



December 2, 2002

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No. 174

**\* DRAFT \***

**Proposed Rule Changes Could Limit Child Care  
for Working Poor Families and the Parents of Disabled Children**

Proposed amendments to the Texas Workforce Commission's (TWC) child care rules require that low-income parents and the parent's of disabled children work at least 36 hours per week to be eligible for a child care subsidy. This major policy change does not reflect the realities facing many working poor Texans who are unable to find a full-time job in a period of economic downturn and places an undue burden on parents of disabled children. Additionally, TWC is proposing a lifetime limit of 12 months of Transitional Child Care benefits for welfare recipients transitioning into the workforce. Both proposals are out of synch with the realities confronted by working poor Texas families and those struggling to stay off welfare.

**ACTION ITEM INCLUDED AT THE END OF THIS POLICY PAGE**

The Texas Workforce Commission is currently discussing policy concepts and seeking preliminary guidance on child care rule changes. This comes at the same time that the agency faces serious financial challenges in providing child care assistance to those leaving public assistance (current clients of the TANF program who are in job preparation activities and those who have found work and are transitioning off) and working poor families who need child care assistance to stay employed. Public input is needed to ensure that the Commission moves ahead with rule changes that accurately reflect the realities of working poor families.

Not only do current resources leave hundreds of thousands of potentially eligible children un-served, but TWC's own budget request for 2004-2005 includes dramatic reductions in child care subsidies for working poor families as it anticipates increased numbers of TANF families who will be required to work and thus also require child care assistance.<sup>1</sup>

Unfortunately, possible child care rule changes currently under discussion may even further tighten the squeeze on working poor families. The rule changes under consideration also add new limitations to the local control

of child care services by local workforce development boards.

The crisis in funding for child care for working poor families cannot be "solved" by merely making it more difficult for hardworking Texas families to receive child care subsidies. Moreover, TWC has offered little evidence that current policies are creating any significant fiscal pressure on the child care system.

Of particular interest are two rule changes currently under discussion at TWC: a new requirement that low-income parents and the parents of disabled children work at least 36 hours per week to be eligible for a child care subsidy and a new lifetime 12 month limit on Transitional Child Care for working parents leaving TANF. CPPP concerns about these proposals are included below. In addition to these two proposals, TWC is also considering possible changes to several other child care rules affecting local child care matching fund requirements, self-arranged child care, child care for teen parents, other eligibility for Transitional Child Care, the Train Our Teachers (TOT) child care worker incentive program, and child care for parents during an appeal of service discontinuation. TWC's discussion document of all the proposed changes can be viewed at [www.cppp.org](http://www.cppp.org).

<sup>1</sup> TWC does, however, include a request for funding for child care for working poor families in its Exceptional Item #2. See <http://www.cppp.org/products/testimony/testimony/tst9-11-02.html> for details.

## **1. The Double Whammy: If you can only find a part-time job, you cannot get child care.**

Change under Consideration: Require low-income parents and parents of disabled children to work or attend training a minimum of at least 36 hours per week to receive an At-Risk Child Care subsidy.

Millions of low-income Texans are working in service jobs and other industrial sectors dominated by low wage, part-time work.<sup>2</sup> While some of these workers are able to cobble together at least 36 or more hours of work per week, others simply cannot find the full-time work they want and need. Between 2000 and 2002 involuntary part-time employment increased 28.7 percent at the national level.<sup>3</sup> According to the United States Department of Labor's Bureau of Labor Statistics, in 2001 American workers who were working part-time (less than 35 hours per week) due to economic reasons worked an average of 23.2 hours per week.<sup>4</sup>

Many Texas employers do not offer full-time work to their employees in order to avoid providing expensive employee benefits packages. Other Texas workers simply cannot find full-time work.<sup>5</sup> Rural and border Texans should pay particular attention to this proposed rule, as low-wage workers in rural areas are more likely to be employed in the service and retail trade industries driven by part-time work.<sup>6</sup> Moreover, TWC has yet to offer evidence that current utilization of child care subsidies by part-time workers is creating a fiscal or programmatic hardship. Nor does their outline provide any details of the numbers of families who would lose child care assistance as a result of this rule change.

Additionally, the impact of the proposed changes on families with disabled children is of particular concern. Disabled

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<sup>2</sup> For complete discussion of the prevalence of service industry employment in Texas, please see TWC's Labor Market Information Service Industry web site at <http://www.twc.state.tx.us/lmi/lfs/industry/serviceshome.html>.

<sup>3</sup> *The State of Working America 2002-2003*. Forthcoming. Economic Policy Institute. p. 223.

<sup>4</sup> Household Data Annual Averages. "Persons at work 1 to 34 hours in all and nonagricultural industries by reason for working less than 35 hours and usual full- or part-time status." Data derived from the Current Population Survey conducted by the United States Bureau of Census. United States Department of Labor Bureau of Labor Statistics. p. 193. "Economic reasons" include slack, part-time, and seasonal work.

<sup>5</sup> For a discussion of part-time work in Texas, see the United States Department of Labor Bureau of Labor Statistics Geographic Profile of Employment and Unemployment, 2000, Table 20 at <http://www.bls.gov/opub/gp/laugp.htm>.

<sup>6</sup> "Rural Low-Wage Employment Rises Among Men." *Rural Conditions and Trends*. December 2000. Vol. 11, No. 2. United States Department of Agriculture Economic Research Service. p. 9

children often require additional care due to complicating medical conditions, frequently forcing parents to choose part-time work in order to care adequately for their children. Part-time employment also allows these parents to control potentially expensive out-of-home care for their children.

By setting the minimum work or training requirement for at-risk child care subsidies at 36 hours or more, TWC may in effect be making thousands of working Texans ineligible for child care simply because of their inability to find a good, full-time job in a difficult economy. Without child care assistance many of these families may in fact lose their jobs and be forced to turn to public assistance. Child care subsidies should be a ladder to a better life, not a hurdle.

## **2. 12 Months and You're Out: Transitional Child Care lifetime limit ignores the harsh realities of coming off welfare**

Change under Consideration: Provide a lifetime limit of 12 months of Transitional Child Care.

TWC has interpreted the state law (H.B. 1863) that created Transitional Child Care for those leaving welfare as "implying" a 12 month lifetime limit on Transitional Child Care assistance. However, this is not at all clear in the law and was never part of the debate about the Transitional Child Care provision. Again, TWC has offered no evidence that numerous clients are currently utilizing more than 12 months of transitional assistance.

The evidence that does exist suggests that placing a 12 month lifetime limit on transitional assistance is inappropriate. Abundant research clearly shows that many welfare recipients often require several job placements before permanently leaving public assistance. The Texas Families in Transition study released earlier this year by the Texas Department of Human Services notes that "typical employment" for TANF leavers "was a job of under a year's tenure without benefits, and with wage somewhat above minimum wage."<sup>7</sup> The report also noted that approximately one-third of TANF leavers returned to public assistance during their first year off TANF.<sup>8</sup> The revolving TANF door aggravated by poor job skills and the state's limited work support services may cause families to require additional workforce services and Transitional Child Care on the way to their next – and hopefully better – job. Another reality is that TANF time limits will automatically limit families' access to both cash assistance AND Transitional Child Care. This rule change is ill-advised and unnecessary.

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<sup>7</sup> *Texas Families in Transition. Surviving without TANF: An Analysis of Families Diverted From or Leaving TANF*. January 2002. Texas Department of Human Services. p. 41.

<sup>8</sup> *Ibid.* p. 78.

**3. What can you do to express your concerns about proposed changes to the child care rules currently under discussion?**

It is important that TWC receive immediate public feedback about these possible rule changes. There is a limited comment period within which to do so.

Members of the general public are encouraged to comment on the proposed rules at a Texas Workforce Commission Commissioners' meeting. Commissioners' meetings take place on most Tuesdays. Meeting agendas can be found at <http://www.twc.state.tx.us/twcinfo/commtgs.html>.

To communicate your concerns or opinions about the proposed changes to the TWC child care rules you can make them via electronic mail to:

[ruleandpolicy.comments@twc.state.tx.us](mailto:ruleandpolicy.comments@twc.state.tx.us); or

by fax to (512) 463-1426; or,

mail written comments to :

John Moore, Assistant General Counsel  
Texas Workforce Commission  
101 East 15th Street, Room 608  
Austin, Texas 78778-0001

Comments from recipients of child care subsidies, detailing their real work lives and how they would be impacted by the possible changes, are particularly important. However, comments from all interested Texans are encouraged. Your voice needs to be heard today

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**THE POLICY PAGE**

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