



INCREASE ACCESS TO SUBSIDIZED CHILD CARE FOR LOW INCOME FAMILIES BY EXEMPTING PARENTS WITH YOUNG CHILDREN FROM PA WORK RULES

Problem:

- New York State faces large child care funding gaps resulting from a reduction in the amount of the federal child care block grant funds allocated to the state, budget cuts, increasing costs (e.g. more younger children in the system, increased staffing costs) and the loss of federal stimulus funding. There was a \$45 million funding gap in SFY 2010-11 and a \$55 million funding gap for SFY 2011-12.
- Counties from across the state have begun cutting child care subsidies from working poor families including a recent NYC announcement of 17,000 cuts.

Solution:

- *Save subsidized child care funds by exempting public assistance participants with infants and toddlers from the work requirements temporarily until the budget crisis has passed.*

Proposal Details:

- New York State can maintain funding for subsidized care for people currently employed (both public assistance and non-public assistance households) by exempting parents of young children (e.g. with child under the age of 1 or 2) receiving public assistance from the welfare work requirements (e.g. workfare, soft skills programs).
- This group of welfare recipients will be given the option of being waived from work requirements.
- The proposal would save roughly \$20 to \$60 million per year -- more if households with children over age 2 are exempted (e.g. California exempted households with more than one child under 6 years of age; Vermont exempts parents with children under the age of two).
- Analysis of potential impact to the federal welfare participation rates:
 - In calculating the work rate, the federal Temporary Assistance for Needy Families (TANF) law allows states to exempt households with children under age 1.
 - Children under age 2: A state can exempt families with children over age 1 although the TANF law does not exclude them in calculating the work participation rate. New York has met the work participation rate in recent years and its target participation rate requirement through 2011 is about 35.8%.
 - New York can avoid affecting its participation rate by creating a “separate state program” for these newly exempt families.
 - If New York does not create a separate state program, and in the unlikely event that New York was not able to meet its participation rate, New York could correct the noncompliance with a “corrective compliance plan”.
 - Furthermore, the federal penalty may be reduced if the state meets the definition of a "needy state" -- related to high unemployment or food stamp caseload growth.

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