

**EVALUATION OF EFFECTIVENESS OF SUBSIDIZED CHILD CARE
PROGRAM
REPORT TO THE 80TH TEXAS LEGISLATURE
JANUARY 15, 2007**

Background

Texas Workforce Commission (TWC) subsidized child care is a support service that allows parents to become and remain employed and contribute to the Texas economy. Making affordable child care available to parents addresses a common barrier to employment and enhances parents' ability to participate in workforce training activities. To receive subsidized child care, parents must be employed or participating in training or education activities leading to employment.

Texas Labor Code §302.0043 charges that TWC "evaluate the effectiveness of the commission's child care program in helping parents who receive subsidized child care to maintain employment...." Section 302.0043(a) directs TWC to compile the following information regarding the wage and employment status of each parent receiving TWC-funded child care:

1. If the parent receives both Temporary Assistance for Needy Families (TANF) and subsidized child care, whether the parent:
 - a. finds employment; and
 - b. maintains the employment after one year.
2. If the parent receives only subsidized child care, whether the parent:
 - a. maintains the employment; and
 - b. experiences a change in earnings after one year of employment.
3. If the parent leaves the child care program:
 - a. the parent's reason for leaving the program; and
 - b. whether the parent returns to TANF or becomes a TANF recipient for the first time.

Section 302.0043 also requires TWC to measure the effectiveness of its child care program in:

1. improving the training of child care professionals; and
2. facilitating the collaboration with Head Start, the Texas Education Agency, the Department of Family and Protective Services (DFPS), and the Health and Human Services Commission.

TWC is required to report the results of the evaluation to the Legislature no later than January 15 of each odd-numbered year.

Findings

Subsidized child care is available for parents receiving TANF in order for them to participate in workforce training and work-related activities (Choices). For parents receiving both TANF and TWC-subsidized child care from 2003–2004:

- 74 percent found employment; and
- 67 percent maintained employment after one year.

Subsidized child care also provides a vital work support to non-TANF parents to help them remain in the Texas workforce. For non-TANF parents receiving TWC-subsidized child care from 2003–2004, 84 percent:

- maintained employment after one year; and
- experienced an average quarterly wage gain of 6 to 7 percent.

From October 1, 2003, through September 30, 2004, a total of 234,684 unduplicated children were enrolled in TWC-subsidized child care. During that period, 109,600 children left TWC-subsidized child care; approximately 31 percent of whom left because of the termination of care by the Choices case manager (see chart below). In most cases, the Choices case manager terminated care because of parental noncooperation with Choices requirements. Approximately 21 percent left care because the parent missed the eligibility redetermination appointment or failed to return the required documentation to redetermine eligibility. Twenty-six percent of the children left care because the parent voluntarily withdrew the child from care.

Reason for Child Leaving Care	% of Children
Termination of Care by Choices Case Manager	30.7%
Parent Voluntarily Withdrew Child from Care	26.2%
Parent Missed the Eligibility Redetermination Appointment or Did Not Return Paperwork	20.8%
Parent No longer Working, Training, or in School	8.1%
Excessive Absences	8.1%
Parent Failed to Report Change in Income or Work Eligibility Status	2.0%
Parent No Longer Income Eligible	1.5%
Parent Failed to Pay Parent Share of Cost	1.3%
Child Exceeds Age Limit	1.0%
Other	0.2%

For all parents whose children left TWC-subsidized child care in 2003, 65 percent did not receive TANF within 12 months of their children leaving care. In 2004, 71 percent did not receive TANF within 12 months of their children leaving care.

Texas Labor Code §302.0043 also requires TWC to evaluate the effectiveness of its child care program in improving the training of child care professionals and in facilitating collaboration with Head Start, the Texas Education Agency, DFPS, and the Health and Human Services Commission.

In Fiscal Year 2006 (FY'06), TWC amended its child care rules (40 TAC, Chapter 809) to focus quality funds on professional development and training for child care

professionals in the areas of school readiness, early learning, and collaborative reading initiatives. In addition, allowable expenditures include the purchasing of curriculum and curriculum-related support resources for child care providers.

Furthermore, TWC has worked closely with the State Center for Early Childhood Development (State Center) in support of its Texas Early Education Model (TEEM). TEEM encourages shared resources among public and private child care programs, including child care centers, public school districts, and Head Start. TEEM focuses on the integration of services through high-quality teacher training provided through an online professional development program, classroom mentoring, technology-driven progress monitoring techniques, and the sharing of training and classroom space through an integrated model.

Also in FY'06, TWC amended its child care rules to include stronger linkages to the State Center. For example, the new rules enhance consumer information that must be provided to parents in need of child care by requiring that Boards' materials include a description of child care programs available that are designed to improve school readiness, early learning, and literacy, including the school readiness models developed by the State Center. The rules state that child care providers participating in the State Center's school readiness models are eligible for TWC's five percent enhanced reimbursement rate. Additionally, the rules better demonstrate the linkage with child care consumer education and DFPS. Boards' consumer education materials must include the Web site and telephone number of DFPS so parents can obtain health and safety requirements, including information on the prevention and control of infectious diseases (including immunizations), building and physical premises safety, minimum health and safety training appropriate to the provider setting, and the regulatory compliance history of child care providers.

TWC also has provided financial support to the State Center. In FY'06 and FY'07, TWC awarded two grants totaling \$20.3 million to the State Center to assist in the expansion of TEEM. In addition, TWC's Child Care and Development Fund allotment provided subsidized child care to an average of 5,700 children per day in TEEM child care centers in FY'06, representing \$19,238,286 in direct care subsidies.

Conclusion: Subsidized Child Care is a Work Support Service

Subsidized child care is a support service that allows parents to become and remain employed, thereby contributing to the Texas economy. This report demonstrates that subsidized child care is an effective work support service that enables parents to participate in the workforce or in work-related activities. As reflected in the report, approximately 75 percent of unemployed TANF parents were able to find employment within 12 months of receiving child care. Additionally, approximately 85 percent of non-TANF parents maintained employment 12 months after receiving child care and experienced an average quarterly wage gain of 7 to 11 percent.