

The Texas Child Care Subsidy Program After Devolution to the Local Level

A Product of the Study of Child Care Devolution in Texas

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Executive Summary

In 1995, the Texas Legislature passed its first major welfare reform legislation, House Bill (HB) 1863. One provision of HB1863 consolidated a number of workforce programs—including child care—under a new agency, the Texas Workforce Commission (TWC), and authorized the creation of 28 local workforce development boards (LWDBs). As these boards formed and were certified to administer programs, they assumed responsibility for the management of many workforce development programs in their geographical areas of the state. TWC began devolving (transferring from a more centralized to a less centralized authority) responsibility for the management of existing contracts with child care brokers to LWDBs in September 1997. Beginning in September 1999, the local boards assumed responsibility for defining specific local goals and setting selected policies for the provision of subsidized child care. All 28 boards began setting some child care policies by January 2000.

This interim report summarizes child care policy changes that occurred from September 1997 through August 2003, discusses local board staff perceptions of these changes and summarizes information gathered from multiple sources over the six-year study period. Particular attention is focused on those areas—child care availability, funding, and quality—imbedded in the goals that LWDBs agreed to pursue when they assumed responsibility for managing subsidized child care in their local areas. This second-year project report lays the groundwork for the continuing analysis of qualitative variables and the design and implementation of an econometric analysis to be completed during the third and final year of this research project.

The Texas Legislature and TWC both contribute to the formation of the performance criteria under which the local workforce boards must operate. Such performance requirements include the number of children served, the number of child care providers meeting specific quality criteria, and the number of providers receiving training through TWC programs. However, local boards are able to set a number of policies, including income eligibility guidelines for child care services, attendance standards, maximum reimbursement rates, and parent co-payment rates. Over the four years since they have assumed policy-making authority, boards have exhibited

considerable variation in such policy areas as the income eligibility ceilings for working parents, the co-payments required of parents, and the reimbursement rates for the most common types of care. Boards also differed considerably in their perception of how much flexibility they had regarding TWC directives and their ability to manage the child care program to respond to specific conditions in their local areas. The degree of flexibility they perceived appears related to the two other issues (i.e., funding and quality) described in detail in this report.

Boards that were able to generate more funds earlier in the process were likely to experience more flexibility in two ways. First of all, they were able to contribute the required matching funds from the beginning of the process and, in some cases, take on additional funds during the year that had been “de-obligated” from other boards. Secondly, they were able to sustain at least some investment in quality initiatives even as the state entered a period of funding shortages.

The funding available to boards, as well as the restrictions on expenditures, had considerable impacts on the policy decisions the boards made. However, boards responded to funding constraints in different ways. In the early years of this study, the substantial increases in child care funding meant that more funds were available to local boards. On the other hand, changes in welfare policy and in performance criteria put greater demands on this funding over time, primarily through increasing the number of children to be served. Although funding for child care has tripled in Texas since 1996, Texas has never had sufficient funding to meet all of its demand for subsidized child care. Boards continue to deal with the tension between the increasing funds and the even more quickly increasing number of children to be served. The increasing proportion of funding that requires matching funds, coupled with the increasing demand for local boards to provide that match, has accentuated funding pressures.

Over the study period, both the total dollars of funds re-allocated among boards and the number of boards losing funds due to an inability to come up with the matching funds have decreased as boards have become better at securing matching funds. However, boards continue to vary considerably in their experience with obtaining matches; large boards in economically active areas report considerably less trouble in obtaining matching funds than do boards in smaller, more impoverished and

economically limited areas. Boards serving impoverished rural areas felt that the formula for determining fund allotment put them at a disadvantage.

In addition to raising funds and serving the requisite number of children, LWDBs have been responsible for increasing the quality of care in their local areas, a responsibility that many boards assumed enthusiastically. However, Texas state policies governing the state's investment in quality child care initiatives have changed considerably over time. During the first two years of this project, TWC maintained primary responsibility for expenditures on quality initiatives. This was followed by the devolution of this responsibility to the local boards and two years in which local areas received funds that were specifically targeted for quality activities. During the last two years of this project the state removed the dedicated quality funds and increased the number of children local boards were expected to serve. Boards responded in different ways to this move away from local quality initiatives. Their responses depended largely on the additional funding they could raise to devote to quality initiatives, the internal staff expertise they could draw upon, and services and expertise available in their local communities.

Chapter 1: Study Overview and Report Contents

In 1995, the Texas Legislature passed its first major welfare reform legislation, House Bill (HB) 1863. One provision of HB1863 consolidated a number of workforce programs—including child care—under a new agency, the Texas Workforce Commission (TWC), and authorized the creation of 28 local workforce development boards (LWDBs). As these boards formed and were certified to administer programs, they assumed responsibility for the management of many workforce development programs in their geographical areas of the state.

TWC began devolving (transferring from a more centralized to a less centralized authority) responsibility for the management of existing contracts with child care brokers to LWDBs in September 1997. Beginning in September 1999, the local boards assumed responsibility for defining specific local goals and setting selected policies for the provision of subsidized child care. All LWDBs agreed to the following three goals while managing subsidized child care in their respective geographical areas:

- Expand the availability of full-day child care in order to support participation in employment, training, and educational activities by low-income parents,
- Support and increase the quality of child care in Texas, and
- Maximize opportunities to draw down unmatched federal funds for child care services.

In September 2001, the U.S. Department of Health and Human Services (HHS) awarded a three-year grant to the University of Texas at Austin to study Texas' decision to devolve management and some policy authority for its subsidized child care program from the state to its LWDBs.¹ This research project examines the Texas subsidized child care program from Fiscal Years (FYs) 1998 through 2003, a time period that begins two years before policies were devolved to the local level and ends four years after this change in authority. Its purposes are to describe the processes by which local boards develop child care policies and to determine the extent to which LWDBs policy changes are associated with changes in subsidy participation patterns, family outcomes and child care markets in these local geographic areas.

¹ Boards are prohibited from providing any direct services.

RESEARCH QUESTIONS AND METHODS

The study addresses the following specific research questions:

1. How do local child care policies in Texas vary following the devolution of responsibilities for child care policies to the local workforce boards?
2. What is the process by which local policy changes governing the provision of publicly subsidized child care are decided upon and implemented?
3. Which changes in local child care markets are statistically associated with local policy variations?
4. Which changes in the patterns of child care use and family outcomes are statistically associated with local policy variations?

To answer these research questions, researchers compiled federal and state legislation and regulations enacted during the six years of the study, as well as local policies developed by all 28 LWDBs. Researchers also conducted two rounds of telephone interviews with LWDB child care staff members to better understand the process by which local boards made their policy decisions and to gain their perception of the issues that local boards faced in achieving their child care goals. To better understand certain aspects of policy development and financing that could not be determined from those sources, researchers interviewed TWC child care staff members throughout the period of this study. They also extracted information from administrative databases related to the operation and financing of the child care subsidy program, and obtained historical market rate survey data for each local area. Finally, the research team conducted site visits to three local areas to gain the perspective of local organizations and individuals involved in developing or implementing local policies for subsidized child care.

Several complementary research techniques are being used to analyze the data collected for the six-year study period. The changes in policies and patterns of subsidy usage were compiled into a single research database and summarized in individual profiles for each local area. Interview data are being analyzed using ethnographic techniques to determine common issues faced by local boards when setting child care policies and to identify the different approaches that boards took when confronted with similar situations. Case studies will be developed from the local site visits to better

explain the diversity of views held by local stakeholders regarding the LWDBs' handling of their new policy authority. And, finally, an econometric analysis will be conducted to determine which decision-making style and policies are associated with changes in family outcomes and local child care markets.

Results from this analysis will be contained in several research reports. This report, which summarizes data from all sources over the entire six-year study period, addresses the first two research questions. Two other technical reports are planned: one that addresses the last two research questions in the context of this earlier work, based primarily on findings from the econometric analysis; and another that reports on the three local site visits. The overall summary report for this project will include findings and conclusions from all aspects of this study and will offer both policy recommendations and suggestions for future research.

POLICY RELEVANCE

This research study will inform the policy and research communities interested in child care subsidy programs and program devolution in the following ways:

1. Because Texas decided to place its child care program under the management of its workforce agency (rather than its human services agency, which is the case in most states), this study will document the ways in which this program placement results in different program decisions than may have occurred if the program were being managed by human services professionals.
2. Local changes in child care policies occurred within the context of a welfare program that continued to be managed from the state level, in which changes affected all local board areas simultaneously. This will allow researchers to disentangle events associated with individual child care policy changes from welfare policy changes.
3. The qualitative aspects of this study (both the case studies and the interviews over two different time periods) will enable the policy community to better understand the process of devolution and the different types of factors that influence local governing bodies when they are making policy decisions.
4. The ability to identify which of the many influences and policy decisions included in this study are statistically associated with differences in family and market outcomes will help identify promising policy decisions that would be suitable for study through experimental demonstrations.

REPORT CONTENTS

This report, which addresses the first two research questions, summarizes policy changes that occurred over the six-year study period, discusses local board staff perceptions of these changes and summarizes information gathered from all sources over the six-year study period.² Particular attention is focused on those areas—child care availability, funding, and quality—imbedded in the goals that LWDBs agreed to pursue when they assumed responsibility for managing subsidized child care in their local areas.

The report contains five chapters and five technical appendices. Chapter 1 gives an overview of this project and describes the relevance of this research to the child care policy and research communities. Chapter 2 describes federal, state and local child care policies that emerged during the study period and gives board staff perceptions as to the degree of flexibility that local boards had in setting local child care policies. Chapter 3 discusses key changes in funding and local board staff perceptions of their ability to raise local matching funds over time. In Chapter 4, changes in approaches to quality and local perceptions about the shifting policies related to quality are analyzed. Chapter 5 contains a summary of findings from all of these chapters and next steps needed to complete this six year study period. The technical appendices include more detailed information from each phase of this analysis, including a compendium of legislation and policies occurring during this period, policy and statistical profiles and maps for each local area, indicator maps, more detailed information from interviews with local child care program management staff, and a glossary of terms to help readers unfamiliar with the Texas subsidized child care system.

² All research reports from this study can be found at:
<http://www.utexas.edu/research/cshr/pubs/child.html>

Chapter 2: The Making of Devolution

This chapter describes the policy context within which this study occurred. First, a brief history of the federal laws governing subsidized child care programs during this time period is provided. Then, Texas state laws and regulations that have influenced the subsidized child care program over the past six years are described and discussed. The third section describes the composition and governing authority of local workforce development boards, the changes that they made to child care policies over the study period and perceptions of local staff about the degree of flexibility that boards had in making these decisions.

FEDERAL CONTEXT

Until 1996, a myriad of federal programs provided child care support to poor and low-income families to help them get employment and training, or to stay on the job.³ The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), in addition to overhauling the nation's welfare system, also consolidated existing federal funding streams for child care into a new child care block grant, the Child Care and Development Fund (CCDF). This consolidation simplified state administration of federal subsidy programs and dramatically increased federal funding for child care.

States are free to use CCDF funds to support child care for any family with income up to 85 percent of the state median income whose children are 13 years old or younger. CCDF regulations also give states the option of serving 14-19 year olds who are physically or mentally incapacitated or under court supervision. Since 1996, the majority of states have adopted income eligibility guidelines that are more stringent than the federal guidelines. In order to qualify, parents must be working, in school or training, with some limited exceptions. States are encouraged to focus their resources to help those families with the greatest financial need and children with disabilities. States may

³ These included the Title XX Social Services block grants, child care for welfare families participating in the Job Opportunities and Basic Skills program, transitional child care for persons transitioning from welfare to work, child care for families at risk of going on welfare and care through the Child Care Development and Block Grant for working families, those in school or training, and families needing protective services.

opt to waive co-payment requirements for families below the poverty line. PRWORA also gave states more discretion in determining how to target child care assistance among low-income families. The federal government no longer requires states to guarantee child care services for current and former welfare recipients but gives states the flexibility to adjust their policies based on need and funds available. “These adjustments mean that states can determine which groups of families will be eligible and which eligible families will be served.”⁴ States have taken quite different paths in developing their child care policies in the post-PRWORA era.⁵

STATE CONTEXT

Before 1995, the Texas Department of Human Services (TDHS) administered all subsidized child care programs in Texas. TDHS developed rules, determined eligibility for services, disbursed funds, and submitted program reports to the different federal funding agencies. To streamline the federal government’s fragmented array of child care subsidy programs for low-income families and to better integrate service delivery, TDHS created a statewide Child Care Management Services system (CCMS) in 1991. Under this system, TDHS combined most federal and state child care funding sources and funneled them to 27 local CCMS contractors. These CCMS contractors centrally managed intake, eligibility determination, authorization of child care arrangements, and the automatic transfer between programs as a family’s eligibility status changed, without requiring eligible families to change providers. It was one of the nation’s first attempts to simplify access to subsidized child care services at the local level and pre-dated the federal combination of various child care programs into the CCDF by four years.⁶

⁴ General Accounting Office, May 2003. p 12.

⁵ Meyers et al., 2002.

⁶ For a more complete description of Texas child care policies during this time period, see Schexnayder, et al., 1999.

Texas Workforce Development System

In 1995, the Texas Legislature passed HB1863, its workforce development and welfare reform act. This legislation transferred responsibility for a number of workforce development programs, including child care, from several state agencies to the newly created Texas Workforce Commission. In transferring its child care program from its human services agency to its workforce development agency, Texas emphasized child care's role as a support service that families needed to work or to participate in activities that would prepare them for work.

HB1863 divided the state into 28 local workforce development areas.⁷ The legislation authorized local elected officials in each of these areas to create local workforce development boards. These boards would make policy and receive block grants from the state to locally administer most large training programs as well as child care services.⁸ All appointed board members are volunteers, with fifty-one percent of each board comprised of private sector employers. Other members must represent various types of public and community-based organizations. At least one member must have expertise in child care or early childhood education.⁹ To avoid a conflict of interest, state law prohibits local boards from providing direct services. Each board hires professional staff to handle board responsibilities and all services are contracted to independent providers.

After TWC certified that local boards were capable of managing the requirements of various workforce development programs, responsibility for many (but not all) of these programs was transferred to the local boards. TWC began transferring responsibility for managing child care contracts to local boards in 1998, with some LWDBs gaining authority to set selected child care policies in September 1999. All 28 boards completed this process by January 2000, with the last boards assuming responsibility for the subsidized child care program during that month.

⁷ Most but not all of these boundaries were identical to those of the 27 CCMS areas.

⁸ For additional information about the changes introduced by HB1863, see King, et al. 1997.

⁹ Texas Administrative Code, Chapter 801.1. Last modified: 11/20/2001.

Achieving Change for Texans Welfare Waiver

To implement those HB1863 provisions that conflicted with existing federal laws and regulations governing the Aid to Families with Dependent Children (AFDC) program, Texas sought a waiver from the U.S. Department of Health and Human Services.¹⁰ The waiver, known as Achieving Change for Texans (ACT), was approved by the federal government in March 1996 and operated through March 2002. After the passage of PRWORA in August 1996, ACT waiver provisions took precedence over conflicting PROWRA provisions until the end of the waiver.

ACT differed from PRWORA in several significant ways.¹¹ It set state time limits for receipt of welfare assistance that differed from the federal five-year limit, imposed work requirements and required clients to sign Texas-designed personal responsibility agreements. Two key features of the ACT waiver affected child care subsidies during most of the study period:

1. It allowed more exemptions from Temporary Assistance for Needy Families (TANF) work requirements than PRWORA, thus mandating fewer TANF recipients to participate in work programs.¹²
2. It exempted more TANF families with young children from participating in work programs than allowed under federal law.

When Texas legislators passed HB1863, legislators were concerned about its potential child care costs, and thus initially exempted all welfare families with children under age five from work participation requirements. The legislation gradually restricted this exemption to families with children under age three, similar to the Family Support Act (FSA) provisions in effect at the time the Texas legislation was enacted.

After PRWORA restricted the TANF work exemption to families with children under age one, the 1999 Texas Legislature responded by passing Senate Bill (SB) 666, which lowered the Texas exemption to TANF families with children under two in September of 2000, and age one in September of 2001. These actions assured that Texas

¹⁰ Title IV-A of the Social Security Act contained a waiver clause. If granted approval, the federal government allowed states to experiment with policy changes to cash assistance.

¹¹ Texas Department of Human Services, 2003.

¹² Under PRWORA, TANF replaced the AFDC cash welfare assistance program.

would be in compliance with PRWORA when the ACT waiver expired at the end of March 2002.

Another provision of HB1863 (but not part of the ACT waiver) guaranteed child care for TANF families participating in work preparation programs (known as Choices) or transitioning from welfare to work, similar to FSA provisions in effect when HB1863 was enacted. These legislatively mandated guarantees of subsidized child care for families in the TANF Choices program or those transitioning from TANF continue to exist, even though they are not required under PRWORA.

State Performance Measures

In 1991, the Texas Legislature authorized the Legislative Budget Board (LBB) to require each state agency to develop a statewide five-year strategic planning process and performance-based budgeting. Further legislative action in 1993 linked each agency's goals, strategies, and performance targets with each agency's appropriations, resulting in the Strategic Planning and Budgeting System (SPBS). Since that time, all Texas state agencies must meet the requirements of the SPBS.

As part of the state's biennial appropriations process, the LBB establishes performance measures that TWC must meet for the subsidized child care program. Table 1 displays the three performance measures that are relevant to this study: Average number of children served per day, percent of child care providers meeting certain quality criteria (known initially as designated vendors but later termed Texas Rising Star providers), and number of provider staff trained through TWC's training program.¹³ Once local boards assumed responsibility for managing child care, each area was allocated annual targets needed to meet these measures. In FY 2003, all LWDBs participated in the development of these allocation formulas for the first time.

Generally, the sum of the targets for each local area equals the statewide target for a given measure. However, because the LBB measure for number of children served is split between Choices and non-Choices participants, TWC developed an internal calculation that combines these into one figure for allocation to the local level. This

¹³ The provider training measure was reduced to 10,000 a year in FY 2004.

combined figure reflects the current mix of children in Choices and non-Choices families within the child care caseload.

**Table 1. LBB Performance Measures:
FYs 1998–2003**

Performance Measure	LBB Statewide Targets					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Average number of children served per day (LBB) ¹⁴	88,704	88,963	89,111	88,707	107,744	107,195
Average number of children served per day (TWC internal)	83,764	88,963	93,563	100,000	107,744	107,382
Percent of vendors meeting designated vendor criteria	35%	39%	39%	39%	39%	39%
Number of providers staff trained through TWC child care training programs	NA	NA	39,520	39,520	39,520	39,520

Source: Child Care Performance Measures, Texas Workforce Commission.

PROCESS AND PERCEPTIONS OF LOCAL DEVOLUTION

The final section of this chapter discusses responsibilities of LWDBs for the subsidized child care program following the state’s decision to transfer management and some policy-setting authority to them. It also describes several policy areas in which local boards have used this authority to make different policy decisions. Then, the perceptions of local child care staff members regarding the actual amount of flexibility that local boards experience in setting policy are described. A compendium of relevant state legislation and policies occurring during the study period are included in Appendix A.

¹⁴ The table displays both LBB and TWC targets for this measure.

Responsibilities of Local Workforce Development Boards

In 1999, the Texas Workforce Commission adopted Child Care and Development Rules that transferred significant responsibilities for the development of subsidized child care policies from the state to the LWDBs.¹⁵ Within federal and state regulatory frameworks, the new rules allow local boards the flexibility to create policies based on the needs of their particular geographic area. Each board creates a child care delivery plan that outlines its local policies by working with federal, state and local child care and early childhood development programs as well as with representatives from local government. Boards must also gather input from a local child care advisory council and the public.¹⁶ These plans are submitted to TWC and used to develop the state's biennial CCDF annual plan for the federal government.

Although some policy-setting responsibilities still remain with TWC, the LWDBs now have more flexibility to determine income eligibility cutoffs, parent fees and reimbursement rates, and payment schedules for providers. The boards can also set a number of other policies, as listed in Figure 1. Local boards are also expected to raise a portion of the funds needed to match federal CCDF funds, a process which will be discussed in Chapter 3.

Texas state law prohibits local workforce development boards from providing direct services. Texas LWDWs contract with one or more child care management service agencies, which in turn authorize voucher payments for subsidized child care and maintain and manage a network of child care providers.¹⁷ These child care management service agencies, known as contractors, are chosen through a competitive bidding process, may be single agencies or consortia consisting of local governments, community-based organizations or service providers.¹⁸ Each contract is effective for four years and can be continued upon renewal. Boards may elect to contract with one or more entities for direct care services and quality initiatives in their respective areas.

¹⁵ Texas Administrative Code, Chapter 809.

¹⁶ The child care advisory council consists of provider representatives and other community stakeholders.

¹⁷ Child care management contractors have replaced CCMS contractors but maintain many of the same types of responsibilities.

¹⁸ Texas Workforce Commission. Online. Available: <http://www.twc.state.tx.us>. Accessed: November 20, 2003.

Figure 1. State and Local Policymaking Authority for Child Care

State Authority*

- Allocate funds among boards;
- Establish local matching funds targets for boards;
- Set performance targets for boards needed to meet performance measures;
- Ensure that board policies comply with state and federal regulations;
- Develop rules, policies and procedures to guide boards' activities;
- License and monitor child care providers (TDPRS)**;
- Manage Child Care Texas provider database (TDPRS).

Local Workforce Boards Authority

- Establish income eligibility for services under federal and state guidelines;
- Set attendance standards;
- Authorize service units (i.e. full-day, part-time);
- Identify eligible providers***;
- Determine extension of eligibility for children with disabilities (ages 13 to 19);
- Establish liability insurance requirements for local providers;
- Set parental co-payment rates;
- Establish maximum provider reimbursement rates;
- Allocate funds between direct care and quality improvement;
- Initiate and manage quality improvement initiatives;
- Set priority groups to receive services (in addition to those required by state law);
- Establish eligibility time limits for parents enrolled in educational programs;
- Set policy for repayment of delinquent fees;
- Establish waiting list procedures.

* Responsibility of the Texas Workforce Commission unless noted otherwise.

** Texas Department of Protective and Regulatory Services during study period.

*** Parents may choose care from these providers or may arrange their own care.

Source: Texas Workforce Commission

Child care management contractors are responsible for recruiting, managing and paying child care providers as well as providing technical assistance (in some areas) and other resources to vendors to improve services. The contractors enter into vendor agreements with child care providers to offer services in their regions. They also provide case management services for low-income families needing child care services. After receiving a family's application for subsidized child care and determining eligibility and funding availability, the contractor advises the parents about child care options. Families can choose child care from a vendor registered with the subsidy system or arrange their

own care with pre-approval by the child care management contractor. If funding is unavailable, the contractor places applicants on a waiting list.

Local Policy Changes Following Devolution

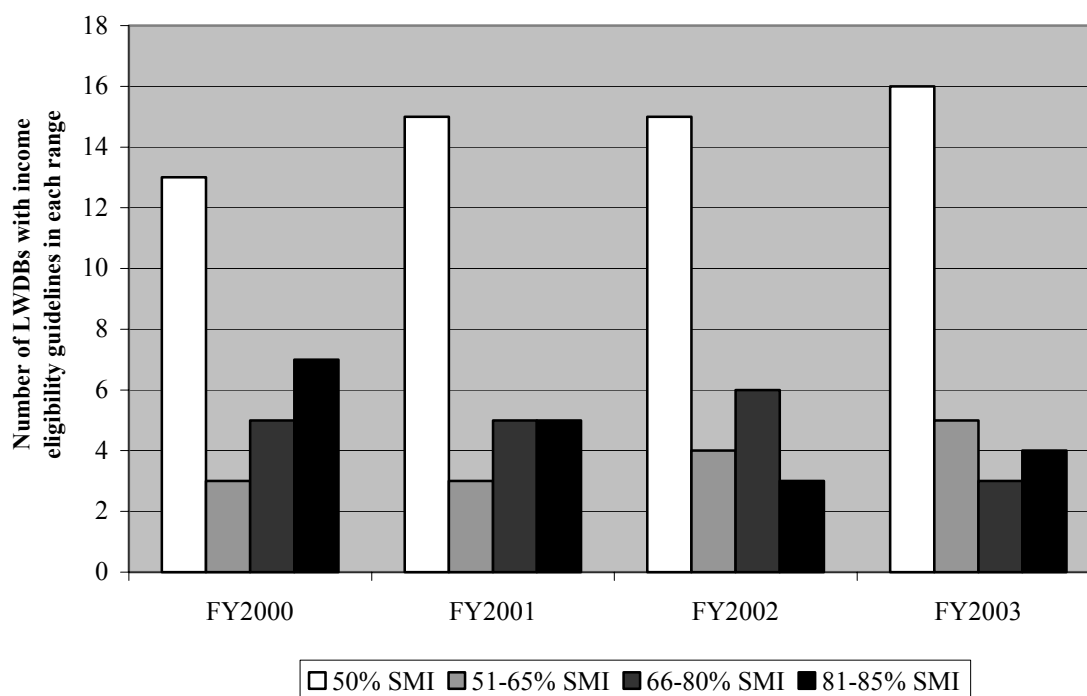
Since LWDBs gained authority to set some policies for subsidized child care within their geographical areas, their decisions have produced a wide degree of variation among policies governing the subsidized child care across the state. This section will briefly describe the degree of change that has occurred in three areas in which local boards can now set policy: Income eligibility ceilings for working parents, co-payments required of parents and reimbursement rates for the most common type of care. A more complete analysis of the differences in policies and uses of child care subsidies over time can be found in Appendix B.

Income Eligibility Ceilings

Following the passage of PRWORA, Texas working families were eligible for child care subsidies if their family income was less than the lower of 85 percent of the state median income (SMI) or 150 percent of the federal poverty income level (FPIL).¹⁹ TWC's Child Care and Development Rules, which included a section on General Eligibility Requirements, were adopted in February 1999 and took effect on September 1 of the same year. After that date, LWDBs gained the authority to set their own income eligibility ceilings for such families. As shown in Figure 2, the 28 local areas adopted a number of different eligibility ceilings and some are continuing to change these limits each year. Generally, the eligibility limits have become more restrictive over time. For example, in FY 2000, only 13 local boards restricted eligibility to families with incomes less than 50 percent of the SMI. This number increased to 16 by FY 2003. Conversely, seven LWDBs set eligibility ceilings at or near the federal ceiling of 85 percent of SMI in FY 2000, while only four boards allowed eligibility for families at this income level in FY 2003.

¹⁹ Which of these two levels produced a lower family income depended on family size.

Figure 2. Changes in Income Eligibility Policies Over Time



Source: U.T. analysis of local board policies from FY 2000 through FY 2003.

Parental Co-payments

All families who receive child care subsidies must pay for a portion of the fees associated with that care, unless the family is receiving child care through Choices, Food Stamp Employment and Training or child protective services. Prior to the fall of 1999, all Texas working families with one child who were eligible for care based on their income (known as income-eligible) paid nine percent of their gross monthly family income for subsidized child care. Families with two or more children contributed 11 percent of their income toward the cost of this care. After the local boards took over the responsibility for setting co-payment policies, they changed these policies in a number of ways. As shown in Table 2, some boards lowered the family co-payments while others increased families' share of child care costs. As a result of the tightening funds available for child care and more stringent performance measures in the last two years of the study period, 12 boards had increased co-payments above the 9 percent/11 percent levels by the end of that time period.²⁰

²⁰ Detailed co-payment policies for each local area can be found in Appendix C.

Table 2. Changing Features of Co-payment Policies Over Time

Co-payment policy features	Count of LWDAs with each policy feature	
	End of FY 2001	End of FY 2003
Co-payment lower than 9%/11%	3	2
Co-payment higher than 9%/11%	2	12
Co-payment increases the longer family receives subsidy	2	7
Co-payment reduced for large families	22	25
Co-payment varies for different eligibility groups ²¹	0	3
Co-payment prorated for part-time care	2	12

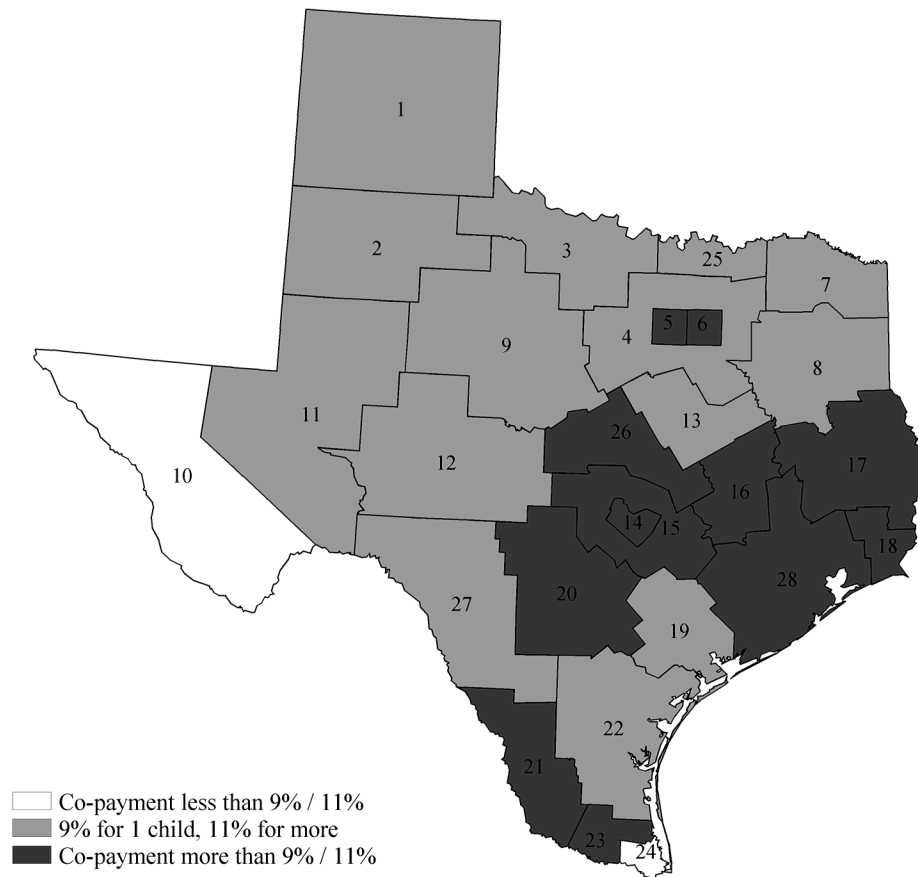
Source: U.T. analysis of local board policies from FY 2000 through FY 2003.

Boards have also tinkered with co-payment policies in other ways that reflect their differing philosophies regarding the allocation of scarce child care resources. For example, seven boards increase a family's share of costs the longer they are in service and 12 boards prorate the amount of the co-payment charged for part-time care.

A map in Figure 3 illustrates the geographic distribution of co-payment policy variation as of 2003. As can be seen from this figure, two boards along the Rio Grande have co-payment policies requiring parents to pay less than the historic 9 percent/11 percent co-payment level. Among those requiring working parents to pay higher percentages of their income are another two boards along the border, as well as a large cluster of boards scattered from central to southeast Texas that incorporates nearly every large urban area in the state. A map displaying changes in co-payment policies over time is included in Appendix C.

²¹ Choices, FSE&T and CPS clients do not pay a co-payment. This measure only counts policy variations that affect the level of co-payment required of those in other eligibility groups (e.g., teen parents).

Figure 3. Co-payment Policy Variation, 2003



Source: U.T. analysis of local board policies.

Reimbursement Rates

CCDF regulations require that the state commission a survey each year to establish market rate guidelines for regulated child care in each area of the state. Based on the result of the market rate survey, local workforce development boards now have the authority to set maximum reimbursement rates for their local areas for different types of care, and in so doing, are allowed to consider additional factors. The final maximum rate adopted by the boards must show these rates are adequate and how they are affordable.

Given the diversity of the local labor markets in Texas, there have always been substantial differences in the actual cost of child care across the state. The best way to understand boards' behaviors with regard to provider reimbursement rates is to look at

the differences between the current rates and the baseline rates in effect when the boards assumed responsibility for setting reimbursement rates for child care providers. Eight boards have not raised their reimbursement rates for full-time pre-school center care (the most common type of care in Texas) in the four years that they have had the authority to do so. However, as shown in Table 3, 16 boards raised their rates by more than 10 percent in the first two years after receiving the authority to set rates (see Appendix C for a map of rate increases over time). The lack of rate increases in the past two years can be attributed to two factors: The tightened demand for subsidized child care funds and a temporary rate freeze put into effect by the Texas Workforce Commission.

Table 3. Changes in Reimbursement Rates Over Time

Changes in daily reimbursement rate for center full-time pre-schooler care	FY 1999 to FY 2001	FY 2001 to FY 2003
Average rate increase (dollars)	\$1.62	\$0.04
Average rate increase (percent)	12.2%	0.3%
Count of LWDBs with no rate increase	8	26
Count of LWDBs with rate increase < 10%	4	2
Count of LWDBs with 10% or greater rate increase	16	0

Source: U.T. analysis of local board policies from FY 1999 through FY 2003.

Perceptions of Local Board Staff of Their Flexibility to Set Policies

In the context of devolution, local workforce development boards gained an assortment of rights and responsibilities for the development of child care policies and procedures. Their policy decisions, however, had to conform to state and federal legislation, rules and policies. Board staff held quite diverse views concerning the level of flexibility they perceived themselves to have in managing the child care program. Some felt they continued to make many important decisions. Other boards felt their independence was essentially illusory. Indeed, many managers agreed that, even in areas where local workforce boards can take some initiative, local control was

considerably curtailed. This included their perception of their own control over the assignment of eligibility levels, additional priority groups, and parental co-payment levels, among others.

While board staff across the state differed considerably in the degree of flexibility they felt they experienced, four distinct groupings emerged. The characteristics of each group are described briefly below (more detailed corroboration is provided in Appendix D). The first two groups felt they had a reasonable level of local flexibility. Members of the third and fourth groups felt constrained in making decisions that reflected their own interests and management choices, as well as the needs of their communities. The degree to which boards perceived flexibility seemed related to a number of factors including the size of the board's operations, the degree to which the board was able to raise extra funds, and the amount of experience board staff had working with state agencies.²²

The First Group: A High Level of Flexibility

Staff members at three boards felt they had a high level of flexibility in the management of the child care program. They found it relatively easy to communicate with TWC and felt they received guidance without rigid direction. At the time of the interview, board staff felt the local boards made policy and procedural changes relatively independently. According to board staff in this group, the state agency provided guidance when a problem or question was submitted to their attention; board staff did not feel they were asking permission, even in important areas of the program (such as rules and monitoring procedures). However, there remained some concern, even in this group, that future state policy decisions might increasingly limit board autonomy.

The Second Group: Flexibility under Constraints

Staff of four boards felt they had considerable flexibility in the management of their child care programs but also felt limited by some significant constraints. These restrictions affected their independence in the areas of decision-making, allocations, and meeting performance measures. Overall, staff in this group desired more input into decisions made by TWC. While some staff members were encouraged by TWC's recent

²² Interview data describing these relationships will be analyzed further in the final year of this research project.

consultation concerning performance measures, one staff member explained that TWC tended to impose its own views and interpretations and in so doing limited the local workforce board. Some board staff questioned not only the level of funding their Boards received and the performance targets “attached” to it but also the method by which this allocation was determined.

Board staff reported that performance targets were determined by the state (through the LBB and TWC) and were not negotiated with the boards. They felt that diversity among the boards and the areas they served should be taken more into consideration. The state’s emphasis on units in care concerned board staff; many boards faced pressures to serve more children with limited resources. Staff members felt that the emphasis on performance measures could limit efforts to improve quality, as meeting each of these objectives at that time was (FY 2003) a pre-condition to expenditures on quality improvement activities. They also thought that this could limit the autonomy of the boards to establish their own goals, as local workforce boards were held accountable for meeting these measures and could be sanctioned for non-compliance.²³

The Third Group: Little Flexibility

Child care program managers from this group of ten boards felt very limited in determining child care policy. They felt very limited in decision-making, the establishment of performance measures, allocation of resources, development of quality initiatives, and the management of funds, as well as in implementing procedures. Furthermore, some board staff saw continuing decreases in flexibility over time. Board staff in this group felt strongly that the state agency dictated policy changes and new policies that boards had to adopt, leaving boards primarily responsible for the management of service delivery. This limited scope for action was not what board staff members wanted as “local governance.” For example, eligibility for child care subsidies remained, at least in part, under board control since boards may set their own priorities in addition to state mandated categories. However, staff of these boards felt the state agency intended to make the management of the child care program more uniform. While staff recognized one recent change that allowed more board input, they saw

²³ Sanctions included a temporary suspension of local flexibility and denial of access to additional funding.

themselves overall as controlled through the assignment of non-negotiable performance measures. Staff members of this group of boards felt particularly constrained by the relatively new emphasis from TWC on the number of children served rather than on quality initiatives. For example, one staff member explained: “I don't feel there's any flexibility in our allocation because even though we can technically have quality initiatives, the way the money was allocated, it really prohibits us from doing any quality activities because all the dollars have to go to direct care.”

The Fourth Group: Almost No Flexibility at All

Staff members from this group of eight boards shared a number of the concerns expressed by the third group. However, they tended to see their boards as almost totally constrained by the requirements of the state agency, particularly in the areas of policy making, performance and funds-tracking, and quality initiatives. The flexibility they once experienced appeared to be disappearing. Board staff reported that in many instances, even recently, policy changes were initiated by the state agency without local input. They felt that the state would intervene in some of the changes that the board made.

These board staff felt particularly constrained when decisions initiated by the state appeared inappropriate to their area. Board staff members mentioned examples of confusing and contradictory messages. For example, boards were asked to develop a “termination of care” policy but when some of them tried to implement it, a change of position at the state level condemned such efforts. Board staff in this group reported difficulties reconciling their funds with TWC figures, a problem they have experienced since the devolution of the child care system to the local boards. They reported that the daily and monthly variations in the number of children served made it difficult to create figures in the manner that TWC expected. As a result, TWC sometimes thought that they were not meeting their performance requirements. Finally, board staff in this group felt they have been told that quality initiatives were at an end.

SUMMARY

At the same time Texas enacted its initial welfare reform laws, the legislature assigned responsibility for workforce development activities, including child care, to a new state agency, the Texas Workforce Commission. This legislation also authorized the creation of 28 local workforce development areas and the formation of local boards that eventually assumed responsibility for the management of most large training programs and child care services, thus emphasizing child care's role as a workforce support. Some local workforce development boards began managing child care contracts in 1998 and setting some child care policies in September 1999. All 28 boards completed this process by January 2000.

The state exercises some level of control over board activities through both legislative demands and the regulatory system. The state guarantees subsidized child care for families in the TANF Choices (job-training) program and those transitioning from TANF. TWC must also meet a number of legislatively-determined performance criteria related to the number of children served, the number of child care providers (vendors) meeting specific quality criteria, and the number of vendors receiving training through TWC programs. However, within this framework boards can develop diverse policies to meet the needs of their geographic regions. Such policies that are under board control include income eligibility for child care services, attendance standards, provider eligibility, parental co-payment rates, among a range of others. They also procure and monitor contracts for the provision of child care services and child care quality activities.

Three policy areas with considerable variation across the boards are income eligibility ceilings for working parents, co-payments required of parents and reimbursement rates for the most common types of care. However, even in these areas, the state does exercise control, sometimes intermittently, as in the recent freeze on reimbursement rates. In this new regulatory environment, boards differ considerably in their perception of how much flexibility they have regarding TWC directives and their ability to manage the child care program to respond to specific conditions in their local areas.

Chapter 3: Funding

After PRWORA was enacted, the federal government appropriated an additional \$4 billion for child care over a five-year period to aid families in the welfare to work transition.²⁴ While PRWORA provided an injection of funding for the program, the work requirements established by welfare reform also substantially increased the need for child care subsidies.

In order to receive the full amount of federal mandatory funding included in the CCDF block grants, states must demonstrate that they are appropriating and spending a specified amount known as “Maintenance of Effort” (MOE). They must spend additional funds above that amount in order to access federal matching funds included in the full CCDF allocation to states.²⁵ States also have the flexibility to transfer up to 30 percent of their TANF block grant funds to CCDF programs.

FEDERAL FUNDING TRENDS

Though the number of children served more than doubled in the latter half of the 1990’s due to a substantial increase in funding (Figure 4), the available resources for subsidized care have never been sufficient to meet the need for child care. Additionally, as federal work requirements for welfare recipients have become more stringent, the number of children needing care has increased which could exacerbate the funding gap.

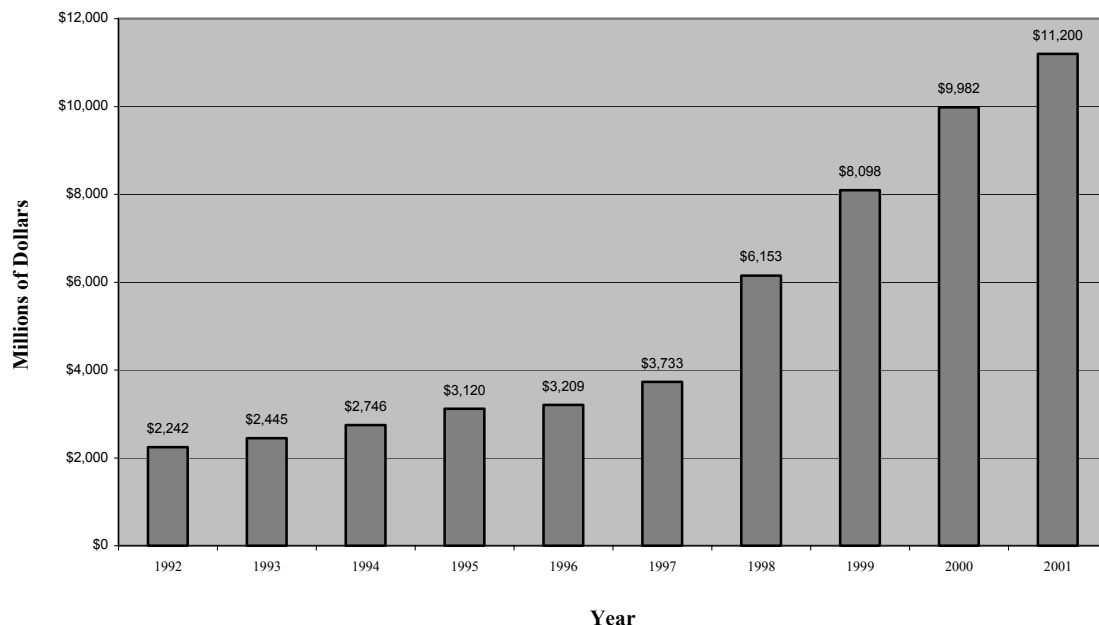
In FY 2001, funding for child care from all sources (CCDF, TANF transfers and state MOE and Matching Funds) reached a historically high level of \$11.2 billion, up from \$3.2 billion in FY 1996 when PRWORA was enacted.²⁶ During this period, states were able to move individuals off of the welfare rolls in record numbers and used a substantial portion of federal TANF funds for child care services.

²⁴ Children’s Defense Fund. Accessed: September 2, 2003.

²⁵ General Accounting Office, February 2001, p. 8.

²⁶ U.S. Department of Health and Human Services, Administration for Children and Families. Accessed: September, 18, 2003. p. 5.

Figure 4. CCDF and TANF Related Child Care Funding FYs 1992–2001



Source: Administration for Children and Families. CCDF Report to Congress – FY 2001.
U.S. Department of Health and Human Services.

HHS estimated that twice as many children received child care subsidies in each month of FY 2000 than was true when PRWORA was first enacted in 1996.²⁷ However, even during these years of historically high spending levels and significant TANF transfers, HHS also noted that only 28 percent of those children eligible for CCDF assistance under states' eligibility rules received a child care subsidy. Forty-five percent of children whose families had income below the poverty level for a family of three were served.²⁸

The expansion of federal funding that occurred in the late 1990's slowed in 2001 and 2002, and funding levels in recent years do not reflect any increases in spending. In FY 2002 the federal government allocated \$2.7 billion for child care to states (a \$150 million increase from the previous fiscal year), and made an additional \$2.2 billion available to states that met their MOE requirements and could match these federal funds with state or local dollars. The amount of federal funding for CCDF programs remained

²⁷ Ibid, p. 6.

²⁸ Ibid, p. 6.

constant for 2003 and 2004. (Estimates of total subsidized child care expenditures from all sources are not yet available for the 2002 and 2003 fiscal years.)

STATE FUNDING TRENDS

The economic downturn in 2001 and 2002 has had direct impact on state revenues and welfare rolls, which in turn have had a downward effect on state spending and state transfer of TANF funds for child care purposes. More than half of the states cut overall funding for child care programs between 2001 and 2003.²⁹

Funding for subsidized child care in Texas has roughly tripled since the passage of PRWORA, with combined federal and state appropriations for Texas reaching \$441.4 million in FY 2003. During the period covered by this research study, the total funds used to directly purchase child care slots increased from \$345 million in FY 1998 to over \$422 million in FY 2003.

The increase in Texas child care funding has leveled off recently due to a combination of the leveling of appropriations from the federal government for this purpose and the state's budget challenges caused by the economic downturn. Although Texas transferred approximately \$79 million in TANF funds to the CCDF program in FY 2000 and FY 2001, the state legislature ended this transfer beginning in FY 2002. Aside from the transferred amount, TANF funds have never been used directly for the purchase of child care services in Texas.

LOCAL FUNDING PROCESS AND PERCEPTIONS

For many years, Texas has allocated its funds to the local entities responsible for delivering subsidized child care throughout the state and has relied upon funding from local governments and other organizations to assist the state in accessing all of the available subsidized child care funds. This section describes the process by which funds are allocated across the state, how local matching funds are obtained and changes that have occurred over the period of this study, followed by local board staff members' perceptions of how these procedures affect their local areas.

²⁹ Parrott and Shapiro. August, 29, 2003. p. 3.

Allocation of Funds

Under CCDF, the states are eligible to receive three categories of child care funds—mandatory, discretionary, and matching. Mandatory and discretionary funds are allocated to states according to demographic characteristics of its population. However, a state must appropriate a certain amount of funds for subsidized child care to be eligible to receive matching funds and must match these funds at the state’s Medicaid matching rate. Texas is not required to follow the federal formula in allocating resources among the local boards, though the formulas that state lawmakers and administrators have opted to use bear some similarities to the formulas the federal government uses to allocate CCDF funds to the states. TWC allocates child care funds to LWDBs according to the formula described in Figure 5.

Figure 5. TWC Formulas for Allocating Child Care Funds to Workforce Boards

CCDF Category	Methodology for Allocation to LWDBs
Mandatory	50% of funds based on the proportion of children under 5 living in the workforce area relative to the statewide total of children under 5. 50% of funds based on the proportion of the total number of people with income less than or equal to 100% of the FPIL, relative to the statewide total of individuals in that income category.
Matching	Based on the proportion of children under 13 living in the workforce area relative to the statewide total number of children under 13.
Discretionary	Based on the proportion of children under the age of 13 in families whose income is less than or equal to 150% of FPIL, relative to the statewide total of children in that category.

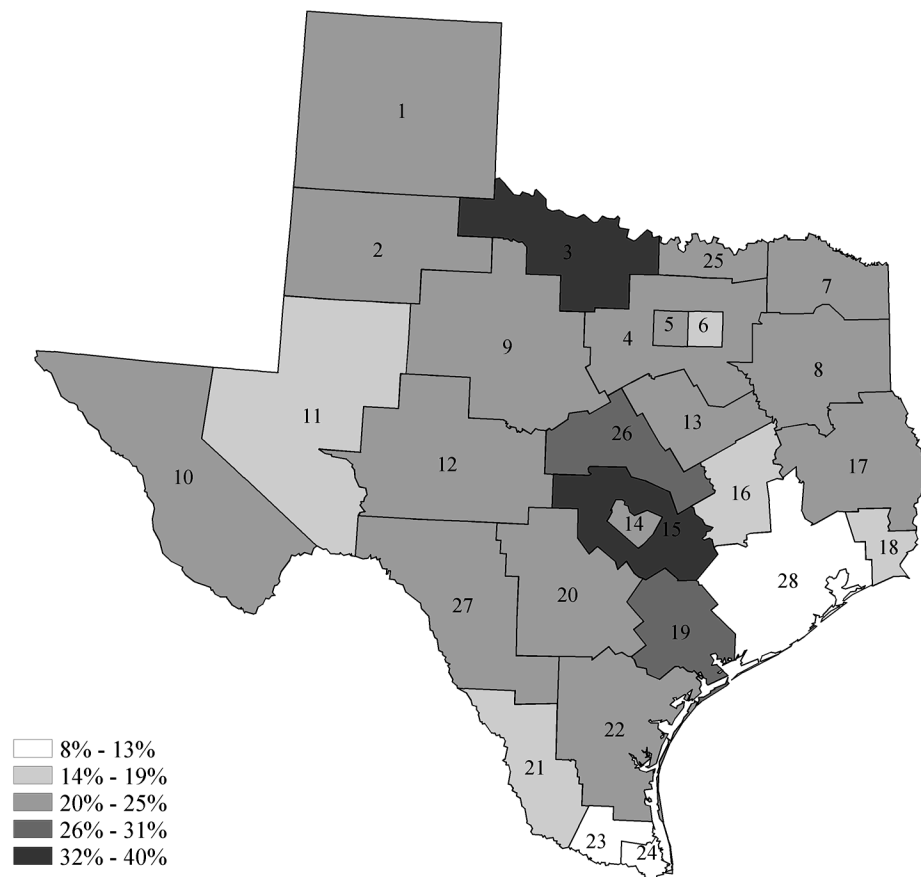
Source: “Comparison of TWC’s Methodology (Allocation to the LWDBs) with Federal CCDF Allocation Methodology (Allocation to the States).” Texas Workforce Commission. 9/16/2003.

This funding formula has been contentious among some policymakers and other stakeholders in rural areas and the border region. They contend that while the number of children served in their region is lower than some large metropolitan areas, they face particular resource challenges such as the availability of providers and trainers. In 2000, TWC conducted a review of the allocation method upon the instruction of the legislature, examining a range of need indicators measuring poverty in workforce areas throughout

the state. The Commission concluded that the current allocation formula was consistent with the state's needs and recommended the continued use of the formula.³⁰

Another method of judging the fairness of the allocation formulas would be to examine whether, across areas, children and families at the same level of need would be equally likely to receive subsidized child care. A preliminary analysis using this approach produced the map in Figure 6, which illustrates the estimated percentage of low-income children in each area who received subsidized child care in FY 2003 (for a map of this indicator over time see Appendix C). As can be seen, the share of low-income children receiving care is low overall, but the variation across areas is quite substantial. Apparently, in some areas low-income children are much less likely to receive subsidized child care than in other areas.

Figure 6. Share of Low-Income Children Served (FY 2003)



Source: U.T. analysis of local workforce board demographics and subsidy program data.

³⁰ Texas Workforce Commission. November 1, 2000.

Many factors could influence this disparity in access to subsidized child care funds across the state, including ability of local areas to obtain matching funds, variation in the cost of child care across the state, and possible inequities in the local funding allocation formulas. Additional analysis of this topic will be conducted in the final year of this study to assess the degree to which this apparent unequal access to subsidized child care funds remain after fully accounting for the many factors that influence allocation levels to local boards.

Requirements for Raising Local Matching Funds

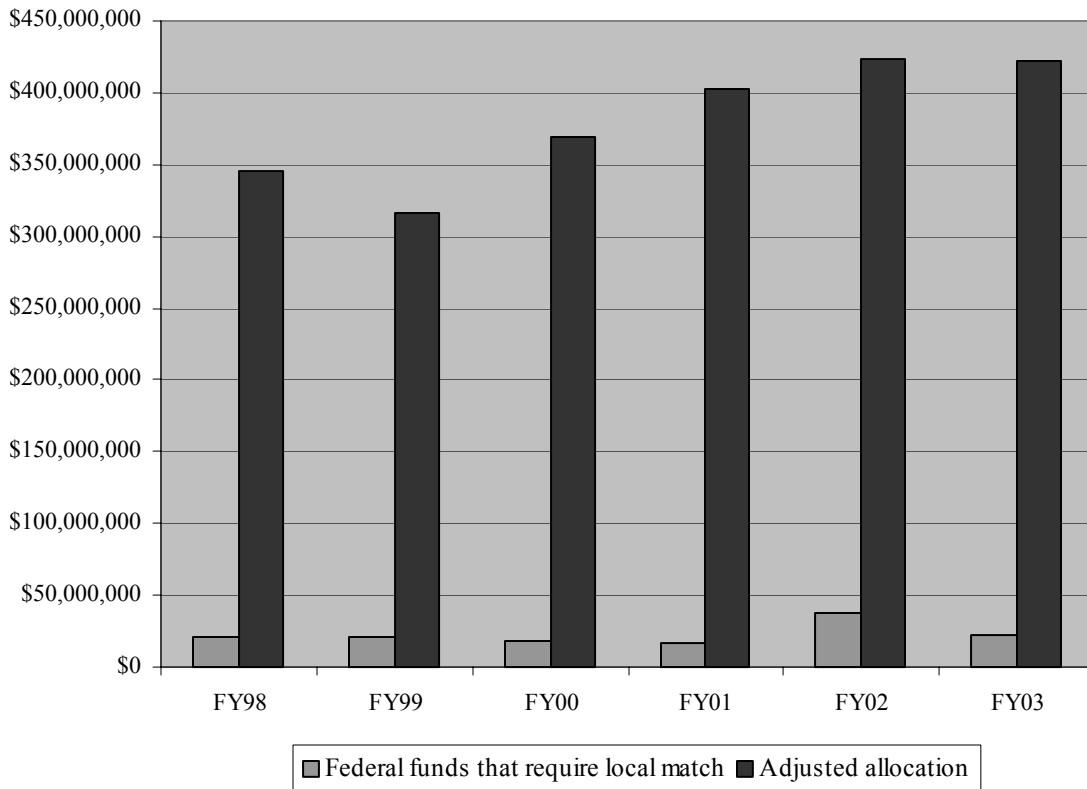
For many years, the State of Texas has relied upon local funds for some of the matching funds needed to draw down the available federal funds for subsidized child care. The Texas Legislature estimates the amount of local funds needed for match during its biennial budgeting process. Adjustments are made by the state agency responsible for child care (first TDHS and then TWC) as more complete information on the amount of available federal funds is learned.

Over the study period, the share of total funds used to purchase subsidized child care that required local match (see Figure 7) ranged from a low of 4.2 percent in FY 2001 to a high of 8.8 percent in FY 2002, then dropped in FY 2003. These fluctuations occurred for two reasons: changes in the amounts of available federal funds that could be matched after the Texas Legislature had already appropriated its matching funds for the coming biennium, and an increasing reliance on local boards to come up with matching funds.³¹

Until 1999, the responsibility for negotiating agreements for matching funds with local entities rested with local state agency staff members, first at TDHS and then at TWC. Responsibility for raising local matching funds was transferred to the LWDBs once they began managing and setting policies for child care services.

³¹ For the FY 2004-2005 biennium, the state's reliance on local matching funds will increase even more. For that time period, it is estimated that \$29.8 million of available funds for child care services will require local match, an increase of over \$8 million from FY 2003.

Figure 7. Total Child Care Funds and Funds Requiring Local Match Over Time



Source: U.T. analysis of TWC child care financial allocation data.

The Texas Legislature recognized the challenges facing local communities in raising sufficient funds to serve families in need, and passed two pieces of legislation in 2001 to enhance local capacity-building. The state appropriations bill in 2001 asked TWC to cooperate with cities, school districts, the Texas Education Agency and non-profit organizations to obtain local match for federal child care funds. Another bill, HB2767, required LWDBs to use money and in-kind services provided by a local school district or agency to obtain federal matching funds for child care services to the extent permitted by federal law.³²

³² Federal rules prohibit the use of in-kind services to draw down matching funds. Therefore, TWC has not used any in-kind services even though the words remain in the text.

During the period of this study, local boards could certify existing *public* expenditures for CCDF-eligible activities, but could only count donations provided by private entities toward a local match. Recently, TWC adopted a rule which aims to enhance LWDBs' ability to raise local matching funds. Effective in January 2004 (which is beyond the formal time period covered by this study), this rule allows local boards to "certify" expenditures from private organizations (such as local chapters of United Way) as local match for subsidized child care. However, federal regulations provide that expenditures from private entities that are not transferred or under the administrative control of the lead state agency may qualify for matching funds only if they are given to the single entity designated by the state to receive donated funds. It is too early to ascertain the degree and the nature of local implementation of this newly-adopted rule.

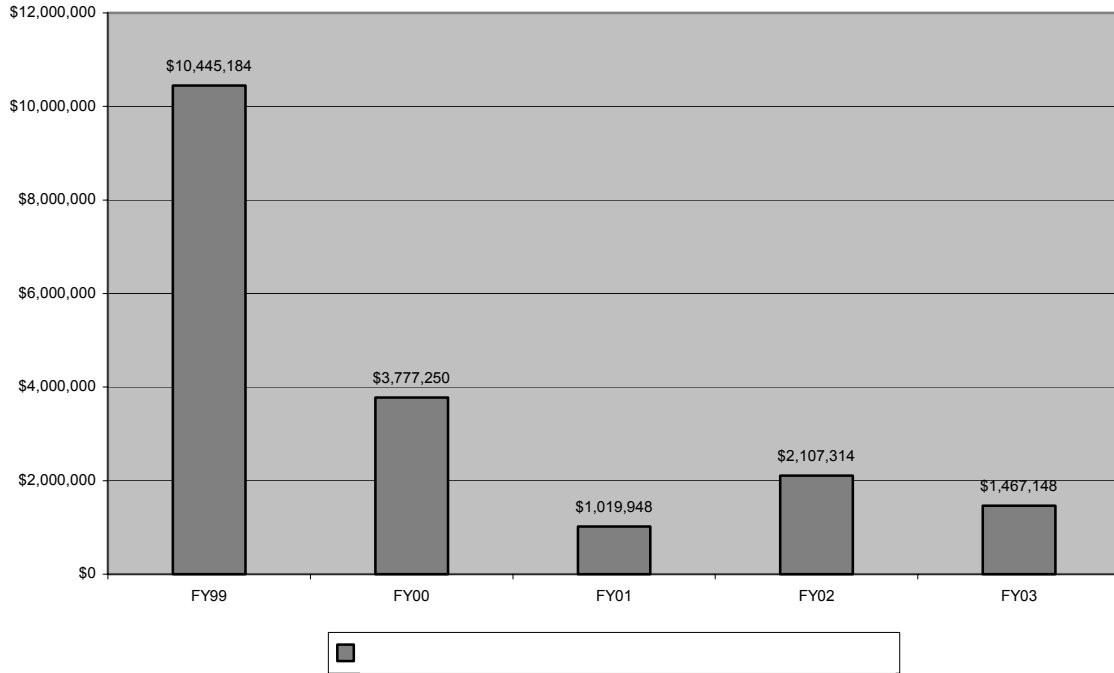
De-Obligation and Re-Obligation of Funds

TWC establishes a financial target for each board's local match each year based on the allocation formula described above. If a board fails to meet its match target, the federal funds allocated to that area are "de-obligated," meaning that the state recaptures those funds into the child care funding pool available to boards across the state. Those boards that are able to exceed their match target can then negotiate with TWC to access additional federal funding by arranging additional match contracts above and beyond their requirement. Those boards that are not meeting their performance targets for units of direct care are not considered by TWC for additional funding.

While boards do have some discretion in how they can spend this additional funding, the federal dollars come with direct care requirements. The dollars are "attached" to units in care requirements and thus, a board that receives additional federal match dollars in the middle of a fiscal year has to adjust the number of children that they are serving.

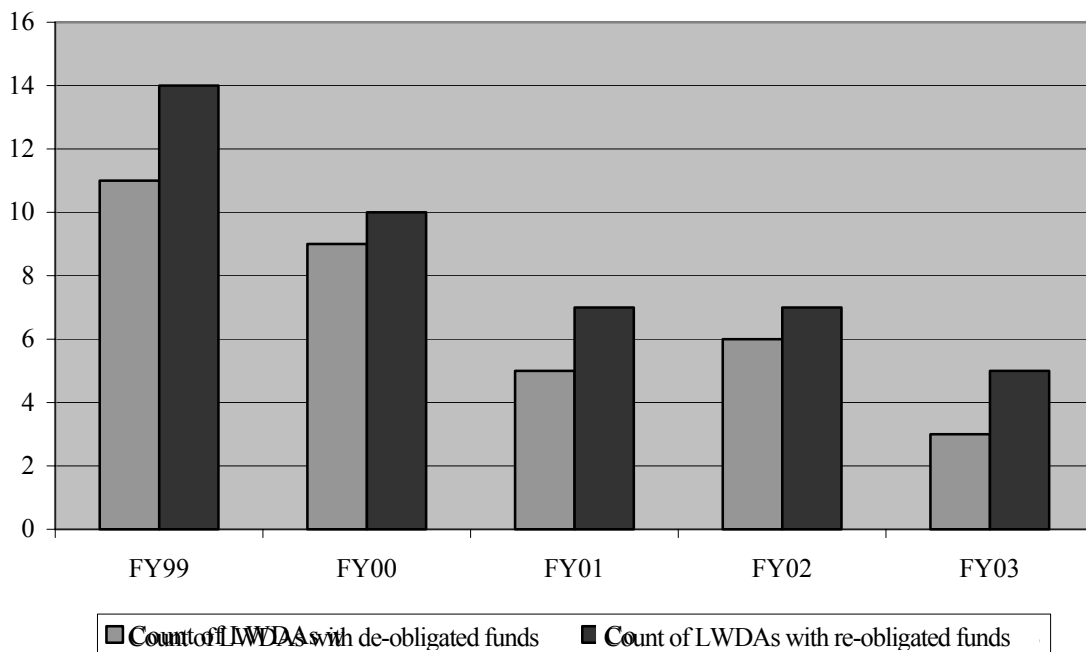
As shown in Figures 8 and 9, both the number of local boards that have had funds de-obligated or re-obligated and the amount of funds transferred between local board areas has decreased over the period of this study (for a map of de-obligation/re-obligation over time see Appendix C). This decrease in the transfer of funds between boards can be attributed both to the increasing capacity of boards to raise matching funds and the

Figure 8. Total Child Care Funds Shifted Among Boards Over Time



Source: U.T. analysis of TWC child care financial allocation data.

Figure 9. Number of Boards with Funds De-obligated or Re-obligated Over Time



Source: U.T. analysis of TWC child care financial allocation data.

tightening of the available funds for care, which resulted in increasing the willingness of some boards to put forth the additional effort needed to raise matching funds.

The capacity of boards to find local match partners and meet their goals has increased in part because of the technical assistance and training that TWC has provided to board staff to enhance their understanding of the federal match system and to seek new ways to generate local revenue. Most child care program managers report spending more time on acquiring matching funds in recent years, and some areas have adjusted board or contractor staffs' responsibilities in order to devote more staff time to this function. Recently, TWC also streamlined the process for approving match contracts but some local board staff still feel that the process could be made more user-friendly.

Perceptions of Local Board Staff on Finding Matching Funds at the Local Level

The state has increased the targets for required matching funds in recent years and more increases are planned for the 2004 fiscal year, according to board staff. However, preliminary analysis of the qualitative interview data reveal that local workforce boards tend to have notably different experiences with securing local matching funds. Larger boards in more affluent areas find it easier to obtain funds from partners and to get funds certified. Smaller boards in areas with fewer economic resources find it more difficult. Some of the boards located along the border with Mexico cannot find partners in the economically depressed areas they serve, as many potential partners are themselves funded through federal money.

One program manager in an urban area of the state explained that it was not a problem at all for her board to find partners and sign agreements to certify matching funds. In this case, the funds and services available for match exceed the limit set for this particular board. The respondent highlighted the important leadership role played by key members of the voluntary board which helped to secure the collaboration of other potential funding agencies.

In other geographic areas, however, the recent economic downturn and economic insecurity are making the job of finding new partners more difficult, especially in areas hit hard by the economic recession. For example, one respondent explained that her

board had not raised any extra monies locally above the required match amount. Unemployment had increased dramatically in her area. Her board has not approached any local employers for donations. Instead, she has been encouraging them to donate to the local United Way. Her board has reached its local matching funds targets via certification through the United Way. For this reason, she concluded that it makes sense to just encourage giving in that way rather than to solicit direct private donations to board activities.

Other local boards find that even large organizations, such as the United Way, have a more limited ability to help in the current economic context. Public organizations such as schools, which frequently partner with boards to provide local match, have also faced rounds of funding cuts. Board staff described the efforts made to join forces at the local level by various actors (board members, contractor and community partners) to find the necessary funds to meet the local match target.

Local board staff members report that the difficulty in obtaining matching funds are related to other problems facing the boards. Specifically, potential partners have tended to be more interested in the development of quality initiatives than in the provision of direct care. They have also been interested in providing contributions that will increase local flexibility. As board flexibility has become more limited and as quality initiatives have moved off the core agenda, some local organizations are not as interested in contributions as was true earlier.

SUMMARY

Federal child care appropriations to the states increased in the years immediately following the passage of PRWORA and most states also experienced a simultaneous increase in the demands for subsidized child care services from eligible families. Part of the additional funding was made available to states on the basis of their ability to match the federal money with local expenditures. Federal funding for child care has not increased in the most recent two year period.

Funding for child care has tripled in Texas since 1996, but has leveled off recently. While both funding and the number of children served increased dramatically since the passage of PRWORA, Texas has never had sufficient funding to meet all of its

demand for subsidized child care. Funds for subsidized child care are allocated to local boards based on a formula similar to the one used by the federal government to allocate child care money among the states, a matter of contention in rural areas and high-poverty areas near the Mexican border. Part of local boards' concern is the result of the increasing proportion of funding that requires a match and the increasing demand for local boards to provide that match. A recently-adopted TWC rule allows certification of expenditures by eligible private entities toward local matching funds. However, it is too early to ascertain whether this will become an effective tool for local boards.

Over the period of this study, both the total dollars of funds re-allocated among local areas and the number of boards losing funds due to an inability to come up with the matching funds have decreased as boards have become more adept at the process of securing matching funds. Boards vary considerably in their experience with obtaining matches: Large boards in economically active areas report considerably less trouble in obtaining matching funds than do boards in smaller, impoverished areas or communities with limited economic resources.

Chapter 4: Quality

There is an inherent competition between the goals of increasing the number of children served by available child care funds and improving the quality of care for those children served by subsidies. One of CCDF's goals is to provide child care to assist low-income families so that parents can work or participate in education or training activities that lead to employment. However, improving the quality of care available to poor families is also a stated goal of this program. Because the available funding for child care subsidies doesn't meet the demand for these services, states must make difficult decisions as to how to allocate funds between these competing goals.

This chapter discusses how the federal government, the State of Texas and local workforce boards have chosen to address quality in subsidized child care programs over the period of this study. In particular, it discusses the nature of the choices being made by different governmental entities during hard economic times and the perceptions of child care staff members who are responsible for juggling the competing demands of serving more children while still maintaining quality.

NATIONAL CONTEXT

Prior to the 1996 reform, the Child Care and Development Block Grant (CCDBG) program required states to use 25 percent of their federal funding allocation toward quality improvement initiatives.³³ Under PRWORA, state lead agencies for CCDF must spend no less than four percent of total CCDF expenditures (a much larger dollar amount than prior CCDBG expenditures) for quality improvement. In reality, nine percent of CCDF expenditures were used by states for quality purposes in FY 2001.³⁴ A 2002 Congressional Research Service report also found that more than half of the states planned to spend more than four percent of their CCDF funds on quality activities; of these, four states reported plans to spend 23-27 percent.³⁵

³³ Faliski, 1999. p. 51.

³⁴ U.S. Department of Health and Human Services Administration for Children and Families. Child Care and Development Fund (CCDF) Report to Congress—Fiscal Year 2001. Accessed on February 23, 2004.

³⁵ Gish and Harper, October 8, 2002. p. 32.

The old CCDBG regulations also spelled out categories of quality activities that states had to undertake in order to qualify for itemized federal funds. PRWORA simply eliminated the itemization. Federal regulations now only list these same categories of activities (shown in Figure 10) as optional uses of quality funds and ask states to specify their quality activities in their CCDF state plans. Most states have continued to spend quality funds in the categories previously mandated by CCDBG.³⁶

Figure 10. Categories of Quality Activities Suggested by Federal Regulations

- Resource and referral programs for the development, establishment, expansion, operation and coordination of child care services;
- Consumer education to improve the availability and quality of child care;
- Grants and loans to assist in meeting state and local child care standards;
- Monitoring of compliance with licensing and regulatory requirements;
- Training and technical assistance in appropriate areas, such as health and safety, nutrition, first aid, the recognition of communicable diseases, child abuse detection and prevention, and the care of children with special needs;
- Compensation to improve salaries of staff who provide child care services; or
- Other quality activities that increase parental choice, and improve the quality and availability of child care.

Source: Gish and Harper, October 8, 2002. p. 33.

In addition to the four-percent set-aside stipulated in PRWORA, federal appropriations legislation has included additional provisions (called earmarks) for quality spending. Earmarks are typically made for the following areas: providing comprehensive consumer education, resource and referral services to parents and the public, increasing parental choice improving the quality and availability of care, improving school-age care, and child care resources and referral services.

³⁶ Gish and Harper, pp. 33-36.

STATE CONTEXT: CHANGING POLICIES OVER TIME

Texas state policies governing quality improvement in subsidized child care programs have changed substantially over the six years covered by this research study. These changes can be grouped into three distinctive phases: FYs 1998–1999, a period in which TWC, as the state agency responsible for the CCDF program, also had the primary responsibility for meeting its quality requirements; FYs 2000–2001, a period in which local boards assumed responsibility for child care quality; and FYs 2002–2003, in which the state, when faced with tough economic decisions, reduced the required amount of funding for quality activities and expected local boards to serve more children with subsidy dollars. Major state legislation and policies that occurred throughout this time period are described below.

Texas Rising Star Providers/Designated Vendors Program

State rules encourage local boards to recognize activities by providers who voluntarily exceed the minimum regulatory standards set by the Texas Department of Protective and Regulatory Services. Since 1991, the Texas subsidized child care program has operated a designated vendor program to recognize and encourage the use of those vendors who use quality activities described in the federal law, and who engage in quality improvement activities that reduce group sizes, improve health and safety conditions, improve linkage to parents and community services, improve teacher training, or recognize professional accreditation as a means to improve quality. When TWC changed the term “designated vendors” to Texas Rising Star providers in 2001, the certification criteria and process for the quality system were also updated and improved. Many existing designated vendors were incorporated into the new system.

In 1999, Texas lawmakers passed a bill that requires local boards to establish graduated reimbursement rates for TWC’s designated vendor program. Under the bill’s provisions, those providers are entitled to a reimbursement rate at least five percent higher than the maximum rate for non-designated vendors. This rate differential is funded by the federal CCDF funds dedicated to quality improvement.³⁷

³⁷ Some boards exceed the five percent increase, according to the State of Texas Child Care & Development Fund Plan for FY 2002–2003.

During this time period (FY 2000–FY 2003), the legislature also established a statewide performance target stating that 39 percent of all subsidized child care providers should meet the TRS criteria.³⁸ In reality, local boards have often exceeded the performance targets (see Table 4). The difference between FY 2000 and the subsequent years reflects the definition change, which excluded certain vendors from the denominator, such as providers of after-school and occasional care. Not all of the certified TRS providers provided subsidized child care services in a given year. In accordance with federal law, parents may choose to arrange their own care from providers in or out of TWC’s provider network.

Table 4. Actual Percentage of In-Network Providers that Achieved Designated Vendor/TRS certification, FY 2000–2003

FY 2000	18.0%
FY 2001	41.9%
FY 2002	46.5%
FY 2003	44.5%

Source: E-mail from Gary Frederick of TWC, February 12, 2004.

For FY 2004–2005, the Texas Rising Star statewide target has changed to 17 percent (from 39 percent), in recognition of the need for more funds to serve a larger number of children per day and a projected larger number of Choices clients (TANF recipients participating in employment and training), who are guaranteed priority for subsidized child care services under Texas state rules.

In 2003, state law makers also addressed the issue of quality rating in child care and education by passing SB76, which has potentially important implications for the TRS quality system. (Other implications of the bill will be discussed later.) SB76 calls for state and local officials to consider quality as the basis for contract decisions for child care and early education. It sets out a mandate for the development of a quality rating system demonstration project for future replication at the state level. TWC staff members

³⁸ See Table 1, Chapter 2.

anticipate that the Texas Rising Star system will eventually be folded into the quality rating system envisioned in SB76.

Change in Approach to Meeting the Federal Quality Spending Mandate

Until FY 2002, Texas met the statewide, four percent quality spending requirement stipulated by CCDF through a number of statewide activities and expected local boards to spend an additional four percent of their CCDF formula funding on quality initiatives to assist them in meeting their quality performance measures (i.e., share of providers meeting TRS criteria and number of child care workers trained).

The 2001 Texas Legislature made an important change with regard to quality spending. At the state level, Texas decided to use its existing allocations for its child care regulatory and licensing activities to satisfy most of the federal four percent quality spending mandate.³⁹ TWC subsequently removed the requirement that local boards must spend four percent of their child care funds on quality improvement activities. Instead, it gave local boards the authority to decide how much they want to spend on quality improvement activities, provided that the boards were meeting their performance measures for the total number of children served.

Although the TWC rule is not explicit about prohibiting local boards to spend on quality, the need to meet performance measures and the potential for financial sanctions being imposed on boards for not doing so poses a direct trade-off with continuing to spend on quality initiatives. In essence, boards are no longer allowed to allocate funding for quality programs unless they still have funds available after meeting their performance requirements for units in care. Many boards struggle to meet their units in care requirement with their existing funds and thus have reduced or completely eliminated spending on quality programs.

³⁹ These were funded through a combination of CCDF and TANF funds for FY 2000 and FY 2001. Since FY 2002, these activities are totally funded by CCDF.

Other Statewide Quality Efforts

Resource and Referral Services

In response to the federal initiative for consumer education through resource and referral services, the 2001 Texas Legislature charged TWC with establishing a child care resource and referral network. TWC, through a competitive procurement process, entered into a contract with the Texas Association of Child Care Resource and Referral Agencies (TACCRRA). TWC also continued to engage certain local resource and referral agencies to provide database management, consumer education, referral and training services in the local areas.

In April 2004, TWC terminated the contract with TACCRRA. Instead, the resource and referral functions will be assumed by the statewide information and referral network, the 211 program, which consists of local resource and referral agencies throughout the state and which is administered by the Texas Health and Human Services Commission.⁴⁰ The purpose of this transition is to achieve more local coverage of resource and referral services, with 80 percent of the population to be covered by the end of 2004 and 100 percent by the end of 2005, thus enhancing the quality activity.⁴¹

Grants and Loans to Providers

Federal regulations allow states to give child care providers grants or loans with CCDF funds to assist child care programs in meeting state and local standards. Although the majority of states have used grants and loans as a quality activity, Texas is among the eight states that do not.⁴² While the FY 2000–2001 Texas CCDF state plan allowed local boards to amend their local plans to include this option, no state funds were committed to this initiative and no local area ever implemented this option.⁴³ Boards were not given the option in the FY 2002–2003 state plan and by FY 2004, it was removed with the explicit statement that doing so would free up more funds to purchase direct child care services.

⁴⁰ Conversation with Gary Frederick of TWC, January 29, 2004.

⁴¹ Conversation with Gary Frederick of TWC, February 27, 2004.

⁴² Gish and Harper, October 8, 2003. pp. 34-35.

⁴³ Texas Workforce Commission, State of Texas Child Care & Development Fund Plan for FY 2000–2001.

Teacher Retention

It is well known that caregiver turnover has a direct, negative impact on the quality of care. To address this issue, in 2001, the legislature instructed TWC to establish a pilot program known as Teacher Education and Compensation Helps (TEACH) in at least three locations in the state to assist teachers in retaining employment in the child care field. A teacher must have a provider agreement with a LWDB to serve families receiving subsidized child care services. Three more pilots will be added in FY 2004.⁴⁴

Coordination of Early Care and Education

Another important stipulation in SB76, passed by the legislature in 2003, deals with the lack of coordination among early child care and education programs, particularly Head Start, pre-kindergarten and child care (including subsidized child care) services in the state. The legislation aims to achieve coordination among these programs “by providing a clear path for integrating early education with child care to ensure that resources are used efficiently to support Texas families.” Together with the quality rating demonstration project that was mentioned earlier in this chapter, recommendations regarding the feasibility of coordinating child care and early education programs will be reported to state leaders by September 2004.⁴⁵

LOCAL INITIATIVES AND PERCEPTIONS ABOUT POLICY CHANGES

Local Quality Initiatives

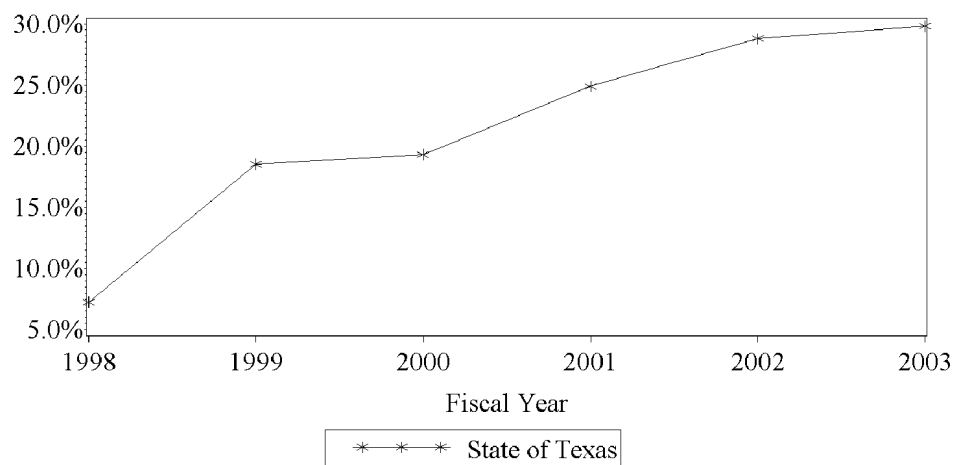
Since assuming responsibility for managing subsidized child care, LWDBs have made significant strides in improving the availability of quality care offered to children receiving subsidies. Within the guidelines provided by the federal government and TWC, over the past several years boards have undertaken a number of different types of quality initiatives and have considered these initiatives an important part of their role. Boards reported investing in the following quality initiatives:

⁴⁴ Personal communication with Gary Frederick, January 29, 2004.

⁴⁵ A summary of SB76, titled “Summary of Senate Bill 76, relating to the Provision of Subsidized Child Care Services” is available at http://www.tecec.org/pages.php/sb76_summary.html. Accessed 9 June 2004.

1. Training for providers: The development of training for child care providers, including workshops and seminars, as well as encouragement for providers to gain new credentials.
2. Texas Rising Star program: Support for the recruitment and retention of facilities in the Texas Rising Star program. Boards put resources behind the effort of achieving their goals for the proportion of children in Texas Rising Star care.
3. Innovation programs: The development and implementation of new programs and supports for providers including access to materials, special services, and trained personnel.

As shown in Figure 11, designated quality vendors provided only seven percent of subsidized care when this study began in FY 1998. Due to recruitment, training and incentive programs conducted by the boards, by the end of FY 2003 TRS vendors provided 29 percent of all subsidized care.



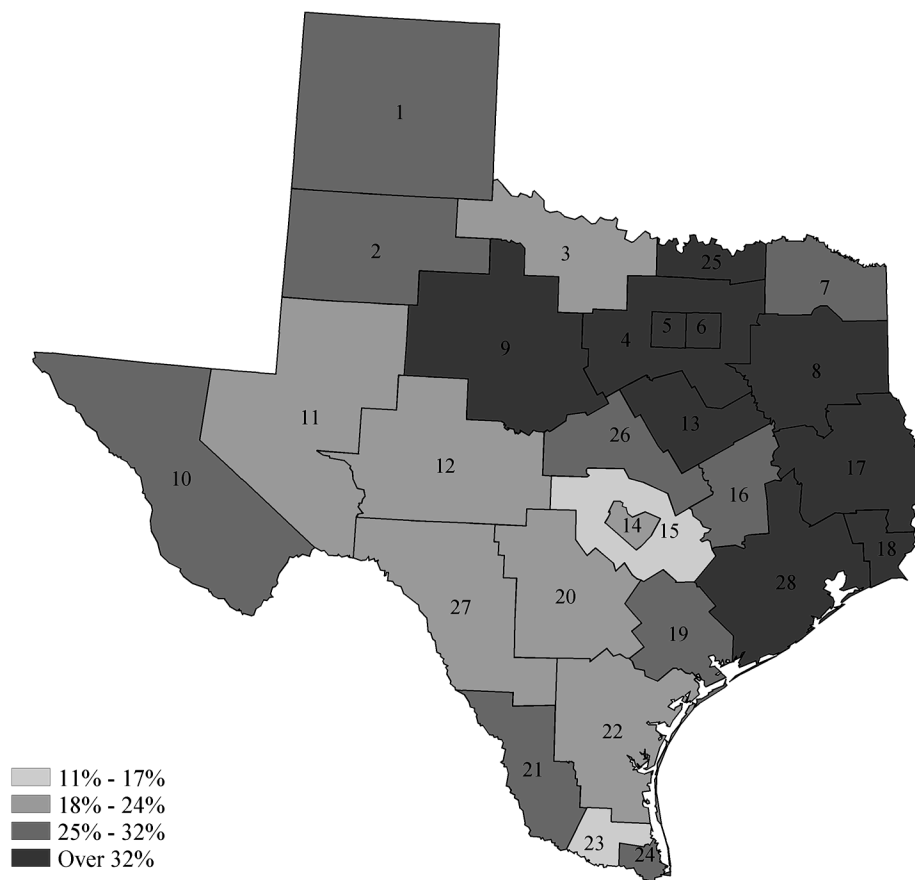
Source: U.T. analysis of Texas subsidized child care data.

These gains may be difficult to sustain given the increased emphasis on serving more children in care coupled with the reduced expectations for the training of additional providers and the number of total providers who will be designated as TRS providers. As of the spring of 2003, few boards were actively recruiting TRS providers due to the higher costs associated with recruiting, training, certifying and utilizing these vendors, and most have eliminated financial incentives that defray the costs of becoming TRS providers. As of the end of the study period, many existing providers have maintained

their TRS designation despite the decreasing technical and financial assistance, and still receive a higher payment rate as a result of their certification as a TRS provider. It is unclear how long these practices will continue.

A map in Figure 12 illustrates the distribution of care provided by Texas Rising Star providers as of 2003. This measure examines the percentage of care days provided by TRS providers rather than the simple percentage of providers specified in the TWC performance measure. The patterns in this measure change from year to year, however, in 2003 it appears that boards in the east and northeast portions of the state utilize these providers to a greater extent (for a map of this indicator over time see Appendix C).

Figure 12. Percent of Care from Texas Rising Star Providers (FY 2003)



Source: U.T. analysis of Texas subsidized child care data.

Views of the Impact of Policy Changes on Quality Improvement

As indicated earlier, LWDBs were once expected to spend four percent of state-provided resources on quality initiatives. Many boards embraced the effort toward improved child care quality with considerable enthusiasm. However, in the past two years, policy has changed. Many boards feel that their overall autonomy in addressing local problems has been reduced, particularly problems regarding the quality of care available. Some boards also expressed concern that during a period of economic downturn it was increasingly difficult for them to successfully seek out local donations and contributions toward this and other child care efforts.

Board staff, and according to the staff, board members also, tend to retain a commitment to quality initiatives and to the performance measures attached to such initiatives. However, in the last year most boards have had to reduce the funding used for this purpose. Some actions that they have taken include: eliminating grants for child care providers to get certifications; reducing the number of training and conferences and one to one advice (turning to internal resources and cutting payments to external trainers); reducing number of grants and financial incentives for TRS providers; and reducing investments in resource rooms.

In spite of the loss of state contributions to this local effort, many boards and their contractors have continued to seek funding to sustain these activities in FY 2003. However, given the different contexts within which boards operate, their continuation of quality initiatives can be grouped into several different patterns ranging from a reduced but continuing investment to almost no initiatives at all above the minimum required by the state. These are giving an extra five percent of higher reimbursement to TRS providers, meeting TRS performance measures and meeting training unit requirements.

Lowered But Continuing Substantial Investment: Availability of Community Resources

At least three boards are continuing with past efforts at quality initiatives. In order to do so they are reaching their performance targets with their core allocation and then using a combination of matching funds and new special grants to proceed with their quality-related work. This has required effort to develop new grants and approach

quality-related programs and funders for support either in their own communities or elsewhere. These boards heavily draw upon community and regional resources in their continuation of the quality initiatives.

Considerably Reduced Investment: Limited Alternative Funding

For eighteen of the boards, the removal of the four percent spending requirement for the boards and the increased emphasis on direct care have resulted in a striking reduction in funding invested in quality initiatives. However, board staff and often board members as well, tend to retain a commitment to quality initiatives in addition to the extra payment to TRS facilities. Strategies used by boards to continue some level of funding for quality initiatives include: use of matching funds, use of carry-over funds from the preceding year, expenditures from the contractor's own grants, an innovation grant from TWC, and close collaborations with other interested parties.

Pooling of Resources

Four boards have collaborated with other organizations in the community that sponsor no-cost or low-cost activities or participate with local boards on a cost-sharing basis. However, areas where such expertise and resources are harder to find face a challenge when attempting this strategy as it relies on community resources that are not equally present in all areas.

Little Quality Initiative Programming

Three boards have felt forced to move their quality funds to direct care, usually reluctantly and against their own inclination. These boards have found it necessary to use almost all of their resources to meet performance requirements for direct care, eliminating their investment in programs they had put in place in earlier years. Many of those boards with almost no quality-related expenditures are also having difficulty figuring out how to continue supporting the ongoing Texas Rising Star provider program beyond the five percent higher reimbursement rate to providers.

SUMMARY

Over the period of this research, TWC and boards have attempted to reach a reasonable compromise between the competing needs of serving increasing numbers of children and maintaining and improving the quality of the care that these children receive. The expenditure of resources on the quality of child care remains a requirement of PRWORA and many states elected to spend additional resources on the quality of care as well. However, Texas state policies governing the state's investment in quality initiatives have changed considerably over time. During the first two years of this project, TWC maintained primary responsibility for expenditures on quality initiatives. This was followed by the devolution of this responsibility to the local boards and two years in which local areas received funds that were specifically targeted for quality activities. During the last two years of this project the state removed the dedicated quality funds and increased the number of children local boards were expected to serve.

During the early years of devolution, local boards engaged enthusiastically in a range of quality initiatives. Then, in the later period, as the state emphasis changed, boards responded in different ways. Local boards' responses depended largely upon the additional funding they could raise to devote to quality initiatives, their internal staff expertise and services, and expertise available in their local communities.

Chapter 5: Summary and Next Steps

SUMMARY

This research reports on the variation in policies and outcomes among the 28 local workforce boards in Texas following the assignment of many workforce development activities, including child care, to them by the Texas Workforce Commission. Local workforce development boards began managing child care contracts and setting some child care policies during 1998 and 1999. All 28 boards had assumed responsibility for these activities by January 2000.

The Texas Legislature and TWC both contribute to the formation of the performance criteria under which the local workforce boards must operate. Such performance requirements include the number of children served, the number of child care providers meeting specific quality criteria, and the number receiving training through TWC programs. However, local boards are able to set a number of policies, including income eligibility guidelines for child care services, attendance standards, provider eligibility and parent co-payment rates. Over the four years since they have assumed policy-making authority, boards have exhibited considerable variation in such policy areas as the income eligibility ceilings for working parents, the co-payments required of parents, and the reimbursement rates for the most common types of care. Boards also differ considerably in their perception of local flexibility in responding to TWC directives and their ability to make the child care program responsive to specific conditions in their local areas.

The funding available to boards, as well as the restrictions on the expenditures that they receive, has had considerable impacts on the policy decisions they made. However, boards have responded to funding constraints in different ways. In the early years of this study, substantial increases in child care funding meant that more funds were available to local boards. On the other hand, changes in welfare policy and in performance criteria put greater demands on this funding over time, primarily by increasing the number of children to be served. Although funding for child care has tripled in Texas since 1996, Texas has never had sufficient funding to meet all of its demand for subsidized child care. Boards continue to deal with the tension between the

increasing funds and the even more quickly increasing number of children to be served. The increasing proportion of funding that requires matching funds, coupled with the increasing demand for local boards to provide that match, accentuated funding pressures.

Over the study period both the total dollars of funds re-allocated among boards and the number of boards losing funds due to an inability to come up with the matching funds have decreased as boards have become better at securing matching funds. However, boards continue to vary considerably in their experience with obtaining matches: large boards in economically active areas report considerably less trouble in obtaining matching funds than do boards in smaller, more impoverished and economically limited areas.

In addition to raising funds and serving the requisite number of children, boards have been responsible for developing the quality of care in their local area, a responsibility that many boards assumed enthusiastically. However, Texas state policies governing the state's investment in quality initiative have changed considerably over time. During the first two years of this project, TWC maintained primary responsibility for expenditures on quality initiatives. This was followed by the devolution of this responsibility to the local boards and two years in which local areas received funds that were specifically targeted for quality activities. During the last two years of this project the state removed the dedicated quality funds and increased the number of children local boards were expected to serve. Boards responded in different ways to this move away from local quality initiatives. Their responses have depended largely on the additional funding they could raise to devote to quality initiatives, the internal staff expertise they could draw upon, and services and expertise available in their local communities.

NEXT STEPS

Over the past two years, this research project has gathered data on board activity from numerous sources including administrative data bases, interviews with board and TWC staff, board level information from TWC records and several site visits (report not yet completed). These data show that boards have varied considerably in the policy responses they make, their ability to raise additional funds, and their continuing quality initiatives under the pressure of serving increasing numbers of children. In the coming

year the research team will be undertaking the culminating tasks of this research, including:

- The detailed account of site visits, which provides a more complex picture of the on-going policy process and its impact on the various local stakeholders;
- Continued analysis of the qualitative data from the two waves of telephone interviews with child care staff to develop a series of variables related to board staff perceptions of such variables as the flexibility available to them, the financial resources available, and commitment to quality initiatives;
- Refinement and completion of the policy review and literature search that informs this research;
- Refinement and work with the market rate survey for Texas which indicates both rates charged and areas of care shortages; and
- The econometric analysis which will examine the relationship of policy changes and board perceptions to subsidized child care participation patterns, family and board outcomes, and child care markets.

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Appendix A

FEDERAL AND STATE POLICY CHANGES AFFECTING THE TEXAS CHILD CARE SUBSIDY SYSTEM

Federal and State Policy Directives vs. Local Board Policy Discretion in the Management of the Child Care Subsidy Program

	Federal Laws & Regulations	State Laws & Regulations	Local Board Policy Discretion
Use of Funds 1. Direct Care 2. Quality improvement 3. Administration	<p>States must use at least 70% of the total amount of mandatory and matching funds to provide child care assistance to welfare recipients, to those in work programs and attempting to leave welfare, and those at risk of going on welfare. A substantial amount beyond the 70% required spending and the discretionary funds must be used to serve low-income working families.</p> <p>No less than 4% of CCDF expenditures must be used on activities to improve the quality of child care generally. Earmarks in federal appropriations legislation further mandate that additional CCDF funds be spent to provide comprehensive consumer education to parents and the public, to increase parental choice, and to improve quality and availability of child care, especially for infants and toddlers.</p> <p>No more than 5% of the total expenditure can be used for administrative costs.</p>	<p>Follows federal guidelines.</p> <p>Follows federal guidelines and encourages local boards to reduce group sizes, improve health and safety conditions, improve linkage to parents and community services, improve teacher training, or recognize professional accreditation.</p> <p>Requires local boards to spend an additional 4% of boards' total expenditures on quality improvement activities.</p> <p>Requires at least 5% higher reimbursement rate to TRS providers than non-TRS providers.</p> <p>Follows federal guidelines.</p>	<p>No local discretion, except that through FY 2002, local boards were required by the state to spend an additional 4% on quality improvement activities. This requirement has since been eliminated.</p> <p>Level of discretion varies but mainly focus on caretaker training and parental education.</p> <p>No local discretion. Follows federal and state rules.</p>

	Federal Laws & Regulations	State Laws & Regulations	Local Board Policy Discretion
Eligibility for Service	Children of families whose income is below 85% of SMI for a family of the same size and whose children are age 13 or under. CCDF regulation retains the state flexibility regarding the option to serve children at 13 and over who are physically or mentally incapacitated or under court supervision, up to age 19. Gives states the flexibility to include foster care as part of protective services and allows brief and occasional respite care.	Children of families with gross income not exceeding 85% of SMI, parents who require child care to participate in training, education, or employment activities, and parents who need child care for a child under age 13 unless a different age requirement is indicated by TWC rule, and parents who need support for education a limited time determined by local boards.	Varies from 85% of SMI to as low as 55% of SMI.
Priority for Service	Children of TANF recipients, families transitioning off TANF and families at risk of becoming TANF recipients receive top priority for service. Other low-income families get the second priority for service. Gives states the flexibility to define children with “special needs” which can means groups other than children with physical and mental disabilities, and allows states to serve them as a priority group.	Statewide priorities: Children of TANF recipients participating in Choices, individuals transitioning off TANF due to employment and earnings or time limits, applicants for TANF assistance who have been referred to work, who receive protective services, or families with very low income. Allows local boards to establish second-tier priority.	Follows federal and state guidelines, and establishes second-tier priorities, with some variation through the years. This includes teen parents, children with disabilities, parents who participate in Workforce Center programs, parents whose transitional benefits have ended and the parent is working, former TANF recipients who have reentered employment without returning to TANF, or who are in wrap-around child care enrolled in Head Start and Even Start.
Requirement for Providers	Compliance with state and local regulatory requirements, being subject to applicable health and safety standards that may include immunization requirements.	At a minimum, providers should be licensed or registered by TDPRS, licensed by the T D of H as a youth day camp, or operated and monitored by the United States military services.	Follows federal and state laws and regulations. Local boards determine whether general liability insurance will be required.

	Federal Laws & Regulations	State Laws & Regulations	Local Board Policy Discretion
Reimbursement to Providers	Requires states to consider adopting adequate payment rates that ensure equal access, parental choice, and affordability.	Requires local boards to establish rates based on the most recent local market rate survey and other local factors that ensure equal access to child care services and to adopt a graduated rate for TRS providers of at least 5% greater than the rate for non-TRS providers. Requires the boards to ensure a rate of up to 190% for care of children in need.	Varies based on type of care and qualification of the provider.
Parental Share of Cost	Requires states to consider affordable rates while ensuring parental choice. Requires a sliding fee scale and allows for waivers of co-payments for families under the poverty line. Also cautions states not to adopt a fee scale that is more than 10% of a family's income and to ensure that small wage increases do not trigger large increases in co-payments.	<p>Exempts payment requirements for parents participating in Choices, in FSE&T, or whose children receive protective services unless they are paying for the protective services.</p> <p>Requires local boards to adopt and assess fees from all non-exempt parents or caretakers at a rate based on the family's size and gross monthly income and allowably on the number of children in care with the condition that such fees not exceed the cost of care.</p>	Varies based on type of care and number of children in care.

State Legislation that Impacted Child Care During the 2001 and 2003 Legislative Sessions

Issues and Programs Affected	2001 State Legislation / Effective Date	2003 State Legislation / Effective Date
<p>Funding</p>	<p><i>Rider in State appropriations bill, September 1, 2001</i> TEA shall certify the maximum pre-K expenditures allowed under federal law as MOE for TANF and state match for CCDF.</p> <p><i>Rider in State appropriations bill, September 1, 2001.</i> TWC must cooperate with cities, school districts, TEA and non-profit organizations to obtain local match for federal child care funds.</p> <p><i>HB2763, June 13, 2001</i> LWDBs must use money and in-kind services* provided by a local school district or agency to obtain federal matching funds for child care services to the extent permitted by federal law. * Note that federal regulation prohibits the use of in-kind services toward a local match for federal funds and TWC has not included such to be in compliance with the federal regulation.</p>	<p><i>Rider in State appropriations bill, September 1, 2003</i> TEA shall certify the maximum pre-k expenditures allowed under federal law as MOE for TANF and state match for CCDF.</p> <p><i>Rider in State appropriations bill, September 1, 2003</i> Allows use of donated purchase agreements and other funding mechanisms to match federal child care funds.</p> <p><i>SB280, September 1, 2003</i> Requires TWC to annually evaluate formulas used for CCDF allocations based on certain criteria such as LWDBs' use of federal funds, boards' ability to meet performance measures, average cost of care, poverty level and the number on the waiting list.</p>
<p>Quality improvement activities</p>	<p><i>HB2673, September 1, 2001</i> Requires TWC to collect state and local information relating to the effectiveness of the use of four percent quality dollars by LWDBs, and to produce a report to the Legislature that highlights promising practices in expanding quality early education.</p> <p><i>HB3578, September 1, 2001</i> TWC must ensure that federal child care funds dedicated to quality improvement are used only for quality child care programs. Provides definition and parameters for a quality child care program.</p>	<p><i>SB76, September 1, 2003.</i> Allows for the development of a quality rating system demonstration project in which child care facilities, Head Start, Early Head Start or pre-K programs are assessed.</p>

Issues and Programs Affected	2001 State Legislation / Effective Date	2003 State Legislation / Effective Date
	<p><i>SB833, September 1, 2001</i> Codifies certain child-care training standards currently in the TDPRS rule and requires 20 hours of annual training in certain subjects for childcare workers. Also requires DPRS to eliminate duplication of inspection of day care centers by various state and local regulatory entities.</p> <p><i>SB1294, September 1, 2001</i> Requires TWC to establish a pilot program in at least three locations, known as Teacher Education and Compensation Helps (TEACH), to assist teachers in retaining employment in the field of child care. A teacher must have a provider agreement with a LWDB to serve families receiving subsidized child care services.</p> <p><i>SB1732, September 1, 2001</i> TWC shall select vendors in three areas of the state to operate a pilot project in which a network of at least 10 operators of eligible family home child care providers work together to serve children under age 4 in small, family child care centers. The LWDB in the selected area must administer and fund the pilot with federal child care funds according to TWC guidelines. Further defines qualifications for the selection of vendors.</p>	
Resource and Referral	<p><i>Rider in State appropriations bill, September 1, 2001</i> Allocates \$1 million per year to provide a network of child care consumer education services through resources and referral agencies.</p> <p><i>HB1307, September 1, 2001</i> TWC will contract through a competitive procurement system with a child care resource and referral network to provide service in the state. The network will conduct a needs assessment to determine the supply and demand for child care services and make recommendations to TWC regarding solutions. Data collected must include a comprehensive compilation of available child care services and unmet consumer needs.</p>	

Issues and Programs Affected	2001 State Legislation / Effective Date	2003 State Legislation / Effective Date
Coordination of services	<p><i>SB665, September 1, 2001</i> HHSC must establish an office of early childhood coordination. These goals are to promote community support for parents of children under age 6 through an integrated state and local decision making process and to provide seamless service to these children to ensure that they succeed in school. TEA, Head Start and TWC will identify ways of coordinating early childhood services. The HHSC commissioner will appoint an advisory committee to assist the office.</p> <p><i>SB1293, September 1 2001</i> Head Start will coordinate with TWC and LWDBs to ensure that full-day, full-year child care services are available to low-income parents who are working or participating in workforce activities. Defines collaboration activities and methods.</p>	<p><i>SB76, September 1, 2003</i> Requires pre-K programs, Head Start and after-school child care programs to coordinate with TEA, TWC and LWDBs regarding subsidized child care services. Coordination is to ensure that full-day, full-year child care services are available to meet the needs of low-income parents who are working or participating in workforce training.</p>
Expansion of Services		<p><i>Rider in State appropriations bill, September 1, 2003.</i> TWC and the LWDBs should cost-effectively expand employment and child care programs in rural areas.</p>
Impact assessment		<p><i>SB280, September 1, 2003</i> Requires TWC to compile information regarding wage and employment status of parents receiving child care subsidy and measure and evaluate the effectiveness of the program on certain specified factors.</p> <p>Requires TWC to compile certain information regarding Choices participants and report to the Legislature on the percentage of participants placed in jobs paying at least 200% of federal poverty level.</p>
Termination of services		<p><i>SB280, September 1, 2003</i> Requires TWC to direct LWDBs to provide at least 30 days notice before terminating child care unless the termination is based on client's failure to meet requirements.</p>

Appendix B

PROFILES OF LOCAL WORKFORCE AREAS

State of Texas

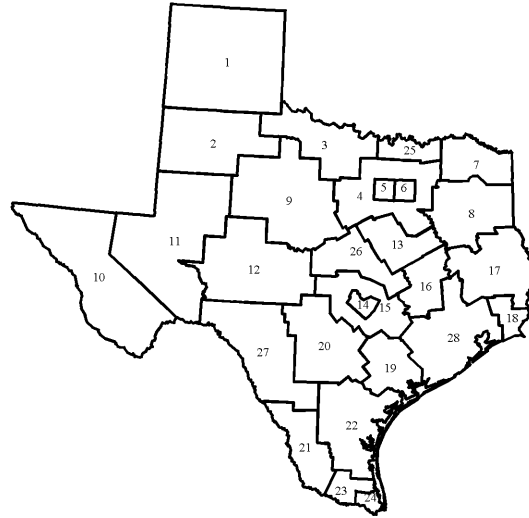
Total population: 20,851,820
Overall poverty rate: 15.4%

Child population: 5,886,759
Child poverty rate: 20.2%

Child population growth: 14.4%

Child ethnicity/race:
White 42.6%
Black 12.4%
Hispanic 40.5%
Other 4.4%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
4.8% 4.6% 4.2% 4.9% 6.3% 6.7%



Key Dates

Board certification date:
Child care management transition date:
Date of first new child care contract award:

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Sept. 01 Families with one child in care will pay from 11 to 13% of income; families with two or more children in care will pay from 13% to 15% of income; families with 7 or more members receive a 65% discount to their co-pay amount.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$661,586,940	\$726,638,005	\$815,624,414
Adjusted allocation	\$661,586,940	\$771,765,396	\$845,934,139
Federal funds requiring local match	\$41,605,606	\$34,780,023	\$59,147,837
Adjustments to unmatched federal funds	\$0	-\$1,236	\$675,392
Total local match required	\$25,107,260	\$22,266,330	\$39,261,735

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care			
Licensed center full day pre-school care			
Registered family home full day infant care			
Registered family home full day pre-school care			

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.63	\$19.23	\$20.18
Licensed center full day pre-school care	\$15.04	\$17.15	\$17.96
Registered family home full day infant care	\$13.53	\$15.99	\$18.62
Registered family home full day pre-school care	\$12.80	\$14.92	\$17.69

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.61	7.38

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	244,073	294,882	328,818
Age of child			
Infant (1 to 17 months)	21.8%	21.6%	22.2%
Toddler (18 to 35 months)	19.6%	20.0%	20.6%
Pre-schooler (36 to 71 months)	31.8%	30.1%	29.4%
School age (72 months and older)	26.8%	28.3%	27.8%
Race/ethnicity of Child			
White	18.6%	18.0%	17.8%
Black	32.9%	34.6%	34.0%
Hispanic	40.8%	43.8%	44.6%
Other	7.8%	3.6%	3.7%
Family			
Average number of subsidized children	1.80	1.87	1.89
Families with one child	46.2%	43.3%	42.5%
Families with two children	33.9%	34.7%	34.4%
Families with three or more children	19.9%	22.0%	23.1%
Parent			
Marital status (if known)			
Single (never married)	70.2%	70.3%	72.8%
Married	9.1%	9.0%	8.9%
Divorced/separated/widowed	20.7%	20.7%	18.3%

State of Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	78.9%	77.0%	76.4%
Group Day/Registered Family Homes	6.1%	6.3%	6.1%
In home relative	7.2%	7.0%	7.8%
Out of home unregulated	7.8%	9.7%	9.7%
Features of care provided			
Texas Rising Star provider care	13.8%	22.3%	29.0%
Self-arranged care	9.5%	9.4%	10.7%
Full-time care	75.7%	87.7%	87.2%
Reason for care			
Working/Seeking work	77.8%	72.0%	69.8%
Training	21.6%	27.0%	28.3%
Other	.6%	1.0%	1.9%
Eligibility type			
Income eligible	67.4%	64.0%	59.1%
Choices/TANF	18.9%	22.5%	26.6%
Transitional	12.8%	7.7%	10.6%
Other workforce development programs	.0%	4.8%	2.6%
Other	.9%	1.0%	1.0%
Family-level subsidy amount	\$393	\$449	\$470
Family-level co-payment			
Percent of families with co-pay due	80.3%	73.9%	71.9%
Average monthly co-pay (of those with co-pay due)	\$90	\$103	\$112
Percent of service months by age			
Infant (1 to 17 months)	13.3%	13.3%	14.1%
Toddler (18 to 35 months)	19.5%	19.9%	20.3%
Pre-schooler (36 to 71 months)	35.8%	34.6%	33.9%
School age (72 months and older)	31.4%	32.3%	31.7%

Local Workforce Development Board: 1 Panhandle

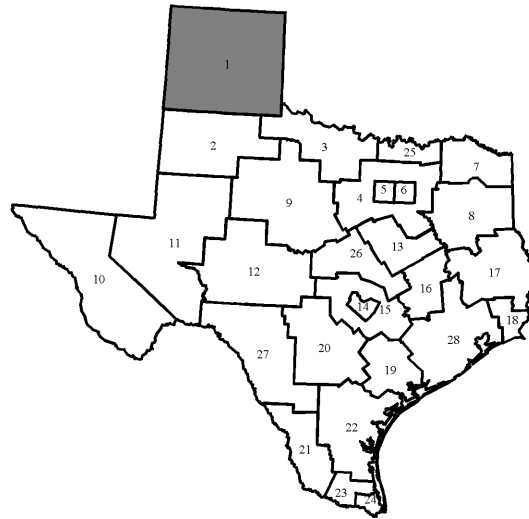
Total population: 402,862
Overall poverty rate: 14.3%

Child population: 112,161
Child poverty rate: 18.7%

Child population growth: 1.7%

Child ethnicity/race:
White 57.7%
Black 4.7%
Hispanic 34.4%
Other 3.3%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
3.8% 3.9% 3.6% 3.1% 3.9% 4.1%



Key Dates

Board certification date: Oct. 96
Child care management transition date: Nov. 98
Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 75% SMI
Mar. 01 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates:

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$10,578,682	\$13,111,991	\$15,081,477
Adjusted allocation	\$12,194,041	\$12,405,731	\$14,213,074
Federal funds requiring local match	\$895,213	\$322,648	\$562,562
Adjustments to unmatched federal funds	\$99,152	\$0	-\$95,708
Total local match required	\$540,032	\$206,540	\$373,993

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.46	\$17.00	\$17.00, \$19.25
Licensed center full day pre-school care	\$12.79	\$15.10	\$15.10, \$16.75
Registered family home full day infant care	\$11.16	\$14.33	\$14.33, \$16.00
Registered family home full day pre-school care	\$11.16	\$12.67	\$12.67, \$14.70

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.38	\$16.31	\$17.53
Licensed center full day pre-school care	\$12.56	\$14.95	\$16.11
Registered family home full day infant care	\$11.07	\$14.04	\$15.24
Registered family home full day pre-school care	\$11.10	\$12.67	\$13.76

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.27	8.23

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	5,472	6,200	6,383
Age of child			
Infant (1 to 17 months)	20.9%	22.9%	22.5%
Toddler (18 to 35 months)	19.9%	20.3%	21.6%
Pre-schooler (36 to 71 months)	35.2%	33.3%	32.1%
School age (72 months and older)	24.0%	23.5%	23.7%
Race/ethnicity of Child			
White	52.4%	47.9%	43.1%
Black	16.6%	16.2%	16.1%
Hispanic	30.1%	34.3%	39.5%
Other	.9%	1.6%	1.3%
Family			
Average number of subsidized children	1.76	1.78	1.81
Families with one child	46.5%	45.7%	44.2%
Families with two children	35.8%	35.3%	36.4%
Families with three or more children	17.7%	19.0%	19.4%
Parent			
Marital status (if known)			
Single (never married)	73.7%	71.0%	77.6%
Married	9.1%	9.7%	8.3%
Divorced/separated/widowed	17.2%	19.3%	14.1%

Local Workforce Development Board: 1 Panhandle

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	82.1%	80.9%	72.9%
Group Day/Registered Family Homes	9.0%	8.4%	7.6%
In home relative	2.1%	2.7%	4.8%
Out of home unregulated	6.9%	8.0%	14.7%
Features of care provided			
Texas Rising Star provider care	26.9%	33.3%	26.7%
Self-arranged care	6.9%	7.4%	9.0%
Full-time care	80.1%	91.3%	91.1%
Reason for care			
Working/Seeking work	86.2%	80.8%	74.2%
Training	13.8%	16.6%	21.3%
Other	.0%	2.5%	4.5%
Eligibility type			
Income eligible	82.3%	79.7%	76.1%
Choices/TANF	11.3%	12.5%	16.3%
Transitional	6.4%	3.9%	5.9%
Other workforce development programs	.0%	3.8%	1.7%
Other	.0%	.0%	.0%
Family-level subsidy amount	\$289	\$353	\$381
Family-level co-payment			
Percent of families with co-pay due	87.2%	82.9%	80.9%
Average monthly co-pay (of those with co-pay due)	\$89	\$101	\$106
Percent of service months by age			
Infant (1 to 17 months)	12.9%	14.5%	14.6%
Toddler (18 to 35 months)	19.5%	20.5%	20.6%
Pre-schooler (36 to 71 months)	39.0%	37.6%	37.7%
School age (72 months and older)	28.6%	27.4%	27.1%

Chart 1

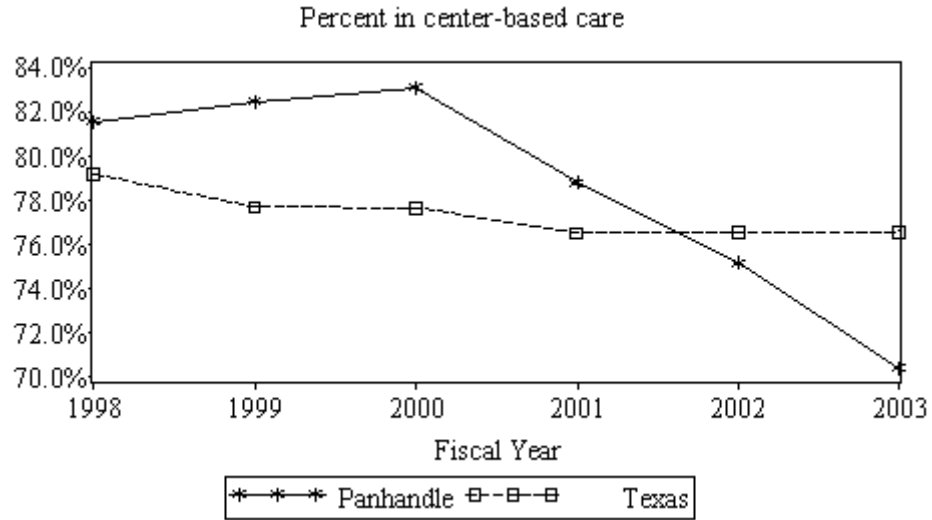


Chart 2

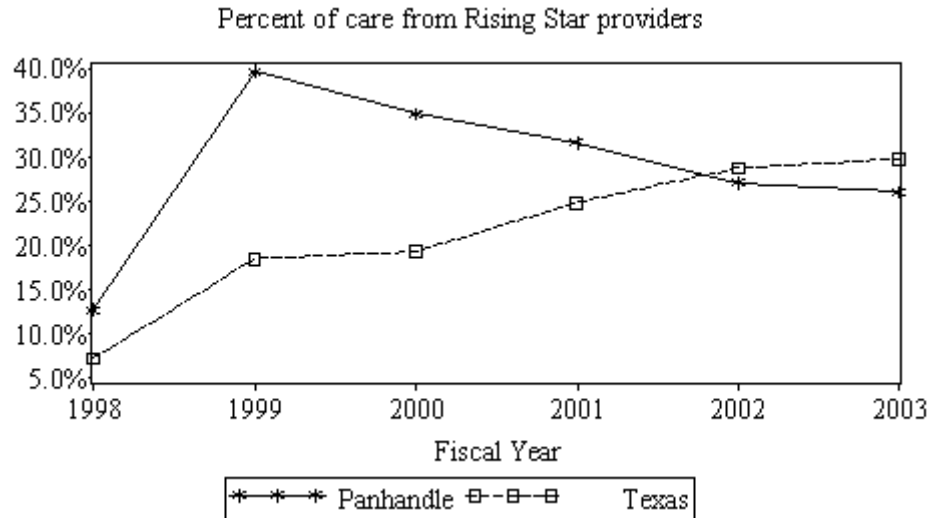
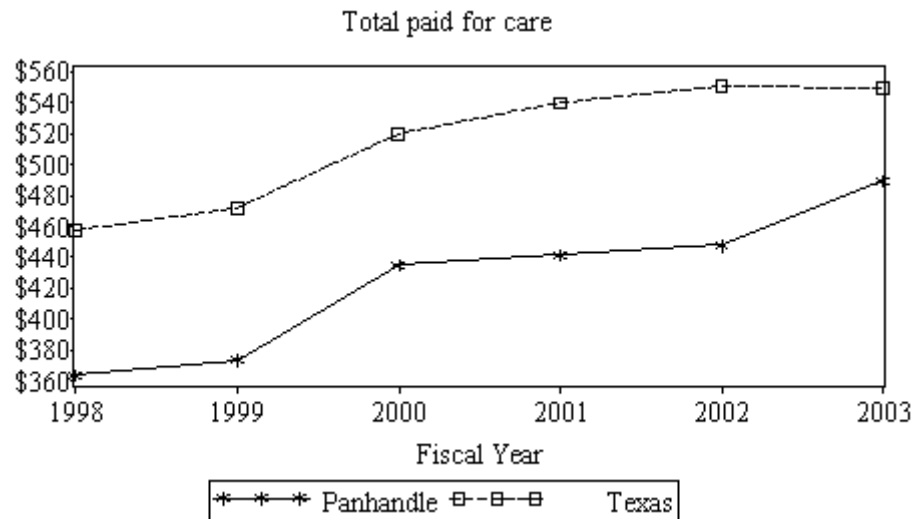


Chart 3



Local Workforce Development Board: 2 South Plains

Total population: 377,871

Overall poverty rate: 18.7%

Child population: 102,443

Child poverty rate: 23.5%

Child population growth: -3.9%

Child ethnicity/race:

White 44.3%

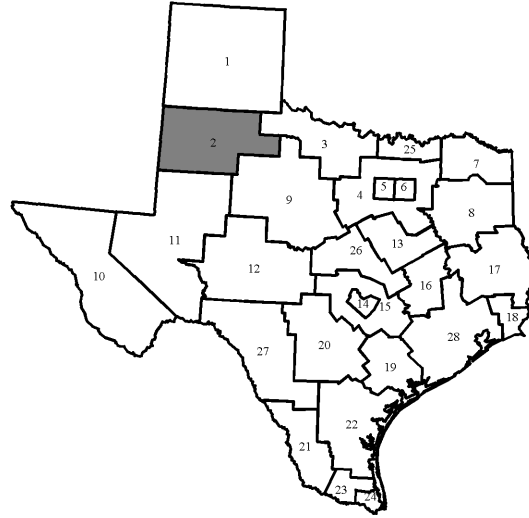
Black 7.5%

Hispanic 46.0%

Other 2.2%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
4.3%	4%	3.4%	3.3%	3.8%	4.5%



Key Dates

Board certification date: Aug. 96

Child care management transition date: June 98

Date of first new child care contract award: Aug. 98

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates:	Oct. 99	85 % SMI
	Nov. 00	150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates:

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$13,901,189	\$14,363,422	\$15,527,915
Adjusted allocation	\$14,219,851	\$15,323,806	\$16,080,155
Federal funds requiring local match	\$1,093,773	\$478,524	\$821,374
Adjustments to unmatched federal funds	\$209,268	\$130,388	\$181,280
Total local match required	\$659,642	\$304,912	\$545,170

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$15.59	\$21.30	\$21.30
Licensed center full day pre-school care	\$15.08	\$18.00	\$18.00
Registered family home full day infant care	\$11.72	\$13.00	\$13.00
Registered family home full day pre-school care	\$11.16	\$13.00	\$13.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.03	\$20.45	\$20.79
Licensed center full day pre-school care	\$15.39	\$18.01	\$18.49
Registered family home full day infant care	\$11.67	\$12.94	\$13.27
Registered family home full day pre-school care	\$10.74	\$11.87	\$11.81

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	5.71	5.92

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	6,999	6,824	7,402
Age of child			
Infant (1 to 17 months)	23.8%	23.0%	23.0%
Toddler (18 to 35 months)	20.7%	21.0%	21.1%
Pre-schooler (36 to 71 months)	29.9%	29.3%	29.4%
School age (72 months and older)	25.6%	26.7%	26.5%
Race/ethnicity of Child			
White	23.0%	21.8%	20.3%
Black	21.5%	20.3%	20.6%
Hispanic	55.0%	57.4%	58.5%
Other	.4%	.6%	.5%
Family			
Average number of subsidized children	1.72	1.76	1.85
Families with one child	49.9%	48.1%	44.6%
Families with two children	33.2%	33.8%	33.5%
Families with three or more children	16.9%	18.1%	22.0%
Parent			
Marital status (if known)			
Single (never married)	69.1%	69.7%	74.7%
Married	10.1%	9.4%	9.1%
Divorced/separated/widowed	20.7%	20.9%	16.1%

Local Workforce Development Board: 2 South Plains

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	93.0%	88.7%	85.6%
Group Day/Registered Family Homes	2.5%	4.3%	4.3%
In home relative	1.8%	2.2%	3.3%
Out of home unregulated	2.8%	4.8%	6.8%
Features of care provided			
Texas Rising Star provider care	15.2%	18.4%	26.4%
Self-arranged care	2.8%	3.8%	3.9%
Full-time care	82.0%	92.7%	88.7%
Reason for care			
Working/Seeking work	82.5%	76.7%	67.3%
Training	17.5%	22.3%	29.9%
Other	.0%	1.0%	2.7%
Eligibility type			
Income eligible	77.9%	70.3%	58.8%
Choices/TANF	14.6%	17.8%	23.6%
Transitional	7.5%	6.5%	13.1%
Other workforce development programs	.0%	5.4%	4.5%
Other	.0%	.0%	.0%
Family-level subsidy amount	\$341	\$419	\$441
Family-level co-payment			
Percent of families with co-pay due	83.2%	78.0%	74.2%
Average monthly co-pay (of those with co-pay due)	\$88	\$104	\$103
Percent of service months by age			
Infant (1 to 17 months)	16.1%	13.8%	15.5%
Toddler (18 to 35 months)	22.1%	22.3%	21.4%
Pre-schooler (36 to 71 months)	35.1%	36.5%	34.4%
School age (72 months and older)	26.6%	27.5%	28.7%

Chart 1

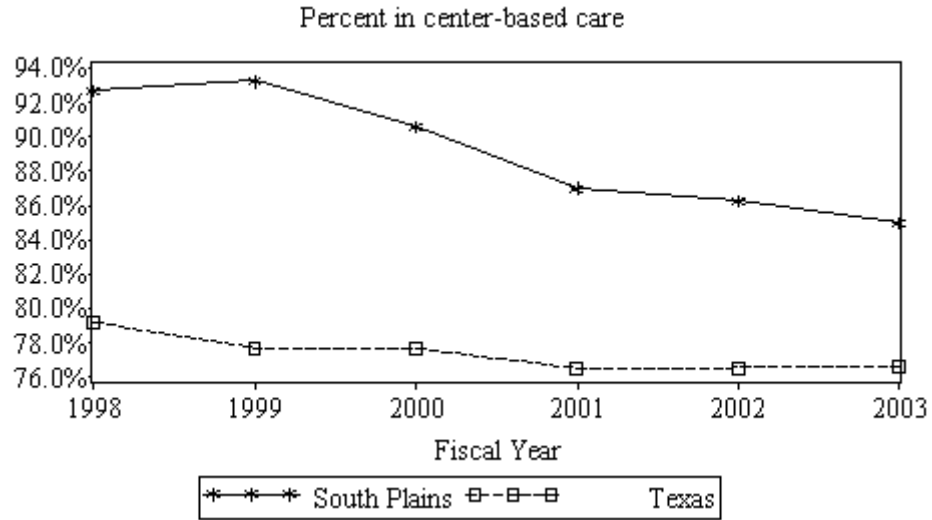


Chart 2

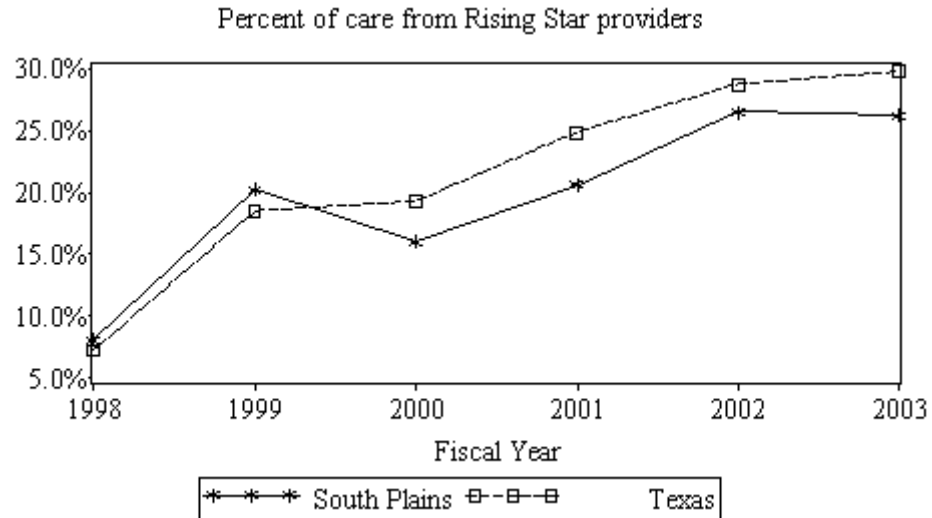
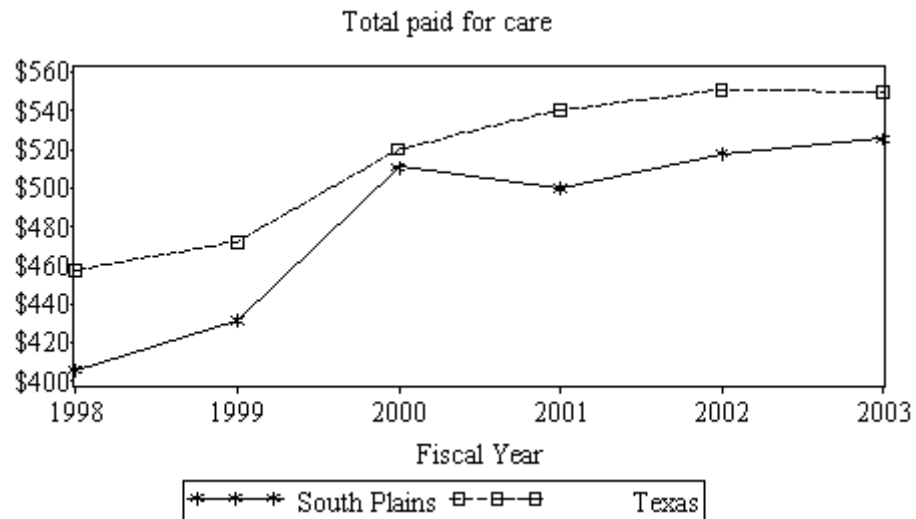


Chart 3



Local Workforce Development Board: 3 North Texas

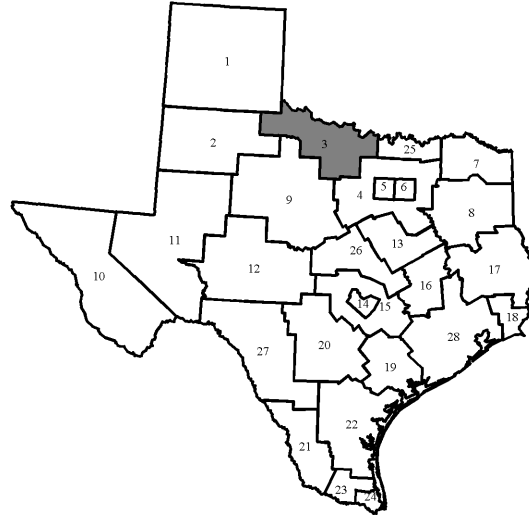
Total population: 224,366
Overall poverty rate: 13.3%

Child population: 56,601
Child poverty rate: 17.3%

Child population growth: -1.2%

Child ethnicity/race:
White 71.4%
Black 7.8%
Hispanic 16.7%
Other 4.1%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
4.6% 4.4% 4% 3.5% 4.9% 4.9%



Key Dates

Board certification date: Dec. 96
Child care management transition date: Dec. 98
Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL
Jan. 02 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates:

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$6,153,206	\$6,610,043	\$7,545,471
Adjusted allocation	\$6,455,050	\$7,167,079	\$7,406,824
Federal funds requiring local match	\$590,766	\$367,735	\$434,940
Adjustments to unmatched federal funds	\$221,253	\$41,931	\$37,767
Total local match required	\$356,075	\$236,006	\$288,710

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.74	\$20.09	\$20.09
Licensed center full day pre-school care	\$11.72	\$17.04	\$17.04
Registered family home full day infant care	\$11.72	\$15.42	\$15.42
Registered family home full day pre-school care	\$10.04	\$13.74	\$13.74

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.14	\$18.46	\$19.06
Licensed center full day pre-school care	\$14.62	\$16.74	\$17.41
Registered family home full day infant care	\$11.46	\$13.85	\$13.71
Registered family home full day pre-school care	\$10.71	\$13.12	\$13.21

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.82	6.30

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	3,149	2,900	4,056
Age of child			
Infant (1 to 17 months)	25.6%	24.5%	27.6%
Toddler (18 to 35 months)	22.6%	22.3%	22.8%
Pre-schooler (36 to 71 months)	31.0%	32.6%	30.2%
School age (72 months and older)	20.9%	20.5%	19.3%
Race/ethnicity of Child			
White	53.3%	50.3%	51.2%
Black	27.5%	28.0%	25.0%
Hispanic	16.0%	20.2%	21.9%
Other	3.2%	1.5%	1.8%
Family			
Average number of subsidized children	1.67	1.76	1.80
Families with one child	51.8%	46.8%	45.5%
Families with two children	33.2%	35.2%	35.3%
Families with three or more children	15.0%	18.0%	19.2%
Parent			
Marital status (if known)			
Single (never married)	53.4%	57.9%	61.3%
Married	9.7%	8.6%	9.6%
Divorced/separated/widowed	36.9%	33.5%	29.1%

Local Workforce Development Board: 3 North Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	79.2%	77.9%	76.6%
Group Day/Registered Family Homes	11.4%	14.0%	13.6%
In home relative	5.2%	1.7%	2.1%
Out of home unregulated	4.2%	6.3%	7.7%
Features of care provided			
Texas Rising Star provider care	1.0%	16.2%	23.8%
Self-arranged care	9.2%	5.5%	5.8%
Full-time care	75.9%	89.3%	86.2%
Reason for care			
Working/Seeking work	90.5%	91.3%	89.3%
Training	9.0%	6.5%	6.0%
Other	.4%	2.1%	4.8%
Eligibility type			
Income eligible	72.3%	67.6%	61.2%
Choices/TANF	15.1%	19.7%	24.3%
Transitional	12.5%	9.3%	13.6%
Other workforce development programs	.1%	3.3%	1.0%
Other	.0%	.0%	.0%
Family-level subsidy amount	\$290	\$388	\$400
Family-level co-payment			
Percent of families with co-pay due	84.9%	79.6%	78.1%
Average monthly co-pay (of those with co-pay due)	\$79	\$91	\$98
Percent of service months by age			
Infant (1 to 17 months)	16.7%	15.7%	18.9%
Toddler (18 to 35 months)	23.8%	22.9%	23.7%
Pre-schooler (36 to 71 months)	36.5%	38.4%	35.3%
School age (72 months and older)	23.0%	23.0%	22.1%

Chart 1

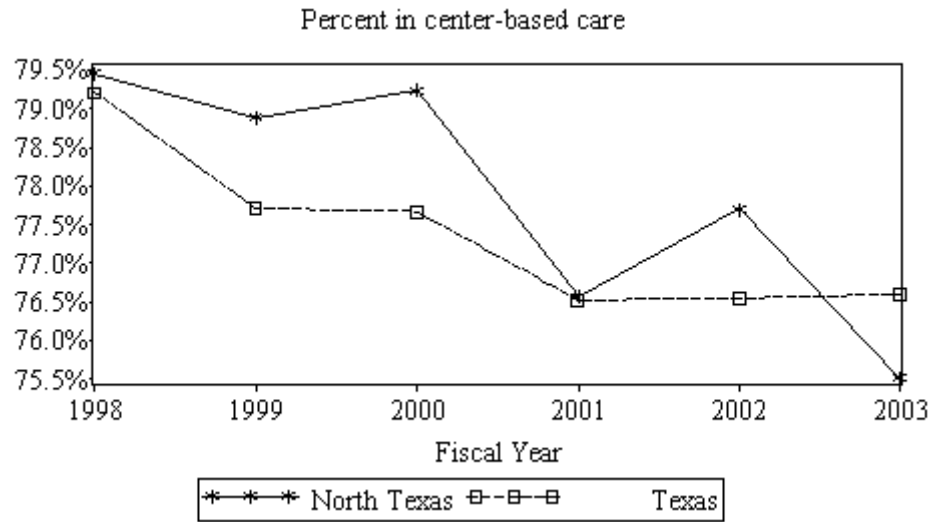


Chart 2

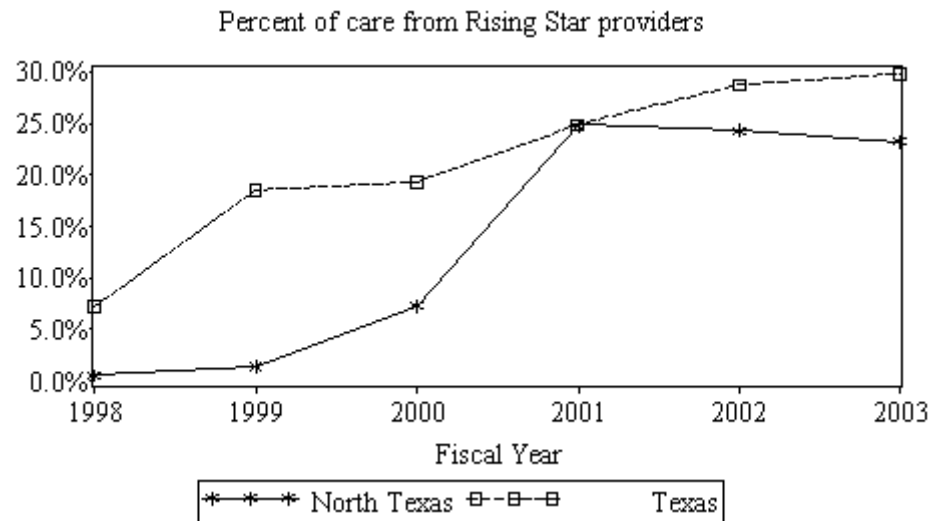
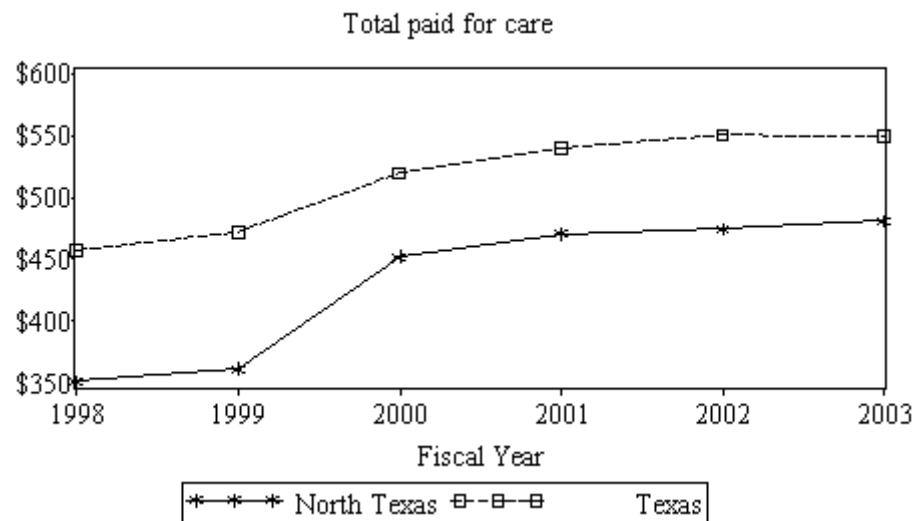


Chart 3



Local Workforce Development Board: 4 North Central

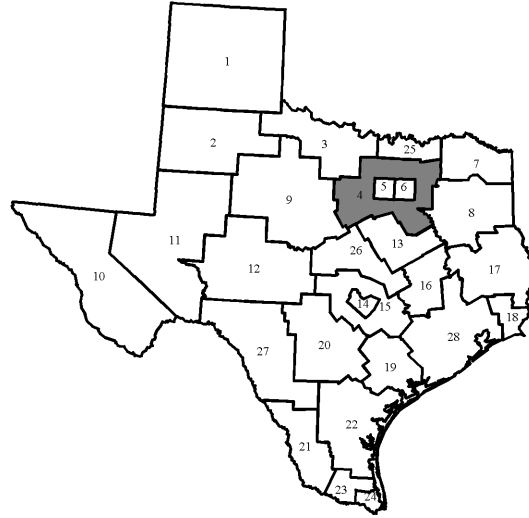
Total population: 1,644,159
Overall poverty rate: 7.7%

Child population: 462,901
Child poverty rate: 8.5%

Child population growth: 47.2%

Child ethnicity/race:
White 73.3%
Black 5.8%
Hispanic 15.1%
Other 5.8%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
2.7% 2.5% 2.6% 3.8% 5.8% 6.1%



Key Dates

Board certification date: May 96
Child care management transition date: Sept. 97
Date of first new child care contract award: Sept. 98

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Sept. 99 9% for 1 child, 11% for 2 or more with a graduated amount of 1% per year not to exceed 15%

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$24,648,791	\$33,783,300	\$47,226,219
Adjusted allocation	\$26,083,645	\$33,164,537	\$47,256,219
Federal funds requiring local match	\$1,050,059	\$275,951	\$2,786,156
Adjustments to unmatched federal funds	-\$575,376	-\$666,941	\$0
Total local match required	\$634,780	\$179,200	\$1,851,100

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$22.53, \$20.81	\$22.53	\$22.53
Licensed center full day pre-school care	\$16.95, \$17.49	\$17.49	\$17.49
Registered family home full day infant care	\$15.37, \$18.97	\$18.97	\$18.97
Registered family home full day pre-school care	\$12.56 , \$16.74	\$16.74	\$16.74

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$19.00	\$21.10	\$22.20
Licensed center full day pre-school care	\$16.69	\$18.06	\$18.91
Registered family home full day infant care	\$16.08	\$18.28	\$19.03
Registered family home full day pre-school care	\$15.32	\$17.62	\$18.38

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	8.38	9.81

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	9,437	11,125	14,289
Age of child			
Infant (1 to 17 months)	20.3%	22.0%	22.7%
Toddler (18 to 35 months)	19.3%	19.8%	20.9%
Pre-schooler (36 to 71 months)	33.2%	31.5%	31.2%
School age (72 months and older)	27.2%	26.6%	25.2%
Race/ethnicity of Child			
White	52.7%	51.0%	48.0%
Black	28.6%	26.0%	25.8%
Hispanic	12.4%	14.7%	16.6%
Other	6.3%	8.3%	9.7%
Family			
Average number of subsidized children	1.80	1.90	1.88
Families with one child	43.7%	39.2%	41.6%
Families with two children	37.6%	38.2%	36.0%
Families with three or more children	18.7%	22.6%	22.4%
Parent			
Marital status (if known)			
Single (never married)	73.0%	73.0%	75.7%
Married	7.7%	6.0%	6.7%
Divorced/separated/widowed	19.3%	21.0%	17.6%

Local Workforce Development Board: 4 North Central

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	80.5%	80.7%	77.3%
Group Day/Registered Family Homes	2.8%	3.8%	4.6%
In home relative	5.3%	7.2%	11.0%
Out of home unregulated	11.3%	8.3%	7.1%
Features of care provided			
Texas Rising Star provider care	12.9%	30.9%	38.0%
Self-arranged care	9.8%	8.7%	14.3%
Full-time care	74.5%	90.6%	91.8%
Reason for care			
Working/Seeking work	80.4%	83.5%	85.1%
Training	18.5%	14.4%	11.7%
Other	1.1%	2.1%	3.2%
Eligibility type			
Income eligible	70.9%	75.2%	75.9%
Choices/TANF	16.5%	17.3%	16.1%
Transitional	12.2%	5.8%	6.7%
Other workforce development programs	.1%	1.5%	1.2%
Other	.3%	.1%	.0%
Family-level subsidy amount	\$446	\$513	\$528
Family-level co-payment			
Percent of families with co-pay due	81.0%	80.9%	82.3%
Average monthly co-pay (of those with co-pay due)	\$93	\$114	\$117
Percent of service months by age			
Infant (1 to 17 months)	13.0%	14.2%	14.2%
Toddler (18 to 35 months)	19.2%	20.3%	20.4%
Pre-schooler (36 to 71 months)	35.9%	35.3%	35.9%
School age (72 months and older)	31.9%	30.2%	29.5%

Chart 1

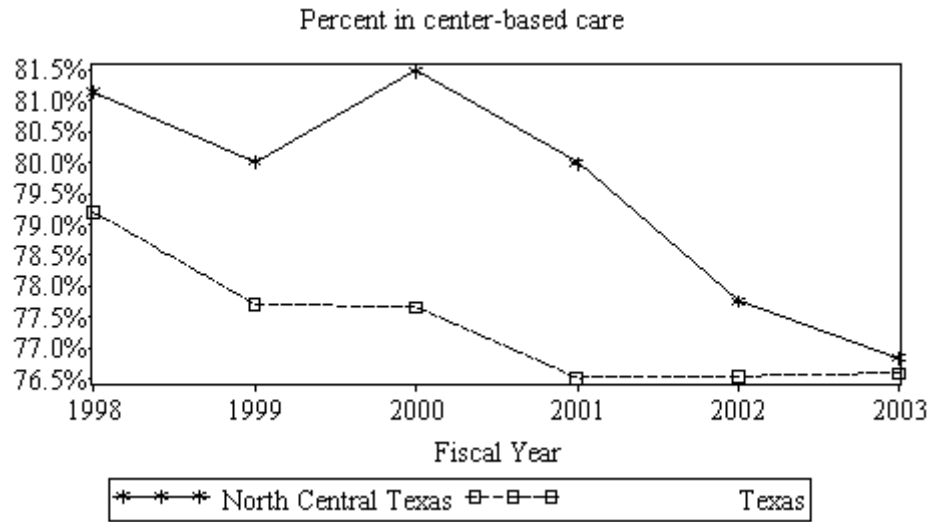


Chart 2

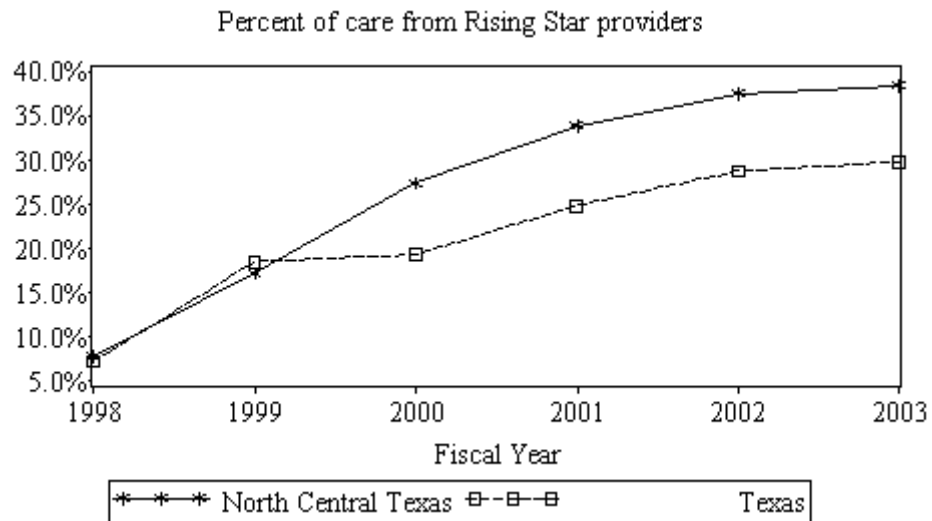
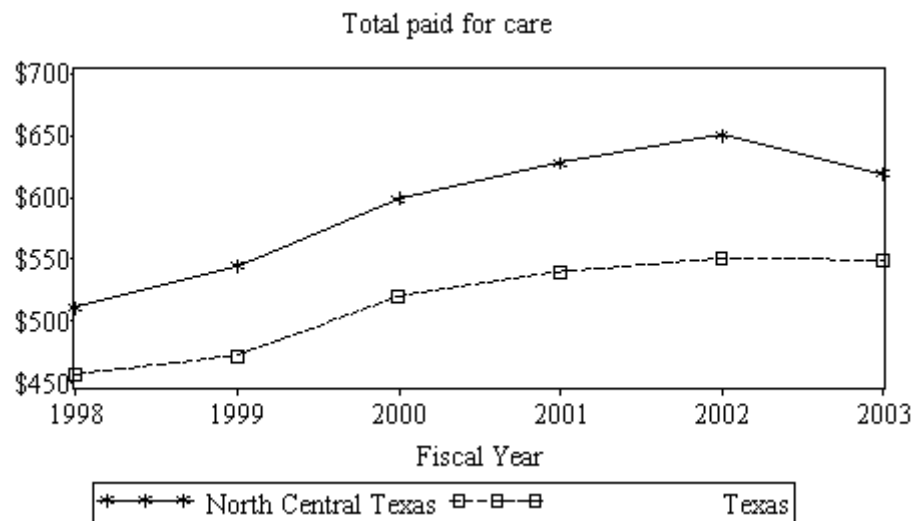


Chart 3



Local Workforce Development Board: 5 Tarrant County

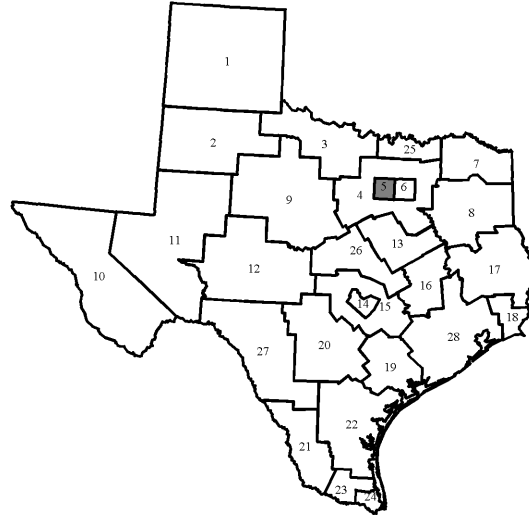
Total population: 1,446,219
Overall poverty rate: 10.6%

Child population: 406,472
Child poverty rate: 13.8%

Child population growth: 19.9%

Child ethnicity/race:
White 52.6%
Black 14.8%
Hispanic 26.1%
Other 6.5%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
3.3% 3.1% 3.1% 4.2% 6.2% 6.5%



Key Dates

Board certification date: Aug. 96
Child care management transition date: June 98
Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: May 03 11% for 1 child; 13% for 2, and one percent increase for each additional child up to a maximum of 18%

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$34,696,153	\$41,718,912	\$48,932,465
Adjusted allocation	\$39,981,257	\$43,913,409	\$50,527,345
Federal funds requiring local match	\$2,351,643	\$1,219,405	\$2,995,791
Adjustments to unmatched federal funds	\$333,142	\$15,361	\$0
Total local match required	\$1,418,474	\$780,584	\$1,989,089

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$18.68	\$22.50	\$22.50
Licensed center full day pre-school care	\$15.56	\$19.00	\$19.00
Registered family home full day infant care	\$15.62	\$19.00	\$19.00
Registered family home full day pre-school care	\$14.51	\$17.00	\$17.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$18.59	\$22.20	\$22.89
Licensed center full day pre-school care	\$17.41	\$20.63	\$21.64
Registered family home full day infant care	\$15.43	\$18.85	\$19.37
Registered family home full day pre-school care	\$14.32	\$17.48	\$17.69

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.13	7.51

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	13,237	14,781	18,579
Age of child			
Infant (1 to 17 months)	22.3%	23.1%	23.0%
Toddler (18 to 35 months)	17.7%	18.7%	21.4%
Pre-schooler (36 to 71 months)	31.6%	29.4%	29.6%
School age (72 months and older)	28.4%	28.7%	26.0%
Race/ethnicity of Child			
White	25.6%	23.0%	22.7%
Black	55.7%	55.3%	54.4%
Hispanic	16.4%	18.9%	19.9%
Other	2.3%	2.8%	3.0%
Family			
Average number of subsidized children	1.93	1.99	2.06
Families with one child	41.0%	38.6%	37.6%
Families with two children	34.1%	34.8%	33.8%
Families with three or more children	24.9%	26.6%	28.6%
Parent			
Marital status (if known)			
Single (never married)	90.9%	88.3%	88.5%
Married	3.3%	3.1%	3.0%
Divorced/separated/widowed	5.8%	8.6%	8.5%

Local Workforce Development Board: 5 Tarrant County

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Center	82.8%	84.5%	80.8%
Group Day/Registered Family Homes	9.1%	9.1%	8.2%
In home relative	6.5%	4.6%	7.3%
Out of home unregulated	1.6%	1.8%	3.7%
Features of care provided			
Texas Rising Star provider care	13.3%	23.4%	38.4%
Self-arranged care	8.1%	7.8%	7.7%
Full-time care	72.6%	86.9%	87.0%
Reason for care			
Working/Seeking work	78.3%	71.6%	62.5%
Training	21.4%	27.7%	36.9%
Other	.3%	.7%	.6%
Eligibility type			
Income eligible	64.2%	64.8%	54.1%
Choices/TANF	20.3%	23.1%	33.2%
Transitional	13.0%	8.5%	11.5%
Other workforce development programs	.1%	2.4%	1.2%
Other	2.4%	1.2%	.0%
Family-level subsidy amount	\$478	\$571	\$602
Family-level co-payment			
Percent of families with co-pay due	79.3%	75.6%	67.9%
Average monthly co-pay (of those with co-pay due)	\$101	\$116	\$118
Percent of service months by age			
Infant (1 to 17 months)	13.7%	14.8%	15.3%
Toddler (18 to 35 months)	17.5%	18.9%	20.4%
Pre-schooler (36 to 71 months)	34.1%	33.3%	32.9%
School age (72 months and older)	34.6%	33.0%	31.5%

Chart 1

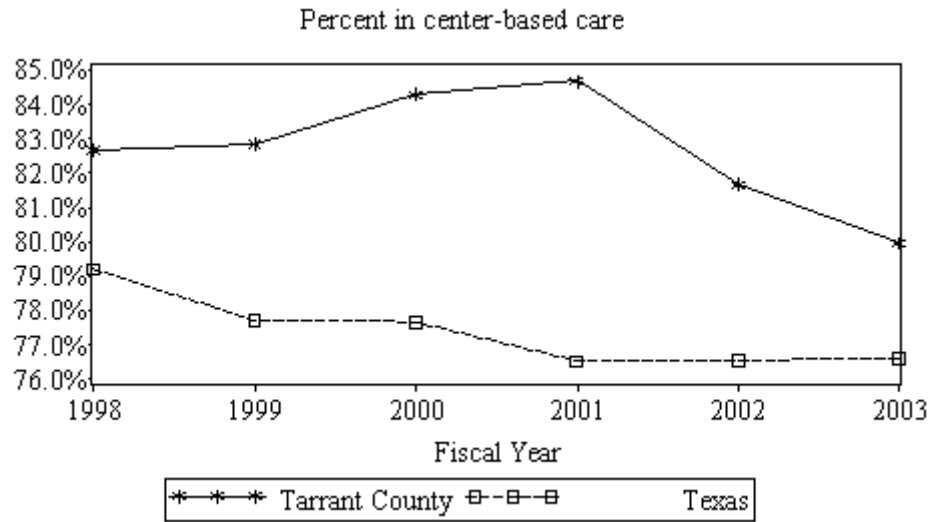


Chart 2

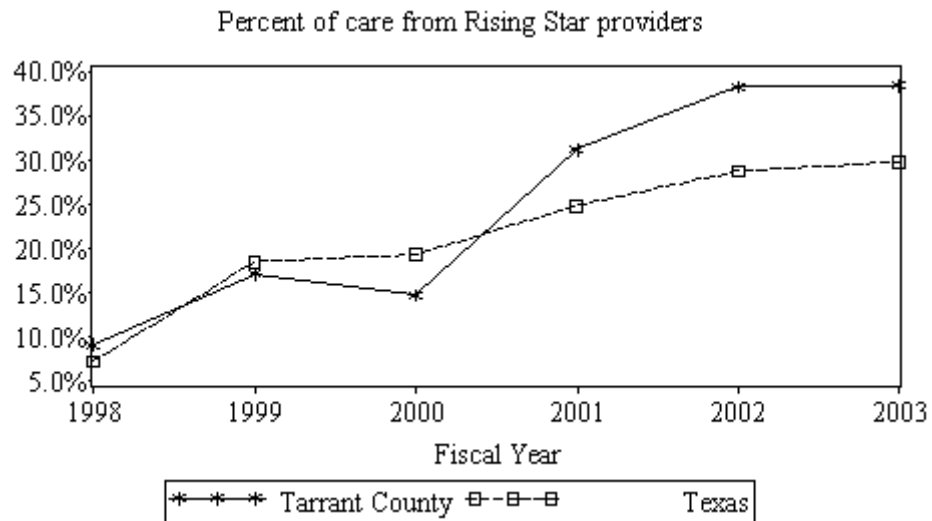
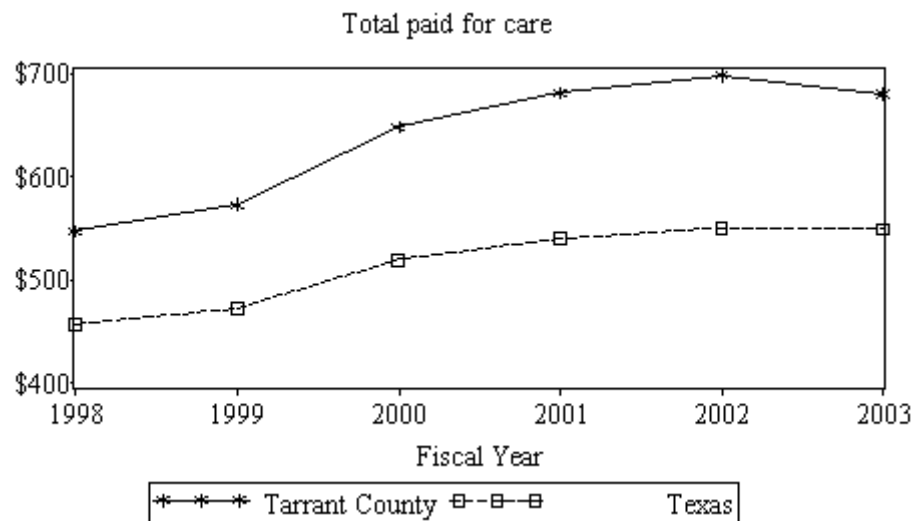


Chart 3



Local Workforce Development Board: 6 Dallas

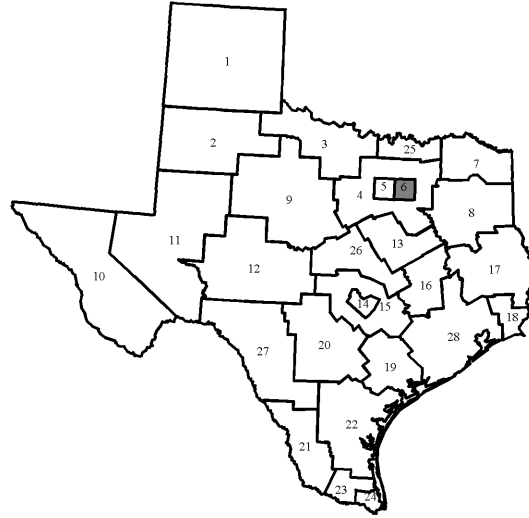
Total population: 2,218,899
Overall poverty rate: 13.4%

Child population: 619,031
Child poverty rate: 18.0%

Child population growth: 11.6%

Child ethnicity/race:
White 32.3%
Black 23.1%
Hispanic 38.9%
Other 5.8%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
3.7% 3.5% 3.5% 5.3% 7.9% 7.8%



Key Dates

Board certification date: May 96
Child care management transition date: Sept. 97
Date of first new child care contract award:

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: May 03 12% for 1 child; 13% for 2, and one percent increase for each additional child up to a maximum of 16%

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$68,492,420	\$71,204,268	\$81,119,322
Adjusted allocation	\$77,414,752	\$76,761,959	\$85,995,891
Federal funds requiring local match	\$4,280,619	\$3,587,652	\$6,459,797
Adjustments to unmatched federal funds	\$655,735	\$715,840	\$0
Total local match required	\$2,581,908	\$2,278,744	\$4,295,298

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$21.83	\$21.83	\$21.83
Licensed center full day pre-school care	\$16.15	\$16.15	\$16.15
Registered family home full day infant care	\$16.74	\$16.74	\$16.74
Registered family home full day pre-school care	\$13.39	\$13.39	\$13.39

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$20.71	\$22.48	\$23.75
Licensed center full day pre-school care	\$17.13	\$18.35	\$19.36
Registered family home full day infant care	\$16.81	\$20.60	\$36.73
Registered family home full day pre-school care	\$15.74	\$19.66	\$41.35

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	10.34	4.44

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	21,992	25,819	31,068
Age of child			
Infant (1 to 17 months)	21.7%	20.3%	20.7%
Toddler (18 to 35 months)	18.7%	17.7%	17.4%
Pre-schooler (36 to 71 months)	31.7%	28.7%	28.2%
School age (72 months and older)	27.9%	33.3%	33.7%
Race/ethnicity of Child			
White	7.5%	8.9%	8.3%
Black	46.4%	70.2%	67.7%
Hispanic	9.0%	17.9%	22.2%
Other	37.0%	3.0%	1.8%
Family			
Average number of subsidized children	1.92	2.02	1.98
Families with one child	39.0%	34.7%	38.6%
Families with two children	37.2%	37.7%	35.1%
Families with three or more children	23.8%	27.6%	26.3%
Parent			
Marital status (if known)			
Single (never married)	88.5%	89.0%	88.1%
Married	2.7%	3.4%	5.3%
Divorced/separated/widowed	8.8%	7.6%	6.6%

Local Workforce Development Board: 6 Dallas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	83.8%	83.6%	82.8%
Group Day/Registered Family Homes	5.1%	4.4%	3.7%
In home relative	5.1%	4.8%	6.5%
Out of home unregulated	5.9%	7.2%	6.9%
Features of care provided			
Texas Rising Star provider care	19.8%	32.7%	37.3%
Self-arranged care	6.0%	5.6%	6.9%
Full-time care	77.5%	86.6%	84.1%
Reason for care			
Working/Seeking work	76.5%	65.0%	58.4%
Training	23.3%	34.8%	40.9%
Other	.3%	.3%	.7%
Eligibility type			
Income eligible	59.0%	57.3%	50.2%
Choices/TANF	21.6%	28.1%	35.0%
Transitional	19.2%	9.9%	12.7%
Other workforce development programs	.0%	4.6%	2.0%
Other	.2%	.0%	.0%
Family-level subsidy amount	\$509	\$550	\$559
Family-level co-payment			
Percent of families with co-pay due	75.8%	66.7%	63.0%
Average monthly co-pay (of those with co-pay due)	\$103	\$115	\$107
Percent of service months by age			
Infant (1 to 17 months)	12.8%	12.4%	14.5%
Toddler (18 to 35 months)	18.0%	18.1%	19.1%
Pre-schooler (36 to 71 months)	34.9%	32.8%	32.7%
School age (72 months and older)	34.2%	36.8%	33.7%

Chart 1

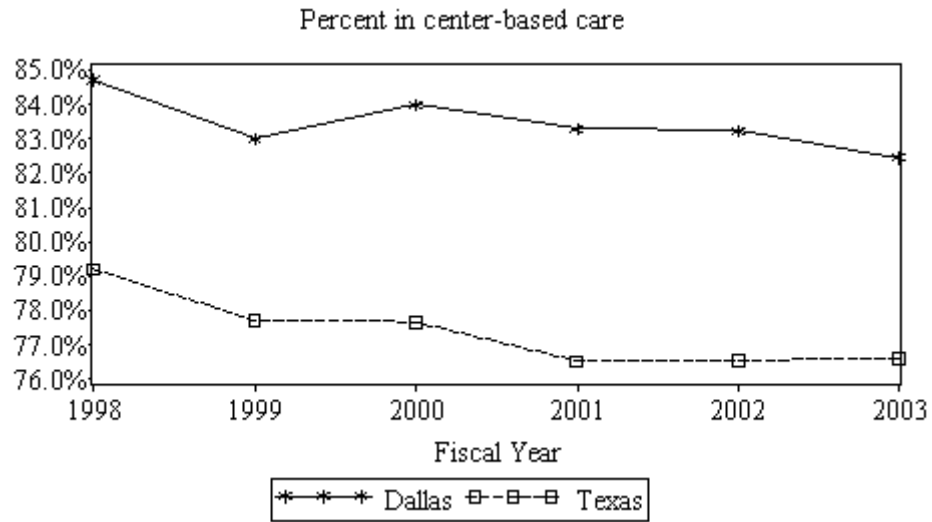


Chart 2

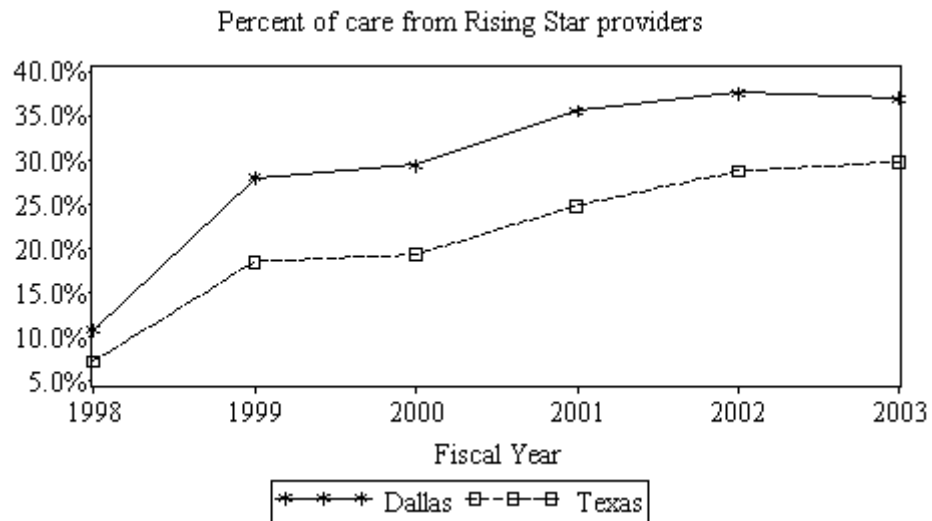
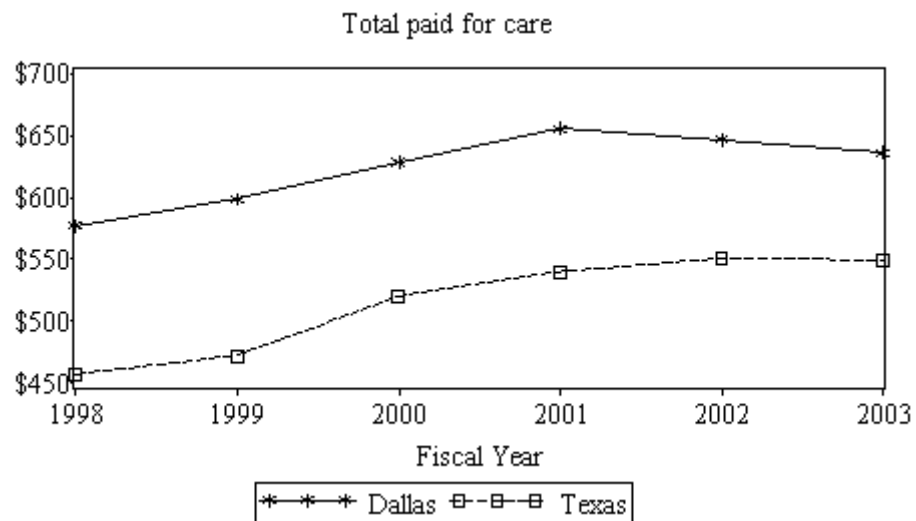


Chart 3



Local Workforce Development Board: 7 North East

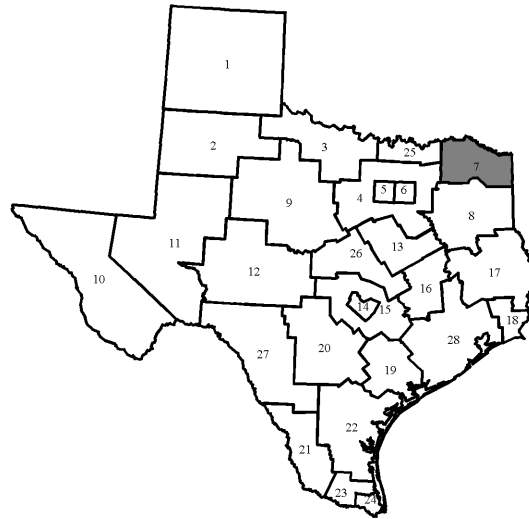
Total population: 270,468
Overall poverty rate: 17.1%

Child population: 69,646
Child poverty rate: 23.2%

Child population growth: -5.7%

Child ethnicity/race:
White 67.0%
Black 20.2%
Hispanic 10.3%
Other 2.5%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
7.3% 5.9% 4.9% 5.4% 6.1% 6.3%



Key Dates

Board certification date: Apr. 99
Child care management transition date: Jan. 00
Date of first new child care contract award: Jan. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 The lower of 150% FPIL or 75% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: date unknown 9% for 1 child; 11% for 2 or more; 65% of 9% or 11% for families of 7 or more; 65% of calculated amount for part-day; for part-week care, fee prorated on daily basis; 65% of calculated amount for after school care if the provider's published rate is 75% or greater of the maximum rate; 45% of calculated rate if the provider's is below 75% of the maximum rate

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$7,964,656	\$8,496,791	\$9,882,455
Adjusted allocation	\$10,017,780	\$8,551,902	\$9,880,967
Federal funds requiring local match	\$1,409,242	\$225,384	\$406,134
Adjustments to unmatched federal funds	\$984,265	\$0	\$0
Total local match required	\$848,516	\$144,611	\$269,832

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.10	\$14.10	\$14.10
Licensed center full day pre-school care	\$11.80	\$11.80	\$11.80
Registered family home full day infant care	\$11.16	\$11.16	\$11.16
Registered family home full day pre-school care	\$10.04	\$10.04	\$10.04

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.92	\$14.33	\$14.51
Licensed center full day pre-school care	\$12.53	\$12.70	\$12.67
Registered family home full day infant care	\$11.32	\$11.35	\$11.23
Registered family home full day pre-school care	\$10.77	\$11.21	\$11.22

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.09	6.04

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	4,060	4,374	4,884
Age of child			
Infant (1 to 17 months)	20.6%	23.7%	24.4%
Toddler (18 to 35 months)	19.2%	21.3%	21.7%
Pre-schooler (36 to 71 months)	36.1%	30.1%	30.3%
School age (72 months and older)	24.1%	24.8%	23.5%
Race/ethnicity of Child			
White	35.7%	39.5%	41.3%
Black	52.3%	54.3%	52.8%
Hispanic	5.3%	3.5%	4.0%
Other	6.7%	2.7%	1.9%
Family			
Average number of subsidized children	1.73	1.81	1.78
Families with one child	50.0%	44.8%	46.4%
Families with two children	32.3%	36.1%	34.5%
Families with three or more children	17.7%	19.1%	19.0%
Parent			
Marital status (if known)			
Single (never married)	63.7%	72.0%	70.7%
Married	9.7%	5.2%	6.1%
Divorced/separated/widowed	26.6%	22.8%	23.1%

Local Workforce Development Board: 7 North East

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	78.7%	75.7%	73.4%
Group Day/Registered Family Homes	5.9%	7.7%	7.8%
In home relative	2.7%	4.5%	8.9%
Out of home unregulated	12.7%	12.2%	9.9%
Features of care provided			
Texas Rising Star provider care	9.9%	12.6%	26.9%
Self-arranged care	5.3%	8.9%	17.9%
Full-time care	76.4%	92.5%	90.4%
Reason for care			
Working/Seeking work	78.1%	89.6%	90.6%
Training	21.5%	8.2%	7.3%
Other	.5%	2.2%	2.0%
Eligibility type			
Income eligible	59.4%	57.7%	60.5%
Choices/TANF	19.9%	25.2%	25.3%
Transitional	13.4%	11.2%	10.7%
Other workforce development programs	.0%	5.8%	3.4%
Other	7.3%	.1%	.0%
Family-level subsidy amount	\$343	\$334	\$338
Family-level co-payment			
Percent of families with co-pay due	78.9%	70.3%	72.0%
Average monthly co-pay (of those with co-pay due)	\$76	\$82	\$83
Percent of service months by age			
Infant (1 to 17 months)	13.6%	15.6%	16.4%
Toddler (18 to 35 months)	19.8%	21.8%	21.9%
Pre-schooler (36 to 71 months)	37.9%	35.3%	33.9%
School age (72 months and older)	28.6%	27.4%	27.9%

Chart 1

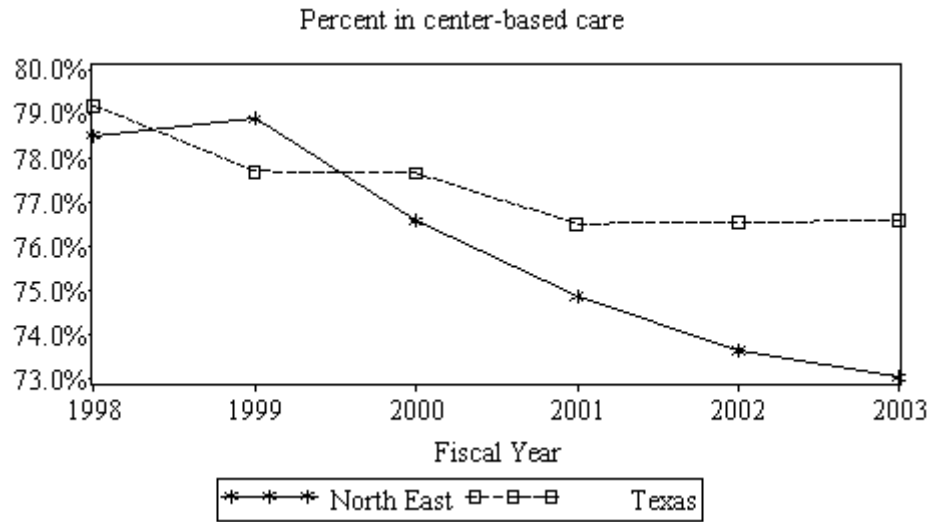


Chart 2

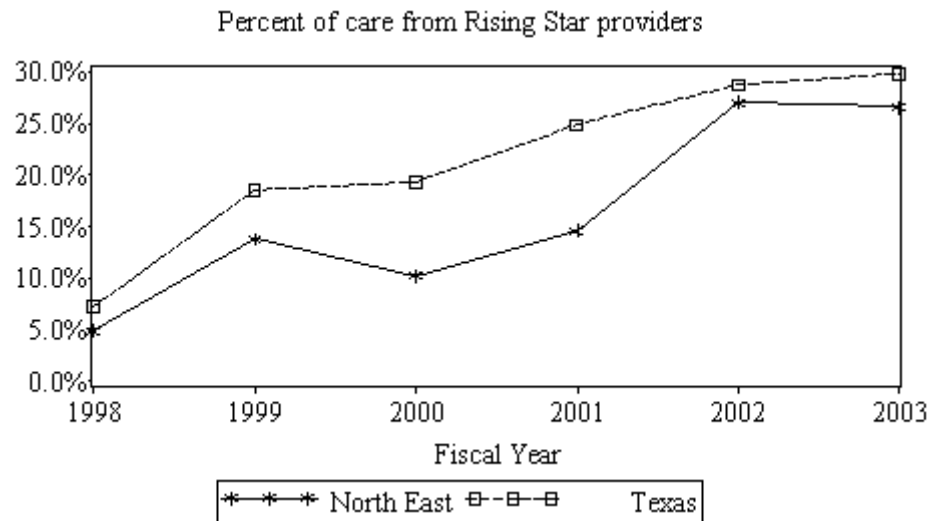
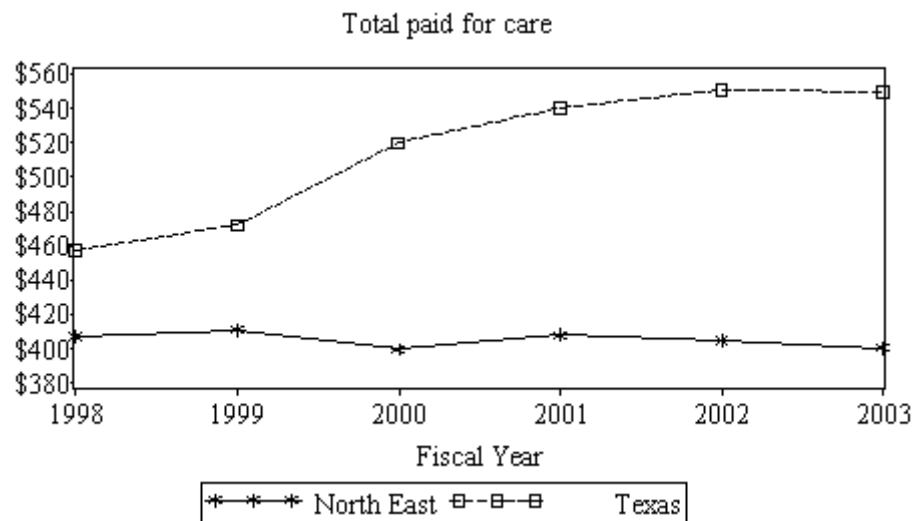


Chart 3



Local Workforce Development Board: 8 East Texas

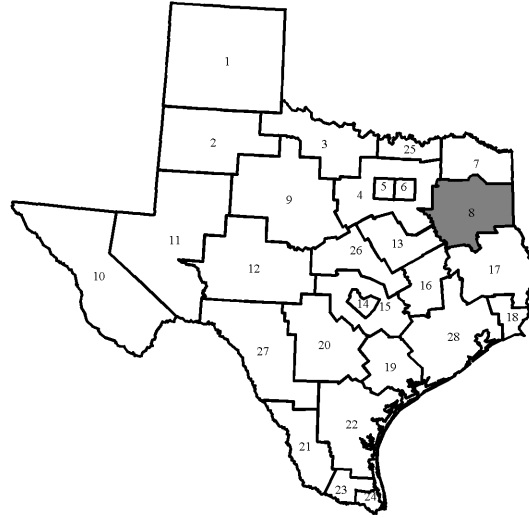
Total population: 745,180
Overall poverty rate: 15.1%

Child population: 189,612
Child poverty rate: 19.9%

Child population growth: .4%

Child ethnicity/race:
White 66.1%
Black 18.1%
Hispanic 13.5%
Other 2.3%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
5.8% 5.5% 4.6% 4.6% 5.7% 5.9%



Key Dates

Board certification date: Nov. 96
Child care management transition date: Oct. 98
Date of first new child care contract award: Dec. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 55% SMI
Sept. 00 55% SMI Income Eligible, 85% SMI transitional, 75% SMI Teen Parent

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates:

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$18,495,465	\$22,203,006	\$25,416,304
Adjusted allocation	\$17,295,161	\$22,579,807	\$25,508,541
Federal funds requiring local match	\$930,721	\$490,338	\$892,737
Adjustments to unmatched federal funds	-\$453,643	-\$33,029	-\$413,115
Total local match required	\$562,528	\$314,269	\$593,814

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.12	\$16.82	\$16.82
Licensed center full day pre-school care	\$12.18	\$14.62	\$14.62
Registered family home full day infant care	\$11.16	\$12.15	\$12.15
Registered family home full day pre-school care	\$11.16	\$12.00	\$12.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.15	\$17.04	\$17.47
Licensed center full day pre-school care	\$12.55	\$15.25	\$15.73
Registered family home full day infant care	\$10.83	\$12.33	\$11.93
Registered family home full day pre-school care	\$10.75	\$12.67	\$11.90

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	8.55	7.91

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	6,901	9,576	10,680
Age of child			
Infant (1 to 17 months)	23.0%	23.9%	24.2%
Toddler (18 to 35 months)	20.9%	21.3%	22.3%
Pre-schooler (36 to 71 months)	31.9%	29.7%	29.8%
School age (72 months and older)	24.2%	25.1%	23.7%
Race/ethnicity of Child			
White	32.5%	34.4%	39.5%
Black	56.6%	57.3%	52.2%
Hispanic	3.9%	4.3%	5.5%
Other	7.0%	4.0%	2.8%
Family			
Average number of subsidized children	1.78	1.83	1.80
Families with one child	46.3%	43.4%	45.7%
Families with two children	35.0%	36.9%	35.1%
Families with three or more children	18.7%	19.7%	19.3%
Parent			
Marital status (if known)			
Single (never married)	72.5%	74.3%	75.5%
Married	6.6%	5.6%	6.8%
Divorced/separated/widowed	20.9%	20.0%	17.7%

Local Workforce Development Board: 8 East Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	72.4%	70.0%	71.9%
Group Day/Registered Family Homes	3.4%	3.9%	3.0%
In home relative	3.3%	9.2%	10.9%
Out of home unregulated	20.9%	16.9%	14.2%
Features of care provided			
Texas Rising Star provider care	6.8%	16.8%	36.2%
Self-arranged care	10.3%	9.7%	13.2%
Full-time care	75.5%	89.3%	90.0%
Reason for care			
Working/Seeking work	82.8%	85.2%	81.3%
Training	17.1%	14.2%	16.4%
Other	.1%	.6%	2.4%
Eligibility type			
Income eligible	67.1%	67.1%	60.6%
Choices/TANF	17.6%	20.8%	23.8%
Transitional	15.3%	7.8%	12.0%
Other workforce development programs	.0%	3.4%	1.7%
Other	.0%	.8%	1.9%
Family-level subsidy amount	\$326	\$383	\$382
Family-level co-payment			
Percent of families with co-pay due	78.5%	75.3%	74.8%
Average monthly co-pay (of those with co-pay due)	\$87	\$95	\$107
Percent of service months by age			
Infant (1 to 17 months)	14.4%	14.7%	14.8%
Toddler (18 to 35 months)	20.8%	21.6%	22.3%
Pre-schooler (36 to 71 months)	36.1%	35.0%	36.4%
School age (72 months and older)	28.7%	28.7%	26.4%

Chart 1

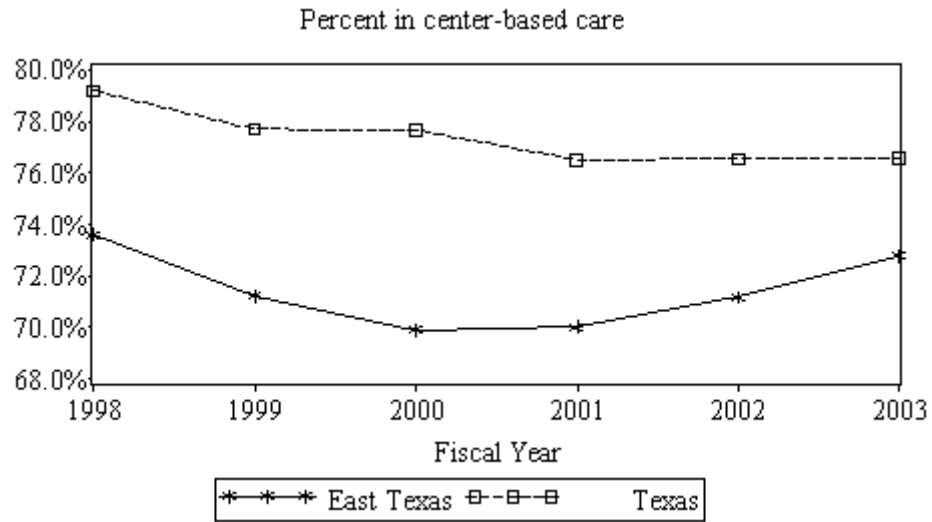


Chart 2

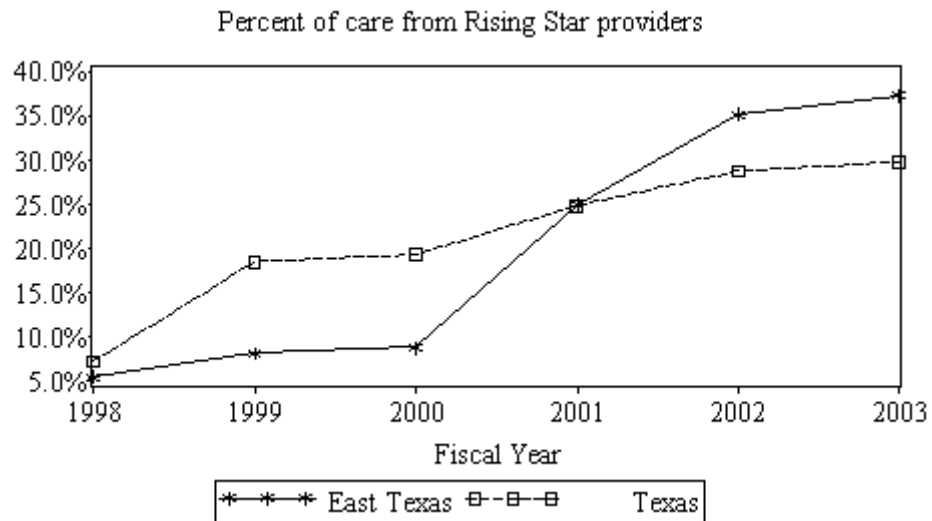
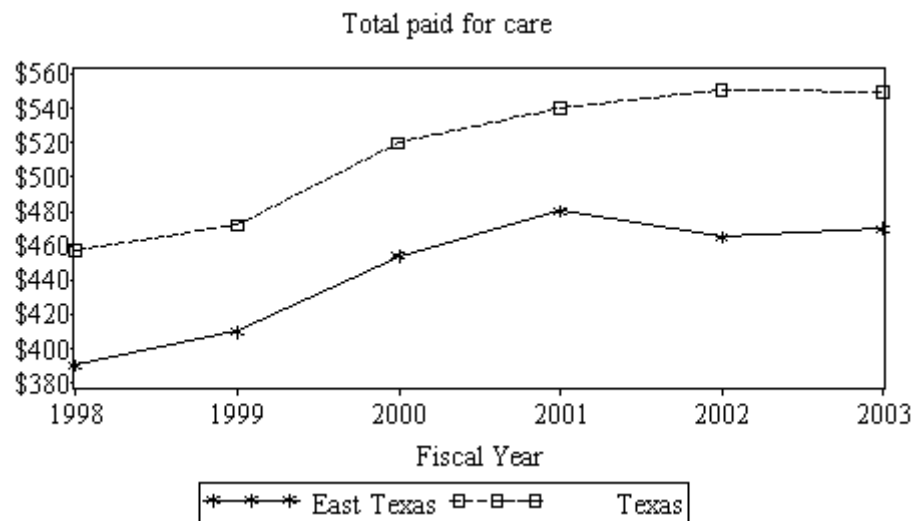


Chart 3



Local Workforce Development Board: 9 West Central

Total population: 324,901

Overall poverty rate: 16.3%

Child population: 82,776

Child poverty rate: 21.2%

Child population growth: -3.9%

Child ethnicity/race:

White 64.6%

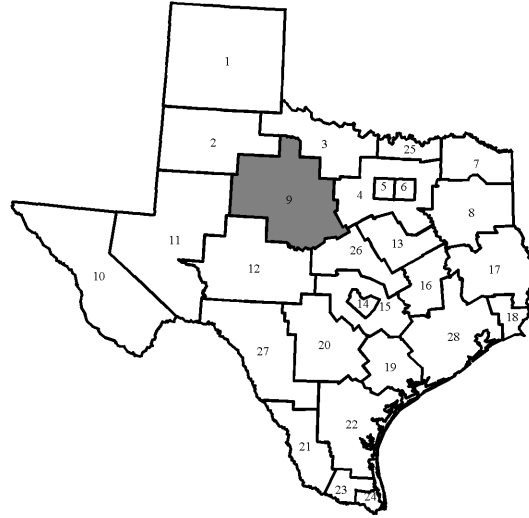
Black 5.4%

Hispanic 27.2%

Other 2.8%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
4.3%	4.3%	3.7%	3.7%	4.3%	4.5%



Key Dates

Board certification date: Sept. 96

Child care management transition date: Jan. 98

Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 55% SMI

Sept. 02 150% FPIL, 75% SMI Teen Parent

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Sept. 02 For families qualifying under basic eligibility guidelines, fees begin at 9% for 1 child, 11% for 2 or more and increase 1% annually to a maximum of 11/13%. For families qualifying under teen parent guidelines, fees begin at 11% for 1 child, 13% for two or more and increase 1% annually to a maximum of 13/15%. Fees are reduced to 65% of the established fee for families of 7 or more

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$9,542,341	\$10,512,987	\$11,881,184
Adjusted allocation	\$9,864,696	\$11,273,966	\$12,339,960
Federal funds requiring local match	\$703,345	\$383,162	\$820,901
Adjustments to unmatched federal funds	\$31,949	\$55,618	\$0
Total local match required	\$424,378	\$246,551	\$544,546

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.50	\$16.49	\$16.49
Licensed center full day pre-school care	\$11.36	\$13.91	\$13.91
Registered family home full day infant care	\$11.16	\$13.58	\$13.58
Registered family home full day pre-school care	\$11.16	\$11.90	\$11.90

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.49	\$16.63	\$17.16
Licensed center full day pre-school care	\$12.29	\$15.15	\$15.56
Registered family home full day infant care	\$10.58	\$13.17	\$14.45
Registered family home full day pre-school care	\$10.77	\$11.78	\$13.06

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.21	7.39

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	4,904	4,842	5,270
Age of child			
Infant (1 to 17 months)	23.8%	22.3%	23.3%
Toddler (18 to 35 months)	21.2%	21.7%	20.8%
Pre-schooler (36 to 71 months)	31.7%	32.8%	32.1%
School age (72 months and older)	23.3%	23.3%	23.8%
Race/ethnicity of Child			
White	52.3%	50.1%	45.5%
Black	14.1%	14.5%	13.5%
Hispanic	32.7%	34.7%	36.8%
Other	.9%	.7%	4.2%
Family			
Average number of subsidized children	1.66	1.76	1.85
Families with one child	53.0%	47.6%	43.1%
Families with two children	32.2%	33.6%	36.4%
Families with three or more children	14.8%	18.8%	20.5%
Parent			
Marital status (if known)			
Single (never married)	79.6%	83.1%	79.0%
Married	13.8%	11.4%	9.0%
Divorced/separated/widowed	6.6%	5.5%	12.0%

Local Workforce Development Board: 9 West Central

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	89.0%	89.2%	86.1%
Group Day/Registered Family Homes	3.8%	3.5%	5.4%
In home relative	2.4%	3.3%	2.7%
Out of home unregulated	4.8%	4.0%	5.9%
Features of care provided			
Texas Rising Star provider care	9.9%	17.9%	53.7%
Self-arranged care	4.9%	4.0%	2.7%
Full-time care	79.5%	89.9%	92.2%
Reason for care			
Working/Seeking work	79.8%	69.9%	77.0%
Training	19.7%	29.5%	22.3%
Other	.5%	.6%	.7%
Eligibility type			
Income eligible	78.3%	65.5%	52.7%
Choices/TANF	10.1%	18.6%	25.7%
Transitional	10.9%	8.8%	14.0%
Other workforce development programs	.0%	3.5%	.4%
Other	.7%	3.7%	7.1%
Family-level subsidy amount	\$293	\$389	\$428
Family-level co-payment			
Percent of families with co-pay due	89.0%	79.7%	74.8%
Average monthly co-pay (of those with co-pay due)	\$73	\$85	\$87
Percent of service months by age			
Infant (1 to 17 months)	15.6%	14.5%	15.6%
Toddler (18 to 35 months)	22.0%	21.1%	21.3%
Pre-schooler (36 to 71 months)	36.5%	37.2%	35.4%
School age (72 months and older)	25.9%	27.2%	27.6%

Chart 1

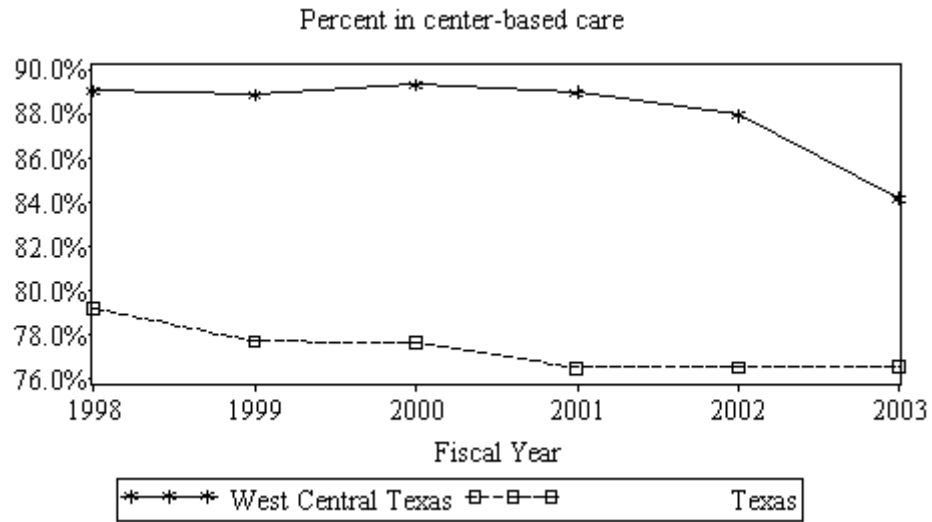


Chart 2

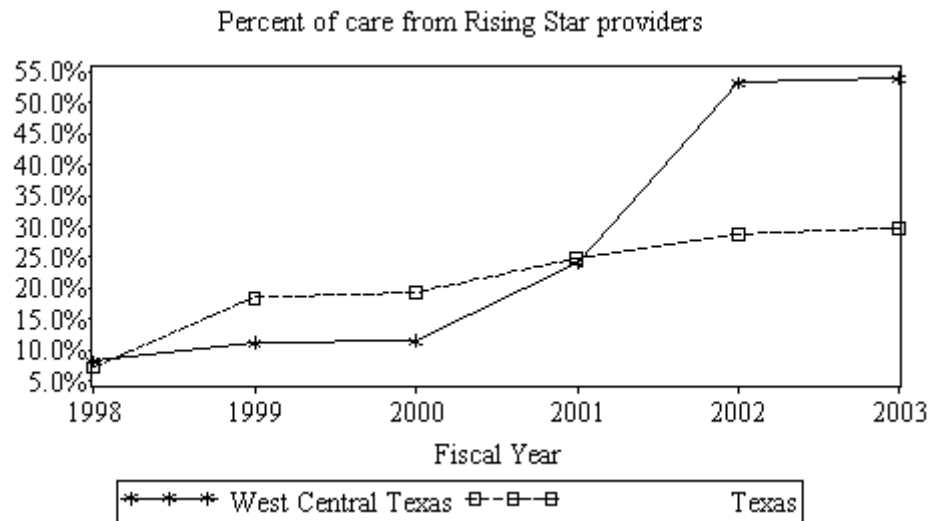
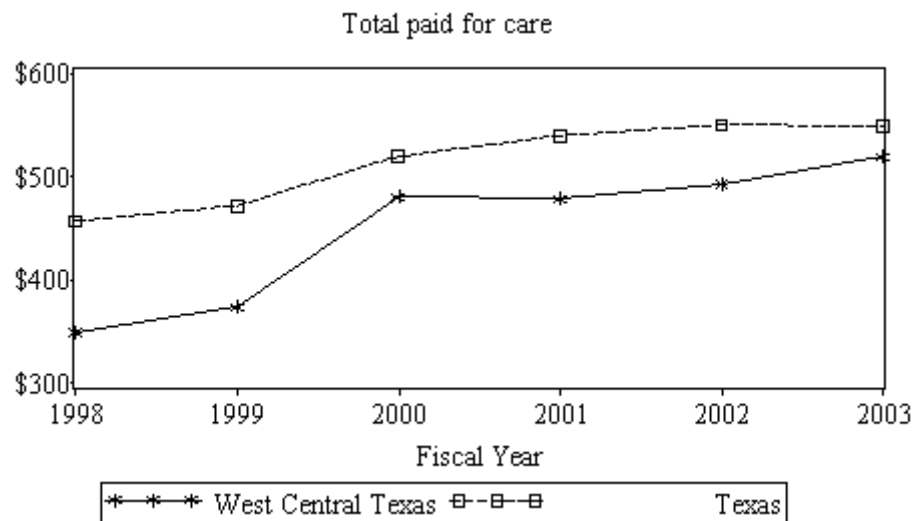


Chart 3



Local Workforce Development Board: 10 Upper Rio Grande

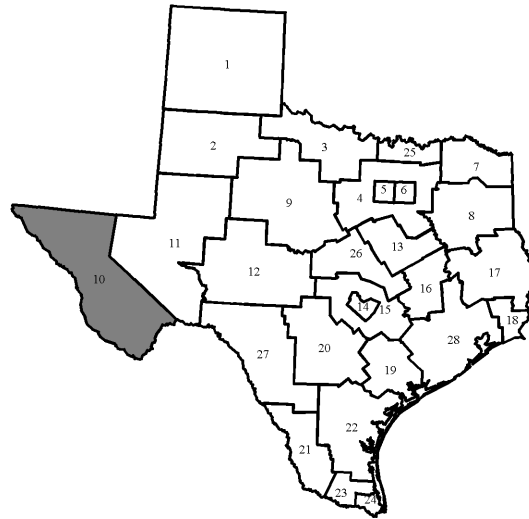
Total population: 704,318
Overall poverty rate: 23.9%

Child population: 224,413
Child poverty rate: 31.6%

Child population growth: 11.2%

Child ethnicity/race:
White 11.4%
Black 2.5%
Hispanic 84.2%
Other 1.9%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
10.2% 9.5% 8.3% 8.2% 8.7% 9.5%



Key Dates

Board certification date: Oct. 97
Child care management transition date: Apr. 99
Date of first new child care contract award: Sept. 00

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates:
Oct. 99 85% SMI
May 01 75% SMI
Oct. 01 185% FPIL
Mar. 02 85% SMI
Aug. 03 175% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates:
Oct. 99 9% for 1-3 children, 10% for 4 or more children
Aug. 03 9% for 1-3 children; 10% for 4 or more children;
65% of 9% or 10% for families with 7 or more; 65% of 9% or 10% for part-day care; 65% of 9% or 10% for part-week care prorated on a daily basis; 45% of 9% or 10% for after-school care on site at a school campus.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$37,248,919	\$41,060,136	\$43,770,812
Adjusted allocation	\$38,332,370	\$43,612,962	\$44,438,800
Federal funds requiring local match	\$2,786,743	\$929,326	\$1,711,308
Adjustments to unmatched federal funds	\$0	\$0	\$327,838
Total local match required	\$1,681,683	\$594,745	\$1,137,907

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.55	\$15.00	\$15.00
Licensed center full day pre-school care	\$13.36	\$14.79	\$14.79
Registered family home full day infant care	\$11.16	\$12.35	\$12.35
Registered family home full day pre-school care	\$10.04	\$11.11	\$11.11

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.61	\$15.69	\$15.72
Licensed center full day pre-school care	\$13.33	\$15.43	\$15.53
Registered family home full day infant care	\$11.18	\$12.34	\$12.48
Registered family home full day pre-school care	\$10.19	\$11.09	\$11.45

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	8.37	9.57

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	16,507	17,295	21,059
Age of child			
Infant (1 to 17 months)	19.9%	18.0%	18.9%
Toddler (18 to 35 months)	17.2%	17.9%	18.2%
Pre-schooler (36 to 71 months)	31.2%	31.1%	30.3%
School age (72 months and older)	31.7%	33.0%	32.6%
Race/ethnicity of Child			
White	4.6%	3.9%	3.2%
Black	4.6%	4.3%	3.5%
Hispanic	89.0%	90.7%	92.5%
Other	1.8%	1.1%	.8%
Family			
Average number of subsidized children	1.75	1.84	1.87
Families with one child	47.3%	42.6%	41.3%
Families with two children	35.2%	37.1%	36.9%
Families with three or more children	17.5%	20.4%	21.8%
Parent			
Marital status (if known)			
Single (never married)	59.0%	60.1%	60.9%
Married	11.5%	10.2%	11.8%
Divorced/separated/widowed	29.5%	29.7%	27.3%

Local Workforce Development Board: 10 Upper Rio Grande

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	65.3%	65.5%	65.3%
Group Day/Registered Family Homes	15.3%	13.7%	10.8%
In home relative	10.4%	11.4%	16.3%
Out of home unregulated	9.0%	9.3%	7.6%
Features of care provided			
Texas Rising Star provider care	14.3%	19.0%	22.9%
Self-arranged care	11.4%	12.0%	16.7%
Full-time care	73.7%	83.4%	85.0%
Reason for care			
Working/Seeking work	78.4%	66.4%	75.4%
Training	21.4%	32.6%	21.5%
Other	.2%	1.1%	3.1%
Eligibility type			
Income eligible	71.3%	62.4%	62.1%
Choices/TANF	19.2%	20.7%	22.4%
Transitional	9.5%	4.8%	8.1%
Other workforce development programs	.0%	10.5%	7.1%
Other	.0%	1.6%	.4%
Family-level subsidy amount	\$320	\$391	\$392
Family-level co-payment			
Percent of families with co-pay due	81.1%	70.1%	72.1%
Average monthly co-pay (of those with co-pay due)	\$87	\$89	\$96
Percent of service months by age			
Infant (1 to 17 months)	12.4%	10.7%	11.3%
Toddler (18 to 35 months)	17.0%	17.0%	17.0%
Pre-schooler (36 to 71 months)	34.4%	33.9%	33.3%
School age (72 months and older)	36.2%	38.5%	38.3%

Chart 1

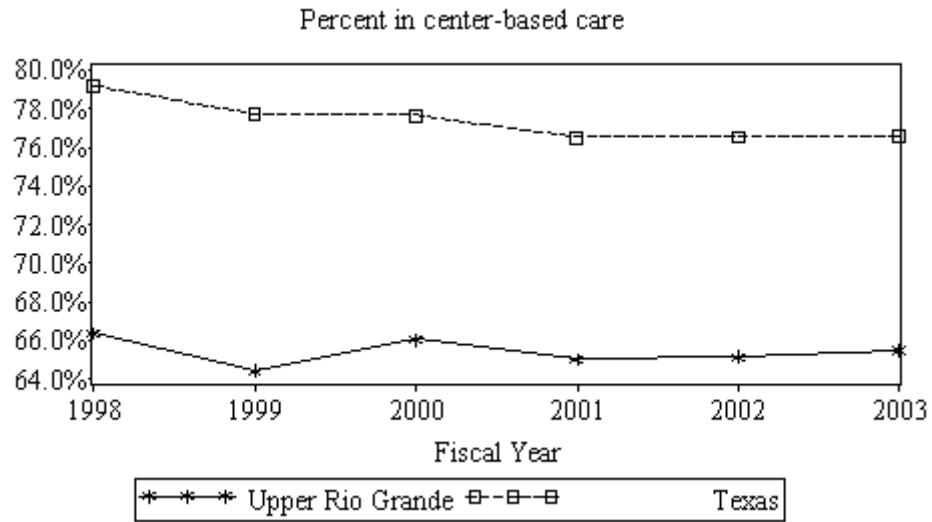


Chart 2

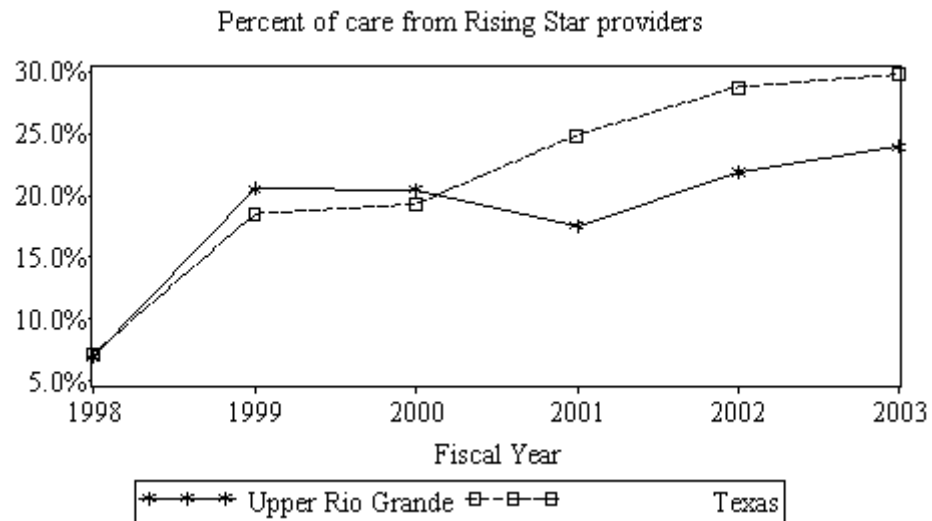
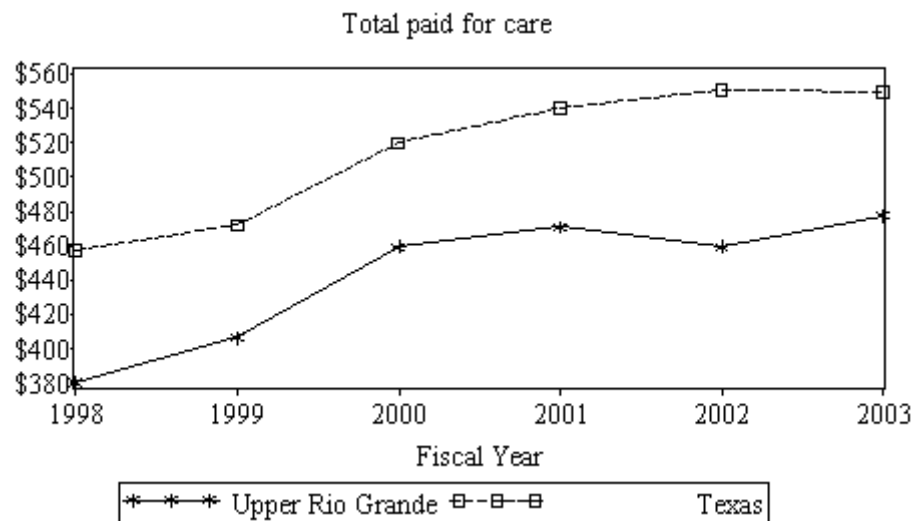


Chart 3



Local Workforce Development Board: 11 Permian Basin

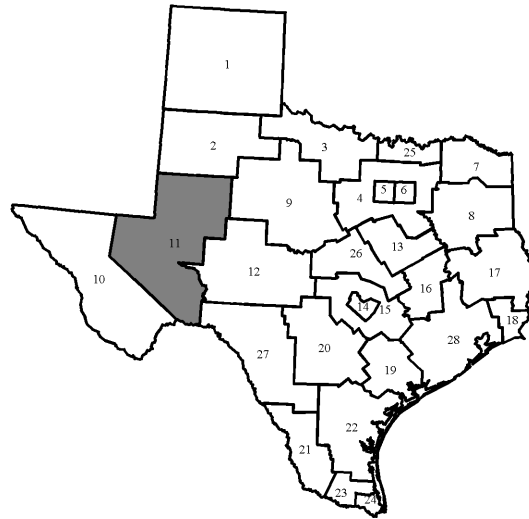
Total population: 376,672
Overall poverty rate: 17.3%

Child population: 111,876
Child poverty rate: 22.2%

Child population growth: -8.1%

Child ethnicity/race:
White 43.5%
Black 4.9%
Hispanic 49.7%
Other 1.9%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
5.7% 8.5% 5.6% 4.4% 6.2% 6%



Key Dates

Board certification date: Dec. 96
Child care management transition date: Sept. 98
Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 75% SMI
May 03 55% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Jan. 03 9% for 1 child; 11% for 2 or more; Exceptions: • The fee is reduced to 55% of the 9% or 11% for families with seven or more members and/or for families with all of the children enrolled in part day care. • Teen parents who live with their parents and need child care in order to complete their high school education or equivalent are assessed a parent fee based on the teen parent's income only. Fees may be reduced to no less than \$4.00 per month based on the extenuating circumstances detailed in the Board's policies and procedure manual.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$13,209,149	\$14,727,404	\$15,937,615
Adjusted allocation	\$12,832,684	\$15,254,957	\$15,793,270
Federal funds requiring local match	\$816,228	\$235,543	\$521,018
Adjustments to unmatched federal funds	-\$189,888	-\$102,260	-\$118,419
Total local match required	\$492,927	\$151,013	\$346,447

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.92	\$15.08	\$15.08
Licensed center full day pre-school care	\$13.46	\$13.46	\$13.46
Registered family home full day infant care	\$11.72	\$13.00	\$13.00
Registered family home full day pre-school care	\$11.16	\$12.00	\$12.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.58	\$15.02	\$15.70
Licensed center full day pre-school care	\$12.70	\$14.11	\$14.93
Registered family home full day infant care	\$11.32	\$11.38	\$12.73
Registered family home full day pre-school care	\$11.45	\$10.66	\$11.40

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.35	6.47

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	5,934	7,553	7,075
Age of child			
Infant (1 to 17 months)	22.1%	23.7%	23.8%
Toddler (18 to 35 months)	19.7%	20.1%	21.4%
Pre-schooler (36 to 71 months)	31.4%	29.5%	30.8%
School age (72 months and older)	26.8%	26.7%	24.0%
Race/ethnicity of Child			
White	27.9%	26.4%	25.7%
Black	17.9%	16.7%	16.6%
Hispanic	53.3%	55.8%	57.0%
Other	1.0%	1.1%	.8%
Family			
Average number of subsidized children	1.80	1.76	1.78
Families with one child	45.7%	47.4%	47.0%
Families with two children	34.6%	34.2%	34.2%
Families with three or more children	19.7%	18.3%	18.8%
Parent			
Marital status (if known)			
Single (never married)	59.2%	60.9%	64.4%
Married	7.3%	9.9%	11.0%
Divorced/separated/widowed	33.5%	29.1%	24.6%

Local Workforce Development Board: 11 Permian Basin

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	73.3%	73.7%	80.2%
Group Day/Registered Family Homes	5.0%	6.1%	6.8%
In home relative	6.1%	2.8%	1.1%
Out of home unregulated	15.6%	17.3%	12.0%
Features of care provided			
Texas Rising Star provider care	11.7%	15.1%	19.4%
Self-arranged care	8.6%	6.1%	3.4%
Full-time care	80.2%	87.4%	86.7%
Reason for care			
Working/Seeking work	81.9%	77.6%	73.1%
Training	16.4%	18.5%	20.9%
Other	1.7%	3.9%	6.1%
Eligibility type			
Income eligible	73.5%	72.1%	67.3%
Choices/TANF	16.6%	19.1%	21.5%
Transitional	9.9%	6.4%	9.3%
Other workforce development programs	.1%	2.4%	1.9%
Other	.0%	.0%	.0%
Family-level subsidy amount	\$329	\$338	\$383
Family-level co-payment			
Percent of families with co-pay due	83.4%	81.3%	79.6%
Average monthly co-pay (of those with co-pay due)	\$80	\$98	\$109
Percent of service months by age			
Infant (1 to 17 months)	13.4%	14.8%	15.0%
Toddler (18 to 35 months)	19.4%	20.7%	21.7%
Pre-schooler (36 to 71 months)	35.8%	35.1%	36.0%
School age (72 months and older)	31.3%	29.3%	27.3%

Chart 1

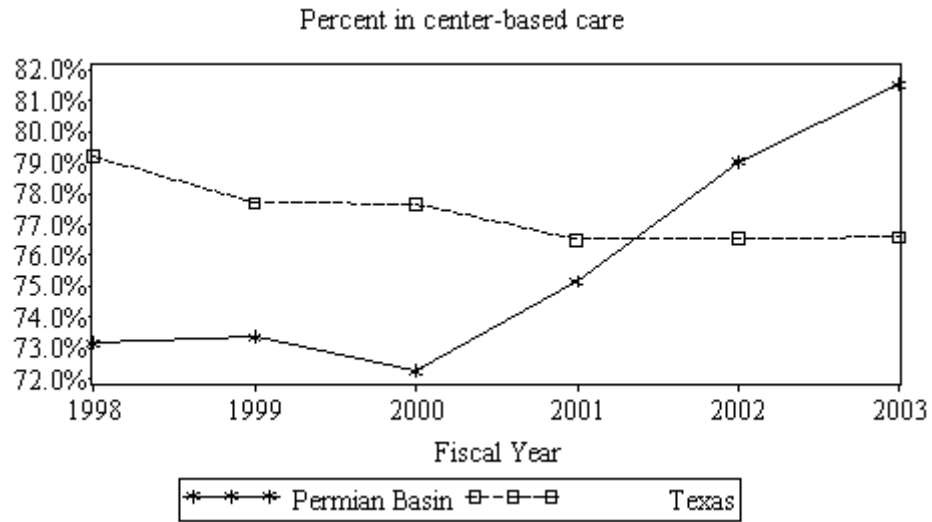


Chart 2

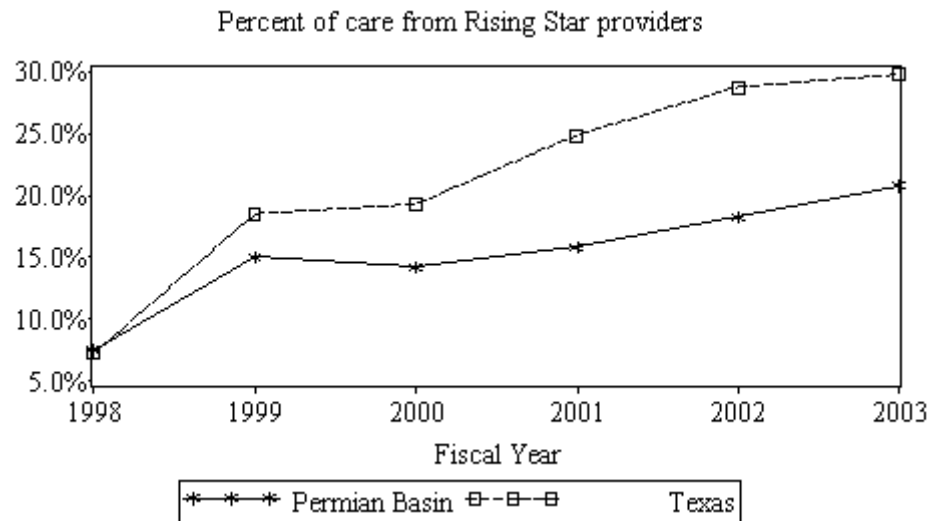
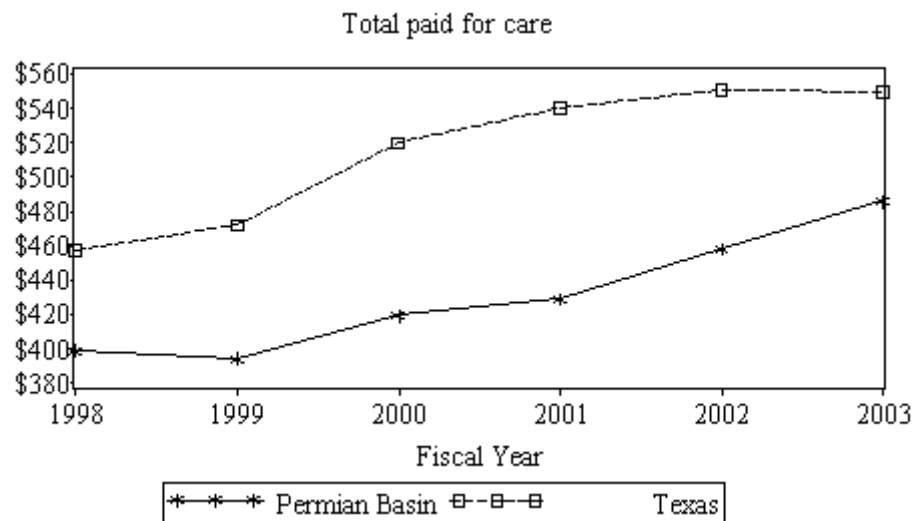


Chart 3



Local Workforce Development Board: 12 Concho Valley

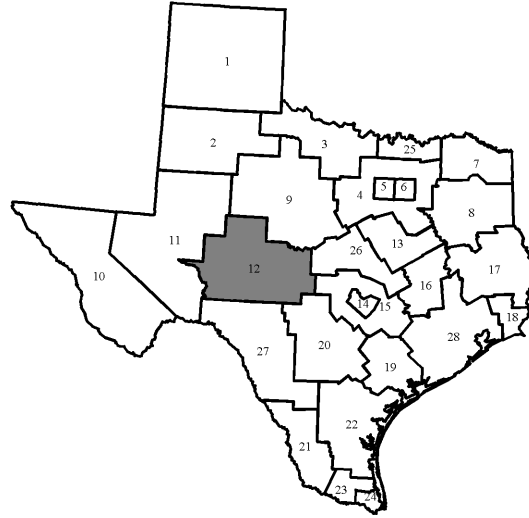
Total population: 148,212
Overall poverty rate: 15.9%

Child population: 38,549
Child poverty rate: 21.0%

Child population growth: -2.7%

Child ethnicity/race:
White 51.3%
Black 3.4%
Hispanic 43.0%
Other 2.3%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
4.1% 4.5% 3.2% 2.9% 3.6% 3.7%



Key Dates

Board certification date: Aug. 97
Child care management transition date: Sept. 98
Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL
Sept. 00 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Sept. 01 9% for 1 child; 11% for 2 or more; 65% of 9% or 11% for families of 7 or more; 35% reduction if all children are in part-time care

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$4,729,838	\$4,989,020	\$5,624,400
Adjusted allocation	\$4,748,422	\$5,054,120	\$6,147,974
Federal funds requiring local match	\$308,835	\$92,109	\$232,475
Adjustments to unmatched federal funds	-\$22,435	-\$24,156	\$11,818
Total local match required	\$186,413	\$59,357	\$154,482

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.14	\$17.00	\$17.00
Licensed center full day pre-school care	\$11.57	\$12.73	\$12.73
Registered family home full day infant care	\$11.72	\$17.00	\$17.00
Registered family home full day pre-school care	\$11.16	\$12.28	\$12.28

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.30	\$17.19	\$17.86
Licensed center full day pre-school care	\$12.25	\$13.30	\$15.98
Registered family home full day infant care	\$12.16	\$12.74	\$15.97
Registered family home full day pre-school care	\$10.96	\$10.96	\$11.26

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.97	8.80

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	2,070	2,635	2,649
Age of child			
Infant (1 to 17 months)	21.0%	21.5%	23.3%
Toddler (18 to 35 months)	20.2%	22.0%	22.6%
Pre-schooler (36 to 71 months)	31.9%	29.5%	31.5%
School age (72 months and older)	26.8%	26.9%	22.5%
Race/ethnicity of Child			
White	40.2%	38.1%	37.9%
Black	9.2%	8.3%	8.2%
Hispanic	50.4%	52.8%	53.6%
Other	.2%	.8%	.2%
Family			
Average number of subsidized children	1.70	1.70	1.73
Families with one child	51.5%	51.2%	50.2%
Families with two children	31.8%	32.0%	31.8%
Families with three or more children	16.7%	16.8%	17.9%
Parent			
Marital status (if known)			
Single (never married)	65.8%	66.5%	66.6%
Married	16.9%	11.2%	10.6%
Divorced/separated/widowed	17.4%	22.3%	22.8%

Local Workforce Development Board: 12 Concho Valley

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	83.6%	76.5%	73.2%
Group Day/Registered Family Homes	4.6%	5.5%	5.2%
In home relative	3.8%	6.5%	11.2%
Out of home unregulated	7.9%	11.5%	10.4%
Features of care provided			
Texas Rising Star provider care	13.8%	17.7%	19.7%
Self-arranged care	9.4%	12.6%	15.5%
Full-time care	78.7%	91.5%	92.2%
Reason for care			
Working/Seeking work	89.8%	87.4%	82.8%
Training	9.8%	11.0%	12.4%
Other	.4%	1.6%	4.8%
Eligibility type			
Income eligible	80.3%	77.8%	68.8%
Choices/TANF	10.6%	12.4%	19.7%
Transitional	9.1%	5.1%	8.0%
Other workforce development programs	.0%	4.7%	3.5%
Other	.0%	.0%	.0%
Family-level subsidy amount	\$273	\$295	\$340
Family-level co-payment			
Percent of families with co-pay due	89.4%	84.4%	80.3%
Average monthly co-pay (of those with co-pay due)	\$89	\$94	\$102
Percent of service months by age			
Infant (1 to 17 months)	12.8%	12.8%	13.9%
Toddler (18 to 35 months)	20.9%	22.4%	22.6%
Pre-schooler (36 to 71 months)	36.1%	36.1%	36.9%
School age (72 months and older)	30.1%	28.6%	26.6%

Chart 1

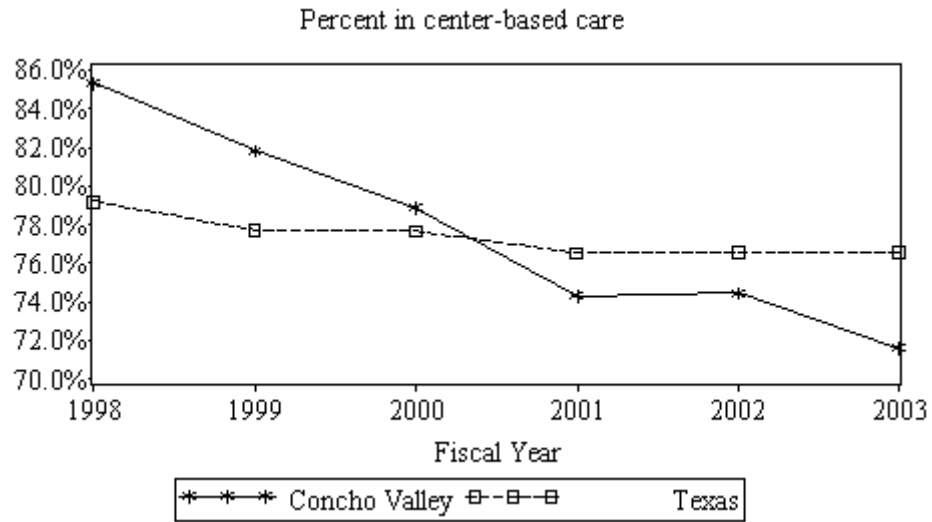


Chart 2

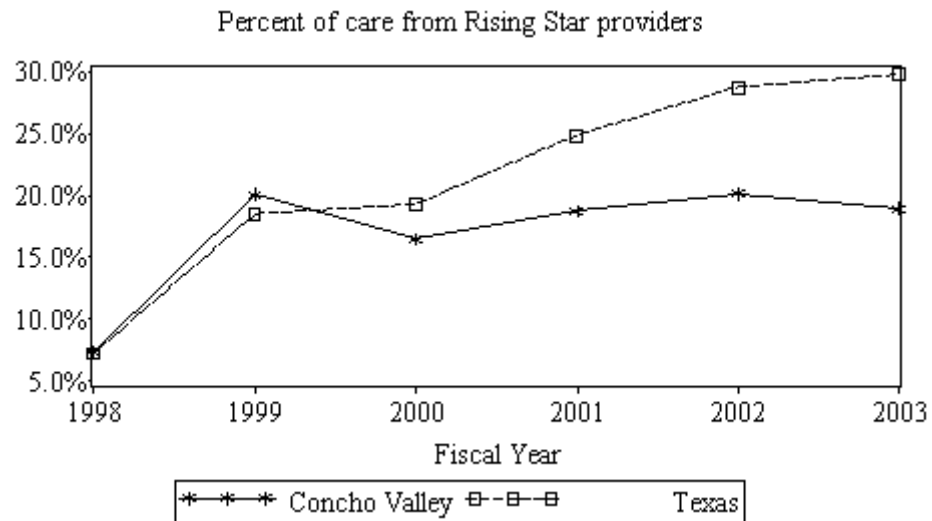
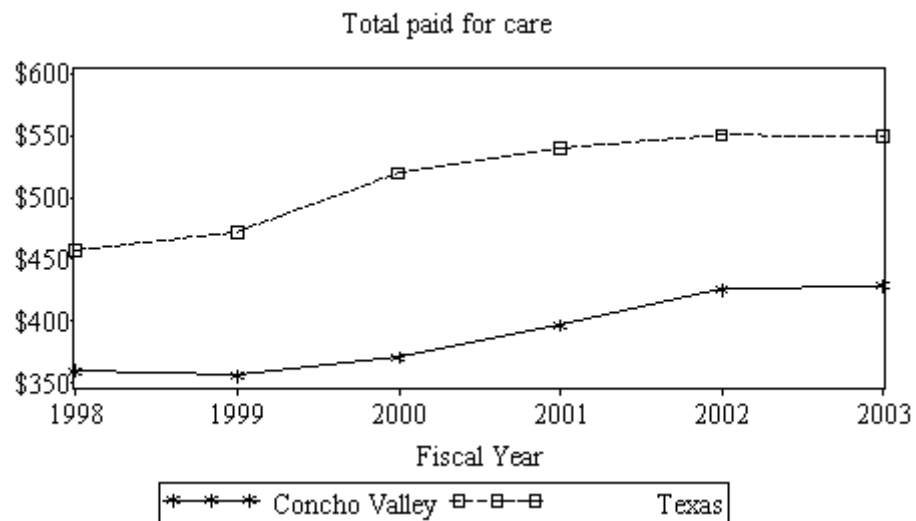


Chart 3



Local Workforce Development Board: 13 Heart of Texas

Total population: 321,536

Overall poverty rate: 17.2%

Child population: 84,349

Child poverty rate: 20.8%

Child population growth: 3.7%

Child ethnicity/race:

White 55.6%

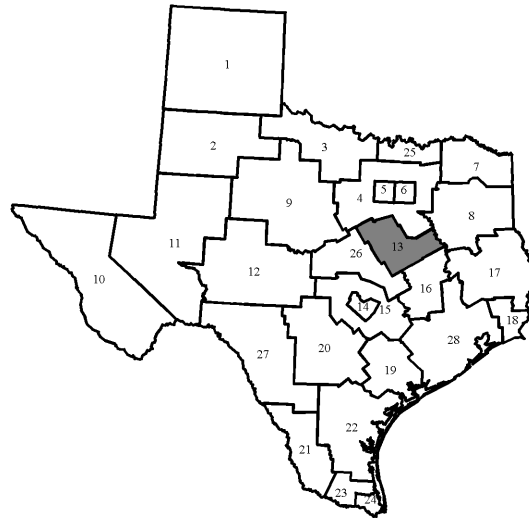
Black 18.0%

Hispanic 24.0%

Other 2.4%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
4.4%	3.5%	3.5%	4%	4.8%	5.3%



Key Dates

Board certification date: Apr. 97

Child care management transition date: Sept. 98

Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates:	Oct. 99	150% FPIL
	Sept. 03	150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Oct. 03 9% for 1 child; 11% for 2 or more; 1% increase each year child is in care; 65% of 9% or 11% for families of 7 or more. 65% of 9% or 11% if all children are school age and attending school. Fees prorated if a child attends 3 days or less.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$10,003,771	\$10,276,530	\$11,651,672
Adjusted allocation	\$12,375,268	\$11,936,871	\$12,390,626
Federal funds requiring local match	\$896,439	\$1,306,562	\$1,079,031
Adjustments to unmatched federal funds	\$315,035	\$93,271	-\$3,901
Total local match required	\$540,354	\$838,653	\$715,550

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.62	\$15.62	\$15.62
Licensed center full day pre-school care	\$12.39	\$13.39	\$13.39
Registered family home full day infant care	\$11.16	\$12.16	\$12.16
Registered family home full day pre-school care	\$10.04	\$11.04	\$11.04

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.21	\$15.52	\$16.05
Licensed center full day pre-school care	\$12.71	\$13.98	\$14.56
Registered family home full day infant care	\$10.85	\$11.85	\$11.32
Registered family home full day pre-school care	\$10.73	\$11.81	\$10.47

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	8.55	6.34

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	5,166	4,997	5,382
Age of child			
Infant (1 to 17 months)	24.4%	24.6%	23.8%
Toddler (18 to 35 months)	20.8%	21.2%	21.0%
Pre-schooler (36 to 71 months)	30.6%	29.2%	29.2%
School age (72 months and older)	24.2%	25.1%	26.0%
Race/ethnicity of Child			
White	30.8%	28.4%	27.4%
Black	48.4%	51.2%	51.1%
Hispanic	19.3%	19.6%	21.1%
Other	1.5%	.8%	.5%
Family			
Average number of subsidized children	1.79	1.87	1.83
Families with one child	46.8%	43.2%	45.4%
Families with two children	33.0%	34.6%	33.6%
Families with three or more children	20.1%	22.2%	21.0%
Parent			
Marital status (if known)			
Single (never married)	78.8%	76.8%	80.2%
Married	8.8%	7.4%	8.1%
Divorced/separated/widowed	12.4%	15.8%	11.8%

Local Workforce Development Board: 13 Heart of Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	81.9%	86.1%	89.3%
Group Day/Registered Family Homes	8.5%	5.7%	3.9%
In home relative	.8%	.9%	1.5%
Out of home unregulated	8.9%	7.2%	5.3%
Features of care provided			
Texas Rising Star provider care	16.5%	29.1%	41.5%
Self-arranged care	3.0%	2.2%	2.5%
Full-time care	82.7%	91.0%	89.7%
Reason for care			
Working/Seeking work	70.2%	79.3%	85.2%
Training	29.4%	19.9%	12.8%
Other	.4%	.8%	1.9%
Eligibility type			
Income eligible	58.9%	60.8%	55.7%
Choices/TANF	23.6%	24.8%	32.5%
Transitional	14.4%	9.1%	8.0%
Other workforce development programs	.0%	3.4%	2.1%
Other	3.1%	1.9%	1.7%
Family-level subsidy amount	\$355	\$390	\$397
Family-level co-payment			
Percent of families with co-pay due	76.7%	74.5%	70.5%
Average monthly co-pay (of those with co-pay due)	\$82	\$99	\$96
Percent of service months by age			
Infant (1 to 17 months)	16.0%	15.6%	15.3%
Toddler (18 to 35 months)	21.7%	22.5%	22.7%
Pre-schooler (36 to 71 months)	36.8%	34.6%	33.7%
School age (72 months and older)	25.5%	27.2%	28.2%

Chart 1

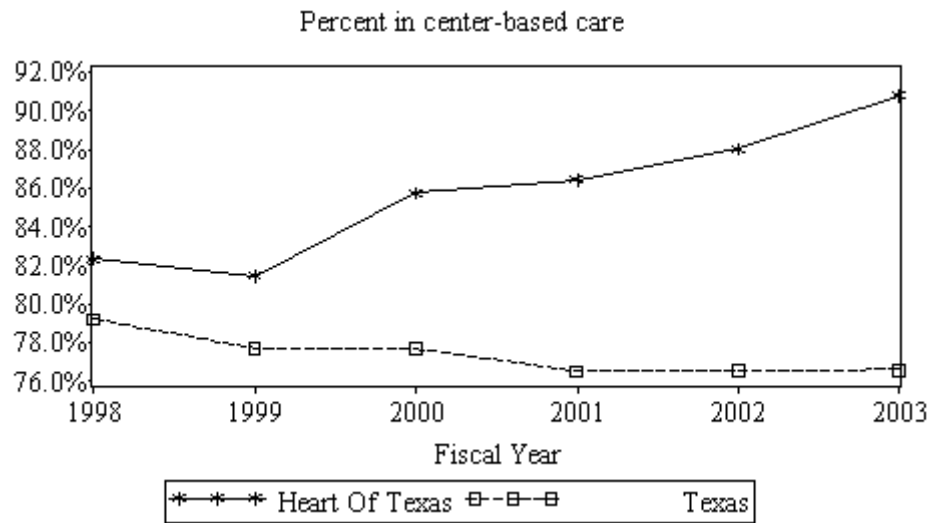


Chart 2

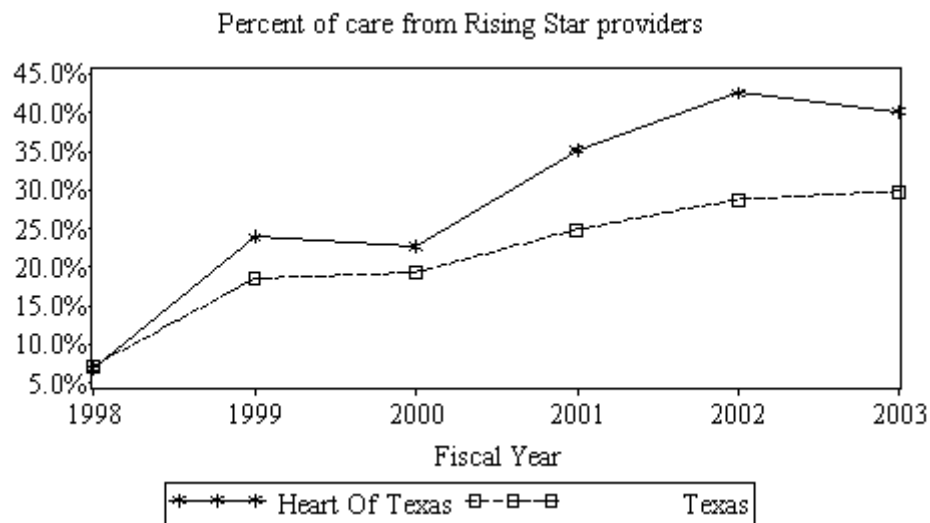
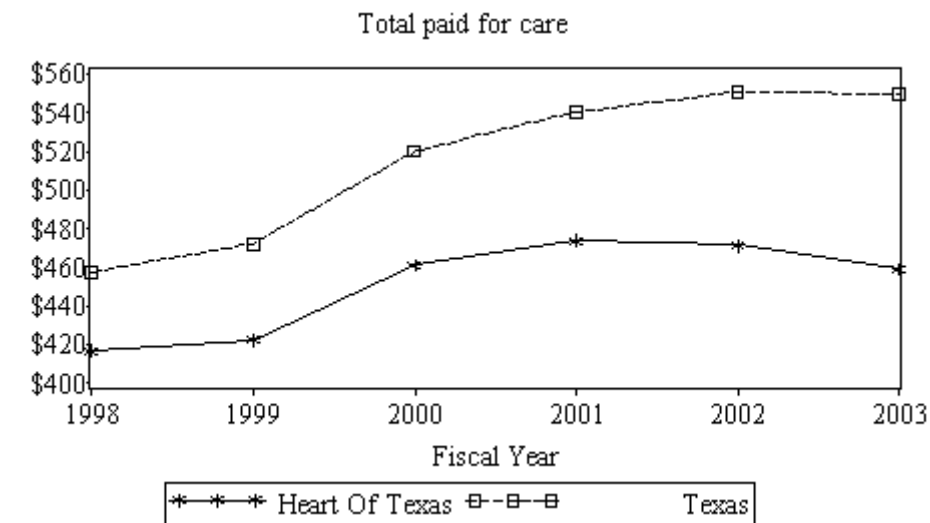


Chart 3



Local Workforce Development Board: 14 Capital Area

Total population: 812,280

Overall poverty rate: 12.5%

Child population: 192,944

Child poverty rate: 13.9%

Child population growth: 30.5%

Child ethnicity/race:

White 44.0%

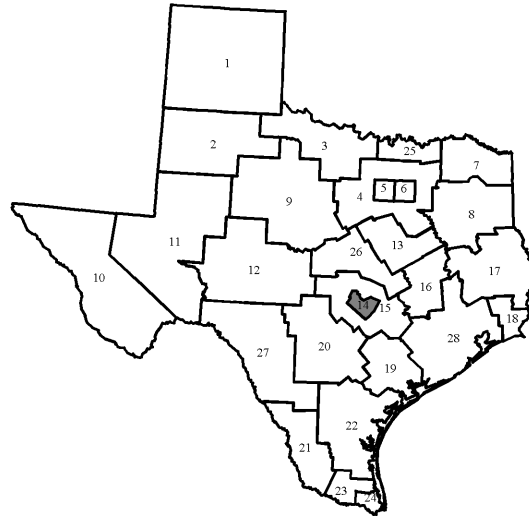
Black 11.3%

Hispanic 38.5%

Other 6.1%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
2.8%	2.3%	2.1%	4.1%	5.9%	5.8%



Key Dates

Board certification date: May 96

Child care management transition date: Dec. 97

Date of first new child care contract award: Nov. 98

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 85% SMI; wait list priority for families at/below 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Oct. 99 10% for 1 child, 12% for 2 or more children
Apr. 03 10% for 1 child; 12% for 2 or more; 15% for families who received services for two or more years and not registered with the workforce center to obtain work; 65% of 10%, 12% or 15% for families of 7 or more; 15% for families with income above 200% of FPIL

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$17,767,801	\$21,299,958	\$23,782,241
Adjusted allocation	\$18,821,129	\$25,456,151	\$27,684,844
Federal funds requiring local match	\$1,545,384	\$3,447,362	\$4,766,752
Adjustments to unmatched federal funds	\$551,170	\$329,167	\$500,000
Total local match required	\$931,510	\$2,213,746	\$3,163,759

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$17.53	\$24.13	\$24.13
Licensed center full day pre-school care	\$15.22	\$20.09	\$20.09
Registered family home full day infant care	\$14.17	\$19.24	\$19.24
Registered family home full day pre-school care	\$12.50	\$17.00	\$17.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$17.70	\$23.45	\$24.08
Licensed center full day pre-school care	\$15.82	\$20.77	\$21.43
Registered family home full day infant care	\$14.67	\$20.24	\$20.16
Registered family home full day pre-school care	\$13.55	\$19.85	\$21.19

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.37	6.65

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	6,823	8,642	9,077
Age of child			
Infant (1 to 17 months)	17.5%	21.5%	20.8%
Toddler (18 to 35 months)	18.1%	19.5%	20.0%
Pre-schooler (36 to 71 months)	34.8%	31.4%	31.5%
School age (72 months and older)	29.6%	27.6%	27.6%
Race/ethnicity of Child			
White	13.1%	11.7%	11.0%
Black	31.7%	36.6%	35.9%
Hispanic	31.1%	38.2%	42.3%
Other	24.2%	13.5%	10.9%
Family			
Average number of subsidized children	1.78	1.78	1.75
Families with one child	47.2%	47.8%	50.5%
Families with two children	33.3%	33.1%	30.9%
Families with three or more children	19.5%	19.2%	18.5%
Parent			
Marital status (if known)			
Single (never married)	79.1%	76.8%	80.4%
Married	7.7%	4.8%	5.2%
Divorced/separated/widowed	13.2%	18.4%	14.3%

Local Workforce Development Board: 14 Capital Area

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	87.1%	85.8%	84.5%
Group Day/Registered Family Homes	2.5%	4.0%	3.2%
In home relative	6.1%	5.2%	5.3%
Out of home unregulated	4.3%	4.9%	7.0%
Features of care provided			
Texas Rising Star provider care	10.7%	19.0%	17.6%
Self-arranged care	7.7%	7.3%	7.7%
Full-time care	69.5%	85.3%	81.1%
Reason for care			
Working/Seeking work	81.0%	70.3%	72.5%
Training	18.1%	29.4%	27.4%
Other	.9%	.3%	.1%
Eligibility type			
Income eligible	62.0%	60.3%	56.2%
Choices/TANF	17.2%	23.0%	23.9%
Transitional	15.9%	8.1%	10.0%
Other workforce development programs	.0%	5.0%	2.1%
Other	4.8%	3.6%	7.9%
Family-level subsidy amount	\$414	\$504	\$510
Family-level co-payment			
Percent of families with co-pay due	79.1%	65.3%	53.6%
Average monthly co-pay (of those with co-pay due)	\$94	\$136	\$164
Percent of service months by age			
Infant (1 to 17 months)	10.7%	14.1%	13.2%
Toddler (18 to 35 months)	16.9%	20.6%	21.0%
Pre-schooler (36 to 71 months)	38.1%	36.1%	36.2%
School age (72 months and older)	34.4%	29.2%	29.5%

Chart 1

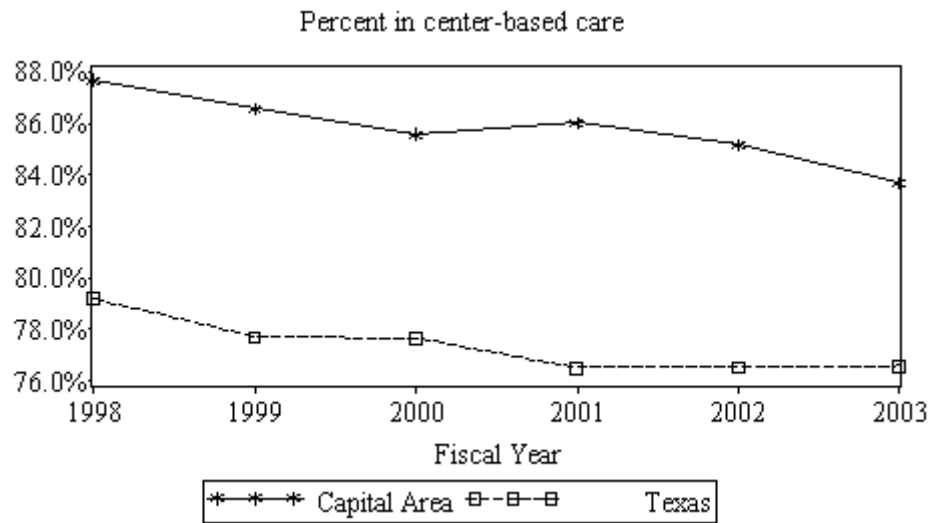


Chart 2

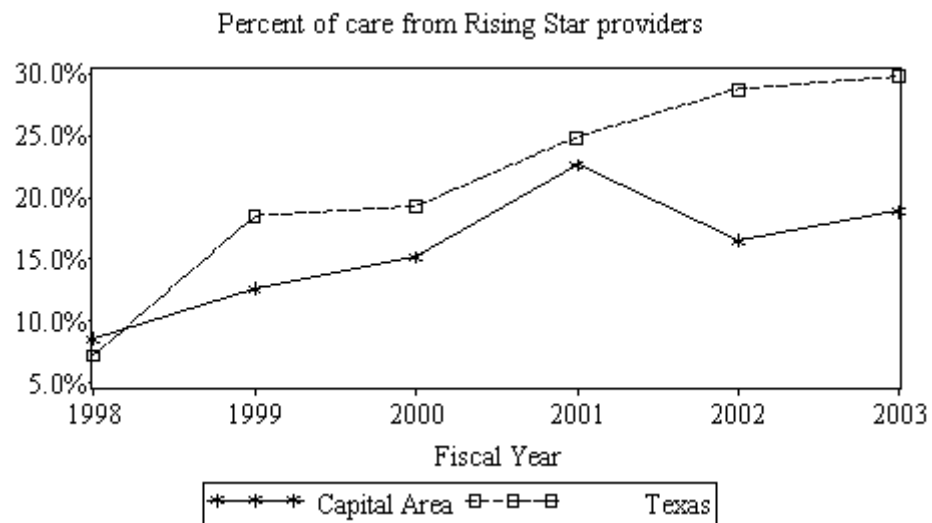
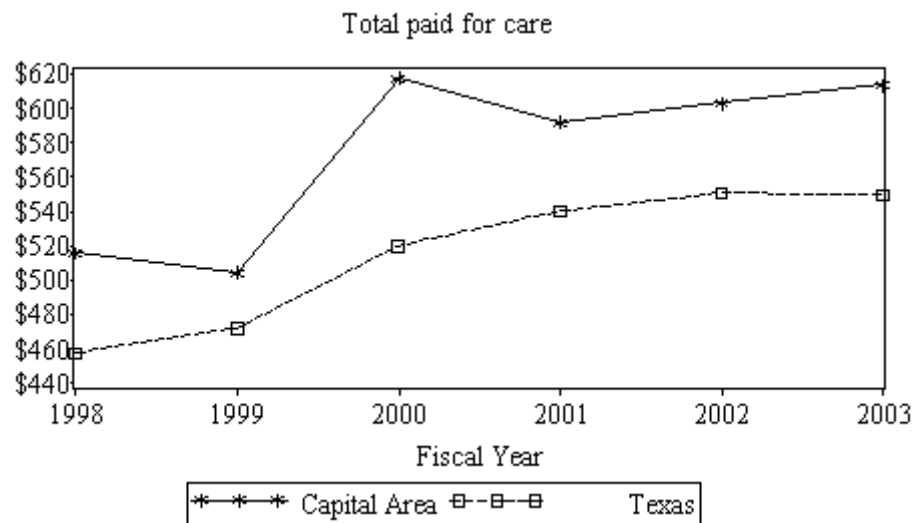


Chart 3



Local Workforce Development Board: 15 Rural Capital

Total population: 534,553

Overall poverty rate: 8.8%

Child population: 146,773

Child poverty rate: 9.2%

Child population growth: 48.6%

Child ethnicity/race:

White 63.2%

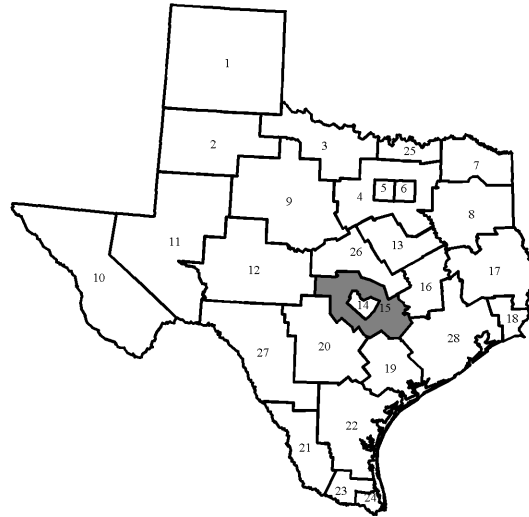
Black 5.6%

Hispanic 27.5%

Other 3.6%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
2.5%	2.2%	1.9%	3.4%	5.2%	5.4%



Key Dates

Board certification date: Nov. 96

Child care management transition date: Nov. 97

Date of first new child care contract award: Sept. 98

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 80 % SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: July 03 Transitional clients - 9% for 1 child; 11% for 2 or more; 65% of 9% or 11% for families of 7 or more; 45% for schoolage only in care (only 1 discount allowed if eligible for both); Income Eligible clients – 10% for 1 child; 12% for 2 – 3 children; 14% for 4 or more in care; same discounts apply for families with 7 or more or schoolage only in care; Clients with no income (i.e. teen parents) - \$4.00/month

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$9,724,377	\$13,042,891	\$15,885,806
Adjusted allocation	\$10,023,020	\$13,963,070	\$16,195,987
Federal funds requiring local match	\$1,145,458	\$1,002,591	\$1,177,804
Adjustments to unmatched federal funds	\$575,370	-\$11,543	\$196,881
Total local match required	\$690,124	\$641,321	\$781,771

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	NA	\$22.44	\$22.44
Licensed center full day pre-school care	NA	\$19.48	\$19.48
Registered family home full day infant care	NA	\$18.14	\$18.14
Registered family home full day pre-school care	NA	\$16.00	\$16.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$18.81	\$20.15	\$21.34
Licensed center full day pre-school care	\$16.42	\$17.68	\$18.99
Registered family home full day infant care	\$17.02	\$16.91	\$18.25
Registered family home full day pre-school care	\$15.29	\$15.87	\$17.33

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	5.15	11.43

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	4,256	4,806	5,682
Age of child			
Infant (1 to 17 months)	21.4%	23.6%	20.9%
Toddler (18 to 35 months)	20.2%	20.1%	19.7%
Pre-schooler (36 to 71 months)	36.5%	33.4%	33.4%
School age (72 months and older)	21.9%	22.9%	25.9%
Race/ethnicity of Child			
White	46.5%	43.4%	40.8%
Black	18.6%	18.7%	18.4%
Hispanic	29.4%	35.4%	35.6%
Other	5.5%	2.5%	5.1%
Family			
Average number of subsidized children	1.69	1.76	1.79
Families with one child	51.9%	47.9%	47.2%
Families with two children	32.3%	34.5%	33.2%
Families with three or more children	15.8%	17.6%	19.6%
Parent			
Marital status (if known)			
Single (never married)	70.3%	62.7%	66.2%
Married	9.2%	10.3%	10.6%
Divorced/separated/widowed	20.5%	27.0%	23.2%

Local Workforce Development Board: 15 Rural Capital

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	80.7%	75.6%	79.1%
Group Day/Registered Family Homes	5.7%	5.6%	5.6%
In home relative	7.3%	5.7%	1.7%
Out of home unregulated	6.3%	13.0%	13.6%
Features of care provided			
Texas Rising Star provider care	8.5%	13.9%	17.5%
Self-arranged care	13.0%	15.2%	11.1%
Full-time care	81.9%	91.1%	90.0%
Reason for care			
Working/Seeking work	84.5%	81.4%	77.1%
Training	15.0%	18.3%	22.3%
Other	.5%	.3%	.6%
Eligibility type			
Income eligible	75.0%	77.8%	65.3%
Choices/TANF	11.6%	13.0%	17.4%
Transitional	7.6%	4.4%	7.4%
Other workforce development programs	.0%	2.1%	.8%
Other	5.7%	2.7%	9.0%
Family-level subsidy amount	\$418	\$434	\$471
Family-level co-payment			
Percent of families with co-pay due	82.9%	84.1%	80.2%
Average monthly co-pay (of those with co-pay due)	\$89	\$115	\$129
Percent of service months by age			
Infant (1 to 17 months)	15.4%	14.7%	12.6%
Toddler (18 to 35 months)	20.5%	21.1%	19.6%
Pre-schooler (36 to 71 months)	40.3%	39.1%	38.3%
School age (72 months and older)	23.8%	25.2%	29.4%

Chart 1

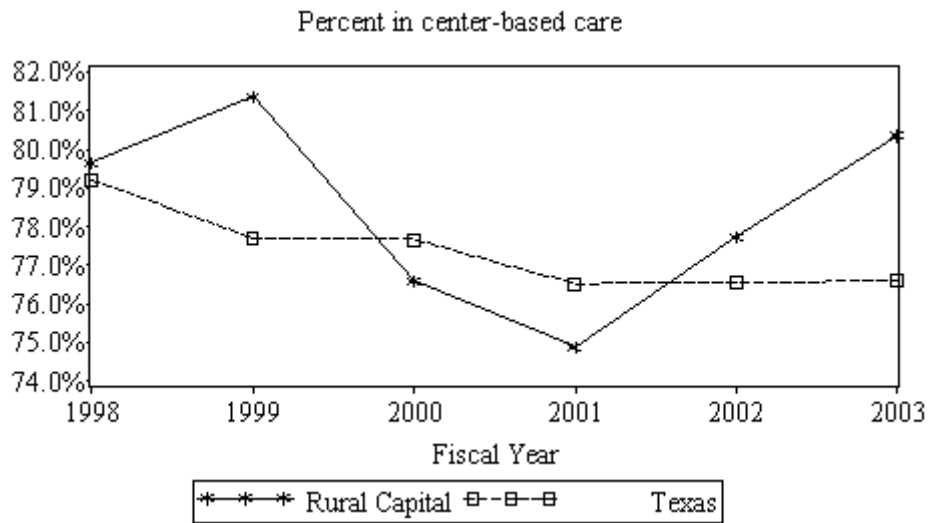


Chart 2

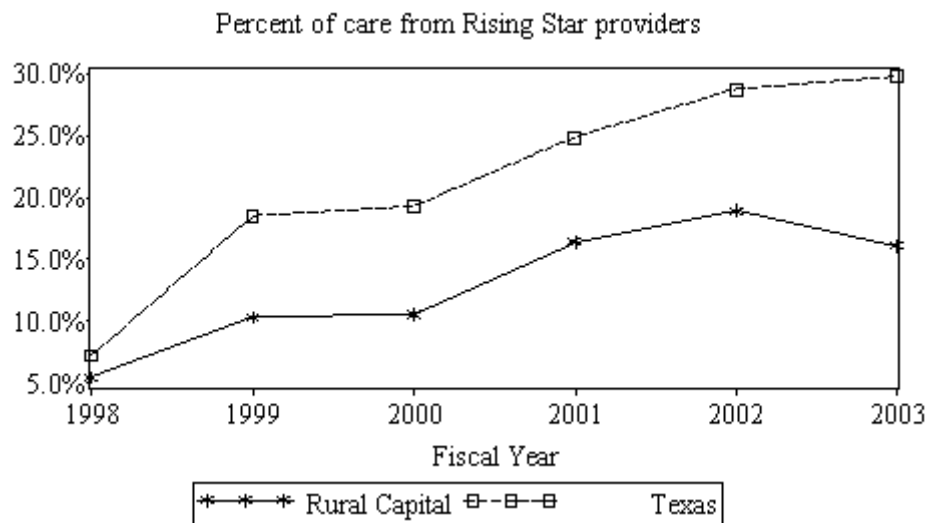
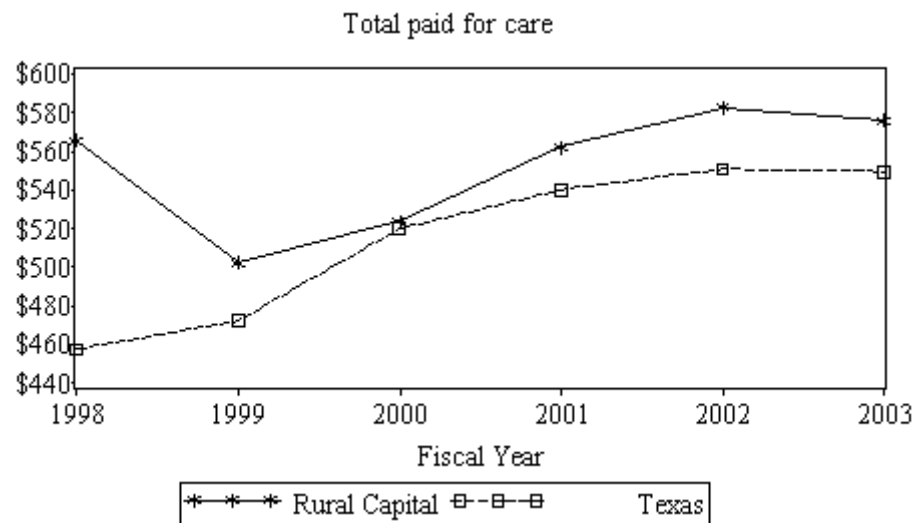


Chart 3



Local Workforce Development Board: 16 Brazos Valley

Total population: 267,085

Overall poverty rate: 22.2%

Child population: 61,473

Child poverty rate: 21.2%

Child population growth: 9.0%

Child ethnicity/race:

White 54.7%

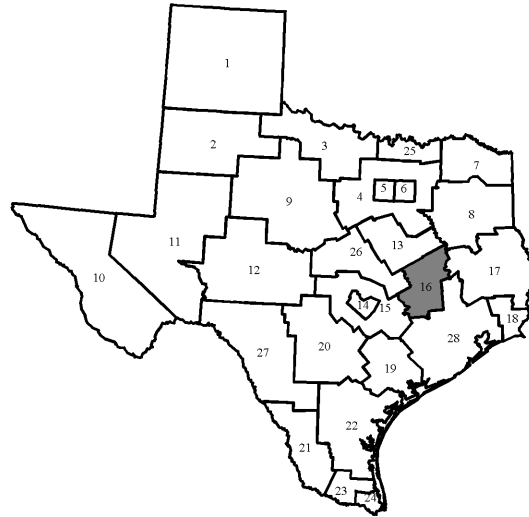
Black 19.1%

Hispanic 22.5%

Other 3.6%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
2.6%	2.9%	2.4%	2.4%	3%	3.5%



Key Dates

Board certification date: June 96

Child care management transition date: June 98

Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 75% SMI
date unknown 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Apr. 01 Up to 13% for 1 child, Up to 15% for 2 or more children
Feb. 03 11% for 1 child; 13% for 2 or more; 65% of 11% or 13% for families of 7 or more

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$7,984,647	\$7,886,976	\$8,241,777
Adjusted allocation	\$7,771,833	\$8,229,245	\$7,693,093
Federal funds requiring local match	\$408,551	\$112,231	\$23,641
Adjustments to unmatched federal funds	\$0	-\$68,796	-\$271,513
Total local match required	\$246,544	\$71,100	\$15,975

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$15.52	\$20.65	\$20.86
Licensed center full day pre-school care	\$13.16	\$16.51	\$16.68
Registered family home full day infant care	\$13.60	\$16.29	\$16.45
Registered family home full day pre-school care	\$12.28	\$15.00	\$15.15

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$15.42	\$20.96	\$20.32
Licensed center full day pre-school care	\$13.93	\$18.00	\$17.58
Registered family home full day infant care	\$13.39	\$17.09	\$16.31
Registered family home full day pre-school care	\$12.98	\$15.30	\$16.90

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	9.00	6.60

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	2,572	2,530	3,577
Age of child			
Infant (1 to 17 months)	20.4%	23.3%	24.8%
Toddler (18 to 35 months)	19.6%	21.7%	23.9%
Pre-schooler (36 to 71 months)	36.1%	32.5%	29.6%
School age (72 months and older)	23.8%	22.6%	21.7%
Race/ethnicity of Child			
White	22.9%	24.2%	25.5%
Black	57.5%	57.3%	54.1%
Hispanic	18.0%	17.7%	19.4%
Other	1.6%	.9%	1.0%
Family			
Average number of subsidized children	1.78	1.85	1.91
Families with one child	49.6%	44.6%	40.2%
Families with two children	30.4%	35.0%	36.5%
Families with three or more children	20.0%	20.3%	23.2%
Parent			
Marital status (if known)			
Single (never married)	74.9%	76.7%	78.8%
Married	10.1%	7.2%	7.5%
Divorced/separated/widowed	15.0%	16.0%	13.7%

Local Workforce Development Board: 16 Brazos Valley

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	89.6%	88.7%	89.7%
Group Day/Registered Family Homes	6.7%	8.6%	9.5%
In home relative	.6%	.5%	.4%
Out of home unregulated	3.2%	2.2%	.5%
Features of care provided			
Texas Rising Star provider care	30.6%	42.4%	34.3%
Self-arranged care	1.4%	2.3%	3.6%
Full-time care	74.4%	87.2%	86.0%
Reason for care			
Working/Seeking work	81.6%	76.0%	67.7%
Training	18.1%	22.7%	31.3%
Other	.3%	1.3%	1.0%
Eligibility type			
Income eligible	57.5%	63.8%	51.6%
Choices/TANF	17.7%	21.1%	29.4%
Transitional	19.9%	9.6%	11.5%
Other workforce development programs	.0%	5.4%	7.6%
Other	4.9%	.0%	.0%
Family-level subsidy amount	\$400	\$483	\$473
Family-level co-payment			
Percent of families with co-pay due	83.3%	76.9%	64.4%
Average monthly co-pay (of those with co-pay due)	\$78	\$103	\$123
Percent of service months by age			
Infant (1 to 17 months)	12.5%	13.0%	15.8%
Toddler (18 to 35 months)	19.1%	21.2%	22.3%
Pre-schooler (36 to 71 months)	39.6%	38.2%	34.7%
School age (72 months and older)	28.8%	27.6%	27.2%

Chart 1

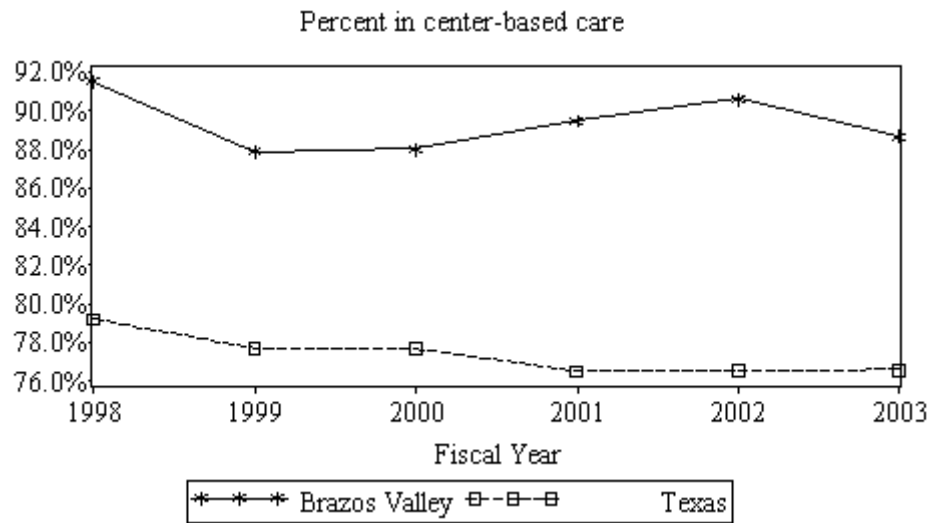


Chart 2

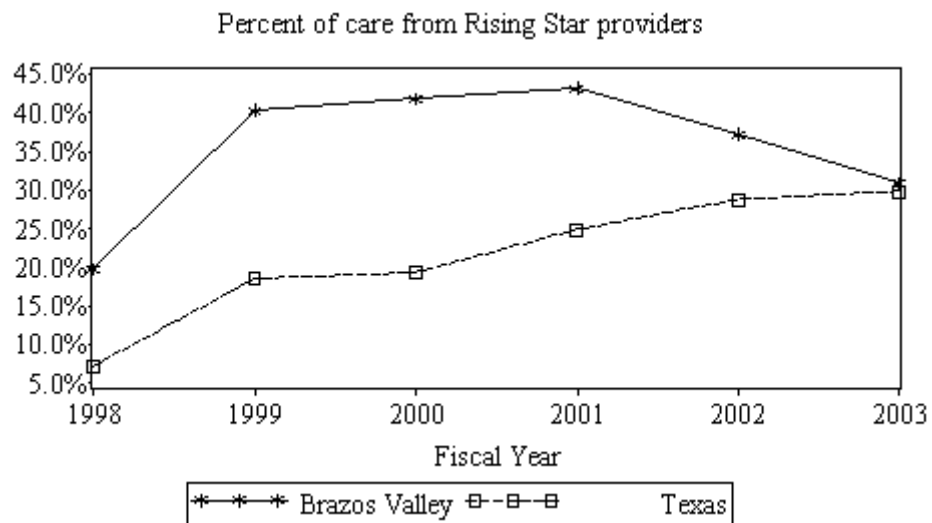
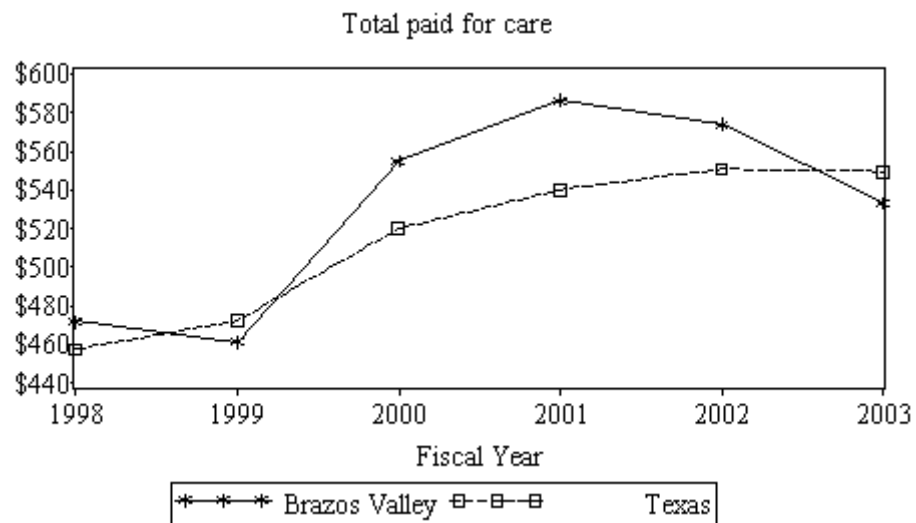


Chart 3



Local Workforce Development Board: 17 Deep East Texas

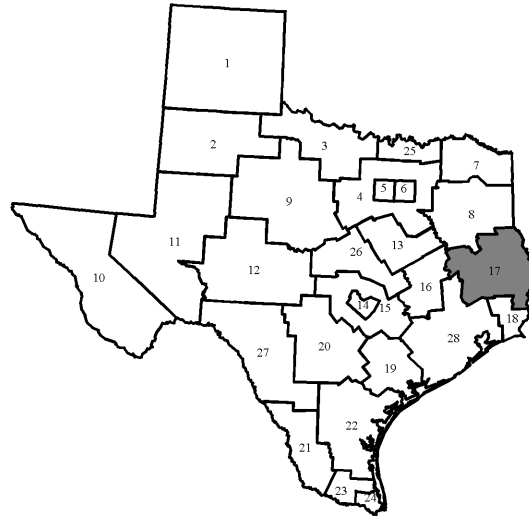
Total population: 355,862
Overall poverty rate: 18.5%

Child population: 89,192
Child poverty rate: 24.0%

Child population growth: .3%

Child ethnicity/race:
White 65.3%
Black 19.4%
Hispanic 13.0%
Other 2.2%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
6.4% 6.5% 5.6% 6.1% 7.1% 7.5%



Key Dates

Board certification date: Oct. 96
Child care management transition date: Nov. 98
Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Sept. 02 11% for 1 child; 13% for 2 or more; 65% of 11% or 13% for families of 7 or more. Parent fees will be reduced by 35% if all children are school age and attending school. Fees prorated if a child attends 3 days or less.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$11,141,062	\$11,174,126	\$13,197,006
Adjusted allocation	\$11,153,129	\$10,915,946	\$12,919,263
Federal funds requiring local match	\$850,527	\$123,489	\$519,008
Adjustments to unmatched federal funds	\$179,988	-\$129,723	\$0
Total local match required	\$512,910	\$79,711	\$344,825

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.70	\$16.77	\$16.77
Licensed center full day pre-school care	\$13.00	\$14.18	\$14.18
Registered family home full day infant care	\$11.16	\$11.66	\$11.66
Registered family home full day pre-school care	\$10.04	\$10.54	\$10.54

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.33	\$16.32	\$16.73
Licensed center full day pre-school care	\$12.95	\$14.83	\$15.26
Registered family home full day infant care	\$9.61	\$8.63	\$8.04
Registered family home full day pre-school care	\$9.20	\$8.96	\$8.42

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.33	8.66

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	4,540	5,089	5,845
Age of child			
Infant (1 to 17 months)	24.5%	25.9%	26.1%
Toddler (18 to 35 months)	22.1%	24.9%	24.7%
Pre-schooler (36 to 71 months)	34.6%	31.5%	31.0%
School age (72 months and older)	18.8%	17.8%	18.2%
Race/ethnicity of Child			
White	36.2%	39.8%	39.9%
Black	45.6%	41.6%	35.9%
Hispanic	7.6%	8.9%	9.4%
Other	10.6%	9.6%	14.7%
Family			
Average number of subsidized children	1.60	1.62	1.65
Families with one child	55.1%	54.5%	53.7%
Families with two children	32.4%	32.7%	32.4%
Families with three or more children	12.5%	12.7%	13.9%
Parent			
Marital status (if known)			
Single (never married)	58.9%	59.3%	58.9%
Married	10.2%	8.6%	9.6%
Divorced/separated/widowed	30.8%	32.0%	31.6%

Local Workforce Development Board: 17 Deep East Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	87.6%	90.5%	91.7%
Group Day/Registered Family Homes	1.3%	3.0%	3.3%
In home relative	3.5%	2.3%	1.4%
Out of home unregulated	7.5%	4.3%	3.7%
Features of care provided			
Texas Rising Star provider care	27.2%	51.0%	50.3%
Self-arranged care	5.0%	4.3%	2.5%
Full-time care	85.0%	93.3%	93.4%
Reason for care			
Working/Seeking work	77.1%	77.0%	65.4%
Training	22.5%	20.8%	25.1%
Other	.4%	2.2%	9.5%
Eligibility type			
Income eligible	66.1%	75.6%	72.5%
Choices/TANF	19.7%	16.0%	19.2%
Transitional	10.3%	5.9%	5.8%
Other workforce development programs	.1%	1.4%	2.4%
Other	3.9%	1.2%	.0%
Family-level subsidy amount	\$320	\$342	\$354
Family-level co-payment			
Percent of families with co-pay due	79.2%	83.4%	81.0%
Average monthly co-pay (of those with co-pay due)	\$84	\$94	\$106
Percent of service months by age			
Infant (1 to 17 months)	17.1%	17.1%	17.2%
Toddler (18 to 35 months)	24.1%	25.3%	25.9%
Pre-schooler (36 to 71 months)	39.0%	38.1%	37.2%
School age (72 months and older)	19.8%	19.5%	19.6%

Chart 1

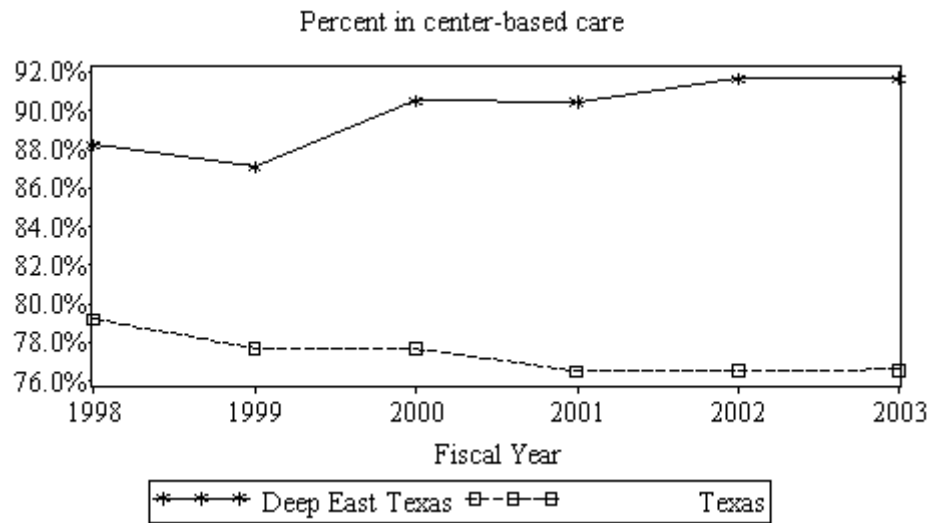


Chart 2

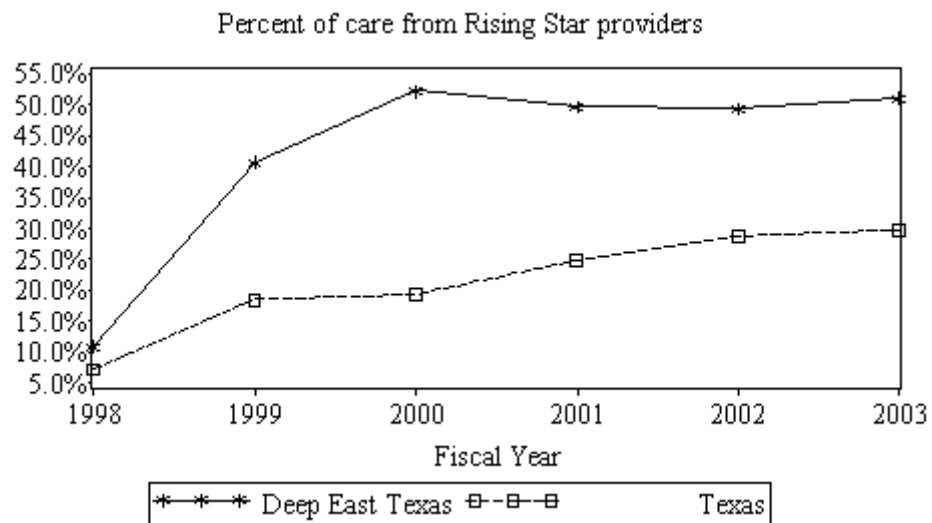
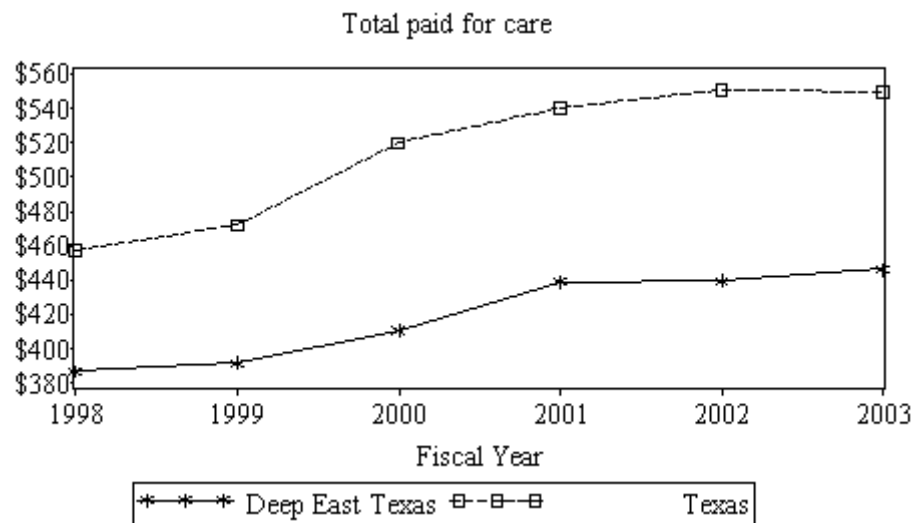


Chart 3



Local Workforce Development Board: 18 South East Texas

Total population: 385,090

Overall poverty rate: 15.7%

Child population: 101,865

Child poverty rate: 21.7%

Child population growth: -10.9%

Child ethnicity/race:

White 56.3%

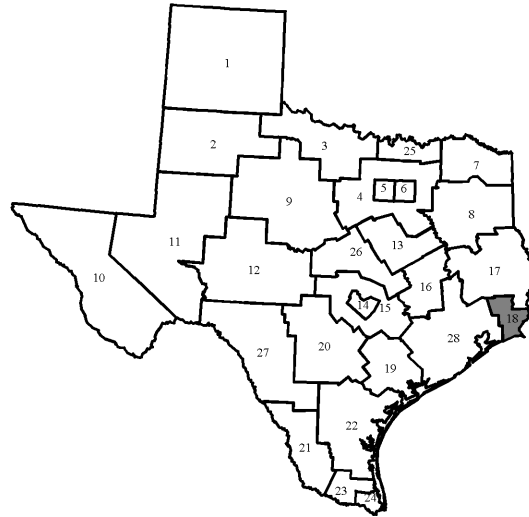
Black 29.4%

Hispanic 10.1%

Other 4.2%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
7.3%	8.6%	7.9%	8.2%	8.4%	9.3%



Key Dates

Board certification date: Sept. 96

Child care management transition date: Jan. 98

Date of first new child care contract award: Dec. 98

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Nov. 02 11% for 1 child, 13% for 2 or more, 65% of 11% or 13% for families of 7 or more.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$11,887,326	\$12,192,794	\$13,916,710
Adjusted allocation	\$13,028,295	\$13,004,721	\$14,847,682
Federal funds requiring local match	\$747,365	\$419,869	\$975,278
Adjustments to unmatched federal funds	\$36,899	\$0	\$185,109
Total local match required	\$450,933	\$267,653	\$647,029

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.56	\$14.99	\$14.99
Licensed center full day pre-school care	\$12.33	\$15.16	\$15.16
Registered family home full day infant care	\$12.28	\$13.39	\$13.39
Registered family home full day pre-school care	\$11.16	\$12.75	\$12.75

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.83	\$17.18	\$16.23
Licensed center full day pre-school care	\$12.51	\$15.20	\$14.36
Registered family home full day infant care	\$12.39	\$14.38	\$12.94
Registered family home full day pre-school care	\$11.29	\$14.42	\$12.73

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.95	6.03

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	5,197	5,713	5,915
Age of child			
Infant (1 to 17 months)	21.9%	23.5%	23.1%
Toddler (18 to 35 months)	19.5%	19.4%	21.5%
Pre-schooler (36 to 71 months)	34.5%	31.6%	30.3%
School age (72 months and older)	24.1%	25.4%	25.0%
Race/ethnicity of Child			
White	17.2%	19.0%	20.3%
Black	76.2%	74.4%	73.1%
Hispanic	3.2%	3.4%	3.6%
Other	3.4%	3.1%	3.0%
Family			
Average number of subsidized children	1.81	1.87	1.91
Families with one child	48.1%	43.6%	41.0%
Families with two children	31.1%	34.1%	35.1%
Families with three or more children	20.8%	22.3%	24.0%
Parent			
Marital status (if known)			
Single (never married)	73.7%	79.6%	84.0%
Married	4.3%	3.7%	3.1%
Divorced/separated/widowed	22.0%	16.7%	12.9%

Local Workforce Development Board: 18 South East Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	80.8%	84.6%	90.3%
Group Day/Registered Family Homes	4.7%	4.3%	3.1%
In home relative	9.1%	4.2%	3.5%
Out of home unregulated	5.5%	6.9%	3.1%
Features of care provided			
Texas Rising Star provider care	19.5%	26.1%	36.4%
Self-arranged care	11.9%	4.8%	3.9%
Full-time care	74.9%	89.1%	89.9%
Reason for care			
Working/Seeking work	69.2%	62.0%	52.1%
Training	30.1%	37.0%	46.1%
Other	.8%	1.0%	1.8%
Eligibility type			
Income eligible	52.9%	47.9%	38.4%
Choices/TANF	28.3%	33.5%	42.3%
Transitional	16.9%	8.9%	16.8%
Other workforce development programs	.0%	7.6%	2.4%
Other	2.0%	2.1%	.1%
Family-level subsidy amount	\$356	\$449	\$448
Family-level co-payment			
Percent of families with co-pay due	72.7%	61.6%	57.2%
Average monthly co-pay (of those with co-pay due)	\$80	\$85	\$97
Percent of service months by age			
Infant (1 to 17 months)	13.5%	14.9%	15.1%
Toddler (18 to 35 months)	19.6%	20.8%	20.8%
Pre-schooler (36 to 71 months)	38.3%	36.0%	35.8%
School age (72 months and older)	28.5%	28.3%	28.3%

Chart 1

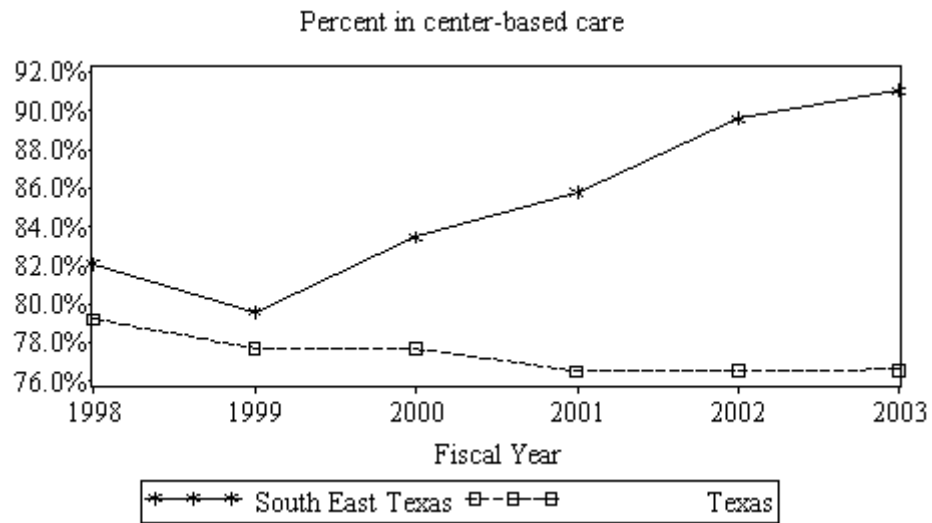


Chart 2

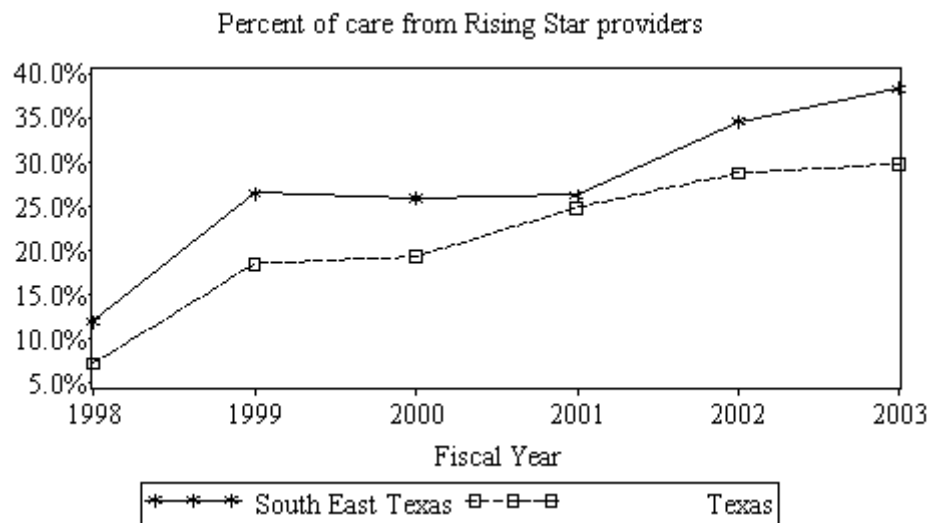
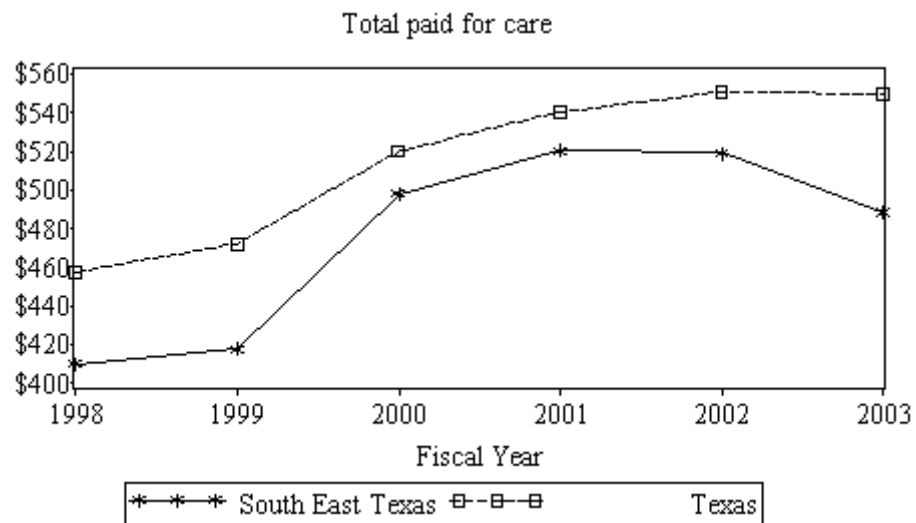


Chart 3



Local Workforce Development Board: 19 Golden Crescent

Total population: 183,905

Overall poverty rate: 14.9%

Child population: 50,733

Child poverty rate: 19.4%

Child population growth: 1.5%

Child ethnicity/race:

White 47.1%

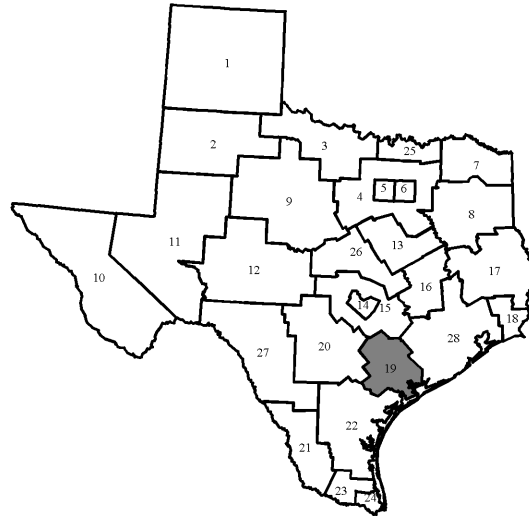
Black 6.8%

Hispanic 43.8%

Other 2.3%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
4.3%	4%	3.3%	4%	5.2%	5.1%



Key Dates

Board certification date: Nov. 96

Child care management transition date: Sept. 98

Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 85% SMI
Jan. 02 80% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: date unknown 9% for 1 child; 11% for 2 or more; 65% of 9% or 11% for families of 7 or more. For part-week care: 20% of fee for 1 day of care, 40% for 2 days of care, and 60% for 3 days of care and 100% for 4 or more days of care. 65% of 9% or 11% if all children utilize only part-day care

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$6,057,849	\$6,147,437	\$6,980,071
Adjusted allocation	\$4,756,141	\$6,399,002	\$7,090,769
Federal funds requiring local match	\$208,629	\$143,435	\$412,724
Adjustments to unmatched federal funds	-\$175,000	\$0	\$119,684
Total local match required	\$126,237	\$91,819	\$274,928

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.16	\$17.00	\$17.00
Licensed center full day pre-school care	\$13.95	\$15.29	\$15.29
Registered family home full day infant care	\$11.16	\$14.10	\$14.10
Registered family home full day pre-school care	\$11.16	\$13.00	\$13.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$15.30	\$16.26	\$16.71
Licensed center full day pre-school care	\$14.47	\$15.51	\$15.84
Registered family home full day infant care	\$11.12	\$11.42	\$13.08
Registered family home full day pre-school care	\$11.25	\$11.82	\$11.49

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.04	6.45

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	2,066	3,164	3,549
Age of child			
Infant (1 to 17 months)	23.2%	25.0%	23.9%
Toddler (18 to 35 months)	22.0%	21.0%	22.4%
Pre-schooler (36 to 71 months)	31.5%	28.6%	31.4%
School age (72 months and older)	23.3%	25.4%	22.3%
Race/ethnicity of Child			
White	25.0%	23.5%	25.2%
Black	18.1%	16.3%	15.7%
Hispanic	49.7%	55.9%	56.8%
Other	7.2%	4.2%	2.4%
Family			
Average number of subsidized children	1.72	1.75	1.75
Families with one child	49.8%	48.6%	48.8%
Families with two children	32.6%	32.7%	33.1%
Families with three or more children	17.6%	18.7%	18.1%
Parent			
Marital status (if known)			
Single (never married)	62.2%	72.4%	75.7%
Married	10.2%	10.6%	13.2%
Divorced/separated/widowed	27.6%	17.0%	11.1%

Local Workforce Development Board: 19 Golden Crescent

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	76.9%	75.9%	79.3%
Group Day/Registered Family Homes	6.3%	7.4%	7.9%
In home relative	3.9%	4.9%	2.5%
Out of home unregulated	12.9%	11.8%	10.3%
Texas Rising Star provider care	17.4%	25.7%	29.6%
Self-arranged care	9.0%	8.1%	6.3%
Full-time care	85.1%	90.4%	89.5%
Working/Seeking work	84.3%	78.3%	69.3%
Training	15.5%	21.4%	30.7%
Other	.2%	.3%	.1%
Income eligible	74.7%	64.3%	59.6%
Choices/TANF	12.4%	22.1%	25.2%
Transitional	11.8%	6.1%	9.2%
Other workforce development programs	.0%	5.6%	3.5%
Other	1.1%	1.8%	2.5%
Family-level subsidy amount	\$323	\$350	\$354
Family-level co-payment			
Percent of families with co-pay due	87.5%	76.7%	75.6%
Average monthly co-pay (of those with co-pay due)	\$94	\$102	\$109
Percent of service months by age			
Infant (1 to 17 months)	15.9%	17.0%	17.3%
Toddler (18 to 35 months)	22.1%	22.7%	22.8%
Pre-schooler (36 to 71 months)	36.4%	34.3%	35.8%
School age (72 months and older)	25.5%	26.0%	24.1%

Chart 1

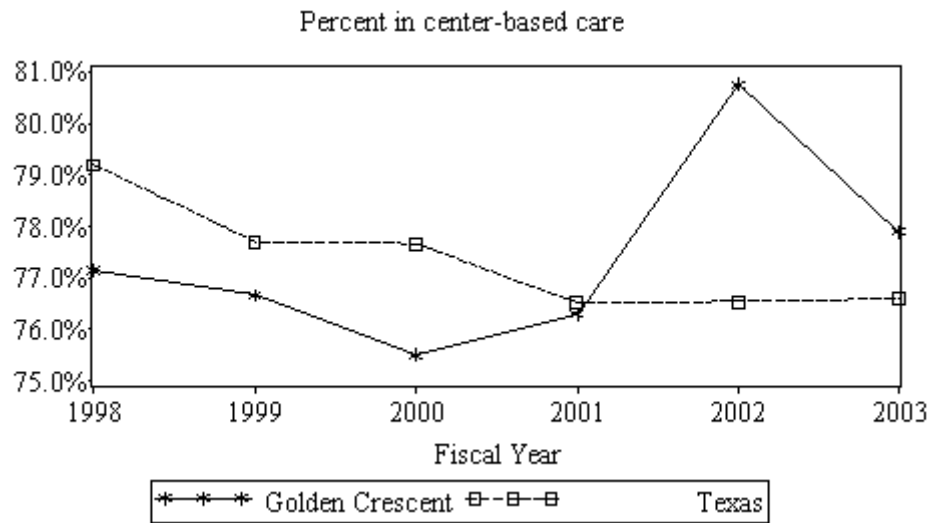


Chart 2

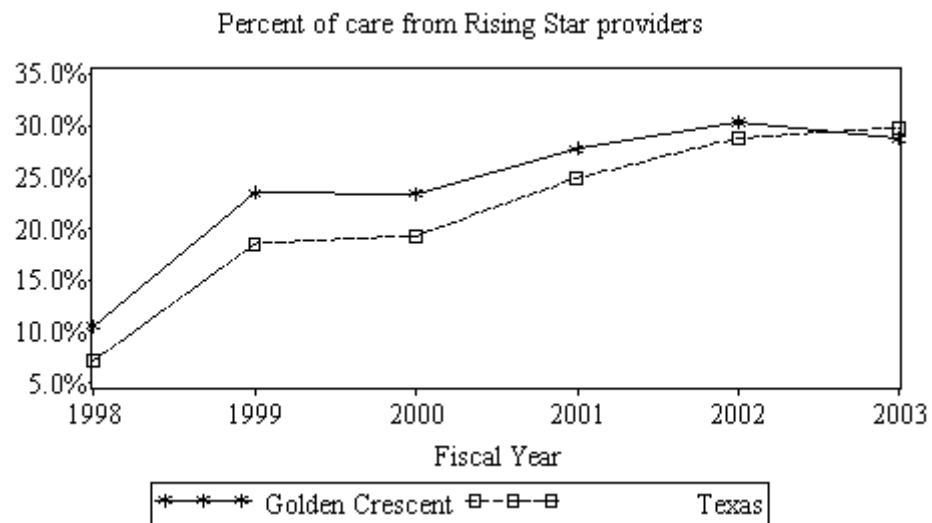
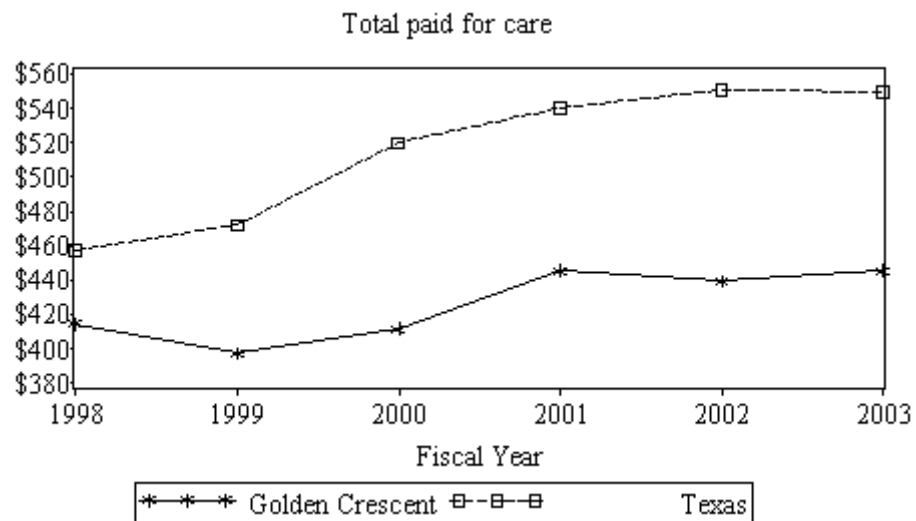


Chart 3



Local Workforce Development Board: 20 Alamo

Total population: 1,807,868

Overall poverty rate: 15.2%

Child population: 508,027

Child poverty rate: 21.2%

Child population growth: 14.6%

Child ethnicity/race:

White 32.1%

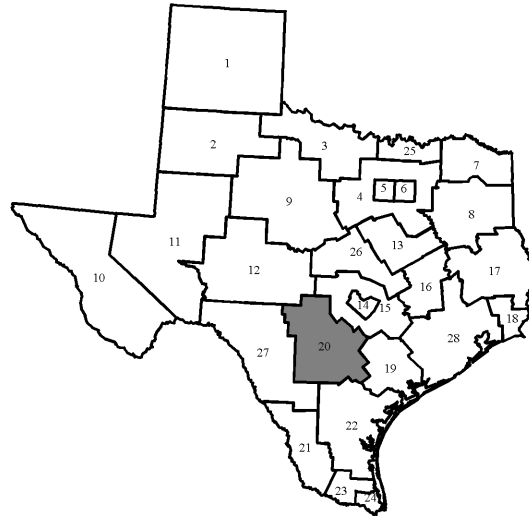
Black 6.0%

Hispanic 59.0%

Other 3.0%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
3.7%	3.1%	3.4%	3.9%	5.1%	5.3%



Key Dates

Board certification date: Nov. 96

Child care management transition date: Mar. 0298

Date of first new child care contract award: CCT: Dec. 98 & CCMS: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 150% FPIL
Apr. 03 85% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Mar. 0203 10% for 1 child; 12% for 2 or more; 65% of 10% or 12% for families of 7 or more plus increase of 2% beginning 3rd year of care

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$68,645,356	\$69,001,495	\$74,467,636
Adjusted allocation	\$62,941,320	\$83,554,954	\$85,660,642
Federal funds requiring local match	\$4,314,890	\$12,138,196	\$14,277,821
Adjustments to unmatched federal funds	\$0	\$959,036	\$0
Total local match required	\$2,603,858	\$7,776,768	\$9,458,654

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.49	\$21.02	\$21.02
Licensed center full day pre-school care	\$14.68	\$17.16	\$17.16
Registered family home full day infant care	\$13.95	\$16.13	\$16.13
Registered family home full day pre-school care	\$11.16	\$14.00	\$14.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.43	\$19.97	\$20.85
Licensed center full day pre-school care	\$15.55	\$18.37	\$19.08
Registered family home full day infant care	\$13.90	\$15.60	\$16.62
Registered family home full day pre-school care	\$13.35	\$14.67	\$15.33

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.06	7.55

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	25,990	28,203	31,497
Age of child			
Infant (1 to 17 months)	22.3%	23.0%	24.3%
Toddler (18 to 35 months)	20.9%	21.8%	23.4%
Pre-schooler (36 to 71 months)	30.7%	29.0%	28.1%
School age (72 months and older)	26.1%	26.2%	24.2%
Race/ethnicity of Child			
White	11.8%	11.5%	11.7%
Black	15.5%	14.5%	14.3%
Hispanic	69.1%	70.2%	70.0%
Other	3.7%	3.7%	4.0%
Family			
Average number of subsidized children	1.76	1.84	1.88
Families with one child	48.8%	45.4%	44.1%
Families with two children	32.9%	33.3%	33.4%
Families with three or more children	18.2%	21.3%	22.5%
Parent			
Marital status (if known)			
Single (never married)	66.8%	69.9%	71.5%
Married	6.3%	6.2%	6.2%
Divorced/separated/widowed	26.9%	24.0%	22.2%

Local Workforce Development Board: 20 Alamo

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	81.6%	79.1%	79.7%
Group Day/Registered Family Homes	2.4%	2.9%	3.2%
In home relative	4.6%	5.7%	9.0%
Out of home unregulated	11.4%	12.2%	8.0%
Features of care provided			
Texas Rising Star provider care	6.6%	15.8%	19.9%
Self-arranged care	7.6%	8.6%	11.7%
Full-time care	74.9%	88.5%	90.3%
Reason for care			
Working/Seeking work	75.8%	68.9%	70.0%
Training	24.0%	30.7%	29.6%
Other	.3%	.4%	.4%
Eligibility type			
Income eligible	66.1%	61.6%	61.4%
Choices/TANF	19.0%	20.5%	26.7%
Transitional	14.6%	8.9%	11.5%
Other workforce development programs	.0%	9.0%	.3%
Other	.2%	.0%	.0%
Family-level subsidy amount	\$381	\$466	\$483
Family-level co-payment			
Percent of families with co-pay due	79.2%	71.6%	73.5%
Average monthly co-pay (of those with co-pay due)	\$92	\$100	\$113
Percent of service months by age			
Infant (1 to 17 months)	13.0%	13.8%	15.9%
Toddler (18 to 35 months)	21.2%	21.9%	24.3%
Pre-schooler (36 to 71 months)	36.0%	34.2%	33.5%
School age (72 months and older)	29.8%	30.1%	26.3%

Chart 1

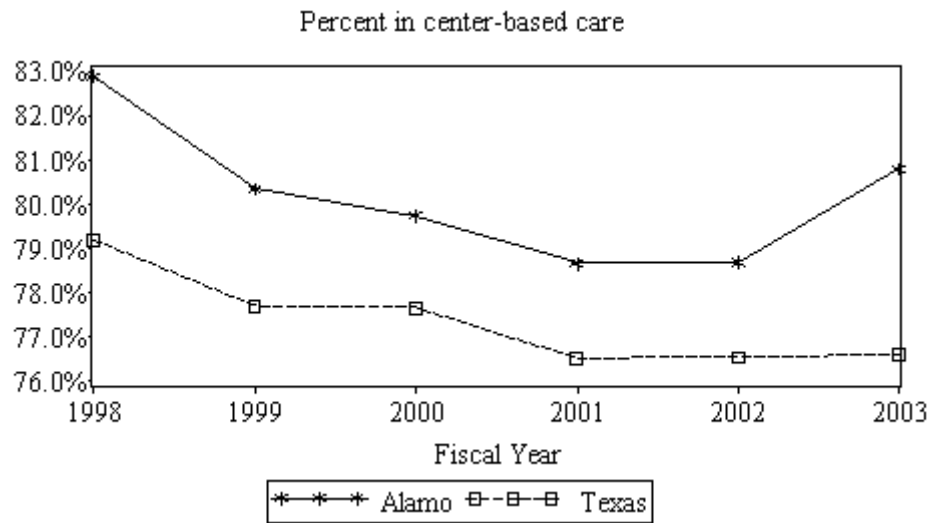


Chart 2

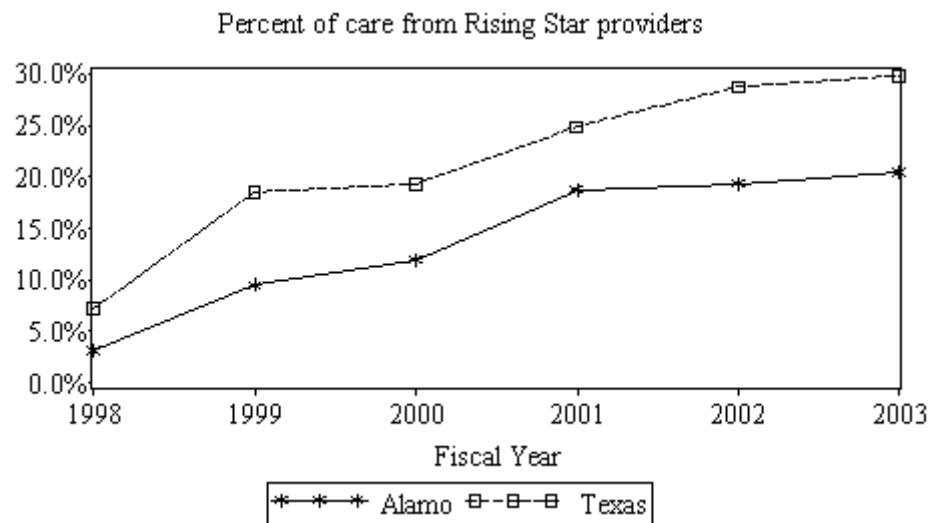
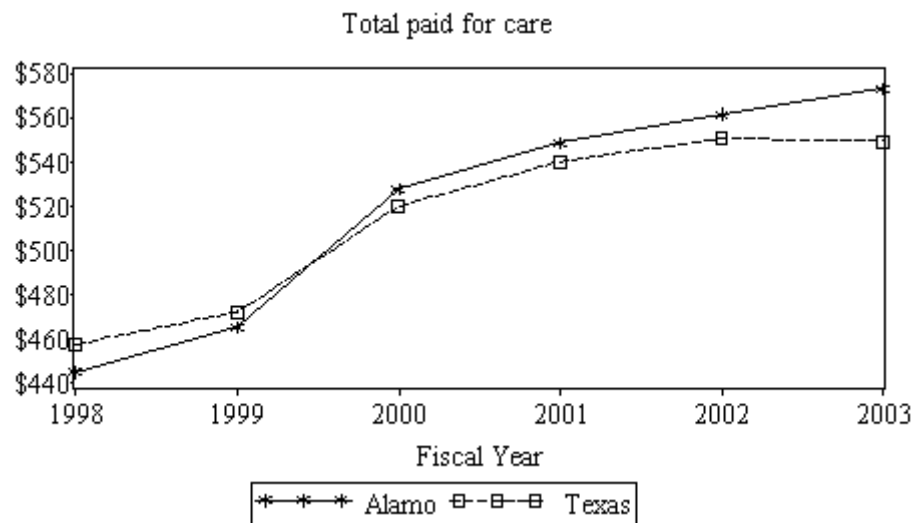


Chart 3



Local Workforce Development Board: 21 South Texas

Total population: 264,177

Overall poverty rate: 35.3%

Child population: 95,597

Child poverty rate: 43.7%

Child population growth: 36.8%

Child ethnicity/race:

White 3.4%

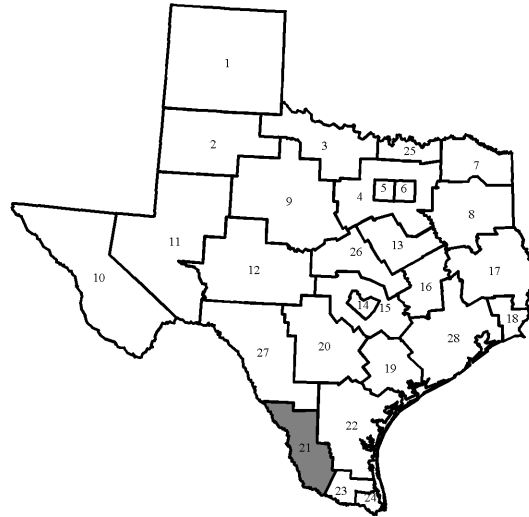
Black .1%

Hispanic 95.9%

Other .5%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
13.3%	12.2%	10.3%	9.6%	7.4%	7.7%



Key Dates

Board certification date: June 96

Child care management transition date: Sept. 99

Date of first new child care contract award: Aug. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates:	Oct. 99	85% SMI
	Nov. 01	55% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Nov. 01 10% for 1 child, 12% for 2 or more children

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$18,401,718	\$19,553,597	\$17,692,420
Adjusted allocation	\$12,898,317	\$19,775,312	\$17,911,332
Federal funds requiring local match	\$642,549	\$725,060	\$783,078
Adjustments to unmatched federal funds	-\$728,915	\$13,041	\$0
Total local match required	\$389,161	\$461,155	\$519,637

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$10.04	\$17.00	\$17.00
Licensed center full day pre-school care	\$19.92	\$19.92	\$19.92
Registered family home full day infant care	\$11.16	\$13.66	\$13.66
Registered family home full day pre-school care	\$8.93	\$11.43	\$11.43

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$10.36	\$16.87	\$17.48
Licensed center full day pre-school care	\$14.96	\$16.46	\$16.82
Registered family home full day infant care	\$11.03	\$13.75	\$13.51
Registered family home full day pre-school care	\$11.23	\$13.65	\$13.42

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	8.60	8.00

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	5,179	8,505	8,580
Age of child			
Infant (1 to 17 months)	23.1%	23.1%	21.0%
Toddler (18 to 35 months)	24.2%	22.2%	20.8%
Pre-schooler (36 to 71 months)	32.2%	29.3%	27.6%
School age (72 months and older)	20.5%	25.4%	30.6%
Race/ethnicity of Child			
White	.5%	.4%	.5%
Black	.2%	.2%	.3%
Hispanic	98.9%	99.2%	99.1%
Other	.3%	.2%	.1%
Family			
Average number of subsidized children	1.59	1.72	1.90
Families with one child	58.7%	52.9%	44.9%
Families with two children	27.6%	28.7%	30.7%
Families with three or more children	13.7%	18.4%	24.4%
Parent			
Marital status (if known)			
Single (never married)	28.7%	34.0%	44.2%
Married	32.3%	36.6%	26.8%
Divorced/separated/widowed	38.9%	29.4%	29.0%

Local Workforce Development Board: 21 South Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	58.8%	44.5%	37.8%
Group Day/Registered Family Homes	6.8%	6.6%	6.2%
In home relative	29.8%	27.0%	22.1%
Out of home unregulated	4.5%	21.9%	33.8%
Features of care provided			
Texas Rising Star provider care	5.5%	22.5%	24.4%
Self-arranged care	31.2%	28.2%	23.3%
Full-time care	80.5%	86.6%	87.5%
Reason for care			
Working/Seeking work	80.3%	75.8%	69.2%
Training	19.4%	23.8%	30.4%
Other	.3%	.5%	.3%
Eligibility type			
Income eligible	84.6%	76.5%	51.9%
Choices/TANF	10.4%	13.5%	28.7%
Transitional	5.0%	3.4%	10.8%
Other workforce development programs	.0%	5.5%	2.0%
Other	.0%	1.0%	6.7%
Family-level subsidy amount	\$285	\$355	\$406
Family-level co-payment			
Percent of families with co-pay due	87.9%	82.2%	71.5%
Average monthly co-pay (of those with co-pay due)	\$97	\$122	\$121
Percent of service months by age			
Infant (1 to 17 months)	14.3%	16.1%	13.8%
Toddler (18 to 35 months)	24.2%	22.6%	20.8%
Pre-schooler (36 to 71 months)	40.2%	34.9%	32.2%
School age (72 months and older)	21.4%	26.4%	33.2%

Chart 1

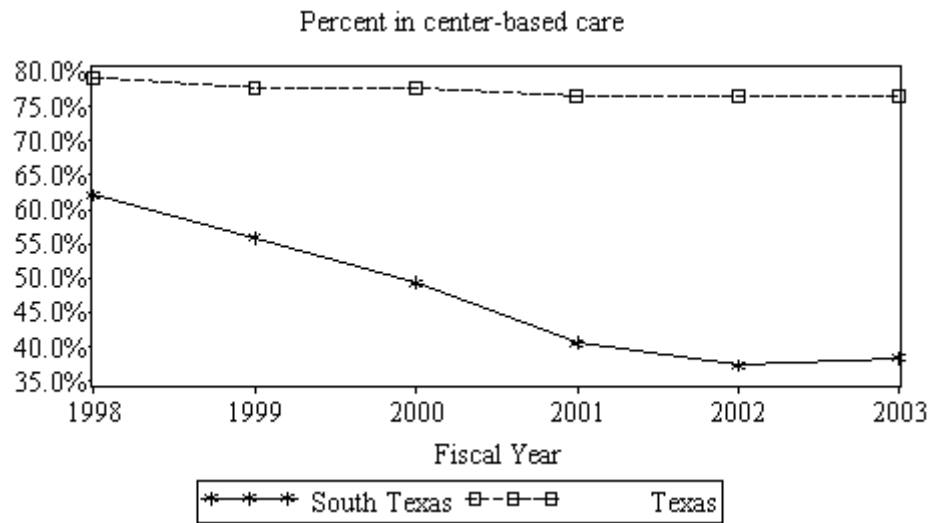


Chart 2

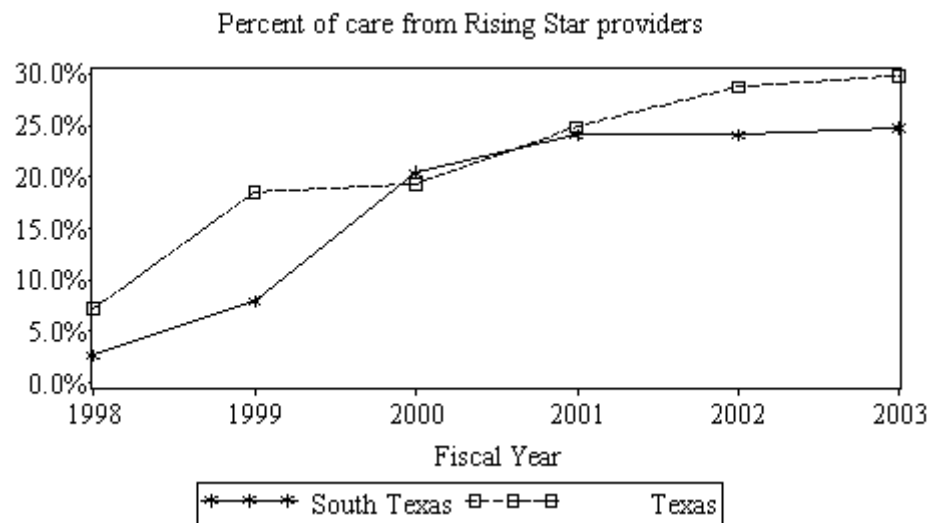
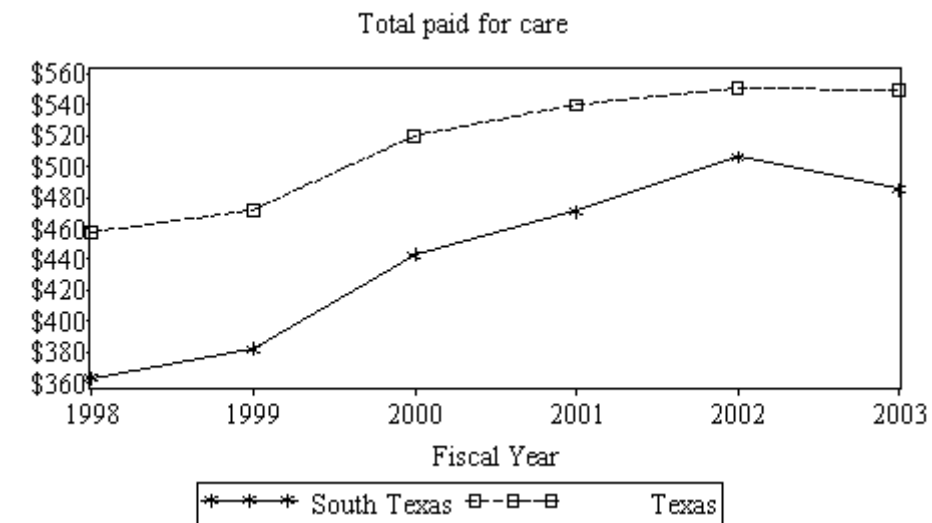


Chart 3



Local Workforce Development Board: 22 Coastal Bend

Total population: 549,012

Overall poverty rate: 19.9%

Child population: 155,345

Child poverty rate: 26.6%

Child population growth: .2%

Child ethnicity/race:

White 28.9%

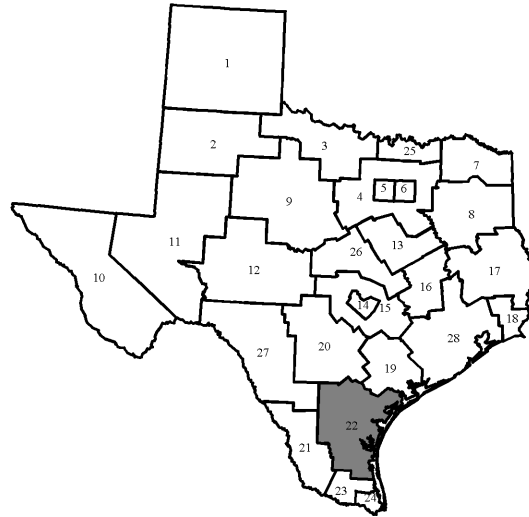
Black 3.4%

Hispanic 65.3%

Other 2.4%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
6.9%	7%	6.2%	5.6%	6.3%	6.8%



Key Dates

Board certification date: Sept. 96

Child care management transition date: July 98

Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: date unknown 9% for 1 child; 11% for 2 or more; 65% of 9% or 11% for families of 7 or more. 65% of 9% or 11% if all children are school age and attending school.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$27,513,725	\$26,645,635	\$25,389,721
Adjusted allocation	\$27,670,520	\$27,793,787	\$25,803,001
Federal funds requiring local match	\$1,298,410	\$1,521,655	\$1,948,662
Adjustments to unmatched federal funds	-\$245,498	\$0	\$0
Total local match required	\$784,012	\$972,490	\$1,292,248

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.81	\$16.81	\$16.81
Licensed center full day pre-school care	\$13.67	\$13.67	\$13.67
Registered family home full day infant care	\$12.28	\$12.28	\$12.28
Registered family home full day pre-school care	\$11.16	\$11.16	\$11.16

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.28	\$17.07	\$22.17
Licensed center full day pre-school care	\$16.00	\$16.69	\$20.13
Registered family home full day infant care	\$11.90	\$12.24	\$16.01
Registered family home full day pre-school care	\$10.76	\$11.26	\$15.00

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	7.96	5.46

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	11,085	12,712	11,343
Age of child			
Infant (1 to 17 months)	21.0%	20.5%	21.3%
Toddler (18 to 35 months)	20.4%	21.0%	21.7%
Pre-schooler (36 to 71 months)	31.2%	30.5%	29.5%
School age (72 months and older)	27.3%	27.9%	27.5%
Race/ethnicity of Child			
White	13.3%	10.4%	9.5%
Black	10.2%	8.3%	6.5%
Hispanic	75.8%	78.0%	76.6%
Other	.7%	3.2%	7.4%
Family			
Average number of subsidized children	1.71	1.83	1.94
Families with one child	51.0%	45.7%	40.5%
Families with two children	32.3%	33.3%	34.6%
Families with three or more children	16.8%	21.0%	24.9%
Parent			
Marital status (if known)			
Single (never married)	57.3%	67.1%	70.6%
Married	13.3%	9.2%	9.4%
Divorced/separated/widowed	29.3%	23.7%	20.0%

Local Workforce Development Board: 22 Coastal Bend

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	70.8%	67.6%	66.2%
Group Day/Registered Family Homes	3.0%	2.9%	3.7%
In home relative	12.8%	12.5%	10.7%
Out of home unregulated	13.4%	17.0%	19.4%
Features of care provided			
Texas Rising Star provider care	10.3%	16.7%	22.6%
Self-arranged care	13.9%	13.4%	11.6%
Full-time care	82.7%	91.5%	91.0%
Reason for care			
Working/Seeking work	77.2%	77.0%	64.4%
Training	22.4%	22.7%	34.6%
Other	.4%	.3%	1.1%
Eligibility type			
Income eligible	70.6%	64.1%	49.8%
Choices/TANF	18.9%	22.0%	32.7%
Transitional	9.5%	5.8%	12.8%
Other workforce development programs	.1%	8.1%	4.7%
Other	1.0%	.0%	.0%
Family-level subsidy amount	\$360	\$386	\$507
Family-level co-payment			
Percent of families with co-pay due	80.0%	70.4%	63.4%
Average monthly co-pay (of those with co-pay due)	\$84	\$99	\$103
Percent of service months by age			
Infant (1 to 17 months)	13.9%	12.7%	13.9%
Toddler (18 to 35 months)	21.6%	21.1%	21.4%
Pre-schooler (36 to 71 months)	36.3%	36.0%	33.9%
School age (72 months and older)	28.3%	30.2%	30.8%

Chart 1

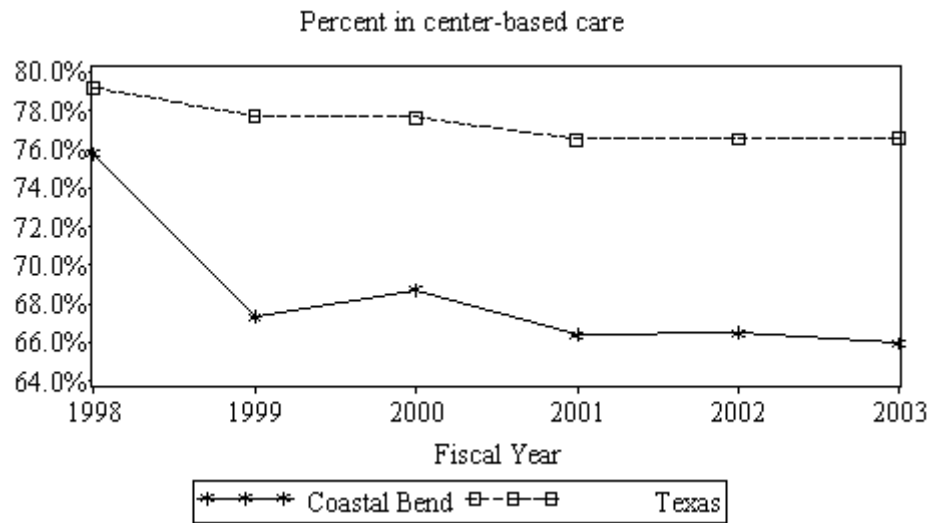


Chart 2

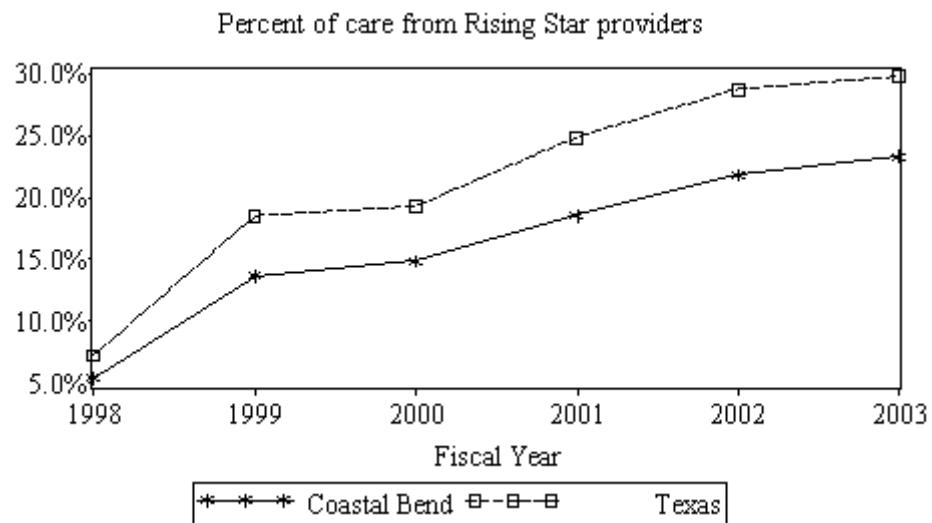
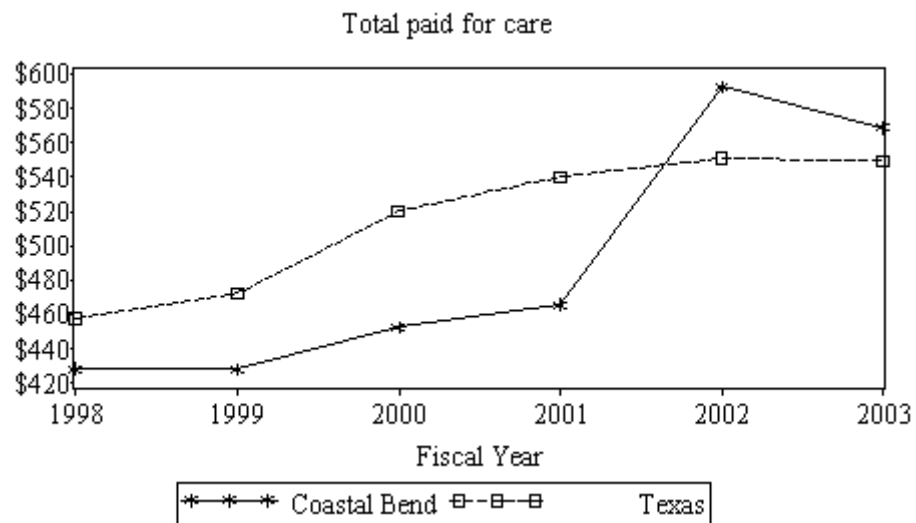


Chart 3



Local Workforce Development Board: 23 Lower Rio Grande Valley

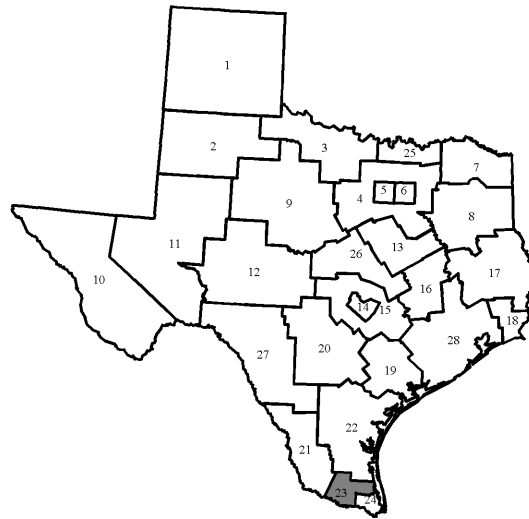
Total population: 589,545
Overall poverty rate: 35.8%

Child population: 207,354
Child poverty rate: 45.4%

Child population growth: 41.0%

Child ethnicity/race:
White 4.7%
Black .2%
Hispanic 94.3%
Other .7%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
17.9% 14.5% 13.7% 13.2% 14% 14.2%



Key Dates

Board certification date: Sept. 99
Child care management transition date: Jan. 00
Date of first new child care contract award: Sept. 01

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Sept. 99 85% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Oct. 99 9% for 1-2 children, 10% for 3 or more children
Sept. 01 10% for 1 child; 12% for 2 or more; 14% for families who have received services for more than 36 months, 65% of 10% or 12% for families of 7 or more

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$35,172,901	\$37,995,175	\$45,173,573
Adjusted allocation	\$28,780,477	\$37,912,096	\$42,820,940
Federal funds requiring local match	\$1,367,955	\$443,236	\$1,185,856
Adjustments to unmatched federal funds	-\$1,367,986	-\$381,518	-\$152,883
Total local match required	\$828,149	\$287,387	\$788,422

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$12.72	\$15.00	\$15.00
Licensed center full day pre-school care	\$11.75	\$13.00	\$13.00
Registered family home full day infant care	\$9.01	\$11.50	\$11.50
Registered family home full day pre-school care	\$7.81	\$10.00	\$10.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$12.64	\$14.67	\$15.51
Licensed center full day pre-school care	\$11.78	\$13.33	\$14.02
Registered family home full day infant care	\$9.10	\$10.38	\$11.09
Registered family home full day pre-school care	\$8.76	\$10.04	\$10.37

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	5.64	8.19

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	14,605	16,911	19,441
Age of child			
Infant (1 to 17 months)	24.2%	22.4%	23.0%
Toddler (18 to 35 months)	19.3%	19.9%	20.4%
Pre-schooler (36 to 71 months)	28.6%	28.1%	26.9%
School age (72 months and older)	27.9%	29.5%	29.7%
Race/ethnicity of Child			
White	1.2%	1.1%	.9%
Black	.4%	.3%	.3%
Hispanic	98.1%	98.4%	98.6%
Other	.2%	.2%	.1%
Family			
Average number of subsidized children	1.77	1.86	1.94
Families with one child	48.4%	44.3%	40.8%
Families with two children	32.7%	33.5%	34.0%
Families with three or more children	19.0%	22.2%	25.2%
Parent			
Marital status (if known)			
Single (never married)	32.8%	37.2%	43.2%
Married	27.7%	20.6%	19.5%
Divorced/separated/widowed	39.5%	42.2%	37.4%

Local Workforce Development Board: 23 Lower Rio Grande Valley

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	55.3%	55.5%	55.8%
Group Day/Registered Family Homes	14.8%	16.3%	14.9%
In home relative	21.5%	15.9%	15.5%
Out of home unregulated	8.3%	12.3%	13.8%
Features of care provided			
Texas Rising Star provider care	3.5%	8.3%	13.8%
Self-arranged care	23.5%	19.0%	19.2%
Full-time care	71.4%	84.8%	86.2%
Reason for care			
Working/Seeking work	67.5%	70.2%	64.1%
Training	32.4%	29.0%	33.0%
Other	.1%	.8%	2.9%
Eligibility type			
Income eligible	65.6%	67.1%	57.2%
Choices/TANF	26.5%	25.1%	27.6%
Transitional	7.9%	5.2%	6.7%
Other workforce development programs	.0%	2.6%	8.5%
Other	.0%	.0%	.0%
Family-level subsidy amount	\$280	\$337	\$375
Family-level co-payment			
Percent of families with co-pay due	74.6%	76.9%	76.1%
Average monthly co-pay (of those with co-pay due)	\$87	\$95	\$115
Percent of service months by age			
Infant (1 to 17 months)	16.0%	14.6%	14.1%
Toddler (18 to 35 months)	20.3%	20.4%	20.4%
Pre-schooler (36 to 71 months)	33.4%	31.9%	31.2%
School age (72 months and older)	30.2%	33.1%	34.2%

Chart 1

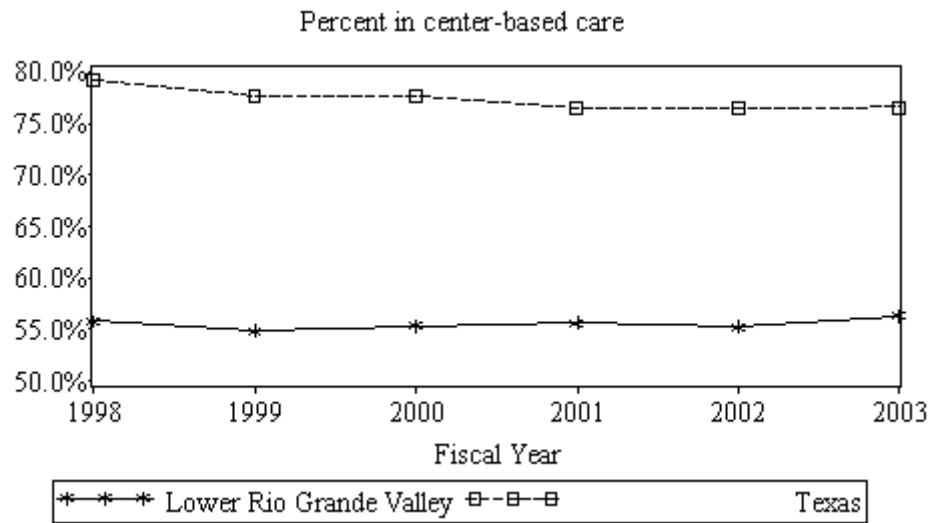


Chart 2

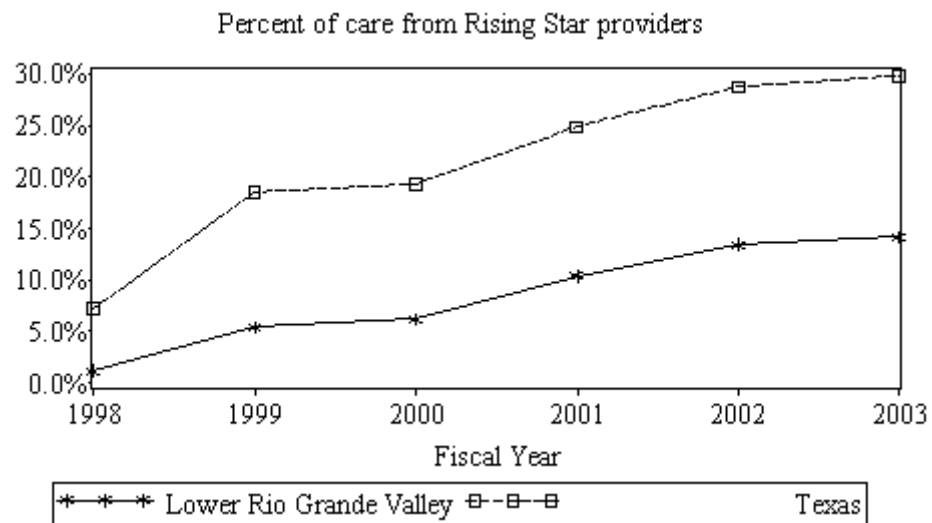
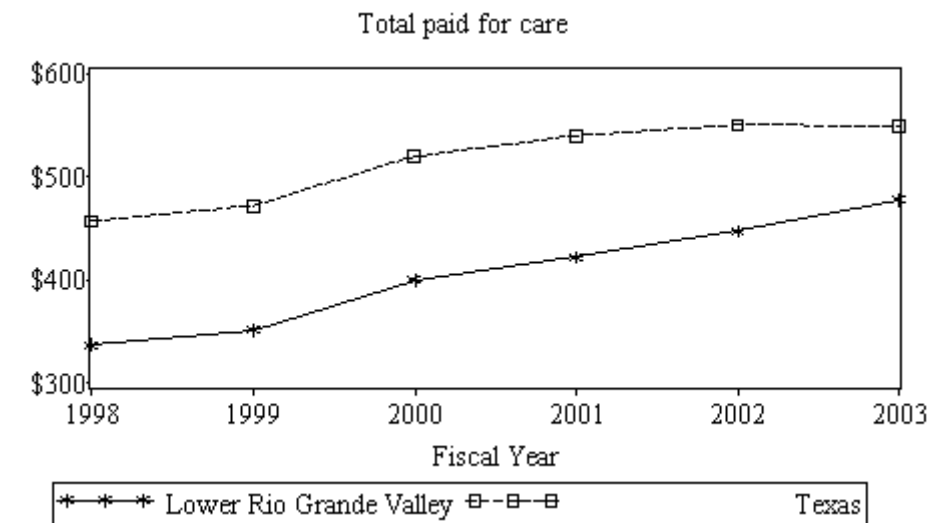


Chart 3



Local Workforce Development Board: 24 Cameron County

Total population: 335,227

Overall poverty rate: 33.1%

Child population: 113,295

Child poverty rate: 43.1%

Child population growth: 23.0%

Child ethnicity/race:

White 7.4%

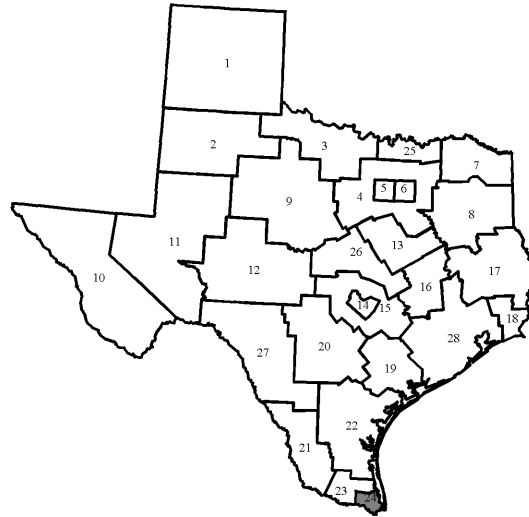
Black .3%

Hispanic 91.5%

Other .8%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
12.6%	9.8%	8.7%	9.2%	10.1%	10.6%



Key Dates

Board certification date: Apr. 96

Child care management transition date: May 99

Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates: Oct. 99 75% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Oct. 99 9% for 1-2 children, 10% for 3 or more children

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$19,835,978	\$21,629,186	\$23,024,052
Adjusted allocation	\$13,295,734	\$22,201,867	\$23,308,020
Federal funds requiring local match	\$733,535	\$474,511	\$702,755
Adjustments to unmatched federal funds	-\$832,133	\$0	\$0
Total local match required	\$444,267	\$303,614	\$466,946

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$12.72	\$14.00	\$14.00
Licensed center full day pre-school care	\$11.75	\$13.00	\$13.00
Registered family home full day infant care	\$9.01	\$12.00	\$12.00
Registered family home full day pre-school care	\$7.81	\$11.00	\$11.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$12.69	\$14.06	\$14.15
Licensed center full day pre-school care	\$11.82	\$13.03	\$13.15
Registered family home full day infant care	\$8.77	\$12.38	\$11.97
Registered family home full day pre-school care	\$8.89	\$11.53	\$11.13

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	4.92	6.96

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	6,369	10,912	10,260
Age of child			
Infant (1 to 17 months)	22.0%	22.3%	21.6%
Toddler (18 to 35 months)	20.1%	20.8%	22.1%
Pre-schooler (36 to 71 months)	29.6%	28.5%	28.5%
School age (72 months and older)	28.2%	28.4%	27.8%
Race/ethnicity of Child			
White	2.3%	1.6%	1.6%
Black	.5%	.5%	.8%
Hispanic	97.1%	97.7%	97.4%
Other	.2%	.1%	.1%
Family			
Average number of subsidized children	1.71	1.82	1.83
Families with one child	51.5%	45.7%	44.0%
Families with two children	32.4%	33.8%	36.3%
Families with three or more children	16.2%	20.5%	19.7%
Parent			
Marital status (if known)			
Single (never married)	34.4%	37.7%	39.0%
Married	30.5%	26.2%	30.1%
Divorced/separated/widowed	35.1%	36.1%	30.9%

Local Workforce Development Board: 24 Cameron County

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	74.8%	72.9%	84.7%
Group Day/Registered Family Homes	6.7%	8.4%	8.5%
In home relative	14.3%	10.6%	4.2%
Out of home unregulated	4.1%	8.1%	2.6%
Features of care provided			
Texas Rising Star provider care	8.9%	17.6%	30.6%
Self-arranged care	15.6%	12.7%	6.0%
Full-time care	67.9%	83.0%	84.8%
Reason for care			
Working/Seeking work	65.2%	66.1%	68.1%
Training	34.8%	33.2%	30.8%
Other	.0%	.6%	1.1%
Eligibility type			
Income eligible	68.0%	65.5%	62.9%
Choices/TANF	25.1%	22.6%	21.6%
Transitional	6.9%	4.1%	3.9%
Other workforce development programs	.1%	4.0%	7.0%
Other	.0%	3.8%	4.6%
Family-level subsidy amount	\$283	\$335	\$363
Family-level co-payment			
Percent of families with co-pay due	76.1%	73.5%	74.3%
Average monthly co-pay (of those with co-pay due)	\$88	\$99	\$112
Percent of service months by age			
Infant (1 to 17 months)	15.3%	14.4%	13.7%
Toddler (18 to 35 months)	20.5%	21.4%	22.2%
Pre-schooler (36 to 71 months)	33.7%	33.2%	33.7%
School age (72 months and older)	30.5%	31.0%	30.4%

Chart 1

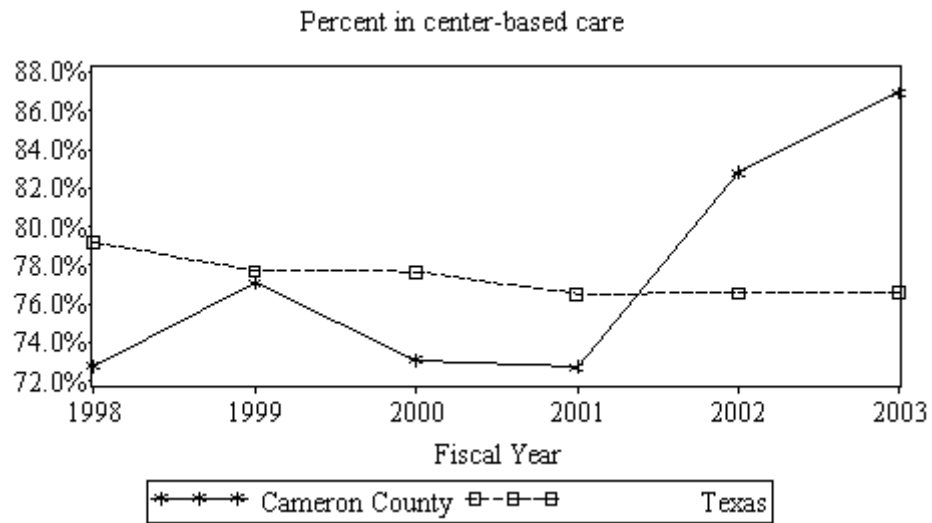


Chart 2

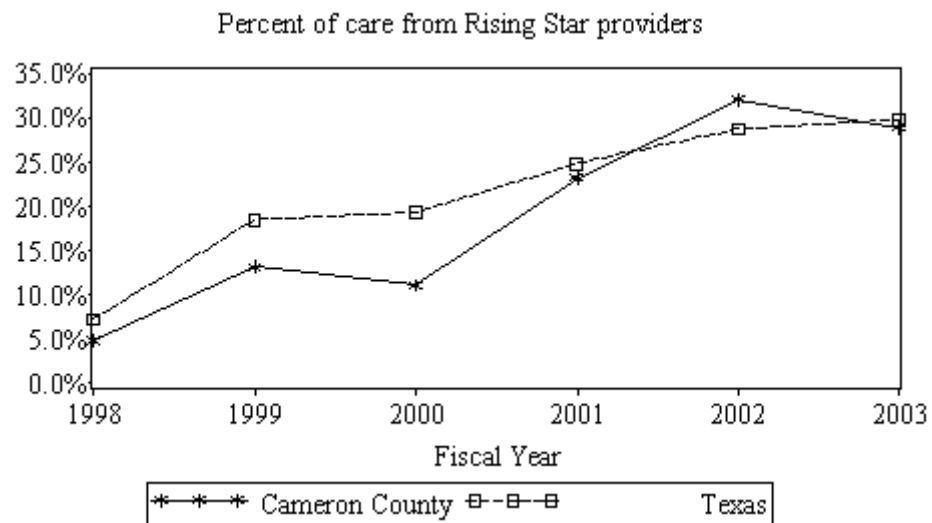
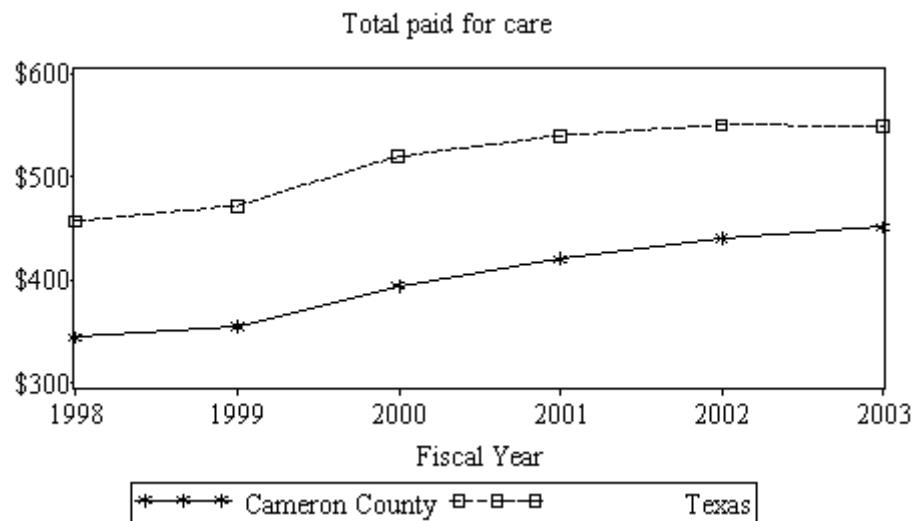


Chart 3



Local Workforce Development Board: 25 Texoma

Total population: 178,200

Overall poverty rate: 12.3%

Child population: 45,167

Child poverty rate: 15.7%

Child population growth: 13.1%

Child ethnicity/race:

White 78.5%

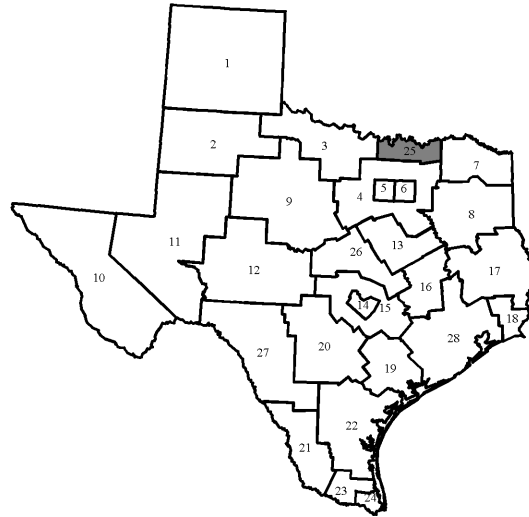
Black 6.3%

Hispanic 11.2%

Other 4.1%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
4.5%	4.3%	3.6%	5.4%	6.7%	6.7%



Key Dates

Board certification date: Oct. 96

Child care management transition date: Oct. 97

Date of first new child care contract award:

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates:	Oct. 99	75% SMI
	Nov. 02	55% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Jan. 00 9% for 1 child for the 1st year; 11% for 2 or more for the 1st year; 11% for 1 child for the 2nd year; 13% for 2 or more for the 2nd year; 13% for 1 child for the 3rd year; 15% for 2 or more for the 3rd year; 65% of 9% or 11% for families of 7 or more & 65% of 9% or 11% for part-week care.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$4,812,340	\$4,908,311	\$5,553,046
Adjusted allocation	\$5,199,687	\$5,114,125	\$5,894,967
Federal funds requiring local match	\$399,642	\$148,164	\$427,762
Adjustments to unmatched federal funds	\$162,495	\$28,791	\$30,213
Total local match required	\$240,853	\$94,962	\$283,795

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$20.81	\$20.81	\$20.81
Licensed center full day pre-school care	\$17.49	\$17.49	\$17.49
Registered family home full day infant care	\$18.97	\$17.00	\$17.00
Registered family home full day pre-school care	\$16.74	\$15.00	\$15.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$17.50	\$19.08	\$21.05
Licensed center full day pre-school care	\$15.85	\$16.76	\$19.49
Registered family home full day infant care	\$15.30	\$15.85	\$17.11
Registered family home full day pre-school care	\$13.78	\$13.89	\$15.90

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.38	6.19

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	1,589	2,112	2,375
Age of child			
Infant (1 to 17 months)	21.1%	21.8%	24.6%
Toddler (18 to 35 months)	18.9%	22.6%	21.9%
Pre-schooler (36 to 71 months)	33.6%	31.8%	33.4%
School age (72 months and older)	26.4%	23.8%	20.1%
Race/ethnicity of Child			
White	63.5%	65.7%	64.2%
Black	27.6%	25.4%	26.1%
Hispanic	4.1%	6.7%	7.5%
Other	4.8%	2.1%	2.3%
Family			
Average number of subsidized children	1.74	1.76	1.71
Families with one child	43.9%	45.9%	48.6%
Families with two children	40.1%	36.7%	35.5%
Families with three or more children	16.0%	17.5%	15.9%
Parent			
Marital status (if known)			
Single (never married)	65.8%	65.2%	61.0%
Married	9.1%	7.4%	10.9%
Divorced/separated/widowed	25.1%	27.4%	28.1%

Local Workforce Development Board: 25 Texoma

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	76.3%	74.0%	72.1%
Group Day/Registered Family Homes	5.2%	6.8%	6.5%
In home relative	6.8%	4.1%	3.0%
Out of home unregulated	11.7%	15.1%	18.4%
Features of care provided			
Texas Rising Star provider care	22.9%	33.9%	42.7%
Self-arranged care	10.6%	7.4%	7.0%
Full-time care	72.9%	90.1%	89.9%
Reason for care			
Working/Seeking work	78.5%	67.9%	71.9%
Training	21.4%	31.9%	27.1%
Other	.1%	.2%	1.0%
Eligibility type			
Income eligible	65.3%	63.3%	66.5%
Choices/TANF	18.0%	22.2%	17.9%
Transitional	12.7%	6.8%	9.5%
Other workforce development programs	.1%	6.1%	4.7%
Other	3.9%	1.6%	1.3%
Family-level subsidy amount	\$399	\$402	\$421
Family-level co-payment			
Percent of families with co-pay due	81.9%	76.6%	77.9%
Average monthly co-pay (of those with co-pay due)	\$90	\$112	\$117
Percent of service months by age			
Infant (1 to 17 months)	13.8%	15.1%	16.1%
Toddler (18 to 35 months)	19.9%	21.9%	22.7%
Pre-schooler (36 to 71 months)	35.8%	37.1%	37.7%
School age (72 months and older)	30.5%	26.0%	23.5%

Chart 1

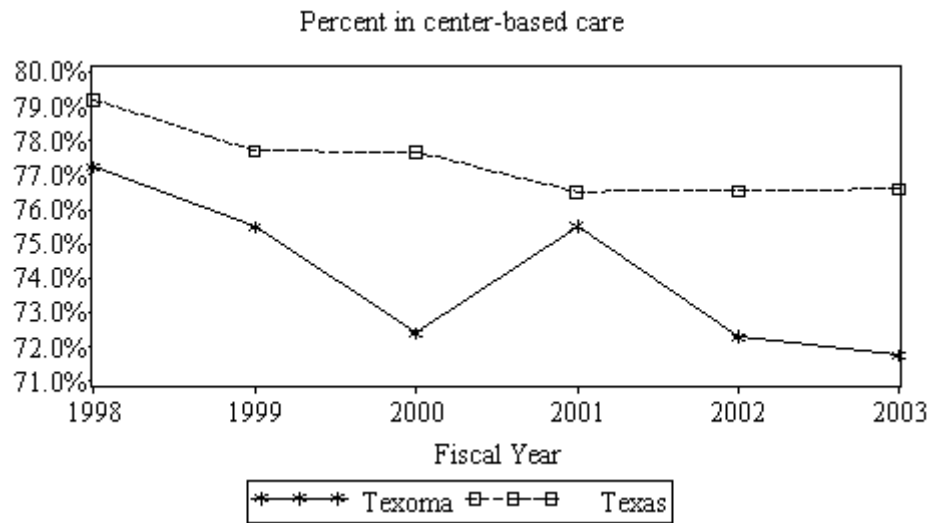


Chart 2

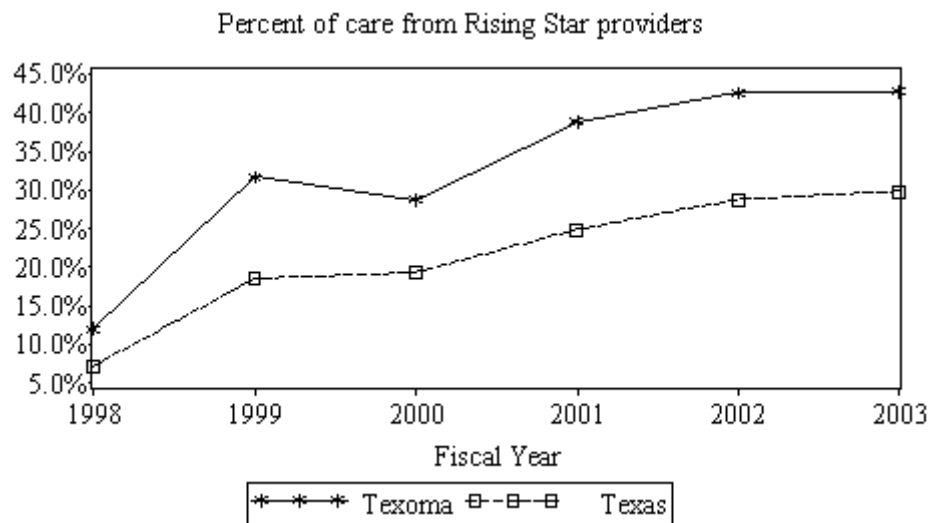
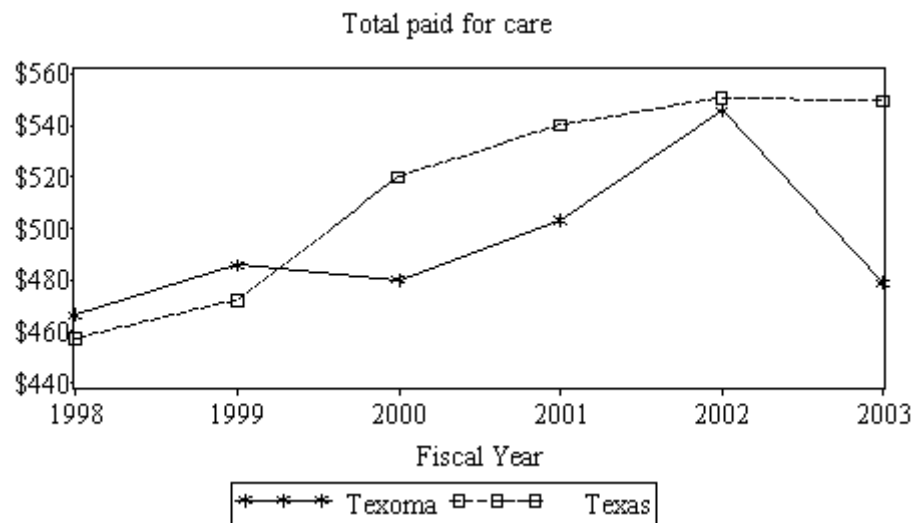


Chart 3



Local Workforce Development Board: 26 Central Texas

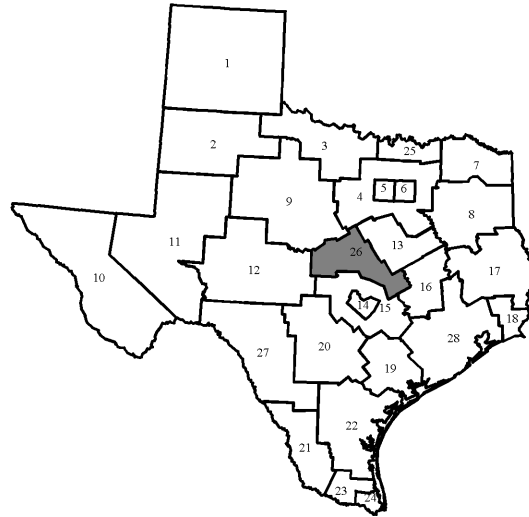
Total population: 374,518
Overall poverty rate: 12.2%

Child population: 104,966
Child poverty rate: 16.3%

Child population growth: 11.1%

Child ethnicity/race:
White 52.0%
Black 20.5%
Hispanic 20.8%
Other 6.7%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
4.3% 3.5% 3.3% 4.1% 5.1% 5.4%



Key Dates

Board certification date: July 96
Child care management transition date: Dec. 97
Date of first new child care contract award: Oct. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL, 75% SMI Teen Parent

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Sept. 01 11% for 1 Child; 13% for 2 or more; & 65% of 11% or 13% for families of 7 or more and for part-time care.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$10,666,312	\$13,444,540	\$14,842,564
Adjusted allocation	\$10,754,120	\$14,240,521	\$15,271,237
Federal funds requiring local match	\$615,156	\$361,842	\$904,800
Adjustments to unmatched federal funds	-\$234,449	\$8,822	\$0
Total local match required	\$371,675	\$231,436	\$600,681

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$14.04	\$17.00	\$18.13
Licensed center full day pre-school care	\$12.29	\$14.09	\$15.11
Registered family home full day infant care	\$11.16	\$14.00	\$16.60
Registered family home full day pre-school care	\$11.16	\$13.00	\$15.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$13.72	\$16.73	\$17.63
Licensed center full day pre-school care	\$12.83	\$14.97	\$15.59
Registered family home full day infant care	\$11.09	\$14.07	\$15.23
Registered family home full day pre-school care	\$10.70	\$13.59	\$14.50

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	6.92	7.14

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	4,328	5,964	6,660
Age of child			
Infant (1 to 17 months)	21.5%	22.0%	23.3%
Toddler (18 to 35 months)	20.9%	21.3%	22.3%
Pre-schooler (36 to 71 months)	34.2%	31.8%	30.2%
School age (72 months and older)	23.5%	24.9%	24.3%
Race/ethnicity of Child			
White	24.2%	26.3%	28.5%
Black	43.0%	46.1%	44.0%
Hispanic	11.4%	16.2%	19.6%
Other	21.5%	11.3%	7.9%
Family			
Average number of subsidized children	1.81	1.85	1.89
Families with one child	45.2%	44.1%	42.4%
Families with two children	34.5%	34.3%	34.7%
Families with three or more children	20.3%	21.6%	22.9%
Parent			
Marital status (if known)			
Single (never married)	51.2%	68.1%	74.7%
Married	8.4%	6.6%	6.4%
Divorced/separated/widowed	40.4%	25.3%	18.9%

Local Workforce Development Board: 26 Central Texas

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	77.0%	78.2%	78.6%
Group Day/Registered Family Homes	7.1%	7.9%	8.9%
In home relative	7.1%	5.0%	5.3%
Out of home unregulated	8.7%	8.9%	7.1%
Features of care provided			
Texas Rising Star provider care	8.9%	14.6%	26.3%
Self-arranged care	15.2%	20.9%	24.7%
Full-time care	78.6%	89.6%	88.6%
Reason for care			
Working/Seeking work	84.2%	74.6%	75.3%
Training	15.7%	24.6%	23.0%
Other	.2%	.8%	1.7%
Eligibility type			
Income eligible	74.3%	69.9%	65.2%
Choices/TANF	15.7%	18.4%	21.5%
Transitional	9.9%	7.3%	11.8%
Other workforce development programs	.1%	2.6%	1.0%
Other	.0%	1.8%	.5%
Family-level subsidy amount	\$325	\$386	\$407
Family-level co-payment			
Percent of families with co-pay due	84.1%	79.1%	79.4%
Average monthly co-pay (of those with co-pay due)	\$87	\$93	\$112
Percent of service months by age			
Infant (1 to 17 months)	13.3%	14.0%	16.0%
Toddler (18 to 35 months)	20.3%	20.4%	22.4%
Pre-schooler (36 to 71 months)	37.8%	35.8%	34.5%
School age (72 months and older)	28.6%	29.8%	27.1%

Chart 1

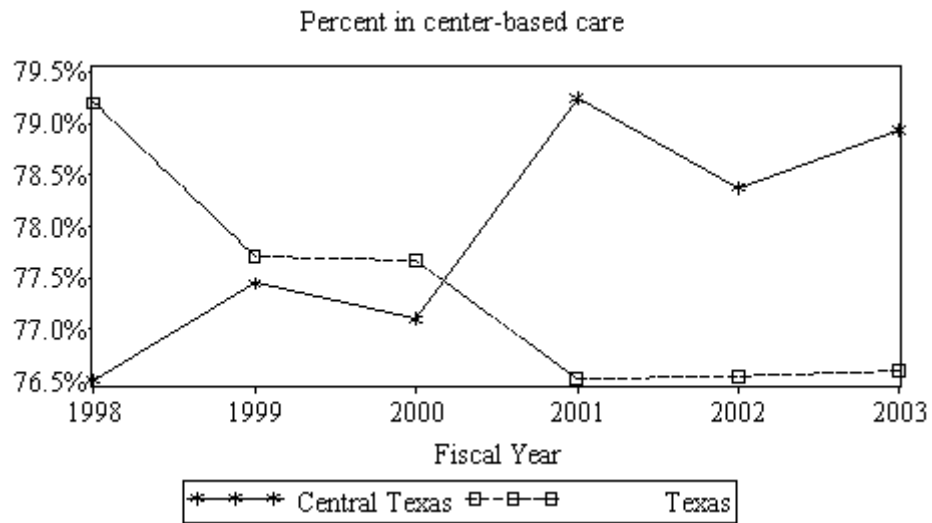


Chart 2

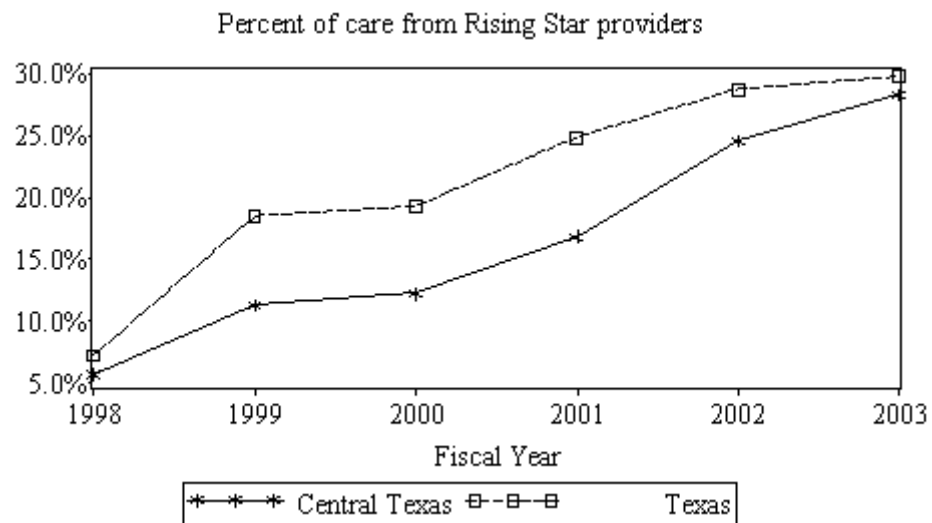
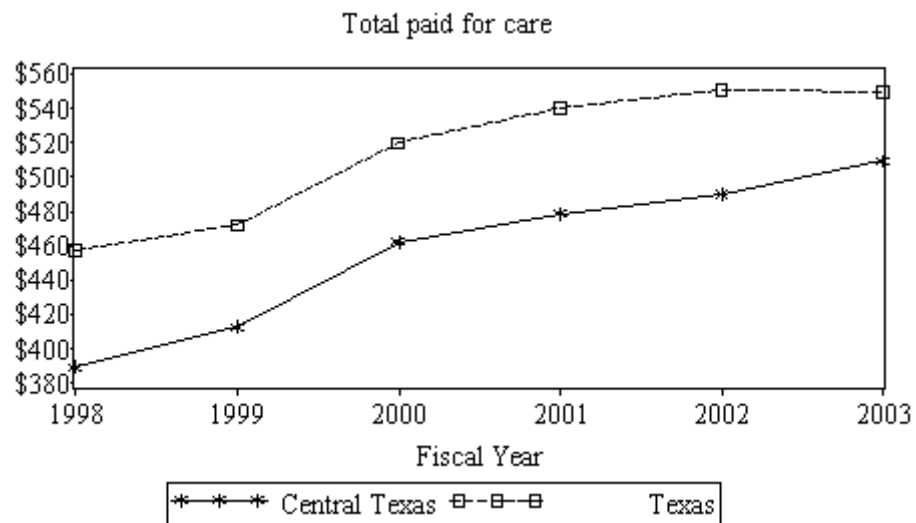


Chart 3



Local Workforce Development Board: 27 Middle Rio Grande

Total population: 154,381

Overall poverty rate: 30.2%

Child population: 51,250

Child poverty rate: 38.0%

Child population growth: 11.9%

Child ethnicity/race:

White 11.6%

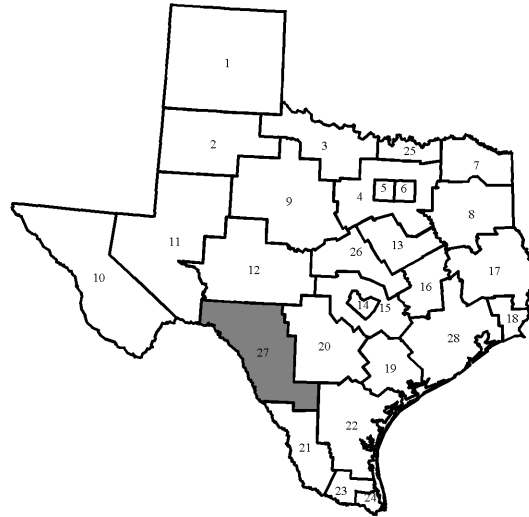
Black .6%

Hispanic 86.6%

Other 1.3%

Unemployment Rates:

1998	1999	2000	2001	2002	2003
15.4%	13.1%	12.2%	12.4%	13.4%	13.7%



Key Dates

Board certification date: Aug. 96

Child care management transition date: Sept. 98

Date of first new child care contract award: Sept. 99

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL

Policy change and effective dates:	Oct. 99	85% SMI
	Sept. 01	75% SMI

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more

Policy change and effective dates: Jan. 00 9% for 1 child; 11% for 2 or more; 65% of 9% or 11% for families of 7 or more; prorated if attending 3 days or less.

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$12,216,430	\$12,099,015	\$10,450,097
Adjusted allocation	\$7,712,865	\$11,376,801	\$10,674,999
Federal funds requiring local match	\$350,194	\$0	\$568,046
Adjustments to unmatched federal funds	-\$397,269	-\$277,963	\$226,601
Total local match required	\$212,096	\$0	\$376,939

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$17.15	\$17.15	\$17.15
Licensed center full day pre-school care	\$15.57	\$15.57	\$15.57
Registered family home full day infant care	\$10.88	\$10.88	\$10.88
Registered family home full day pre-school care	\$10.04	\$10.04	\$10.04

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$16.96	\$17.87	\$18.57
Licensed center full day pre-school care	\$13.78	\$14.56	\$15.06
Registered family home full day infant care	\$11.37	\$10.50	\$10.88
Registered family home full day pre-school care	\$12.33	\$11.57	\$11.63

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	5.31	6.82

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	3,126	5,707	5,813
Age of child			
Infant (1 to 17 months)	21.4%	22.7%	22.1%
Toddler (18 to 35 months)	20.2%	19.8%	21.4%
Pre-schooler (36 to 71 months)	32.6%	27.8%	28.3%
School age (72 months and older)	25.8%	29.7%	28.2%
Race/ethnicity of Child			
White	5.8%	4.7%	4.1%
Black	.9%	1.2%	1.0%
Hispanic	93.1%	93.6%	94.6%
Other	.2%	.4%	.3%
Family			
Average number of subsidized children	1.77	1.82	1.95
Families with one child	49.2%	46.8%	42.3%
Families with two children	32.0%	32.3%	32.8%
Families with three or more children	18.8%	20.9%	24.9%
Parent			
Marital status (if known)			
Single (never married)	27.9%	44.9%	48.1%
Married	38.1%	27.3%	23.6%
Divorced/separated/widowed	34.1%	27.8%	28.3%

Local Workforce Development Board: 27 Middle Rio Grande

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	75.5%	59.0%	64.8%
Group Day/Registered Family Homes	3.0%	1.2%	1.9%
In home relative	7.4%	7.8%	6.1%
Out of home unregulated	14.1%	32.0%	27.1%
Features of care provided			
Texas Rising Star provider care	3.9%	13.6%	17.0%
Self-arranged care	8.7%	8.2%	6.4%
Full-time care	62.6%	79.4%	74.1%
Reason for care			
Working/Seeking work	83.6%	78.5%	84.3%
Training	16.3%	20.4%	13.6%
Other	.1%	1.1%	2.1%
Eligibility type			
Income eligible	76.2%	69.0%	67.6%
Choices/TANF	16.5%	20.8%	19.8%
Transitional	7.2%	3.1%	7.1%
Other workforce development programs	.0%	2.6%	.7%
Other	.0%	4.6%	4.6%
Family-level subsidy amount	\$345	\$346	\$381
Family-level co-payment			
Percent of families with co-pay due	82.8%	77.2%	81.1%
Average monthly co-pay (of those with co-pay due)	\$91	\$99	\$110
Percent of service months by age			
Infant (1 to 17 months)	13.9%	15.4%	14.9%
Toddler (18 to 35 months)	19.7%	20.5%	20.2%
Pre-schooler (36 to 71 months)	37.4%	31.8%	31.5%
School age (72 months and older)	29.0%	32.3%	33.4%

Chart 1

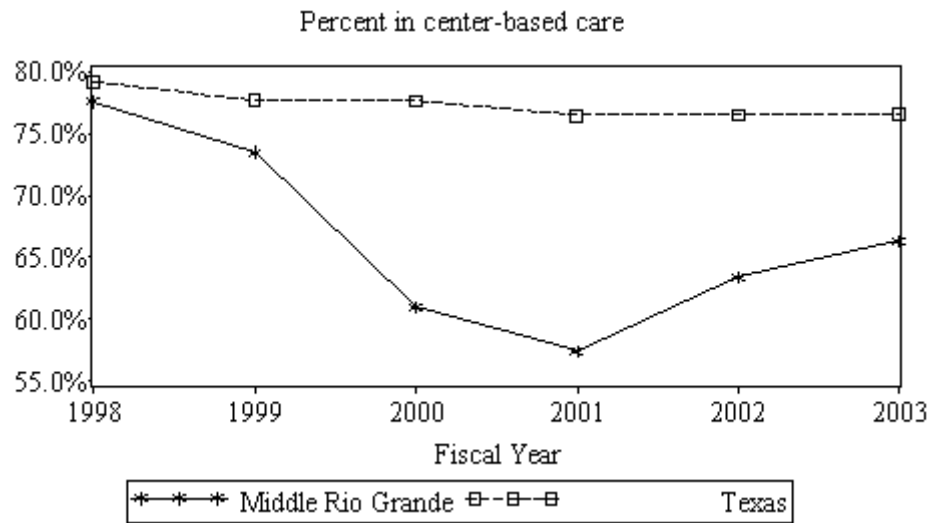


Chart 2

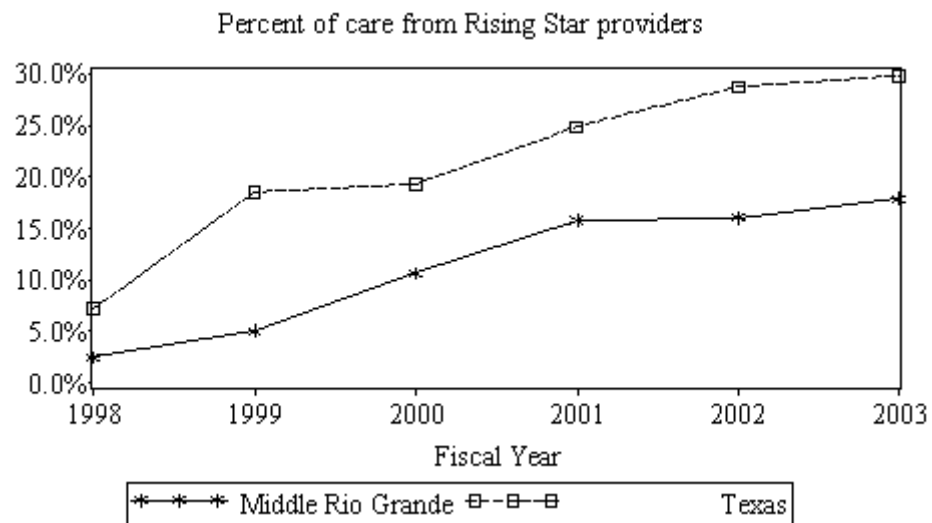
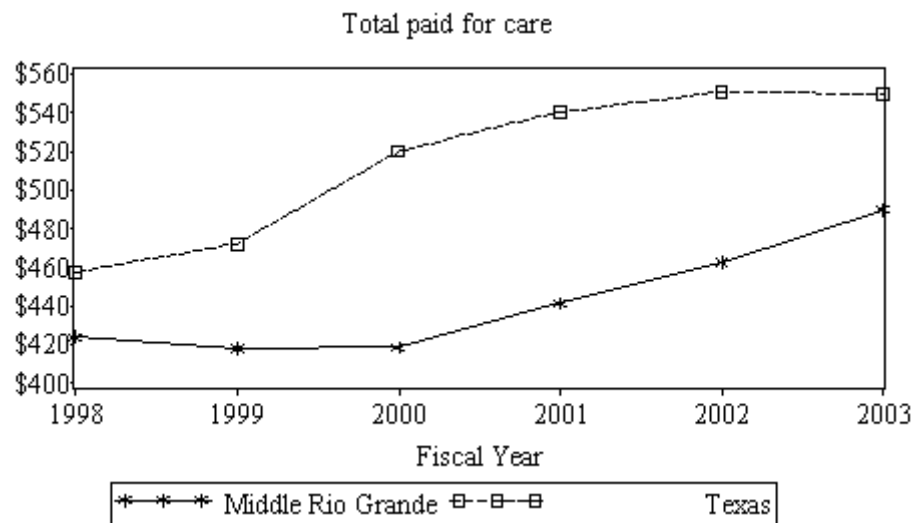


Chart 3



Local Workforce Development Board: 28 Gulf Coast

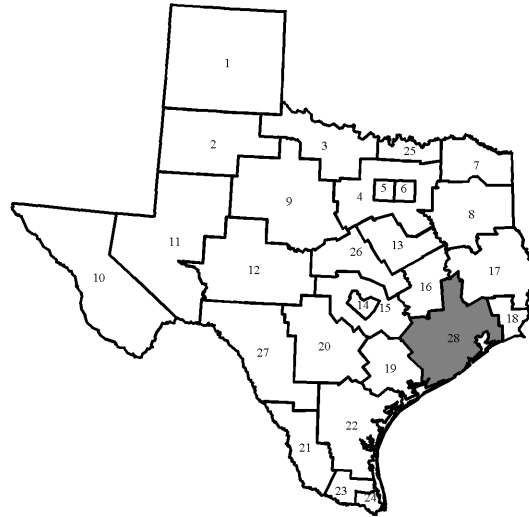
Total population: 4,854,454
Overall poverty rate: 13.8%

Child population: 1,401,948
Child poverty rate: 17.6%

Child population growth: 14.1%

Child ethnicity/race:
White 40.0%
Black 18.0%
Hispanic 35.8%
Other 6.2%

Unemployment Rates:
1998 1999 2000 2001 2002 2003
4.4% 4.7% 4.3% 4.5% 6% 6.9%



Key Dates

Board certification date: Jan. 97
Child care management transition date: May 98
Date of first new child care contract award: Aug. 98

Basic Income Eligibility Policies through FY 2003

Initial policy as of Oct. 97: The lower of 85% SMI or 150% FPIL
Policy change and effective dates: Oct. 99 150% FPIL

Parental Co-payment Policy through FY 2003 (percent of gross monthly household income)

Initial policy as of Oct. 97: 9% for 1 child, 11% for 2 or more children, 65% of 9% or 11% for families of 7 or more
Policy change and effective dates: Sept. 01 11-13% for 1 child, 13-15% for 2 or more children

Funding to Local Areas			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Initial allocation*	\$140,094,540	\$156,559,060	\$177,430,383
Adjusted allocation	\$144,965,376	\$164,826,694	\$184,177,717
Federal funds requiring local match	\$8,863,734	\$3,804,043	\$10,749,626
Adjustments to unmatched federal funds	\$866,871	-\$696,573	-\$86,260
Total local match required	\$5,347,220	\$2,437,983	\$7,140,188

* See technical notes section for definition of terms. FY 2003 data may be incomplete.

Provider Reimbursement Rates			
Maximum rates	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$20.09, \$18.22	\$24.00	\$24.00
Licensed center full day pre-school care	\$17.24, \$16.90	\$19.00	\$19.00
Registered family home full day infant care	\$16.18, \$15.90	\$20.00	\$20.00
Registered family home full day pre-school care	\$11.16, \$13.39	\$17.00	\$17.00

Average rates charged	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Licensed center full day infant care	\$18.85	\$22.12	\$22.91
Licensed center full day pre-school care	\$16.36	\$19.30	\$20.14
Registered family home full day infant care	\$15.26	\$17.85	\$19.91
Registered family home full day pre-school care	\$13.73	\$16.10	\$17.62

Characteristics of Subsidy Spells		
Median spell length in months	FY 1998 through 2000	FY 2001 through 2003
	9.99	9.23

Characteristics of Subsidy Recipients			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Children			
Total children receiving care	40,486	54,704	49,676
Age of child			
Infant (1 to 17 months)	21.0%	19.0%	19.8%
Toddler (18 to 35 months)	18.5%	18.9%	18.6%
Pre-schooler (36 to 71 months)	31.8%	30.5%	29.9%
School age (72 months and older)	28.7%	31.6%	31.7%
Race/ethnicity of Child			
White	11.0%	13.2%	12.7%
Black	66.6%	64.3%	61.9%
Hispanic	13.5%	16.7%	19.9%
Other	8.9%	5.8%	5.6%
Family			
Average number of subsidized children	1.92	1.97	1.92
Families with one child	41.8%	39.4%	41.8%
Families with two children	34.2%	35.0%	33.9%
Families with three or more children	24.0%	25.6%	24.3%
Parent			
Marital status (if known)			
Single (never married)	84.7%	86.4%	85.4%
Married	3.4%	2.9%	3.8%
Divorced/separated/widowed	11.9%	10.7%	10.8%

Local Workforce Development Board: 28 Gulf Coast

Characteristics of Services Provided			
	FY 1998 & 1999	FY 2000 & 2001	FY 2002 & 2003
Type of care arrangement			
Center	85.4%	84.7%	81.9%
Group Day/Registered Family Homes	4.5%	4.4%	4.7%
In home relative	5.0%	4.4%	4.6%
Out of home unregulated	5.1%	6.5%	8.7%
Features of care provided			
Texas Rising Star provider care	18.8%	26.4%	33.8%
Self-arranged care	6.8%	6.6%	9.2%
Full-time care	74.0%	88.0%	84.6%
Reason for care			
Working/Seeking work	78.4%	67.7%	66.5%
Training	20.3%	30.8%	31.8%
Other	1.3%	1.5%	1.6%
Eligibility type			
Income eligible	66.1%	57.9%	58.8%
Choices/TANF	18.7%	26.8%	27.6%
Transitional	14.7%	10.6%	12.7%
Other workforce development programs	.0%	3.7%	.9%
Other	.3%	1.1%	.1%
Family-level subsidy amount	\$487	\$544	\$529
Family-level co-payment			
Percent of families with co-pay due	81.7%	71.9%	71.6%
Average monthly co-pay (of those with co-pay due)	\$91	\$99	\$118
Percent of service months by age			
Infant (1 to 17 months)	11.4%	10.3%	13.1%
Toddler (18 to 35 months)	17.9%	17.1%	17.8%
Pre-schooler (36 to 71 months)	35.3%	34.6%	32.9%
School age (72 months and older)	35.4%	38.0%	36.1%

Chart 1

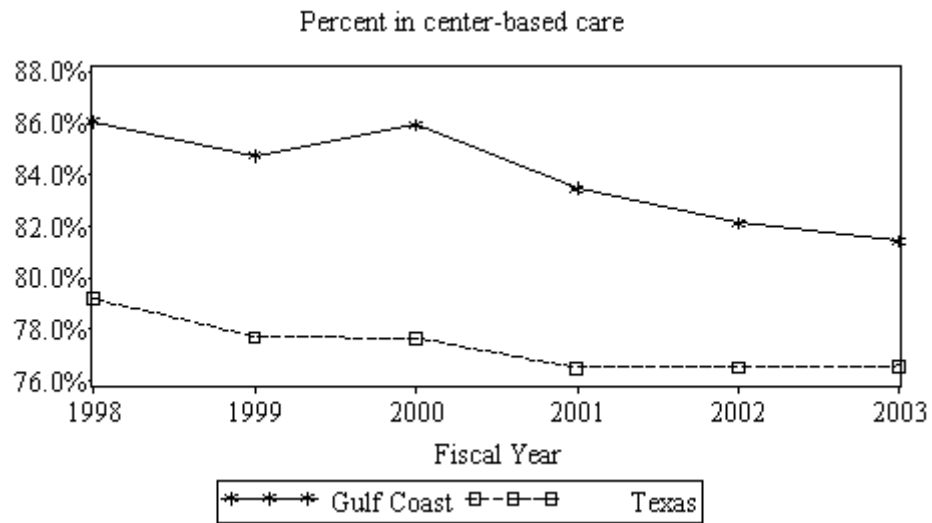


Chart 2

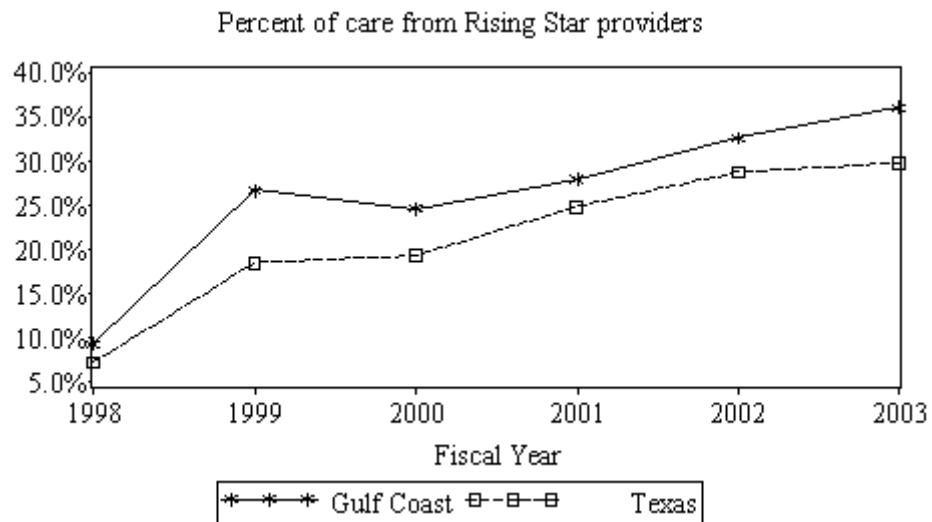
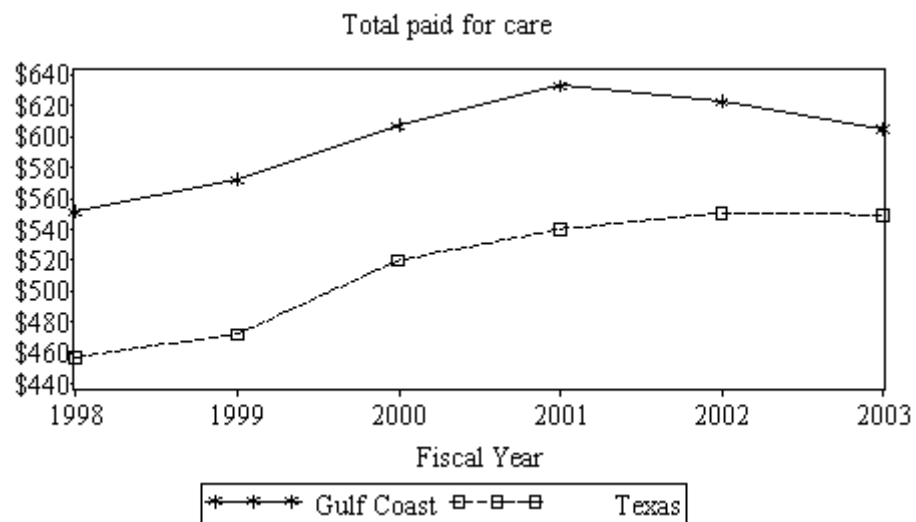
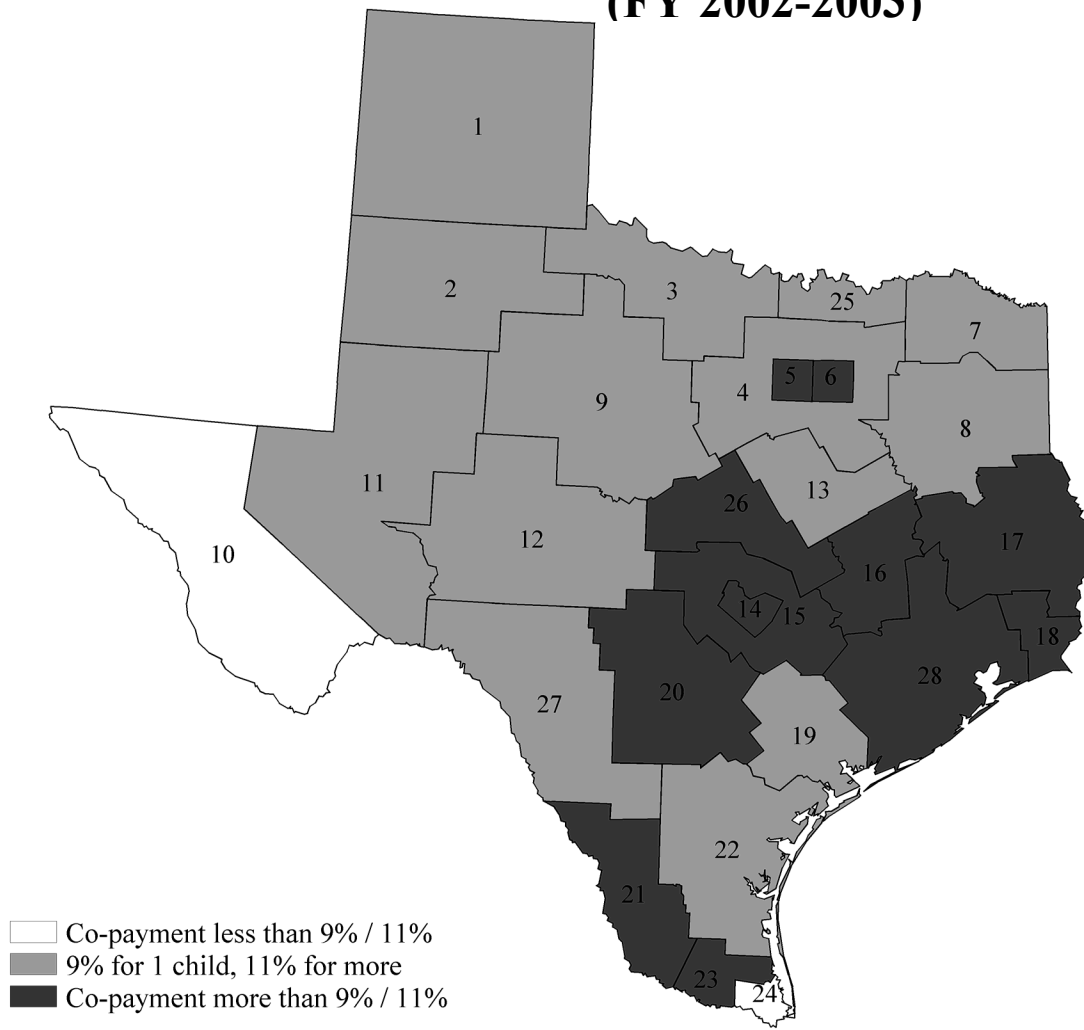


Chart 3



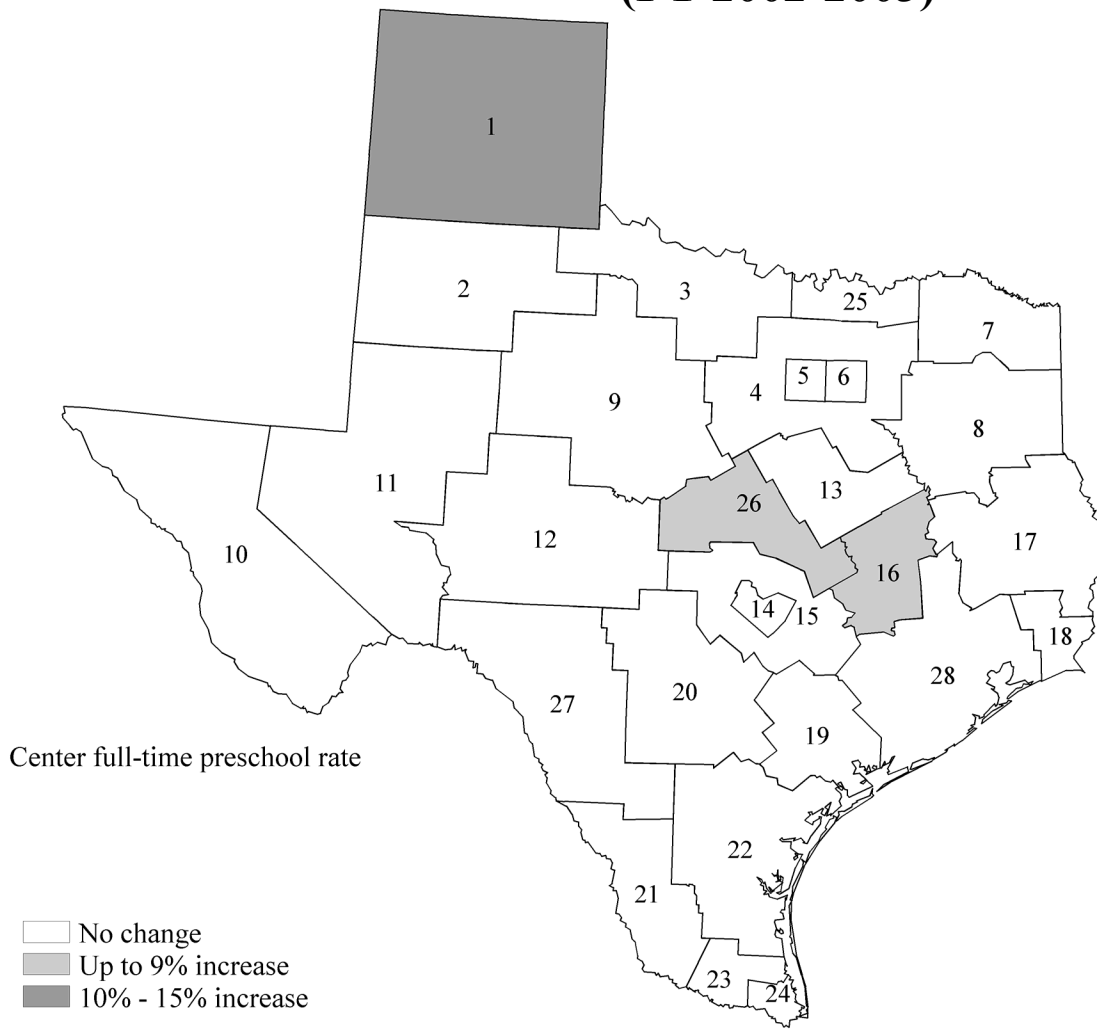
Appendix C
INDICATOR MAPS

Co-payment Policy Variation (FY 2002-2003)



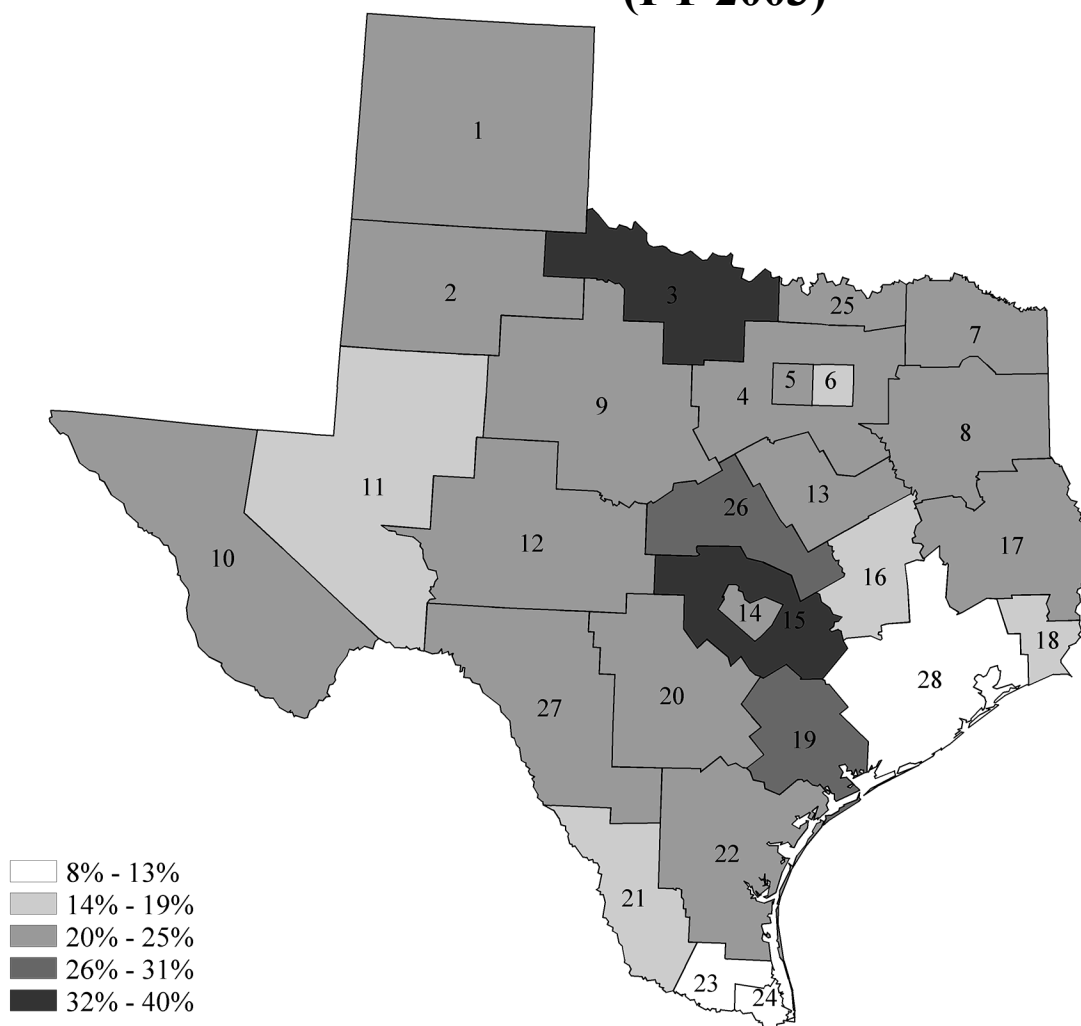
Note: Only the latest available time period is shown. Animated maps showing changes over time are available at <http://www.utexas.edu/research/cshr/childcare/>

Reimbursement Rate Increase (FY 2002-2003)



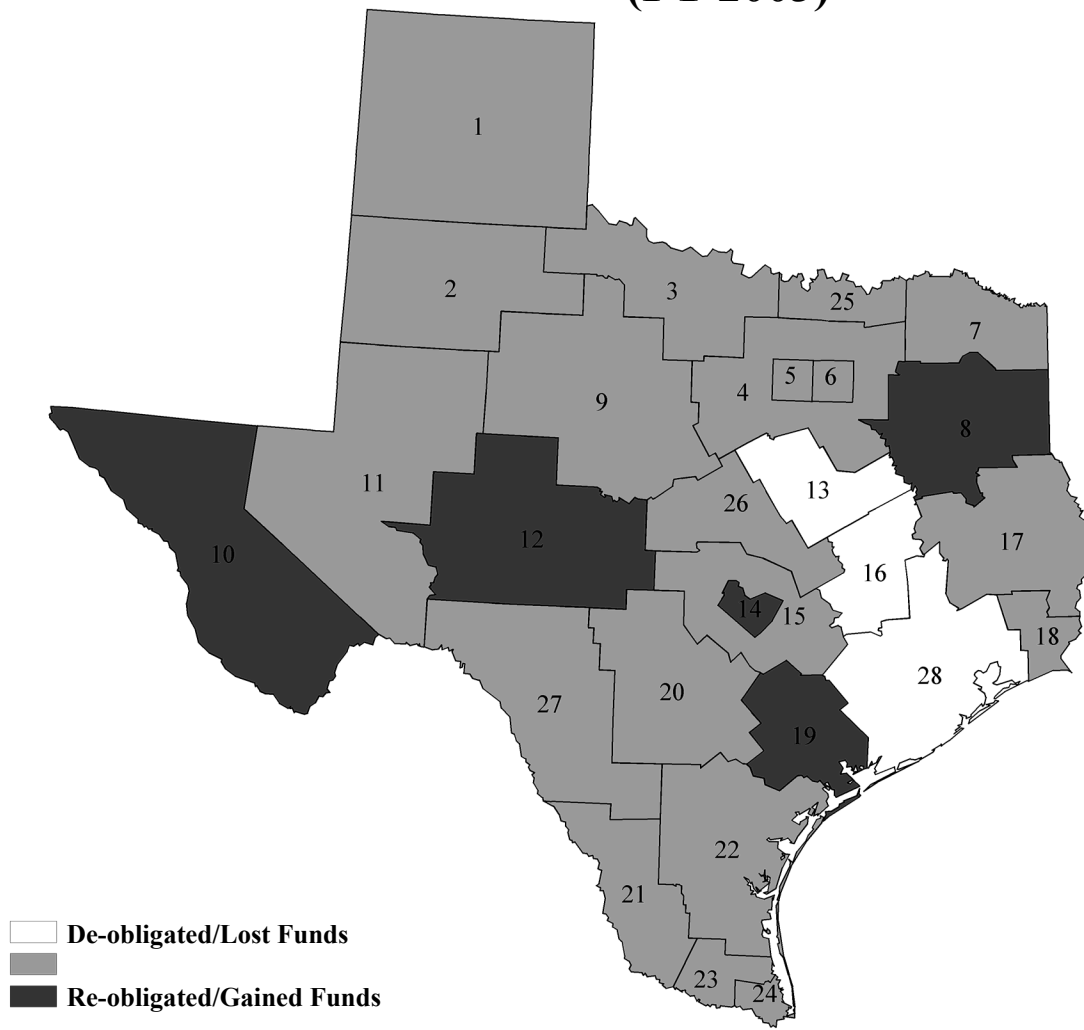
Note: Only the latest available time period is shown. Animated maps showing changes over time are available at <http://www.utexas.edu/research/cshr/childcare/>

Share of Low-income Children Served (FY 2003)



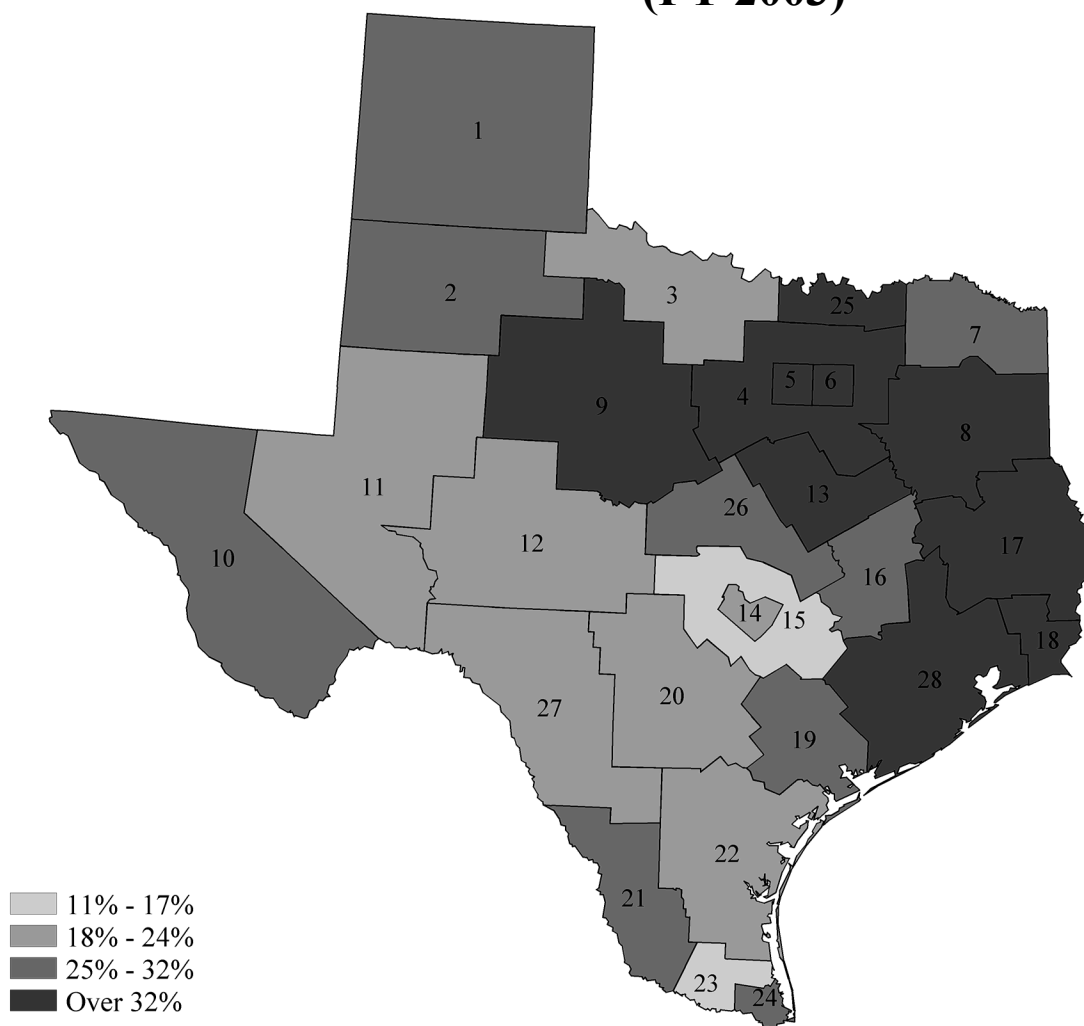
Note: Only the latest available time period is shown. Animated maps showing changes over time are available at <http://www.utexas.edu/research/cshr/childcare/>

De-obligation/Re-obligation of Funds (FY 2003)



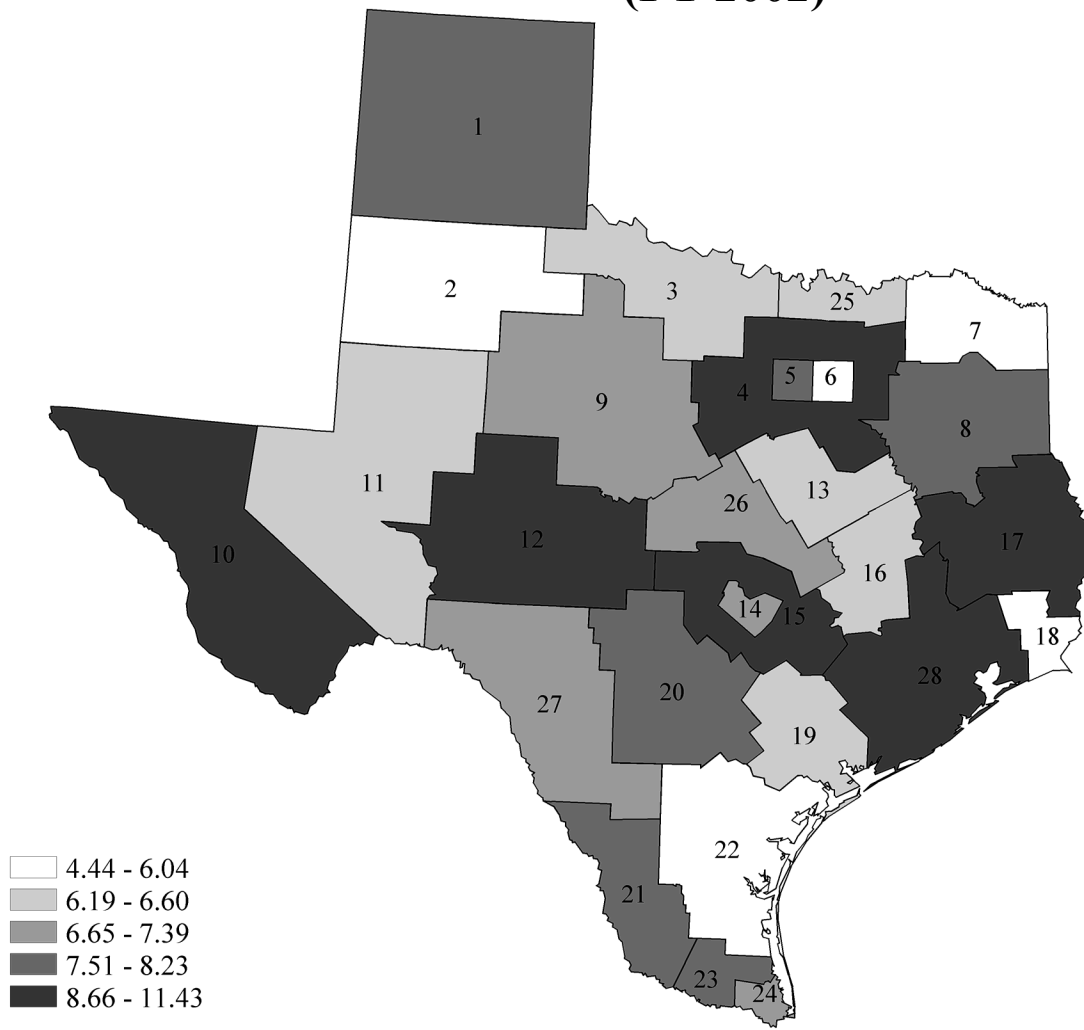
Note: Only the latest available time period is shown. Animated maps showing changes over time are available at <http://www.utexas.edu/research/cshr/childcare/>

Percent of Care from Texas Rising Star Providers (FY 2003)



Note: Only the latest available time period is shown. Animated maps showing changes over time are available at <http://www.utexas.edu/research/cshr/childcare/>

Median Subsidized Spell Duration (FY 2002)



Note: Only the latest available time period is shown. Animated maps showing changes over time are available at <http://www.utexas.edu/research/cshr/childcare/>

Appendix D

DETAILED INFORMATION FROM INTERVIEWS WITH LOCAL CHILD CARE STAFF

Appendix D: Detailed Information from Interviews with Local Child Care Staff

It is in the nature of qualitative research to expand and explain findings through examples from the original transcribed data. While the main points of the analysis of the qualitative data are presented in the main text of the report, this appendix presents the findings and analysis of interviews conducted with local boards' child care program managers more completely. This appendix includes examples of the material from individual boards that entered into the coding presented in the main body of the report.

The first section explores managers' perceptions of the flexibility they have in the management of the child care program. The second section describes the diversity of their experiences in obtaining match funding. Finally, the third section describes child program managers' perspectives on recent changes in quality initiatives.

POLICY AND FLEXIBILITY: PERCEPTIONS OF LOCAL BOARD STAFF

Under devolution, local workforce development boards gained an assortment of rights and responsibilities for the development of child care policies and procedures. Their policy decisions, however, had to conform to state and federal legislation, rules and policies. Within the structure created by this legislative and regulatory system, board staff described a considerable diversity of positions concerning the level of flexibility they experienced in their management of the child care program. Some felt strongly that they were positioned to make many important decisions. Other board staff felt their independence was essentially illusory. Indeed, many managers agreed that, even in areas where local workforce boards can take some initiative, local control was considerably curtailed. Such limitations occurred in the assignment of eligibility levels, additional priority groups, parental co-payment levels, and required liability insurance, among others.

Levels of Flexibility

While board staff across the state differed considerably in the degree of flexibility they experienced, four distinct groupings emerged among them. Each group is described below. The first two groups felt that they had considered a reasonable level of local flexibility. The first group includes boards whose staff members felt they had considerable flexibility in the management of the program. The second group, while experiencing some flexibility, also felt limited by TWC practices and policies in their ability to make decisions affecting some areas of work and practices.

Members of the third and fourth groups felt constrained in making decisions that reflect their own interests and management choices, and the needs of their communities. More specifically, the third group included boards whose staff members explained that even in areas where, in principle, boards should act on their own, the oversight by the state's rules, regulations and practices allowed relatively little flexibility; and their own decision-making and its impact were limited. Finally, members of the fourth group felt that their autonomy was almost completely restricted under the current circumstances.

The First Group: A High Level of Flexibility

Staff members at three boards felt they had a high level of flexibility in the management of the child care program. They found it relatively easy to communicate with TWC and felt they received guidance without rigid direction. At the time of the interview, board staff felt the boards made policy and procedural changes relatively independently; however, they are concerned that future changes might reduce their autonomy.

According to board staff in this group, the state agency provided guidance when a problem or question was submitted to their attention; board staff did not feel they were asking permission.

I mean we got guidance from them if we had a question. But it wasn't something like: "Can we do this? What if we want to do this? Is this OK?"

Members of this group described their ability to implement changes frequently. One respondent explained:

We've made quite a few new policies in the last, probably, six months to... strengthen our rules and our monitoring. And none of those things have been anything that we had to get approval for or that wasn't something that we could do ourselves. So I felt like... you know we had the card, so to speak, we could fix our situation with really no interventions.

There remained some concern, even in this group, however, that future state policy decisions might increasingly limit board autonomy. Board staff expressed concern regarding recent consultations on a TWC working document reflecting such possible change.

The Second Group: Flexibility Under Constraints

Staff of this second group of four boards felt they had some considerable flexibility in the management of their child care programs, but their autonomy was balanced by considerable restraint. These restrictions affected their independence in important areas of decision-making, allocations and performance measures, as discussed below.

Decision-Making

Overall, staff in this group desired more input into decisions made by TWC. One staff member mentioned that TWC's lack of consideration for the boards' points of view was a concern. However, some staff members were encouraged by recent TWC consultation concerning performance measures:

What I've seen this year, though, and I don't know that they didn't do it before, but what I've seen this year is more of a move of coming up with different options as to how the allocations and performance measures might be completed. For example, there was an email that went out about a month ago or two or three weeks ago, that gave three different options on what might be your allocation and might be your performance measures. I don't remember seeing anything like that for the year before.

Another board staff member explained that TWC tended to impose its own views and interpretation of rules which limited the local workforce board's flexibility. According to this staff person, the position of the state will prevail as regional boards will face problems if they contradict TWC's views.

Allocations

Some board staff questioned not only the level of funding their boards received and the performance targets "attached" to it but also the method by which this allocation was determined. They felt that diversity among the boards and the areas they served might be taken more into consideration; different boards may face specific needs and challenges depending on the population they serve. The use of a standard allocation formula could be detrimental to small workforce areas (where operational costs might be higher):

Using one single method of determining allocation may indeed disadvantage small areas... I know it's easier to come up with one formula that you can apply to all areas, but that one formula is not always going to work for everybody. And since there are 28 different board areas, there's going to be that times however many problems or situations that come up in those areas – factors. And small board areas are going to have the same factors that play into as larger board areas and I know rates and the determination of how rates are used in determining the allocation and performance measures is a huge issue. I don't think that you can take a standard rate and apply it across the board, across all 28 board areas, in determining what your allocation is.

Performance Measures

Board staff reported that performance targets were determined by the state (through the LBB and TWC) and were not negotiated with the boards. The targets consist of three main measures. These measures include the number of units in care, the number of training units for child care providers, and the percentage of Texas Rising Star providers in their vendors' network. Meeting each of these objectives was currently (FY 2003) a pre-condition to expenditures on quality improvement activities. The state's emphasis on the first indicator, units in care, concerned board staff; many boards faced pressures to serve more children with limited resources. Staff members related several problems to the performance measures. They felt that the emphasis on performance

measures could limit efforts to improve quality as well as limit the autonomy of the boards to establish their own goals.

Local workforce boards were held accountable for meeting these measures and they could be sanctioned for non-compliance. Sanctions included a temporary suspension of local flexibility and denial of access to additional funding. State oversight was based on a monthly assessment of each board's expenditures and performance. Some respondents felt that this system in itself reduced the independence of the board. Also, the current emphasis on number of children further limited them. However, some boards discussed with TWC over their performance relative to units in care throughout the year. In one case, board staff members felt they gained more control, not by changing policies per se but by "managing" their numbers of units in care according to their own annual plan rather than solely following the advice of TWC on the matter (advice based on monthly reports rather than yearly plan).

[Last year] (...) We listened to a lot of their opinion and implemented [a great deal] based on state recommendations. And now we don't do that. We provide the local opinion on it. (...) But we had a plan to lower the number of the units by the end and not overspend our money. This time we had our own plan. So this was a lot better for us and for them, actually.

The Third Group: Little Flexibility

Child care program managers from this group of ten boards indicated that they were very limited in determining child care policy and practice. Restrictions on them affected core areas that they felt should be at the board's discretion. Furthermore, some board staff saw a decrease in flexibility over time.

My own impression, I've only been doing this for a little over [number of years] and in that time it seems that flexibility has decreased.

I see the board receiving slowly less and less and less flexibility over policies and interpretations and implementations of a lot of the rules and regulations.

Decision-Making

Staff from this group of boards reported that the state agency dictates policy changes and new policies that boards had to adopt, leaving boards primarily responsible for the management of service delivery.

I think that when it comes to methods of service delivery (...) we have a lot of flexibility. And, we, in this board area, haven't exercised it to a great extent. But I've seen it exercised in some of my peers around the state. (...) I think that within that area there's a lot more flexibility. Um, local governance is probably... there's some flexibility, not much, because there might be some language or some terminology within the policy that might conflict with their interpretation of policy. I think that the revision that they've recently done to the WD letters, where they actually send out WD letters now, and they code this area indicates an area of local flexibility and this helps clarify for some people who may not have understood that before.

Managers felt limited in the range of actions available to them in a number of areas. For example, eligibility for child care subsidy remains, at least in part, under board control; boards may set their own priorities in addition to state mandated categories. However, it appeared to staff of these boards that the state agency intended to make the management of the child care program more uniform.

I don't really think you have a whole lot [of flexibility] because there are so many assurances that you have to follow, which are the primary guts of the operation of childcare, and I think it's just pretty much, "Okay, here's the rule; here are the assurances; you have got to make sure you're doing this, this and this." Of course you write your policies and procedures surrounding all of this, but you're still having to report to Austin. And it's understandable why, because they have to report to the federal government. So honestly speaking, we have a little leverage, especially in the eligibility area, you know. So we have leverage in that sense, but ultimately we have to have procedures in place based on the rules and regulations. We still have to follow a lot of their requirements, especially in the funds management area, which I can understand why. They want everybody to pretty much work out the same so it will be easier on them, so that's what we do. There is not what I would say is a pull leverage for us to do whatever we want to do. That's not there I would say 50–50.

Performance Measures, Allocations, and Quality Initiatives

While board staff recognized a recent change that involved more board input, they saw themselves as controlled through the assignment of non-negotiable performance measures and absence of room for sharing decision-making:

I think that one of the areas that I feel more restricted in is that there's no negotiation with TWC in terms of our performance measure. I think that is an area which there's no flexibility. You know, it is assigned that "Here are your numbers" and you know. This year, one of the issues that has come up time and time again. (...) So I think, that to me has been very restrictive because... until now they really have not been very flexible, or you know, "Here, this is it". You just have to deal with it. It doesn't really matter whether you can or you can't. That has been our experience. So I think that an issue, which there is no flexibility. And I'm hoping as time goes on maybe...

Clear restrictions control both funds management and performance, especially, according to at least one staff member, in comparison with other welfare programs:

And, I, I feel that the state is more prescriptive in the method that it utilized in establishing performance methodology. I think that they are much more prescriptive on, okay, "This is how much money you can use for operations". And you know, "We're not going to set up any money for quality but you can address it if you want to". The methodology that's used for establishing performance really does tie the local board's hands in how they assign funding to their contractors to provide the services. It doesn't necessarily mean that there aren't ways to be innovative within that, though, because you could still change or modify the processes. But actual funding limitations that are enforced in the childcare arena seem much more prescriptive or stringent than they do in other programs.

Staff members of this group of boards felt particularly constrained by the relatively new emphasis from TWC on the number of children served, rather than on quality initiatives.

I don't feel there's any flexibility in our allocation because even though we can technically have quality initiatives, the way the money was allocated, it really prohibits us from doing any quality activities because all the dollars have to go to direct care.

Staff of boards that have been sanctioned by the state talk about their loss of flexibility during the period of the sanction. According to them, following a sanction, the board cannot make its own decisions, but must follow a corrective action plan instituted by the state. One respondent explained that community stakeholders and providers could not have any input on the situation as the board was taking the decisions dictated by the corrective plan. They regained some level of flexibility when the sanction was lifted. Other board staff did point out some continuing level of decision-making even through the sanctioning process.

Well I mean, I think. With the exception of the budget, I think we have a lot of flexibility in managing the program. We're able to still look at our budget and look how many children we have in care and decide whether or not to enroll any new or stay constant where we are.

Procedures

Staff from these boards feel that the state agency's directives may not allow them enough flexibility to adapt procedures tailored to their own needs and to the size of the operations and agencies they deal with, especially as regards the management of funds.

The Fourth Group: Almost No Flexibility at All

Staff members from this group of eight boards shared a number of the concerns expressed by the third group. However, they tended to see their boards as almost totally constrained by the requirements of the state agency.

Policy and Flexibility

Staff perceived minimal flexibility in how their boards could operate. This was true in the areas of policy-setting and decision-making overall.

You know, they tell you that you have independence but I don't believe that it is because they're still dictating what you have to do. You know, there's still the dictation of what needs to happen.

Well, no you don't [have flexibility]. Because [the] bottom line is you can go back to the rules and pretty much figure out you're pretty much limited on everything because if these are federally or state regulated. As far as a lot of flexibility at the local level, no we don't have that.

I: Do you feel like that you have the flexibility that you need to manage your program?

S: Oh, no. You have to follow the rules that they set. They don't ask you too much about the rules. I mean you've got input on the rules, not that it matters, you know (...) you can give your comments on what you think is right or wrong, but once they make up their minds, that's sort of a useless situation.

We have all the responsibility but not the authority.

Such flexibility as they once experienced appeared to them to be disappearing:

I think as time goes on it gets less and less flexible. I'm seeing more and more control on their part. For example, funds management: it was firstly set up so that the board could develop their own way of functioning but now TWC is sending monthly reports, TWC is having a lot of control in that aspect. No problem with this board in that regards because they are meeting the performance indicators, understands that it had to be done, etc. Boards have to justify their actions every month, taking more of their time, TWC evaluates every month.

Staff members in this group felt extremely limited by constraints and they felt the constraining requirements were increasing:

For the most part, a lot of the decisions that have been considered in the last year have really been mandated by the Texas Workforce Commission. So it's been something that we had no flexibility on. There was not really a need to get input from stakeholders; it was a matter of, "These are the rules", or "Here is the directive and guidance the TWC has based on requirements". Those are about the only ones that have really gone before the board in the past year. So it's been primarily TWC and staff doing a briefing item or an action item for the board, and the board taking that and then commenting and passing or getting briefed on the directive that was given.

They always want to have a copy and then they want to make changes to it. And it's hard for us, we know that this should be local, and these are what we feel that we would like to have. And then they [TWC] look at it and they take it to their attorneys, and they say, "Well, this wouldn't work". More recently we've heard of discrepancies from one board to another on what was approved and what wasn't. So that's frustrating.

Boards feel particularly constrained when decisions initiated by the state appear inappropriate to their board area.

The state said, "All boards must implement a policy for removing children from care in order to serve Choices children". You know, if you have a Choices child to serve but you can't afford that child because you have too many low-income [families], you have to remove this low income child from care so you can serve this Choices child. Our policy was that we would project out on a monthly basis and you know, if we saw that we would be overspending we would give low-income families 60 days notice, I think. But the state said, "You may not overspend your budget". So several board areas... notified a couple of hundred parents that "We have to remove you from care because we can't afford to serve you and Choices, and Choices is a priority according to the state." [Then the state] they would not let them implement the policy that they required; they said that (...) misinterpreted the intent of the policy. That the intent was to only maybe remove one or two.

Performance and Funds Tracking

Board staff reported difficulties with reconciling their funds with TWC figures, a problem they had since the devolution of the child care system to the local boards. Furthermore, due to these reconciliation difficulties, TWC might find them not meeting their performance requirements when boards believed they were doing so. There are daily and monthly variations in the number of children served, so it was difficult to create monthly figures. For example, one respondent exclaimed about the idea of regular monthly use of child care, “that’s just not daycare business”, suggesting that there are expected variations in number of children served during a typical year (e.g. due to end of school year)

Quality Initiatives

Board staff in this group felt they have been told that quality initiatives are at an end:

You know, quality is out the door. They can’t afford to spend money on it even though it’s required.

Other Issues

Several other important issues came up across the groups, rather than specific to any one group, affecting decision-making, although not always in terms of the flexibility available to the boards.

Parental Choice

Some staff felt that the primacy of “parental choice” forces decisions that do not necessarily provide the best child care at the lowest cost. The staff is left feeling ineffective in dealing with serious issues of quality and potential fraud. The board might want to discourage the use of one type of care – particularly care informally arranged by the parent – but the emphasis on “parental choice” makes this difficult.

Long-Term Planning

Staff are concerned that so much energy, as well as state agency attention, is aimed at the present day and the short-term future, that there is little attention or resources for long-term planning. Some staff are concerned that the continuing importance of child care to low-income working families is not best addressed without long-term strategic planning and real consideration for local needs, even if this might mean taking on a larger mission than a focus on the current requirements.

Role of the Federal Government

Although much of the staff's attention was aimed at their negotiations with the state agency, staff also did recognize that some limitations and regulation still came from the federal government. They were receiving not just constraints imposed by TWC, but also by the federal government.

Well, TWC is only the middleman. I'm sure that the majority of things that we have to deal with really come through the federal regulations because we keep going back to the federal regulations too. So the flexibility that they have and then pass on to us... well (...) I don't feel like my hands are tied, that I can't do anything. But on the other hand it is not total independence where you can go off and do what you want. Probably somewhere in the middle. Some flexibility, but I think that there is, and this may be just indicative of our board, I think there's such a focus on TWC performance measures.

FINDING MATCHING FUNDS AT THE LOCAL LEVEL

The state has increased the targets for required matching funds in recent years, and more increases are already planned for the next year, according to board staff. Preliminary analysis of the qualitative interview data reveal that local workforce boards tend to have notably different experiences regarding fund raising. Larger and more affluent boards find it easier to find the partners that they want. Smaller boards in areas with fewer economic resources find it harder. Some of the border areas cannot find partners in their more economically depressed areas, as many potential partners are themselves funded through federal money.

One program manager in an urban area of the state explained that it was not a problem at all for her board to find partner and sign agreements for match funding.

Right now I have more participants than money. In particular, this coming year, I have more persons wanting to help us match our funds when (we have money). So that's a good problem. We have a good problem here in [area]. We don't have a problem with finding match. Yeah, we have more than we need right now. I can loan some out! (...) Yeah, I'm excited. And I have foundations who are, you know in the past it has been certifying funds but now we have people with real money. You know, dollars to help draw down these federal dollars. Cause everybody wants to see children succeed and do well in school. And that's the climate here in [area] right now; "What can I do to help?"

In other areas, however, the recent economic downturn and economic insecurity are making the job of finding new partners more difficult, especially in areas hit hard by the economic recession. For example, one respondent explained that her board had not raised any extra monies locally outside of the required match amount. Given that unemployment had increased dramatically in her area, her board has not approached any local employers for donations. Instead she has been encouraging them to donate to the local United Way. Her board has reached its local matching funds targets via certification through the United Way. For this reason, it makes sense to just encourage giving in that way rather than a direct amount to her board.

Other organizations find that even large organizations, such as the United Way, have a more limited ability to help in the current economic context:

And part of the problem, your probably aware, right now it's not the greatest time to go out and find additional sources of funding. Most of your traditional sources, United Way and other foundations and all are suffering from the overall. The economy and everything else. Their endowments and all of that are losing money like (my 401K is). Everybody is struggling.

Public organizations and institutions, such as schools, that have also frequently served as partners of the boards have also faced rounds of funding cuts.

And really quite frankly, the likelihood of raising any donated fund right now is probably pretty nil, given the economy and everything else. Because the board members have been really active, and they've even helped me get money. Our contractor, you know. We have all worked together. As far as at the local level, we've got the support that we need to have. But and I know the reasons because of everybody's budget was cut due to the shortfalls why a lot of this burden fell on the board. But I think that TWC needs to be responsible for part of it.

In cases of economically poor areas, the only potential partners may themselves be federally funded:

The problem that we have had is that we [unintelligible] find agencies that don't have well, the majority of the agencies down here have federal funds. We can't match federal and federal, so she's had to actually really dig in finding creative ways of working with entities to secure the match.

The problems with matching funds are related to other problems facing the boards. Partners have tended to be more interested in the development of quality initiatives than in the provision of direct care. They have been interested in contributions that will increase local flexibility. As board flexibility has become more limited, and as quality initiatives have moved off the core agenda, some previously interested local partners are not as interested in contributing.

Although boards have continued to feel more restricted in their ability to undertake quality initiatives, they have become more effective in meeting matching requirements, partly as they become more experienced, and partly due to changes in the regulations in accounting for matching funds. However, as we see below, quality initiatives are increasingly taking second place to other requirements.

QUALITY INITIATIVES: VIEWS ON THE IMPACT OF POLICY ON QUALITY IMPROVEMENT

Up until this year, there has been an allowance of up to four percent of state-provided resources that each board could decide to spend on quality initiatives. Many boards embraced the effort toward improved child care quality with considerable enthusiasm. However, in the past two years, policy has changed. Through FY 2002, boards decided in what ways to spend their four percent. As of FY 2003, the quality allocation has been made at the state level and all resources sent to the board are expected to be expended in meeting the boards' performance measures, particularly for number of units served but also for quality related performance indicators. At the same time some funding streams have been reduced, costs in some areas have increased, and many boards feel that their overall autonomy in meeting local problems has been reduced. As noted above, some boards also expressed concern that during a period of economic downturn it

was increasingly difficult for them to successfully seek out local donations and contributions. In this section we explore the different issues raised by board staff as they have considered quality initiatives over the last several years and their responses.

Strategies for Improved Quality

Over the past several years, boards have undertaken a number of different types of quality initiatives, in the context of federal and state directives, as an important part of their role. These will be described in more detail in our final report. However, they include the following types of programming:

1. Training for providers: The development of training for child care providers, including workshops and seminars, as well as encouragement for providers to gain new credentials.
2. Texas Rising Star Program: Support for the recruitment and retention of facilities in the Texas Rising Star Program. Boards put resources behind the effort of achieving their goals for the proportion of children in Texas Rising Star care.
3. Other activities: Boards engaged in a number of other support activities, including scholarships for training and further education, awards ceremonies for educational and performance achievements and technical assistance to individual staff and facilities.
4. Innovation programs: The development and implementation of new programs and supports for providers including access to materials, special services and trained personnel.

It is these activities that board staff feel they and their boards are affected by recent changes in funding allocations and policy related to quality initiatives. Boards were told not to undertake quality improvement activities unless they meet performance indicators for number of units in care. Perceptions at board staff level is that these measures have increased in most cases while allocations have remained either stable or decreased, as relative to the cost of care.

Reduction in Funds

Board staff, and, according to the staff, board members also, retain a commitment to quality initiatives and to the performance measures attached to such initiatives.

However, in the last year most boards have had to reduce the funding used for this purpose. In spite of the loss of state contributions to this local effort, boards and their contractors have continued to seek funding to sustain these activities in FY 2003 when possible. Board efforts have ranged from a reduced but continuing investment to almost no initiatives at all above the minimum required for meeting quality improvement targets.

Lowered But Continuing Substantial Investment: Alternate Funds

At least three boards are continuing with past quality initiatives. In order to do so they are reaching their performance targets with their core allocation and then using a combination of match funding and new special grants to proceed with their quality-related work. This has required effort to develop new grants and approach quality-related programs and funders for support either in their own communities or elsewhere. These boards are able to draw on additional community and regional resources in their continuation of the quality initiatives.

Considerably Reduced Investment: Stretching Out the Funds

In most cases, the removal of the allocation by the state of four percent of the funding previously allocated to quality initiatives has resulted in a striking reduction in the funding invested in such work. However, strategies used by boards to continue some level of funding for quality initiatives include the use of match funding, carry-over funds from the preceding year, expenditures from the contractor's own grants, an innovation grant from TWC, and close collaborations with other interested parties.

Pooling of Resources

Several boards collaborate with other organizations in the community in sponsoring no-cost or low-cost activities or participating in them on a cost-sharing basis. However, areas where expertise and resources are rarer or harder to find face a challenge in using this strategy since it relies on community resources not equally present in all areas.

Reorganization of Resources and Sponsors

Upon the reduction of funding available for quality programs, board staff, and often their direct care contractor, have taken responsibility internally for some of the quality functions. This allows for the continuation of some activities, especially those to which performance indicators are attached (e.g. training for child care providers and resources for Texas Rising Star providers). For example, facing very high targets in units in care, one board allocated all their funding for direct care. Instead of sponsoring conferences and training provided by external trainers, such training is now provided by a member of the contractor team:

What we were doing before is we would have seminars, day long seminars and speakers from wherever across the country come in and provide new and innovative techniques on different topics. Today a staff person will do in-house training or she will go to the provider. In terms of having the seminars and scholarship for students at the community college, they're not doing that anymore. But training still goes on.

Some board staff report that the use of their own internal staff is about the only resource for continued quality programming.

We would love to do more. We'd like to do what we did earlier in terms of, you know. Our quality program, we are meeting the number of Texas Rising Star. We have a number of centers. We are meeting our 39%... but we can't do anymore because, you know, it takes money to do that.

Board staff also worked to combine several techniques, using the resources of their own staff and that of their contractors, for instance.

When we received that budget allocation we realized that, of course, the first thing to go was quality. So we met and we went over and came up with some ideas as to how we would be able to continue at least the training with the funds that we had available and the resources outside our offices and whatever.

No Current Expenditures on Quality Initiatives

Many boards have felt forced to move their quality funds to direct care, most often reluctantly and against their own inclination.

We were able to provide lots of quality; you know good programs for children, caregivers and even some of the directors. But after, you know, this initial year of (2001–2002), we weren't able to do that any more.

We've had a really wonderful person running our quality improvement program... and we've done some wonderful things in this area with quality. We just don't have much money anymore, and it's really kind of sad. A lot of our programs that took years to build up are now being dismantled.

Many of those boards with almost no quality-related expenditures are also having difficulty figuring out how to continue supporting the ongoing Texas Rising Star Program, beyond the five percent extra paid to them.

We're meeting our performance measure right now [for Texas Rising Star]. But quite frankly I think they ought to just do away with the program, and I think our providers are going to handle that themselves. Because if we don't have any money to do bonuses or incentive grants for them, they're going to drop out of the program. They just will. It's...a lot of work for them. And unless they get some sort of monetary award for that in terms to having additional equipment and things like that, they're simply not going to do it and I don't blame them.

In some cases boards had difficulty in identifying partners who can contribute additional funding, either match funding or additional other funding, who also share workforce board current priorities. In some cases the priorities of potential partners are not compatible with the short-term management cycle and requirements facing the boards. Some board staff also reported reluctance to seek out additional match funding since such increases were accompanied by retroactive increases in their performance measures.

ATTITUDES TOWARD QUALITY INITIATIVES

There is considerable dismay expressed by many board staff concerning the change in policy and funding related to quality and the degree to which quality initiatives represented the devolution of autonomy.

What we have done in the past and it is really pretty much a directive from state because they have such a large number of kids per day that they have to meet. The majority of our funding has to go for direct childcare. Only if you are meeting your performance measure may you use any of your money for quality. They discourage the use of money for quality, which has been very discouraging

on our end because we feel like to really meet the needs of these kids, they've got to be in quality facilities.

Board staff and board members report their continued interest in finding some avenue for this type of work.

We changed our budget, modified our contract to take away some of the quality funding in order to fund children in care. And so that turned out to be a fairly big issue for everybody because one of our trademarks had been quality. (...) And so in terms of a budget exercise it was not that difficult. In terms of having to make a (...) paradigm shift away from quality, that was difficult for everybody to accept, including the board members and board staff, as well as contractors.

We've had discussions even concerning cutting back on some of the quality initiative programs that we've got in place now, to just completely eliminating quality. (...) I think from the way the committee and the board go, the way the conversation is going is to maybe cut back, and only cut back if we have to, if dollars just won't support it.

I mean our board and our (child care committee) too, they want quality to stay. I mean, so we'll do our best to do something.

Board staff find it particularly difficult to maintain community involvement in light of changing policies.

Well, I think one of the things, and I'm sure that I am not alone in this particular issue, it's been difficult to try and balance the needs that our community has regarding quality improvements and the requirements that we have with the state regarding meeting performance. Especially since a lot of this is transitioned in the last couple of years where TWC is no longer required to meet its four percent set aside for quality cause that is now going to the Department of Protective and Regulatory Services. And so policies and expectations within local communities are still that we're supporting it. But in reality we don't really have the funding to support it anymore. And so we're expected to in many ways address the community's needs on this and we do our best to try and find ways to do it but really have hit a challenge in finding the funding to support it.

Appendix E

DEFINITIONS OF TERMS AND SOURCES OF INFORMATION

List of Acronyms

ACT	Achieving Change for Texans
AFDC	Aid to Families with Dependent Children
CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CCMS	Child Care Management Services
CDA	Child Development Associate
CCP	Child Care Professional
CPS	Child Protective Services
DV	Designated Vendor
ECI	Texas Interagency Council on Early Childhood Intervention
FFY	Federal Fiscal Year
FMAP	Federal Medical Assistance Percentage
FPIL	Federal Poverty Income Limit
FSET	Food Stamps, Employment and Training
FSA	Family Support Act
FY	State Fiscal Year
HB	House Bill
HHS	United States Department of Health and Human Services
HHSC	Texas Health and Human Services Commission
HIPPY	Home Instruction Program for Preschool Youngsters
LBB	Legislative Budget Board
LWDA	Local Workforce Development Area
LWDB	Local Workforce Development Board
MOE	Maintenance Of Effort
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
RMC	Ray Marshall Center for the Study of Human Resources (University of Texas at Austin)
R&R	Resource and Referral
SB	Senate Bill
SMI	State Median Income
SPBS	Strategic Planning and Budgeting System
SSI	Supplemental Security Income
STEP	Strategic Teacher Education Program
TACCRAA	Texas Association of Child Care Resource and Referral Agencies
TANF	Temporary Assistance for Needy Families
TDH	Texas Department of Health
TDHS	Texas Department of Human Services
TDPRS	Texas Department of Protective and Regulatory Services (now Texas Department of Family and Protective Services, TDFPS)
TEA	Texas Education Agency
TEACH	Teacher Education and Compensation Helps
TRS	Texas Rising Star
TWC	Texas Workforce Commission
WIA	Workforce Investment Act
WtW	Welfare to Work

Definition of Terms Used in Appendix B: Policy/Statistical Profiles

The categories of data used in the policy and statistical profiles are defined below. These are listed in the order of their appearance in the four-page profiles.

Demographic and Contextual Data

Total population: Total population residing in the Local Workforce Development Area.

Source: U.S. Department of Commerce, 2000 Census, Texas Summary File 1 Data, U.S. Bureau of the Census as compiled by the Texas State Data Center, Texas A&M University.

Overall poverty rate: Percent of area's population living in poverty according to the federal poverty guidelines.

Source: U.S. Department of Commerce, 2000 Census, Census 2000 Demographic Profiles 2-4, U.S. Bureau of the Census as compiled by the Texas State Data Center, Texas A&M University.

Child population: Total number of children aged 0 to 17 living in the area.

Source: U.S. Department of Commerce, 2000 Census of Population, U.S. Bureau of the Census as compiled by the Texas State Data Center, Texas A&M University. Census 1990 and Census 2000.

Child poverty rate: Percent of children aged 0 to 17 who live in poverty.

Source: U.S. Department of Commerce, 2000 Census, Census 2000 Demographic Profiles 2-4, U.S. Bureau of the Census as compiled by the Texas State Data Center, Texas A&M University.

Child population growth: Percent increase in child population from 1990 to 2000.

Source: U.S. Department of Commerce, 2000 Census, Census 2000 Demographic Profiles 2-4, U.S. Bureau of the Census as compiled by the Texas State Data Center, Texas A&M University.

Child ethnicity/race: Percent of total child population of a specific ethnicity/race.

White: White alone (non-Hispanic/Latino).

Black: Black or African American alone (non-Hispanic/Latino).

Hispanic: Hispanic or Latino of any race.

Other: Other alone (non-Hispanic/Latino), including American Indian/Alaskan Native, Asian, and Hawaiian/Pacific Islander.

Source: U.S. Department of Commerce, 2000 Census of Population, U.S. Bureau of the Census as compiled by the Texas State Data Center, Texas A&M University (Table 2 - Table 4).

Unemployment rates: Percent unemployed as share of the labor force (persons 16-64 years old who are working or actively looking for work) in 1998, 1999, 2000, and 2001.

Source: Texas Workforce Commission. <http://www.twc.state.tx.us/lmi/lfs/type/unemployment/unemploymentwdapivottable.xls> (No longer available)

Key Dates

Board certification date: Date on which the local workforce development board was officially certified to begin operating workforce programs.

Source: Texas Workforce Commission.

Child care management transition date: Date on which the board assumed the responsibility for managing subsidized child care program from the Texas Workforce Commission.

Source: Texas Workforce Commission.

Date of first new child care contract award: Date on which the board signed its first contract with a child care contractor following its first Request for Proposals after assuming management of child care programs.

Source: Local workforce development boards. Multiple year agreements and contracts signed by TWC before the transfer of child care responsibilities to the Boards were maintained until the boards published their own Request for Proposal and were in a position to issue their own contracts.

Basic Income Eligibility Policies through FY 2003:

Income eligibility levels for individuals who qualify for subsidy based on income alone.

Source: Texas Workforce Commission, Texas State Plan for Child Care & Development Fund Services, FYs 1998-1999, 2000-2001 & 2002-2003 and local workforce development boards and policy documentations.

Parental Co-payments Policy through FY 2003:

Co-payments are amount of payment that parents pay as a share of the total cost for child care services received. The amount is a percentage of gross monthly household income. Choices/TANF participants, SSI recipients, Food Stamp E & T participants and parents of children who are in protective services (unless TDPRS assesses a fee) are exempt from co-payment.

Example: “9% for 1 child, 11% for 2 or more children” means that co-payments that parents have to pay are equal to 9% of their monthly household income (before deductions) if they receive subsidy for the care of 1 child or 11% of their income if they receive subsidies for 2 children or more. Large family size (7 or more people) reduces the co-pay to 65% of the above-assessed fee.

Source: Texas Workforce Commission, Texas State Plan for Child Care & Development Fund Services, FY 1998-1999, FY 2000-2001, & FY 2002-2003 and local workforce development boards and policy documentations.

Funding to Local Areas

Initial allocation: Original allocation of funds to the local workforce boards, which includes federal and state funds.

Adjusted allocation: Adjusted allocation of federal and state funds to local boards, after adding additional allocations that occurred during a fiscal year, and adding or subtracting funds as a result of the de-obligation process. Beginning in FY 2001, this amount may also include funds from the FSE&T and Welfare-to-Work programs.

Federal funds requiring local match: The additional amount of federal funds that the local workforce area could receive if they provide the required local match. This is included in the total adjusted allocation listed above. This included the original amount of unmatched federal funds, additional unmatched

funds allocated to local boards during a fiscal year, and adjustments to unmatched federal funds resulting from the de-obligation process.

Adjustments to unmatched federal funds: The total amount of unmatched federal funds added to or removed from a local board's allocation as a result of the de-obligation process.

Total local match required: Target amount of monies to be raised locally in order to receive the maximum amount of unmatched federal funds.

Source: Tables made available to RMC by Texas Workforce Commission.

Child Care Provider Reimbursement Rates:

Amount paid to the provider by the government. This amount plus parental co-payment equals the total payment to the provider. In the case of LWDB 28, two rates are provided for the first period (FY 1998 and FY 1999) as a change of boundaries occurred in 1998, which merged these 2 areas into the present day Gulf Coast Local Workforce Development Board.

Licensed center full day infant care: Maximum daily reimbursement rates for care provided in licensed day care centers, full-time slot for infants (0-17 months).

Licensed center full day pre-school care: Maximum daily reimbursement rates for care provided in licensed day care centers, full-time slot for pre-school children (36-71 months).

Registered family home full day infant care: Maximum daily reimbursement rates for care provided in registered family homes, full-time slot for infants (0-17 months).

Registered family home full day pre-school care: Maximum daily reimbursement rates for care provided in registered family homes, full day slot for pre-schooler (36-71 months).

Source: Texas Workforce Commission, Texas State Plan for Child Care & Development Fund Services, FYs 1998-1999, 2000-2001, & 2002-2003 and local workforce development boards and policy documentations.

Characteristics of Subsidy Spells

Median spell length in months: Estimate of the central tendency of family child care subsidy durations, in months, with half of all child care spells being shorter and half longer than this estimate. Spells are defined as the number of consecutive calendar months for which any child in the family receives any amount of subsidy.

Source: RMC staff tabulation of child care subsidy data received from Texas Workforce Commission.

Characteristics of Subsidy Recipients

Children

Total children receiving care: Total number of children in the area receiving subsidized care per fiscal year.

Source: RMC staff tabulation of child care subsidy data received from Texas Workforce Commission.

Age of child: Age of child receiving subsidized care per fiscal year within age categories. (Unduplicated within year).

Source: RMC staff tabulation of child care subsidy data received from Texas Workforce Commission.

Race/ethnicity of child: Race/Ethnicity of child receiving care as share of the entire group of subsidized children. The “Other” category includes American Indians, Alaskan Natives, Asians, Hawaiian and Pacific Islanders.

Source: RMC staff tabulation of child care subsidy data received from Texas Workforce Commission.

Family

Average number of subsidized children per family

Families with one child: Families with one child as a share of all subsidized families for the given year.

Example: “Families with one child: 15%” means that families with one child represents 15% of all families subsidized that year.

Source: RMC staff tabulation of child care subsidy data received from Texas Workforce Commission.

Parent

Marital status (if known): Marital status of parents who received subsidy as share of the total number of subsidized parents in that year. If the marital status was not included, it was dropped from the percentages.

Example: “Single (never married): 25% in 1998” means that 25% of all parents whose marital status is known were single.

Source: RMC staff tabulation of child care subsidy data received from Texas Workforce Commission.

Characteristics of Services Provided

Type of care arrangement: Types of care arrangement as share of total care provided, based on primary care provider. In case of multiple providers per month, the one with highest subsidy amount was used.

Example: “Center: 35% in FY 1999” means that 35% of the total amount of subsidized care was provided in Licensed Day Care Centers in FY 1999.

Features of care provided:

Self-arranged care (percent using): Percent using self-arranged care as share of the total care provided, based on primary care provider.

Full-time care (percent using): Full-time care as percent of total care provided, if a client was full-time any time during that month.

Reason for care:

Reasons for providing care as share of total services by all type of providers, based on primary care provider.

Example: “Working/seeking work: 70% in FY 2000” means that 70% of subsidized services were given to parents that year because they were working or seeking work.

Eligibility type:

Categorization of eligibility for care calculated as a share of total care provided, based on group code.

Income eligible: This eligibility type category includes care provided on the basis of income alone.

Choices/TANF: This category includes care provided to those receiving or applying for cash assistance (TANF), or in Choices, the workforce development program associated with cash assistance in Texas.

Transitional: This category includes care provided to those who recently left cash assistance.

Other work force programs: This category includes care provided to those in workforce development programs other than Choices (e.g., WIA, WtW, FSE&T)

Other: Other eligibility types not included in the categories above.

Family-level subsidy amount:

Amount that providers receive from the government for the average family receiving services. The subsidy amount plus co-payment equals the total payment to the provider.

Family-level co-payment

Percent of families with co-payment due: Percent of families with co-pay obligations as share of all parents receiving services. Choices participants, Food Stamp Employment & Training recipients, and child protection service participants are exempt from co-payment.

Example: “FY 2001: 50%” means that, in FY 2001, 50% of all parents receiving services had to pay a co-payment.

Average monthly co-payment (of those with co-payment due): Average monthly amount due from those parents owing co-payment.

Example: “FY 2000: \$140” means that in FY 2000, those who had to make co-payments paid an average of \$140 per month of subsidy.

Percent of service months by age: Percent of service months provided per age group per fiscal year as share of all service months.

Example: “FY 1998: Pre-school (36-71 months): 24%” means that pre-school children received 24% of all service months of subsidized care in FY 1998.

Source: RMC staff tabulation of child care data from Texas Workforce Commission.

Charts

Chart 1. Percent in center-based care

Percentage of units in subsidized in child care centers (not in home-based facilities) as share of the total number of units in subsidized care.

Source: RMC staff tabulation of child-months of care based on data from Texas Workforce Commission.

Chart 2. Percent of care provided by Texas Rising Star providers

Percentage of care provided by Texas Rising Stars providers as share of total subsidized care.

Source: RMC staff tabulation of child-months of care based on data from Texas Workforce Commission.

Chart 3. Total paid for care

Total monthly dollar amount paid for subsidized care, summed to family level. Total paid includes both the subsidized portion and the family co-payment, if applicable.

Source: RMC staff tabulation of child-months of care based on data from Texas Workforce Commission.

Definition of Terms Used in Appendix C Indicator Maps

Co-payment Policy Variation

Describes local policy regarding the percentage of monthly household income families must pay as a share of the total cost for child care services received. Only the latest policy that applied within the time interval is listed. Choices participants, Food Stamp E & T recipients and child protection services participants are exempt from co-payment. For areas that have different policies for different eligibility groups, the policy for income eligible recipients is shown.

Source: Texas Workforce Commission, Texas State Plan for child Care & Development Funds Services, FYs 1998-1999, 2000-2001, & 2002-2003, and local workforce development boards.

Reimbursement Rate Increase

Measures the percent increase across the time interval in the maximum reimbursement rates for one of the most common categories of care: full-time slots for pre-school children (36-71 months) in licensed day care centers.

Source: Texas Workforce Commission, Texas State Plan for child Care & Development Funds Services, FYs 1998-1999, 2000-2001, & 2002-2003, and local workforce development boards.

Share of Low-Income Children Served

Number of children receiving subsidized child care at any time during the fiscal year divided by number of poor children (families living below 100% FPIL) living in the area. Other denominators that might better approximate the eligible population will be explored in the final year of this project.

Source: RMC staff tabulation of child care data from Texas Workforce Commission and U.S. Bureau of the Census as compiled by the Texas State Data Center, Texas A&M University

De-obligation/Re-obligation of Funds

Based on amount of unmatched federal funds added to or removed from a local board's initial allocation. De-obligation occurs when an area loses funds, and re-obligation occurs when an area gains funds.

Source: Funding allocation tables made available to RMC by Texas Workforce Commission.

Percent of Care from Texas Rising Star Providers

Percentage of days in care provided by Texas Rising Stars providers as a share of total days of subsidized care.

Source: RMC staff tabulation of child care subsidy data from Texas Workforce Commission.

Median Subsidized Spell Duration

Estimate of the central tendency of family child care subsidy durations, in months, with half of all child care spells being shorter and half longer than this estimate. Spells are defined as the number of consecutive calendar months for which any child in the family receives any amount of subsidy.

Source: RMC staff analysis of child care subsidy data from Texas Workforce Commission. Medians are estimated using hazard model based on all censored and uncensored spells occurring within a moving three-year window. Limited to the first spell per family only, and are reported for the middle year of this window.