



NEWS RELEASE

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DHR cuts to child care subsidy squeeze low-income working families

MONTGOMERY, Ala. – Higher co-pays and lower income limits for subsidized child care will strain the budgets of more than 15,000 Alabama working families when new Department of Human Resources budget reductions go into effect next month. The cutbacks follow DHR Commissioner Page Walley's warning last January that child care would be one of the first programs to suffer from budget shortfalls.

Among the changes are a \$3-per-child-per-week increase in the co-pay; a drop in the income limit for remaining in the program from 200 percent of the federal poverty level (FPL) to 150 percent (the income limit for entering the program remains at 135 percent of FPL); and the elimination of sibling discounts.

Child care advocates are concerned not only about the impact of the cuts but also about the timing of notification and implementation. On June 30, participating families and providers received notice that sibling discounts would be eliminated on Aug. 4. There has been no notification that the income limit and co-pay will change on Oct. 9, regardless of each families' renewal cycle.

"Normally, policy changes affecting cost or eligibility go into effect as families come up for their six-month re-certification in the program," said Sophia Bracy Harris, executive director of the Federation of Child Care Centers of Alabama (FOCAL).

For a working mom with three kids, finding out that affordable child care will end next month is a major setback, said Ron Gilbert, senior policy analyst at Arise Citizens' Policy Project. "Thirty days' notice is just not enough," he said.

"For many families with two incomes, one of them at minimum wage," Harris said, "the recent minimum wage increase places them just above the lower eligibility limit, triggering a spike in child care costs that will wipe out their modest wage gain."

Gilbert also noted that the changes fly in the face of the state's recent economic development efforts. "An economic downturn is the worst time to reduce child care subsidies," he said. "We spent \$1 billion last year on industrial recruitment, yet the state appears unwilling to spend \$5 million to help parents stay in the workforce."

A Child Care Rally and press conference Saturday at the Sheraton Birmingham Hotel will make the changes public and rally families and providers to respond forcefully. The rally will take place at 9:30 a.m. on Saturday, Sept. 6, in the Sheraton Ballroom, preceding the Equal Voice for America's Families Convention. More than 4,000 people from across the Southeast are expected to attend the convention.

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Arise Citizens' Policy Project (ACPP) is a nonprofit statewide citizens' organization comprising 152 congregations and community groups that promote state policies to improve the lives of low-income Alabamians.

The Federation of Child Care Centers of Alabama (FOCAL) is a statewide membership organization whose mission is to measurably improve the lives of children and families in Alabama through child care training, leadership development, advocacy and community organizing.