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INDEPENDENT REGULATORY REVIEW COMMISSION

October 25, 1999

John R. McGinley, Jr., Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Dear Mr. McGinley:

On October 13th, the Department of Public Welfare submitted a final omitted rulemaking regarding the Commonwealth's subsidized child care program, also known as Child Care Works. On behalf of the twenty-five organizations signing this letter, we are submitting these comments for your consideration in the review process.

In February, the Pennsylvania Department of Public Welfare made changes in its child care subsidy program which substantially raised child care co-payments and reduced eligibility for low-income working families. These changes were opposed vigorously by a wide range of civic and religious organizations because they placed an additional obstacle in the path of those who were striving to comply with Pennsylvania's welfare reform law, and an additional financial burden on families struggling to make ends meet without reliance on the welfare system.

The regulatory package before you modifies the child care program. We write in support of the portion of the proposed revisions that would partially restore income eligibility by setting an entry point of 185% of poverty, and an exit point of 235% of poverty. The Department is to be commended for its willingness to make changes.

We must note, however, our concern with the portion of the proposed rulemaking on parental co-payments. Working families who depend on the child care program have reported that the weekly co-payments are driving them deeper into debt and away from self-sufficiency. Enclosed are statements from parents describing the financial hardship they have experienced as a result of the March 1999 increases in co-payments.

A recent study prepared by independent researcher Diana Pearce, Ph.D., (enclosed), using objective data, provides evidence that the co-payment levels, even as revised by the Department of Public Welfare, are still not affordable to families. Families with earnings at or below 170% of the federal poverty level will have no change in their co-payments; Ms. Pearce's study demonstrates that these families are not able to meet their basic monthly expenses. Working families who are trying to make a successful transition into the workplace face an income gap of at least 30 to 40 percent on a monthly basis. That is, their incomes are 30 to 40 percent short of the amount of money needed by the family to pay for basic necessities.

The Welfare Department's proposed revisions leave intact co-payment increases, made in March 1999, of up to 100 and 200 percent for many families. In contrast, the Consumer Price Index rose less than 20 percent from 1992 to 1999. (The co-payments were adjusted in 1992, and again in 1999.) Thus, parental co-payments have increased 5 to 15 times as much as the Consumer Price Index since the 1992 adjustments were made in the co-payments. We support making child care available to as many families as possible, but the adjustments in the co-payment are not fairly benchmarked.

As shown on the enclosed charts, the proposed adjustments to the co-payment scale are targeted principally at families with earnings at 170% of poverty or above--$23,600 for a family of three. Families with earnings between 170% and 200% of poverty will see small reductions in their co-payments and families between 200% and 235% will see small increases.

Families at 170% of poverty and below ($23,600 or less for a family of three), will, with but a few exceptions, see no reduction in their co-payment. Based on the current 1999 Federal Poverty Income Guidelines, the proposed revisions will increase co-pays for some of these families by $5 per week, over and above their co-pays under the March 1999 scale.

A recent survey of child care providers in Southeastern Pennsylvania, as well as reports from providers across the state, confirms that the co-payment increases have harmed them as well, as increased levels of uncollectible co-payments have placed many providers in a precarious financial position.

Because these regulations contain a positive change for families in that they partially restore income eligibility, we do not recommend disapproval. However, in the interest of enhancing the success of welfare reform and serving the legitimate child care needs of Pennsylvania's working families, we ask that you urge the department to make further, more meaningful adjustments in parent co-payments. Please feel free to contact Harriet Dichter, 215-563-5848 or Peter Zurflieh, 717-236-9486 or any one of the organizations whose names appear below if you would like any additional information.

Thank you for your consideration.

Sincerely,

The Pennsylvania Child Care Campaign

Child Care Matters
Child Space Cooperative Development
Children's Village
Community Justice Project
Community Legal Services
Delaware Valley Child Care Council
Focus on Our Future
League of Women Voters of Pennsylvania
Mon Valley Unemployed
Parent Infant Center
Northwest Interfaith Movement
Pennsylvania Association of Child Care Agencies
Pennsylvania Association for the Education of Young Children
Pennsylvania Catholic Conference
Pennsylvania Council of Churches
Pennsylvania Council of Children's Services
Pennsylvania Home Based Provider Association
Pennsylvania Jewish Coalition
Philadelphia Citizens for Children and Youth
Philadelphia Early Childhood Collaborative
Scranton Day Nursery
Success Against All Odds
United Child Care Union / National Union of Hospital and Health Care Employees / AFSCME
United Methodist Witness
Women's Association for Women's Alternatives

Enclosures

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Department of Public Welfare Child Care Co-Payment Increases (Family of 3)

Annual Income % of 1999 Federal Poverty Income Guidelines	*February 1999 Former Weekly Co-Pays (before 3/99)* (% of family income)	*March 1999 Increased Weekly Co-Pays (effective 3/99)* (% of family income)	*Percent Increase from Former Co-Pays*	*Proposed Changes October 1999 Co-Pays (effective 10/99)* (% of family income)	*Percent Increase from Former February 1999 Weekly Co-Pays Scale to Proposed October 1999 Co-Pays*
$8,328 60%	$5 3.1%	$10 6.2%	100%	$5 3.1%	100%
$9,716 70%	$5 2.7%	$10 5.4%	100%	$10 5.4%	100%
$11,104 80%	$5 2.3%	$15 7.0%	200%	$15 7.0%	200%
$12,492 90%	$5 2.1%	$20 8.3%	300%	$20 8.3%	300%
$13,880 100%	$10 3.7%	$20 7.5%	100%	$20 7.5%	100%
$15,268 110%	$15 5.1%	$25 8.5%	67%	$25 8.7%	67%
$16,656 120%	$15 4.7%	$30 9.4%	100%	$30 9.4%	100%
$18,044 130%	$20 5.8%	***$35*** *10.1%*	75%	***$35*** *10.1%*	75%
$19,432 140%	$25 6.7%	***$40*** *10.7%*	60%	***$40*** *10.7%*	60%
$20,820 150%	$25 6.2%	***$45*** *11.2%*	80%	***$45*** *11.2%*	80%
$22,208 160%	$30 7.0%	***$50*** *11.7%*	67%	***$50*** *11.7%*	67%
$23,596 170%	$35 7.7%	***$55*** *12.1%*	57%	[illegible]	43%
$24,984 180%	$40 8.3%	***$60*** *12.5%*	50%	[illegible]	38%
$25,678 185%	$40 8.1%	***$65*** *13.2%*	63%	[illegible]	50%
$26,372 190%	$45 8.9%	($65) (grandfathered)		[illegible]	33%
$27,760 200%	$50 9.4%	($65) (grandfathered)		***$65*** *12.2%*	30%
$29,148 210%	$55 9.8%	($65) (grandfathered)		***$70*** *12.5%*	27%
$30,536 220%	***$60*** *10.2%*	($65) (grandfathered)		***$75*** *12.8%*	25%
$31,924 230%	***$65*** *10.6%*	($65) (grandfathered)		***$75*** *12.2%*	15%
$32,618 235%	***$70*** *11.2%*	($65) (grandfathered)		***$75*** *12.0%*	7%

NOTE: In order to make valid comparisons between the "former February 1999," the "increased March 1999," and the "proposed" co-payment scales, it was necessary to compute co-payments under the "former" and "proposed" scales using the 1999 Federal Income Poverty Guidelines (FPIG), as DPW has done with its "proposed" co-payment scale. The "February 1999" co-payments shown above represent the amounts that families would now be paying had DPW not implemented its new co-payment scale in "March 1999." The "proposed" co-payments shown above represent the amount families would pay had DPW not revised the scale, but had, instead, updated the scale to reflect the 1999 FPIGs.

Key to Reading this Chart

Numbers in italics and underlined denote co-payments which exceed 10% of family income. Federal child care regulations recommend that no family in a state's subsidized child care program be required to pay more than 10% of its income on child care co-payments.

Shadowed column shows the only areas in which any downwards co-pay adjustments are proposed to be made for a family of three.

Source: Pennsylvania Department of Public Welfare, Letter #99-59AB+
Date: September 1999

(OVER)

Department of Public Welfare Proposed Child Care Co-Payment Increases –Family of Three

% of 1999 Federal Income Poverty Guidelines/ Annual Income	*February 1999 Former Weekly Co-Pays (before 3/99*	*March 1999 Increased Weekly Co-Pays (effective 3/99)*	*DPW's Proposed Changes to Current Weekly Co-Pays (effective 10/99)*
60% $8,328	$5	$10	(-$5)
70% $9,716	$5	$10	No change
80% $11,104	$5	$15	No change
90% $12,492	$5	$20	No change
100% $13,880	$10	$20	No change
110% $15,268	$15	$25	No change
120% $16,656	$15	$30	No change
130% $18,044	$20	$35	No change
140% $19,432	$25	$40	No change
150% $20,820	$25	$45	No change
160% $22,208	$30	$50	No change
170% $23,596	$35	$55	(-$5)
180% $24,984	$40	$60	(-$5)
185% $25,678	$40	$65%	(-$5)
190% $26,372	$45	$65 (grandfathered)	(-$5)
200% $27,760	$50	$65 (grandfathered)	No change
210% $29,148	$55	$65 (grandfathered)	+$5
220% $30,536	$60	$65 (grandfathered)	+$10
230% $31,924	$65	$65 (grandfathered)	+$10
235% $32,618	$70	$65 (grandfathered)	+$10

NOTE: In order to make valid comparisons between the "March 1999 Increased Co-Pays," and the "proposed" co-payment scales, it was necessary to compute co-payments under the "March 1999" scales using the 1999 Federal Income Poverty Guidelines (FPIG), as DPW has done with its "proposed" co-payment scale. The "March 1999" co-payments shown above represent the amount families would pay had DPW not revised the scale, but had, instead, updated the scale to reflect the 1999 FPIGs.

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When Wages Aren't Enough II:

How the **Child Care Works** Program Impacts Family Self-Sufficiency

by Diana M. Pearce, Ph.D.
University of Washington

Prepared for:

The Pennsylvania Family Economic Self-Sufficiency Project of Women's Association for Women's Alternatives, Inc., and

Child Care Matters, a child care partnership of Delaware Valley Association for the Education of Young Children, Delaware Valley Child Care Council, Philadelphia Citizens for Children and Youth, Philadelphia Early Childhood Collaborative and United Way of Southeastern Pennsylvania

September 1999

The Pennsylvania Family Economic Self-Sufficiency Project

The Pennsylvania Family Economic Self-Sufficiency Project is a collaborative effort of more than 800 stakeholders from state and local organizations and government agencies that are part of the economic development, social welfare, job training and education communities in Pennsylvania. *The Pennsylvania Family Economic Self-Sufficiency Project* helps low-income families build paths out of poverty by providing vital resources, training and advocacy that offer realistic ways in which self-sufficiency can be achieved. Nationally, this project is coordinated by Wider Opportunities for Women in partnership with the Corporation for Enterprise Development, the Ms. Foundation for Women, and the National Economic Development and Law Center. In Pennsylvania this project is convened by the Women's Association for Women's Alternatives (W.A.W.A.). W.A.W.A. offers a wide array of supportive services to low-income women and their children to ensure that they are able to have stable, independent and self-sufficient lives.

Child Care Matters

Child Care Matters is a privately funded child care partnership in southeastern Pennsylvania committed to increasing the quality, availability and affordability of child care in the region. Five non-profit organizations participate in the Child Care Matters effort: Delaware Valley Association for the Education of Young Children, Delaware Valley Child Care Council, Philadelphia Citizens for Children and Youth, Philadelphia Early Childhood Collaborative and United Way of Southeastern Pennsylvania. Child Care Matters is the large private initiative in support of quality child care in Eastern Pennsylvania. The project works directly with nearly 100 child care providers in Chester, Delaware, Montgomery and Philadelphia counties, providing funding and technical assistance that makes child care more affordable and improves quality. Other project components include public policy, communications and business initiatives. To learn more about the public policy work of Child Care Matters, contact Harriet Dichter or Sharon Ward at Philadelphia Citizens for Children and Youth (PCCY), 7 Benjamin Franklin Parkway, Philadelphia, PA 19103, (215) 563-5848 and to learn more about the overall Child Care Matters project contact Marlene Weinstein at United Way, 7 Benjamin Franklin Parkway, Philadelphia, PA 19103 (215) 665-2611.

The Pennsylvania Family Economic Self-Sufficiency Project is supported by grants from the U.S. Department of Labor Women's Bureau-Region 3, Philadelphia, PA; the Pennsylvania Department of Community and Economic Development; the Philadelphia Foundation; the Samuel S. Fels Fund; the William Penn Foundation; The Reinvestment Fund; and Wider Opportunities for Women. This report was funded by Child Care Matters. Additional copies of this report or other *Self-Sufficiency Project* publications may be obtained from Jane Eleey, Project Coordinator or Carol Goertzel, W.A.W.A. Executive Director & Project Director at (610) 543-5022. Technical questions should be referred to the author (and originator of the Self-Sufficiency Standard), Dr. Diana Pearce, at (206) 616-2850 or fax: (206) 543-1228.

Women's Association of Women's Alternatives
225 S. Chester Road, Suite 6
Swarthmore, PA 19081

When Wages Aren't Enough II:
How the Child Care Works Program Impacts Family Self-Sufficiency
By Diana M. Pearce

Introduction

With the advent of "welfare reform", and related changes in the provision of social services, many families are struggling to meet their families' needs through employment, but at relatively low wage levels. Many advocates, public officials, and service providers have grappled with the issue of how to enable low-income single parents achieve economic self-sufficiency. In the study reported in this paper, the impact of the level of child care subsidy on the adequacy of wages to meet families' basic needs is modeled for the Philadelphia metropolitan area.

The study uses the Self-Sufficiency Standard, a measure of income adequacy developed by Dr. Diana Pearce. In 1999, Dr. Pearce calculated the Standard for Pennsylvania for Women's Association for Women's Alternatives. (Both the Summary Report of the Standard, and the Full Report--which provides the Standard for 70 different family types for each county in Pennsylvania--are available from W.A.W.A.)

The next section of this report introduces the self-sufficiency standard, describing the data used and how the Standard is calculated. The third section focuses on child care subsidies, both the original subsidy structure and the recently proposed (August 1999) schedule. It explores the impact of the proposed changes on the wages required to meet families' basic needs at an adequate level. This section models how temporary public subsidies (child care, food stamps, Medicaid) interact, and evaluates at various wage levels, whether the combination of wages and subsidies are adequately meeting their basic needs. The final section reflects on the findings from the models presented.

What is the Self-Sufficiency Standard?

The Standard is a measure of income adequacy. It defines the amount of income required to meet basic needs (including paying taxes) in the regular "marketplace" without public subsidies-such as public housing, food stamps, Medicaid or child care-or private/informal subsidies-such as free baby-sitting by a relative or friend, food provided by churches or local food banks, or housing shared with relatives or friends.

The Standard, therefore, estimates the level of income necessary for a given family to become independent of welfare or other public or private subsidies. It answers the question, "How much is enough? That is, how much money does it take for a family of a given size and composition, living in a certain place, to be self-sufficient--paying for their basic necessities out of their own pockets, without resort to public to private assistance?"

The Self-Sufficiency Standard calculates the minimum amount of money necessary for a family to meet its basic needs. That is, the amounts allotted are sufficient to meet minimum nutrition standards, to obtain housing that is neither substandard nor overcrowded. Thus self-sufficiency does not mean luxury, or even comfort, but means maintaining a decent standard of living and hot having to choose between basic necessities—whether to meet one's need for child care but not for nutrition; or housing, but not medical care. A family's income is deemed inadequate if it falls below this minimum amount. In these ways, the Standard is similar to the official measure of poverty calculated by the Census Bureau. The Standard, however, differs from the official poverty measure in several important ways:

- The Standard assumes that *all adults work full-time*, and therefore, includes costs associated with employment, specifically transportation and taxes, and for families with young children, child care.

- The Standard takes into account that many costs differ not only by family size and composition (as does the official poverty measure), but also by the *age of children*. While food and medical care costs are slightly lower for younger children, child care costs are much higher-particularly for children not yet in school-and are a substantial budget item not included in the official poverty measure.

- The Standard accounts for *regional variations in cost*. This is particularly important for housing. Housing in the most expensive areas of the country costs four times as much as in the least expensive areas for equivalent size units. Regional variation also occurs for child care, health care and transportation, although to a lesser extent than for housing. Even within the Philadelphia metropolitan area, there is variation in costs. It is assumed that only those in the city of Philadelphia use (less expensive) public transportation, and child care costs vary considerably by county.

- The Standard includes the "cost" of taxes, and the "benefit" of tax credits. It provides for state sales taxes, as well as payroll (Social Security) taxes, and federal and state income taxes. Two credits available to working adults, the Child Care Tax Credit (CCTC) and the Earned Income Tax Credit (EITC) are "credited" against the income needed to meet basic needs-thus reducing the income needed to be self-sufficient.

- The Standard accounts for the fact that, over time, various costs increase at different rates. For example, food costs, on which the official poverty thresholds are based, have not increased as fast as housing costs: the official poverty thresholds, which are based on food costs and do not allow for differential inflation rates among other non-food basic needs, are no longer adequate to meet real needs.

By incorporating these factors, the Self-Sufficiency Standard moves beyond the poverty threshold approach in three important ways. First, the Standard reflects the changing needs of families resulting from two important demographic changes that have occurred over the last three decades-the growth of single-parent families and the increased participation of mothers in the labor force. Second, the Standard allows for changes in net income resulting from changes in tax policy, particularly the much higher level of taxes paid by low-income families today, and the tax credits now available to these families. Third, it reflects the geographical differences in costs-especially housing and child care--not only between different regions and states, but also within states. The Standard defines needs at the most detailed level possible, depending upon data availability, usually at the county level.

How Is the Self-Sufficiency Standard Calculated?

The Self-Sufficiency Standard is calculated using a market basket approach, that is, the Standard prices each component individually. (For detailed information on calculating the Standard, please see *The Self-Sufficiency Standard for Pennsylvania*). This market basket approach allows each component to vary independently, so that over time, if some costs rise faster than others, the Standard will reflect the changes in the *relative* importance of each item and its individual cost or benefit. The market basket approach also allows for adjustments in the Standard if a subsidy becomes available.

Each component included in the Self-Sufficiency Standard is calculated using figures that are either collected and calculated by a single national source (such as the U.S. Bureau of the Census) or calculated by state government agencies using standardized methodology (such as child care costs). All costs presented in The Self-Sufficiency Standard for Pennsylvania are for 1998 or have been updated, using the Consumer Price Index (CPI), so that they are equivalent.

The costs for the Standard are as geographically specific as is possible with the data available, and based on knowledge of variations in costs. Thus, costs that have little or no regional variation (such as food) are standardized, while costs such as housing and child care, which vary substantially, are calculated at the most geographically specific level available, which in Pennsylvania is at the county level. The components of the Self-Sufficiency Standard for Pennsylvania and the assumptions included in the calculations are described below.

Housing: The Standard uses the 1996 Fair Market Rents for housing costs, which are calculated annually by the U.S. Department of Housing and Urban Development for every metropolitan housing market and non-metropolitan county. These "rents" reflect the cost of a given size unit (including utilities but not including telephone) at the 40th percentile level. (At the 40th percentile level, 40% of the housing in a given area would be less expensive than this amount; 60% would be more expensive.) The Fair Market Rents are intended to reflect the costs of housing that meet minimum standards of decency. The Self-Sufficiency Standard adjusts for the size of the unit depending upon the size of the family. It assumes that parents and children should not share the same bedroom and that there should not be more than two children in a bedroom. Therefore, one parent and one child need a two-bedroom apartment, as do two parents with two children.

Child Care: We derived the 1998 child care costs from Pennsylvania's market survey of child care costs. (These surveys were mandated by the Family Support Act of 1988, to be conducted biannually.) The child care amounts provided in the market surveys allow access to 75% of the local child care market, and are based on the age of the child and the type of setting (e.g., whether the child is in a child care home, a center, or a before-and-after-school program). Child care costs at the 75th percentile reflect care that allows for quality, long-term child development. We acknowledge the unfortunate reality that not all families will choose this type of care, however.

Since studies have shown that most families using out-of-home care choose a family day care home for infants and toddlers, and center-based care for children three to five years old, the Standard assumes that infants (children less than three years of age) receive care in registered or licensed day care homes full-time, while preschoolers go to day care centers full-time. School-age children (ages six to twelve) are assumed to receive part-time care in before- and after-school programs.

Food: The Standard uses the U.S. Department of Agriculture's Low-Cost Food Plan for June 1998 to calculate food costs. (USDA does not produce annual averages for food costs. However, we follow the Food Stamp Program and use estimates for June as an annual average.) The amounts for food in the Low-Cost Food Plan are about 25% higher than in the Thrifty Food Plan, which the Census Bureau uses to calculate the official poverty thresholds. The Low-Cost Food Plan also allows for a nutritionally adequate diet and is based on more realistic assumptions about food preparation time and consumption patterns. The food costs in the Standard are varied according to the number and age of children and the number and sex of adults. Since there is little regional variation in these costs, the Standard uses the national average costs for all areas.

Although the Low-Cost Food Plan amounts are higher than the amounts used to calculate the official poverty thresholds, they are conservative estimates of food expenditures. Even though average American families spend about 39% of their food budget on food eaten away from home, according to the Consumer Expenditure Survey, the Low-Cost Food Plan does not allow for any fast-food or restaurant meals.

Transportation: Families living in cities with adequate public transportation-which, in effect, means a city with a rail as well as a bus system that is used by a substantial percentage of the population-are assumed to use public transportation to get to work Philadelphia has such a system. For families who live in the suburban counties and cities that do not have adequate public transportation systems, it is assumed that *each* adult must own and operate a car. (It is unlikely that two adults with two jobs would be traveling to and from the same place of work, at exactly the same times.)

Private transportation costs are based on the costs of owning and operating an eight-year-old car, or cars. The Standard assumes the car(s) will be used to commute to work five days per week, plus one trip per week for shopping for food and other errands, and slightly longer trips for one parent for taking children to and from child care. The costs include monthly variable costs (e.g., gas, oil, tires, and maintenance) and fixed costs (e.g., fire and theft insurance, property damage and liability, license, registration and taxes, finance charges). The costs do not, however, include the initial cost of purchasing a car.

The Standard adjusts transportation costs (including mileage) based on whether the family is headed by a single parent, two parents or a single adult with no children. The Standard also adjusts for differences in transportation costs by region of the country. Data for transportation costs were obtained from the American Automobile Manufactures

Association and the Consumer Expenditure Survey.

Health Care: The Self-Sufficiency Standard assumes that a full-time worker has health insurance coverage provided by her/his employer. Health care costs included in the Standard are limited to the employee's share of insurance premiums plus additional out-of-pocket expenses, including co-payments, uncovered expenses (such as costs for dental care and prescriptions) and insurance deductibles. The Standard assumes that employees will pay one-third of the cost of health insurance. Although workers who do not have employer-provided health insurance often "do without," we stress that families cannot be truly self-sufficient without health insurance. Data for Pennsylvania's medical costs were obtained from the National Medical Expenditure Survey and the Families USA report, Skyrocketing Health Inflation: 1980 - 1993 - 2000.

Miscellaneous: This expense category includes items such as clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products and household items, personal hygiene items, and telephone. Miscellaneous expenses are calculated by taking 10% of all other costs. In comparison to other income and poverty measures (which usually recommend 15%), this percentage is a conservative estimate.

Taxes: Taxes include sales tax, federal and state income tax, and payroll tax (federal and city). State tax rates are calculated using the 1996 Commerce Clearinghouse State Tax Handbook and information from the Pennsylvania Department of Revenue. In 1998, the Pennsylvania retail sales tax was 6%, with no tax on food. Sales taxes are calculated only on "miscellaneous" items; taxes on gasoline are included in the cost of a car. The state income tax rate is 2.8% for all individuals and families, with no deductions or exemptions. However, Pennsylvania provides "tax forgiveness" for families with low incomes, depending upon household size. For example, a one-person household does not pay any taxes if her/his income is less than $6500; a five person family does not pay any state income tax if their income is less than $31,000, but they start paying the full rate at incomes of $33,250 or higher.

Payroll tax for OASDI and Medicare is calculated at 7.65% of each dollar earned; residents of Philadelphia pay an additional tax of 4.69% on earnings. Although the federal income tax rate is higher than the payroll tax rate-15% of income for families in this range-exemptions and deductions are substantial, so that families do not start to pay income tax until their incomes reach $10,000 to $12,000 or higher, thus lowering the effective tax rate to 7% to 10% for most taxpayers.

Earned Income Tax Credit (EITC): The EITC, or as it is sometimes called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from taxes owed by working poor and near-poor families. The EITC is a "refundable" tax, i.e., working adults may receive the tax credit whether or not they owe any federal taxes. Although it is included in the Self-Sufficiency Standard, it is not included in the models, as families generally do not receive it monthly, but rather as a lump sum payment during the following year.

Child Care Tax Credit (CCTC): The CCTC is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the CCTC is not a "refundable" or "negative" tax. A family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little to the federal government in income taxes, receive little CCTC.

The Child Tax Credit: The Child Tax Credit is a federal tax credit of up to $400 per child under 17 years. For families with one or two children, it is a credit against federal taxes, like the CCTC, and is not refundable. For families with three or more children, it can be taken as either a credit against federal taxes owed, and/or as a refundable credit, but only to the extent to which the payroll taxes paid exceed any EITC received.

The Impact of Child Care Subsidies on the Adequacy of Wages

Calculating the Self-Sufficiency Standard for families living in the Philadelphia metropolitan area makes clear that, given the relatively high costs of housing, child care, and other basic needs, the wage at which a given family is self-sufficient is often quite high. This is especially true for single parent families with children below school age: for example, a single parent with one infant and one preschooler requires wages of $16 to $18 per hour, depending upon where they live, in order to meet her family's basic needs, without public or private subsidies.

One of the single most costly expenses for many families with very young children is child care. By subsidizing this cost, the government helps bridge the gap between the needs of low-income families and their wages. This subsidy is crucial, allowing parents to obtain adequate housing, food, and so forth, even though wages may not be very high. With their basic needs met at an adequate level, child care subsidies make a critical contribution to helping to stabilize families as they secure a foothold in the labor market, allowing them to do so without jeopardizing their families' health, nutrition, or housing situation.

In the tables accompanying this section, we have taken one family type--a single parent with a preschooler and an infant--and modeled how providing child care assistance affects the adequacy of wages at various levels. We have chosen wage levels that are multiples of the poverty standard, from 75% of poverty (which working full-time, is a wage of $4.93 per hour) up to 235% of poverty, which is $15.44 per hour. (The latter amount was chosen because child care subsidies phase out at 235% of poverty). There are two tables for each of the five counties in the metropolitan area--Bucks, Chester, Delaware, Montgomery, and Philadelphia.

Each table has the Self-Sufficiency Standard for a single parent with an infant and a preschooler in the first column, as a benchmark. This shows the full cost for each basic need--child care, food, health care, and so forth, without subsidies. It shows that at the self-sufficiency wage, the parent is able to cover 100% of her costs, there is no shortfall or surplus, and the wage is adequate (see shaded bar at the bottom of the table). Subsequent columns evaluate wages at different income levels, starting with 75% of poverty, and incorporating the various subsidies for which the parent is eligible at a given income level. Thus the child care co-payment is substituted for the full cost of child care. Food costs are the remaining costs of food, after taking food stamps into account. (Thus if a family's food costs are $322 for the month, and they receive $150 in food stamps, they will be shown as having a food cost of $172, or $322-$150).

For health care, it is assumed that the children are covered by CHIP (Child Health Insurance Program), with no premiums below 200% of poverty, but a child premium above that cost. Adult health care costs are assumed to be covered through employer-provided health insurance, with the employee paying his/her share of an adult premium (not a family premium), plus adult out-of-pocket costs.

Costs that have been reduced by subsidies are shown in bold. Note that families with gross incomes over 130% of poverty are not eligible for food stamps, so that subsidy is not included for families with wages at 150% of poverty or higher.

Costs not affected by subsidies have been assumed to be at the same level as in the Self-Sufficiency Standard, including taxes. However, very few families receive EITC on a monthly basis (and if they do, it is only a partial payment, which in 1999 has a maximum of $116 per month per family), with most receiving it as a lump sum payment in the following year. For this reason, we do not show a monthly EITC payment, even though they may be eligible for this supplement.

In the last three rows of each table, the total expenses (including taxes) are compared with the income from the given wage level. If the expenses (including net taxes, and the effects of subsidies, if any) are greater than the wage income, then there is a shortfall of income (shown as a negative number), and the wage adequacy question is answered "no" (see shaded bar). If the income from wages is equal to or greater than total expenses, then this question is answered "yes". In the last line, the degree of wage adequacy is quantified as the per cent of total expenses covered by the income from wages. Thus if wages at the poverty level provide 91% of the amount needed to cover expenses (including the effect of food stamps and/or child care subsidies and/or Medicaid/CHIP on expenses), then the number in the last row will be 91%. In short, this means that this particular wage covers 91% of the single mother's expenses.

For each county, the first table and second table are exactly the same, except that the first panel models the effects of the *former* child care subsidy structure (in effect in February 1999), and the second table is the same except that it uses the *proposed* (October 1999) co-payment schedule. (Of course, by definition, the Self-Sufficiency Standard, in column one, does not incorporate any subsidies, and thus is the same in both tables for each county).

Former Child Care Subsidies: the cost of child care for two children, one an infant and the other a preschooler, ranges from $887 per month in Philadelphia to $1096 in Chester County, making it by far the single largest item in this single parent family's budget, wherever they live. Child care subsidies substantially reduce this cost, helping the lowest income families the most, substantially increasing the adequacy of their wages. Without the child care subsidy, families with earnings at the poverty level would only cover about 50% of basic needs. However, Philadelphia families with wages at the poverty level, with the help of the original child care subsidies, as well as Food Stamps and Medicaid/CHIP, were able to meet 81% of the costs of their basic needs. This still leaves this family about $260 short, but is much better than without the subsidies.

Because of higher costs in the suburban counties, the original child care subsidy raises wage adequacy somewhat less, to 78% in Bucks County for example. However, again the contrast with no subsidy is quite dramatic, covering only about half of the cost of meeting basic needs.

Proposed Child Care Subsidies: In the second panel or table for each county, the impact of the proposed child care subsidies is shown. The proposed changes substantially *increase* the parents' co-payments at each income level. For those at the 75% and 100% of poverty levels, it just about doubles their co-payment; for those at the 125% and 150% of poverty levels, it increases the payment by 75%. What this means in terms of income percentages is that families at or below the poverty level, (with incomes even *with* subsidies that only meet 60-80% of their needs), are expected to pay 5-8% of their income (depending on family size) towards child care. Those with incomes that are still low, in the 125-150% of poverty range, are expected under the proposed co-payment schedule, to pay 9-11% of their incomes, even though incomes are also not adequate to their needs.

Nonetheless, for those with incomes below 130% of poverty, some of the impact of this increased cost of child care is offset by an increase in the food stamp benefit (because food stamps take into account child care costs in the calculation of benefits). Thus the net effect reduces wage adequacy by about 1% or 2%, depending upon the county and income level. However, for those at slightly higher income levels--150% and 185% of poverty--the impact of these changes is much larger, as they are not offset by changes in food stamp benefits (which families at this level do not receive at all). *Families at these income levels have their wage adequacy levels reduced by 7 to 11% by the change in the child care co-payment schedule.* Even though they are still far below self-sufficiency (that is, their incomes are still far below the point at which they would no longer need subsidies), under the proposed co-payment schedule, these families have substantially increased child care costs, and experience substantial decreases in wage adequacy.

Finally, it should be noted that child care subsidies are phased out at incomes at 235% of poverty and above. At this point, which is still below self-sufficiency for this family, the loss of child care subsidies results in a drop in wage adequacy to below 100% in all jurisdictions.

Geographical differences are not large. Although child care and transportation is less in Philadelphia than in the suburban counties, taxes are higher in the city of Philadelphia, so that overall the expenses for a given family are similar, although overall are somewhat higher in the suburban jurisdictions. Thus the effect of child care subsidies and other subsidies are similar on wage adequacy across the different jurisdictions, as family incomes, and child care co-payments, increase.

Conclusions

Because of the high cost of living in the Philadelphia metropolitan area, achieving economic self-sufficiency, i.e., having earnings sufficient to adequately meet a family's basic needs for shelter, food, child care, and so forth, requires quite high incomes. This is particularly true for families with very young children, requiring full-time child care.

Providing families with Medicaid, child care subsidies, and food stamps (if eligible) has a dramatic impact on wages. For families who qualify for all three, required wages are reduced by more than 50% (compared to the full, unsubsidized Self-Sufficiency Standard). Even for families whose incomes must be higher to meet other expenses, disqualifying them for food stamps, the combination of Medicaid and child care subsidies reduces their required wages by at least 30%, depending upon the family type and the county in which they live.

The proposed changes in child care co-pays again increase the wages required to meet family needs. This is particularly true for those struggling to make ends meet who are enough above the poverty line to lose food stamps eligibility, but whose incomes are insufficient to meet even their basic expenses (of food, shelter, transportation, health care and taxes). For these families, the substantial increases in child care co-pays between February 1999 and those proposed in August 1999 will have a substantial impact on their wage adequacy levels.

With their wages reduced by subsidies, families entering employment are able to meet their needs adequately, even though their wages are still quite low. Meeting their needs at an adequate level means that their housing is decent, their child care is dependable, their food budget affords adequate nutrition, and so forth. This level of adequacy also means much more stability than is likely to be the case where families with less than sufficient resources must double up to conserve housing dollars, use poor quality or undependable, but cheap, child care, or skimp on food. With stability, the opportunity to parlay employment into steady earnings and wage increases is enhanced.

Jeopardizing these crucial yet fragile balances of income and needs is costly for families now and in the future. Subsidies help families along the road to long-term economic self-sufficiency, but only when they truly help families meet their basic needs adequately even when their wages are low.

Table 1A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Bucks County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,065	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.42*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$615	$81	$103	$162	$267	$379	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$468	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,028	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,028
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$236	$236	$236	$236	$236	$236	$236	$236
SUBTOTAL--Living Expenses	$2,597	$1,293	$1,378	$1,489	$1,630	$1,695	$1,778	$2,590
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,065	$1,374	$1,481	$1,614	$1,816	$1,933	$2,051	$2,970
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$506	-$324	-$168	-$81	$207	$262	-$251
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	90%	96%	111%	113%	92%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 1B. Wage Adequacy at Various Income Levels, for a Single Parent with One Preschooler and One Infant, Bucks County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,065	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.42*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$615	$81	$103	$162	$267	$379	$424	$527
*Earned Income Tax Credit (-)**	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$468	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,028	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,028
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$236	$236	$236	$236	$236	$236	$236	$236
SUBTOTAL--Living Expenses	$2,597	$1,309	$1,408	$1,525	$1,717	$1,782	$1,843	$2,590
TOTAL COSTS: Taxes, Tax Credits and Living Expenses	$3,065	$1,389	$1,511	$1,650	$1,902	$2,019	$2,116	$2,969
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$522	-$354	-$204	-$167	$120	$197	-$251
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	77%	88%	91%	106%	109%	92%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 2A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Chester County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,167	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.99*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$641	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$494	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,096	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,096
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$243	$243	$243	$243	$243	$243	$243	$243
SUBTOTAL--Living Expenses	$2,672	$1,300	$1,385	$1,496	$1,637	$1,702	$1,785	$2,665
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,167	$1,381	$1,488	$1,622	$1,823	$1,940	$2,059	$3,045
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$514	-$331	-$176	-$88	$200	$255	-$327
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	89%	95%	110%	112%	89%

*Because so few families receive the EITC on a monthly basis, it is not shown here.

Table 2B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Chester County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,167	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.99*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$641	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$494	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,096	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,096
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$243	$243	$243	$243	$243	$243	$243	$243
SUBTOTAL--Living Expenses	$2,672	$1,316	$1,415	$1,532	$1,724	$1,789	$1,850	$2,665
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,167	$1,396	$1,518	$1,657	$1,910	$2,027	$2,123	$3,045
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$529	-$362	-$211	-$175	$113	$190	-$327
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	76%	87%	91%	106%	109%	89%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 3A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Delaware County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,077	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.48*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$618	$81	$103	$162	$267	$379	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$471	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,036	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,036
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$237	$237	$237	$237	$237	$237	$237	$237
SUBTOTAL--Living Expenses	$2,606	$1,294	$1,379	$1,490	$1,631	$1,696	$1,779	$2,599
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,077	$1,375	$1,482	$1,615	$1,817	$1,934	$2,052	$2,979
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$507	-$325	-$169	-$82	$206	$261	-$261
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	90%	95%	111%	113%	91%

*Because so few families receive the EITC on a monthly basis, it is not shown here.

Table 3B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Delaware County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,077	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.48*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$618	$81	$103	$162	$267	$379	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$471	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,036	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,036
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$237	$237	$237	$237	$237	$237	$237	$237
SUBTOTAL--Living Expenses	$2,606	$1,310	$1,409	$1,526	$1,718	$1,783	$1,844	$2,598
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,077	$1,390	$1,512	$1,651	$1,903	$2,020	$2,117	$2,978
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$523	-$355	-$205	-$168	$119	$196	-$260
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	77%	88%	91%	106%	109%	91%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 4A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Montgomery County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,137	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.82*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$633	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$487	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,076	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,076
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$241	$241	$241	$241	$241	$241	$241	$241
SUBTOTAL--Living Expenses	$2,650	$1,298	$1,383	$1,494	$1,635	$1,700	$1,783	$2,643
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,137	$1,379	$1,486	$1,619	$1,821	$1,938	$2,056	$3,023
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$512	-$329	-$174	-$86	$202	$257	-$305
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	89%	95%	110%	112%	90%

*Because so few families receive the EITC on a monthly basis, it is not shown here.

Table 4B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Montgomery County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,137	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.82*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$633	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$487	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,076	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,076
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$241	$241	$241	$241	$241	$241	$241	$241
SUBTOTAL--Living Expenses	$2,650	$1,314	$1,413	$1,530	$1,722	$1,787	$1,848	$2,643
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,137	$1,394	$1,516	$1,655	$1,908	$2,025	$2,121	$3,023
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$527	-$360	-$209	-$173	$115	$192	-$305
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	76%	87%	91%	106%	109%	90%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 5A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Philadelphia County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$2,923	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$16.61*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$714	$120	$156	$229	$347	$478	$531	$653
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$568	$120	$156	$191	$266	$337	$380	$506
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$887	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$887
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$64	$64	$64	$64	$64	$64	$64	$64
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$214	$214	$214	$214	$214	$214	$214	$214
SUBTOTAL--Living Expenses	$2,355	$1,192	$1,276	$1,388	$1,528	$1,593	$1,677	$2,347
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$2,923	$1,312	$1,432	$1,579	$1,794	$1,930	$2,057	$2,853
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$444	-$275	-$133	-$59	$210	$257	-$135
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	66%	81%	92%	97%	111%	112%	95%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 5B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Philadelphia County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$2,923	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$16.61*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$714	$120	$156	$229	$347	$478	$531	$653
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$568	$120	$156	$191	$266	$337	$380	$506
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$887	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$887
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$64	$64	$64	$64	$64	$64	$64	$64
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$214	$214	$214	$214	$214	$214	$214	$214
SUBTOTAL--Living Expenses	$2,355	$1,207	$1,307	$1,423	$1,615	$1,680	$1,741	$2,347
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$2,923	$1,327	$1,462	$1,615	$1,881	$2,017	$2,121	$2,853
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$459	-$305	-$169	-$146	$123	$192	-$135
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	65%	79%	90%	92%	106%	109%	95%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

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The Pennsylvania Family Economic Self-Sufficiency Project
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MARCIA EVANS

My name is Marcia Evans. I live in Williamstown, Dauphin County. At age 17 I started a job in a garment factory working for piece rate wages. I worked very hard for 13 years, 8 hours a shift. During this time, I put myself through night school to obtain a better job with good benefits and job security. I did this because I live my life for my children.

I reached my goal in obtaining the best job I can get to support my family. I am presently employed by the State Department of Agriculture. I am proud that I put myself through school to got a better job, but I am still paying off my education loans.

I am 38 years old and now the single parent of 5 minor children. I have two daughters ages 17 and 13 and three sons ages 6 and twins age 4. My sons require day care in order for me to be employed.

I travel 100 miles a day round trip to get to my job in Harrisburg. My 6 year old has asthma. We doctor him with a specialist in Harrisburg for allergy therapy to keep his asthma under control. When my son has an asthma appointment with the specialist I travel 200 miles in one day

It is my reality that I have been struggling financially prior to the increase in co-payments. I am presently living a financial nightmare of devastation because of the increase in my co-payments from $25 per week to $70 per week. I was recently told by the Child Care Network that my co-payment will go down to $55 per week, but this is still more than double the amount I was paying before the new child care regulations.

When one of my children are sick, I am forced to take money from a bill to pay the doctor. There is no place in my budget for medical expenses but they become a priority. And even though I have good medical insurance I am reimbursed at 80% of the cost, and I must pay the difference.

Prior to the increase in co-payments I was able to "Rob Peter to Pay Paul" so to speak and manage to survive. I have learned how long I can hold off creditors before service is disconnected or sent to collection. My creditors are demanding more than I can afford.

Food is no longer the priority it once was in my budget. I am forced to feed my family cereal 3 to 4 times a week. We haven't been eating properly. I purchase food from a local store that sells products from damaged freight and take a chance on outdated items.

I have high maintenance on my vehicle because of the necessary travel to get to work and for appointments. Next month I fear I may have to drop my care insurance in order to survive.

I cannot move my family closer to my job because the cost of living is double in the Harrisburg area. And I will not leave my children at home alone unsupervised and place them in danger to remedy my financial devastation.

I am having yard/porch sales selling outgrown clothing and other items to have money in my pocket to get to my next paycheck. I shop for clothing in a department store that allows items to be placed on layaway because I do not have the money to purchase what is needed at one time.

I recently surrendered our family pet, a dog, to a shelter because I could not afford to feed him. I figured it would help in the long run. I explained this to my children on their level the reality of why? And told them someday we may be able to get another pet.

I do not go to the doctor for myself unless I am in total agony. I do not have money to take my family out to eat or for entertainment such as renting videos as we once did.

I just keep falling deeper into debt more so than I ever have been in my life while I work and struggle the hardest I ever have in my life. There is no more "Peter to rob to pay Paul."

In April the anxiety and stress from the increases co-payments took their toll on me. I am beginning to feel defeated at my purpose for even going to work.

Last week I informed my Bureau Director that it is highly possible I will have to quit my job because I am being forced to poverty level though the increase in co-payments. I told him I will be forced to quit the best job I can get to rely on the welfare system totally if the co-payments are not changed back. Something must be done quickly to remedy the financial devastation the increased co-payments are causing for me as well as for others.

I pray to God and my country that those in authority have their eyes and ears and hearts open to all of us who are being financially devastated and change the co-payments back to what they were.

Thank you all so much for listening to my story of reality.

Marcia Evans (6/3/99)

JOANNA MILLER

My name is Joanna Miller. I live with my two daughters in Mechanicsburg. I would like to give you an idea of Sierra's beginning of life. She was born 18 weeks early. She weighed in at 1 pound 6.5 ounces. Everything that the doctors said would happen, did happen, but she went through it.

The problems that she does have are:
-hydrocephalus - brain damage
-Cerebral palsy, left side
-eye problems (nystagmus), eye-shakes, but she can see
-kidney reflux
-some hearing loss, constant ear infections
-seizures

I was looking for daycare before I started looking for work. Because of Sierra's special needs no day care was willing to take her. When I finally found a day care that would accept her and her special needs, I found a job and thought that everything was going to be better. I make $8 an hour working as a school bus driver, 5 hours a day. I was earning my own money, and was able to start paying bills and getting back on my own two feet. When I found out that my co-payments for daycare was taking my money for things I had to buy for myself (personal items, clothing, shoes, hair-cuts for myself and both of my children). My co-payment is now $100 per month. Under the old co-payment scale my co-payment would be $40 per month.

Also, because of Sierra's special needs she is not potty trained so I have diaper wipes to buy and personal items for diaper rash and yeast infections. She is on medicine for her seizures - Tegretol, Depakote and with these medicines the doctor had said that the only cold medicines that Sierra could take would be tylenol cold and children's motrin for her fever. She has trouble with fever seizures so it is important that I keep her fever down if she has fever.

Sierra is on Nebulizer treatments for her asthma, 3x's a day and I have to buy the saline solution to dilute her Albuterol. During the summer, I have to keep the air conditioner on 24 hours a day, 7 days a week. And then I have to watch taking her outside into the heat from the cool air, she could have an asthma attack or she could end up with bronchitis. There have been times when I had to take from one of two different bills in order to pay or buy something important for my children. Like my taxes, they have not been paid yet, and because they haven't been paid yet they were stuck in the credit bureau and additional charges added on to them. But, my bills have to be paid, I know that.

I go without a lot to pay bills and I have given up a lot just so my daughters can have what they need. Sometimes I feel that the only thing I have left to give up are my daughters. I love my children enough not to give them up, but I think that I would have to go back on welfare and move back in with my mother to make ends meet. Sierra's baby-sitter, Mary Loreman, is willing to deal with Sierra's special needs.

If I lost Sierra's sitter, I would have no other choice but to go back on welfare.

I like working and making my own money. I would like to chance to prove that I can do it, but I need more help with daycare expenses.

My name is Ruth Howze and I appear before you today regarding the increase in childcare co- payments. Late in February, I was notified by Coordinated ChildCare Partnerships that my co- payment would be increased from $30.00 dollars to $55.00- a $25.00 dollar increase a week, but at least a $100.00 increase for a month. This change in fee effected me immediately. As the weeks went on, I realized that this change would eliminate entertainment and prevent me from purchasing educational tools for my children and myself, such as ink and paper for our computer. My family relies on such minor necessities so that we can be better students and ultimately productive citizens of our community. This may seem minor to some of you. Maybe you might think that my loses are insignificant, but I assure you, for every day that my family suffers and remains stagnant in our educational growth, my family takes another step into poverty. A place where I do not enjoy being.

I have already come to terms that we will be eating more leftovers, arranging all of the family activities in the home or within walking distance (because there is barely enough gas money to get to work, childcare and to school). However, there are some things that my family need to simply survive and I find myself doing without them because of circumstances such as an increase in my co-pay. I recently received information from the subsidy program that because I reported a new job with an increase in salary that my co-pay will now be increased to $75.00 a week and soon my oldest daughter whom will be thirteen will be force off of subsidy and will have to fend for herself. All of this is a bit much for me to swallow all at one time. I resent having to witness the hardships of my family that are being served by the hands of the State. I ask you today to consider the smaller folks that are struggling day to day to pursue life, liberty and opportunity that we deserve. Thank You.

Respectfully Submitted by Ruth Howze

Dear Gentlemen and Ladies,

I am here today to address you about a problem that is hurting a lot of parents and children, the problem is with the great increase of the co-payments for the sibsidized child care. The increase is hitting us hard. We want good care for our children, and now with the increase I don't know how I will be able to afford it

Let me back up a little and tell you about myself and my family. My husband and I are both self-employed people and let me tell you now that it is not easy. We have no medical insurance, no paid days off, no sick leave, no paid vacations or holidays. But we choose to work for ourselves. We have 5 children and 1 grandchild living with us. Their ages are 19,16,12,6,4 and our grandson is 3 months old.Our oldest son is learning the carpet trade. Our one daughter choose to go to Milton Hershey School, who knows WE may have a lawyer in the family someday!

We use the full time day care for our son that is 4 years old and summer day care for our 6 year old daughter. Than our other daughter uses day care for her baby in order for her to attend school.

The children get a well structured care. They have play time, reading time, music time, they are encouraged to do simple chores(like help setting the table).

Now to tell you what this increase MEANS to our family. The increase will almost double. I'm not sure what we are going to do. I can work nights but that means I will have to find new clients because all my clients right now are day work!

And my daughter, the one that is still in school, well I don't know what will happen cause you see she can't go to scool at night so I hate to say this but she may have to drop out of school. I just can't afford to send her to school at a cost of $90.00 a week! So you see this is hitting our family.

We have worked very hard, in fact this is the best year we had! And to have this much of an increase is very hard. I figured it out and what I made last year will be going to day care this year! <u>Is it worth trying to become self-sufficent</u>? <u>YES</u> we will make it even if it means my husband will be watching the children(and I guess that means a lot more TV watching for our children cause my husband is tried after installing carpet all day).

And <u>YES</u> my daughter will make it even if she has to drop out of school and go for a G.E.D.

But what about the single parents or the ones that don't have parents to help them?
You know something...Some of us are tried of being "WELFARE PEOPLE"...Some of us want to improve our selves, but how can we, when everytime we take one step forward, we get pushed back two steps????

This note is to show you how much my increase is..

1997 our income was around $19,000 we paid $5.00 a week

1998 our income was around $39,000 we will be paying $90.00 a week

Before the increase of subsidized child care it wiuld have been $50.00 a week for an income of $39,000!?!?

THANK YOU FOR YOUR TIME TODAY

Sincerely yours, Gloria J. Rinker (from the out skirts of Pottsville)

P.S. I also have to tell you that this will probably be the last time I can afford to travel to Harrisburg to ask you to please take a good look at the increase and what is doing to us. Thank you again.

To whom it may concern:

My name is Stephanie Turner, I am writing this statement is hopes that maybe I can make a difference for others and myself. Presently my childcare has increased from $5 to $20 a week, which may not seem like a lot to others, but by being a single parent of 4 children and one of the way, it is hard when you have to pay rent, electric, gas, car payment, etc. I have to work in order to show my children that is the only way you will get something out of life. Well, its been pretty hard for me to maintain my household without falling behind in some of my bills. I pay $300 in rent, gas $300 a month, electric $50 a month, car payment $270 a month and the list goes on. I appreciate the help I've been receiving from public assistance, but its not enough for someone to make it on. The increase has affected me in such a way that it doesn't pay for me to keep on working to get ahead and for childcare to increase so much that it puts you down. I really wish that someone would just listen to some of the stories that others and myself have to tell and help us to decrease childcare co-pays.

My deepest appreciation,

Stephanie Turner, YWCA
Housing Representative

My name is Kyoko T. Henson, I am a 38 years old widow with four children age 11, 9, 7, and 5. My children and I reside in Allegheny county. I am a college graduate, and worked through out my adult life except for the short period of time when my children were very small. Currently I am working at Family Care Connection as a family support worker. I worked for this agency as an Americorps National Services member during the years of '94 and '95 prior to becoming an employee at the agency.

My children attend Kinder Care Learning Center, three of them for after school care, and one all day. I am thankful that I do not have to pay the full amount for their care, but I feel that amount of money that I pay as co-pay is higher than anyone can afford. My co-pay went up from $45.00 to $70.00 per week. This means that I pay close to $300.00 per month for their care. This is over $100.00 increase per month. Due to this increase, not only I am still not able do some of the things I wish I could, but also I am not able to do things I was able to before.

I choose to pay my bills each time I get paid. This is hard to manage when you have limited resources. After I pay all my bills and childcare fees, I hardly have any money left. My children are growing and seasons change. I have no money to purchase any type of clothing for my children at any store. I work full-time and my children still wear donated clothing as they did when I stayed home with them. My 5 year old son still sleeps in the crib. I got my daughters' bunk-bed out of someone's garbage. I don't know when was the last time they went to a movie. We don't eat out or go to Mc Donalds. It seems to me that we are unable to see the small pleasures that hard work can bring. No matter how hard I work and try, the financial situation doesn't seem to get better for us.

Since the increase in the co-pay, I had to cut down on many other things in order for me to make ends meet such as food, car repairs and my dental care. My children learned to appreciate eating things that I fix with groceries from the food bank, they try to understand why they cannot have soda, or have their school book orders filled. My decayed and chipped tooth will not be fixed, my prescription for the back pain will *not* be filled.

I am also a part-time student at the University of Pittsburgh Graduate School of Social Work. I work hard and try to do anything that will lead us to a better financial situation. But it is hard for me to see that if that is really going to happen. I am due for an increase of my pay at work, and was offered a position at a different agency which paid much more. Unfortunately, due to the child care co-pay and fear of more increases, I was not able to accept these offers. Decrease in the eligible income guide lines will limit my future earnings. Because of my need for the childcare subsidy, I will be forced to take a job that I am over qualified for, and I will be under paid. Our financial situation will not get better.

The Federal Government requires parents who receive subsidy for childcare to pay a co-pay. But they do not have any guide line as to how much the co-pay should be, rather it states that it must be affordable. The co-pay which is placed on us here in Pennsylvania is clearly not affordable.

I hope that you will be able to see the hardships of working families, and reverse the guideline for the co-pay as well as eligible income guidelines and other regulations to make things easier for us, not to punish us.

My name is Michelle. I am a 40-year single parent with a two-year-old son. I am employed as an administrative assistant.

My son attends the Wilkinsburg branch of The Learning Tree Schools five days per week. It is a blessing to receive assistance in the form of a child care subsidy to assist with his tuition. I was on the waiting list for six months before funds were available for me to begin receiving this subsidy. Prior to receiving the subsidy, I paid for his child care out of pocket. I began receiving child care subsidy in December of 1997. My co-pay was $20 per week. Under the new regulations which took affect March 1, 1999, my co-pay increased to $35 per week. This increase placed additional financial pressure on me since my salary hadn't also increased. Toward the end of March my hours were increased on my job. My co-pay went up to $45 per week. I have gone from paying approximately $90 per month to paying approximately $202 per month.

I am constantly juggling bills from month to month. The only bills that get paid on a regular basis are my son's tuition and the mortgage. I have gone from paying my mortgage once a month to twice a month in order to have money between paychecks. This change in the way I am paying my mortgage has not made my mortgage holder very happy. In February of 1999 I explored the possibility of taking on a second job to help ends meet. The gross amount from this second job would have caused my subsidy to increase once again and the net amount from this second job would not have even covered the monthly co-pay. In other words, it would have cost me more to work a second job and would not have afforded me the opportunity to get back on track with my bills and make ends meet. I also credit card shop for clothes and food for my son in order to have a few dollars to take him places.

I subscribe to cable television so that my child can take advantage of some of the children's programs that are not local television such as Disney's "Bear in the House" and the Animal Channel's "Lassie programs." I cannot afford to subscribe to the premium channels. Unfortunately, the cable generally gets paid when I receive a termination notice. All my bills are behind. I try paying a little on each one in order to keep them going.

I have made changes in my life style in order to cut expenses. Some of these changes include coupon shopping, line drying clothes, and setting aside one day a week to cook several meals. In order to limit the use of my electric stove, I utilize my crock pot. I then reheat the meals in the microwave. I also receive W.I.C. and go to the food bank once a month.

I would love to be able to take advantage of opportunities to turn my financial situation around. However, doing that would jeopardize the child care subsidy I receive. Additionally, it is unfair the way the co-pay is determined. The formula used to determine your co-pay inflates your monthly income. This formula makes it appear that your gross monthly salary is more than it actually is. The inflated figure is what's used to determine your co-pay.

I hope this testimony helps win the battle in the fight of co-pay increases.

My name is Amy Donahue. I am a wife, and working mother of three children, a son nine and twin daughters who will be five later this week. I have been a part of the work force of Pennsylvania since I was 16 years old. That is 20 years when you subtract the two years that I stayed home after the birth of our son. My husband and I both pride ourselves in the fact that we have a very strong work ethic. When I was pregnant with our twins I worked right to the day that I went into labor. As a matter of fact, I left work in premature labor and went directly to the hospital, delivered the twins two days later, and returned to work in six weeks.

My husband who suffers from a chronic illness causing him constant pain and frequent vomiting has gone to work on days when he can't even hold down water. He is on eight different medications, one of which is an opium derivative patch for pain. His doctor has told him many times that he should go on disability, yet he continues to work. Unfortunately, his illness and meds have kept him from landing that dream job.

As a family we have struggled through extremely difficult times financially. One year of lost work due to my husbands' 96 days in the hospital and poor medical insurance left us in financial ruins. Yet we NEVER received welfare. At one point we faced eviction due to rent that had not been paid, but through the grace of God and an extremely compassionate landlady we paid the balance due in small payments over a period of time. Unfortunately, we had to rob Peter to pay Paul, so the utilities got behind.

Falling into the trap of poverty can happen as quickly as the ambulance pulling up to your door. Crawling out of that trap is a much longer, harder process. It is a constant shuffle of two steps forward, three steps back. Living paycheck to paycheck you live on the edge and one slight nudge of a car problem, a hospital stay or the tripling of a bill sends you spiraling back ten steps.

There is no surplus in our budget. We have neither a "rainy day fund" nor a rich relative lurking at deaths door that will leave us the bulk of their estate. The one thing that has kept us going and has kept us both working was the subsidized daycare program. With the help of paying for daycare I could place my children in a healthy, safe and educational child-care center and go to work every day with peace of mind. And I thanked God every day for this program for I knew without it I could not work, and without work, no one gets paid.

Now, at a time when we seemed to only be taking steps forward towards self-sufficiency we have been stopped dead in our tracks. Our co-pay has risen from $25.00 a week to $95.00. The one program that I thanked God for is now completely destroying the progress that we had made and putting a chokehold on our delicate financial situation. In the two and a half months since this change has gone into effect I have received shut off notices from the Water Company, the Gas Company and the electric company.

I drive to work every day with a desperate tightness in my chest for I know this is only going to get worse. I fall into the 186% to 235% percent of the Federal Poverty Level. This means that as of January 31, 2000 my subsidy will be cut off completely. Since the increase in the co-pays we are paying an average of 427.00 dollars a month for childcare and are not able to cover the bills. Come January when I loose my subsidy entirely how can I possibly pay over 900 dollars a month and survive. Is it even logical to continue to work only to pay for childcare?

With each passing day that Governor Ridge and Feather Houston continue to ignore the pleas of the working poor families across Pennsylvania to rescind these changes, each of us slips further and further away from the point of reaching self-sufficiency. With each dime of the 84 million dollar childcare surplus and the 298 million-dollar TANF fund surplus that the department of welfare continues to hoard we, the working poor families slip further into a backwash of overdue bills, shut off notices and children in need of basic necessities.

I for one do not understand how the DPW can claim it a victory of helping 4000 additional families when an estimated 32,000 families are now forced to deal with unbearable hardships. Especially when there is such an enormous surplus of funds available and a president who realizes that the only way that welfare reform will be successful is to provide child-care funding. Recent newspaper articles claim that the president is practically begging states to ask for that funding.

The only victory that is logical in this entire situation is to provide daycare funding to those people who fall into the class of the working poor. Reinstate the original income guidelines to 235% of the federal poverty level. Reinstate the original co-pay so parents no longer have to choose between paying for daycare or paying the utilities and use the funds that are available to accomplish this task without reinstating waiting lists. Keep us part of the working, taxpaying citizens of Pennsylvania, don't make us siphons of social services.

CHERYL SEARS

I speak as a provider -- non-regulated and as a parent/grandparent. I am sort of the town crier in the Pittsburgh area about care for disabled children. I take care of my grandson who is diagnosed with cerebral palsy and I can identify with the lady that was sitting here in the rear. When my daughter had my grandson, I had a very prosperous business. I had it for six years, it was doing very well and I just thought I had it made. Here goes my life. You know. I finally got my kids ready and I have a business and I'm doin' well. Well, my daughter was young. She had him and finished high school. And I knew that without a future she could not support herself nor that child. So I walked away from my business and I came home to take care of that child. We have a group in Pittsburgh, it's call Childcare Partnership. I was given $13 a day on a full day, $9.49 a day on a part-time day. That's been my income because like I said that child with cerebral palsy -- for five years we looked for a child-care center that would take him so that I could go back to work. But she needed to get education and work. How many people have a mother or a grandmother that will give up their lives and take care of their children so that they can work. We have real problems in the state of Pennsylvania with child care. My daughter's co-pay went from $20 just like everybody else's in March. It doubled to $40....She recently had to acquire a van. She had a 6 year old child that is in a wheel chair – you cannot carry him. And in order to transport that child, she needs a van. She had to pay for that van because she's been working for two years – welfare would not give her the money. Now the van needs high maintenance. She is robbing Peter to pay Paul just like everybody else in this room... Thank you.

JANET McFADDEN

Hi. My name is Janet McFadden and I also live in the Lemoyne area. I'm a single parent and my daughter is nine years old. She is wonderful. She enjoys life, respects others and herself.

Times have been tough for us, but we make it together. I recently bought a home with the help of HUD. Started a new position with my employer that falls in place with the classes I take at HACC. Child care for my daughter is the most important thing and because it is so expensive, it's always on my mind. I know that in January 2000, I will no longer be eligible for the grant money from the child care works. What kind of incentive does that send a family that's trying to benefit themselves only to run into a wall because they've reached the maximum level income requirements. These changes are in light of the recent accommodations of all those people in my same situation on a waiting list that same waiting list that I was on for you know a year or so myself and I really feel for those people and I'm glad they'll be able to benefit from this as well. I'm better because my daycare is gonna – I'll be off it – it the year 2000, I'm done. I'm a hard worker. I've been at the same place for 8 1/2 years now and I love what I'm doing.

I've been attending HACC since the fall of 1996. I will have my associates degree in criminal justice in spring of 2000. I carried 9 credit hours at HACC this spring semester. I have 6 scheduled for the summer. I am tired and I need a break, but I know that I have to fight for what I want so I have a better life for my daughter and myself. I am lucky because while I'm at school I have family that helps me out and I've not paid a dime to my family who watch her so – that's been a big plus.

My thoughts are constantly drawn back to what life will be like for us after we lose the assistance for her child care. The latchkey program that she is currently enrolled in is wonderful. I pay $25 right now and I know that I'll be paying $50 in the summer. In January the child care costs are going to soar for me. It going to be $45 for the latchkey program next year and $88 for the summer, providing they don't up their costs. I constantly worry about this all the time. It's like an impending doom. I know it's here and it's coming.

I've considered many options. I've already checked with neighbors but none are willing to take on any additional responsibility and I do understand that. My next option is do I leave her in the morning to catch the bus by herself? My work has worked with me to accommodate my schooling -- they've changed my hours and I work from 7:00 – 4:00 – 7:15 – 4:00 – so I can leave her in the morning for an hour and a half till the bus picks her up and be there 15 minutes after she gets home. Then I worry about neighbors turning me in for neglect because they feel she may be too young to be home by herself. How can I guarantee that my child is safe? Do I pay full price at the latchkey program and summer program and fall behind in all my bills – those same bills that I struggle with now? These are just some of the worries I face beside the general concerns of any parent who loves their child and ultimately wants what's best for them. I feel if I am being truly punished for trying to make a better world for myself, and I just don't know what I can possibly do. I'm doing the best that I can and like said I appreciate all the help that I have received from the child care assistance. The year 2000, is going to be an interesting year especially if those income limits stay where they're at now. Limits need to be changed and assured that our children will be safe and that our families can grow together. Thank you.

CARA DALE

My name is Cara Dale and I have 3 children – 2 of them are in child care. I came here today with some others from Scranton to speak to you on the child care issue. I hope we can make a change. I'm sharing with you how these increases affected myself and my family. I also speak for the hundreds of families who cannot be here today. The co-payment increases have hurt me financially. I can't put money into investments or savings because I have none. I live from day to day hoping there are no unexpected expenses such as car repairs, house repairs or illness. I can't afford to be sick... My son starts kindergarten this fall, and I'm starting now to figure out how I can buy school clothes for him. The grocery store's a nightmare with only very limited amount of money in my budget for groceries. I sometimes need to decide between fresh vegetables for my family or cereal that can be eaten for both breakfast and supper. My co-payment was $10 per week. March 1st is jumped to $25 and last week I had my re-evaluation of because I just received a yearly raise, which it works out to be about $30 a month. My co-pay then went up to $30 a week. Two-thirds of my raise now goes to my new increased co-pay, going from paying $520 a year for day care to paying over $1500 a year now. What I cannot understand is that the amount of money it would take to bring things back as they were is only very small percentage of money that this administration has control over. Thank you.

Attachment C
Original: 2073
Mizner
Copies: Harris, Jewett, Sandusky
Wyatte

DPW's OCTOBER '99 REVISIONS LEAVE INTACT THE VERY SUBSTANTIAL MARCH '99 CO-PAY INCREASES FOR LOWER INCOME FAMILIES

EXAMPLE #1. Family of 3 (mother and 2 children) earning **$11,000/year** -- an income just above the cutoff for welfare eligibility, but **below** the federal poverty level:

➢ In February '99, family paid a co-pay of **$5/week.**

➢ In March '99, family's co-pay **increased to $15/week** -- a **200%** hike.

➢ After October '99, the family **continues to pay $15/week**: DPW's October '99 revisions provide **no** relief for families at this income level.

NOTE: The new WAWA study shows that families at this income level were unable to meet their basic living expenses when the former, February '99 co-payment scale was in effect and are even **less** able to meet these expenses after the March '99 increases/October '99 revisions.

EXAMPLE #2. Family of 3 (mother and 2 children) earning **$16,000/year** -- an income **just above** the federal poverty level:

➢ In February '99, family paid a co-pay of **$15/week.**

➢ In March '99, family's co-pay **increased to $30/week** -- a **100%** hike.

➢ After October '99, the family **continues to pay $30/week**: DPW's October '99 revisions provide **no** relief for families at this income level.

NOTE: The new WAWA study shows that families at this income level were unable to meet their basic living expenses when the former, February '99 co-payment scale was in effect and are even **less** able to meet these expenses after the March '99 increases/October '99 revisions.

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House of Representatives
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HARRISBURG

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COMMITTEES
APPROPRIATIONS
DEMOCRATIC CHAIR,
SUBCOMMITTEE ON EDUCATION
COMMERCE AND ECONOMIC DEVELOPMENT
EDUCATION
DEMOCRATIC POLICY

Attachment B
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Child Care Luzerne County

In testimony before the House Aging and Youth Committee regarding Child Care Subsidies on September 29, 1999 Secretary Feather Houstoun made a number of statements and response to questions from committee members. These remarks related to the current status of the Subsidized Child Care Program and the effects of regulatory changes made in March 1999. The remarks and questions tended to cluster around several keys issues. The Secretary's remarks and response in some of these areas tend to differ from the situation that appears to be occurring in Luzerne County.

Waiting Lists

The Secretary indicated that prior to the changes in March 1999 that there were 15,000 children on waiting lists for subsidy statewide and that currently waiting lists have been cleared. (With the exception of applications pending completion.) This would leave the listener with the impression that these 15,000 children had been moved into services. Local experiences do not reflect that conclusion:

- Prior to the implementation of the new regulations in March 1999 there were 135 children on the waiting list in Luzerne County. 79 of these children immediately became ineligible for subsidy because their family income was over 185% of the FPIG. (58% of the total waiting list.)
- If the changes resulted in reductions to the waiting list and moving children into service, we would expect that the number of children being served today would be significantly higher than the same period last year. **Enrollment figures for September 1999 indicate 24 fewer children served compared to Sept. 1998.**

While waiting lists have been eliminated, it appears that they were not eliminated by adding new enrollee or expanding enrollment but rather by reducing the potentially eligible population through restrictive eligibility regulation.

Withdrawals from the Program

The Secretary indicated during her testimony that they had not seen any change in the dropout rate from the program. She indicated that the attrition rate was virtually the same as last year. "Families are not leaving the program in great numbers."

- **Statistics which are provided to the Department from Luzerne County (and all counties) for the period April 1999- October 1999 indicate a dramatic increase in the withdrawal rate as compared to the same periods in 1998,** The overall rate of increase was 187.54% (337 during 1998—632 during 1999.) (See Chart)
- Further when parents were question more closely about why they were leaving the program, **94 families indicated reasons for leaving that directly related to the regulatory changes.** (See Chart)

Availability of Surplus Funds

In response to a question from Rep. Edward Krebs (R- Lebanon Cty.) regarding reports of Surplus Funds, the Secretary indicated that there were surplus funds last year but " We spend funds for Working Poor Families right to the limit." She indicated that surpluses that occurred resulted from overestimating the funds needed to serve ex-TANF families and that those funds would be rolled over.

- **For Fiscal 1998/99-** Luzerne County returned a total of $ 439,804.63. **$287,469.81 of those funds were from Fund A, the funds allocated to Working Poor Families.** $ 123,787.98 of the returned funds were from Fund C- the fund allocated to ex-TANF families.
- **Currently there is a surplus of $ 1,108,671 in Fund A- Services to Working Poor Families in Luzerne County for the current fiscal year.**
- Reports from other counties around the Northeast indicate that the surplus return for Fiscal Year 1998/99 were comprised of at least 50% form Fund A and Fund C not 100% Fund C are reported by the Secretary.

Clearly the surplus available this year will be even larger than last and a very substantial part of that surplus will be from funds allocated for services to Working Poor Families.

Co-payments

Secretary Houston was asked to explain the rationale for the co-payment increases that occurred in March in light of the availability of surplus funds. She again referred to the elimination of the waiting list by using the $ 12-13 million revenue increase that resulted from the co-payment increase. She also indicated that to reduce co-payments might destabilize the system.

- If the revenue that resulted from the co-payment increase were annualized in Luzerne County, the result would have been an increase in revenue of approximately $ 365,000 for the Working Poor Population. The current surplus in the budget allocated for that segment is in excess of $ 1 million and the waiting list is 0. Clearly the increase is not needed to address the waiting list problem.

Annualizing the recent reductions in copayments for a portion of the current eligible population resulted in a decrease in revenue from copayments of $118,934. The reduction affected approximately 400 families or approximately 1/3 of the total number of families using services. Even adjusting for this decrease in revenue, there is currently a surplus of over $2 million available for child care services in Luzerne County, the bulk of which is available for Working Poor families ($1,108,671).

Moderation of the co-payment scale could clearly be accomplished without seriously affecting the current enrolled population in Luzerne County. With over 30% of the current budget for Working Poor families available in surplus the co-payment scale could be returned to the pre-March 1999 levels without creating a deficit or a waiting list.

Teen Parents

Services to Teen Parents attempting to complete High School are down significantly. In 1998/99 the average enrollment of children of Teen Parents was 22 during the school year. The regulatory changes under Child Care Works requires consideration of the grandparents' work circumstances and income to determine the eligibility of the Teen Parent for Subsidized Child Care. Currently there are 2 children of Teen Parents enrolled in Subsidized Child Care in Luzerne County.

Reports from the Project Mom Program operated by Intermediate Unit 18 indicate that there were 8 students who needed day care but could not continue their education because they could not afford child care under the current system. In addition there are currently 23 students who are pregnant and will need child care to continue high school. **If the past proportions hold true 18 of those 23 will not be able to afford child care and will be forced to either drop out or find other care for their child.**

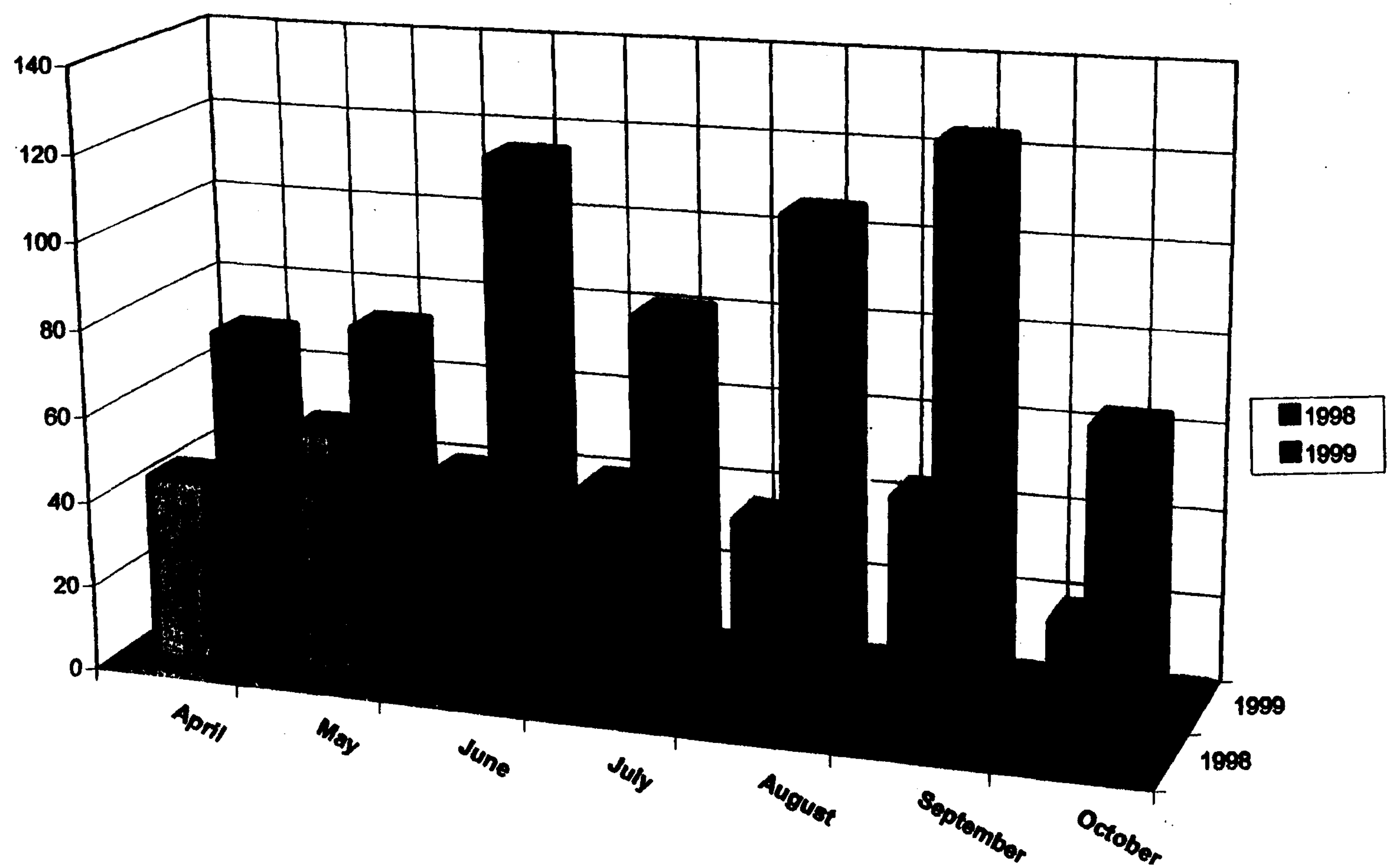
Comparison of Terminations of Subsidized Child Care Services In Luzerne County from April-October 1998 to the same period 1999

	1998	1999	Percentage Increase
April	44	69	**156.82%**
May	58	73	**125.86%**
June	51	115	**225.49%**
July	51	81	**158.82%**
August	47	106	**225.53%**
September	55	124	**225.45%**
October	31	64	**206.45%**
	337	632	**187.54%**

Terminations of Subsidized Child Care Services
In Luzerne County isolating the reasons related to revised regulations

	Jul-99	Aug-99	Sep-99	Oct-99	Total
Delinquent Fees	3	3	6	1	13
Fee>Cost of Care	2	3	1	0	6
Cannot Afford Co-pay.	14	10	14	2	40
No Child Support Action	0	6	18	11	35
	19	22	39	14	94

Comparisons of Terminations From Subsidized Child Care from 1998-1999 (Luzerne County)



Original: 2073
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cc: ~~Harris~~
Jewett
Sandusky
Legal

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Lucy D. Hackney
Founder & President

Joan L. Benso
Executive Director

October 29,1999

Secretary Feather Houston
Department of Public Welfare
P.O. Box 2675
Harrisburg, PA 17120-2675

Dear Feather,

I would like to take this opportunity to commend you for changes you are currently proposing to the subsidized child care regulations.

Most specifically, we were pleased to see the change in income eligibility that will allow families with incomes up to 235% FPIG to remain in subsidy. We feel that this approach to income eligibility strikes an excellent balance between the current 185% FPIG income cap and the prior regulatory standard that allowed for eligibility up to 235% FPIG.

We congratulate you on making permanent the change of frequency in co-payments for families with one school age child in part-time care. This is an important step forward in assuring that families who are trying to make ends meet are able to continue to afford school age care. Recent data shows us that the largest unserved population for subsidized child care is school age children. Your proposal will help us to continue to effectively meet the needs of this population.

We are pleased to see that the Department honored its commitment to continue to examine the impact of co-pays on families who are eligible for the program. We, as you, have heard from many families around the Commonwealth that the co-pays are out of their financial reach. Co-pays must be crafted in a way to assure the balance between families contributing to the service they receive and their financial ability to meet basic family needs. We recognize the step you are making in this proposal. We urge you to continue to examine this critical issue in the future and make changes that assure families access to the program.

Thank you for your commitment to making Pennsylvania's subsidized child care system work for children and their families. We look forward to our work together in the future.

Sincerely,

Joan L. Benso
Executive Director

CC: Robert Nyce, Executive Director – Independent Regulatory Review Commission

Original: 2073
Mizner
cc: Harris
Jewett
Sandusky, Legal

DPW's CO-PAYMENT INCREASES
(for a family of 3)

Annual Income	*% of 1999 Federal Poverty Income Guidelines*	*February 1999 Former Weekly Co-Pays (before 3/99)*	*March 1999 Increased Co-Pays (effective 3/99)*	*Percent Increase from Former Co-Pays*	*Proposed October 1999 Co-Pays (effective 10/99)*	*Percent Increase from Former Co-Pays*
$8,328	**60%**	**$5**	**$10**	**100%**	**$5**	**0%**
$9,716	**70%**	**$5**	**$10**	**100%**	**$10**	**100%**
$11,104	**80%**	**$5**	**$15**	**200%**	**$15**	**200%**
$12,492	**90%**	**$5**	**$20**	**300%**	**$20**	**300%**
$13,880	**100%**	**$10**	**$20**	**100%**	**$20**	**100%**
$15,268	**110%**	**$15**	**$25**	**67%**	**$25**	**67%**
$16,656	**120%**	**$15**	**$30**	**100%**	**$30**	**100%**
$18,044	**130%**	**$20**	***$35***	**75%**	***$35***	**75%**
$19,432	**140%**	**$25**	***$40***	**60%**	***$40***	**60%**
$20,820	**150%**	**$25**	***$45***	**80%**	***$45***	**80%**
$22,208	**160%**	**$30**	***$50***	**67%**	***$50***	**67%**
$23,596	**170%**	**$35**	***$55***	**57%**	***$50***	**43%**
$24,984	**180%**	**$40**	***$60***	**50%**	***$55***	**38%**
$25,678	**185%**	**$40**	***$65***	**63%**	***$60***	**50%**
$26,372	**190%**	**$45**	($65)(grandfathered)		***$60***	**33%**
$27,760	**200%**	**$50**	($65)(grandfathered)		***$65***	**30%**
$29,148	**210%**	**$55**	($65)(grandfathered)		***$70***	**27%**
$30,536	**220%**	***$60***	($65)(grandfathered)		***$75***	**25%**
$31,924	**230%**	***$65***	($65)(grandfathered)		***$75***	**15%**
$32,618	**235%**	***$70***	($65)(grandfathered)		***$75***	**7%**

NOTE 1: In order to make valid comparisons between the "February 1999 Former Co-pays," the "March 1999 Increased Co-pays" and the "Proposed October 1999 Co-Pays," it was necessary to compute co-payments under the "February 1999" and "March 1999" scales using the 1999 Federal Income Poverty Guidelines (FPIG), as DPW has done with its "Proposed October 1999" co-payment scale. The "February 1999 Former Co-pays" shown above represent the amounts that families would now be paying had DPW not implemented its increased co-pays in March, 1999. The "March 1999 Increased Co-Pays" shown above represent the amount families would pay had DPW not revised the scale, but instead, updated the scale to reflect the 1999 FPIGs.

NOTE 2: Numbers in ***italics and underscored*** denote co-payments which exceed 10% of family income. Federal child care regulations recommend that no family in a state's subsidized child care program be required to pay more than 10% of its income on child care co-payments.

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DPW's PROPOSED CO-PAY REVISIONS

FAMILY SIZE OF TWO

% of 1999 Federal Income Poverty Guidelines	*Annual Income*	*March 1999 Increased Weekly Co-Pays (effective 3/99)*	*Proposed October 1999 Weekly Co-Pays (effective 10/99)*
60%	**$6,636**	**$5**	**No change**
70%	**$7,742**	**$10**	**$5 (-$5)**
80%	**$8,848**	**$10**	**No change**
90%	**$9,954**	**$15**	**No change**
100%	**$11,060**	**$15**	**No change**
110%	**$12,166**	**$20**	**No change**
120%	**$13,272**	**$25**	**No change**
130%	**$14,378**	**$25**	**$30 (+$5)**
140%	**$15,484**	**$30**	**No change**
150%	**$16,590**	**$35**	**No change**
160%	**$17,696**	**$40**	**No change**
170%	**$18,802**	**$45**	**$40 (-$5)**
180%	**$19,908**	**$50**	**$45 (-$5)**
185%	**$20,461**	**$55**	**$45 (-$10)**
190%	**$21,014**	$55 (grandfathered)	**$50**
200%	**$22,120**	$55 (grandfathered)	**$50**
210%	**$23,226**	$55 (grandfathered)	**$55**
220%	**$24,332**	$55 (grandfathered)	**$60**
230%	**$25,438**	$55 (grandfathered)	**$60**
235%	**$25,991**	$55 (grandfathered)	**$65**

NOTE: In order to make valid comparisons between the "March 1999 Increased Co-Pays," and the "Proposed October 1999 Co-Pays," it was necessary to compute co-pays under the "March 1999" scale using the 1999 Federal Income Poverty Guidelines (FPIG), as DPW has done with its "Proposed October 1999" co-pay scale. The "March 1999" co-pays shown above represent the amount families would pay had DPW not revised the scale, but had, instead, updated the scale to reflect the 1999 FPIGs.

DPW's PROPOSED CO-PAY REVISIONS

FAMILY SIZE OF THREE

% of 1999 Federal Income Poverty Guidelines	*Annual Income*	*March 1999 Increased Weekly Co-Pays (effective 3/99)*	*Proposed October 1999 Weekly Co-Pays (effective 10/99)*
60%	**$8,328**	**$10**	**$5 (-$5)**
70%	**$9,716**	**$10**	**No change**
80%	**$11,104**	**$15**	**No change**
90%	**$12,492**	**$20**	**No change**
100%	**$13,880**	**$20**	**No change**
110%	**$15,268**	**$25**	**No change**
120%	**$16,656**	**$30**	**No change**
130%	**$18,044**	**$35**	**No change**
140%	**$19,432**	**$40**	**No change**
150%	**$20,820**	**$45**	**No change**
160%	**$22,208**	**$50**	**No change**
170%	**$23,596**	**$55**	**$50 (-$5)**
180%	**$24,984**	**$60**	**$55 (-$5)**
185%	**$25,678**	**$65%**	**$60 (-$5)**
190%	**$26,372**	$65 (grandfathered)	**$60**
200%	**$27,760**	$65 (grandfathered)	**$65**
210%	**$29,148**	$65 (grandfathered)	**$70**
220%	**$30,536**	$65 (grandfathered)	**$75**
230%	**$31,924**	$65 (grandfathered)	**$75**
235%	**$32,618**	$65 (grandfathered)	**$75**

NOTE: In order to make valid comparisons between the "March 1999 Increased Co-Pays," and the "Proposed October 1999 Co-Pays," it was necessary to compute co-pays under the "March 1999" scale using the 1999 Federal Income Poverty Guidelines (FPIG), as DPW has done with its "Proposed October 1999" co-pay scale. The "March 1999" co-pays shown above represent the amount families would pay had DPW not revised the scale, but had, instead, updated the scale to reflect the 1999 FPIGs.

DPW's PROPOSED CO-PAY REVISIONS

FAMILY SIZE OF FOUR

% of 1999 Federal Income Poverty Guidelines	*Annual Income*	*March 1999 Increased Weekly Co-Pays (effective 3/99)*	*Proposed October 1999 Weekly Co-Pays (effective 10/99)*
60%	$10,020	$10	$5 (-$5)
70%	$11,690	$15	$10 (-$5)
80%	$13,360	$20	$15 (-$5)
90%	$15,030	$20	No change
100%	$16,700	$25	No change
110%	$18,370	$30	$35 (+$5)
120%	$20,040	$35	$40 (+$5)
130%	$21,710	$40	$45 (+$5)
140%	$23,380	$50	No change
150%	$25,050	$55	No change
160%	$26,720	$60	No change
170%	$28,390	$65	No change
180%	$30,060	$75	$70 (-$5)
185%	$30,895	$80	$70 (-$10)
190%	$31,730	$80 (grandfathered)	$75
200%	$33,400	$80 (grandfathered)	$80
210%	$35,070	$80 (grandfathered)	$85
220%	$36,740	$80 (grandfathered)	$90
230%	$38,410	$80 (grandfathered)	$95
235%	$39,245	$80 (grandfathered)	$95

NOTE: In order to make valid comparisons between the "March 1999 Increased Co-Pays," and the "Proposed October 1999 Co-Pays," it was necessary to compute co-pays under the "March 1999" scale using the 1999 Federal Income Poverty Guidelines (FPIG), as DPW has done with its "Proposed October 1999" co-pay scale. The "March 1999" co-pays shown above represent the amount families would pay had DPW not revised the scale, but had, instead, updated the scale to reflect the 1999 FPIGs.

DPW's PROPOSED CO-PAY REVISIONS

FAMILY SIZE OF FIVE

% of 1999 Federal Income Poverty Guidelines	*Annual Income*	*March 1999 Increased Weekly Co-Pays (effective 3/99)*	*Proposed October 1999 Weekly Co-Pays (effective 10/99)*
60%	**$11,712**	**$15**	**$10 (-$5)**
70%	**$13,664**	**$15**	**No change**
80%	**$15,616**	**$20**	**No change**
90%	**$17,568**	**$25**	**No change**
100%	**$19,520**	**$30**	**No change**
110%	**$21,472**	**$35**	**$40 (+$5)**
120%	**$23,424**	**$45**	**No change**
130%	**$25,376**	**$50**	**No change**
140%	**$27,328**	**$55**	**No change**
150%	**$29,280**	**$65**	**$60 (-$5)**
160%	**$31,232**	**$70**	**No change**
170%	**$33,184**	**$80**	**$75 (-$5)**
180%	**$35,136**	**$85**	**$80 (-$5)**
185%	**$36,112**	**$95**	**$85 (-$10)**
190%	**$37,088**	$95 (grandfathered)	**$85**
200%	**$39,040**	$95 (grandfathered)	**$90**
210%	**$40,992**	$95 (grandfathered)	**$100**
220%	**$42,994**	$95 (grandfathered)	**$105**
230%	**$44,896**	$95 (grandfathered)	**$110**
235%	**$45,872**	$95 (grandfathered)	**$110**

NOTE: In order to make valid comparisons between the "March 1999 Increased Co-Pays," and the "Proposed October 1999 Co-Pays," it was necessary to compute co-pays under the "March 1999" scale using the 1999 Federal Income Poverty Guidelines (FPIG), as DPW has done with its "Proposed October 1999" co-pay scale. The "March 1999" co-pays shown above represent the amount families would pay had DPW not revised the scale, but had, instead, updated the scale to reflect the 1999 FPIGs.

COMMONWEALTH ADVOCACY/ COMMUNITY JUSTICE PROJECT

118 LOCUST STREET
HARRISBURG, PA 17101
717-236-9486
Fax: 717-233-4088

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D.C.C.S.O.S. **Delaware County Coalition to Save Our Safety Net**

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INDEPENDENT REGULATORY REVIEW COMMISSION

October 28, 1999

John R, McGinley, Jr., Esq., Chairman
Independent Regulatory Review Commission
333 Market Street - 14th floor
Harrisburg, PA 17101

RE: Amendents to Child Care Regulations (#14-464)

Dear Mr. McGinley:

This letter concerns certain amendments to 55 Pa. Code Chapter 3040, regarding subsidized child care, put forward by the Department of Public Welfare. The Delaware County Coalition to Save Our Safety Net (DCCSOS) commends the Department for making adjustments in the regulations governing subsidizied child care.

We are pleased to support the amendments that would (1) continue the eligibility of families with incomes not in excess of 235 percent of the FPIG, and (2) reduce the copayment fee for school-age children receiving before- and after-school care.

The third amendment, concerning the co-payment fee scale, is troubling. While making minor adjustments in fees, it does not sufficiently address the severe hardships created by the rate increases of February 1, 1999. We ask the Independent Regulatory Review Commission to urge the Department to make more substantial reductions in copayment fees.

• The proposed fee adjustments would benefit very few families and actually raise fees for some families.

• Child care providers in Chester report that some families have withdrawn from child care since February, 1999, because of the increase in co-payment fees. Clearly, the increased cost of child care is posing a dilemma for many parents seeking to move from welfare to employment. In some cases they choose to forgo employment or training opportunities and stay at home to care for their children. In others they work out makeshift arrangements with family members, boyfriends or neighbors. Not only do the co-payment fee increases thus continue to work against the legislative intent in Act 35 of enabling the maximum number of families to move from welfare to work; they also raise serious questions about the welfare and safety of young children.

• The proposed upper limit of 13.5 percent of gross income is still far above the federal guideline of 10 percent.

Thank you for your interest. If you or your staff have any questions about the foregoing, I can be reached at (610) 543-5498.

Sincerely,

Will Richan

Will Richan, Chair
DCCSOS

P.O. Box 387, Swarthmore, PA 19081-0387 / Telephone: (610) 876-3242

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cc: Harris
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Lutheran Advocacy Ministry in Pennsylvania

Kathleen S. Daugherty, Director
Craig S. Staller, Associate Director

15 South Fourth Street • Harrisburg, PA 17101-2202 • (717) 232-9128 • FAX (717) 232-4155
Internet: lamp@paonline.com • Luther Link: LAM PA • Web Site: http://www.lamp.org

A MINISTRY OF:

The Division for Church in Society, Evangelical Lutheran Church in America

IN PARTNERSHIP WITH:

The seven ELCA synods in Pennsylvania:

Allegheny
Lower Susquehanna
Northeastern
Northwestern
Southeastern
Southwestern
Upper Susquehanna

and the Pennsylvania Lutheran Agency Network (PLAN)

October 26, 1999

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1999 OCT 29 AM 9:07
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Commissioner John McGinley
IRRC
333 Market Street
Harrisburg, PA 17101

Dear Commissioner McGinley:

Please add the name Lutheran Advocacy Ministry in Pennsylvania to those from the Child Care Campaign who wrote this week with comments related to the Child Care Works Subsidy changes recently proposed by the Department of Public Welfare.

Sincerely,

Kathleen Daugherty

Kathleen Daugherty
Director

Cc: Senator Harold Mowery
Senator Vincent Hughes
Representative Jere Schuler
Representative Frank Pistella

Seeking Justice for All People

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October 25, 1999

John R. McGinley, Jr., Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Dear Mr. McGinley:

On October 13th, the Department of Public Welfare submitted a final omitted rulemaking regarding the Commonwealth's subsidized child care program, also known as Child Care Works. On behalf of the twenty-five organizations signing this letter, we are submitting these comments for your consideration in the review process.

In February, the Pennsylvania Department of Public Welfare made changes in its child care subsidy program which substantially raised child care co-payments and reduced eligibility for low-income working families. These changes were opposed vigorously by a wide range of civic and religious organizations because they placed an additional obstacle in the path of those who were striving to comply with Pennsylvania's welfare reform law, and an additional financial burden on families struggling to make ends meet without reliance on the welfare system.

The regulatory package before you modifies the child care program. We write in support of the portion of the proposed revisions that would partially restore income eligibility by setting an entry point of 185% of poverty, and an exit point of 235% of poverty. The Department is to be commended for its willingness to make changes.

We must note, however, our concern with the portion of the proposed rulemaking on parental co-payments. Working families who depend on the child care program have reported that the weekly co-payments are driving them deeper into debt and away from self-sufficiency. Enclosed are statements from parents describing the financial hardship they have experienced as a result of the March 1999 increases in co-payments.

A recent study prepared by independent researcher Diana Pearce, Ph.D., (enclosed), using objective data, provides evidence that the co-payment levels, even as revised by the Department of Public Welfare, are still not affordable to families. Families with earnings at or below 170% of the federal poverty level will have no change in their co-payments; Ms. Pearce's study demonstrates that these families are not able to meet their basic monthly expenses. Working families who are trying to make a successful transition into the workplace face an income gap of at least 30 to 40 percent on a monthly basis. That is, their incomes are 30 to 40 percent short of the amount of money needed by the family to pay for basic necessities.

The Welfare Department's proposed revisions leave intact co-payment increases, made in March 1999, of up to 100 and 200 percent for many families. In contrast, the Consumer Price Index rose less than 20 percent from 1992 to 1999. (The co-payments were adjusted in 1992, and again in 1999.) Thus, parental co-payments have increased 5 to 15 times as much as the Consumer Price Index since the 1992 adjustments were made in the co-payments. We support making child care available to as many families as possible, but the adjustments in the co-payment are not fairly benchmarked.

As shown on the enclosed charts, the proposed adjustments to the co-payment scale are targeted principally at families with earnings at 170% of poverty or above--$23,600 for a family of three. Families with earnings between 170% and 200% of poverty will see small reductions in their co-payments and families between 200% and 235% will see small increases.

Families at 170% of poverty and below ($23,600 or less for a family of three), will, with but a few exceptions, see no reduction in their co-payment. Based on the current 1999 Federal Poverty Income Guidelines, the proposed revisions will increase co-pays for some of these families by $5 per week, over and above their co-pays under the March 1999 scale.

A recent survey of child care providers in Southeastern Pennsylvania, as well as reports from providers across the state, confirms that the co-payment increases have harmed them as well, as increased levels of uncollectible co-payments have placed many providers in a precarious financial position.

Because these regulations contain a positive change for families in that they partially restore income eligibility, we do not recommend disapproval. However, in the interest of enhancing the success of welfare reform and serving the legitimate child care needs of Pennsylvania's working families, we ask that you urge the department to make further, more meaningful adjustments in parent co-payments. Please feel free to contact Harriet Dichter, 215-563-5848 or Peter Zurflieh, 717-236-9486 or any one of the organizations whose names appear below if you would like any additional information.

Thank you for your consideration.

Sincerely,

The Pennsylvania Child Care Campaign

Child Care Matters
Child Space Cooperative Development
Children's Village
Community Justice Project
Community Legal Services
Delaware Valley Child Care Council
Focus on Our Future
League of Women Voters of Pennsylvania
Mon Valley Unemployed
Parent Infant Center
Northwest Interfaith Movement
Pennsylvania Association of Child Care Agencies
Pennsylvania Association for the Education of Young Children
Pennsylvania Catholic Conference
Pennsylvania Council of Churches
Pennsylvania Council of Children's Services
Pennsylvania Home Based Provider Association
Pennsylvania Jewish Coalition
Philadelphia Citizens for Children and Youth
Philadelphia Early Childhood Collaborative
Scranton Day Nursery
Success Against All Odds
United Child Care Union / National Union of Hospital and Health Care Employees / AFSCME
United Methodist Witness
Women's Association for Women's Alternatives

Enclosures

PCCY

Philadelphia Citizens for Children and Youth

Seven Benjamin Franklin Parkway Philadelphia, PA 19103 FAX # (215)-563-9442
(215)-563-5848

FAX TRANSMITTAL

To: Comm. McGinley

From: Harriet Dichter

Date:

Subject:

Fax Number: 1-717-783-2664

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When Wages Aren't Enough II:

How the **Child Care Works** Program Impacts Family Self-Sufficiency

by Diana M. Pearce, Ph.D.
University of Washington

Prepared for:

The Pennsylvania Family Economic Self-Sufficiency Project of Women's Association for Women's Alternatives, Inc., and

Child Care Matters, a child care partnership of Delaware Valley Association for the Education of Young Children, Delaware Valley Child Care Council, Philadelphia Citizens for Children and Youth, Philadelphia Early Childhood Collaborative and United Way of Southeastern Pennsylvania

September 1999

The Pennsylvania Family Economic Self-Sufficiency Project

The Pennsylvania Family Economic Self-Sufficiency Project is a collaborative effort of more than 800 stakeholders from state and local organizations and government agencies that are part of the economic development, social welfare, job training and education communities in Pennsylvania. *The Pennsylvania Family Economic Self-Sufficiency Project* helps low-income families build paths out of poverty by providing vital resources, training and advocacy that offer realistic ways in which self-sufficiency can be achieved. Nationally, this project is coordinated by Wider Opportunities for Women in partnership with the Corporation for Enterprise Development, the Ms. Foundation for Women, and the National Economic Development and Law Center. In Pennsylvania this project is convened by the Women's Association for Women's Alternatives (W.A.W.A.). W.A.W.A. offers a wide array of supportive services to low-income women and their children to ensure that they are able to have stable, independent and self-sufficient lives.

Child Care Matters

Child Care Matters is a privately funded child care partnership in southeastern Pennsylvania committed to increasing the quality, availability and affordability of child care in the region. Five non-profit organizations participate in the Child Care Matters effort: Delaware Valley Association for the Education of Young Children, Delaware Valley Child Care Council, Philadelphia Citizens for Children and Youth, Philadelphia Early Childhood Collaborative and United Way of Southeastern Pennsylvania. Child Care Matters is the large private initiative in support of quality child care in Eastern Pennsylvania. The project works directly with nearly 100 child care providers in Chester, Delaware, Montgomery and Philadelphia counties, providing funding and technical assistance that makes child care more affordable and improves quality. Other project components include public policy, communications and business initiatives. To learn more about the public policy work of Child Care Matters, contact Harriet Dichter or Sharon Ward at Philadelphia Citizens for Children and Youth (PCCY), 7 Benjamin Franklin Parkway, Philadelphia, PA 19103, (215) 563-5848 and to learn more about the overall Child Care Matters project contact Marlene Weinstein at United Way, 7 Benjamin Franklin Parkway, Philadelphia, PA 19103 (215) 665-2611.

The Pennsylvania Family Economic Self-Sufficiency Project is supported by grants from the U.S. Department of Labor Women's Bureau-Region 3, Philadelphia, PA; the Pennsylvania Department of Community and Economic Development; the Philadelphia Foundation; the Samuel S. Fels Fund; the William Penn Foundation; The Reinvestment Fund; and Wider Opportunities for Women. This report was funded by Child Care Matters. Additional copies of this report or other *Self-Sufficiency Project* publications may be obtained from Jane Eleey, Project Coordinator or Carol Goertzel, W.A.W.A. Executive Director & Project Director at (610) 543-5022. Technical questions should be referred to the author (and originator of the Self-Sufficiency Standard), Dr. Diana Pearce, at (206) 616-2850 or fax: (206) 543-1228.

Women's Association of Women's Alternatives
225 S. Chester Road, Suite 6
Swarthmore, PA 19081

When Wages Aren't Enough II:
How the Child Care Works Program Impacts Family Self-Sufficiency
By Diana M. Pearce

Introduction

With the advent of "welfare reform", and related changes in the provision of social services, many families are struggling to meet their families' needs through employment, but at relatively low wage levels. Many advocates, public officials, and service providers have grappled with the issue of how to enable low-income single parents achieve economic self-sufficiency. In the study reported in this paper, the impact of the level of child care subsidy on the adequacy of wages to meet families' basic needs is modeled for the Philadelphia metropolitan area.

The study uses the Self-Sufficiency Standard, a measure of income adequacy developed by Dr. Diana Pearce. In 1999, Dr. Pearce calculated the Standard for Pennsylvania for Women's Association for Women's Alternatives. (Both the Summary Report of the Standard, and the Full Report--which provides the Standard for 70 different family types for each county in Pennsylvania--are available from W.A.W.A.)

The next section of this report introduces the self-sufficiency standard, describing the data used and how the Standard is calculated. The third section focuses on child care subsidies, both the original subsidy structure and the recently proposed (August 1999) schedule. It explores the impact of the proposed changes on the wages required to meet families' basic needs at an adequate level. This section models how temporary public subsidies (child care, food stamps, Medicaid) interact, and evaluates at various wage levels, whether the combination of wages and subsidies are adequately meeting their basic needs. The final section reflects on the findings from the models presented.

What is the Self-Sufficiency Standard?

The Standard is a measure of income adequacy. It defines the amount of income required to meet basic needs (including paying taxes) in the regular "marketplace" without public subsidies-such as public housing, food stamps, Medicaid or child care-or private/informal subsidies-such as free baby-sitting by a relative or friend, food provided by churches or local food banks, or housing shared with relatives or friends.

The Standard, therefore, estimates the level of income necessary for a given family to become independent of welfare or other public or private subsidies. It answers the question, "How much is enough? That is, how much money does it take for a family of a given size and composition, living in a certain place, to be self-sufficient--paying for their basic necessities out of their own pockets, without resort to public to private assistance?"

The Self-Sufficiency Standard calculates the minimum amount of money necessary for a family to meet its basic needs. That is, the amounts allotted are sufficient to meet minimum nutrition standards, to obtain housing that is neither substandard nor overcrowded. Thus self-sufficiency does not mean luxury, or even comfort, but means maintaining a decent standard of living and hot having to choose between basic necessities—whether to meet one's need for child care but not for nutrition; or housing, but not medical care. A family's income is deemed inadequate if it falls below this minimum amount. In these ways, the Standard is similar to the official measure of poverty calculated by the Census Bureau. The Standard, however, differs from the official poverty measure in several important ways:

- The Standard assumes that *all adults work full-time*, and therefore, includes costs associated with employment, specifically transportation and taxes, and for families with young children, child care.

- The Standard takes into account that many costs differ not only by family size and composition (as does the official poverty measure), but also by the *age of children.* While food and medical care costs are slightly lower for younger children, child care costs are much higher-particularly for children not yet in school-and are a substantial budget item not included in the official poverty measure.

- The Standard accounts for *regional variations in cost.* This is particularly important for housing. Housing in the most expensive areas of the country costs four times as much as in the least expensive areas for equivalent size units. Regional variation also occurs for child care, health care and transportation, although to a lesser extent than for housing. Even within the Philadelphia metropolitan area, there is variation in costs. It is assumed that only those in the city of Philadelphia use (less expensive) public transportation, and child care costs vary considerably by county.

- The Standard includes the "cost" of taxes, and the "benefit" of tax credits. It provides for state sales taxes, as well as payroll (Social Security) taxes, and federal and state income taxes. Two credits available to working adults, the Child Care Tax Credit (CCTC) and the Earned Income Tax Credit (EITC) are "credited" against the income needed to meet basic needs-thus reducing the income needed to be self-sufficient.

- The Standard accounts for the fact that, over time, various costs increase at different rates. For example, food costs, on which the official poverty thresholds are based, have not increased as fast as housing costs: the official poverty thresholds, which are based on food costs and do not allow for differential inflation rates among other non-food basic needs, are no longer adequate to meet real needs.

By incorporating these factors, the Self-Sufficiency Standard moves beyond the poverty threshold approach in three important ways. First, the Standard reflects the changing needs of families resulting from two important demographic changes that have occurred over the last three decades-the growth of single-parent families and the increased participation of mothers in the labor force. Second, the Standard allows for changes in net income resulting from changes in tax policy, particularly the much higher level of taxes paid by low-income families today, and the tax credits now available to these families. Third, it reflects the geographical differences in costs-especially housing and child care--not only between different regions and states, but also within states. The Standard defines needs at the most detailed level possible, depending upon data availability, usually at the county level.

How Is the Self-Sufficiency Standard Calculated?

The Self-Sufficiency Standard is calculated using a market basket approach, that is, the Standard prices each component individually. (For detailed information on calculating the Standard, please see *The Self-Sufficiency Standard for Pennsylvania*). This market basket approach allows each component to vary independently, so that over time, if some costs rise faster than others, the Standard will reflect the changes in the *relative* importance of each item and its individual cost or benefit. The market basket approach also allows for adjustments in the Standard if a subsidy becomes available.

Each component included in the Self-Sufficiency Standard is calculated using figures that are either collected and calculated by a single national source (such as the U.S. Bureau of the Census) or calculated by state government agencies using standardized methodology (such as child care costs). All costs presented in The Self-Sufficiency Standard for Pennsylvania are for 1998 or have been updated, using the Consumer Price Index (CPI), so that they are equivalent.

The costs for the Standard are as geographically specific as is possible with the data available, and based on knowledge of variations in costs. Thus, costs that have little or no regional variation (such as food) are standardized, while costs such as housing and child care, which vary substantially, are calculated at the most geographically specific level available, which in Pennsylvania is at the county level. The components of the Self-Sufficiency Standard for Pennsylvania and the assumptions included in the calculations are described below.

Housing: The Standard uses the 1996 Fair Market Rents for housing costs, which are calculated annually by the U.S. Department of Housing and Urban Development for every metropolitan housing market and non-metropolitan county. These "rents" reflect the cost of a given size unit (including utilities but not including telephone) at the 40th percentile level. (At the 40th percentile level, 40% of the housing in a given area would be less expensive than this amount; 60% would be more expensive.) The Fair Market Rents are intended to reflect the costs of housing that meet minimum standards of decency. The Self-Sufficiency Standard adjusts for the size of the unit depending upon the size of the family. It assumes that parents and children should not share the same bedroom and that there should not be more than two children in a bedroom. Therefore, one parent and one child need a two-bedroom apartment, as do two parents with two children.

Child Care: We derived the 1998 child care costs from Pennsylvania's market survey of child care costs. (These surveys were mandated by the Family Support Act of 1988, to be conducted biannually.) The child care amounts provided in the market surveys allow access to 75% of the local child care market, and are based on the age of the child and the type of setting (e.g., whether the child is in a child care home, a center, or a before-and-after-school program). Child care costs at the 75th percentile reflect care that allows for quality, long-term child development. We acknowledge the unfortunate reality that not all families will choose this type of care, however.

Since studies have shown that most families using out-of-home care choose a family day care home for infants and toddlers, and center-based care for children three to five years old, the Standard assumes that infants (children less than three years of age) receive care in registered or licensed day care homes full-time, while preschoolers go to day care centers full-time. School-age children (ages six to twelve) are assumed to receive part-time care in before- and after-school programs.

Food: The Standard uses the U.S. Department of Agriculture's Low-Cost Food Plan for June 1998 to calculate food costs. (USDA does not produce annual averages for food costs. However, we follow the Food Stamp Program and use estimates for June as an annual average.) The amounts for food in the Low-Cost Food Plan are about 25% higher than in the Thrifty Food Plan, which the Census Bureau uses to calculate the official poverty thresholds. The Low-Cost Food Plan also allows for a nutritionally adequate diet and is based on more realistic assumptions about food preparation time and consumption patterns. The food costs in the Standard are varied according to the number and age of children and the number and sex of adults. Since there is little regional variation in these costs, the Standard uses the national average costs for all areas.

Although the Low-Cost Food Plan amounts are higher than the amounts used to calculate the official poverty thresholds, they are conservative estimates of food expenditures. Even though average American families spend about 39% of their food budget on food eaten away from home, according to the Consumer Expenditure Survey, the Low-Cost Food Plan does not allow for any fast-food or restaurant meals.

Transportation: Families living in cities with adequate public transportation-which, in effect, means a city with a rail as well as a bus system that is used by a substantial percentage of the population-are assumed to use public transportation to get to work Philadelphia has such a system. For families who live in the suburban counties and cities that do not have adequate public transportation systems, it is assumed that *each* adult must own and operate a car. (It is unlikely that two adults with two jobs would be traveling to and from the same place of work, at exactly the same times.)

Private transportation costs are based on the costs of owning and operating an eight-year-old car, or cars. The Standard assumes the car(s) will be used to commute to work five days per week, plus one trip per week for shopping for food and other errands, and slightly longer trips for one parent for taking children to and from child care. The costs include monthly variable costs (e.g., gas, oil, tires, and maintenance) and fixed costs (e.g., fire and theft insurance, property damage and liability, license, registration and taxes, finance charges). The costs do not, however, include the initial cost of purchasing a car.

The Standard adjusts transportation costs (including mileage) based on whether the family is headed by a single parent, two parents or a single adult with no children. The Standard also adjusts for differences in transportation costs by region of the country. Data for transportation costs were obtained from the American Automobile Manufactures

Association and the Consumer Expenditure Survey.

Health Care: The Self-Sufficiency Standard assumes that a full-time worker has health insurance coverage provided by her/his employer. Health care costs included in the Standard are limited to the employee's share of insurance premiums plus additional out-of-pocket expenses, including co-payments, uncovered expenses (such as costs for dental care and prescriptions) and insurance deductibles. The Standard assumes that employees will pay one-third of the cost of health insurance. Although workers who do not have employer-provided health insurance often "do without," we stress that families cannot be truly self-sufficient without health insurance. Data for Pennsylvania's medical costs were obtained from the National Medical Expenditure Survey and the Families USA report, Skyrocketing Health Inflation: 1980 - 1993 - 2000.

Miscellaneous: This expense category includes items such as clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products and household items, personal hygiene items, and telephone. Miscellaneous expenses are calculated by taking 10% of all other costs. In comparison to other income and poverty measures (which usually recommend 15%), this percentage is a conservative estimate.

Taxes: Taxes include sales tax, federal and state income tax, and payroll tax (federal and city). State tax rates are calculated using the 1996 Commerce Clearinghouse State Tax Handbook and information from the Pennsylvania Department of Revenue. In 1998, the Pennsylvania retail sales tax was 6%, with no tax on food. Sales taxes are calculated only on "miscellaneous" items; taxes on gasoline are included in the cost of a car. The state income tax rate is 2.8% for all individuals and families, with no deductions or exemptions. However, Pennsylvania provides "tax forgiveness" for families with low incomes, depending upon household size. For example, a one-person household does not pay any taxes if her/his income is less than $6500; a five person family does not pay any state income tax if their income is less than $31,000, but they start paying the full rate at incomes of $33,250 or higher.

Payroll tax for OASDI and Medicare is calculated at 7.65% of each dollar earned; residents of Philadelphia pay an additional tax of 4.69% on earnings. Although the federal income tax rate is higher than the payroll tax rate-15% of income for families in this range-exemptions and deductions are substantial, so that families do not start to pay income tax until their incomes reach $10,000 to $12,000 or higher, thus lowering the effective tax rate to 7% to 10% for most taxpayers.

Earned Income Tax Credit (EITC): The EITC, or as it is sometimes called, the Earned Income Credit, is a federal tax refund intended to offset the loss of income from taxes owed by working poor and near-poor families. The EITC is a "refundable" tax, i.e., working adults may receive the tax credit whether or not they owe any federal taxes. Although it is included in the Self-Sufficiency Standard, it is not included in the models, as families generally do not receive it monthly, but rather as a lump sum payment during the following year.

Child Care Tax Credit (CCTC): The CCTC is a federal tax credit that allows working parents to deduct a percentage of their child care costs from the federal income taxes they owe. Like the EITC, the CCTC is deducted from the total amount of money a family needs to be self-sufficient. Unlike the EITC, the CCTC is not a "refundable" or "negative" tax. A family may only receive the CCTC as a credit against federal income taxes owed. Therefore, families who owe very little to the federal government in income taxes, receive little CCTC.

The Child Tax Credit: The Child Tax Credit is a federal tax credit of up to $400 per child under 17 years. For families with one or two children, it is a credit against federal taxes, like the CCTC, and is not refundable. For families with three or more children, it can be taken as either a credit against federal taxes owed, and/or as a refundable credit, but only to the extent to which the payroll taxes paid exceed any EITC received.

The Impact of Child Care Subsidies on the Adequacy of Wages

Calculating the Self-Sufficiency Standard for families living in the Philadelphia metropolitan area makes clear that, given the relatively high costs of housing, child care, and other basic needs, the wage at which a given family is self-sufficient is often quite high. This is especially true for single parent families with children below school age: for example, a single parent with one infant and one preschooler requires wages of $16 to $18 per hour, depending upon where they live, in order to meet her family's basic needs, without public or private subsidies.

One of the single most costly expenses for many families with very young children is child care. By subsidizing this cost, the government helps bridge the gap between the needs of low-income families and their wages. This subsidy is crucial, allowing parents to obtain adequate housing, food, and so forth, even though wages may not be very high. With their basic needs met at an adequate level, child care subsidies make a critical contribution to helping to stabilize families as they secure a foothold in the labor market, allowing them to do so without jeopardizing their families' health, nutrition, or housing situation.

In the tables accompanying this section, we have taken one family type--a single parent with a preschooler and an infant--and modeled how providing child care assistance affects the adequacy of wages at various levels. We have chosen wage levels that are multiples of the poverty standard, from 75% of poverty (which working full-time, is a wage of $4.93 per hour) up to 235% of poverty, which is $15.44 per hour. (The latter amount was chosen because child care subsidies phase out at 235% of poverty). There are two tables for each of the five counties in the metropolitan area--Bucks, Chester, Delaware, Montgomery, and Philadelphia.

Each table has the Self-Sufficiency Standard for a single parent with an infant and a preschooler in the first column, as a benchmark. This shows the full cost for each basic need--child care, food, health care, and so forth, without subsidies. It shows that at the self-sufficiency wage, the parent is able to cover 100% of her costs, there is no shortfall or surplus, and the wage is adequate (see shaded bar at the bottom of the table). Subsequent columns evaluate wages at different income levels, starting with 75% of poverty, and incorporating the various subsidies for which the parent is eligible at a given income level. Thus the child care co-payment is substituted for the full cost of child care. Food costs are the remaining costs of food, after taking food stamps into account. (Thus if a family's food costs are $322 for the month, and they receive $150 in food stamps, they will be shown as having a food cost of $172, or $322-$150).

For health care, it is assumed that the children are covered by CHIP (Child Health Insurance Program), with no premiums below 200% of poverty, but a child premium above that cost. Adult health care costs are assumed to be covered through employer-provided health insurance, with the employee paying his/her share of an adult premium (not a family premium), plus adult out-of-pocket costs.

Costs that have been reduced by subsidies are shown in bold. Note that families with gross incomes over 130% of poverty are not eligible for food stamps, so that subsidy is not included for families with wages at 150% of poverty or higher.

Costs not affected by subsidies have been assumed to be at the same level as in the Self-Sufficiency Standard, including taxes. However, very few families receive EITC on a monthly basis (and if they do, it is only a partial payment, which in 1999 has a maximum of $116 per month per family), with most receiving it as a lump sum payment in the following year. For this reason, we do not show a monthly EITC payment, even though they may be eligible for this supplement.

In the last three rows of each table, the total expenses (including taxes) are compared with the income from the given wage level. If the expenses (including net taxes, and the effects of subsidies, if any) are greater than the wage income, then there is a shortfall of income (shown as a negative number), and the wage adequacy question is answered "no" (see shaded bar). If the income from wages is equal to or greater than total expenses, then this question is answered "yes". In the last line, the degree of wage adequacy is quantified as the per cent of total expenses covered by the income from wages. Thus if wages at the poverty level provide 91% of the amount needed to cover expenses (including the effect of food stamps and/or child care subsidies and/or Medicaid/CHIP on expenses), then the number in the last row will be 91%. In short, this means that this particular wage covers 91% of the single mother's expenses.

For each county, the first table and second table are exactly the same, except that the first panel models the effects of the *former* child care subsidy structure (in effect in February 1999), and the second table is the same except that it uses the *proposed* (October 1999) co-payment schedule. (Of course, by definition, the Self-Sufficiency Standard, in column one, does not incorporate any subsidies, and thus is the same in both tables for each county).

Former Child Care Subsidies: the cost of child care for two children, one an infant and the other a preschooler, ranges from $887 per month in Philadelphia to $1096 in Chester County, making it by far the single largest item in this single parent family's budget, wherever they live. Child care subsidies substantially reduce this cost, helping the lowest income families the most, substantially increasing the adequacy of their wages. Without the child care subsidy, families with earnings at the poverty level would only cover about 50% of basic needs. However, Philadelphia families with wages at the poverty level, with the help of the original child care subsidies, as well as Food Stamps and Medicaid/CHIP, were able to meet 81% of the costs of their basic needs. This still leaves this family about $260 short, but is much better than without the subsidies.

Because of higher costs in the suburban counties, the original child care subsidy raises wage adequacy somewhat less, to 78% in Bucks County for example. However, again the contrast with no subsidy is quite dramatic, covering only about half of the cost of meeting basic needs.

Proposed Child Care Subsidies: In the second panel or table for each county, the impact of the proposed child care subsidies is shown. The proposed changes substantially *increase* the parents' co-payments at each income level. For those at the 75% and 100% of poverty levels, it just about doubles their co-payment; for those at the 125% and 150% of poverty levels, it increases the payment by 75%. What this means in terms of income percentages is that families at or below the poverty level, (with incomes even *with* subsidies that only meet 60-80% of their needs), are expected to pay 5-8% of their income (depending on family size) towards child care. Those with incomes that are still low, in the 125-150% of poverty range, are expected under the proposed co-payment schedule, to pay 9-11% of their incomes, even though incomes are also not adequate to their needs.

Nonetheless, for those with incomes below 130% of poverty, some of the impact of this increased cost of child care is offset by an increase in the food stamp benefit (because food stamps take into account child care costs in the calculation of benefits). Thus the net effect reduces wage adequacy by about 1% or 2%, depending upon the county and income level. However, for those at slightly higher income levels--150% and 185% of poverty--the impact of these changes is much larger, as they are not offset by changes in food stamp benefits (which families at this level do not receive at all). *Families at these income levels have their wage adequacy levels reduced by 7 to 11% by the change in the child care co-payment schedule.* Even though they are still far below self-sufficiency (that is, their incomes are still far below the point at which they would no longer need subsidies), under the proposed co-payment schedule, these families have substantially increased child care costs, and experience substantial decreases in wage adequacy.

Finally, it should be noted that child care subsidies are phased out at incomes at 235% of poverty and above. At this point, which is still below self-sufficiency for this family, the loss of child care subsidies results in a drop in wage adequacy to below 100% in all jurisdictions.

Geographical differences are not large. Although child care and transportation is less in Philadelphia than in the suburban counties, taxes are higher in the city of Philadelphia, so that overall the expenses for a given family are similar, although overall are somewhat higher in the suburban jurisdictions. Thus the effect of child care subsidies and other subsidies are similar on wage adequacy across the different jurisdictions, as family incomes, and child care co-payments, increase.

Conclusions

Because of the high cost of living in the Philadelphia metropolitan area, achieving economic self-sufficiency, i.e., having earnings sufficient to adequately meet a family's basic needs for shelter, food, child care, and so forth, requires quite high incomes. This is particularly true for families with very young children, requiring full-time child care.

Providing families with Medicaid, child care subsidies, and food stamps (if eligible) has a dramatic impact on wages. For families who qualify for all three, required wages are reduced by more than 50% (compared to the full, unsubsidized Self-Sufficiency Standard). Even for families whose incomes must be higher to meet other expenses, disqualifying them for food stamps, the combination of Medicaid and child care subsidies reduces their required wages by at least 30%, depending upon the family type and the county in which they live.

The proposed changes in child care co-pays again increase the wages required to meet family needs. This is particularly true for those struggling to make ends meet who are enough above the poverty line to lose food stamps eligibility, but whose incomes are insufficient to meet even their basic expenses (of food, shelter, transportation, health care and taxes). For these families, the substantial increases in child care co-pays between February 1999 and those proposed in August 1999 will have a substantial impact on their wage adequacy levels.

With their wages reduced by subsidies, families entering employment are able to meet their needs adequately, even though their wages are still quite low. Meeting their needs at an adequate level means that their housing is decent, their child care is dependable, their food budget affords adequate nutrition, and so forth. This level of adequacy also means much more stability than is likely to be the case where families with less than sufficient resources must double up to conserve housing dollars, use poor quality or undependable, but cheap, child care, or skimp on food. With stability, the opportunity to parlay employment into steady earnings and wage increases is enhanced.

Jeopardizing these crucial yet fragile balances of income and needs is costly for families now and in the future. Subsidies help families along the road to long-term economic self-sufficiency, but only when they truly help families meet their basic needs adequately even when their wages are low.

Table 1A. Income Adequacy at Various Levels,
for a Single Parent with One Preschooler and One Infant,
Bucks County-1999:
Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,065	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.42*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$615	$81	$103	$162	$267	$379	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$468	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,028	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,028
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$236	$236	$236	$236	$236	$236	$236	$236
SUBTOTAL--Living Expenses	$2,597	$1,293	$1,378	$1,489	$1,630	$1,695	$1,778	$2,590
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,065	$1,374	$1,481	$1,614	$1,816	$1,933	$2,051	$2,970
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$506	-$324	-$168	-$81	$207	$262	-$251
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	90%	96%	111%	113%	92%

*Because so few families receive the EITC on a monthly basis, it is not shown here.

Table 1B. Wage Adequacy at Various Income Levels, for a Single Parent with One Preschooler and One Infant, Bucks County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,065	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.42*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$615	$81	$103	$162	$267	$379	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$468	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,028	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,028
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$236	$236	$236	$236	$236	$236	$236	$236
SUBTOTAL--Living Expenses	$2,597	$1,309	$1,408	$1,525	$1,717	$1,782	$1,843	$2,590
TOTAL COSTS: Taxes, Tax Credits and Living Expenses	$3,065	$1,389	$1,511	$1,650	$1,902	$2,019	$2,116	$2,969
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$522	-$354	-$204	-$167	$120	$197	-$251
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	77%	88%	91%	106%	109%	92%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 2A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Chester County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,167	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.99*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$641	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$494	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,096	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,096
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$243	$243	$243	$243	$243	$243	$243	$243
SUBTOTAL--Living Expenses	$2,672	$1,300	$1,385	$1,496	$1,637	$1,702	$1,785	$2,665
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,167	$1,381	$1,488	$1,622	$1,823	$1,940	$2,059	$3,045
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$514	-$331	-$176	-$88	$200	$255	-$327
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	89%	95%	110%	112%	89%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 2B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Chester County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,167	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.99*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$641	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$494	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,096	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,096
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$243	$243	$243	$243	$243	$243	$243	$243
SUBTOTAL--Living Expenses	$2,672	$1,316	$1,415	$1,532	$1,724	$1,789	$1,850	$2,665
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,167	$1,396	$1,518	$1,657	$1,910	$2,027	$2,123	$3,045
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$529	-$362	-$211	-$175	$113	$190	-$327
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	76%	87%	91%	106%	109%	89%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 3A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Delaware County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,077	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.48*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$618	$81	$103	$162	$267	$379	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$471	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,036	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,036
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$237	$237	$237	$237	$237	$237	$237	$237
SUBTOTAL--Living Expenses	$2,606	$1,294	$1,379	$1,490	$1,631	$1,696	$1,779	$2,599
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,077	$1,375	$1,482	$1,615	$1,817	$1,934	$2,052	$2,979
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$507	-$325	-$169	-$82	$206	$261	-$261
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	90%	95%	111%	113%	91%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 3B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Delaware County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	**Self-Sufficiency Standard**	**75% of federal poverty line**	**100% of federal poverty line**	**125% of federal poverty line**	**150% of federal poverty line**	**185% of federal poverty line**	**200% of federal poverty line**	**235% of federal poverty line**
Monthly Wage	$3,077	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.48*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$618	$81	$103	$162	$267	$379	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$471	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,036	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,036
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$237	$237	$237	$237	$237	$237	$237	$237
SUBTOTAL--Living Expenses	$2,606	$1,310	$1,409	$1,526	$1,718	$1,783	$1,844	$2,598
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,077	$1,390	$1,512	$1,651	$1,903	$2,020	$2,117	$2,978
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$523	-$355	-$205	-$168	$119	$196	-$260
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	77%	88%	91%	106%	109%	91%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 4A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Montgomery County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,137	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.82*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$633	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$487	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,076	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$1,076
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$241	$241	$241	$241	$241	$241	$241	$241
SUBTOTAL--Living Expenses	$2,650	$1,298	$1,383	$1,494	$1,635	$1,700	$1,783	$2,643
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,137	$1,379	$1,486	$1,619	$1,821	$1,938	$2,056	$3,023
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$512	-$329	-$174	-$86	$202	$257	-$305
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	63%	78%	89%	95%	110%	112%	90%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 4B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Montgomery County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$3,137	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$17.82*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$633	$81	$103	$163	$267	$380	$424	$527
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$487	$81	$103	$125	$186	$238	$273	$380
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$1,076	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$1,076
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$144	$144	$144	$144	$144	$144	$144	$144
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$241	$241	$241	$241	$241	$241	$241	$241
SUBTOTAL--Living Expenses	$2,650	$1,314	$1,413	$1,530	$1,722	$1,787	$1,848	$2,643
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$3,137	$1,394	$1,516	$1,655	$1,908	$2,025	$2,121	$3,023
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$527	-$360	-$209	-$173	$115	$192	-$305
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	62%	76%	87%	91%	106%	109%	90%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 5A. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Philadelphia County-1999: Food Stamps, Medicaid/CHIP and Former (February 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$2,923	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$16.61*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$714	$120	$156	$229	$347	$478	$531	$653
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$568	$120	$156	$191	$266	$337	$380	$506
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$887	**$22**	**$43**	**$87**	**$108**	**$173**	**$217**	$887
Food	$322	**$72**	**$135**	**$203**	$322	$322	$322	$322
Transportation	$64	$64	$64	$64	$64	$64	$64	$64
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$214	$214	$214	$214	$214	$214	$214	$214
SUBTOTAL--Living Expenses	$2,355	$1,192	$1,276	$1,388	$1,528	$1,593	$1,677	$2,347
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$2,923	$1,312	$1,432	$1,579	$1,794	$1,930	$2,057	$2,853
Amount of Shortfall (-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$444	-$275	-$133	-$59	$210	$257	-$135
Is income adequate to meet expenses?	**yes**	**no**	**no**	**no**	**no**	**yes**	**yes**	**no**
Income Adequacy Measure: Income as Percent of Total Expenses	100%	66%	81%	92%	97%	111%	112%	95%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Table 5B. Income Adequacy at Various Levels, for a Single Parent with One Preschooler and One Infant, Philadelphia County-1999: Food Stamps, Medicaid/CHIP and Proposed (October 1999) Child Care Subsidies

INCOME LEVEL	Self-Sufficiency Standard	75% of federal poverty line	100% of federal poverty line	125% of federal poverty line	150% of federal poverty line	185% of federal poverty line	200% of federal poverty line	235% of federal poverty line
Monthly Wage	$2,923	$868	$1,157	$1,446	$1,735	$2,140	$2,313	$2,718
Hourly Wage	*$16.61*	*$4.93*	*$6.57*	*$8.21*	*$9.86*	*$12.16*	*$13.14*	*$15.44*
TAXES AND TAX CREDITS:								
Taxes	$714	$120	$156	$229	$347	$478	$531	$653
Earned Income Tax Credit (-)*	$0	$0	$0	$0	$0	$0	$0	$0
Child Care Tax Credit (-)	-$80	$0	$0	-$38	-$81	-$88	-$84	-$80
Child Tax Credit (-)	-$67	$0	$0	$0	$0	-$54	-$67	-$67
SUBTOTAL--Taxes & Tax Credits	$568	$120	$156	$191	$266	$337	$380	$506
MONTHLY LIVING EXPENSES:								
Housing	$704	$704	$704	$704	$704	$704	$704	$704
Child Care	$887	**$43**	**$87**	**$152**	**$195**	**$260**	**$281**	$887
Food	$322	**$66**	**$122**	**$174**	$322	$322	$322	$322
Transportation	$64	$64	$64	$64	$64	$64	$64	$64
Health Care	$164	**$116**	**$116**	**$116**	**$116**	**$116**	**$156**	**$156**
Miscellaneous	$214	$214	$214	$214	$214	$214	$214	$214
SUBTOTAL--Living Expenses	$2,355	$1,207	$1,307	$1,423	$1,615	$1,680	$1,741	$2,347
TOTAL COSTS:								
Taxes, Tax Credits and Living Expenses	$2,923	$1,327	$1,462	$1,615	$1,881	$2,017	$2,121	$2,853
Amount of Shortfall(-) or Excess Income [Monthly Wage minus Total Costs]	$0	-$459	-$305	-$169	-$146	$123	$192	-$135
Is income adequate to meet expenses?	yes	no	no	no	no	yes	yes	no
Income Adequacy Measure: Income as Percent of Total Expenses	100%	65%	79%	90%	92%	106%	109%	95%

**Because so few families receive the EITC on a monthly basis, it is not shown here.*

Women's Association for Women's Alternatives, Inc.
The Pennsylvania Family Economic Self-Sufficiency Project
225 South Chester Road, Suite 6
Swarthmore, PA 19081
(610) 543-5022; fax (610) 543-6483

House Aging and Youth Committee - September 29, 1999

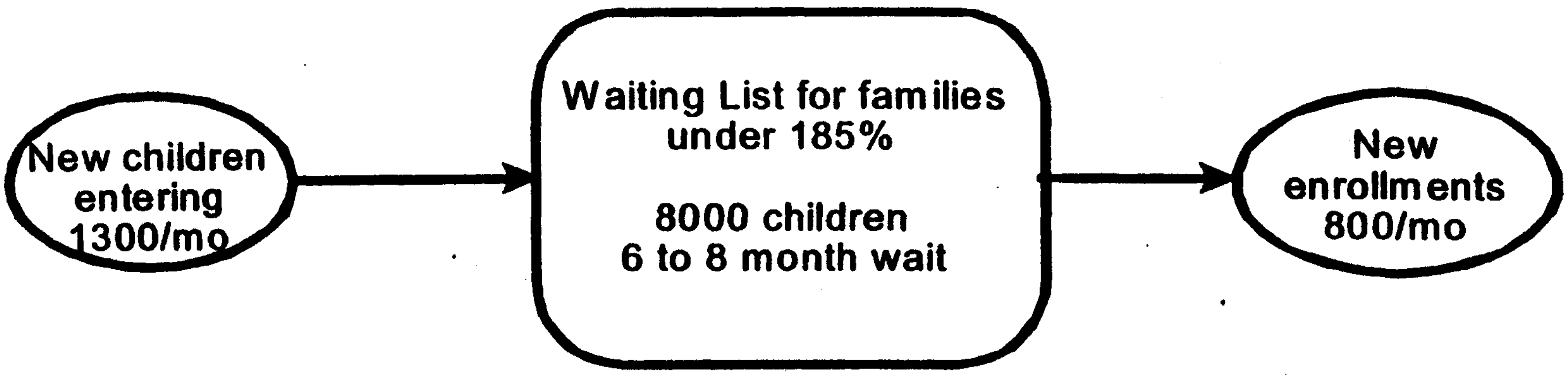
	Before CCW	After CCW
Status of Waiting List	About 8000 monthly average.	5,000 now in process; 60% will be enrolled within one month, the rest within 2 months.
	Enrolled about 850/month.	Enrolling over 2,000/month.
	Average waiting time 6 to 8 months.	Most enrolled within the month of application.
	About 1300 new eligible families coming onto the waiting list each month.	Over 3000 children per month came onto the waiting list in July and August.

Attachment D
Original: 2073
Mizner
Copies: Harris,Jewett
Sandusky
Wyatte

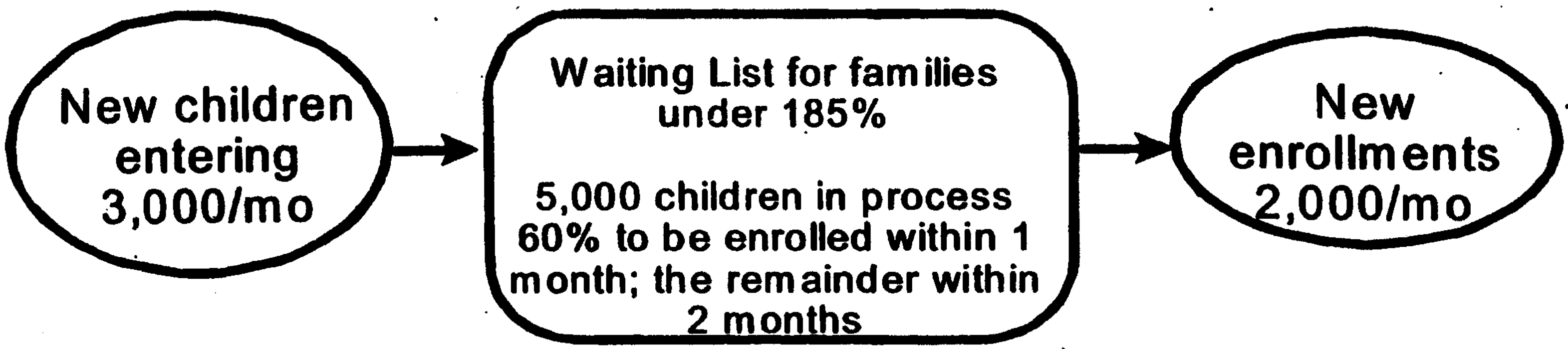
House Aging and Youth Committee - September 29, 1999

Pent - up Demand

Before Child Care Works



Since Child Care Works



House Aging and Youth Committee - September 29, 1999
Proposed Regulations

Before Changes	After Changes
Families between 185% and 235% of FPIG eligible until February 1, 2000 (Between $25,678 and $32,618 annually for family of three).	If regulations are approved, families over 185% the FPIG will stay in service until their income exceeds 235% of the FPIG; about 4,000 children will be affected.
Co-payments were set at 10% of income for families at 100% of the FPIG and rose to 14.5% for those at 185%.	Co-payments remain at 10% of income a 100% FPIG and increase to 13% for those at 235%; 38.5%, of families under 200% will see a decrease of $5 or $10 per week effective October 1, 1999.
Families between 185% and 235% of the FPIG paid the same dollar fee as those at 185%. Those at 235% paid about 11% of their income.	Families over 185% of FPIG will not be terminated February 1, 2000, but will now pay fees that reflect their income; about 1,500 will have increases.
Expected to generate about $32M to help clear waiting list.	Will reduce revenue from co-pay increases to $25M.

Original: ~~[illegible]~~ 2013
Bush
cc: Harris
Smith
Jewett
Sandusky
Legal

PACCA

411 Walnut Street, Harrisburg, PA 17101
Phone: (717) 236-0458 Fax: (717) 236-0149
Toll free: (888) 296-1917

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INDEPENDENT REGULATORY
REVIEW COMMISSION

November 2, 1999

Mr. Robert E. Nyce
Executive Director
Independent Regulatory Review Commission
14th Floor, Harristown #2
333 Market Street
Harrisburg, PA 17101

Dear Mr. Nyce:

PACCA represents the child care community serving the children from families who receive subsidy dollars for their care. We are writing to you regarding the Department of Public Welfare's proposed changes to Pennsylvania's Child Care Works regulations. PACCA does not oppose these changes. We commend the Department of Public Welfare for changing the eligibility so that families may remain in the subsidized system up to 235% of poverty. These are families who would have been dropped from the program early next year if it were not for this proposed change.

As you are aware, the eligibility regulations went into effect last February and many of our families voiced concern over affordability issues. PACCA has worked with various entities including the Department of Public Welfare to see that families were heard. The changes that you will be reviewing on November 4 will offer some relief to working families. We understand from conversations with the Department that families below 185 percent of poverty will not see any further increases to their co-pay. There will be some adjustments for families at or over 185% of poverty but the overall cap has been lowered. We remain concerned with the affordability issue for those families at the lowest end of the poverty scale. We urge the Department of Public Welfare to continue to monitor co-pay levels and to make further reductions to the co-pay so that families may reach self-sufficiency.

Thank you for your concern to this vital issue.

Sincerely,

Mary T. Casey

Mary T. Casey
Executive Director