



Position Paper: Working Families Require Affordable, Quality Child Care

Purpose: This paper was prepared to encourage policy makers to support increased access to child care for working families. This is not only cost-effective, but also minimizes the number of distressing choices families may face.

Issues: Families working to become independent of public assistance, specifically the Minnesota Family Investment Program (MFIP), need access to both affordable and quality child care. In order for families to obtain and maintain employment, HIRE supports policy recommendations to decrease co-pays and limit rate freezes.

- Of mothers surveyed in 2004, 20% reported that child care issues interfered with their employment in the last year. 37% said they or their spouse/partner had lost time and/or income in the last six months due to child care problems (not including sick children). 83% said having a parent stay home from work was their back-up plan when a child was sick. These and other related statistics can be found in the *Child Care Use in Minnesota 2004 Statewide Household Child Care Executive Summary* which is available at: [http://www.wilder.org/reportssummary.0.html?tx_ttnews\[tt_news\]=1873](http://www.wilder.org/reportssummary.0.html?tx_ttnews[tt_news]=1873)
- Minnesota has dropped from a ranking in the top five in the United States for helping low-income families afford child care to being in the bottom ten states in the country. The full document from MN Child Care may be viewed at: http://www.mnchildcare.org/mktg_matls/ds_StateofCC1.pdf
- Recent statistics from the Ways and Means Committee show that poverty-level families use nearly 30% of their income to pay for child care. Conversely, non-poor families only exhaust 7% of their income for child care at better facilities.¹
- Full-day child care in Minnesota can cost between \$5,000 and \$12,000 per year, which is equal to or more than college tuition at a public university. However, 1 in 5 families with children under the age of 4 live below the poverty level and two parents working full-time at minimum wage would only earn \$27,040 a year.¹

Decrease Parent Co-Pays:

Anecdotal information which depicts the negative impact of increased co-pays on families is plentiful:

- 1) *One HIRE client, who was eligible for child care, couldn't afford the increased co-pay and felt forced to decide which child she would keep with her and which she would send to Alabama to live with her grandmother. Her decision was to keep the school-age child and send away her newborn baby.*
- 2) *In a two-parent family where one was already working, the other parent refused a job offer, as it would mean both parents would be working the same shift outside of the home. Although it would successfully close their case, it would also require child care co-pays they could not afford.*
- 3) *Another mother found a part-time position in a nursing home making \$13 an hour. With only one child, she was no longer eligible for MFIP. Unfortunately, her hours were cut below 20 hours a week, which meant that she was no longer eligible for transitional child care. Since she lost her child care, she lost her job and was back on public assistance.*

HIRE strongly supports clients whose MFIP cases close due to employment. HIRE promotes continued access to affordable quality child care as a means of maintaining their employment without the need to return to welfare.

**HIRED Supports:**

- An increase in the percent of Child Care and Development Block Grant funds for child care services for families who seek to become independent of MFIP programs through work activities.
- The use of Federal TANF (Temporary Assistance for Needy Families) funds for funding child care in addition to CCDBG funding is recommended. This will allow families to access quality care at the competitive tuition rates that child care providers need to assure their own survival.

Recommendations:

- Restructure co-payment calculations so they are a percent of income rather than based on the percent of the poverty rate. The restructured co-payment calculations will keep restrictions on overpayments while allowing co-pays to increase gradually. Families will avoid the sharp increases they now experience when their incomes hit the lower end of the fee scale.
- Despite a state budget shortfall, assure that funds are not diverted from child care programs that keep families working.
- Increase the state's reimbursement rates for Child Care Assistance to ensure that low-income families have affordable, quality choices that can be covered by the state's reimbursement rate.²
- Eliminate the Basic Sliding Fee waiting list through sustained and increased funding.²
- Request a state-led taskforce, including advocates and parents, to make recommendations on strategies to reduce administrative barriers to the Child Care Assistance Program.²

For More Information

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¹ *National Association of Child Care Resources and Referral Agencies, 2008*

² *Child Care Works Legislative Agenda, February 20, 2008*