WOMEN, EMPLOYMENT, AND CHILD CARE IN WASHINGTON STATE

BY

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ABSTRACT

In November of 1985 the Washington State Department of Social and Health Services changed the eligibility criteria for several of its child day care programs, sending them into temporary disarray. The nature and effects of the changes are analyzed. A discussion of the political, budgetary, and administrative events leading to the changes follows.

The programs face an uncertain future. They have been weakly supported by the state legislature, and have had a volatile budgetary past. The Department of Social and Health Services should improve its budget planning methods, and the State should rethink its commitment to day care if it intends to meet its written policy goals.

Thesis Supervisor: Martin Rein

Title: Professor of Urban Studies
DEDICATIONS AND ACKNOWLEDGEMENTS

To my best friend, Llory Wilson, with whom I have always been able to speak about questions of feminism and of art;

To my extended family because it makes them very happy that I have done this;

To my fellow DUSP students for conspiring constantly to maintain a supportive environment;

And to my friends in the Pacific Northwest who trusted me when I said I would come home.

Many people's ideas are wrapped up in this little project, but as it stands, I am solely responsible.
WOMEN, EMPLOYMENT, AND CHILD CARE IN WASHINGTON STATE

CONTENTS

TITLE PAGE................................................................. 1
ABSTRACT............................................................................. 2
DEDICATION AND ACKNOWLEDGEMENTS..................................... 3
CONTENTS........................................................................... 4
LIST OF TABLES................................................................. 5

INTRODUCTION................................................................. 6
CRISIS MANAGEMENT IN CHILD CARE SERVICES......................... 6

I. DSHS CHILD DAY CARE PROGRAMS AND CUTBACKS............. 11
   THE PROGRAMS.................................................................. 11
   PAYMENT OF SUBSIDIES..................................................... 15
   CUTBACK DETAILS............................................................ 18
   THE ELIGIBLE POPULATION............................................... 23

II. EVENTS LEADING TO THE CUTBACKS................................. 27

CONCLUSIONS..................................................................... 38
   DCFS DAY CARE PROGRAM CAPACITY AND FUTURE................ 38
   TECHNICAL AND ADMINISTRATIVE ISSUES......................... 39
   DAY CARE: THE POLITICAL YO-YO.................................... 40

BIBLIOGRAPHY................................................................... 41
LIST OF TABLES

1. DSHS Day Care Programs........................................12
2. DCFS Clients Served (children per month)..................13
3. DCFS Child Day Care Expenditures........................14
4. Financial History of DCFS Day Care Programs (millions of nominal dollars)..............................14
5. Employment Day Care Program Survey Results............15
6. Day Care Reductions.............................................17
7. %age of SMIAFS Determining Day Care Eligibility.......19
8. Income/mo. for Family of 4 Determining Day Care Eligibility (as of 11/1/85)........................21
9. Seattle Area Licensed Day Care Costs....................22
10. Day Care Costs as a %age of Income by Family Size and Number of Children for Average DSHS Employment Subsidy Recipients.............................................22
11. Median Family Income for Women Heads of Households....26
INTRODUCTION

CRISIS MANAGEMENT IN CHILD CARE SERVICES

In late 1985, the Washington State Department of Social and Health Services, faced with a budgetary shortfall, severely cut back the funding for its child day care programs. At least 2500 families, almost all headed by single women, suddenly lost access to affordable day care. Many were forced to consider giving up their already low-paying jobs. In resorting to crisis management, the Department of Social and Health Services failed in its mission to help these families achieve economic independence.

The State's decision-making process resulted in actions detrimental to families receiving day care service subsidies. While the established goals of its programs appear to be committed to improving the economic circumstances of its clients, State actions and the low prioritization of child care services speak more clearly of a lack of commitment. Subsidized child care is an endangered State service. This paper's exploration of the recent cutbacks and the events leading to them underscores the weak foundation on which the day care programs rest.

Looking ahead to 1986 with less money than was necessary to serve their caseload, top administrators at the Department of Social and Health Services changed the eligibility requirements for its child day care programs. Without such changes, agency Secretary A.N. Shinpoch predicted a $3.3 million overexpenditure for 1985-1987. (128) According to an
agenda for the Washington state legislature's Joint Ways and Means Committee, an unanticipated increase in the number of eligible applicants for assistance was partially responsible for the changes. (128) Agency staff and state legislators, however, have said that they were aware of the growing demand for child day care services. Both claim that the legislature under-funded the programs in the 1985-1987 budget, and that insufficient appropriations led to the changes. (6, 63, 84, 130) Both of these statements are true, and neither adequately addresses the problem.

Five months after the cutbacks were established, the legislature passed a supplemental emergency budget, including funds to restore the child day care programs. The programs will begin operating at their pre-cutback levels sometime between May and July, 1986. In the meantime many families, excluded from the programs because of the cutbacks, are in an uncertain position. They may have had to give up their jobs in order to provide their own day care. Others, who are still working despite the cutbacks, may be unaware that the programs will be restored. In both cases, time is of the essence for these families. It may be only a matter of months before unemployment or the increasing burden of unsubsidized child care costs forces parents onto the welfare rolls.

Jan Wells, Program Manager for Day Care Services at the Department of Social and Health Services, estimates that it will take at least three months from when the old eligibility criteria begin operating again before the programs reach
capacity. (130) For between eight months and one year from when the cuts were established, 2500 or more low-income families will have had to make do with less or without State support. (128) Almost all of the families are headed by single women. (123)

The State gave very short notice to those families. Less than two months passed between the announcement of the cutbacks and their implementation. Little public discussion was held about how the programs' financial insolvency could be managed. The changes were very quickly designed and implemented by state administrators. At least one legislator, an active day care advocate, was surprised and angered at being excluded from the process. (6)

The public was alerted to the issue by the press in several highly visible articles. Reporters focused on families who were using the Employment Day Care and Seasonal Farmworker Day Care programs. Most of the families who would be affected by the cutbacks were receiving subsidies from one of these two programs. The press highlighted the response of individual family members, primarily women and a few men who had been, or expected to be, receiving assistance. Reporters also interviewed legal services attorneys who were acting as quickly as possible to create alternative proposals, chief among them the restoration of full funding for each of the programs.
That the State had to revert to emergency spending measures to continue its operation is a sign that commitment to day care is at a near minimum. Refunding for the day care programs was granted as part of a supplemental budget declaring a state of emergency. (126: 2) The state legislature, the Department of Social and Health Services, and particularly the families using the day care subsidies would be more secure if the kind of crisis management exemplified by the cutbacks could be avoided.

In order to place this analysis in perspective, a brief review of what other states have done in reaction to declining federal resources for day care is useful. Very little research on the topic has been completed. In 1982 federal funding for day care was switched from Title XX of the U.S. Social Security Act to the Social Services Block Grant (SSBG) program. Most states experienced a substantial cut in federal funding with that switch, Washington among them.

Massachusetts responded with an increase in state funds to replace lost federal dollars. Massachusetts is seen as a leader in state day care funding policy. It currently spends approximately $100 million annually on day care, in addition to the federal funds it receives through the SSBG program. California chose not to use any SSBG money for day care, but replaced all lost federal dollars with state funds. Until very recently, Rhode Island, at the opposite end of the spectrum, provided no subsidies except for SSBG funds specifically earmarked for day care. The state of New York
operates its day care funding on a county-by-county basis, with each choosing whether to use its SSBG funds for day care or for alternative purposes. (58)

The Children's Defense Fund has completed a study of the effects of federal cutbacks, claiming substantial decreases in day care services have resulted from federal cuts. Their analysis, however, fails to note instances in which states have picked up all or part of the tab dropped by the federal government. Clearly the burden has been shifted to the states; but the effects on clients can only be estimated once state reactions have been incorporated into the analysis.

Washington state, while spending far less on day care than Massachusetts, has dramatically increased its share of day care funding since 1982. The problem for subsidy recipients is not in whether the state participates, but whether it has a commitment to continuing to do so, and at what level. My analysis suggests that the commitment is weak, and that spending levels are relatively low.
I. DSHS CHILD DAY CARE PROGRAMS AND CUTBACKS

THE PROGRAMS

The State Department of Social and Health Services (DSHS) subsidizes non-AFDC (Aid to Families with Dependent Children) parents' costs for child day care through its Division of Children and Family Services. There are five main programs through which the subsidies are made available. In each program the State works with private providers, who are reimbursed for their services on either a voucher or attendance basis. The State does not operate public day care centers itself.

The Division of Children and Family Services' (DCFS) subsidies for day care are funded largely with State dollars. The remainder are financed with federal Social Services Block Grant funds. The block grants replaced monies previously received through Title XX of the U.S. Social Security Act.

The Division of Income Assistance (DIA), which also provides some child day care services, is funded through Titles IV-A and IV-C of the Social Security Act. Within DIA, Title IV-A funds are used to assist families eligible for federal Aid to Families with Dependent Children (AFDC), and for Education and Training programs. Title IV-C funds within the same division are used for the AFDC Work Incentive (WIN) program. (122)

Currently, approximately 65 percent of the funding for child day care programs administered by DCFS come from State sources. The total budget for DCFS day care in fiscal year
1985 was initially $4,364,000 (see discussion of Table 12 in the following section), of which the State provided $2,985,000. (38) Prior to 1984, the State was contributing only 20 percent of the cost of the programs. The fact that the State has had to pick up so much of the cost in recent years has doubtless made legislators more aware of the programs' expense.

Table 1 briefly describes the DSHS day care programs. The majority of clients are subsidized through the Employment or through the Seasonal Farmworker programs. In 1986, of 7000-7700 children served monthly through all the DCFS programs, an estimated 1900-1950 are using Seasonal Farmworker subsidies, while between 2800-3000 are using the Employment day care program.

TABLE 1

DSHS Day Care Programs

DCFS Day Care:

A. Regular day care
   1. Employment - for employed, non-AFDC parents
   2. Secondary education - for parents completing high school
   3. Child protective services
   4. Child welfare services - for parents attending counseling or therapy, medical appointments, etc.

B. Indian reservation - for residents of federally recognized reservations

C. Seasonal Farmworker

D. Therapeutic child development and family services - for families with children who are at risk of abuse and/or neglect

E. Exception to policy - case by case basis

[cont'd]
DIA Day Care (AFDC programs)

A. Education and Training (E&T) - Title IV-A

B. Work Incentive (WIN) - Title IV-C

Source: DCFS Manual. Chapter 28.15

Table 2 illustrates the fact that for most of the programs, particularly the two most heavily used, the number of clients served per month has been growing steadily since fiscal year 1983.

| TABLE 2 |
|-----------------|-----------------|-----------------|-----------------|
| DCFS Clients Served (children per month) |
| FY1986 (Est.) | FY1985 (Est.) | FY1984 (Est.) | FY1983 (Act.) |
| A. Regular |
| Employment |
| Participation |
| Secondary Educ. |
| CPS |
| CWS |
| Exceptions |
| B. Indian Res. |
| C. Seasonal Farm. |
| D. Therapeutic |
| Total |
| FY1983 |

Source: DCFS info sheet (1/86) & Jan Wells (5/16/86)

Financial data provided by the agency have been inconsistent at best. Table 3 lists expenditures by program for fiscal years 1984-1986. The totals for the years 1984 and 1986 are comparable to other figures reported to me (see Table 4). The expenditures for 1985, however, are a striking
$3 million higher than was reported by DSHS Financial Management.

**TABLE 3**

DCFS Child Day Care Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY1986 (Est.)</th>
<th>FY1985 (Act.)</th>
<th>FY1984 (Act.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Regular</td>
<td>$7,001,000</td>
<td>$5,411,703</td>
<td>$3,513,393</td>
</tr>
<tr>
<td>B. Indian Res.</td>
<td>50,000</td>
<td>34,796</td>
<td>68,667</td>
</tr>
<tr>
<td>C. Seasonal Farm.</td>
<td>3,100,000</td>
<td>3,266,674</td>
<td>2,576,840</td>
</tr>
<tr>
<td>D. Therapeutic</td>
<td>1,400,000</td>
<td>896,059</td>
<td>514,701</td>
</tr>
<tr>
<td>E. Exceptions</td>
<td>110,000</td>
<td>41,525</td>
<td>6,967</td>
</tr>
<tr>
<td>Total</td>
<td>$11,661,000</td>
<td>$9,650,757</td>
<td>$6,681,458</td>
</tr>
</tbody>
</table>

Source: DCFS info sheet (April, 1986)

**TABLE 4**

Financial History of DCFS Day Care Programs
(millions of nominal dollars)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Budget Request</th>
<th>Appropriation</th>
<th>Actual Spending</th>
<th>Source of Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$4.0</td>
<td>$4.0</td>
<td>$2.9</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>4.8</td>
<td>4.9</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>6.5</td>
<td>4.5</td>
<td>6.5</td>
<td>(c)</td>
</tr>
<tr>
<td>1985</td>
<td>6.3</td>
<td>4.5</td>
<td>6.5</td>
<td>(c)</td>
</tr>
<tr>
<td>1986</td>
<td>8.7</td>
<td>11.4</td>
<td>(a)(b)</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>9.1</td>
<td>11.5</td>
<td>(a)(b)</td>
<td></td>
</tr>
</tbody>
</table>

(a) Figures for FY's 1986-1987 here sum to $22.9 million, compared to $22.6 million reported in the following section. An explanation of the $300,000 discrepancy is not available.

(b) Another $2.8 million was added to the $22.9 million for these two years when the legislature passed the supplemental emergency budget, restoring the old eligibility criteria.

[cont'd]
(c) The additional $4.2 million came from programs within DSHS that were expected to underspend during the 1983-1985 biennium. The redirection of funds was approved by the legislature during a supplemental budgetary process.


Table 5, based on a survey of Employment Day Care subsidy recipients, gives the only demographic picture of clients currently available.

**TABLE 5**

Employment Day Care Program Survey Results:

- 95.5 percent of primary recipients are women; less than 4 percent are men
- 73.6 percent of primary recipients are white, compared to 91.7 percent in the general population
- 92.1 percent are single-parent households
  98.2 percent of those households are headed by women
  90.9 percent of all recipients are single mothers
  69.2 percent of all two-parent families are headed by women
- 97.8 percent of recipients use child care 4 or 5 days per week, suggesting most are employed full or almost full time
- 30.3 percent of children are infants
- 83.1 percent of children are 6 years old and younger
- 98.8 percent of children are 11 years old and younger
- 68.5 percent of children are white, compared to 88.5 percent of children 12 years old and younger in the general population
  (100, 123)

**PAYMENT OF SUBSIDIES**

Payment to private providers by DSHS is made primarily on an attendance basis. Parents for whom subsidies have been approved use the services of an acceptable provider who then bills the State for the portion of fees not covered by the
parents (The Child Protective Services and Child Welfare Services programs require no payments from parents.). The following programs use this payment method:

Employment
Secondary Education
Child Protective Services
Child Welfare Services
Indian Reservation
Long-term Seasonal Farmworker
Exception to Policy

Two programs are paid for on a slot basis. Short-term day care for the Seasonal Farmworker program, and all care for the Therapeutic day care program are slot-based. The State contracts with providers for a set number of slots. Providers bill DSHS monthly, and are paid for the full number of slots as long as at least 75 percent have been filled for the month. Parents using these two programs are given vouchers for services. Providers return these to DSHS with each billing.

Cutbacks were originally instituted in the Employment and Seasonal Farmworker child day care programs administered by DCFS. As of November 1, 1985, DSHS began implementing changes in program eligibility criteria. The Employment Day Care program contained the largest number of families affected. Although eligibility criteria for the Seasonal Farmworker Day Care program were not changed, services were cut back for certain months of the year. Many families in this program were also left without services. The Department of Social and Health Services anticipated a total of approximately $3.3 million in expenditure reductions as a result of the changes. (128)
Within the Employment Day Care program alone, DSHS estimated that over 2500 (83 percent of the 1986 caseload for that program) families would either lose access to financial assistance altogether, or face serious reductions in the aid they would have received under the old eligibility criteria. (128) If the dollar amounts of the reductions in each category are indicative of the number of families that could be affected, roughly as many may have faced service cutbacks within the Seasonal Farmworker Day Care Services program. (See Table 6 for expenditure reduction details)

**TABLE 6**
Day Care Reductions

Employment program:

1) Reduction of participation from 52 percent to 45 percent of SMIAFS

   Affects 150-200 Families (children)

   Eliminated from program. Each family has to pay an average of $150/month more per child for day care if they continue with the same provider

   Total "savings" for this part is $802,000

2) Families between 38-45 percent SMIAFS pay an additional $53/month per child

   752 Families (children) affected

   Biennial "savings" for this part is $418,000

3) Families between 34-38 percent SMIAFS pay, where before they received 100 percent subsidies

   1,746 families affected; each family pays an average $32/month per child

   Total "savings" for this part is $704,000

Total "savings" from Employment Day Care $1,924,000 [cont'd]
The remainder of the "savings" is from Seasonal Farmworker Day Care $1,385,000

Total $3,309,000

Source: House Social and Health Services Committee (via DSHS)

CUTBACK DETAILS

The DSHS programs are both means- and non-means tested. A means tested program is one in which eligibility is based on an established measure of need. Non-means tested programs provide goods or services on the basis of some attribute of applicants other than need. (67: 96) Means tested eligibility for the Employment Day Care and Seasonal Farmworker Day Care programs is based largely on a family's income in comparison to the state median. The number of persons per family is taken into consideration, resulting in the indicator State Median Income Adjusted for Family Size (SMIAFS). The central non-means tested criterion is employment status. Applicants must have jobs in order to be eligible.

There are other eligibility criteria for each of the programs; they were not, however, altered by the recent changes. Employment Day Care serves non-AFDC employed parents or non-AFDC employed relatives "caring for an AFDC child wherein only the income received on behalf of the child is considered for income eligibility purposes." (122)
Seasonal Farmworker Day Care is also for non-AFDC families. "Families must have had two agricultural employers in the last year. Income for twelve months is considered in determining eligibility. Half of the income must have been from agriculturally related work." (122) The changes introduced in the "regular" day care programs, including Employment, focused on the percentage of SMIAFS at which a family receives free or assisted day care, and the percentage beyond which no assistance is offered. Under the criteria to be restored sometime after May, families eligible for partial subsidies are required to pay half of their income above 38 percent SMIAFS for day care. Under the new criteria those families pay half their income above 34 percent SMIAFS.

**TABLE 7**

<table>
<thead>
<tr>
<th>Level of Service</th>
<th>Old Criteria</th>
<th>New Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Subsidy</td>
<td>0 - 37.9</td>
<td>0 - 33.9</td>
</tr>
<tr>
<td>Partial Subsidy</td>
<td>38 - 51.9</td>
<td>34 - 45.9</td>
</tr>
<tr>
<td>No Subsidy</td>
<td>52 &amp; above</td>
<td>46 &amp; above</td>
</tr>
</tbody>
</table>

Prior to the cutbacks, families making between 0-38 percent of SMIAFS were eligible for free day care. The new criteria required that families making between 34-38 percent of SMIAFS begin paying a portion of their day care expenses. The Department of Social and Health Services estimated the additional cost for these families would average $32 per month per child.
The high end for families receiving partial subsidies was lowered from 52 percent to 46 percent of SMIAFS. It would cost the now excluded families an average of $150 per month more per child to cover their day care expenses. Throughout the newly established categories, subsidy allowances were reduced, so that even families making between 38-46 percent of SMIAFS could expect to pay an average of $53 per month more per child.

There may have been some very serious repercussions due to the parents' increased costs. Despite the fact that funding has been restored to the programs, the five to ten month gap between when families were initially excluded from the program and the time they can re-enroll may have negative consequences. As evidenced by the fact that it cost $2.8 million to restore programs which when cut were expected to save $3.3 million, $0.5 million in expenditures is being borne somewhere, and not by the State.

According to Janet Varon, attorney for Evergreen Legal Services in Seattle who commented prior to the programs' restoration, "This will cause a lot of people to reconsider working because they won't be able to afford their child care,...some people will have to apply for public assistance because they may have to leave their jobs." (51) The irony is that once they do quit working, their incomes will decrease placing them within the eligible range for assistance -- except that they cannot receive it without having a job. The fact that the programs have been restored does not solve these parents' problems. Given the
circumstances, it is surprising that officials at DSHS did not expect the AFDC rolls to increase. (51)

**TABLE 8**

<table>
<thead>
<tr>
<th>Level of Service</th>
<th>Old Criteria</th>
<th>New Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Subsidy</td>
<td>$0 - 959.99</td>
<td>$0 - 858.99</td>
</tr>
<tr>
<td>Partial Subsidy</td>
<td>$960 - 1338.99</td>
<td>$859 - 1162.99</td>
</tr>
<tr>
<td>No Subsidy</td>
<td>$1339 &amp; above</td>
<td>$1163 &amp; above</td>
</tr>
</tbody>
</table>

Table 8 shows the monthly income eligibility ranges for the old and new criteria. A family of 4 earning $1200 per month would be required to pay $120 per month, or 10 percent of their income, for day care under the old criteria. Under the new criteria, in effect until at least May 1, 1986, that same family would be required to pay the full cost of day care -- that is, they would be ineligible for any subsidy. Day care costs typically range from $2000 to $2500 per year at the centers with which DSHS contracts, or $167 to $208 per month per child. (119) If the family in this example decided that 14-17 percent of their income was too high, unemployment might be the only alternative available.

Table 9 shows day care costs by age group for the Seattle area, as reported by the Governor’s Task Force on Children’s Day Care. The figures are substantially higher than those used by DSHS. In fact, DSHS reports that its reimbursement rates to providers have not kept pace with
standard provider fees. "The majority of agencies charge higher rates to non-DSHS-funded families, especially for infant and toddler care." (119: 4)

**TABLE 9**

Seattle Area Licensed Day Care Costs

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost Range</th>
<th>Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infants</td>
<td>$2,160 - 7,000</td>
<td></td>
</tr>
<tr>
<td>Children to Age 6</td>
<td>$1,920 - 5,760</td>
<td></td>
</tr>
<tr>
<td>Before &amp; After School</td>
<td>Up to $2,000</td>
<td></td>
</tr>
</tbody>
</table>

(83: 3)

The average income levels for two, three, and four person families receiving DSHS Employment Day Care subsidies in October of 1985 were $624, $798, and $946 respectively. In every case, these parents were earning below 34 percent of the state median for their family sizes. Without subsidies, those with children between one and six years old would have to pay between $160-480 per month per child for day care in the Seattle area. Day care costs would consume a minimum of 25 percent of the income of such two person families.

**TABLE 10**

Day Care Costs as a %age of Income by Family Size and Number of Children for Average DSHS Employment Subsidy Recipients

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Two-person</th>
<th>Three-person</th>
<th>Four-person</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$/Month</td>
<td>1 Chld</td>
<td>2 Chld</td>
</tr>
<tr>
<td>Two-person</td>
<td>$160</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>$480</td>
<td>77%</td>
<td>60%</td>
</tr>
</tbody>
</table>

A family considering its options would compare net income from wages less day care costs to AFDC or other public...
assistance and self-provided day care. If the latter choice was close to the former, a parent might reasonably opt for it, trading any difference for the opportunity to be with her children and to work at home. This choice would be far more expensive from a public perspective. In the first instance, income is derived from work in the private economy or through government employment supplemented by day care subsidies. In the latter instance, income is derived fully from public funds. Any public sector decision to terminate or curtail child day care subsidies should consider these trade-offs in calculating "savings."

THE ELIGIBLE POPULATION

Up to this point the discussion has focused on those families who had been or could expect to be receiving assistance from DSHS. With the cuts restored, questions remain. Another, probably much larger, group critical to consider is that which is eligible for assistance, but for a variety of reasons does not apply for services. Unless it is assumed that all of these families have been successful in arranging for very inexpensive or free day care, we are faced with the realization that many of them are living under conditions which we have publicly deemed inadequate. Estimating the size and composition of this eligible but unserved population will be a useful step in analyzing the effectiveness and appropriateness of current state policy.

For DSHS programs requiring parents to be employed to receive subsidies, it is safe to say that there are now well
over 12,000 eligible families statewide. Therefore, no more than 42 percent of the eligible population is currently being served; and, the percentage is probably much lower. Establishing the estimate required a series of straightforward, yet involved manipulations of available data.

My method begins with looking only at figures applicable to the employment programs, based initially on 1980 Census data. I also used the 1985 survey results from DSHS to further isolate which families to count statewide. Because over 90 percent of the DSHS Employment Day Care caseload are single mothers, and because Census data are available on such families, my final figures reflect their numbers. (123) And, because over 75 percent of the children in those families are under 6 years of age, my studies focus on employed single mothers with children under 6. (123) While the final results clearly do not include all possible eligible families, they are only made more certain by their conservatism.

In 1980, there were 19,509 women-headed families with children under 6 years old in Washington state. (100: 32) Fully 91 percent of those women, 17,770, were in the labor force. (100: 816) The median annual income for those families, with no adjustments made for family size, was $7,640. The state median annual incomes for two, three, and four person families were $18,622; $22,100; and $24,394 respectively. (100: 816)

To find the number of families eligible, that is, those with incomes at or below 52 percent of the State Median
Income Adjusted for Family Size (SMIAFS), I divided the unadjusted median for women-headed households by the three adjusted figures:

\[
\frac{7,640}{18,622} = 41 \text{ percent SMIAFS} \\
\frac{7,640}{22,100} = 34.6 \text{ percent SMIAFS} \\
\frac{7,640}{24,394} = 31.3 \text{ percent SMIAFS}
\]

Since, by definition, at least half the women-headed households had incomes below the median, and since even for the smallest family size, the median was well below the 52 percent SMIAFS cut-off point, it is safe to start with 8,885 eligible families as an estimate.

A series of factors now combine to increase that number. First, 52 percent of SMIAFS for a family of two in 1980 was $9,683. Because not all of the families on which data are available were two person (some were doubtless three or more), I added figures for all women-headed households with children under 6 years old earning $9,999 or less. Those with families larger than two persons would have a different (higher) SMIAFS and would hence be eligible for subsidies. That figure, in 1980, was 11,644.

Each of the following factors suggests that the 11,644 figure should be increased, though to what extent is difficult to postulate:

- the general growth of the population in Washington state between 1980-1986
- the fact that families with children between 6-17 have not been included in the count
- the fact that married couples and male-headed households have not been included in the estimate
- the fact that women-headed households have been an increasingly larger proportion of new household growth in the past, especially in recent years

- the fact that median incomes for women-headed households have been declining in recent years

Nationally, women heads of households have increased steadily since 1940 as a percentage of increases in new family households of all types. They represented 8 percent of such growth between 1940-1960, 29 percent between 1960-1980, and 48 percent of all new family households between 1980-1984. (97) Table 11 shows their declining earnings.

**TABLE 11**

<table>
<thead>
<tr>
<th>Year</th>
<th>All</th>
<th>White</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>$11,500</td>
<td>$13,000</td>
<td>$8,200</td>
</tr>
<tr>
<td>1981</td>
<td>11,000</td>
<td>12,500</td>
<td>7,500</td>
</tr>
</tbody>
</table>

(97: 30)

Establishing a clearer picture of the currently eligible population will require further similar manipulations of the data. Population figures can be projected from the 1980 Census to the present using a model developed at the University of California, Los Angeles. Such information should help DSHS staff, legislators, and child care advocates make judgements about the impact of State day care programs, and about what levels of funding are appropriate. The story of the recent cutbacks, interestingly enough, involves no apparent discussion of this important issue.
II. EVENTS LEADING TO THE CUTBACKS

The budget for the 1985-1987 biennium was passed in the first quarter of 1984. The Department of Social and Health Services requested $22,611,000 for child day care programs. The state legislature appropriated $14,357,000. The federal government is expected to contribute $8,254,000 in Social Services Block Grant and other funds. (38) Estimations of the financial requirements of the day care programs during 1985-1987 were based on data no more current than 1983. (84)

Within state government, different officials and administrators have varying opinions on the degree to which the budgetary appropriations are binding. According to one legislator who was later very involved with advocating the restoration of the day care program cuts, budget appropriations for day care were set for 1985 and were to be maintained to at least their 1985 level for 1986. Through the Joint Ways and Means Committee, the state legislature was to review the programs and their needs for 1986 on December 31, 1985. (6)

That review never took place. The legal limitations on DSHS expenditures that motivated DSHS Secretary Shinpoch to by-pass the review were twofold. First, the amount appropriated to DSHS for the 1985-1987 biennium was strictly limited. According to a policy analyst for Governor Gardner, whatever notions legislators may have had about reopening the budgetary process for the second year were ill-founded; no such provision was legally established. Second, general
provisions were made in the budget that no funds can be transferred between programs within an agency without prior legislative approval. (13)

By late summer 1985, Shinpoch became aware that DSHS was overspending its appropriations. Agency officials, understanding their position to be without much latitude with respect to the budget, acted quickly to lower income levels at which families would be eligible for assisted day care under its programs. Reducing the range of persons eligible for assistance would automatically shrink the DSHS day care caseload, thereby decreasing necessary expenditures. Memoranda in early September of 1985 announced impending cutbacks that would go into effect less than eight weeks later.

The decision-making process was one among several possible. With greater interest among state legislators, or earlier knowledge of the situation among the affected and interested public, an administrative mandate (especially one so swiftly established) might not have been possible. There is an organized day care services constituency, and doubtless its organization has increased since September of 1985. Had it time to effectively lobby the legislature, a longer and more comprehensive public discussion of policy alternatives could have taken place. As it happened, DSHS acted with very limited input from the general public. According to the agency:

"A combination of unanticipated caseload growth, second year lids on expenditure levels, federal audit requirements, and some legislative
reductions require DSHS to take action to manage within appropriations for the 1985-1987 biennium." (128)

Management in this instance was achieved through a reduction in the spectrum of the population which would be eligible for financial assistance towards meeting their day care needs, or through eliminating services for certain months during the year.

Language contained in the 1985-1987 State budget is apparently at the root of DSHS's decision to make the cuts as it did. According to Jan Wells, the budget stipulated that in the event of anticipated overspending, eligibility criteria were to be restricted.

However, Suzanne Peterson, a staff member for state Senator Jim McDermott, says that specific methods to control expenditures were not outlined in the budget. Instead, general language relevant to all State departments mandated that departments were to use whatever means available (without altering their overriding missions) to spend within appropriations.

Changing eligibility criteria has a clearly damaging effect on families receiving subsidies at the time of the changes. Those at the higher end of the income spectrum (which is low, at 52 percent of the state median) are abruptly cut off. I asked Richard Westguard, Supervisor of In-Home Services at DCFS, about DSHS's commitment to continuity of care.
Placing eligible applicants on a waiting list for services would have allowed current subsidy recipients to stay in the system until they made the choice to leave, or until their incomes exceeded the maximum. If this option had been utilized, as clients moved out of the system, new families could have been given available subsidies. Continuity of care would have been maintained for current clients, and new clients, though not immediately served, would have had reasonable hope of receiving subsidies in the future.

The above reasoning notwithstanding, DSHS chose other means. In the event that some action is required to control spending, Westguard said, continuity of care "takes second place to need." (131) His view, and that of DCFS, is that if a waiting list had been created, people in greater need (i.e. with lower incomes) would be denied subsidies while less needy families were being served. This definition of need is one of a number possible, and should be critiqued by DSHS. I will address the question in my conclusions.

Several options for avoiding overexpenditures were discussed among DSHS staff. Parent participation programs, those in which the State and parents share the costs of child day care could be dropped altogether. Alternatively, all subsidy recipients could be required to pay some minimum amount each month, regardless of income. All families below 38 percent of the state median would be required to make payments where in the past they received 100 percent subsidies. Picking up those payments would defray the costs
to DSHS of continuing the programs with their current eligibility standards. Last, the option that was finally chosen, eligibility criteria could be restricted. (130)

It is interesting to note that the idea of dropping day care services altogether is neither a new or an unapproachable concept with the State. In February of 1982, during a special legislative session, all parent participation day care programs were eliminated. This was done as a part of a larger effort to shrink the State budget. On April 3 of the same year, the programs were reinstated. However, it was not until the following July that the programs were operating at their pre-elimination levels. During that six month period, the State saved itself $138,000. (130)

The minimal savings to the State achieved through the cutbacks, when compared with the undoubtedly substantial impact on the approximately 3,000 families who lost subsidies, underscores the general lack of commitment the State has to day care. Not only is there not a commitment to providing continuity of care, the provision of care itself is routinely jeopardized.

Wells noted that for fiscal year 1987, DCFS is required to decrease its budget by $3.3 million. She expects the division to be able to achieve this cut without slashing day care. Programs such as Chore Services have been underspending, and the 1987 cuts will probably come from those programs. In anticipation of the effects of Gramm-Rudman Act, however, DSHS is expected to develop plans to cut
a massive $25.5 million from its budget for the 1987-1989 biennium. The complete elimination of day care services has been discussed in association with this measure. Such circumstances begin to explain how a range of damaging alterations to programs could be considered with relatively limited resistance.

The alternatives examined for the Seasonal Farmworker program were somewhat different. Changing eligibility criteria was never seriously considered. Instead, services could be eliminated for certain months of the year. Another option, allowing greater flexibility to meet local demands for services, was for DSHS to contract with day care providers for a limited number of hours per slot over the course of a year. Individual day care center operators would then be able to decide how best to curtail services while minimizing the negative impacts on their customers. The latter option was chosen and will be in effect until at least May 1, 1986.

Shinpoch's decision to act both quickly and prior to the legislative review was based on his understanding that if DSHS waited until well into the first quarter of 1986 (allowing time for the program reviews to be completed by the legislature), the cuts necessary would have been even more severe than those he could initiate in November of 1985. (6) Another explanation of the early action focuses on the political expediency of DSHS taking action at a particular time in relation to the 1986 state legislative session.

Cuts instituted in November, 1985 had two months to
receive negative press coverage, and to motivate a child day care advocacy campaign in time for the January start of the session. Legislators were faced with newspaper articles highlighting the hardships of low-income families excluded from child day care during the winter holidays. They were also lobbied by day care advocates from around the state. The timing of the cuts as imposed by DSHS clearly allowed for both of these occurrences. It also allowed for restoration of the cuts to be included as part of the Governor's supplemental budget. Although none would openly agree that Shinpoch had consciously orchestrated these circumstances, agency staff and state officials would not deny the possibility. (6, 63, 130) Additionally, Westguard explained that in the past, overexpenditures have routinely been compensated for in supplemental budgets.

Operating in tandem with the changes at DSHS, influence on the process also came from an advisory group formed in July 1985. The Governor's Task Force for Children's Day Care, comprised of 30 members "representing state and local governments, local school districts, the private business sector, day care providers, day care users, child care professionals, the Legislature and citizens," issued its final report on December 31, 1985. (83: 25) Included in its recommendations is the following:

"That steps be taken to ensure the availability of affordable day care for low and moderate income families in the state. This includes giving subsidies higher priority in the state budget processes and studying the DSHS day care subsidy program to ensure that limited dollars are distributed purposefully and equitably." (83: viii)
In addition to providing for funding to restore the DSHS subsidized day care programs, the Governor's supplemental budget, approved three months after the Task Force's report was issued, included a paragraph calling for a study of DSHS child care programs. Governor Gardner eventually vetoed the provision when the legislature declined to appropriate funds for its undertaking. (13)

After speaking with various individuals close to the process, it is not possible to say with certainty either that the final decision to make particular changes in the day care programs at DSHS was entirely political or even to what "political" specifically refers. Even if some persons have concluded that satisfactory information was presented as part of the effort to retain or restore funding for day care, data clearly capable of better explaining the demand for program services has not been adequately collected or analyzed.

Interviews conducted with State officials helped to illuminate differences of opinion regarding the influence of technical information on the formulation of budgetary priorities. Several agency staff, and legislators, when discussing the cutbacks, perceived the process through which they were established as primarily political. The issues revolved around how the legislature as a whole could best be convinced in the future to provide money for child day care. Their advocacy positions usually assumed that DSHS was adequately estimating its funding requirements, but that due to a state budget seen as severely restricted, the legislature has been unwilling to provide sufficient funding
for the programs.

Two individuals differed in their perception of the question. Lora Stonefeld, the DSHS staff person responsible for developing the formulae used to estimate future expenditures for the child day care programs is one. The other is Ann Daley, a policy analyst for the Governor. While DSHS memoranda and legislative committee agendas refer to an underestimation of caseload growth, Stonefeld explained that in fact, no estimations of caseload change are made. Estimations focus instead on expenditures.

A review of the three most recent budget biennia provides a clear picture of the relationship among DSHS budget requests for, legislative appropriations for, and DSHS actual spending on its DCFS day care programs since fiscal year 1982.

Table 4 (p. 14) reveals an interesting pattern. In the 1981-1983 biennium, appropriations met or slightly exceeded budget requests. At that time the State was covering only 20 percent of the appropriated amount. Spending by DSHS fell short of its budget requests for both fiscal years 1982 and 1983.

Budget requests by DSHS increased substantially for the 1983-1985 biennium. Appropriations for those years were approximately 70 percent of what was requested. Two factors very likely influenced the legislature in its decision to fund less than DSHS requested. First, DSHS spent only 85 percent of its original budget request for the 1981-1983 biennium. A cursory analysis would suggest that DSHS would
not need all the funding it was requesting. Second, the State share of funding for the programs jumped from 20 percent to 67 percent between the two biennia. Funding the programs became a significantly greater burden for the State versus the federal government.

The actual spending by DSHS during the 1983-1985 biennium showed, however, that the legislature's guess was incorrect. In fact, day care spending closely matched original requests. The legislature responded by approving a redirection of funds within DSHS as part of a supplemental budget.

During the current biennium, DSHS requested less than was appropriated by $5.1 million. By the end of 1985, when caseloads were growing much faster than appropriations had accounted for, it became apparent that more funding than was originally requested would be required. With the additional $5.1 million the legislature was convinced to appropriate, a shortfall was still predicted, prompting the program cutbacks. The additional $2.8 million was approved in the 1986 supplemental emergency budget as a result of the protests against the cutbacks.

In sum, recent history shows that DSHS has lost its ability to accurately estimate its budgetary requirements for day care. In 1981-1983, the agency was accurate in its predictions. Again, DSHS was correct in 1983-1985. The legislature, however, did not match the request. If DSHS is taken at its word (that caseloads exceeded expectations), the low request for 1985-1987 is a technical problem. The
methods used by DSHS were not capable of estimating its funding needs, despite the legislature's willingness to finance the day care programs.

In the face of Gramm-Rudman, however, the issue becomes one of program survival. In that case DSHS will be forced to move from emphasizing the funds it requires annually, to defending the need for programs at all. Day care advocates, including members of the Governor's Day Care Task Force, should take this into consideration when drafting future lobbying plans.
CONCLUSIONS

DCFS DAY CARE PROGRAM CAPACITY AND FUTURE

The continued existence of state-subsidized day care in Washington is uncertain. Despite the fact that DSHS staff observe a growing understanding among legislators of the need for day care subsidies, the history of the programs shows that the commitment to maintaining the programs is dependent on the presence of "discretionary" State money. When budget cuts are taken up by the legislature, day care is routinely jeopardized. The potential elimination of the programs should Gramm-Rudman be implemented further emphasizes this point.

For those now served by the programs as they are currently structured, achievement of economic self-support (the primary goal of the largest programs) is not easily within reach. The cut-off points for subsidy eligibility are so low that obtaining affordable day care once one loses State support will be all but impossible for most families. Only if parents leave the system upon gaining a substantial increase in income will privately provided day care be within their means. Although little information exists on the subject, I would guess that more often than not, parents leaving the system either switch to part-time employment to be able to provide their own child care, or are eventually forced to return to the welfare rolls.
TECHNICAL AND ADMINISTRATIVE ISSUES

The methods now used by DCFS to project future funding needs do not appear adequate. In the past, the agency has relied on receiving funds for unanticipated spending as part of each year's supplemental budget. As federal resources diminish, and the State responds by explicitly restraining overspending by departments, DSHS will require more accurate budget estimation techniques. While the importance of this consideration may seem to fade in comparison to the general lack of continuous State support for day care, it will grow in relevance each year the programs are preserved.

Continuity of care takes a clear second seat at DSHS to need as defined by income level. Other states have not come to the same conclusion. In Massachusetts, continuity of care is recognized as vitally important because the lack of it can have serious impacts on the future income levels of families whose services are interrupted.

Washington's reliance on income as reported by parents at the time of application as a means of defining need is narrow. If receiving day care subsidies is essential to working parents already on the caseload, the loss of those dollars could mean the loss of employment as well. Those families cut because of their relatively higher incomes could turn out, in a short period of time, to again have very low incomes, and be unemployed as well. This dilemma should be addressed more comprehensively by State policy-makers.
DAY CARE: THE POLITICAL YO-YO

This year day care programs were run to the end of their strings and brought back up. In 1982, they stayed at the bottom for several months. Next year, with the added weight of Gramm-Rudman, they may break the string when they reach its end. Or perhaps another emergency will be declared and they will be reeled in once again. Whatever the outcome, it is clear that day care is not likely to be on firm footing during the next budget process. Goals statements may call for economic self-support for clients, but State actions are clearly at odds with written policy.

The procedure of dropping day care, creating a crisis, and reinstating programs through the supplemental budget process may save programs, may be functional politics, but it is seriously detrimental to subsidized families and it saves the State very little money. If State policy-makers expect the day care programs to succeed, they will have to give them a secure position in the budget, and commit themselves to improving the methods by which annual program costs are estimated.
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