

THE POLICY PAGE

An Update on State and Federal Action

Center for Public Policy Priorities

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TEXAS COMMUNITIES SPEAK OUT ON CHILD CARE

The Children's Defense Fund (CDF) of Texas recently distributed a community survey to child care advocates across Texas. CDF requested that the Center for Public Policy Priorities (CPPP) analyze the survey and present our conclusions at CDF's *Child Care: Because We All Do* conference on October 23, 2002 in San Antonio. CPPP's comments on the survey and its findings are included in this Policy Page.

Background

Capitol watchers are well aware of the mounting pressures on the state's budget writers as the 78th Texas Legislature draws near. Estimates of the size of the state's budget shortfall have gone as high as \$12 billion. Child care advocates fear that in the tightening budget crisis, efforts to expand the Texas child care subsidy system will be set aside in a desperate struggle merely to maintain current levels of service and child care quality. (For a complete analysis of the Texas child care subsidy system, see the CPPP publication "The Texas Child Care Experience" at

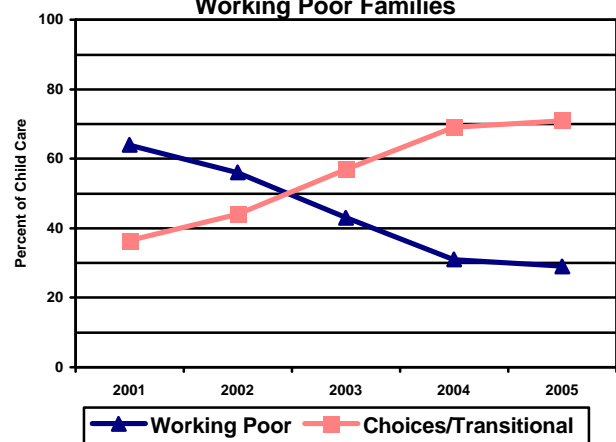
<http://www.cppp.org/policy/childcare/index.html>.)

While child care funding and availability have increased since the inception of welfare reform in 1996, hundreds of thousands of eligible children in low-income, working Texas families do not receive child care subsidies. Serious concerns about cuts in child care for working parents and in child care quality spending loom over the coming legislative session.

In September 2002 the Texas Workforce Commission submitted its budget request (also called a Legislative Appropriations Request or LAR) to the Legislative Budget Board (LBB) and the Office of the Governor for fiscal years 2004-2005. The Texas child care system stands at a crossroads. In the 2004-2005 budget cycle, the majority of child care dollars may shift from working poor families to welfare families struggling to leave public assistance and become working families – a terrible trade-off between equally

deserving clients. This shift will result from increased numbers of TANF clients¹ required to participate in Choices, the Texas work program for welfare recipients. These increased numbers also result in more demand on Transitional Child Care assistance which provides child care subsidies to those leaving welfare for a job. As seen in Figure 1, in 2001 Choices and Transitional child care slots represented 36 percent of the state's child care subsidy pool. By 2005 this figure is projected to increase to 71 percent of the state's child care subsidy clients.

Figure 1: Child Care Subsidies Drop for Working Poor Families



Source: TWC LAR for 2004-2005

¹ TANF clients are recipients of cash assistance through the Temporary Assistance for Needy Families block grant program.

Simply put, without more overall child care funding, working poor families will have fewer child care slots available as the state requires more welfare recipients to prepare for and enter work. In real world terms, this means that working families currently receiving child care subsidies and those on waiting lists for assistance will have even more difficulty keeping or getting a child care subsidy. Many of these families may be forced to leave their children in questionable circumstances while they are at work. Undoubtedly, and ironically, families may even be compelled to apply for, or go back onto, welfare if they are unable to work without child care assistance.

Survey results

In advance of its October 2002 *Child Care: Because We All Do* conference, the Children's Defense Fund of Texas distributed a community survey to cities and towns in an effort to collect local level information on the state of child care in Texas. CDF requested that the Center for Public Policy Priorities analyze community responses to the survey. Three key themes emerged from the surveys: the growing crisis in access to child care for working poor families, concerns about the end of local child care quality initiatives, and the need for increased local collaboration to ensure the maximum use of existing child care resources.

This Policy Page will include a brief summary of responses to the survey and, more importantly, representative quotes from community surveys exemplifying local concerns. CPPP is grateful to CDF Texas for distributing the survey and to the individuals, organizations, and coalitions who completed the survey. They have provided an invaluable resource for crafting a relevant agenda for the coming legislative session.

1. Where will all the children go? In its community survey CDF asked for information concerning child care service discontinuations and strategies being employed at the local level to avoid removing working poor families from child care. As noted earlier in this Policy Page, child care subsidies for working poor families may drop dramatically in coming months. Funding decisions made in the coming Texas legislative session will ultimately determine how profound cuts in working poor child care will be. However, the community surveys collected by CDF clearly show that reductions in working poor child care are not a murky future concern, but are in fact already taking place

throughout Texas. Several communities noted local efforts to minimize the impact of these cuts, notably the increasing importance of locally-generated matching dollars used to access federal funds.

- Rural: "Donna Garrett, TWC Director of Child Care, has predicted that we are moving to the point that we will only be able to serve the mandated categories.²"

- Rural: "The number of children funded for subsidized child care in (our workforce) area by TWC was lowered to 1850 children in 2003 from 2132 in 2002 – a 13% reduction. In 2001 the statewide percentage of children in low-income or at-risk families was 64 percent. In (our workforce) area, it was only 50 percent. The number of working poor, non-TANF families will continue to decline as the CHOICES numbers increase." "In spite of efforts, only 150 new children have been enrolled since school began and there are over 1000 on the waiting list."

- Urban: "Currently, we have frozen enrollment of new low-income families, in order to continue enrolling the TWC priority groups³." "While resources for child care subsidies are becoming more restricted, we have an increased need for subsidies with the downturn in the (local) economy. Parents who were laid off from higher paying positions have to accept lower paying jobs. They can no longer afford child care fees."

- Urban: "(We are) asking child care centers to provide care to families at a reduced or free rate."

- Rural: "Early childhood advocates have worked with the (municipality) to educate city officials regarding matching funds through the ... Council of Government. The city matched some Community Development Block Grant funds to make more child care slots available to working poor families. Unfortunately, our region has only matched HALF of the matching dollars allotted. Education is the key to this program. City officials are leery of this program because they do not understand the way it works."

- Rural/Urban: "(T)he effect (of the match requirement) has been positive because it has allowed us to provide continuous child care services to families if

² "Mandated" categories include Choices and Transitional clients

³ "Priority groups" includes Choices, Transitional and other targeted client groups

funding from other sources are no longer available. It also allows us the opportunity to move individuals who meet the criteria set forth by the contracts from the waiting list into care.”

- Rural: “A lot of effort is made by (workforce) Board staff, for commitments with the local (match) initiatives, but so far only one school district has come up with the match and one other ISD will possibly commit. No luck getting employers to do match for child care. We have had three businesses donate small matches for quality.”

2. Child care quality, local control no more.

Without a doubt, the community surveys broadcast the loudest concerns about the demise of local spending on child care quality initiatives. While service discontinuations for working poor families are just beginning at the local level, the effects of cuts to quality initiative spending have materialized across the state. The frustration and anger felt by early care and education advocates leaps off the page as they describe the activity and staffing cuts that have taken place in recent months. Nonetheless, just as we saw in our discussion of subsidy cuts, local communities are rising to the challenge and seeking creative ways to maintain and improve child care quality.

- Rural: “For the 2002-2003 contract year funding has been taken from the CCMS quality initiative programs to provide more direct care.”

- Rural: “As a provider striving for quality we must do our best each day, we must continue growth and education, we must be knowledgeable in continually changing minimum standards, we must be a support for families, and we must provide a safe and healthy learning environment for our children. The CCDBG (Child Care and Development Block Grant – the federal block grant currently paying for more than 80% of the Texas subsidized child care system) is to help place children of low-income families in care so that parents can work or go to school. The grant does not address quality in my opinion. It is about number of children served even if this means self-arranged care.”

- Rural: “The CCMS Texas Rising Star program has been at the forefront in promoting quality.” “Our area non-profit licensed child care centers are the facilities we need most and appear to be the ones that are suffering.”

- Rural: “95% of the funding slated for Quality Initiatives operational budget has been moved into direct care. As the year progresses, further cuts to operations have been explored if there is a need to increase the funding in direct care. Funding specifically designated for the providers to assist with the quality-training, resource assistance, staff to provide technical assistance has been cut and moved into direct care. Positions tied to quality have been cut, but remaining staff are continuing to provide technical assistance on site and through phone consultations.”

- Rural: “We have strived to become a four star center through the Texas Rising Star. Our incentive funds were cut and these funds were going to be used to improve our program.”

- Rural/Urban: “Programs have been closed. Benefit packages have been reduced. Number of hours offered to employees have been affected. Number of children served is impacted.” “While compensation continues to be low and benefits and hours have been cut, staff are encouraged to attend training and universities, hours are flexed as much as possible to meet education of staff and program needs, and staff are given discounted child care. Internal training has been increased and staff are being given higher positions when they complete formal education. The Human Resources department has acquired small insurance benefits and programs for the staff to assist with the low wage or lessened hours.”

- Urban: “We are required to meet performance measures before applying funding to *any* quality improvement project – including local child care match initiatives. Because of this we have cut spending on quality improvement every year for the past several years.”

- Rural: “There is no separate budget for QI (quality improvement) this year, since LWBs (local workforce boards) received no designated funds for quality from TWC (Texas Workforce Commission). CCMS (child care management system) cut their quality budget by 57%, designating some operational money and a small amount from Board administration funds to enhance quality child care.”

- Rural: “Because of this budget crunch we are now having to charge our providers a fee to receive training. We have also had to reduce training in some cases and have had to make staff cuts.”

3. Limited resources must be maximized. Survey respondents from big cities and small towns across Texas are very concerned about the lack of local collaboration on early care and education activities. Inconsistent eligibility requirements, programmatic details and logistical headaches were frequently cited as reasons for the lack of integration. The phrase “turf wars” appeared over and over throughout the surveys as the primary barrier to enhanced coordination of services delivered to families. In addition, most surveys noted increased efforts to access private funding and foundation grants. The downturn in the economy has further strained such private resources, making effective local collaboration all the more critical. However, many communities, notably Texas’ largest city Houston, have made incredible strides toward effectively combining existing resources.

- Rural/Urban: “(Our community) continues to look for ways in which early childhood programs can work together to leverage resources. Over the past 2 years there has been a tremendous surge of collaborative efforts from providers of early care and education, resulting in a wider distribution of resources to poor families that we are only now beginning to evaluate and quantify. Additionally, the business community’s recent involvement ... is bringing a new level of attention and a different kind of thinking to this problem.”

- Urban: “This (collaboration) is not generally happening in (our community) – entities tend to assume a very defensive posture.”

- Rural: “The negative nature of categorical and one-purpose funding, turfdom among agencies, the amount of time and effort collaboration consumes, and the lack of mandates deters collaboration. The paucity of funding contributes to not initiating efforts such as wrap-around child care and Head Start programs.” “In West Texas, distances are a problem, and collaboration amongst various agencies could be vastly improved.”

- Rural/Urban: “This time of collaboration improves communication and helps to serve larger numbers of

low-income children. Some collaboration is limited by funding competition and by utilization competition. Communication barriers and misconceptions also exist.”

- Urban: “The way in which child care is funded can make it challenging. If child care agencies are trying to manage a variety of contracts, many of which are for specific populations and require different ways of reporting performance measures, a great deal of the administrative time is spent on managing grants and the amount of times that is spend building collaborations is limited. There are also challenges when agencies have to compete for a limited amount of resources. It can diminish the desire to collaborate with a ‘competitor.’”

- Rural/Urban: “Historically, the three programs (pre-kindergarten, child care and Head Start) have worked independently of each other due to differing eligibility criteria, philosophies, funding sources, etc.”

- Rural: “Through collaboration we have been able to stretch community dollars to provider more support programs for children and families.”

Conclusion

Frustration with current funding and access levels comes through loud and clear in the community surveys distributed by CDF. However, local innovation and commitment to overcoming barriers are also a critical element of the picture. The CPPP applauds efforts underway to increase communication at both the local and state levels.

There is a clear message contained in the community surveys analyzed in this Policy Page. Small towns and big cities agree that the Texas Legislature must be prepared to commit more funds to the child care subsidy system in the coming legislative session. Local communities are feeling the pressure of the economic downturn and are noting increased demand for assistance. Texas must do more to ensure that parents have the child care they need to work and that children have the care they need to be safe and ready for school.

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