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Senate of Pennsylvania

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November 1, 1999

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Honorable John R. McGinley, Jr.
Chairman and Members
Independent Regulatory Review Commission
14th Floor, Harristown 2
333 Market Street
Harrisburg, PA 17101

Dear Chairman McGinley and IRRC Members:

We are writing to you regarding the final omitted subsidized child care regulations submitted to you on October 13, 1999 for consideration by your Honorable Commission at your November 4, 1999 meeting. We respectfully submit these comments and recommendations and ask that the Commission give them careful consideration.

The Department of Public Welfare is to be commended for some of the changes made to their original proposed Regulations. Those changes are to increase the maximum income eligibility to 235% of the Federal Poverty Level Income Guidelines (FPIG), allowing new families already participating in the program with incomes between 185% and 235% of FPIG to remain eligible. We also commend the Department for modifying its position by allowing those families who initially qualify at 185% of FPIG, or less, to continue their eligibility until they exceed 235% of FPIG. These changes will protect the eligibility of the first group of families who are still struggling to make ends meet and allow the second group to modestly improve their ability to provide for their family. The Department has also recently lowered the cap on co-payments for some medium to large size families at, or near, the maximum income eligibility limit. All of these changes are positive for the families who are affected by them.

However, we remain concerned that the Department has failed to address the majority of families because they do not meet the criteria for these changes. **Most families at 170% of FPIG, or less, indeed the poorest of the working poor (those who arguably are struggling most to provide for their families with income from a job instead of welfare) will see NO change in their co-payments.**

Further, those families who are applying for subsidized care for the first time, will be ineligible unless their income is less than 185%-- note that the Department has amended its earlier position by allowing those families who initially qualify at 185% of FPIG, or who earned more at the time these new Regulations were proposed, but still under the 235% maximum level, to remain on the program. What happens to these families in between the 185% and 235% of FPIG who are applying for subsidized care for the first time? It is important to note that regulated child care commonly costs $100 per child per week or more. At $5,200 per year or

more, this can amount to 20% or more of a family's GROSS income before taxes.

There are funds available to help all of these families. There are projections of millions of federal child care dollars that will go unspent . That is not to say we should simply spend money just because we have it, but there are families whose expenses exceed their income when the cost of child care is factored in. The choices for these families are: to resort to families and friends for child care if that is possible, or to take their children to unregulated child care providers, divert money from other basic necessities (utilities, rent, food), or quit their jobs and return to the welfare roles.

The Department argues that money must be reserved for additional people coming into the system. The problem with that position is that some members of the U. S. Congress want to cut child care funding. That was evident when amendments were required to restore full funding levels for these programs at the U. S. Senate level. Full funding still requires approval of a Senate House Conference Committee. Would it not be a tragedy if families are forced to quit their jobs and return to the welfare roles, or use unregulated child care, because their co-payments are too high when funds are available that could be used to prevent either of these occurrences. Further, that unfortunate turn of events would be even worse if the federal government used Pennsylvania's underspending of available funds to justify cuts in funding in future years.

Clearly, the intent of the Welfare Reform Act is placed in jeopardy if further adjustments to the Regulations are not made. The Act refers to the goal of self-sufficiency. That goal is harder for some working poor families to achieve and sustain, and simply impossible for others without further adjustments.

We, therefore, respectfully request that the Commission urge DPW to make further changes to address the initial eligibility problem and the overburdensome co-payments that some families who are not affected by these adjustments will be required to pay. The changes that have been made are positive in most cases. These additional changes will make the goal of self-sufficiency in the Welfare Reform Act achievable by more people. Thank you for your careful consideration.

Sincerely,

Mike O'Pake

Michael A. O'Pake
Senate Democratic Caucus Chairman

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cc: The Honorable Feather O. Houstoun