



Allocating Day Care Funds

What's Fair for the Children?

by Frank Adams

One of the most cherished themes of the Hunt administration may be undermined by a little known day care funding formula which, on the surface, appears as even-handed as a judgment by Solomon. Developed at the N.C. Department of Human Resources last year, the formula will be used to distribute over \$12.1 million in state and federal funds for day care in the upcoming fiscal year. The formula is based on the total population of a county, not on the percent of the children in the county eligible for day care funding. Critics say the formula contradicts the Hunt administration's policy of regional growth, at least with regard to distributing early childhood development throughout the state equitably. State policymakers, albeit not unanimously, defend the formula as simple to manage, easy for the general public to comprehend, and legally defensible.

Child development advocates and state administrators have bickered privately about the formula for nearly a year. The issue surfaced publicly February 14, 1981, in Littleton, N.C., during ceremonies marking the first anniversary of that farming community's one day care center. Joe Gantt, president of the Rural Day Care Association of

Playtime at a Gates County day-care center.

Photo by Joe Vaughan

Northeastern North Carolina, said in a speech quoted widely in the region's press that sparsely populated counties with higher than average levels of poverty were short-changed by the funding formula. "We are not trying to pit one section of the state against another," he said. "Every county needs additional day care support. But we argue that the formula should distribute funds on the basis of the percentage of eligible children rather than the per capita population method used at present."

Gantt, who administers two day care centers in tiny Gates County, said the 16 northeastern North Carolina counties are currently allotted \$488,484 to subsidize day care for some 400 children in about 15 centers. "If the funds were distributed on the basis of the number of children eligible," he said, "the region would receive \$756,393 of the

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Photo by Joe Vaughan

Helping time at a Gates County day-care center.

special state and federal day care funds this fiscal year." Across the state, 19.8 percent of children ages 0 to 5 are eligible for subsidized day care, but in the northeastern counties the percentage is 26.7, or a level of need 33 percent higher than the state average, said Gantt. Eligibility is determined according to guidelines under Title XX of the federal Social Security Act.

Robert Fitzgerald, director of the Division of Plans and Operations in the N.C. Department of Human Resources, the office responsible for allocating day care funds, backs the per capita formula. "It is an effort to administer a program with simplicity and equality," he says. "Everyone can understand it. It is easy to defend."

According to Fitzgerald, day care in North Carolina is funded chiefly from three sources, two of which are distributed according to the disputed formula. The state appropriates funds directly to counties; for the fiscal year starting July 1, 1981, the total is expected to be about \$6.7 million. The state also passes along to counties federal dollars earmarked for day care under Title XX of the Social Security Act. About eight percent of the state's total Title XX allocation, or an estimated \$5.4 million for fiscal 1981-82, goes for day care. These Title XX funds and the state appropriation, totalling over \$12 million for the next fiscal year, will be allocated using the controversial formula,

where the population of each county is expressed as a percentage of the state's total population and applied to the total funds available.

The third source of funds is not under this allocation system but under county control. Each county gets a block grant under Title XX of which 75 percent comes from the federal treasury, 12.5 percent from state taxes, and the remaining 12.5 percent from county revenues. Counties are free to spend these funds as they see fit, and some in the state spend up to 40 percent on day care, Fitzgerald says.

While North Carolina Department of Human Resources officials cannot control how the counties choose to spend the Title XX block grants, they can insure that \$12 million of day care funds are distributed evenly. But some of these officials are hesitant even to discuss the formula. One, who agreed to talk only after gaining assurances of anonymity, said, "Any formula based solely on population would tend to do what critics suggest." He added that Gantt was not the only advocate from a rural area protesting the policy.

Indeed, even people responsible for urban day care centers agree with Gantt. Susan Law directs the Northwest Child Development Council which operates 15 day care centers in Stokes, Forsyth, and Davie counties. She criticizes the formula even though many of her centers serve urban, relatively well-off communities. "It seems logical," she says, "to allocate the funds on the basis of eligibility not population." Suppose county A and county B have the same population, but A has 40 percent of its population eligible and B has 60 percent eligible, says Law. The two counties would get the same appropriation, and "obviously, county A would be better off." She also contends the present distribution formula penalizes counties with large concentrations of low-income blacks such as the northeastern region, or urban centers like Charlotte. Gantt says he agrees with this allegation, although he did not raise the question of race in his February speech at Littleton.

Fitzgerald, when asked about these criticisms, still defended the formula: "I'm not sure it favors metropolitan areas which often have large concentrations of working mothers." At the same time, he at least acknowledged some doubts, adding, "It is difficult to say what is fair and what is not." Another state-level policymaker, who requested anonymity, addressed the issue more frankly. The present formula "put more day care centers in communities where the supply was already ample and where more resources were available to operate day care without subsidies." She added, "This throws the idea of balanced growth out the window so far as day care is concerned." □