

**EVALUATION OF EFFECTIVENESS OF SUBSIDIZED CHILD CARE  
PROGRAM  
REPORT TO THE 81ST TEXAS LEGISLATURE  
JANUARY 15, 2009**

**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 (TEA), the Texas Department of Family and Protective Services (DFPS), and the Texas Health and Human Services Commission (HHSC).

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

## Findings

### *Employment and Wage Outcomes*

#### *TANF Parents*

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 2005–2006:

- 78 percent found employment; and
- 71 percent maintained employment after one year.

#### *Non-TANF Parents*

Subsidized child care also provides a vital work support to non-TANF parents that helps them remain in the Texas workforce. For non-TANF parents receiving TWC-subsidized child care from 2005–2006, 85 percent maintained employment after one year. Parents receiving TWC-subsidized child care in 2005 experienced an average quarterly wage gain of 10 percent, while parents receiving TWC-subsidized child care in 2006 experienced an average quarterly wage gain of 14 percent after one year.

#### *Parents Leaving Child Care*

From October 1, 2005, through September 30, 2006, a total of 255,480 unduplicated children were enrolled in TWC-subsidized child care. During that period, 93,912 children left TWC-subsidized child care; approximately 29 percent of whom left 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; in these cases the parent moved, decided to stay home and no longer needed care, or left care for other reasons. Eighteen percent of the children left care because of the termination of care by the Choices case manager. In most cases, the Choices case manager terminated care because of parental noncooperation with Choices requirements.

<b>Reason for Child Leaving Care</b>	<b>% of Children</b>
Parent Missed Eligibility Redetermination Appointment or Did Not Return Paperwork	28.6%
Parent Voluntarily Withdrew Child from Care	26.1%
Termination of Care by Choices Case Manager	17.8%
Parent No longer Working, Training, or in School	7.6%
Excessive Absences	7.6%
Termination per FSE&T or WIA Case Manager	3.8%
Parent Failed to Report Change in Income or Work Eligibility Status	2.4%
Parent No Longer Income Eligible	2.3%
Parent Failed to Pay Parent Share of Cost	1.6%
Child Exceeds Age Limit	1.4%
Other	0.9%

For all parents whose children left TWC-subsidized child care in 2005, 79 percent did not receive TANF within 12 months of their children leaving care. In 2006, 84 percent did not receive TANF within 12 months of their children leaving care.

*Child Care Professional Development and State Agency Collaboration*

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, TEA, DFPS, and HHSC.

The primary focus of TWC's child care services is to subsidize direct child care for low-income working families. In Fiscal Year 2008 (FY'08), TWC subsidized direct child care for an average of 115,319 children per day. Even though the primary focus is on the provision of child care services, TWC and Local Workforce Development Boards (Boards) work closely with other state agencies and local governmental entities, especially independent school districts (ISDs), colleges, and universities, to leverage funds for quality initiatives.

In 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. Other allowable expenditures of professional development quality funds include the purchase of curriculum and curriculum-related support resources for child care providers.

In support of these professional development quality initiatives, Boards entered into approximately 55 local match agreements with colleges and universities in FY'08. Through these agreements, colleges and universities certified approximately \$15.5 million in child care and early education professional development expenses as match to draw down approximately \$32.8 million in federal Child Care and Development Fund (CCDF) funds. Although Boards used a majority of the resulting federal funds to subsidize direct child care services, approximately \$1.6 million of the federal funds was used for professional development and training for child care professionals.

Additionally, as required by Article IX, §19.111, of the General Appropriations Act, 80th Texas Legislature, Regular Session (2007), TWC transferred \$1 million in federal CCDF funds to TEA in FY'08 for early childhood education partnership projects and teacher stipends designed to:

- facilitate increased participation in professional development by early childhood education professionals; and
- encourage those professionals to seek additional education.

In October 2007, TEA began the Texas Higher Education and Early Childhood Education Partnership Demonstration Project in four Texas communities through Angelina College, Houston Community College Systems, San Jacinto College, and The University of Texas at Tyler. During the 2008 spring and summer semesters, 60 teachers and caregivers received early childhood education professional development training.

To further encourage child care professionals to seek additional education, nine colleges and universities, as part of the partnership project with TEA, developed articulation agreements allowing college credit hours to apply toward early childhood education degrees at the university level.

In addition to local and statewide collaboration with TEA and higher education institutions, Boards work closely with local ISDs in providing child care services. In FY'08, Boards entered into 73 local agreements in which ISDs certified approximately \$7 million in local child care expenditures. These local funds drew down approximately \$15 million in federal CCDF funds for Boards to use for direct child care services. A large percentage of the federal funds are used to provide before- and after-school child care for children in the local ISDs.

TWC collaborates with Head Start, TEA, DFPS, and HHSC through a variety of interagency workgroups.

TWC is one of nine state agencies participating in HHSC's Raising Texas initiative. Raising Texas is a statewide, collaborative effort to strengthen Texas' system of services for young children and families so that "all children enter school healthy and ready to learn".

TWC participates in the Interagency Council on Early Childhood Intervention, which provides services for children less than three years of age who face developmental delays in the areas of cognitive, physical, communication, social, emotional, and adaptive development.

TWC also participates in HHSC's Healthy Child Care Texas (HCCT) initiative. The goals for HCCT are to maximize the health, safety, well-being, and developmental potential of all children so that each child experiences quality child care within a nurturing environment. Additionally, HCCT aims to help increase children's access to preventive health services, including access to medical homes.

Finally, TWC participates in the Interagency Coordinating Council for Building Healthy Families. The council's purpose is to facilitate communication and collaboration concerning policies for the prevention of and early intervention in child abuse and neglect among state agencies whose programs and services promote and foster healthy families.

**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 78 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 10 to 14 percent.