

Subsidized child care skyrockets in state: Welfare reform increases need, but some still left behind [US-MD] ^[1]

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The number of children in Maryland receiving federally subsidized child care has grown substantially in the past decade as parents previously on welfare took jobs and sought daily care for their children, state data show.

But Maryland, like many states, still does not serve many children whose parents are among the working poor, saying there are not enough funds for the vouchers to help all families who do not earn enough to pay for child care.

And the under-served population could grow further. In Congress, the House is debating a measure seeking more work from former welfare parents, which could increase the need for child care. The Senate is pushing for more money to establish child care centers rather than for vouchers, which parents then must use to shop around for care.

Statistics from the Maryland Department of Human Resources show that the advent of welfare reform, which limited benefits to five years, has contributed to an increase in the number of children receiving child care subsidies. That number rose from 15,399 in fiscal 1990 to 27,128 in fiscal 2001.

There are about 12,800 regulated child care centers and child care homes in Maryland with room for 203,659 children, data show.

In Prince George's County, the data show, the number of children receiving child care subsidies grew from 1,542 in fiscal 1990 to 5,346 in fiscal 2001, an increase of nearly 247 percent. Increases were evident in several other jurisdictions. Calvert County had a rise of 1,044 percent, with the number of children receiving subsidized care growing from 36 in fiscal 1990 to 412 in fiscal 2001. Charles County, where the number of children receiving the benefits increased from 184 in fiscal 1990 to 657 in fiscal 2001, had the second-most significant percentage increase: 257 percent. Howard County had a 179 percent increase -- from 198 children in fiscal 1990 to 553 in fiscal 2001. Anne Arundel, Baltimore, Dorchester, Harford, St. Mary's and Somerset counties also had triple-digit percentage increases, the statistics show.

In Montgomery County, there were 1,116 children receiving aid for child care in fiscal 1990; that rose nearly 60 percent to 1,783 over the decade.

State officials said the increase is directly related to the number of former welfare recipients who have joined the state's workforce since welfare reform was instituted nationwide in 1996. That measure led to a flood of new workers. The Maryland Purchase of Care Program for subsidized child care was established to help welfare and low-income families.

About 75 percent of the children receiving subsidized child care in Maryland are from families that previously received public assistance. In 1996, most of the children in the Purchase of Care Program were from welfare families. Last year, 3,600 of the 27,000 children in the program were on welfare, and the balance were from working families, said Linda Heisner, executive director of the Maryland Child Care Administration, which licenses, regulates and inspects child care facilities.

"The big push with welfare reform was to have people leave welfare and go to work with support, including child care, medical assistance and transportation," Heisner said. "So we shifted the way we spend public resources. We changed from people receiving public assistance to people in the workforce receiving support through programs to help them get in the labor market and stay."

The amount of child care available and the vouchers to pay for it still don't meet the need in Maryland and elsewhere, said Mark Greenberg, senior staff attorney for the Center for Law and Social Policy. A study by his Washington-based organization found that only 2.4 million children nationally were receiving the subsidies out of more than 15 million who qualified for child care subsidies under federal requirements.

"That's actually an improvement," Greenberg said. "In the last five years, there has been a significant increase in the number of low-income families receiving child care assistance, but there has also been a significant increase in the number of low-income families who are working."

Greenberg said federal policies such as the expansion of the earned income tax credit, regulation changes that allow working families to qualify for Medicaid and other reforms have brought more poor families into the workforce.

He said the federal government allows states to pay subsidies to families whose income is at or below 85 percent of the state median. But many states, including Maryland, have set their qualifying income low (\$22,000 for a family of three), making fewer families eligible for the subsidies, Greenberg said.

"When you ask why Maryland is able to serve anyone who qualifies, the reason is they've set their eligibility much lower than they'd be allowed to set it under federal law," Greenberg said. "But it is entirely permitted under federal law because it is recognized that states don't receive enough funding to help all eligible families."

Greenberg said the federal government also allows states to set waiting lists and freeze enrollment. Maryland has no waiting lists, he said.

Elyn Garrett Jones, spokeswoman for the Maryland Department of Human Resources, said there also is a great need for infant care in Maryland and elsewhere.

"Nationwide, infant care continues to be the biggest need," Jones said. "There are so many mothers who are in the workforce now." In Maryland, about 60 percent of children younger than 12 have a mother who works outside the home, officials said.

Under the subsidy program, parents receive vouchers allowing them to enroll their children in any of the state's 2,400 licensed child care centers or 10,400 homes. Families pay up to 40 percent of the cost on a sliding scale based on their income. Their level of contribution may be as low as \$1 a week, Heisner said, but it increases as their income rises. The state reimbursement rate for the centers is set at 75 percent of the going rate for care in a particular area, and parents must also make up any difference, she said.

Maryland has provided child care support since the 1970s, at one time operating centers for low-income families, officials said. In the late 1970s, the state closed its centers and began contracting with private child care providers. In the early 1980s, the state moved to a voucher system.

Heisner said the voucher system gives parents some selection in where their children receive care. Each of the facilities eligible for the assistance program has met rigorous requirements on criteria such as programs and staff training. The state offers cash incentives to centers for certain improvements such as meeting accreditation requirements and implementing reading programs.

"The voucher system allows parents choice," Heisner said. "They take the voucher to any licensed center or family day care home that can accept their child and pay their co-payment and the difference if the rate is higher than our rate. Parents can also use the vouchers for informal care, such as for a relative to care for their child or for someone to come into their home to provide care. It gives them access to an improved quality of care for their children."

Heisner said Maryland was among several states that took advantage of a provision in welfare reform legislation allowing block grant funds previously earmarked for welfare to be used to pay for child care. About \$48 million was transferred to the state's Child Care Administration.

The funds are used to pay for subsidized care as well as for bonuses and incentives to centers that try to improve their staff or increase their quality of care, she said.

But shortages persist. Maryland officials say they are constantly trying to lure more people to open and operate child care centers, despite the demands of more stringent regulation and relatively low pay. The state average salary for child care workers is less than \$20,000 a year, authorities said. State statistics show that the total number of children in child care also rose sharply during the last 11 years. There were 65,624 slots in fiscal 1990 in regulated child care facilities, not including day-care homes. That figure rose to 130,807 in fiscal 2001, up 99 percent.

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