Improving Payment Practices for Child Care Subsidy

STRONG START

Child Care Provider Action Committee

About Us

The Child Care Provider Action Committee (CCPAC) is a group of Nevada child care providers dedicated to ensuring the early childhood workforce has a permanent direct voice in state policy decisions. Operating under the principle of "Nothing About Me, Without Me," the CCPAC leverages the practical operational expertise of its members to review develop and improve systems impacting children and the early learning sector.

Introduction

Nevada's Child Care Subsidy Program currently reimburses providers based on daily attendance, offering families only 10 paid absence days per year.[1] This new structure places unnecessary strain on both families and providers. In contrast, the child care industry relies on enrollment-based payments—typically weekly or monthly—to ensure stable funding for staffing, operations, and high-quality care. Aligning the subsidy program with this standard would promote financial stability for providers while preventing families from absorbing additional out-of-pocket costs.

The enrollment-based reimbursement model strengthens the child care market and supports children's continuity of care. The 2024 CCDF Final Rule[2] would have required states to adopt enrollment-based payments to improve provider stability, reduce administrative burdens, and ensure more predictable funding. Although the federal administration will no longer be requiring enrollment-based payments, transitioning the system positions the state to align with industry standards and bolster the state's early childhood infrastructure.

Attendance-based reimbursement creates challenges not only for providers and families, but also for the stability of the broader child care system.

Financial Instability and Operational Strain for Providers

Attendance-based reimbursement creates unpredictable revenue for child care providers by tying payments to daily child presence, even though absences often stem from routine illnesses, family emergencies, or transportation challenges. These fluctuations do not reduce fixed operating costs—such as rent, utilities, staff wages, and insurance—which remain constant regardless of attendance. This instability is especially challenging for small and rural providers operating on thin margins, who may struggle to absorb the financial impact of multiple absences. As a result, some providers limit the number of subsidy-eligible children they enroll, hindering the state's efforts to increase the availability of affordable, high-quality care.

Financial Burden for Families

Attendance-based reimbursement also places significant financial pressure on families participating in the subsidy program. When a child misses more days than the limited number of allowable paid absences (currently 10), families may be required to cover the full tuition rate for those days—an unexpected cost many cannot easily absorb. Common childhood illnesses, work schedule conflicts, and transportation issues can quickly lead to out-of-pocket payments that strain already tight household budgets. Recent studies have found that young children experience about 14 illnesses and an average of 94 days of infection in the first three years of life.[3] These unplanned expenses can force families to choose between maintaining stable child care or meeting other essential needs, ultimately making it harder for parents to stay employed and for children to remain in consistent, reliable care.

Administrative Burdens

The attendance-based model also imposes a significant administrative burden on child care providers. Daily attendance must be documented with precision, and providers are required to submit detailed paperwork for each child to receive reimbursement. Errors or delays can lead to missed or reduced payments, further straining already tight operating budgets. For programs with limited staffing—especially small or rural providers—these requirements divert valuable time away from caregiving and early learning activities. The result is an untenable trade-off between meeting compliance demands and focusing on the quality of care that directly supports children's development.

From Under the Magic Pine Tree. Owner, CCPAC Member, Christine McNally.

[1]The Nevada Child Care & Development Program (CCDP) issued a policy transmittal on 12/31/24 requiring payments by attendance, eDective 1/1/25, with ten (10) discretionary days per certificate period (12 months).
[2]2024 Child Care and Development Fund (CCDF) Final Rule: https://acf.gov/occ/outreach-material/2024-ccdf-final-rule. The Final Rule went into effect on April 30, 2024, however the U.S. Department of Health and Human Services rescinded the rule requiring states to adopt enrollment-based payments in a release sent out on January 5, 2026.
[3]Morrison, Dr. John, May 24, 2018. Are Young Children Really Sick All The Time? | AAP Journal Blogs | American Academy of Pediatrics

Improving Payment Practices for Child Care Subsidy

STRONG START
Child Care Provider Action Committee

Impacts on the Early Childhood System

The attendance-based model also weakens the stability of Nevada's broader child care and early learning system. When a provider cannot financially sustain a child's enrollment due to inconsistent attendance, the child may lose their slot, disrupting continuity of care. This instability is especially common for families facing housing insecurity, variable or shift-based work schedules, or other conditions that make daily attendance unpredictable.

In practice, the system penalizes the families it aims to support, creating barriers to reliable care and workforce participation.

Providers, in turn, must make difficult decisions about who they can afford to serve, limiting the availability of subsidy-supported seats. These disruptions undermine Nevada's goal of building a strong, coordinated early learning system where child care providers and Pre-K partners work together to expand access and ensure children enter school ready to succeed.

Conclusion

Shifting to an enrollment-based payment system would provide the stable, predictable funding necessary for providers to operate high-quality programs while relieving families of unexpected financial burdens tied to absences. Unlike the attendance-based model, enrollment-based reimbursement supports consistent care, strengthens the child care market, and aligns Nevada with industry standards—positioning the state to build a more reliable and effective early learning system for children, families, and providers.

As of October 1, 2024, the **family income eligibility** threshold for child care subsidies in the State of Nevada shifted substantially below the federal income limit: new applicants must fall at or below 41% of State Median Income (SMI), and renewals at or below 49% SMI—which is far below the federal income limit of 85% SMI. For a family of four, the monthly income limit for new applicants decreased from $6,327 to $3,440.

Slot Payments[4] were instituted temporarily using federal pandemic relief funds as a way to sustain high-need child care slots—such as infant and toddler care, services for children with special health care needs, and care offered during non-traditional hours. By providing predictable, enrollment-based funding, slot payments help providers cover the higher staffing, training, and operational costs required to serve these populations. For families, this approach increases the availability and stability of specialized care options, ensuring they can access reliable, appropriate care that meets their unique needs.

Policy Recommendations

- **Adopt Enrollment-Based Payment Practices:** Reinstate an enrollment-based reimbursement system, supported by minimum attendance expectations and streamlined documentation processes that maintain fiscal accountability.
- **Reinstate Slot Payment Programs:** Restore targeted slot payments for high-need areas—including infant and toddler care, children with special health care needs, and care during non-traditional hours Require participating providers to meet defined qualifications to promote quality, stability, and establish minimum enrollment and attendance standards to ensure responsible use of funds.
- **Increase Income Eligibility:** Return income eligibility to 85% of State Median Income to align with federal guidelines and the Nevada Ready! PreK program, expanding access and supporting smoother transitions for families.
- **Monitor Outcomes:** Evaluate how enrollment-based payments and slot programs influence provider participation, administrative workload, and the availability of child care options for families.

The Child Care Provider Action Committee (CCPAC) acknowledges and extends its sincere appreciation to The Children's Cabinet and the Children's Advocacy Alliance for their leadership, expertise, and sustained partnership in the development of these Policy Briefs. Their commitment to advancing evidence-based policy and elevating the voices of Nevada's child care providers has been essential to this work.

[4]Slot programs for specialized populations, including infants and toddlers and children with special needs, were piloted in Nevada in 2024 with COVID Relief funds through the Division of Social Services, Child Care and Development Program. These slot programs aim to help providers increase their capacity to care for these special populations, stabilize funding, and help improve quality.