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TRANSITIONAL CHILD CARE HELP

House Bill 4097 with committee amendments First Analysis (4-23-97)

Sponsor: Rep. Candace Curtis
Committee: Human Services and Children

THE APPARENT PROBLEM:

For most low- to moderate-income parents, the cost of child care can be prohibitive. However, many parents may be unaware of the assistance provided by the Family Independence Agency (FIA), formerly the Department of Social Services, under its Child Day Care Services Program. This program is designed to provide financial help with child day care costs for any parent or foster parent who works. Assistance is based on a sliding scale that takes into account family size and income, as well as location, and is available to eligible applicants, whether or not they receive other forms of FIA assistance. Families with gross monthly incomes as low as \$1,496 or as high as \$5,069 may have a percentage of their child care costs paid.

Information about this program is made available to some parents: families receiving public assistance from the FIA; and families in "transition," those who once received public assistance but, although now employed, are still eligible for some forms of assistance, are notified by the FIA that assistance with child day care costs is available. Authorization for this notification was included in boilerplate language in the FIA appropriations legislation for the current fiscal period. However, due to recent welfare reform and corresponding changes within the FIA, and the loss of legislative "institutional memory" some anticipate with the future impact of term limits, it seems prudent to place in statute a provision that would require that those who have become ineligible for assistance because of their income receive written notice of the program. In addition, families making the transition from welfare to work do not receive written notification that they may be eligible for transitional Medicaid. This, too, should be placed in statute.

THE CONTENT OF THE BILL:

House Bill 4097 would amend the Social Welfare Act to require that the Family Independence Agency (FIA) notify each grantee in writing that child day care services and transitional Medicaid were available for households that had become ineligible for assistance

because of the hours of, or income from, a member of the household's employment.

MCL 400.57i

FISCAL IMPLICATIONS:

The House Fiscal Agency estimates that the bill would have no impact on state funds, since the notification procedures required under the bill are already being undertaken by the Family Independence Agency. (4-22-97)

ARGUMENTS:

For:

The FIA Child Day Care Services Program is designed to provide financial help with child care day costs for any parent or foster parent who works. Applicants are given a list of eligible providers: licensed or registered day care centers, family day care homes, day care aides, and group day care homes. In general, families receiving public assistance do not pay for child care costs unless the costs exceed the maximum amount allowed by FIA. Most other families contribute based on their family income, the type of day care setting, the age of the child, the number of hours of care, and the rate charged by a provider. The amount of assistance also depends on the county where the care is provided. For example, Ingham County is in the FIA Shelter Area VI. The FIA pays a percentage of day care expenses, ranging from 95 percent of the rate paid by a family of two whose gross monthly income is less than \$1,496 per month, to 30 percent of the rate paid by a family of ten or more that earns between \$4,960 and \$5,069 per month. Of these expenses, the FIA pays the actual cost up to a maximum amount per hour of care provided, ranging from \$1.35 per hour for care by a day care aide for one child, to \$2.95 per hour for care in a day care center for a child under two and one-half years of age. The assistance is available to eligible applicants, whether or not they receive other forms of FIA assistance. Assistance such as this, as well as assistance with transportation problems, has been acknowledged as

a fundamental part of welfare reform: people who are no longer eligible for cash assistance and food stamps because they have moved into the workforce need assistance to become fully independent. It is important that the state continue to notify families about the help that is available to them.

Against:

The bill does not go far enough. What is needed is a public education campaign to inform the public about the child day care assistance provided by the FIA, since it is obvious that too few families are aware that this assistance is available. The House Committee on Human Services and Children heard testimony regarding an experience encountered during a public education campaign designed to inform the public about the recent reorganization of the Family Independence Agency (FIA). A representative of a nonprofit law firm that helps low income clients gain self-sufficiency told how the firm received more than 300 calls during the public education campaign from people who were unaware that a child care services program was available through the FIA for low-income working families. In addition, a recent examination of the FIA's statistics of those who have moved from welfare to work and are eligible for assistance with child care costs, compared with those who actually receive this assistance, indicates that many more are unaware of the program.

Against:

Some would say that the percentage of assistance provided under the FIA's Child Day Care Services Program is too high, especially following a period in history when welfare reform measures have been enacted around the country. It is pointed out that, under the FIA's Income Eligibility Scale for child day care services, for example, an eligible family of ten with between \$4,960 and \$5,069 in gross monthly income, would receive assistance from the FIA for 30 percent of their child care expenses. Those who question this assistance wonder if the state is not, perhaps, establishing a new entitlement program at the same time that it acts to reform the old welfare system. Moreover, although it has been noted that some of the funds used to pay for this program are federal funds, state funds are also being used.

POSITIONS:

The Center for Civil Justice in Saginaw, Michigan, supports the bill. (4-22-97)

The Michigan Association for the Education of Young Children supports the bill. (4-22-97)

Michigan's Children (a child advocacy organization) supports the bill, but expressed the opinion that the FIA

child care program should be expanded to include a public education campaign. (4-22-97)

The Michigan Federation of Private Child and Family Practices supports the bill. (4-22-97)

The Family Independence Agency has no position on the bill. (4-22-97)

The Michigan League for Human Services (MLHS) has no position on the bill. (4-22-97)

Analyst: R. Young

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.