

MINNESOTA DEPARTMENT OF

*Children
Families &
Learning*

Review of
**Child Care
Assistance Program**

**Families Served &
Cost of Direct
Services per Family**

**Report to the
Legislature**

January 2003

**As required by
2001 Minnesota
Laws, 1st Special
Session, Chapter 3,
Article 1, Section 16.**

**COMMISSIONER
CHERI PIERSON YECKE, Ph.D.**

FOR MORE INFORMATION CONTACT:

Cherie Kotilinek, Early Learning Services Manager
Minnesota Department of Children, Families & Learning

T: (651) 582-8390

FAX: (651) 582-8496

E-MAIL: cherie.kotilinek@state.mn.us

**1500 Highway 36 West
Roseville, MN 55113-4266
TTY: (800) 627-3529 OR (651) 582-8201**

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Upon request, this report can be made available in alternative formats.

ESTIMATED COST OF PREPARING THIS REPORT

This report provides information which the Minnesota Department of Children, Families & Learning already collects as part of its regular business functions.

Special funding was not appropriated for the costs of preparing this report.

This report was distributed electronically to minimize cost.

The estimated cost incurred by the Minnesota Department of Children, Families & Learning in preparing this report is \$1,441.

CHILD CARE REPORT TO THE LEGISLATURE

Legislative Directive

The commissioner of children, families & learning must report to house and senate committees with jurisdiction over child care by November and February of each year with information on the number of families served and the cost of direct services per family for each child care assistance program administered by the commissioner. The report must include the number of families being served and the number that would be served if entry income eligibility was set at 120 percent of the federal poverty guidelines and 30 percent of the state median income and continuing at reasonable increments, with an exit level of both 250 percent and 300 percent of the federal poverty guidelines and 63 percent and 75 percent of the state median income.

2001 Minn Laws, 1st Special Session, Chapter 3, Article 1, Section 16.

Background

Under current law, Child Care Assistance is funded in two ways. First, families receiving Minnesota Family Investment Program (MFIP) cash assistance and families in their first year off MFIP who participate in authorized activities receive child care assistance. These families are participants in the MFIP Child Care Assistance Program (MFIP) and the Transition Year Child Care Assistance Program (TY). These programs are fully funded and all families who are eligible and need child care receive assistance with child care costs.

The second funding mechanism is the Basic Sliding Fee Program (BSF) which serves low-income families who are not included in either of the cash assistance-related categories listed above. Access to the BSF program is dependent upon the amount of funds available. The demand for BSF has often exceeded funds available and some eligible families are usually on a waiting list for assistance with child care costs.

As directed by the 1999 Legislature, the department reported on consolidation of these programs to the 2000 Legislature. In 2001, the Governor's budget included a proposal to consolidate the programs so that program access was dependent on income level rather than cash assistance status. The Legislature did not adopt this proposal but did mandate this report.

The department is complying with the legislative directive for this report to the extent possible. This report translates estimates of the number of families served from the program-based estimates developed at the time of the forecast to income-based estimates across program lines. This report does not estimate the number of families that would be served if the program were fully funded within each of these income parameters and does not translate federal poverty guidelines to state median income ranges. An analysis of this depth cannot be achieved with existing resources on a biannual basis along with management of the current forecasting, payment and allocation management process. No additional funds were appropriated to support the cost of completing this report.

Number of families served and average cost/family

A. Program-based actuals and forecast

This section of the report identifies the number of families served by subprogram for recent time periods and the cost of serving these families. It also identifies the number of families forecast and projected to be served in State Fiscal Years 2003-2007 (SFY03-07) under current law.

Recent actuals

The following table indicates the number of families served and cost per family by subprogram in SFY02 and for the first quarter of SFY03:

	SFY 02		First quarter of SFY03	
	# of families	Cost/family	# of families	Cost/family
MFIP	9,753	\$ 8,009	10,216	\$ 8,649
TY	2,763	\$ 7,864	2,749	\$ 8,400
BSF	14,758	\$ 6,237	14,897	\$ 6,837

NOTES: The SFY02 numbers presented are an average of the unduplicated number of families served each quarter during the state fiscal year. The number of families in BSF includes families who participate in the At-Home Infant Care Program (AHIC), which provides a subsidy in lieu of assistance for families who care for an infant at home. The number of families in MFIP does not include families who participated in only social services child care. The recent actual figures above are a point-in-time representation as counties may submit revised reports. The SFY02 figures are accurate as of December 2, 2002 and the SFY03 figures are accurate as of December 12, 2002.

In SFY02, MFIP averaged 1.87 children per family, TY averaged 1.75 children per family and BSF averaged 1.68 children per family.

Forecast

The November 2002 forecast projects the following number of families served and average cost for SFY03 through SFY07:

	SFY03		SFY04		SFY05		SFY06		SFY07	
	# of families	Cost per family	# of families	Cost per family	# of families	Cost per family	# of families	Cost per family	# of families	Cost per family
MFIP	10,473	\$8,730	10,110	\$9,428	9,155	\$10,088	8,824	\$10,693	8,476	\$11,335
TY	2,699	\$8,414	3,008	\$9,003	3,121	\$9,543	2,900	\$10,116	2,677	\$10,723
BSF	14,983	\$6,674	13,507	\$7,141	12,625	\$7,641	11,799	\$8,175	11,027	\$8,748

A copy of the Child Care Assistance November forecast is attached. It includes the same information provided here as well as information about funding sources. BSF is not part of the forecast but is included here for projection purposes.

B. Projections based on income level

This section of the report converts the program-based information to income-based estimates. **These income-based estimates are presented with the following caution.** Since the availability of statewide data is limited for these estimates, they are not intended as definitive statements about the income distribution of families within the Child Care Assistance Program.

The Legislature directed that “reasonable increments” be used in this analysis. The increments used by the department are:

- below the federal poverty guidelines (FPG),
- between the poverty guidelines and 149% of the poverty guidelines,
- between 150% and 199% of the poverty guidelines,
- between 200% and 249% of the poverty guidelines,
- between 250% and 299% of the poverty guidelines, and
- 300% of the poverty guidelines and above.

These increments are those used in a survey completed by counties regarding BSF families. The increments do not exactly match those available for other subprograms. Discrepancies are noted in the section addressing each subprogram.

The numbers of families served in SFY02 and during the first quarter of SFY03 are presented below. The totals are actuals; the income-level breakdowns are estimates.

Totals in tables are actual numbers or are from the November 2002 Child Care Assistance Program forecast. The totals are a point-in-time representation as counties may submit revised reports. The SFY02 total is accurate as of December 2, 2002 and the SFY03 first quarter total is accurate as of December 12, 2002. Sum of component numbers might not equal totals due to rounding.

Estimated income increments, actual totals, number of families

	SFY02	1 st quarter of SFY03
<100% FPG	12,851	13,337
100 to 149% FPG	4,491	4,521
150 to 199% FPG	5,670	5,706
200 to 249% FPG	3,080	3,105
250 to 299% FPG	1,033	1,043
>=300% FPG	148	149
Total	27,274	27,863

The following projections by income-level for SFY03-07 are based on current percentages of families by income.

Estimated income increments, projections, number of families

	SFY03	SFY04	SFY05	SFY06	SFY07
<100% FPL	13,602	13,022	11,927	11,412	10,889
100 to 149% FPL	4,529	4,249	4,061	3,791	3,533
150 to 199% FPL	5,710	5,406	5,192	4,845	4,513
200 to 249% FPL	3,117	2,867	2,711	2,532	2,363
250 to 299% FPL	1,049	945	884	826	772
>= 300% FPL	150	135	126	118	110
Total	28,157	26,624	24,901	23,524	22,180

The SFY03-07 totals are a point-in-time representation. They are from the November 2002 Child Care Assistance Program forecast.

MFIP families

This analysis includes all MFIP families in the category below the poverty guidelines. The income ineligibility level for MFIP is 120% of the federal poverty guidelines. This eligibility calculation includes food benefits which are not included when calculating income for the Child Care Assistance Program. When food benefits are excluded, MFIP families have incomes below the federal poverty guidelines.

The numbers of MFIP families served in SFY02 and during the first quarter of SFY03 are represented below by income group. The totals are actuals; the income-level breakdowns are estimates.

Estimated MFIP income increments, actual totals, number of families

	SFY02	1 st quarter of SFY03
<100% FPG	9,753	10,216
100 to 149% FPG	0	0
150 to 199% FPG	0	0
200 to 249% FPG	0	0
250 to 299% FPG	0	0
>=300% FPG	0	0
Total	9,753	10,216

Projections by income-level for SFY03-07 are based on current percentages of families by income.

Estimated MFIP income increments, projections, number of families

	SFY03	SFY04	SFY05	SFY06	SFY07
<100% FPG	10,473	10,110	9,155	8,824	8,476
100 to 149% FPG	0	0	0	0	
150 to 199% FPG	0	0	0	0	
200 to 249% FPG	0	0	0	0	
250 to 299% FPG	0	0	0	0	
>=300% FPG	0	0	0	0	
Total	10,473	10,110	9,155	8,824	8,476

The SFY03-07 totals are a point-in-time representation. They are from the November 2002 Child Care Assistance Program forecast.

TY families

Transition Year families are distributed into income groups based on unpublished data available from the Department of Human Services' (DHS) Minnesota Family Investment Program Longitudinal Study at two years from the beginning of MFIP. MFIP applicants and recipients were selected for the MFIP Longitudinal Study during May – October 1998. The data for the Longitudinal Study were collected during May – October 2000 for the two year sample. DHS has not yet compiled Longitudinal Study data at three years from the beginning of MFIP. In the two year sample, those families that have left MFIP and are employed are the most similar to the TY population. The survey found that 16% of this group had incomes below the poverty guidelines, 10% had incomes that were 100—119% of the FPG, 13% had incomes that were 120-139% of the FPG, 11% had incomes that were 140-159% of the FPG and 50% had incomes 160% of the FPG or higher. These breakdowns have been converted into the following distribution for the purposes of this report:

- below the poverty guidelines—16%,
- between the poverty guidelines and 149% of the poverty guidelines – 29%,
- between 150% and 199% of the poverty guidelines – 45%, and
- 200% of the poverty guidelines and above – 10%.

The numbers of TY families served in SFY02 and during the first quarter of SFY03 are represented below by income group. The totals are actuals; the income-level breakdowns are estimates.

Estimated TY income increments, actual totals, number of families

	SFY02	1 st quarter of SFY03
<100% FPG	442	440
100 to 149% FPG	801	797
150 to 199% FPG	1,243	1,237
200 to 249% FPG	276	275
250 to 299% FPG		
>=300% FPG		
Total	2,763	2,749

Projections by income-level for SFY03-07 are based on current percentages of families by income.

Estimated TY income increments, projections, number of families

	SFY03	SFY04	SFY05	SFY06	SFY07
<100% FPL	432	481	499	464	428
100 to 149% FPL	783	872	905	841	776
150 to 199% FPL	1,215	1,354	1,404	1,305	1,205
200 to 249% FPL	270	301	312	290	268
250 to 299% FPL					
>= 300% FPL					
Total	2,699	3,008	3,121	2,900	2,677

The SFY03-07 totals are a point-in-time representation. They are from the November 2002 Child Care Assistance Program forecast.

The income data in the report of the MFIP Longitudinal Study comes from May – October 2000. Because families only participate in Transition Year for twelve months, the families represented here are no longer in Transition Year and the families who replaced them may not fall into the same distribution.

BSF families

The income breakdown for BSF families comes from the SFY2002 Statistical Addendum for Child Care Assistance Plan, an annual survey completed by counties. The distribution based on this survey is:

- below the poverty guidelines – 18%,
- between the poverty guidelines and 149% of the poverty guidelines – 25%,
- between 150% and 199% of the poverty guidelines – 30%,
- between 200% and 249% of the poverty guidelines – 19%,
- between 250% and 299% of the poverty guidelines – 7%, and
- 300% of the poverty guidelines and above – 1%.

The numbers of BSF families served in SFY02 and during the first quarter of SFY03 are represented below by income group. The totals are actuals; the income-level breakdowns are estimates.

Estimated BSF income increments, actual totals, number of families

	SFY02	1 st quarter of SFY03
<100% FPG	2,656	2,681
100 to 149% FPG	3,690	3,724
150 to 199% FPG	4,427	4,469
200 to 249% FPG	2,804	2,830
250 to 299% FPG	1,033	1,043
>=300% FPG	148	149
Total	14,758	14,897

Projections by income-level for SFY03-07 are based on current percentages of families by income.

Estimated BSF income increments, projections, number of families

	SFY03	SFY04	SFY05	SFY06	SFY07
<100% FPL	2,697	2,431	2,273	2,124	1,985
100 to 149% FPL	3,746	3,377	3,156	2,950	2,757
150 to 199% FPL	4,495	4,052	3,788	3,540	3,308
200 to 249% FPL	2,847	2,566	2,399	2,242	2,095
250 to 299% FPL	1,049	945	884	826	772
>= 300% FPL	150	135	126	118	110
Total	14,983	13,507	12,625	11,799	11,027

The SFY03-07 totals are a point-in-time representation. They are from the November 2002 Child Care Assistance Program forecast. BSF is not part of the forecast but is included here for projection purposes.

These numbers represent only current families; they do not include families on the Basic Sliding Fee waiting list. While counties must ask families on the waiting list for income information, most do not keep that information in a format from which they can do data analysis. Previously, the agency gathered waiting list information from Becker and Hennepin Counties. However, Becker County has not had a waiting list since April 2002 and Hennepin County does not have the resources necessary to provide the data this year. Therefore, the agency was not able to gather information regarding the income distribution of families on BSF waiting lists for SFY02. The statewide Basic Sliding Fee waiting list as of November 30, 2002, contained 5,216 families.

Income standards

This report presents family income relative to the federal poverty guidelines (FPG). The legislative directive to develop this report included standards based on both FPG and state median income (SMI). SMI is the basis for the income eligibility limit for the Basic Sliding Fee Program. FPG is the basis for the income eligibility limit for MFIP Cash Assistance. The relationship between the two is dynamic. In SFY00, 75% of SMI (the income eligibility limit for BSF) was 275% FPG; in SFY01, it was 300% FPG; in SFY02 it was 288% FPG; and in SFY03 it is 296% FPG. The Department has not translated FPG to SMI for purposes of this report as it would not improve interpretation of data or comparisons over time.