



Child Care

Expand child care subsidy supports for working families.

Expand income eligibility of Smart Steps to 100% state median income.

Remove Smart Steps co-pay fee for families under 150% Federal Poverty Line.

WHY

Working families in Tennessee and nationally, often need additional financial support to provide care for their child while they are working. Currently, in Tennessee parents are eligible for Smart Steps if their income is below the 85th percentile of the state median income.⁴

States are able to serve and enroll families above 85 percent state median income if non-federal funding sources are used.⁵

Currently, a family of 3 making 150 percent FPL enrolled in Smart Steps has a co-pay of 7.1 percent. Across the country, eight states do not charge a co-pay for those under 150 percent FPL.⁵ Half of states charge a co-pay of 5 percent or less. By removing the co-pay, Tennessee can provide families struggling to make ends meet with one less expense to worry about.⁵

This additional monthly relief of one less expense can reduce paternal stress which is a critical component to forming safe, nurturing bonds that improve children’s development across the lifespan.

According to U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program, the Tennessee State Median Income in 2021 was \$59,698. Median income on a county level varied from \$29,281 to \$123,474.⁶

In FY2022, 27,218 Tennessee children were served by child care benefits.⁷

According to the Prenatal-to-3 Policy Impact Center, the share of costs paid by parents varies widely depending upon the state:⁵

Share of Child Care Costs for an Infant in Center-Based Care Paid by a Family of 3 at 150% of the Federal Poverty Level:

In Tennessee parents pay 24.2 percent of care, placing the state near the middle.

States at less than 1 percent of cost - California, Louisiana, Michigan, New Jersey, New Mexico, South Dakota, Utah, Vermont, Oregon, and Maryland

States at 33 percent of cost or more - Delaware, New Hampshire, Alaska, Missouri, Montana, North Carolina, and Georgia.