

**BROADENING THE BASE:
STRENGTHENING MISSISSIPPI'S WORKING FAMILIES,
BUSINESSES AND ECONOMY THROUGH STRONG CHILD
CARE SYSTEMS**

**EMBARGOED UNTIL 10:00AM
TUESDAY, FEBRUARY 26, 2008**



Mississippi
Economic Policy
Center

About the Mississippi Economic Policy Center

The Mississippi Economic Policy Center (MEPC) engages in rigorous, accessible and timely analysis to inform the policy debate on issues that affect the economic and social well-being of working families and low-wealth Mississippians. An independent, nonpartisan initiative, MEPC is managed by the Enterprise Corporation of the Delta (ECD), a regional financial institution and community development intermediary dedicated to strengthening communities, building assets and improving lives in economically distressed areas in the Mid South. Key MEPC partners include the Mississippi Center for Justice and other organizations that contribute expertise and otherwise provide important guidance and support.

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Source: Edward Sivak and Rebecca Dixon, *Broadening the Base: Strengthening Mississippi's Working Families, Businesses and Economy through Strong Child Care Systems*. Jackson, MS: Mississippi Economic Policy Center, 2008.

Executive Summary

Recently, Mississippi reached a record level of employment. However, a job does not always guarantee economic security. Nearly 130,000 Mississippi families with children are working hard – many at more than one job – and still experiencing difficulty making ends meet. For Mississippi's working families, strong child care systems are critical to the pursuit of self-sufficiency. Likewise, self-sufficient families contribute to a stable workforce and growing economy.

While vitally important to the state's economy, child care is expensive. For families, the costs for sending an infant to a day care center for 9 months are more than tuition at one of the state's four-year higher education institutions. For providers, profit margins are usually thin. Margins are especially tight for providers that rely on state-subsidized child care certificates as their primary revenue stream. Subsidies for infant care, the most expensive care to provide, are 68% below the market rate.

Over the last couple of years, efforts have been made to maximize federal dollars for child care. Mississippi appropriates enough state money to receive a 3:1 federal match, up to the capped amount. Additionally, Mississippi has transferred 20% of its Temporary Assistance for Needy Families (TANF) surplus to the child care certificate program.

While the investment is noteworthy, more than 80,000 children below the age of 13 and living in families with incomes below 85% of the state median family income – the state's income threshold for child care assistance eligibility – receive no child care assistance.

Given the large gap between the child care assistance capacity and the number of children living in families that meet the income eligibility requirements, this paper recommends a broader base of public funding for child care to strengthen the delivery of low-income child care throughout the state.

Specifically, recommendations include:

- Identify low-income child care as a priority funding area in the Consolidated Plan for Community Development Block Grant (CDBG) funding for Mississippi and its Entitlement cities. By highlighting child care, the State could use CDBG funds to support stable employment.
- Explore options to maximize the potential of TANF dollars through transfers to the Child Care Development Fund (CCDF) and direct expenditures to increase child care options for children currently not served by the child care subsidy program but living in families with incomes below the program's eligibility limits.
- Engage in a marketing campaign to connect child care workers to Workforce Investment Act funding to upgrade skills. The campaign to upgrade skills could focus on Mississippi Child Care Quality Step System (MCCQSS) pilot areas to ensure that workforce training upgrades correspond with increases in reimbursement funds to connect workers to higher wages in exchange for higher education.
- Pursue Child Care Access Means Parents in School (CCAMPIS) funding for every university, community and junior college in the state. Funding through CCAMPIS could expand access to child care in multiple low-income communities throughout the state. Simultaneously, low-income working families could upgrade their skills to earn higher wages.
- Increase state reimbursement rate to the federally recommended 75% of the market rate to maximize incentive for quality improvements through MCCQSS.
- Create or identify a pool of funds to facilitate the improvement and stability of low-income child care centers through MCCQSS.

Strong child care systems make a difference for families, employers and ultimately the state's job creation efforts. By working together across agencies and sectors, Mississippi can build a strong child care system that supports family efforts to go to work and helps businesses retain their key employees.

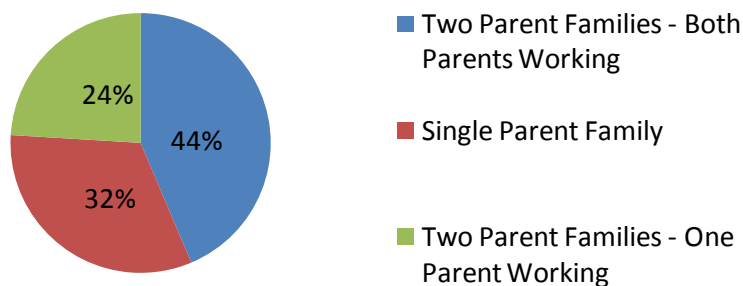
Mississippi's Working Families

Recently, the Department of Labor reported that Mississippi had reached a record level of employment with 1,166,800 people engaged in work.¹ This milestone created an opportunity to reflect on the progress of the state and to look forward towards a future of sustained job growth associated with a promising pipeline of economic development projects.

Unfortunately, having a job in Mississippi does not always translate into financial stability. An estimated 129,457 or 39.1% of Mississippi's working families with children are low-income. Despite having a job and working hard, these families find their finances tight at the end of each month.² One of the primary reasons for the high level of low-income working families is a prevalence of low-wage work. Over one-third of Mississippi's jobs (35.2%) are in low-wage occupations.³

Many of Mississippi's low-income working families are also working more than one job. Married couples with children work, on average, the equivalent of nearly 1.5 full-time jobs (2,852 hours per year). Likewise, single fathers work an estimated 2,289 hours per year, while working single mothers put in close to 2,000 hours annually.⁴ In total, in 76% of Mississippi's families with children, all parents work. Chart 1 illustrates the family type breakdown for all of Mississippi's working families.

Chart 1
In Three-Fourths of Mississippi's Families with Children
all Parents Work



Source: U.S. Census Bureau 2000

Additionally, two-thirds (65.2%) of Mississippi's women with children under the age of six are in the labor force,⁵ and 317,000 children, or 42% of the population below the age of 18, live in single-parent families.⁶

Record employment numbers, the incidence of low-income working families in the state and the work effort within those families all raise the importance of child care as a critical workforce support for families and employers. When assisted with child care, low-income working families with children are more likely to attain work. Additionally, women who receive child care supports are more likely to be employed and tend to remain employed significantly longer than those without assistance.⁷ Likewise, women with children who leave welfare and participate in a child care subsidy program are less likely to return to welfare than women who don't have access to child care assistance.⁸

In Mississippi, over 250,000 children live in the state's 129,000 working families. The strength or weakness of the state's system to connect working families to child care affects the employment decisions of working families and businesses around the state every day.

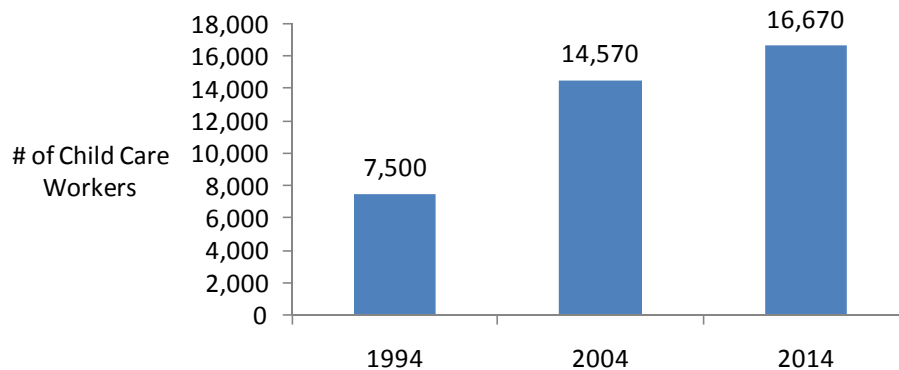
Child Care and the Mississippi Economy

Child care is a key driver of the Mississippi economy through the direct supply of jobs and wages and through workforce supports provided to employees working in Mississippi's businesses. The wages supported directly and indirectly by the industry also generate tax dollars to support the delivery of state services.

Mississippi's Child Care Workforce

In September of 2007, the state Department of Health reported that there were 132,427 licensed child care center slots for Mississippi's children. Over the last several years, the number of licensed slots has increased, contributing to a rise in demand for child care workers. Chart 2 illustrates the growth of the industry since 1994 and the projected increase in the number of child care workers through 2014.

Chart 2
Occupational Projections - Child Care Workers Mississippi
(1994-2014)



Source: Mississippi Department of Employment Security Labor Market Information Department (2004-2014 columns). *Investing in Futures: The Business of Child Care in Mississippi*, Biloxi, MS: Mississippi Low Income Child Care Initiative, December 2003. (1994 column)

The child care industry also supports jobs indirectly and generates significant revenue for the state general fund. For example, jobs in the food service industry are supported indirectly when a vendor prepares meals for a child care center. Taxes are generated by the income earned by workers directly and indirectly involved in the industry, as well as on the sale of goods (like food) to support child care delivery. In total, the Mississippi Institutions for Higher Learning estimated that the child care sector “directly generated or indirectly facilitated between 37,900 and 55,700 jobs and \$571 to \$830 million in personal income and \$33.7 to \$49 million in state general fund revenue.”⁹

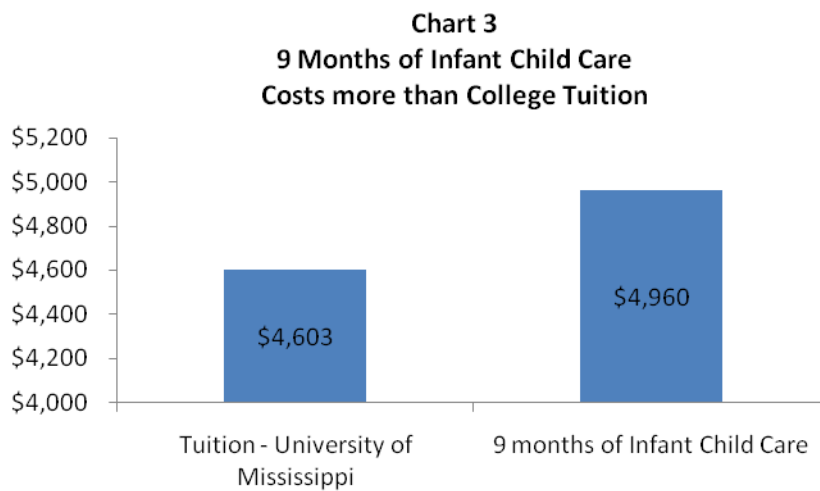
While collectively generating hundreds of millions of dollars in personal income, individually, child care workers remain one of the lowest paid groups of employees in the state. On average, child care workers earn \$7.08 an hour, with entry-level wages estimated at \$6.11 an hour.¹⁰ The low starting and average wages of child care workers contribute to a high rate of turnover within centers, which ultimately affects the quality of care. Additionally, the low-wage work leaves many child care workers in need of workforce support.

The Economics of Child Care in Mississippi

From many different perspectives, child care is expensive. It is costly for families that pay tuition and for centers that provide the care. At the same time, it is costly for businesses when they lose good employees due to a lack of child care options. When accessible, good child care provides fiscal stability to families and businesses.

Child Care Costs and Families

In 2007, Mississippi conducted a market rate survey of child care centers in the state. From the survey, one can estimate the average cost of child care throughout the state. For an infant in Mississippi, the average cost of child care is approximately \$124 per week.¹¹ The cost of 9 months of child care for a one-year-old is more expensive than the cost of sending a child to the University of Mississippi for two semesters (Chart 3).



Source: Mississippi Institutions for Higher Learning System Profile 2007. MS DHS OCY 2007 Child Care Market Rate Survey – MEPC Calculations

Given the high cost of child care, child care assistance becomes a critical workforce support for working families. In fact, for some working families, child care assistance may be the difference between financially making ends meet and not earning enough money to pay the bills at the end of the month. Table 1 models the impact of child care costs on the monthly expenses of a single parent with two children living in Hinds County.

Table 1		
Impact of Work Supports on Monthly Costs and Self-Sufficiency Wages		
Single Parent, One Infant and One Preschooler - Hinds County, MS 2003		
Monthly Costs	Self-Sufficiency Standard	Impact of Child Care Assistance
<i>Housing</i>	\$ 587	\$ 587
<i>Child Care</i>	\$ 658	\$ 132
<i>Food</i>	\$ 351	\$ 351
<i>Transportation</i>	\$ 257	\$ 257
<i>Health Care</i>	\$ 210	\$ 210
<i>Miscellaneous</i>	\$ 206	\$ 206
<i>Taxes</i>	\$ 381	\$ 276
<i>Earned Income Tax Credit (-)</i>	\$ (90)	#
<i>Child Care Credit (-)</i>	\$ (80)	\$ (30)
<i>Child Tax Credit (-)</i>	\$ (100)	\$ (31)
<i>Self Sufficiency Wage:</i>		
<i>Hourly</i>	\$ 13.52	\$ 11.12
<i>Monthly</i>	\$ 2,380	\$ 1,958
<i>Annual</i>	\$ 28,561	\$ 23,492
<i>Total Federal EITC (annual)</i>	#	\$ 2,148
<i>Total Federal CTC (annual refundable)</i>	#	\$ 830
Note: EITC is not received as a credit against taxes so it is only shown annually. CTC is split with nonrefundable portion included monthly and the refundable portion included annually.		

Source: Self-Sufficiency Standard for Mississippi, March 2003

In the absence of child care assistance, the parent must earn a salary of \$28,561 or wages of \$14.00 an hour to cover the household's cost of living. However, with child care assistance, the annual salary required to meet monthly expenses drops \$5,000 to \$23,492. As a point of reference, according to the Mississippi Department of Employment Security, bank tellers, child care workers and nursing aides working with the elderly all earn annual wages significantly below \$28,561. In the Table 1 example, child care assistance would allow a low-wage working parent with two children to cover their monthly expenses. In the absence of the assistance, costs would need to be cut from an already meager budget to make ends meet.

Child Care Costs and Providers

Child care is also expensive for providers. Despite low personnel costs, profit margins for child care centers are thin. Profit margins are especially tight in centers that rely on the state child care subsidy program as their primary source of revenue. While market rates for infant care run approximately \$124 per week, Mississippi provides child care centers providing infant care a weekly reimbursement of \$84 – approximately 68% of the market rate. Even with parental co-payments added to the state reimbursement rate, these centers do not receive market rate payments. As a result, they are forced to make cuts to capital development projects and quality enhancements.

Table 2 presents a sample budget designed for a licensed Tier 1 Mississippi child care center. The center serves a total of 52 children – 10 infants, 18 toddlers and 24 pre-school children. With six employees working directly with the children, the center operates with ratios of one teacher for every five infants, one teacher for every nine toddlers and one teacher for every 12 pre-school children. Income is generated from child care subsidy reimbursements and the USDA Child Care and Adult Food Program.

Table 2		
Mississippi Child Care Center Sample Budget		
Income:		
Tuition		\$214,656
	10 infants	\$43,680
	18 toddlers	\$74,880
	24 pre-school	\$96,096
USDA Food Program		\$50,000
Total Income:		\$264,656
Expenses:		
Personnel		\$184,656
	6 teachers at \$9/hour	\$112,320
	1 cook at \$9/hour	\$18,720
	1 director at \$12/hour	\$24,960
	Substitutes at \$7.50/hour	\$15,600
	Payroll taxes and fringe	\$13,056
Professional Services		\$2,400
Advertising		\$2,000
Maintenance and Janitorial		\$4,800
Utilities (Electricity, Gas, Water)		\$9,000
Phone and Internet		\$2,400
Supplies		\$12,000
Food Purchases		\$40,000
Insurance		\$5,000
Staff development and training		\$2,400
Total Expenses		\$264,656

Clearly it is a challenge to financially manage a child care center that primarily serves children whose parents pay for child care with child care assistance. In addition to not showing a profit, the sample budget above also assumes that the center owns the building where care is delivered or receives free rent. The thin margins of the child care center leave little financial room to make quality improvements for the children attending the center.

Child Care Costs and Employers

As mentioned above, child care is expensive to buy and expensive to sell. At the same time, it is important to note that the absence of good child care options is also expensive for employers. A lack of child care can contribute to absenteeism and ultimately turnover. When seasoned employees leave jobs,

businesses lose productivity and incur the recruitment and training costs of new employees. For example, for cashiers – the most abundant low-wage jobs in Mississippi – it costs employers, on average, \$3,600 to replace a trained employee.¹²

Strong systems to support child care make a difference in the lives of the state’s low-income working families and also benefit Mississippi’s businesses. For working families that rely on child care assistance to go to work, the assistance allows families to cover their other basic costs of living. Likewise, employers that have employees with access to good child care systems, experience a stronger bottom line. The conclusion of a series of studies compiled by the National Child Care Information Center, found that “child care helps companies recruit and retain workers, improves workers’ productivity, reduces absenteeism and tardiness and can actually save money for companies that provide assistance.”¹³

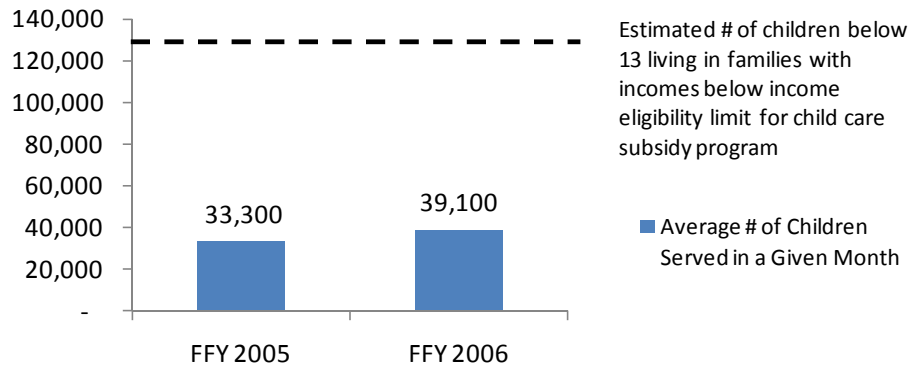
Mississippi’s Child Care Certificate Program

According to the United States Department of Health and Human Services (HHS), 7,430 family day care homes, child care centers and group homes provided child care services for an average of 39,100 Mississippi children a month whose families paid for child care through the certificate program.¹⁴ For the majority of families that use it, the program serves as a critical workforce support that keeps people stably employed and off of, or transitioning from, welfare. Eighty-one percent (81%) of the families that receive child care assistance through the certificate program are engaged in work, education or both.¹⁵ Furthermore, only 15% of all child care certificates are issued to families receiving economic assistance through the Temporary Assistance for Needy Families (TANF) program.¹⁶

The primary funding stream for state-provided child care certificate programs is the federally funded Child Care Development Fund (CCDF). Through the CCDF, states can receive matching funds at a rate of 3:1 on the state’s child care certificate program appropriation. In the most recent years for which funding data are available, the state worked to maximize federal dollars received through HHS. In Federal Fiscal Year (FFY) 2005, Mississippi appropriated enough state dollars to receive a full federal match of 3:1, resulting in \$25,615,242 for the child care certificate program. Additionally, in the same FFY, Mississippi transferred \$19.5 million in federal TANF surplus money to the child care certificate program.¹⁷

While state efforts to fund child care assistance have maximized federal matching dollars and taken advantage of TANF transfer provisions, the number of children living in families that have incomes below the income eligibility limit for the program remains significantly higher than the overall system capacity. Chart 4 illustrates the trend in the average number of children served by the child care subsidy program in a given month and the estimated number of children living in families with incomes below the income eligibility limit for the child care certificate program. The average monthly number children served is a proxy for the system capacity.¹⁸

Chart 4
Estimated Number of Children Living in Families with
Incomes below Income Eligibility Limits for Child Care Subsidy
Program Remains Higher than Estimated System Capacity



Source: U.S. Department of Health and Human Services ACF 801 data for FFY 2005 and FFY 2006. Mississippi Department of Human Services. Population Reference Bureau, analysis of data from the U.S. Census Bureau, American Community Survey 2005.

Over the last couple of years, the average monthly number of children served has risen from 33,300 in Federal Fiscal Year (FFY) 2005 to 39,100 in FFY 2006. While system wide capacity has increased, the estimated number of children below the age of 13 that live in families that meet the child care subsidy income requirement still remains substantially higher than the number of children that can be served in a given month. An estimated 129,000 children below the age of 13 live in low-income working families in Mississippi.¹⁹ While not all of the families that meet the income requirement would use the child care subsidy program, if available, the size of the gap between the system capacity and the number of children living in families that meet the income criteria for the child care subsidy program merits further review by public policy makers.

Broadening the Base – Exploring Other Child Care Financing Options

Given state efforts to leverage federal funds and the remaining gap between the number of income-eligible children and the number of children served through the certificate program, innovative financing options are needed to ensure that workforce supports are in place to keep economic opportunities open for low-income working families. One opportunity for innovation includes looking to other areas of state government to broaden the range of state source funds used to leverage federal dollars for low-income child care. For example, the Mississippi Development Authority, individual municipalities and the Mississippi Department of Employment Security each have access to federal funding streams that could be used to defray costs for the provision of child care to working families. By broadening the base of funding for child care, and especially by leveraging federal dollars, Mississippi could make more resources available to increase and support economic opportunities for working families. Four programs – the Community Development Block Grant (CDBG) Program, Temporary Assistance for Needy Families, the Workforce Investment Act (WIA) and the Child Care Access Means Parents in School program (CCAMPIS) – offer such opportunities.

Community Development Block Grant

Administered through the United States Department of Housing and Urban Development (HUD), the CDBG program provides federal funds to states to “provide decent housing, basic community services, environmental quality and economic opportunities for their residents.”²⁰ States and large cities may designate activities to expand access to child care as a funding priority through the CDBG program. The Mississippi Development Authority (MDA) administers the state’s CDBG program, and large cities, labeled Entitlement Cities, in the state work directly with HUD to implement their annual plans.

Nationally, as well as in Mississippi, larger municipalities have taken action to provide public financing for child care in their annual Consolidated Plans for CDBG funding. The city of New York consistently uses some of its CDBG funds for child care subsidy and also for child care facility construction and repair. In the past, the city of Biloxi directed funds towards child care as well.

Currently, child care is not a priority funding area in Mississippi’s state plan. By including child care as a priority area, the CDBG program could become a source of funds to improve the facilities of centers that primarily provide services paid for through the child care certificate program. This funding could improve the quality of the environment in which care is delivered and free up resources for the center by allowing the cash flow to be directed towards other parts of the business.

Temporary Assistance for Needy Families

The Temporary Assistance for Needy Families program is a primarily federally funded program coordinated through the Mississippi Department of Human Services (MDHS). According to MDHS, the goal of TANF is “to end the dependence on public assistance by preparing you for a job by helping you with job readiness training, job skills training, vocational training, other educational training programs and assisting you in finding and keeping a job.”²¹ Through TANF, families that do not have enough money to meet basic needs receive cash assistance in exchange for meeting program work or education requirements.

In addition to funding the cash assistance portion of the TANF program, TANF monies may be used to cover state costs associated with providing child care subsidies. TANF funds may be transferred to the Child Care Development Fund or spent directly on child care for low-income working families that are at risk of joining the TANF rolls.

In Fiscal Year 2005, the state of Mississippi transferred \$19.5 million in federal TANF funds to the Child Care Development Fund and spent \$4.9 million in TANF funds directly on child care. In the same year, the state finished the year with an unobligated balance (i.e., a surplus) of TANF funds totaling \$15.8 million.²² The surplus offered an opportunity to expand the supply of subsidized child care to children in families with incomes below the current child care subsidy income eligibility limit who were not previously served by the program. As mentioned earlier, child care is a critical factor in assisting low-income working families to obtain and maintain employment. Using TANF funds to expand the supply of subsidized child care would meet the goals of both the TANF and the child care subsidy programs.

Workforce Investment Act

Through funding provided by the Workforce Investment Act, 22 programs at community and junior colleges around the state provide full funding, including books, tuition and fees, for people to acquire training in child development. Child care workers looking to acquire a two-year degree in child development can take classes at night or online to accommodate work schedules. To qualify, applicants are required to have a high school diploma or General Educational Development credential and must sign up for funding through the local Workforce Investment Network (WIN) center.

Low-income child care center administrators are often unaware of the funding opportunities available to their workers. By connecting workers to the WIA-funded child care training programs, child care center directors could upgrade the skills of their workforce without incurring the continuing education and training costs.

Child Care Access Means Parents in School

The CCAMPIS program was established in the Higher Education Amendments of 1998 to support the efforts of a growing number of non-traditional students who struggle to complete their college degrees at the same time that they take care of their children. CCAMPIS is a competitive grant program that supports the participation of low-income parents in higher education through the provision of campus-based child care services.²³

In recent years, Mississippi State University and the University of Southern Mississippi received grants totaling \$109,000 and \$156,424 respectively. Mississippi State used the CCAMPIS funds to establish nighttime child care, meet Head Start staffing standards, and obtain accreditation with the National Association for the Education of Young Children. Within the state's network of community colleges, Coahoma Community College and Mississippi Gulf Coast Community College received grants in 2004. With six four-year institutions and 15 community and junior colleges in the state, numerous opportunities exist to expand access to training opportunities for low-income families by connecting additional colleges and universities to the program. Colleges and universities with existing grants should seek opportunities for continued funding.

Leveraging Quality Improvement Efforts – Mississippi Child Care Quality Step System

Recently, Mississippi undertook a pilot project to assess the feasibility of a child care certificate program that would improve the quality of child care delivered to children of low-income working families. Through the Mississippi Child Care Quality Step System (MCCQSS), child care centers are eligible for increased child care subsidy rates if they meet certain quality enhancement criteria. Reimbursement rates are set at one of five levels, based on an analysis using the Infant and Toddler Environmental Rating System (ITERS) and the Early Childhood Environmental Rating System (ECERS). As centers make quality improvements, they are eligible to be re-assessed. If quality improves enough to move up a level, the center receives a higher reimbursement rate.

The connection between low-income child care center cash flow and quality improvements raises two financing points. First, Mississippi's child care subsidy reimbursement rate is currently set at 68% of the market rate. Federal guidelines recommend a baseline reimbursement rate set at 75% of the market rate. So some Mississippi centers may make improvements, move up a quality level, and still not meet the federally recommended minimum reimbursement rate for providing quality child care. Participation in the MCCQSS program, and related quality improvements, will likely be limited if the financial incentives offered fall short of federal guidelines, leaving the centers to face continued thin profit margins. Second, quality improvements can be costly. For centers that depend on child care certificates for their primary source of revenue, finding the cash flow to make improvements may be difficult.

To bridge the gap between the MCCQSS pilot and the potential financing challenges to its full-scale implementation, child care certificate reimbursement rates could be raised to the federal recommendation of 75%. Additionally, small grants could be made available to centers to raise the quality of care provided by one level. Depending on the improvements made, grants could potentially be paid for with CDBG funds, provided certain MCCQSS improvement activities become listed as an eligible activity in the Consolidated Plan of the State or Entitlement Cities. By raising the reimbursement rate and creating a pool of funds to improve quality on the front end of the MCCQSS program, the systems could be put in

place for centers that provide low-income care to afford, make and sustain improvements over a long period of time.

Policy Recommendations

Access to child care is a critical workforce support that contributes to a strong economy. At the same time, child care is costly to families and providers. The following policy recommendations offer ways to improve access to quality child care opportunities:

- Identify low-income child care as a priority funding area in the Consolidated Plan for CDBG funding for Mississippi and its Entitlement Cities. By highlighting child care as a priority area, CDBG funds could be used to strengthen systems that support stable employment.
- Explore options to maximize the potential of TANF dollars through transfers to the Child Care Development Fund (CCDF) and direct expenditures to increase child care options for children currently not served by the CCDF program but living in families with incomes below the program's income eligibility limits.
- Engage in a marketing campaign to connect child care workers to WIA funding to upgrade skills. The campaign to upgrade skills could focus on MCCQSS pilot areas to ensure that workforce training upgrades correspond with increases in reimbursement funds to connect workers to higher wages in exchange for higher education.
- Pursue CCAMPIS funding for every university, community and junior college in the state. Funding through CCAMPIS could expand access to child care in multiple low-income communities throughout the state. Simultaneously, low-income working families could upgrade their skills while taking advantage of the program to earn higher wages.
- Increase state reimbursement rate to the federally recommended 75% of the market rate to maximize incentive for quality improvements through MCCQSS.
- Create or identify a pool of funds to facilitate the upward movement and stability of low-income child care centers through MCCQSS.

Conclusion

Every day more than 100,000 low-income working families with children go to work at full-time jobs, but still experience difficulty earning enough money to make ends meet. When strong workforce supports like good child care systems are in place, working families have access to job stability and opportunities to move up the economic ladder. While child care is costly to both families and providers, the absence of a good child care system ultimately costs employers. To strengthen systems to deliver child care to working families, Mississippi has made investments to maximize the available federal dollars for the child care subsidy program. Even so, a large gap between the number of children served and the number of children under the age of 13 living in income-eligible families remains. To move forward, Mississippi will need to be innovative and explore ways to broaden the base of child care funding through the Mississippi Development Authority, the state's higher education systems and the Mississippi Department of Employment Security.

Over the last couple of years, the state has promoted job growth as its top priority and has made great strides toward increased employment opportunities. By simultaneously strengthening child care systems to move people into and support the workforce, Mississippi will lay the foundation for economic growth and prosperity.

Endnotes

- ¹ “Opening letter – Conference Booklet,” *Moving Mississippi’s Workforce Forward: 2007 Governor’s Workforce Development Conference*.
- ² Edward Sivak and Vincent E. Mangum, *Increasing the Return: Investing in Mississippi’s Working Families*, Jackson, MS: Enterprise Corporation of the Delta, 2006.
- ³ Ibid.
- ⁴ Ibid.
- ⁵ U.S. Census 2000.
- ⁶ U.S. Census Bureau 2005 American Community Survey.
- ⁷ Hannah Matthews, *Child Care Assistance Helps Families Work: A Review of the Effects of Subsidy Receipt on Employment*, Washington, DC: Center for Law and Social Policy, April 2006.
- ⁸ Ibid.
- ⁹ *Investing in Futures: The Business of Child Care in Mississippi*, Biloxi, MS: Mississippi Low Income Child Care Initiative, December 2003.
- ¹⁰ *Occupational Employment and Wage Estimates Mississippi May 2006 Panel*, Mississippi Department of Employment Security.
- ¹¹ *2007 Mississippi Child Care Market Rate Survey*, Mississippi Department of Human Services Office of Children and Youth. MEPC calculations.
- ¹² Julia Lane, *The Low-Wage Labor Market: Challenges and Opportunities for Economic Self-Sufficiency, The Role of Job Turnover in the Low-Wage Labor Market*, www.aspe.hhs.gov/hsp/lwlm99/lane.htm.
- ¹³ National Child Care Information Center, <http://www.nccic.org/EO/nccic.employercc.doc.pdf>
- ¹⁴ U.S. Department of Health and Human Services ACF-800 data for FFY 2006, an unduplicated annual count – Table 7; and U.S. Department of Health and Human Services ACF-801 data for FFY 2006, Table 1.
- ¹⁵ U.S. Department of Health and Human Services ACF-800 data for FFY 2006, Table 10.
- ¹⁶ U.S. Department of Health and Human Services ACF-801 data for FFY 2006, Table 16.
- ¹⁷ <http://www.acf.hhs.gov/programs/ccb/law/allocations/state.htm> and <http://www.acf.hhs.gov/programs/ofs/data>.
- ¹⁸ The estimated number of children living in families with incomes below the income eligibility limit for the child care subsidy program is approximately 129,000. This is the number of children below the age of 13 who are living in families that earn below 200% of the federal poverty level. The state eligibility limit for child care assistance is 85% of the state median income. Eighty-five percent of the state median income for family sizes of two and three is higher than 200% of the federal poverty level for families of the same sizes – potentially resulting in an undercount of the number of children who are eligible. Likewise, the values for 85% of the state median income and 200% of the FPL for families of four or five people are nearly identical, with a slightly higher value for 200% of the FPL. Given the close proximity of the values for both measures of income, the estimate provided by the Population Reference Bureau is a good proxy for the number of children below the age of 13 in families earning below 85% of the state median income.
- ¹⁹ Population Reference Bureau, analysis of data from the U.S. Census Bureau, 2006 American Community Survey.
- ²⁰ Mississippi Development Authority, www.mississippi.org.
- ²¹ Mississippi Department of Human Services, http://www.mdhs.state.ms.us/ea_tanf.html#twp.
- ²² *Mississippi Use of TANF and Maintenance of Effort (MOE) Funds in Fiscal Year 2006*, Center for Law and Social Policy, October 2007, <http://clasp.org/WelfarePolicy/pdf/map100907ms.pdf>.
- ²³ Child Care Access Means Parents in School Program, U.S. Department of Education, www.ed.gov/programs/campisp/index.html.