



Center for Public Policy Priorities

THE POLICY PAGE

An Update on State and Federal Action

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THE TEXAS CHILD CARE CHALLENGE: PART III – CHILD CARE QUALITY

This Policy Page is the third in a four-part series summarizing a new report, "The Texas Child Care Experience Since 1996: Implications for Federal and State Policy" that was released in March 2002 by the Center for Public Policy Priorities and the national Center on Law and Social Policy (www.clasp.org). This series and the larger report are part of CPPP's effort to add a Texas perspective to debates concerning Congressional reauthorization of the Child Care and Development Fund (CCDF) in 2002. This Policy Page will examine variations in child care policies across local workforce development boards. Previous Policy Pages examined funding and access and local control of child care in Texas. The last Policy Page in this series will provide insight into the role and impact of locally generated child care matching funds.

All Texans want our youngest children to receive the highest quality child care possible. However, there is some disagreement about how best to provide this quality and even exactly what "quality" means. This *Policy Page* will examine issues about the quality of child care in Texas' subsidy system, including the variety of statewide and local quality initiatives and recent policy changes affecting these initiatives.

WHERE DO ALL THE CHILDREN GO?

Texas is to be commended for the high percentage of children with subsidized child care who are in licensed centers. While no complete guarantee of "quality," licensed centers do have to meet an array of state standards and do receive ongoing monitoring. As the table below demonstrates, more than three quarters of children receiving subsidized care are in licensed child care centers. Also of interest are the children in self-arranged care, approximately 18 percent of the total. These are statewide numbers and ratios vary by region. For example, home-based and self-arranged "relative care" are a proportionately more popular option in rural and border communities where other child care arrangements simply may not exist.

Texas Subsidized Child Care Facility Type July 2001 Snapshot

Facility Type	Average per Day	Percent
Licensed Centers	78,491	76.1
Licensed Group Homes	3062	3.0
Registered Family Homes	3398	3.3
Self-Arranged	18,204	17.6
Total	103,155	100

Source: Texas Workforce Commission

While CCDF-funded care represents the majority of the child care funding flowing through the Texas workforce system, this table also includes child care provided with funds from the Social Services Block Grant (Title XX), state and local match and, Title IV-E Foster Care, Title IV-B Foster Care, Welfare-to-Work, and Food Stamp Employment and Training.

This high percentage of children in licensed care also has cost implications. As described in *Policy Page* #150, licensed center care is the most expensive type of care subsidized by local workforce development boards. As the pressure to serve more and more children increases amidst state budget woes, local boards may look to encourage wider use of less expensive, less regulated child care. Home-based care and self-arranged care may receive more interest from local policymakers in the future.

Federal regulations (CFR 45, 98.2) define a self-arranged care provider as a “child care provider who is 18 years of age or older who provides child care services only to eligible children who are, by marriage, blood relationship, or court decree, the grandchild, great grandchild, sibling (if such provider lives in separate residence), niece, or nephew of such provider, and complies with any applicable requirements that govern child care provided by the relative involved.” Together with other home-based care, self-arranged care fills a critical need for many Texas families, especially those living in rural areas and working non-traditional schedules. However, these types of care present much more challenging environments in which to both monitor and promote quality care-giving.

TEXAS CHILD CARE QUALITY: LOCAL CONTROL NO MORE

Texas’ subsidized child care system is defined most pointedly by the importance of local control. Local control of child care resources has fostered innovative collaborations and has in some instances helped bring child care to the fore as the workforce issue it truly is. However, in an ironic move, Texas recently took control of quality initiative dollars away from local workforce development boards.

Federal law requires that states spend at least 4% of their CCDF block grant on child care quality improvements. Prior to this fiscal year, spending by local boards on quality initiatives was part of the state’s formula for meeting the federal requirement that 4% of CCDF dollars be spent on quality initiatives. Beginning in FY 2002, local boards will no longer be mandated to spend 4% of their child care funds on quality improvement initiatives. Instead, TWC will count only funding on state-level activities towards the federal mandate.

Due to funding constraints, Texas has decided that existing funding for its child care regulatory and licensing activities – which are managed by the Texas Department of Protective and Regulatory Services (TDPRS) – and other state-level projects will be used to satisfy the federal 4% quality spending requirement. Local boards may choose to continue spending a portion of their child care allocations on quality initiatives but do so in a direct trade-off with increasing available slots of care. Moreover, if a local board chooses to continue funding quality enhancement initiatives, it may be at risk of not meeting state expectations for units of child care service delivered. Failure to meet these expectations could result in state sanctions for poor performance. As

a result, boards are scrambling statewide to locate the funds necessary to salvage existing quality efforts.

Local boards have used quality funds for a variety of purposes. Examples of activities that boards may have to – or choose to – reduce under the new funding situation include: caregiver training on everything from brain development to Shaken Baby Syndrome, creative efforts to increase school-age and infant and toddler capacities, designated vendor (Texas Rising Star) and national accreditation incentives, technical assistance on early childhood development - including funding for innovative lending libraries and technology projects open to all child care providers, and parent education activities.

This recent reversal of the practice of counting local efforts toward the necessary 4% federal quality set-aside is an unfortunate change, and yet another ripple effect of the limited state funding commitment to child care. Texans must work to ensure that their legislative representatives at both the state and federal levels are aware of the dire need for additional funding for Texas’ subsidized child care system and the untenable tradeoffs being faced by local policymakers and families.

A larger policy question is whether or not current funding of basic child care licensing activities should even count as “quality improvement.” Federal policymakers have expressed concerns that unless this is new spending, or supports a specific effort to improve quality standards in child care settings, it may be a questionable interpretation of federal regulations.

Other state-level activities more squarely fit in a definition of child care quality-improvement. TWC’s statewide initiatives include the publication and distribution of *Child Care Quarterly* magazine, the Train Our Teachers education scholarship program (currently funded with \$1 million in CCDF discretionary funds), the development and implementation of 19 Employer Dependent Care Coalitions, the development of Child Care Texas - a resource and referral service expected to operate statewide by 2006, and the publication and distribution of 80,000 *I Am Your Child* developmental calendars to self-arranged care providers and others in 2001.

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