

What's The Truth About Child Care Subsidies?



Shouldn't parents pay for child care?

Parents who receive child care subsidies still pay for child care. Participating families are required to make co-payments based on family size and income. Co-payments may be as high as 17% of a families' gross monthly income. All-day care for a 2-year old child in a child care center in Maricopa County, for example, could cost parents as much as \$4,000 per year even after the subsidy.

Aren't child care subsidies just another form of welfare?

Child care subsidies are specifically for parents who are working or participating in job training. The whole point of helping families pay for child care is to enable them to find safe, nurturing, and educational care for their children while they are at work. Child care subsidies help parents remain reliable, consistent employees. Without child care subsidies, some parents would be forced out of jobs to take care of their kids. Many more parents would lose productivity at work due to unstable and inconsistent child care arrangements.

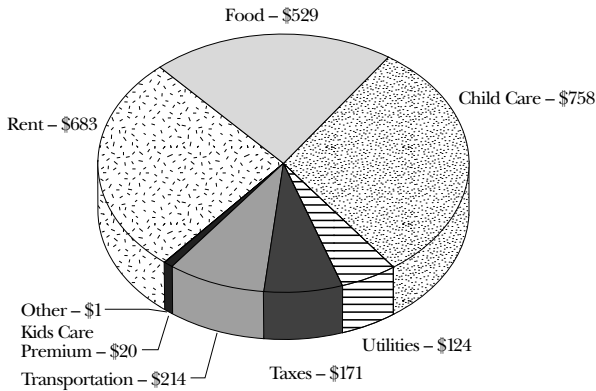
Hasn't Arizona been writing a blank check for child care subsidies?

Only working families with low incomes qualify for child care subsidies. State law says that families receiving welfare (TANF) or transitioning from welfare to work are entitled to child care subsidies. Other working families may receive subsidies but only if their family income is below 165% of the federal poverty level – \$25,200 a year for a family of 3 and \$30,400 a year for a family of 4. Compared to other states, Arizona's child care assistance is extremely limited. Our subsidy rates are based on the price of child care in 1998. Thirty-five states have higher income eligibility levels than Arizona and 41 states have lower co-pays.

As Arizona has succeeded in shrinking our welfare rolls, the number of families needing child care subsidies has grown significantly. And wages in Arizona have not kept pace with inflation, making it harder and harder for working families to afford child care without help. The price of child care in Arizona is \$4,000 to \$7,500 per year per child – more than annual in-state tuition at our public universities.

Working Families Struggle To Afford Child Care

Married couple with 2 children and annual income of \$30,000 per year



Family has \$1 per month for health insurance for parents, phone, clothing, school supplies, savings, etc.
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Why should Arizona continue to pay for child care subsidies in the middle of a budget crisis?

Arizona leaders from business, state and local government, education, and philanthropy have affirmed that children's experiences before they ever start kindergarten have a large and long-lasting impact on their educational success. For more than 120,000 children in Arizona's working families, those experiences include child care. High quality child care can improve language ability, pre-math skills and social skills. This kind of care is completely out of reach for low-income families without child care subsidies.

There are more than 6,000 child care businesses throughout Arizona. Without child care subsidies, many of these businesses would be forced to lay off employees or close up shop. This budget cut would have a harmful ripple effect through Arizona's economy.

In today's era of increased accountability for educational outcomes and cost-effectiveness, it makes absolutely no sense to throw away federal dollars and a state service that benefits employers who need a reliable workforce, child care businesses that need to hire and retain quality staff, and children who need early education.

What's wrong with creating a waiting list or trimming the program in a time when everyone is pinching pennies?

There is no waiting list according to the 2003 budget just passed by the legislature; rather, there is a freeze on new enrollment for families who have never received welfare. No family that is turned away from child care subsidies between now and June 30 can receive help this fiscal year. Cutting child care subsidies by capping the number of participating families, creating time limits, or shrinking eligibility will all mean that thousands of families who need child care assistance will not get it.

Ask yourself what you would do if your family was earning \$20,000 a year and you needed child care while you were at work. Would you quit your job and turn to welfare so you could take care of your children? Would you leave your kids home alone? Would you leave your kids at a neighbor's house with far too many children and too little supervision? Would you patch together favors from friends and family so that neither you nor your children knew for sure from one day to the next who would be caring for them?