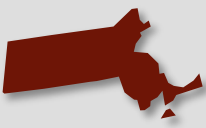

To make matters worse, the COVID-19 pandemic ravaged the child care system, significantly impacting parents and providers. The pandemic has made it even more difficult for families to afford the high cost of care. Moreover, the lack of affordable child care falls most directly on women, whose **labor participation has fallen** drastically throughout the pandemic. The risk of mothers' departure from the labor force or reduced work hours as the result of caregiving needs could cost up to **\$64.5 billion per year in lost wages and economic activity**. Investing in an equitable system that supports families, children, and essential workers who are caring for them, is crucial to the economic recovery of our country.







Biden's proposed federal investment of \$450 billion for the child care industry is estimated to serve **8.27 million young children** in the tenth year of implementation. With this investment, it is essential to make care affordable and control the out-of-pocket costs for families. The **Child Care for Working Families Act (CCWFA)**, which was reintroduced in congress this year, provides a sliding scale structure for co-payments. Under this plan, families' co-payments, or their share of the cost, is based on their income and co-payments vary based on state median income (SMI). Co-payments vary based on income, ranging from no out-of-pocket costs for families earning under 75 percent of the SMI to co-payments capped at 7 percent of income for families earning under 150 percent of the SMI. The Build Back Better Act utilizes and builds upon this co-payment structure. By incorporating a sliding scale in a future investment in child care, parents in the lower income brackets—who are disproportionately **people of color**—would be alleviated of the burden of the high cost of care, and have more money to meet other needs. By investing in the child care system, we will both recover from the economic challenges of the pandemic and create systemic change for a brighter, equitable, and more prosperous future.

State Median Income Range	Co-payment as a Share of Income
Under 75% of SMI	0% of income
75-100% of SMI	>0% but <2% of income
100-125% of SMI	>2% but <4% of income
125-150% of SMI	>4% but <7% of income
200% of SMI	7% of income

Capping the Co-pay for Families

The scenarios below detail various families in different states and what their respective child care co-payment could be under a child care proposal that uses the CCWFA co-payment structure. These examples are illustrative and do not reflect actual families.

Location	Example Scenario
United States 	A family of 4 in the United States making \$100,000 with children ages 3 and 5 would pay between \$3,000 and \$4,000 a year for child care.
Arizona 	A family of 3 in Arizona making \$60,000 with an 8-month-old baby would pay between \$600 and \$1,200 a year for child care.
California 	A California family of 4 making \$70,000 with children ages 2 and 4 would pay \$0 for child care.
Delaware 	A family of 3 in Delaware making \$90,000 with a 4-year-old child would pay between \$2,700 and \$3,600 a year for child care.
Georgia 	A single mother in Georgia making \$53,000 with 3 children ages 1, 3, and 5 would pay \$0 a year for child care.
Maine 	A single mother in Maine making \$68,000 with children ages 2 and 5 would pay between \$680 to \$1,360 a year for child care.
Massachusetts 	A family of 3 in Massachusetts making \$145,000 with a 2-year-old child would pay between \$7,500 and \$10,150 a year for child care.
Minnesota 	A single father in Minnesota making \$75,000 with a 4-year-old child would pay between \$750 and \$1,500 a year for child care.

Montana		A grandmother in Montana making \$57,000 with custody of her 3-year-old grandson would pay between \$570 and \$1,140 a year for child care.
Nevada		A single mother in Nevada making \$64,000 with children ages 1 and 5 would pay between \$640 and \$1,280 a year for child care.
New Hampshire		A single mother in New Hampshire making \$165,000 with a 1-year-old would pay no more than \$11,550 a year for child care.
New York		A single father in New York making \$103,000 with a 4-year-old child would pay between \$5,150 and \$7,210 for child care.
Oregon		A family of 3 in Oregon making \$98,000 with a 3-year-old would pay between \$2,940 and \$3,920 a year for child care.
Pennsylvania		A single parent in Pennsylvania making \$63,000 with a 4-year-old child would pay between \$670 and \$1,340 a year for child care.
Rhode Island		A single parent in Rhode Island making \$45,000 with a 2-year-old child would pay \$0 for child care.
Virginia		A family of 3 in Virginia making \$76,000 with a 10-month-old baby would pay between \$760 and \$1,520 a year for child care.
Washington		A family of 3 in Washington making \$120,000 with a 4-year-old child would pay between \$6,000 and \$8,400 a year for child care.
West Virginia		A single father in West Virginia making \$35,000 with a 3-year-old child would pay \$0 a year for child care.

Child Care Family Co-payment by State and Income

The analysis below includes the sliding scale detailed in the Build Back Better Act as of October 5, 2021 (which builds on the structure outlined in the CCWFA). The table outlines families' state median income within each percentile bracket for a four-person household, as well as the respective child care co-payment that parents would be responsible for at the noted income level.

State	75% State median income	Family Co-pay 0%	100% State median income	Family Co-pay 1%	Family Co-pay 2%	125% State median income	Family Co-pay 3%	Family Co-pay 4%	150% State median income	Family Co-pay 5%	Family Co-pay 6%	Family Co-pay 7%	200% State median income	Family Co-pay 7%
Alabama	\$61,760	\$0	\$82,347	\$823	\$1,647	\$104,786	\$3,144	\$4,191	\$125,743	\$6,287	\$7,545	\$8,802	\$167,657	\$11,736
Alaska	\$79,584	\$0	\$108,022	\$1,080	\$2,160	\$135,027	\$4,051	\$5,401	\$162,032	\$8,102	\$9,722	\$11,342	\$216,043	\$15,123
Arizona	\$62,881	\$0	\$83,841	\$838	\$1,677	\$106,687	\$3,201	\$4,267	\$128,024	\$6,401	\$7,681	\$8,962	\$170,698	\$11,949
Arkansas	\$54,666	\$0	\$72,888	\$729	\$1,458	\$92,749	\$2,782	\$3,710	\$111,299	\$5,565	\$6,678	\$7,791	\$148,399	\$10,388
California	\$75,435	\$0	\$102,390	\$1,024	\$2,048	\$127,987	\$3,840	\$5,119	\$153,584	\$7,679	\$9,215	\$10,751	\$204,779	\$14,335
Colorado	\$81,152	\$0	\$110,149	\$1,101	\$2,203	\$137,687	\$4,131	\$5,507	\$165,224	\$8,261	\$9,913	\$11,566	\$220,299	\$15,421
Connecticut	\$97,377	\$0	\$129,837	\$1,298	\$2,597	\$162,296	\$4,869	\$6,492	\$194,755	\$9,738	\$11,685	\$13,633	\$259,673	\$18,177
Delaware	\$79,454	\$0	\$107,845	\$1,078	\$2,157	\$134,806	\$4,044	\$5,392	\$161,768	\$8,088	\$9,706	\$11,324	\$215,690	\$15,098
District of Columbia	\$107,090	\$0	\$142,786	\$1,428	\$2,856	\$178,483	\$5,354	\$7,139	\$214,180	\$10,709	\$12,851	\$14,993	\$285,573	\$19,990
Florida	\$62,001	\$0	\$82,668	\$827	\$1,653	\$105,194	\$3,156	\$4,208	\$126,233	\$6,312	\$7,574	\$8,836	\$168,311	\$11,782
Georgia	\$64,887	\$0	\$86,516	\$865	\$1,730	\$110,091	\$3,303	\$4,404	\$132,109	\$6,605	\$7,927	\$9,248	\$176,146	\$12,330
Hawaii	\$82,971	\$0	\$112,618	\$1,126	\$2,252	\$140,772	\$4,223	\$5,631	\$168,927	\$8,446	\$10,136	\$11,825	\$225,235	\$15,766
Idaho	\$61,040	\$0	\$81,387	\$814	\$1,628	\$103,564	\$3,107	\$4,143	\$124,276	\$6,214	\$7,457	\$8,699	\$165,702	\$11,599
Illinois	\$78,129	\$0	\$106,046	\$1,060	\$2,121	\$132,558	\$3,977	\$5,302	\$159,070	\$7,953	\$9,544	\$11,135	\$212,093	\$14,846

State	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Indiana	\$66,208	\$0	\$89,865	\$899	\$1,797	\$112,332	\$3,370	\$4,493	\$134,798	\$6,740	\$8,088	\$9,436	\$179,731	\$12,581
Iowa	\$72,053	\$0	\$97,799	\$978	\$1,956	\$122,248	\$3,667	\$4,890	\$146,698	\$7,335	\$8,802	\$10,269	\$195,597	\$13,692
Kansas	\$69,042	\$0	\$93,712	\$937	\$1,874	\$117,140	\$3,514	\$4,686	\$140,568	\$7,028	\$8,434	\$9,840	\$187,424	\$13,120
Kentucky	\$61,489	\$0	\$81,985	\$820	\$1,640	\$104,325	\$3,130	\$4,173	\$125,190	\$6,260	\$7,511	\$8,763	\$166,920	\$11,684
Louisiana	\$62,538	\$0	\$83,384	\$834	\$1,668	\$106,105	\$3,183	\$4,244	\$127,326	\$6,366	\$7,640	\$8,913	\$169,768	\$11,884
Maine	\$71,547	\$0	\$97,113	\$971	\$1,942	\$121,391	\$3,642	\$4,856	\$145,669	\$7,283	\$8,740	\$10,197	\$194,225	\$13,596
Maryland	\$97,160	\$0	\$129,546	\$1,295	\$2,591	\$161,933	\$4,858	\$6,477	\$194,319	\$9,716	\$11,659	\$13,602	\$259,092	\$18,136
Massachusetts	\$102,177	\$0	\$136,236	\$1,362	\$2,725	\$170,295	\$5,109	\$6,812	\$204,354	\$10,218	\$12,261	\$14,305	\$272,471	\$19,073
Michigan	\$71,495	\$0	\$97,042	\$970	\$1,941	\$121,302	\$3,639	\$4,852	\$145,563	\$7,278	\$8,734	\$10,189	\$194,084	\$13,586
Minnesota	\$86,369	\$0	\$117,230	\$1,172	\$2,345	\$146,538	\$4,396	\$5,862	\$175,846	\$8,792	\$10,551	\$12,309	\$234,461	\$16,412
Mississippi	\$52,667	\$0	\$70,223	\$702	\$1,404	\$88,828	\$2,665	\$3,553	\$107,229	\$5,361	\$6,434	\$7,506	\$142,972	\$10,008
Missouri	\$67,692	\$0	\$91,880	\$919	\$1,838	\$114,850	\$3,446	\$4,594	\$137,820	\$6,891	\$8,269	\$9,647	\$183,760	\$12,863
Montana	\$66,869	\$0	\$90,762	\$908	\$1,815	\$113,453	\$3,404	\$4,538	\$136,143	\$6,807	\$8,169	\$9,530	\$181,524	\$12,707
Nebraska	\$71,624	\$0	\$97,216	\$972	\$1,944	\$121,520	\$3,646	\$4,861	\$145,825	\$7,291	\$8,749	\$10,208	\$194,433	\$13,610
Nevada	\$63,096	\$0	\$84,128	\$841	\$1,683	\$107,052	\$3,212	\$4,282	\$128,463	\$6,423	\$7,708	\$8,992	\$171,284	\$11,990
New Hampshire	\$94,056	\$0	\$125,409	\$1,254	\$2,508	\$156,761	\$4,703	\$6,270	\$188,113	\$9,406	\$11,287	\$13,168	\$250,817	\$17,557
New Jersey	\$100,257	\$0	\$133,676	\$1,337	\$2,674	\$167,095	\$5,013	\$6,684	\$200,514	\$10,026	\$12,031	\$14,036	\$267,352	\$18,715
New Mexico	\$51,962	\$0	\$69,283	\$693	\$1,386	\$86,603	\$2,598	\$3,464	\$105,794	\$5,290	\$6,348	\$7,406	\$141,058	\$9,874
New York	\$80,274	\$0	\$108,958	\$1,090	\$2,179	\$136,197	\$4,086	\$5,448	\$163,437	\$8,172	\$9,806	\$11,441	\$217,916	\$15,254
North Carolina	\$64,656	\$0	\$86,208	\$862	\$1,724	\$109,699	\$3,291	\$4,388	\$131,639	\$6,582	\$7,898	\$9,215	\$175,519	\$12,286
North Dakota	\$79,597	\$0	\$108,039	\$1,080	\$2,161	\$135,049	\$4,051	\$5,402	\$162,059	\$8,103	\$9,724	\$11,344	\$216,079	\$15,125

Ohio	\$69,731	\$0	\$94,647	\$946	\$1,893	\$118,309	\$3,549	\$4,732	\$141,971	\$7,099	\$8,518	\$9,938	\$189,295	\$13,251
Oklahoma	\$58,227	\$0	\$77,636	\$776	\$1,553	\$98,791	\$2,964	\$3,952	\$118,550	\$5,927	\$7,113	\$8,298	\$158,066	\$11,065
Oregon	\$71,922	\$0	\$97,621	\$976	\$1,952	\$122,026	\$3,661	\$4,881	\$146,432	\$7,322	\$8,786	\$10,250	\$195,242	\$13,667
Pennsylvania	\$77,233	\$0	\$104,830	\$1,048	\$2,097	\$131,037	\$3,931	\$5,241	\$157,245	\$7,862	\$9,435	\$11,007	\$209,660	\$14,676
Puerto Rico	\$25,116	\$0	\$33,488	\$335	\$670	\$41,860	\$1,256	\$1,674	\$50,231	\$2,512	\$3,014	\$3,516	\$66,975	\$4,688
Rhode Island	\$82,465	\$0	\$111,932	\$1,119	\$2,239	\$139,915	\$4,197	\$5,597	\$167,897	\$8,395	\$10,074	\$11,753	\$223,863	\$15,670
South Carolina	\$61,922	\$0	\$82,562	\$826	\$1,651	\$105,060	\$3,152	\$4,202	\$126,071	\$6,304	\$7,564	\$8,825	\$168,095	\$11,767
South Dakota	\$67,847	\$0	\$92,090	\$921	\$1,842	\$115,112	\$3,453	\$4,604	\$138,135	\$6,907	\$8,288	\$9,669	\$184,180	\$12,893
Tennessee	\$61,769	\$0	\$82,358	\$824	\$1,647	\$104,800	\$3,144	\$4,192	\$125,760	\$6,288	\$7,546	\$8,803	\$167,680	\$11,738
Texas	\$65,300	\$0	\$87,586	\$876	\$1,752	\$110,792	\$3,324	\$4,432	\$132,950	\$6,648	\$7,977	\$9,307	\$177,267	\$12,409
Utah	\$69,239	\$0	\$93,980	\$940	\$1,880	\$117,475	\$3,524	\$4,699	\$140,970	\$7,048	\$8,458	\$9,868	\$187,960	\$13,157
Vermont	\$75,848	\$0	\$102,950	\$1,030	\$2,059	\$128,688	\$3,861	\$5,148	\$154,425	\$7,721	\$9,266	\$10,810	\$205,900	\$14,413
Virginia	\$83,320	\$0	\$113,092	\$1,131	\$2,262	\$141,365	\$4,241	\$5,655	\$169,638	\$8,482	\$10,178	\$11,875	\$226,184	\$15,833
Washington	\$81,890	\$0	\$111,151	\$1,112	\$2,223	\$138,939	\$4,168	\$5,558	\$166,727	\$8,336	\$10,004	\$11,671	\$222,302	\$15,561
West Virginia	\$58,957	\$0	\$78,609	\$786	\$1,572	\$100,029	\$3,001	\$4,001	\$120,035	\$6,002	\$7,202	\$8,402	\$160,047	\$11,203
Wisconsin	\$76,233	\$0	\$103,473	\$1,035	\$2,069	\$129,342	\$3,880	\$5,174	\$155,210	\$7,760	\$9,313	\$10,865	\$206,946	\$14,486
Wyoming	\$73,271	\$0	\$99,452	\$995	\$1,989	\$124,315	\$3,729	\$4,973	\$149,178	\$7,459	\$8,951	\$10,442	\$198,904	\$13,923
United States	\$72,448	\$0	\$98,335	\$983	\$1,967	\$122,919	\$3,688	\$4,917	\$147,503	\$7,375	\$8,850	\$10,325	\$196,671	\$13,767

Data Sources and Methodology

Information regarding income level as a dollar figure of SMI percentages was retrieved from **LIHEAP State Median Income** (SMI) eligibility for 2022, which is based on the **2019 ACS 5 year estimate data**. Each state's median household income in the table was analyzed using a family household of 4, unless otherwise noted in the blurbs with different family compositions.

The income data were inflated to 2022 using average wage increase trends detailed in **The U.S. Income Distribution: Trends and Issues**. The co-payment percentages were retrieved for each state by using the co-payment structure outlined in the Build Back Better Act (as of October 5, 2021) currently moving through Congress (which builds on the CCWFA). The co-payments reflect annual totals, not monthly payments.

Due to data limitations, this analysis does not account for the impact of the COVID-19 pandemic. As a result, these data do not account for possible changes to state median income or different trends in wages over time.

Note: The version of the Build Back Better Act (**as of Oct 5, 2021**) referenced in this analysis is currently being negotiated in Congress, with expected forthcoming amendments. The income eligibility limit in the **original** House Education and Labor Committee draft of the bill, sets the income eligibility at 200% SMI for families.