

Texas Workforce Commission

Review of Child Care Allocation Formulas

Pursuant to S.B. 1391,
76th Texas Legislature



November 1, 2000

REVIEW OF CHILD CARE ALLOCATION FORMULAS
Pursuant to S.B. 1391, 76th Texas Legislature

Submitted to the Texas Legislature

November 1, 2000

Texas Workforce Commission
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INTRODUCTION

Legislative Charge to the Texas Workforce Commission

During the 1999 session, the Texas Legislature enacted S.B. 1391 directing the Texas Workforce Commission to conduct a review of the child care allocation formulas in 40 T.A.C. Section 800.58 to compare the Commission's current child care funding methodology with one that emphasizes providing funding to areas with the greatest need for child care services.¹

Background Information on Child Care Funding

Funding for child care services in Texas is provided through a collection of federal and state sources. These funding sources are designed to provide services to low-income families who are working or attending school or training.

The Texas Labor Code, Section 302, provides the basis and guidance for the Commission's allocation of major block grant programs to local workforce development areas (workforce areas). In the case of funds that are allocated to the state through the application of established federal formulas, statute directs the Commission to allocate amounts across the state using the formula factors outlined in federal statute or regulations.² Statute provides that, in the case of funds that are not allotted by formula to the state, the Commission shall develop a need-based formula that will equitably allocate funds among all workforce areas.³

With respect to job training, employment services, and child care to eligible persons, the Commission may establish need-based formulas to allocate to workforce areas the funds available under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)⁴ in order to ensure compliance with federal participation rates and requirements for full utilization of the funding.

At least 80 percent of the funds available for workforce training and services must be allocated to workforce areas.⁵ Funds allocated include those for Temporary Assistance for Needy Families (TANF) Choices, Food Stamps Employment & Training (FSE&T), Child Care Services, Workforce Investment Act, Employment Services, and Welfare-to-Work. Employment Services moneys represent the only federal funding source allocated to workforce areas without utilizing income- or poverty-based need indicators, as these federal funds provide services to individuals regardless of income.⁶

¹ The complete text of S.B. 1391 is found in Appendix A.

² § 302.062(b), Texas Labor Code.

³ § 302.062(c), Texas Labor Code.

⁴ P.L. 104-193.

⁵ § 302.061, Texas Labor Code.

⁶ Federal Employment Services funds are authorized under the Wagner-Peyser Act (29 USC Chapter 4B). Texas Labor Code § 302.062(b) directs the Commission to provide Employment Services funds to

For child care, the Commission complies with federal and state laws and regulations while assisting the greatest number of low income families who are working or transitioning into the workforce through participation in education or training activities, by providing affordable, accessible, and quality child care services. The Commission's current child care allocation rules became effective beginning with FY 2000 allocations.⁷ These rules reflect the need indicators established in the federal Child Care Development Fund (CCDF) block grant to the state and include:

1. a workforce area's relative proportion of the statewide total number of people whose income does not exceed 100% of the poverty level (mandatory funds)
2. a workforce area's relative proportion of the statewide total number of children under the age of 13 years in families whose income does not exceed 150% of the poverty level (discretionary funds)
3. a workforce area's relative proportion of the statewide total number of children under the age of 5 (mandatory funds)
4. a workforce area's relative proportion of the statewide total number of children under the age of 13 years (matching funds)

Similarly, FSE&T child care funds are allocated to workforce areas on the basis of a workforce area's relative proportion of the statewide total number of children aged 6-12 years.⁸

SUMMARY OF FY 2000-2001 CHILD CARE ALLOCATIONS

The Legislature appropriated \$765.8 million⁹ for child care for the FY 2000-2001 biennium. Of that amount, \$142.8 million¹⁰ is financed from state General Revenue and \$621 million¹¹, or 81% of the total, from CCDF. A portion of the CCDF funds is contingent on the availability of state and/or local funds. Through FY 2000, the Agency and the Boards have obtained all federal matching funds set aside for Texas. Approximately 97 percent of appropriated child care funds are allocated by the Commission to workforce areas for management and expenditure by Texas' 28 local workforce development boards (Boards).¹²

workforce areas under a block grant process for administration of these services by the Boards. The U.S. Department of Labor, however, has prohibited Texas from implementing state law, requiring that Employment Services be delivered by state employees [20 CFR Part 651-658].

⁷ 40 T.A.C. 40 §800.58 - see Appendix B for complete text of allocation rules.

⁸ 7 CFR Part 273, which directs that parents of children under age 6 are exempt from federal FSE&T work requirements.

⁹ Excludes \$25.6 million appropriated for Texas Department of Protective and Regulatory Services (PRS) child care, which is not allocated to workforce areas by the Commission.

¹⁰ Required state maintenance of effort (MOE) and match.

¹¹ Includes \$79.1 million of TANF converted to CCDF and \$2 million in TANF converted to Title XX.

¹² See Appendix C for a map of Boards and the workforce areas they serve.

Table 1: FY 2000-2001 Child Care Allocation Amounts

Workforce Area #	Board	FY 2000 Allocation¹³	FY 2001 Allocation¹⁴
1	Panhandle	6,537,036	6,700,054
2	South Plains	7,220,452	7,280,370
3	North Texas	3,309,834	3,365,287
4	North Central	15,872,401	18,272,873
5	Tarrant County	20,447,315	21,668,410
6	Dallas	35,137,456	36,744,171
7	North East	4,261,008	4,320,942
8	East Texas	11,076,424	11,350,022
9	West Central	5,285,467	5,332,057
10	Upper Rio Grande	20,489,213	20,956,059
11	Permian Basin	7,375,488	7,492,789
12	Concho Valley	2,490,333	2,546,086
13	Heart of Texas	5,145,676	5,237,136
14	Capital Area	10,442,482	11,066,282
15	Rural Capital	6,244,408	6,923,111
16	Brazos Valley	3,961,929	4,004,679
17	Deep East Texas	5,683,372	5,605,189
18	South East Texas	6,109,061	6,207,451
19	Golden Crescent	3,087,380	3,121,565
20	Alamo	34,851,123	34,761,858
21	South Texas	9,794,358	9,930,551
22	Coastal Bend	13,635,311	13,234,053
23	Lower Rio Grande	19,039,227	19,320,980
24	Cameron County	10,832,077	11,004,168
25	Texoma	2,459,443	2,496,242
26	Central Texas	6,633,538	6,935,336
27	Middle Rio Grande	6,119,828	6,070,665
28	Gulf Coast	77,410,063	80,737,917
	LWDA Allocations	360,951,703	372,686,302
	Statewide Activities ¹⁵	5,000,000	8,000,000
	Subtotal	365,951,703	380,686,302
	Percent of Total	97%	98%
	State Level Amounts ¹⁶	9,600,000	9,600,000
	TOTALS	375,551,703	390,286,302

¹³ Includes original block grant allocation of \$353,951,703 and subsequent January 2000 allocation of \$7 million appropriation pursuant to a Contingency Rider for enactment of S.B. 666, which incrementally eliminates the work exemptions under Texas' welfare reform waiver in order to comply with the federal exemption for parents of children under 1 year of age.

¹⁴ Includes \$15 million appropriation pursuant to enactment of S.B. 666.

¹⁵ Includes \$5 million for legislative mandates (e.g., statewide resource and referral network, child care certificate scholarship program, child care loan guarantees).

¹⁶ Includes funding for PRS child care licensing and regulation activities.

ANALYSIS OF CHILD CARE ALLOCATIONS

Data on Need Criteria Outlined in S.B. 1391

We began our analysis by looking at data items for specific need identification criteria outlined in S.B.1391. These need indicator data items include:

- Number of children under age 13 living at or below 100% of poverty level¹⁷
- Number of children in Head Start program
- Number of children in the school lunch program
- Number of children in families "eligible" for TANF
- Number of children in families "eligible" for Food Stamps
- Number of children in families "eligible" for Medicaid

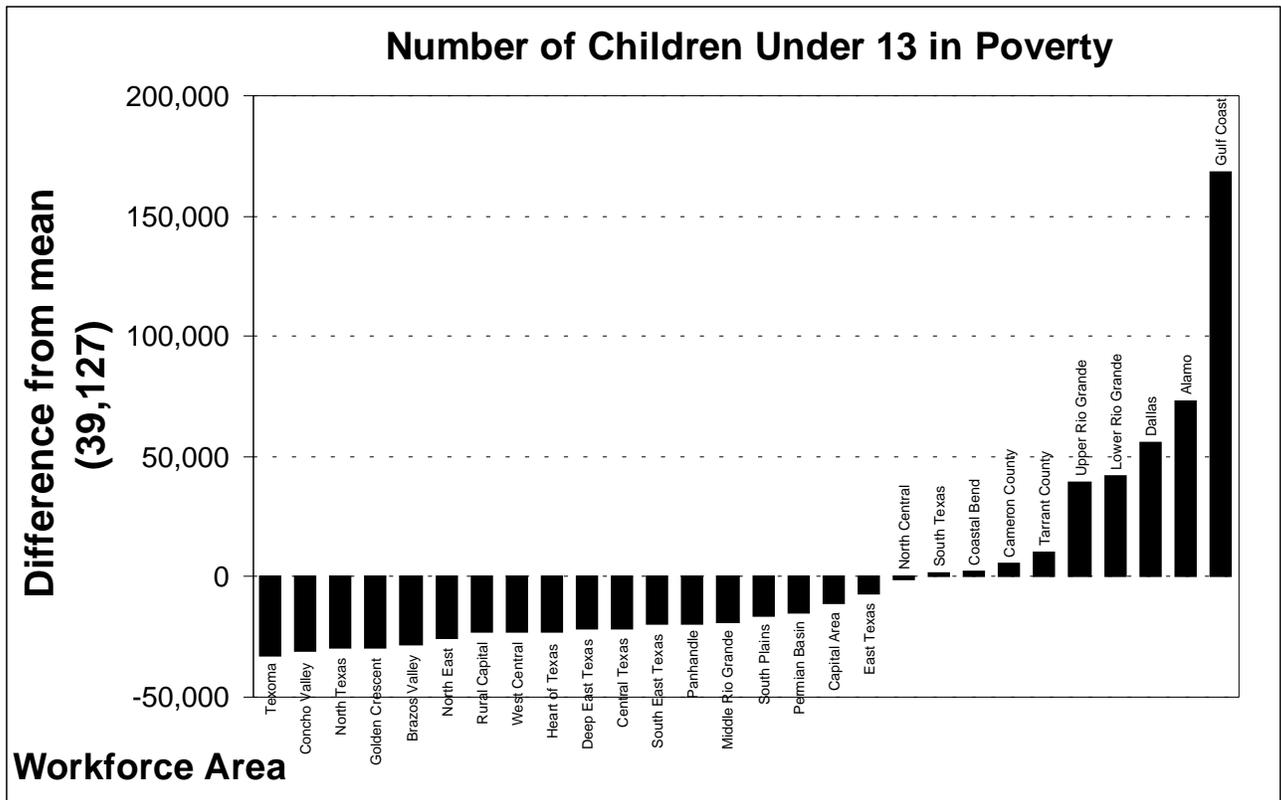
Using county level data aggregated by workforce area, we charted each need indicator data item by area, showing the bimodal distribution of workforce area data around the statewide mean. A bimodal distribution shows the difference between the value of the data item for each workforce area in relation to the statewide mean. Some area values are above the mean and other area values are below the mean. Data points can also be described in terms of their relation to a "standard deviation" from the mean. The standard deviation is calculated by averaging the difference between all data points and the mean. With the data displayed in this fashion, several details are apparent.

First, the Gulf Coast workforce area is consistently a positive "outlier" case, meaning that the values of the data for this area are consistently more than two standard deviations above the statewide mean. Because the Gulf Coast workforce area has the largest population, this result is expected. Second, other large population workforce areas also tend to show data point values above, rather than below, the statewide mean.

¹⁷ S.B. 1391 requested using the criterion children under age 14 living below 100% of poverty level. However, federal law restricts the use of CCDF to child care services for children under age 13 (unless the child is disabled), and data are available only for children under age 13 [29 CFR Part 0-99].

Chart 1 illustrates the distribution of workforce area data values around the statewide mean for the number of children under age 13 living below 100 percent of the poverty level. As can be seen, the workforce areas showing data point values above the statewide mean include, in order from highest to lowest, Gulf Coast, Alamo, Dallas, Lower Rio Grande, Upper Rio Grande, Tarrant County, Cameron County, Coastal Bend, South Texas, and North Central. The East Texas area shows a value just below the statewide mean.

Chart 1: Number of Children Under Age 13 at/below 100% of Poverty Level

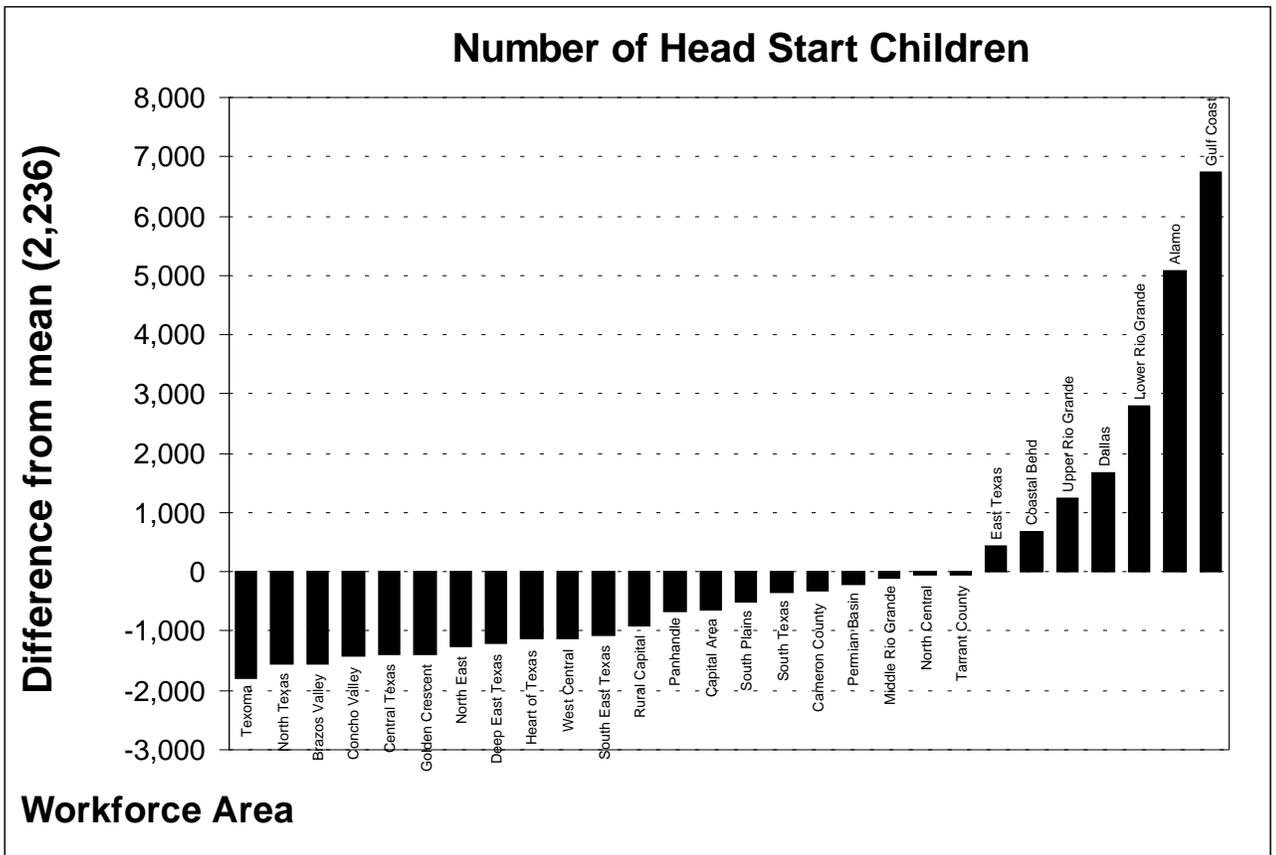


Data Source: Health and Human Services Commission Projections for 2000¹⁸

¹⁸ Complete data sets and explanation of methodology are found in Appendix D.

Chart 2 illustrates the distribution of workforce area data values around the statewide mean for the number of children in the Head Start program. Those workforce areas above the statewide mean include, in order from highest to lowest, Gulf Coast, Alamo, Lower Rio Grande, Dallas, Upper Rio Grande, Coastal Bend, and East Texas. For this data item, Tarrant County shows a value just slightly below the statewide mean.

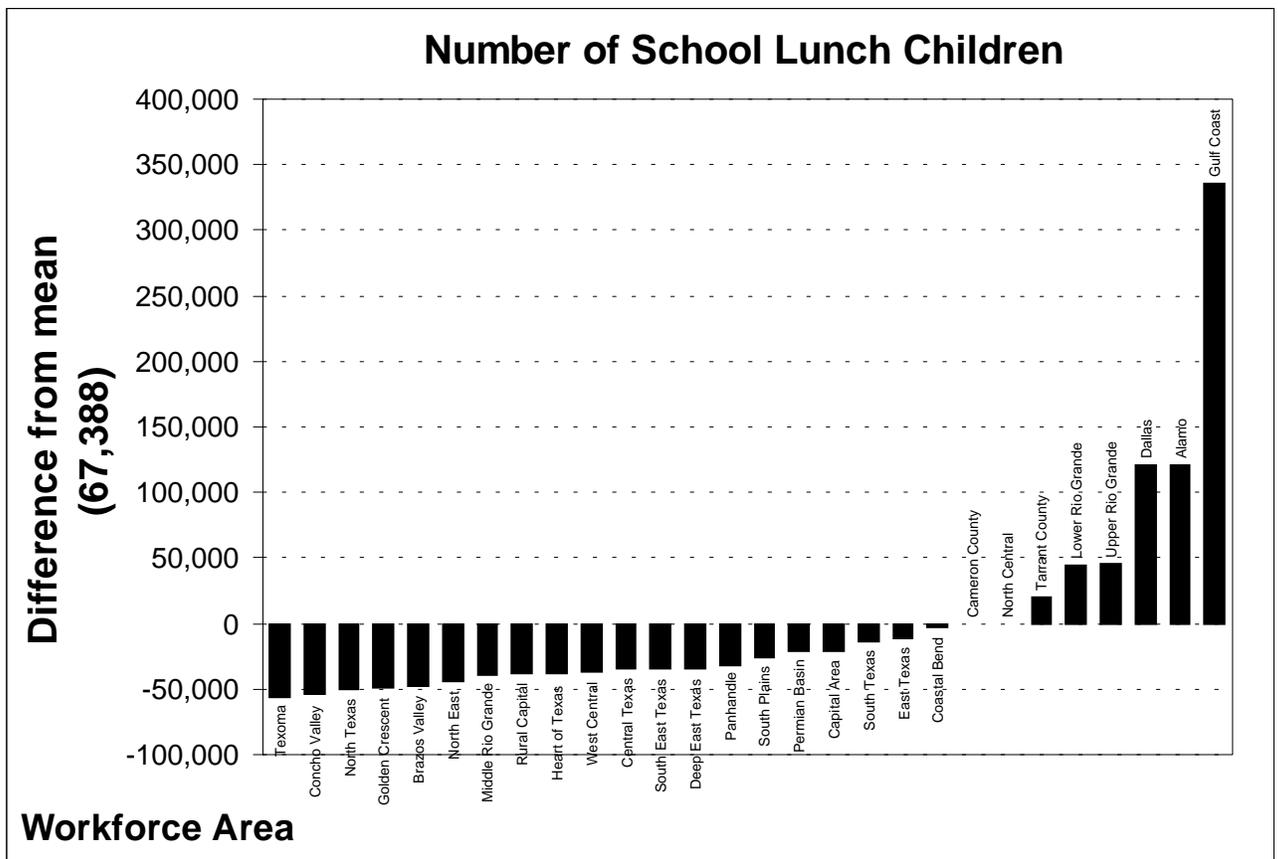
Chart 2: Number of Children in the Head Start Program



Data Source: Texas Head Start Enrollment by County 1999, American Institute for Research (Washington, D.C.).

Chart 3 illustrates the distribution of workforce area data values around the statewide mean for the number of children receiving school provided lunches. The workforce areas above the statewide mean include, in order from highest to lowest, Gulf Coast, Alamo, Dallas, Upper Rio Grande, Lower Rio Grande, and Tarrant County. The North Central area has a number very close to the statewide mean, while Cameron County falls just below the statewide mean.

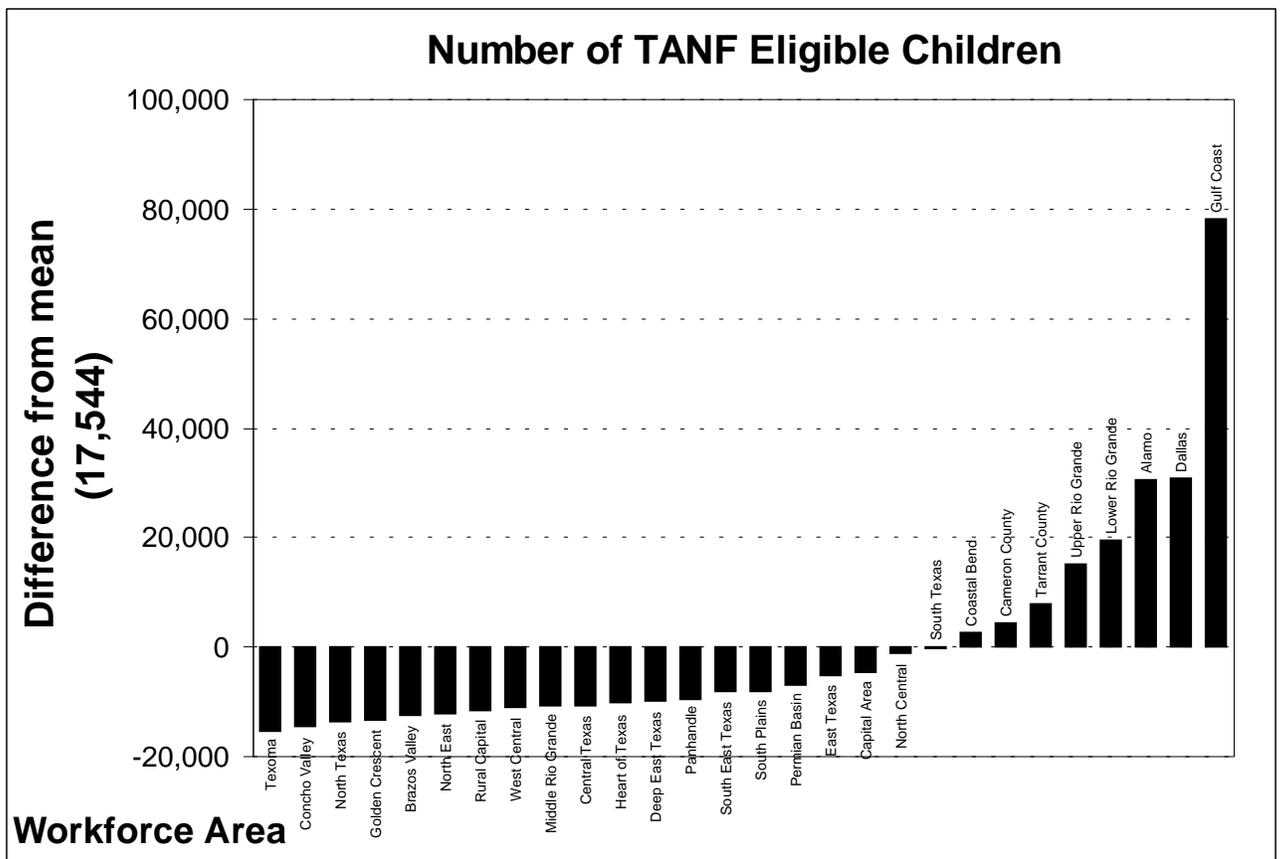
Chart 3: Number of Children Receiving School Provided Lunches



Source: Snapshot 98 - School Lunch Programs, Texas Education Agency.

Chart 4 illustrates the distribution of workforce area data values around the statewide mean for the number of TANF eligible children. The workforce areas above the statewide mean include, in order from highest to lowest, Gulf Coast, Dallas, Alamo, Lower Rio Grande, Upper Rio Grande, Tarrant County, Cameron County, Coastal Bend, and South Texas. The North Central area has a value just slightly below the statewide mean.

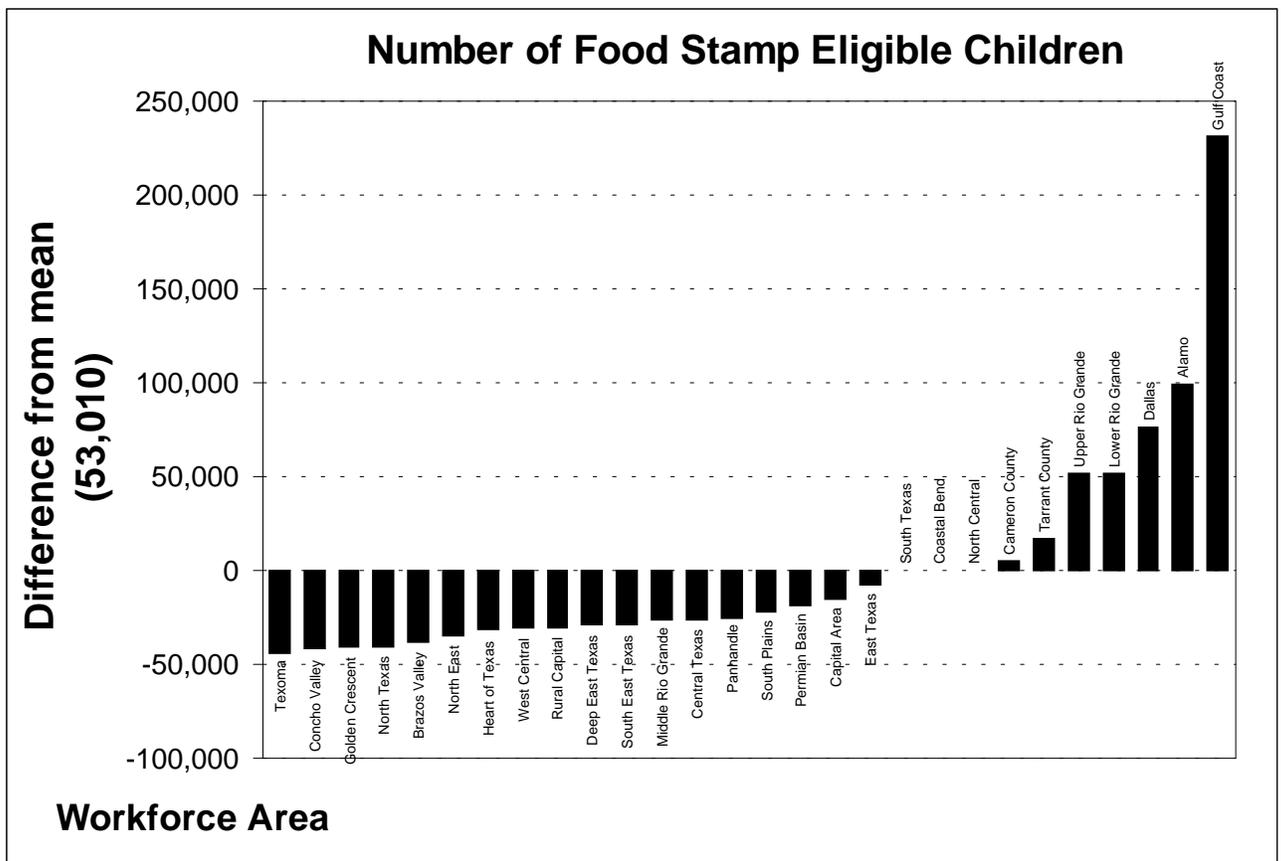
Chart 4: Number of TANF Eligible Children



Data Source: Health and Human Services Commission Projections for 2000

Chart 5 illustrates the distribution of workforce area data values around the statewide mean for the number of children eligible for food stamps. The workforce areas above the statewide mean include, in order from highest to lowest, Gulf Coast, Alamo, Dallas, Lower Rio Grande, Upper Rio Grande, Tarrant County, and Cameron County. The Coastal Bend, North Central, and South Texas areas are very close to the statewide average. The East Texas area has a number just lower than the statewide average.

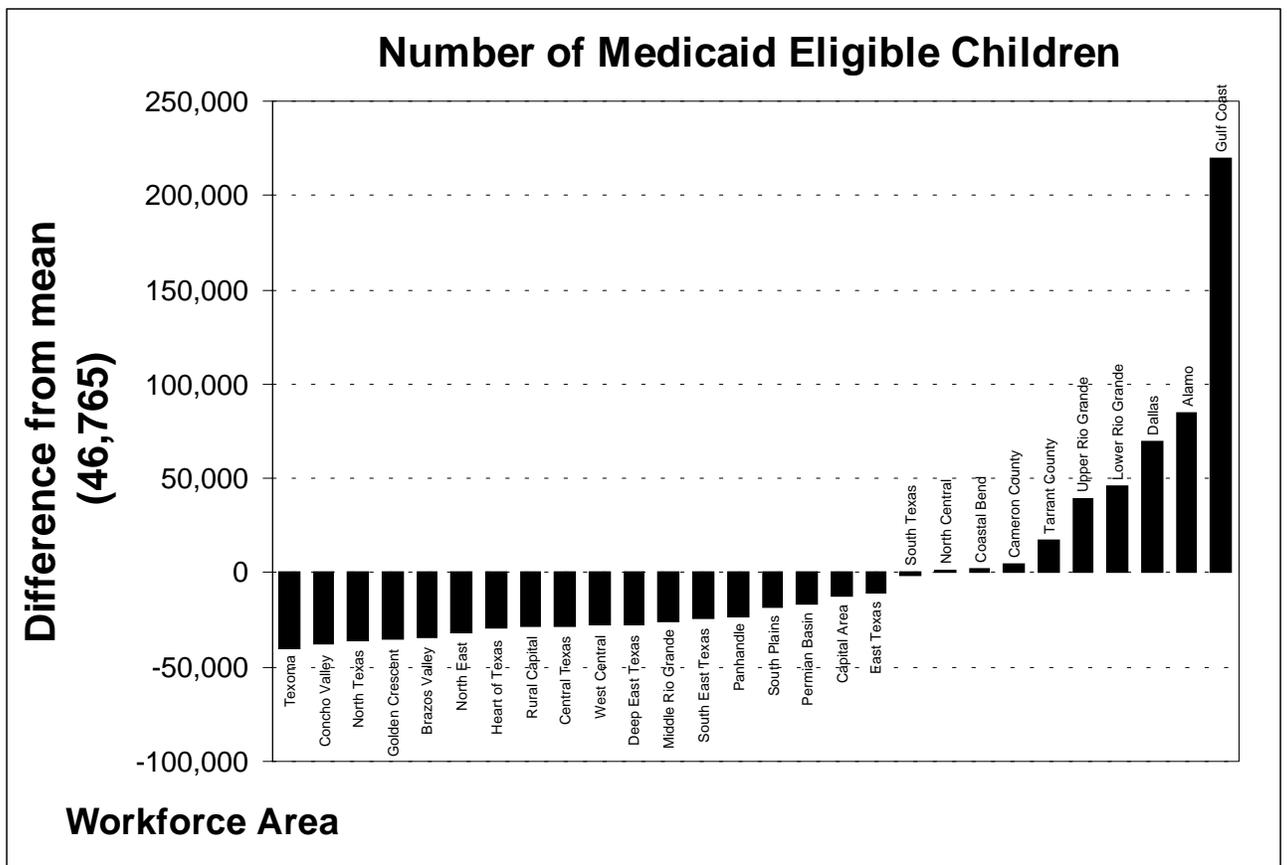
Chart 5: Number of Children Eligible for Food Stamps



Data Source: Health and Human Services Commission Projections for 2000

Chart 6 illustrates the distribution of workforce area data values around the statewide mean for the number of Medicaid eligible children. The workforce areas above the statewide mean include, in order from highest to lowest, Gulf Coast, Alamo, Dallas, Lower Rio Grande, Upper Rio Grande, Tarrant County, Cameron County, Coastal Bend, North Central, and South Texas. The East Texas area has a value just below the statewide average.

Chart 6: Number of Children Eligible for Medicaid



Data Source: Health and Human Services Commission Projections for 2000

Comparison of Need Indicator Data Items with Actual Allocations

Next, we compared the aforementioned data to the Commission's actual allocations of child care funding for FY 2001. Additionally, we added for comparison two data items that are not need criteria as outlined in S.B. 1391: total population meeting federal poverty guidelines¹⁹ and number of children under 5 years of age in the total population.²⁰ These need indicator items are consistent with those used in the federal CCDF methodology for allotting funds to the state. The first data item provides the broad background parameter of the population from which those families needing child care are drawn. The second data item is a good indicator of possible need for child care services. Children under 5 years of age consume the largest portion of child care services. These young children need full-time care all year.

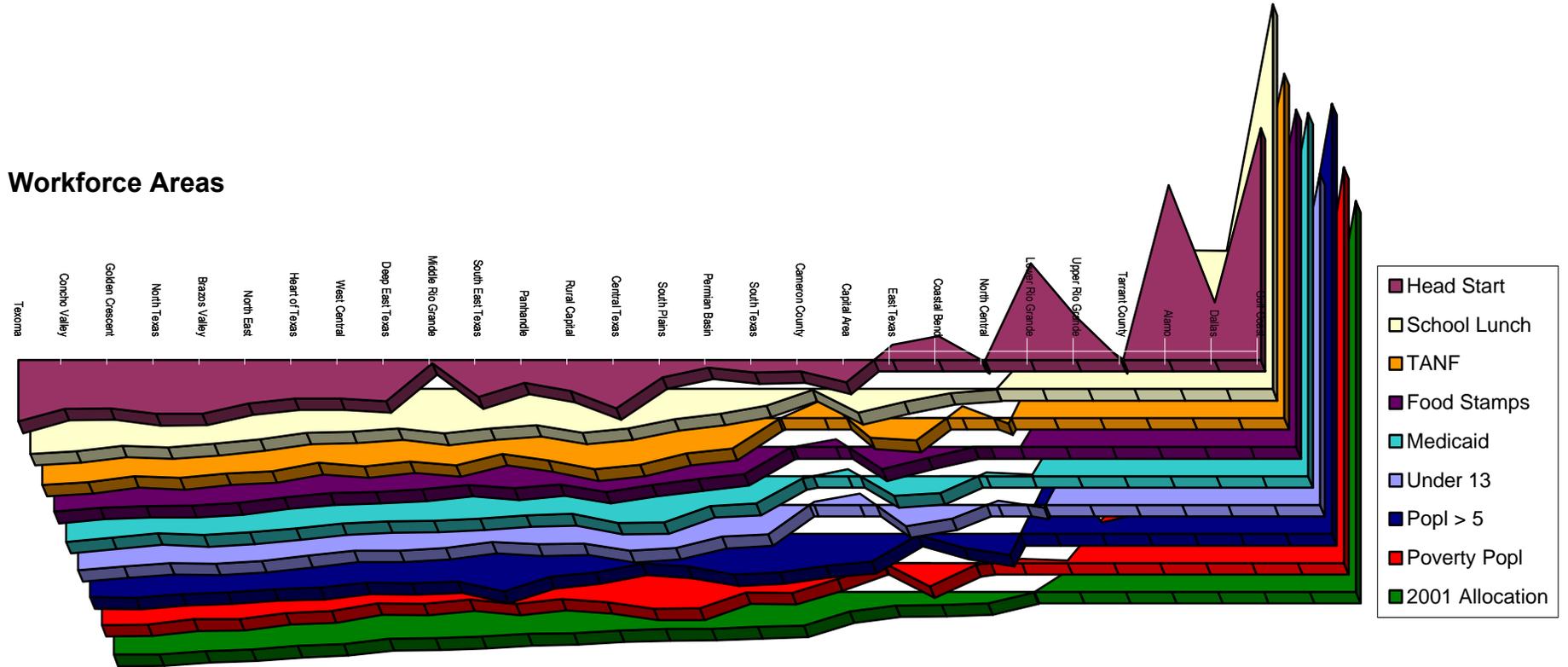
Charts 7a and 7b illustrate the close correspondence between all need indicator data items and FY 2001 child care allocations to workforce areas. This correspondence is particularly close for those workforce areas whose data values are at least one standard deviation from the mean. These workforce areas tend to be consistently above or below the statewide average on all data items. Workforce areas consistently above the statewide average on all data items include, in order from highest to lowest, Gulf Coast, Dallas, Alamo, Tarrant County, Upper Rio Grande, and Lower Rio Grande. Workforce areas consistently below the statewide average on all data items include, in order from lowest to highest, Texoma, Concho Valley, Golden Crescent, North Texas, Brazos Valley, North East, Heart of Texas, West Central, Deep East Texas, Middle Rio Grande, South East Texas, Panhandle, Rural Capital, South Plains, Permian Basin, and South Texas.

Those workforce areas having values closest to the statewide mean are less consistent. Values for these workforce areas may be slightly above the statewide mean on some data items and below the statewide mean on other data items. These workforce areas include Cameron County, East Texas, Capital Area, Coastal Bend, and North Central. Note that the Commission's allocations (green area) have fewer sharp ups and downs across workforce areas in the mid-section of the chart, showing that the Commission's allocation methodology tends to "average out" the slightly higher and slightly lower variations around the statewide mean on these differing data items.

¹⁹ Source: U.S. Census Bureau 1995 estimates released in February 1999.

²⁰ Source: Texas State Data Center, 1998 population estimates from February 2000.

Chart 7b: Comparison of Poverty Indicators with 2001 Child Care Allocations
Indicator Difference from Statewide Mean
by Workforce Area
(Lower View - Areas Below Statewide Averages)



Visual comparison of the data shows the close correspondence between the need indicators identified by S.B. 1391 and the Commission’s child care allocations for FY 2001. To analyze that correspondence more precisely, we constructed a correlation matrix of all data items. The matrix gives correlation coefficients for data items compared in sets of two. Correlation coefficients measure the relationship between two data sets. The calculation is the covariance of the two data sets divided by the product of their standard deviations. Correlation analysis helps to determine whether two sets of data "move" together—that is, whether large values of one set are associated with large values of the other (positive correlation), whether small values of one set are associated with large values of the other (negative correlation), or whether values in both sets are unrelated (correlation near zero). A correlation coefficient equal to one indicates a perfect correlation. The closer a correlation coefficient value is to one, the more closely the two sets of data are correlated—that is, the more closely the data "move" together.

Chart 8 shows the correlation matrix for all data items, each item compared to all other items one at a time. Note that the correlation coefficient values are all positive and all are above .90, indicating very strong correlations between all data items.

Chart 8: Correlation Matrix of S.B. 1391 Need Indicators with FY 2001 Allocation

	Child Under 13 at/below 100% Poverty	Head Start Child	School Lunch Child	TANF Child (Eligible)	F S Child (Eligible)	Medicaid Child (Eligible)	2001 Child Care Allocation
Child Under 13 below 100% Poverty	1						
Head Start Child	0.9579	1					
School Lunch Child	0.9890	0.9304	1				
TANF Child (Eligible)	0.9965	0.9418	0.9905	1			
F S Child (Eligible)	0.9994	0.9551	0.9922	0.9959	1		
Medicaid Child (Eligible)	0.9977	0.9478	0.9953	0.9967	0.9986	1	
2001 Child Care Allocation	0.9773	0.9304	0.9943	0.9809	0.9825	0.9877	1

Correlation of S.B. 1391 Need Indicator Data Items with Need Indicators in the Commission's Current Rule

The Commission currently utilizes poverty-based need indicator data in its child care allocation methodology. Next, the correspondence between the need indicator data items outlined in S.B. 1391 and those outlined in current child care allocation rules was more closely examined. Correlation analysis again reveals that the coefficient values are all positive and most are highly correlated. This indicates that both sets of need indicator data items are measuring the same "construct"—that is, all of the need indicator data items are measurements of poverty. This correlation matrix is shown in Chart 9.

The correlation coefficient values in Chart 9 that are below .90 are those that would be expected to be lower due to differing populations reflected in the data. In other words, the population in one set is a small subset of or only marginally intersects with the population in the other data set. For example, coefficients for children age 6-12 of Food Stamp Employment and Training (FSE&T) mandatory work registrants show less correlation with other data item sets than do the other need indicator items. The lowest value coefficient is the correlation between that data item and children in poverty under age 5. This result obtains because work registration is not mandatory for parents with children under age 6. Thus, the only families represented in both populations would be those FSE&T clients who have children under age 5 in addition to children age 6-12. Because those families do have a child under age 6, the parent or parents would not be subject to mandatory work registration. Please note, however, that the Commission only uses this need indicator in its methodology for allocating federal FSE&T child care funds to workforce areas. Thus, this data item is a good indicator for that particular funding source since it is consistent with federal regulations regarding the usage of those dollars.

Chart 9: Correlation of S.B. 1391 and Child Care Allocation Rules Need Indicator Data Items

	Child Under 13 at/below 100% Poverty	Child Under 13 at/below 150% Poverty	Under age 5 Child	Child Under 5 at/below 100% Poverty ²¹	Head Start Child	School Lunch Child	TANF Child (Eligible)	FS Child (Eligible)	Medicaid Child (Eligible)	Child 6-12, FSE&T Mandatory Work Registrants ²²
Child Under 13 at/below 100% Poverty	1									
Child Under 13 at/below 150% Poverty	0.9978	1								
Under Age 5 Child	0.9396	0.9557	1							
Child Under 5 at/below 100% Poverty	0.8819	0.8961	0.9263	1						
Head Start Child	0.9579	0.9511	0.8539	0.7907	1					
School Lunch Child	0.9890	0.9947	0.9717	0.9245	0.9304	1				
TANF Child (Eligible)	0.9965	0.9949	0.9483	0.8824	0.9418	0.9905	1			
FS Child (Eligible)	0.9994	0.9994	0.9480	0.8902	0.9551	0.9922	0.9959	1		
Medicaid Child (Eligible)	0.9977	0.9985	0.9570	0.9065	0.9478	0.9953	0.9967	0.9986	1	
Child 6-12 of FSE&T Mandatory Work Registrants	0.8339	0.8009	0.6159	0.5914	0.8783	0.7562	0.8156	0.8183	0.8183	1

²¹ Data obtained by multiplying each area's relative proportion of the statewide population of children under 5 by the area's poverty population figure. This method assumes that the number of children under 5 occur at the same rate in the poverty population as in the general population.

²² Source: Texas Department of Human Services, April 2000.

Additional Need Indicator Information and Analysis

Survey of Other States

The Agency surveyed seven states (Colorado, Minnesota, Montana, New York, North Carolina, Ohio, and Wisconsin) about their methods for allocating child care funds.²³ One state, Ohio, did not answer how the funds were allocated other than to indicate that counties are reimbursed for the cost of their child-care programs. Ohio counties decide eligibility and authorize care for a 12-month period.

Of the other 6 states, 5 use some poverty measure as an indicator of need in their allocation process, including the number of TANF recipients, number of families living in poverty, and number of children under age 6 living in poverty. Three states use historical funding numbers in their allocation. Two states use the total number of working women with children under 6 years old in their calculations, and two use market studies to vary funding by cost of child care in different regions.

Consultation with Boards

The Commission has frequently conferred with Boards and others in establishing child care funding practices, including determining allocation methods. All child care allocation rules were published in the Texas Register and subject to public comment.²⁴ Of the comments received, none were critical of the need indicators set out in the proposed rules. Moreover, the Commission has held public hearings in diverse locations across the state on the allocation formulas, pursuant to the federal planning requirements. These hearings were attended by Board representatives, child care contractors, care providers, parents, and other child care stakeholders such as Head Start, public and private schools and preschools, and early childhood education experts.

The Agency has also conducted periodic workshops for Board members and staff on federal and state appropriations, allocation rules, and formulas, gathering comments through these forums. Additionally, weekly conference calls are held during which Agency staff confer with Board representatives on child care funding and funds management and a variety of other topics concerning provision of local workforce services, including child care services. Board representatives frequently commented on their particular workforce area's needs and the Commission's allocation methods during the period in which proposed rules were under review. The Commission's current child care formulas and allocation rules reflect these consultations with Boards.

CONCLUSIONS

In compliance with S.B. 1391, this review of the Commission's child care allocation formulas and methods outlined in 40 T.A.C. § 800.58 compared data items for specific need identification criteria outlined in S.B.1391 with FY 2001 allocations to Boards. These need indicator data items include:

²³ Complete response information is found in Appendix E.

²⁴ As adopted and published in the Texas Register, February 5, 1999, 24 TexReg 793.

- Number of children under age 13 living at or below 100% of poverty level
- Number of children in Head Start program
- Number of children in the school lunch program
- Number of children in families "eligible" for TANF
- Number of children in families "eligible" for Food Stamps
- Number of children in families "eligible" for Medicaid

Workforce areas consistently above the statewide average on all data items include, in order from highest to lowest, Gulf Coast, Dallas, Alamo, Tarrant County, Upper Rio Grande, and Lower Rio Grande. Workforce areas consistently below the statewide average on all need indicator data items include, in order from lowest to highest, Texoma, Concho Valley, Golden Crescent, North Texas, Brazos Valley, North East, Heart of Texas, West Central, Deep East Texas, Middle Rio Grande, South East Texas, Panhandle, Rural Capital, South Plains, Permian Basin, and South Texas. Those workforce areas that have values closest to the statewide mean are less consistent. Values for these workforce areas may be slightly above the statewide mean on some data items and below the statewide mean on other data items. These workforce areas include Cameron County, East Texas, Capital Area, Coastal Bend, and North Central.

The Commission uses need indicators in the current allocation method developed in consultation with Boards. The need indicators used are similar to those used to allocate federal child care funds to the state. We find that the need indicator items currently used in determining allocations are consistent with the need indicator data items outlined in S.B. 1391. In fact, correlation coefficients indicate that both sets of need indicator data items are measuring the same "construct"—that is, all data items are measuring poverty. Comparison of the allocation methodology used in Texas with that of other states shows that the Commission's method is consistent with at least 5 other, similar states.

After thorough analyses of the data, the Commission concludes that the current child care funds allocation method is consistent with need in the state. Therefore, the Commission recommends continued use of the current allocation methodology. In most cases, the indicators used by the Commission are specific to a federal funding source and are the preferred indicators to use in allocating funds to serve the specific populations mandated under federal statutes or regulations.

APPENDIX A
Text of S.B. 1391

AN ACT [S.B. 1391]

1-1 relating to the review by the Texas Workforce Commission of the
1-2 allocation of certain funds for child care.

1-3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-4 SECTION 1. REVIEW OF CHILD CARE ALLOCATION FORMULAS.

1-5 (a) The Texas Workforce Commission, in consultation with local
1-6 workforce development boards, shall conduct a review of the child
1-7 care allocation formulas in 40 T.A.C. Section 800.58 to compare the
1-8 commission's current child care funding system with a system that
1-9 emphasizes providing funding to areas with the greatest need for
1-10 child care services.

1-11 (b) In conducting the review required by this Act, an area's
1-12 need for child care services shall be evaluated according to the
1-13 number of children in the area who:

1-14 (1) are under the age of 14 and who live in poverty,
1-15 as defined by federal law;

1-16 (2) participate in poverty-based programs, including
1-17 Head Start and school lunch programs; and

1-18 (3) are members of families eligible for Temporary
1-19 Assistance to Needy Families, food stamps, or Medicaid.

1-20 (c) After consideration of the criteria established under
1-21 Subsection (b) of this section and other relevant factors, the
1-22 Texas Workforce Commission shall determine:

1-23 (1) which local workforce development areas have the
1-24 greatest need for child care services; and

2-1 (2) how child care resources are currently distributed
2-2 to those areas.

2-3 (d) In conducting the review under this section, the Texas
2-4 Workforce Commission shall propose alternative methods of
2-5 allocating child care funds that address any allocation inequities
2-6 identified by the review. The commission shall identify other
2-7 programs and formulas under the commission's jurisdiction that
2-8 allocate money to local workforce development areas and that do not
2-9 take poverty-based measures into consideration.

2-10 (e) The Texas Workforce Commission shall report the findings
2-11 and recommendations required by this Act not later than November 1,
2-12 2000, to the governor, lieutenant governor, speaker of the house of
2-13 representatives, and to both houses of the legislature. The
2-14 recommendations shall include proposals for any necessary
2-15 legislation to address child care allocation formulas, taking into
2-16 consideration which local workforce development areas have the
2-17 greatest need for child care services.

2-18 SECTION 2. EMERGENCY. The importance of this legislation
2-19 and the crowded condition of the calendars in both houses create an
2-20 emergency and an imperative public necessity that the
2-21 constitutional rule requiring bills to be read on three several
2-22 days in each house be suspended, and this rule is hereby suspended,
2-23 and that this Act take effect and be in force from and after its
2-24 passage, and it is so enacted.

APPENDIX B
TWC Child Care Allocation Rules

40 T.A.C. §800.58. Child Care Allocations

- (a) Funds available to the Commission for child care services will be allocated to the workforce areas using need-based formulas, as set forth in this section.
- (b) Child Care and Development Fund (CCDF) Mandatory Funds authorized under the Social Security Act § 418(a)(1), as amended, together with state general revenue Maintenance of Effort (MOE) Funds, Social Services Block Grant funds, and TANF funds appropriated for child care (excluding any amounts withheld for state-level responsibilities) will be allocated on the following basis:
 - (1) fifty percent will be based on the relative proportion of the total number of children under the age of five years old residing within the workforce area to the statewide total number of children under the age of five years old, and
 - (2) fifty percent will be based on the relative proportion of the total number of people residing within the workforce area whose income does not exceed 100% of the poverty level to the statewide total number of people whose income does not exceed 100% of the poverty level.
- (c) Child Care and Development Fund (CCDF) Matching Funds authorized under the Social Security Act § 418(a)(2), as amended, together with state general revenue matching funds and estimated appropriated receipts of donated funds, will be allocated according to the relative proportion of children under the age of 13 years old residing within the workforce area to the statewide total number of children under the age of 13 years old.
- (d) Child Care and Development Fund (CCDF) Discretionary Funds authorized under the Child Care and Development Block Grant Act of 1990 § 658B, as amended, will be allocated according to the relative proportion of the total number of children under the age of 13 years old in families whose income does not exceed 150% of the poverty level residing within the workforce area to the statewide total number of children under the age of 13 years old in families whose income does not exceed 150% of the poverty level.
- (e) For Food Stamp Employment and Training child care, funds will be allocated among workforce areas on the basis of the relative proportion of the total number of children aged 6-12 years in households of mandatory food stamp work registrants residing within the workforce area to the statewide total number of children aged 6-12 years in households of mandatory food stamp work registrants.
- (f) The following provisions apply to the funds allocated in subsections (b) - (e) of this section:
 - (1) No more than 5% of the total expenditure of funds may be used for administrative expenditures as defined in federal regulations contained in 45 Code of Federal Regulations § 98.52, as may be amended unless the total expenditures for a workforce area are less than \$5,000,000. If a workforce area has total expenditures of less than \$5,000,000, then no more than \$250,000 may be used for administrative expenditures.
 - (2) At least 4% of the total expenditure of funds must be used for activities to improve the quality of child care as defined in federal regulations contained in 45 Code of Federal Regulations § 98.51, as may be amended. At the local workforce development board's (Board) discretion, more than 4% of the expenditures may be used for these activities.
 - (3) Transitional clients who are eligible for child care for their children and Choices clients who are eligible for child care for their children shall be served on a priority basis to enable parents to participate in work, education, or training activities.

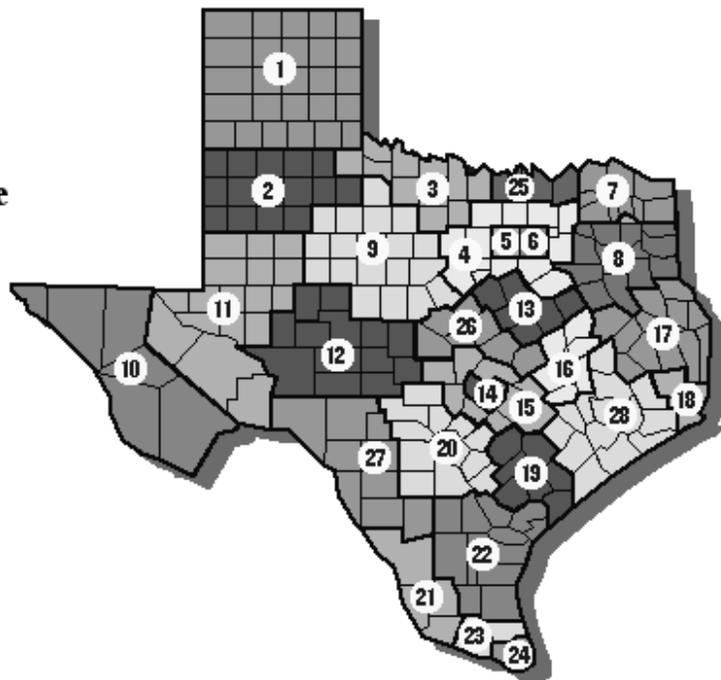
- (4) Sufficient funds must be used for direct child care services to ensure Commission-approved performance targets are met.
- (5) The Board shall comply with any additional requirements adopted by the Commission or contained in the Board contract.
- (g) The provisions in this section shall be applicable to allocations for child care beginning in fiscal year 2000.

The provisions of this § 800.58 adopted to be effective February 10, 1999, as published in the Texas Register, February 5, 1999, 24 TexReg 793; amend to be effective January 3, 2000, as published in the Texas Register, December 31, 1999, 24 TexReg 12077.

APPENDIX C
Map of Local Workforce Development Areas

Texas Local Workforce Development Boards Serving Local Workforce Development Areas

1. Panhandle
2. South Plains
3. North Texas
4. North Central
5. Tarrant County
6. Dallas
7. North East
8. East Texas
9. West Central
10. Upper Rio Grande
11. Permian Basin
12. Concho Valley
13. Heart of Texas
14. Capital Area
15. Rural Capital
16. Brazos Valley
17. Deep East Texas
18. South East Texas
19. Golden Crescent
20. Alamo
21. South Texas
22. Coastal Bend
23. Lower Rio Grande Valley
24. Cameron County
25. Texoma
26. Central Texas
27. Middle Rio Grande
28. Gulf Coast



APPENDIX D
Texas Health and Human Services Commission
Methodological Notes & Data Set

PROJECTION OF SEVERAL COUNTY-LEVEL POPULATIONS OF INTEREST TO TWC

Methodological Notes

**Prepared By:
Research Department
Texas Health and Human Services Commission
February 9, 2000**

Following is an account of the methodological steps taken to develop county-level projections of several populations of interest to the Texas Workforce Commission (TWC).

I. Projections of the Number of Children Ages 0 - 12 At/Below 100% of Poverty in the Year 2000

These projections were done following a 4-step method.

1. A first set of projections was developed by extrapolating county-level poverty rates taken from the 1990 U.S. Census covering the population of children ages 0 - 11 (the closest age cohort for which this kind of information was available from the 1990 U.S. Census). These rates were applied to year 2000 projections of the population ages 0 - 12 in Texas, by county. The population projections for the year 2000 were obtained from the Texas State Data Center (SDC) at Texas A&M University.
2. A second set of projections was developed by applying the projected county-level poverty rates for 1999 for children under the age of 18 to year 2000 county-level projections of the population ages 0 - 12 in Texas. The population projections were obtained from the SDC. The 1999 poverty rates were obtained from the poverty projections model developed by staff from the Texas Health and Human Services Commission in the Spring of 1999.
3. A third set of projections, or set of preliminary final projections, was developed by averaging, on a county basis, the data on projected number of children at/below 100% of poverty developed in steps 1 and 2.
4. Last, the county-level final preliminary projections developed in step 3 were then ratio-adjusted so that their sum, across all counties, would match a separately developed statewide projection of the number of children ages 0 - 12 at/below 100% of poverty in the year 2000. The statewide projection was developed by applying, or extrapolating, statewide poverty rate data for Texas children ages 0 - 12, obtained from the March of 1999 Current Population Survey (CPS) for Texas, to a statewide projection of the total number of children ages 0 - 12 in the year 2000 obtained from the SDC.

II. Projections of the Number of Children Ages 0 - 12 At/Below 150% of Poverty in the Year 2000 (Population Potentially Eligible for State-Subsidized Child Care)

These projections were done following a 2-step method.

1. A first set of projections was developed by extrapolating county-level data on the percent of children ages 0 - 11 living at/below 150% of poverty taken from the 1990 U.S. Census. The data for the age 0

-11 cohort was the closest to our cohort of interest (ages 0 - 12) for which this kind of information could be developed based on results from the 1990 U.S. Census. These county-specific percents, or rates, were applied to county-level year 2000 projections of the population ages 0 - 12 in Texas. The population projections statistics were obtained from the SDC.

2. The county-level projections developed in step 1 were ratio-adjusted so that their sum, across all counties, would match a separately developed statewide projection of the number of children ages 0 - 12 at/below 150% of poverty in the year 2000. The statewide projection was developed by applying, or extrapolating, data on the percentage of Texas children ages 0 - 12 living at/below 150% of poverty, obtained from the March of 1999 Current Population Survey (CPS), to a statewide projection of the total number of children ages 0 - 12 in the year 2000 obtained from the SDC.

III. Projections of the Number of Children Ages 0 - 12 At/Below 130% of Poverty in the Year 2000 (Population Potentially Eligible for Food Stamps)

These projections were done following a 2-step method.

1. A first set of projections was developed by extrapolating county-level data on the percent of children ages 0 - 11 living at/below 130% of poverty taken from the 1990 U.S. Census. The age 0 -11 cohort was the closest to our cohort of interest (ages 0 - 12) for which this kind of information could be estimated based on results from the 1990 U.S. Census. These county-specific percents, or rates, were applied to county-level year 2000 projections of the Texas population ages 0 - 12 obtained from the SDC.
2. The county-level projections developed in step 1 were ratio-adjusted so that their sum, across all counties, would match a separately developed statewide projection of the number of children ages 0 - 12 at/below 130% of poverty in the year 2000. The statewide projection was developed by applying, or extrapolating, data on the percentage of Texas children ages 0 - 12 living at/below 130% of poverty, obtained from the March of 1999 Current Population Survey (CPS), to a statewide projection of the total number of children ages 0 - 12 in the year 2000 obtained from the SDC.

IV. Projections of the Number of Children Ages 0 - 12 Potentially Eligible for TANF in Year 2000

These projections were done following a 4-step method.

1. A first set of projections was developed by estimating the number of children ages 0-12 potentially eligible for TANF, by county, from statewide data reflecting the rate of participation in TANF among potentially eligible children ages 0 - 12. Data taken from the March of 1999 Current Population Survey (CPS) for Texas was used to project the percent of Texas children ages 0 - 12 in the year 2000 potentially eligible for TANF. Data taken from Texas Department of Human Services' files was used to establish the number of TANF enrollees ages 0 -12, by county, as of the most recent point in time available (December of 1999). The first set of projections of potential eligibles was obtained by multiplying the estimated statewide rate of participation among TANF potentially eligible children ages 0-12 by the county-specific TANF enrollment level (for children ages 0-12) as of the most recent time period available (in this portion of the model, equal participation rates among TANF potential eligibles across all counties are assumed).
2. A second set of projections was developed by applying statewide percents, which reflect the rate at which children ages 0 - 12, by race/ethnicity, appear to be potentially eligible for TANF, to county-level projections of the number of Texas children ages 0 - 12, by race/ethnicity, for the year 2000. The data reflecting the percent of children ages 0 - 12 potentially eligible for TANF was obtained

from the March of 1999 Current Population Survey (CPS) for Texas. The county level projections of the number of Texas children ages 0 - 12, by race/ethnicity, were obtained from the SDC.

3. A third set of projections, in this case a set of preliminary final projections, was developed by averaging, on a county basis, the 2 separate sets of projections of number of children ages 0-12 potentially eligible for TANF obtained in steps 1 and 2.
4. Last, the county-level preliminary final projections developed in step 3 were ratio-adjusted so that their sum, across all counties, would match a separately developed statewide projection of the number of children ages 0 - 12 potentially eligible for TANF in the year 2000. This separate statewide projection was developed by applying, or extrapolating, the statewide percent of Texas children potentially eligible for TANF, based on March of 1999 Current Population Survey (CPS) data, to projections of the population of children ages 0 - 12 for the year 2000 obtained from the SDC.

V. Projections of the Number of Children Ages 0 - 12 Potentially Eligible for Medicaid in Year 2000

These projections were done following a 4-step method.

1. A first set of projections was developed by estimating the number of children ages 0-12 potentially eligible for Medicaid, by county, from statewide data reflecting the rate of participation in Medicaid among potentially eligible children ages 0 - 12. Data taken from the March of 1999 Current Population Survey (CPS) for Texas was used to project the percent of Texas children ages 0 - 12 in the year 2000 likely to be potentially eligible for Medicaid. Data taken from Texas Department of Human Services' files was used to establish the number of Medicaid enrollees ages 0 -12, by county, as of the most recent point in time available (December of 1999). This first set of projections of potential eligibles was then obtained by multiplying the estimated statewide rate of participation -- among potentially eligible children ages 0-12 for Medicaid -- by the county-specific Medicaid actual enrollment level for children ages 0-12 as of the most recent time period available (in this portion of the model, equal participation rates among Medicaid potential eligibles across all counties are assumed).
2. A second set of projections was developed by applying statewide percents reflecting the percent of children ages 0 - 12 who are projected to be potentially eligible for Medicaid in the year 2000, according to race/ethnicity, to county-level projections of the number of Texas children ages 0 - 12, according to race/ethnicity, for the year 2000. The data reflecting the percent of children ages 0 - 12 potentially eligible for Medicaid were obtained from the March of 1999 Current Population Survey (CPS) for Texas. The county level projections of the number of Texas children ages 0 - 12, by race/ethnicity, were obtained from the SDC.
3. A third set of projections, or set of preliminary final projections, was developed by averaging, on a county basis, the 2 separate sets of projections of number of children ages 0-12 potentially eligible for Medicaid developed in steps 1 and 2.
4. Finally, the county-level projections developed in step 3 were ratio-adjusted so that their sum, across all counties, would match a separately developed statewide projection of the number of children ages 0 - 12 potentially eligible for Medicaid in the year 2000. This separate statewide projection was developed by applying, or extrapolating, the statewide percent of Texas children potentially eligible for Medicaid, based on March of 1999 Current Population Survey (CPS), to projections of the population of children ages 0 - 12 for the year 2000. The population projections of children 0-12 for the year 2000 were obtained from the SDC.

Data Sources Used

1. U.S. Census Bureau: 1990 U.S. Census of Population and Housing for Texas. Summary Tape File 3A.
2. Texas State Data Center at Texas A&M University. Population Projections Data. Population Growth Scenario 1.0 File. Version of 4 / 98.
3. Research Department. Texas Health and Human Services Commission. Projections of the Texas Population Living in Poverty By County in 1999. Published Via Internet, May of 1999.
4. Texas Department of Human Services. Medicaid Eligibles File for December of 1999.

Data Set Aggregated by Local Workforce Development Area

LWDA		Child Under 13 at/below 100% Poverty	Head Start Child	School Lunch Child	TANF Child (Eligible)	F S Child (Eligible)	Medicaid Child (Eligible)	Under Age 5 Child
1	Panhandle	19,618	1,576	35,802	7,884	27,456	23,794	30,077
2	South Plains	23,067	1,732	41,179	9,455	30,897	28,563	28,385
3	North Texas	9,350	674	16,598	3,909	12,715	11,003	14,557
4	North Central	37,803	2,186	67,047	16,302	53,183	47,585	115,999
5	Tarrant County	49,559	2,188	87,216	25,325	70,243	64,092	113,246
6	Dallas	94,899	3,912	188,039	48,517	128,862	116,538	187,188
7	North East	13,371	979	23,648	5,434	18,437	14,989	18,083
8	East Texas	32,228	2,673	56,118	12,399	45,590	36,502	49,068
9	West Central	15,968	1,123	30,356	6,560	22,172	19,266	21,566
10	Upper Rio Grande	78,415	3,479	113,228	32,636	104,536	86,254	76,913
11	Permian Basin	24,347	2,023	45,813	10,581	34,525	30,065	30,238
12	Concho Valley	7,980	829	13,109	2,964	11,428	9,585	10,302
13	Heart of Texas	15,972	1,122	29,400	7,367	21,304	17,965	22,082
14	Capital Area	28,406	1,587	46,516	13,078	37,650	34,660	59,052
15	Rural Capital	15,924	1,341	29,142	5,872	22,176	18,382	36,913
16	Brazos Valley	10,729	682	19,501	4,986	14,470	12,596	17,123
17	Deep East Texas	17,434	1,040	33,075	7,703	23,793	19,674	22,922
18	South East Texas	19,230	1,161	33,055	9,376	24,595	22,943	26,512
19	Golden Crescent	9,631	843	17,827	4,294	12,433	12,083	13,143
20	Alamo	112,089	7,311	188,382	47,993	152,081	131,435	141,464
21	South Texas	40,788	1,882	53,041	17,284	52,599	45,368	35,061
22	Coastal Bend	41,401	2,924	63,915	20,260	52,917	48,897	43,502
23	Lower Rio Grande	81,220	5,035	112,035	37,182	104,724	92,681	68,881
24	Cameron County	44,990	1,907	66,831	21,920	58,174	51,043	38,354
25	Texoma	6,124	456	10,880	2,336	8,540	6,818	10,950
26	Central Texas	17,480	837	33,042	6,952	27,113	18,745	34,497
27	Middle Rio Grande	20,429	2,146	28,640	6,815	26,928	21,099	15,157
28	Gulf Coast	207,090	8,965	403,431	95,861	284,742	266,803	393,477

APPENDIX E
Questionnaire to States and
Survey Response

Questionnaire Concerning State Allocations of Child Care Funding

Please provide us the following information which will be helpful for understanding how other states allocate (distribute) funds used for providing direct child care services and supporting services. This information is requested by Friday, November 12, 1999 (see below). We greatly appreciate your time in providing this information.

State Providing This Response:

Contact Person (Name and Title):

Contact Person (area code/phone number):

Contact Person (email address):

A) Describe the allocation method your state uses to distribute funds across your state to be used for direct child care services and service to support such services. (If your allocation method is outlined in a rule or state administrative code, or similar document, please include that as part of the information.)

B) List the sources of data which help you to determine which areas have the greatest need for child care services.

C) Describe how you determine which areas of your state have the greatest need for child care services?

D) If different from the contact person listed above, please provide a contact person (phone number and email address) who can answer questions specific to how data is acquired and used in your allocation methodology.

Please respond by email or fax to:

Mary C. Chamberlain

Coordinator for the Development of S.B. 1391

Texas Workforce Commission

101 E. 15th Street, Room 440-T

Austin, TX 78778-0001

phone: (512) 463-8733

email: mary.chamberlain@twc.state.tx.us

fax: (512) 463-5067 or (512) 463-7379

RESPONSE FROM STATES

Wisconsin	Contact:	Dave Edie Edieda@dwd.state.wi.us
	<p><u>Methodology:</u> Wisconsin disburses child care subsidy funds at the central level. When Wisconsin previously provided allocations to 72 counties, they used the following equal weighting factors:</p> <ol style="list-style-type: none"> 1. The number of AFDC recipients in each county, and 2. The number of women in each county who work and have children under the age of 6. <p>Counties were held harmless at their most recent allocation level and used the formula only for new funds.</p>	
Montana	Contact:	Linda Fillinger Lfillinger@state.mt.us
	<p><u>Methodology:</u> Formerly, Montana allocated subsidy and administrative funds to our Child Care Resource and Referral (CCR&R) districts based on a complicated formula, but had difficulty predicting actual need for the subsidy. Our CCR&R's managed most of our subsidy programs and some of our quality programs.</p> <p>Presently, we have a formula for allocating our administrative funds to our CCR&R's that is based on historical caseload information, geographical area served, number of child care providers in their district, etc.</p>	
Minnesota	Contact:	Elizabeth Roe Elizabeth.Roe@state.mn.us
	<p><u>Methodology:</u> Minnesota distributes funds to counties for our Basic Sliding Fee Child Care Assistance Program.</p> <p>Families who are participating in MFIP (TANF program) or Transition Year are fully funded, and so funds are not truly allocated.</p> <p>Minnesota shifted from an allocation based on demographic information to one based on demand information because our demographic information did not reflect self-identified need.</p> <p>The 1999 legislature modified the formula used by the Department of Children, Families and Learning to allocate Basic Sliding Fee funds to counties. The change removes the demographic elements used in the current allocation formula and instead allocates funds on the basis of unmet need and projected demand. The funds are distributed based on the following formula:</p>	

<p>Minnesota Statutes 119B.03, subd. 6 and 8</p> <p>County reports and other sources used to determine greatest need for child care Services</p>	<ol style="list-style-type: none"> 1. One-fourth of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation. 2. One fourth of the funds shall be allocated based on the number of families participating in the transition year child care program as reported during the most recent quarter completed at the time of the notice of allocation. 3. One fourth of the funds shall be allocated in proportion to each county's most recently reported first, second and third priority groups on the waiting list as defined in M.S. 119B.03 subd.2. 4. One fourth of the funds must be allocated in proportion to each county's most recently reported waiting list as defined in M.S. 119B.03 subd. 2. <p>This formula applies to the funds remaining after funds have been allocated in amounts equal to each county's guaranteed floor. When funding increases are implemented within a calendar year, a county's guaranteed floor is equal to 100% of its original allocation for the same calendar year.</p> <p>County reports reveal which areas have the greatest need for child care services:</p> <ol style="list-style-type: none"> 1. Spending on Basic Sliding Fee during most recent fiscal year 2. Number of families in transition year child care 3. Number of families in top three priority groups on waiting list 4. Total waiting list 	
<p>New York</p>	<p>Contact:</p>	<p>Suzanne Zafonte Sennett State Child Care Administrator Aw1160@dfa.state.ny.us (518) 474-9454</p>
<p>County Allocations</p> <p>Sources of data for determining areas having the greatest need for child care</p>	<p><u>Methodology:</u> County allocations are based on a formula that takes into account the following:</p> <p>All counties were assured to receive an amount that equaled the total of:</p> <ol style="list-style-type: none"> 1. Federal and State child care spending across all eligibility categories (TANF-related, low income, transitional, at-risk, etc) in the base year (1995) 2. Cash value of dependent care income disregard 3. Moneys in excess of this base are allocated by a formula that takes into account : <ul style="list-style-type: none"> - % of State's income eligible kids that live in that county; - relative cost of care in that county; and - number of additional kids that could require child care in that county in the coming year due to the difference in the required TANF work participation rates for the upcoming year versus the work participation rates that county achieved in the previous period. <p>We have been using this approach for the last 3 years. The only difference is that in the 2nd and 3rd years – the base accelerated ONLY to show increased spending on behalf of clients in TANF work activities.</p> <ul style="list-style-type: none"> - census data re: % of children in need of child care under 200% of poverty - TANF work participation rates - Market rates - County child counts within public assistance cases 	

Colorado	Contact:	Oxana Golden Oxana.Golden@state.co.us
	<p><u>Methodology:</u> Colorado allocates funds annually to 63 counties. The allocation formula is based on three factors:</p> <ol style="list-style-type: none"> 1. Number of families in county at 100% of poverty or under (weighted 25%) 2. Number of families in county below 185% of poverty (weighted 25%) 3. Historical child care expenditures from previous fiscal year (weighted 50%) <p>Our allocations do not cover total child care expenditures; counties have authority to transfer TANF funds, up to the 30% limit</p>	
Ohio	Contact:	Roger Edens edensr@odhs.state.oh.us (614) 466-7762 Web Site: http://www.state.oh.us/odhs/cdc
Eligibility Residency Providers Payment Freeze Enrollment Children in Care Admin. Allocations	<p><u>Methodology:</u> State of Ohio supervises the county administered child care system through a reimbursement process. The state receives all child care funds (TANF, CCDF, Title XX, General Revenue) and combines all funding. Each county houses a County Department of Human Services with county offices that administer the child care programs. County offices perform eligibility process. If the child is eligible for care, the county authorizes care for a 12-month period.</p> <ul style="list-style-type: none"> ● Eligibility is based on family size and income. ● If income is <185% poverty level, parents pay cost of care, based on a graduating fee table. ● Parents pay copay to the provider; the balance of the cost of care is paid by the county to the provider. ● No fee can exceed 10% of income. <p>The county must be the family's "permanent" residency; eligible through residency as soon as they move into the county.</p> <p>All providers are certified. There are 2 levels of certification for providers.</p> <ol style="list-style-type: none"> 1. Limited certification (relative care), and 2. Professional certification (licensed and group homes). <ol style="list-style-type: none"> 1. Eligible child care providers bill the county directly each month. 2. Counties pay providers monthly. 3. The state reimburses counties monthly. <p>Ohio only had to freeze enrollment twice since 1990, because budget was exceeded. At present, child care funds are being underutilized and the state is considering allowing the limits to be increased to <200% of poverty level (by July 2000)</p> <p>Formerly: 85,000; presently: 70,000</p> <p>Fiscal Dept. works out the administrative allocations.</p>	

North Carolina	Contact:	Rob Kindsvatter, Assistant Budget Officer Rob.Kindsvatter@ncmail.net (919) 662-4535
Allocation Formula Criteria Historical Basis Admin. Allocation Data sources Reallocation On A Quarterly Basis	<p><u>Methodology</u>: For purposes of the distribution of child care services dollars, there are two varieties of funds to be allocated; categorical and non-categorical funds.</p> <p>Categorical funds are dollars that have been designated for a specific purpose. For instance in SFY 99-00, North Carolina set aside an amount of funds to help our state meet federal TANF maintenance of effort requirements. These funds were distributed in a way to best serve the purpose of meeting this goal. In this case, funds were allocated to counties with higher populations of families receiving TANF services. Allocation of categorical funds is variant depending upon the funding source and specific goals set for the dollars to be allocated.</p> <p>The vast majority of funds that are allocated each year however are of the non-categorical variety. These funds are distributed by a formula that is defined in state legislation. Each county receives their share of funding based upon three criteria. These criteria are:</p> <ol style="list-style-type: none"> 1. Total county population, 2. County population of children under 6 living in poverty, and 3. County population of working mothers with children under 6. <p>For each of these measures 1/3 of all available non-categorical funds are distributed on a prorated basis to each county. In addition there is a provision in the funding formula to guarantee that each county receives a minimum amount of funding. This minimum is currently set at the amount that each county spent for child care services in SFY 1995-96.</p> <p>Each county may use up to 4% or \$60,000 of their total allocation (whichever is greater) for administration and services support activities.</p> <p>The data for total county population, county population of children under 6 living in poverty and county population of working mothers are census based. The North Carolina Office of State Planning also provides projections for total county population and county population by age for non-census years that are used to update these figures.</p> <p>The initial allocation of funds to counties are distributed by a set formula. However, state legislation includes a provision for the reallocation of subsidized child care funds. One way that the state determines the need for services is by monitoring county spending patterns throughout the SFY.</p> <p>Whenever necessary, funds may be moved from counties that are not anticipated to use all of their funds to counties where additional funds may be required. If necessary, the reallocation of funds is typically completed on a quarterly basis.</p>	