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## The Pennsylvania Welfare Coalition

223 North Street, P.O. Box 2835

Harrisburg, PA 17105

[cpalm@comcast.net](mailto:cpalm@comcast.net) or [fjv@pacatholic.org](mailto:fjv@pacatholic.org)

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### Pennsylvania Families Need Greater Access to Quality, Affordable Child Care

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**THE ISSUE:** Federal child care resources – mandatory and discretionary funding -- have remained stagnate over the last several fiscal years despite waiting list trends, reductions in eligibility, and state fiscal restraints that have limited, to some degree, investment in quality child care and school readiness initiatives. Additionally, child care funding could face cuts as the Administration and Congress proceed with 2006 budget negotiations that are expected to include dramatic spending reductions that will further imperil families for whom a child care subsidy is their ticket to finding and retaining employment.

**SCOPE OF THE ISSUE:** The Commonwealth receives about \$177 million each year from the Child Care and Development Block Grant (CCDBG). To more fully address the demands of federal welfare reform and the needs of Pennsylvania families and children, the Commonwealth has been forced to creatively mingle TANF funds, CCDBG funds from previous years, Social Service Block Grant Funds (Title XX) and State Funds toward an overall state child care budget of about \$516 million annually in FY 04-05; this will rise to \$565 in FY 05-06 through use of additional state dollars and expected additional TANF families accessing TANF-funded child care. Despite the state's best efforts and the diligence of working families, a struggle remains for families to achieve their personal goals for self-sufficiency, especially in an economic environment that has yet to rebound sufficiently.

Funds from the CCDBG support child care assistance for 100,000 children in Pennsylvania. This represents only one-fourth of eligible children.

#### **AFFORDABILITY and WAITING LISTS REMAIN A REALITY FOR PENNSYLVANIA FAMILIES**

For Pennsylvania families with young children, child care is often the expense that significantly strains the family budget rivaling housing costs. The monthly cost of child care for two children, a pre-schooler (full-time) and a school-age child (part-time) ranges from \$718 in Warren County to \$985 in Allegheny County. For families with two children, child care costs range from 26 percent of the average family budget for families with two parents to one-third of the average family budget for one-parent families.

Despite Pennsylvania's enrollment of low-income children in subsidized child care each year, many more families ask for help with subsidy than can receive it. The waiting list has hovered between 1,000 and 2,500 children for the past 18 months. Providing child care assistance is a core ingredient to ensuring that parents connect to and retain employment.

The Rendell Administration has worked to eliminate waiting lists with some success. In an effort to stem an increased waiting list for child care subsidy among low-income working families, Pennsylvania infused over \$10 million into this program over the last year. Despite the additional funds, the waiting list for working families – those who are attempting, through work, to avoid entering the TANF cash rolls – remains unresolved. *This waiting list trend is evidence that working families face barriers in accessing financial aid (subsidy) to meet child care costs and remain engaged, productive members of the workforce.* Their drive to retain employment is further complicated due to the piece meal or at times lesser quality child care that they can both locate and afford when they are unable to secure subsidy.

#### **CHILD CARE FUNDS MUST BE INCREASED, REGARDLESS THE OUTCOME ON WORK HOURS**

Pennsylvania desperately needs additional child care funds to serve all low-income working families and to increase the quality of care for all children. Obviously if Congress mandates that working moms and dads must be out of the house and in the work environment many more hours per week, these families (and the Commonwealth) will be forced to find and pay for additional child care services. However, as evidenced by waiting list trends, with or without an increased hours work mandate, greater access to affordable child care is needed now! Furthermore, any cuts to child care funding in the FY 2006 budget would be devastating to Pennsylvania families.

## **QUALITY, EARLY INVESTMENT IN CHILDREN IS CRITICAL FOR WORKFORCE DEVELOPMENT**

Pennsylvania has maximized its child care resources beyond the provision of a subsidy for working parents. The Commonwealth is committed to wisely investing limited child care resources into a number of creative proven school readiness programs.

- **Keystone Stars**, which was launched in 2002, is a new effort. Initial funding for this program was budgeted to reach 10 percent of licensed child care programs in the state. Many more, 25 percent— a total of 1,200 programs throughout the state— applied. The Keystone Stars model embraces the standards in Head Start, and provides the resources as well as accountability that is necessary to help child care attain the impact that Head Start has for the children it reaches. Currently the Keystone Stars program has attracted participation from 45 percent of the state's early childhood centers serving nearly 114,000 children at an investment of about \$25 million a year.
- Through the state's **T.E.A.C.H. program**, partnerships are formed among teachers, child care programs, and higher education programs to enable child care teachers to earn Associate's and Bachelor's degrees. Pennsylvania must remain dedicated to assisting child care teachers access and achieve early childhood degrees. Child care teachers often start with high school diplomas. Research illustrates that on-the-job training does not give them enough knowledge about child development or about teaching and therefore is not and cannot be a substitute for the valuable information and practical strategies that they learn through the higher education system. In exchange for financial support, the teachers must agree to continued service in the child care program that helped host their education. T.E.A.C.H. is funded at nearly \$2 million annually, which provides 700 to 800 teachers with scholarships. These teachers, in turn, reach at least 7,000 to 8,000 children each year, who benefit from their improved knowledge base and practice skills.

## **PARENTAL CHOICE, CHILD CARE OPTIONS REMAIN A PENNSYLVANIA PRIORITY**

Subsidy funds may be used for a range of services from informal neighbor or relative home-based care to large corporate-based care. As a reflection of Pennsylvania's commitment to honoring family preferences, of those receiving child care subsidy, nearly 6 in 10 of the TANF families in Pennsylvania, and nearly 1 in 10 of the low-income working families use informal home-based child care. Within this framework of parental choice, Pennsylvania is struggling to meet the child care needs of its families, and to assure access to affordable, quality services. If families are not able to secure child care subsidy, we cannot expect them to maintain employment and meet all of their family's economic needs. Further, the statewide information shows that the quality of what is available to families is insufficient to support school readiness of our young children.

## **RECOMMENDATIONS:**

1. We urge Congress to make child care funding a priority and refuse to include it in any federal budget cuts or capped spending.
2. We urge Congress to include no less than \$5.5 billion in mandatory increased child care funding within the reauthorization of TANF and the CCDBG. This federal investment would provide Pennsylvania with approximately \$212 million in needed child care resources.
3. We welcome increased investment in discretionary child care resources through the 2006 fiscal year appropriation process and would recommend that a minimum of \$1 billion more be provided to the states. Discretionary funding for child care has not been increased since FY 2002 and, in fact, is experiencing an across the board discretionary spending cut. The last significant increase (\$817 million) in discretionary funding occurred in FY 2001.