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FINANCING CHILD CARE

Child Care in the United States Today

Sandra L. Hofferth

Abstract

This article describes the consumers and providers of child care in the United States. It uses data from nationally representative surveys and research studies conducted from the late 1960s through 1995 to examine the child care arrangements parents select for their young children, comparing today's arrangements with those made by parents decades ago. It then discusses the availability of child care, examining both the number of child care spaces available and whether quality programs are available to suit the needs and resources of parents. The article concludes with speculation about how proposed new policies and continuing trends may lead to future changes in child care.

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The number of children being cared for in a child care or early education program has soared over past decades, driven by increases in the number of women in the work force, changes in family structure, and parents' desire to provide children with educational experiences to prepare them for school.[1] (See also the article by Cohen in this journal issue.) In 1995, for example, 60% of children from birth to five years of age who had not yet enrolled in school—13 million children—participated in a nonparental child care or early education program.[2] Child care is no longer an experience for a few children; it is rapidly becoming the norm.

Just as child care is becoming the norm for children, struggling to secure a child care arrangement is becoming the norm for parents. Parents face an almost bewildering array of choices: friends and relatives, child care programs operated either publicly or privately, as either independent businesses or as part of a chain, either regulated by state agencies or not, and staffed by individuals with widely varying training and experience. Parents must weigh considerations of quality and convenience, of availability and affordability as they choose care, all the while worrying about whether they have made the right decision.

The results of parents' struggles can be seen by examining who provides care for the young children in America. This article reviews the results of several representative national surveys and additional research studies to

compare child care arrangements today with those of two and three decades ago.[3-9] The data indicate that some shortages may exist and that, over the past decades, parents have been paying more to place their children in settings of declining quality. Such placements have negative implications for parents' ability to enter and remain in the work force and, as discussed in the article by Helburn and Howes in this journal issue, for children's development.

Definitions of Types of Care

Families are remarkably flexible and inventive in finding ways to care for their children. Some working mothers can care for their own children at home because they work at home. Others take them to work with them. Some share child care with their husbands or partners. Relatives such as grandmothers or aunts may provide care in the child's or their own home. Other mothers rely instead upon neighbors, friends, and professionals to care for their children. Some parents hire an in-home provider (a "sitter" in this article), a nonrelative, to care for the child in their own home while they work. If the sitter lives with the child's family, she is often called a "nanny." In this article, "relative care" refers to care by relatives and by husbands or partners, and "informal care" refers to all arrangements (that is, care by relatives, husbands, sitters, and so on) in which care is not typically regulated by state or federal agencies.

Licensing means that family child care homes and centers must meet certain minimum health, safety, and (sometimes) programmatic standards before they can serve a specific number of children.

Other mothers may rely upon more formal settings, either family child care homes or, especially as children emerge from toddlerhood, center-based programs. These arrangements are dubbed "formal" because, depending upon the states in which they occur, they are likely to be regulated and therefore required to meet particular standards for health, safety, and general operation.

Family Child Care

Although the precise definition of family child care differs across states, in most cases, family child care refers to a program in which a provider takes care of unrelated children in her own home. The family child care provider may be a neighbor, a friend, the woman down the street who cares for other people's children while raising her own, and/or someone who has chosen this as a career and business.

Regulation of Family Child Care Homes

Regulation of child care is a responsibility of the states, and states vary widely in how they exercise that responsibility. States generally regulate family child care homes via licensing and/or registration approaches. Licensing means that family child care homes must meet certain minimum health, safety, and (sometimes) programmatic standards before they can serve a specific number of children. Registration is a simpler, more limited approach in which providers are either required or encouraged to identify themselves to state authorities to certify that they comply with state standards and requirements.[10] Under registration, no initial inspection is required before programs can begin operation.

States often use registration with family child care homes that serve a relatively small number of children and licensing with larger programs. Or they may exempt family child care providers serving small numbers of children from all requirements. In 1993, only eight states and the District of Columbia required that all family child care providers be registered or licensed.[11]

The aspects of operation that are regulated vary across states but usually cover one or more of the following: minimum number of square feet for indoor and outdoor activities, minimum age of caregiver, maximum number of children permitted per caregiver (staff-child ratio), preservice training requirements or criminal background check for the caregiver, immunization for children before enrollment, prohibition of

corporal punishment, or parental right to visit the home during hours of operation.[12,13] In 1995, licensing officials were sometimes not required to routinely visit family child care homes and sometimes required to do so up to four times per year. In 27 states and Washington, DC, routine visits were required less than once per year or not at all.[13]

Few states regulate all of these aspects of operation. Indeed, because many states exempt large numbers of family child care homes from any regulation, there are many more unregulated family child care homes than regulated ones. In 1990, between 10% and 18% of all family child care homes were thought to be regulated.[14] This results in a vast number of family child care homes that are hard to identify and hard to count.

Enrollment in Family Child Care Homes

In 1990, the average regulated family child care home served 6 children, and the average nonregulated home served 3. In some states, providers may serve up to 12 children in a large family child care home. In 1995, approximately 9% of regulated family child care homes were large homes that served 7 to 12 children.[13]

Administrative Auspices of Family Child Care Homes

Although most family child care providers operate independently as small businesses with a sole proprietor, some do operate under the sponsorship of an outside organization such as a neighborhood child care center or family service agency. In such arrangements, programs are members of a family child care home network where the sponsoring agency takes responsibility for training (and sometimes paying) the family child care provider and for referring potential clients to the family child care home. In 1990, some 23% of regulated and 2% of nonregulated providers were sponsored by an outside organization.[14]

Center-Based Care

As children approach entry into kindergarten, most parents choose a center-based program for their children, either (1) a child care program or (2) a preschool, nursery, or Head Start program. These two basic types of center-based care vary in their schedules, in the ages of children served, and often in the income level of their clientele.

Child care centers are generally open all day, five days per week, all year. They provide care for infants (children up to one year of age), toddlers (one- to two-year-olds), and preschool children (three- to five-year-olds) as well as after-school care for school-age children. Because of their hours of operation, they are well-suited to serve children of employed mothers who work the traditional 9:00 A.M. to 5:00 P.M.

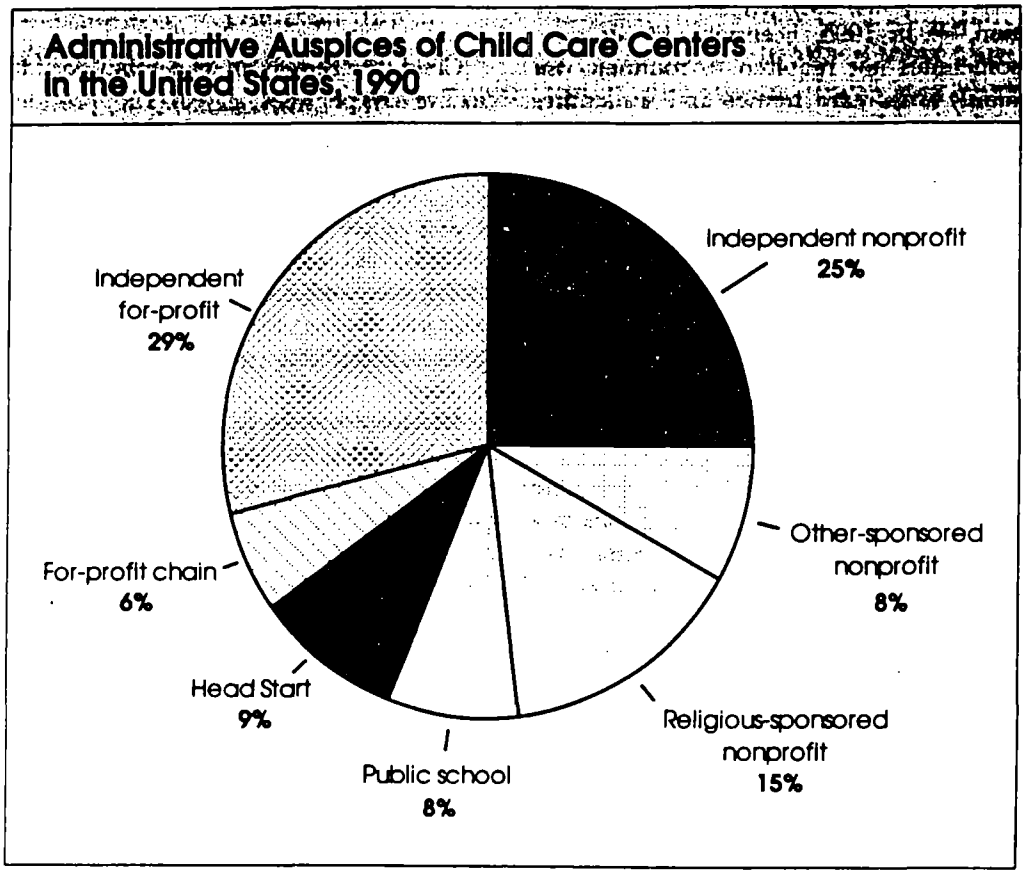
In contrast, nursery school, Head Start, and state prekindergarten programs comprise primarily part-day, part-year programs for three- and four-year-olds. They may be part-week as well, offering enrollment two or three mornings per week, for example. Among those families that opt for a part-day program, middle-income families largely have enrolled their children in nursery school programs, and low-income families primarily have taken advantage of Head Start, the foremost early childhood program for low-income children and their families.[15] The latter is free to eligible families and provides a wider range of services than do most other early childhood programs, including education, structured opportunities for parent involvement, and social and health services.[16]

As children approach entry into kindergarten, most parents choose a center-based program for their children.

Regulation of Centers

Although some states exempt from their licensing regulations church-sponsored centers, part-day preschools, or state prekindergarten programs that are part of the public school system, almost all centers are regulated or licensed in some way.[17] Centers are generally regulated on the same aspects of operation as are family child care homes, plus others such as the maximum number of children per group. They are also subject to more stringent inspection cycles by licensing officials. In some states, they are visited up to four times per year.[12] Inspection visits

Figure 1



Source. Willer, B., Hofferth, S., Kisker, E. E., et al. *The demand and supply of child care in 1990.* Washington, DC: National Association for the Education of Young Children, 1991, p. 21.

are also required before they can begin operations.

Enrollment in Centers

The number of children enrolled varies substantially across programs. In 1990, the average enrollment in a center-based program was 67, but it ranged from a low of 50 in the average Head Start program to a high of 91 in the average center operated by a for-profit chain.

Administrative Auspices of Centers

In 1990, 65% of early education and care centers operated as nonprofit agencies (meaning that they were exempt from federal and state taxes because they were judged to be providing a charitable or educational service), and the remaining 35% operated as for-profit businesses.[14] As illustrated in Figure 1, most nonprofit child care programs operated under the sponsorship of another organization, usually a religious group, public school, or Head Start. Independent for-profit programs constituted 29% and for-profit chains 6% of all center-based programs. (The implications of auspices for the cost and quality of child care are discussed in the article by Helburn and Howes in this journal issue.)

Child Care Arrangements

In 1995, there were nearly 21 million children five years of age or younger who had not yet enrolled in school in the United States.[2] About 40% were cared for by their parents, 21% by relatives, 31% in center-based programs, 14% in family child care homes, and 4% by sitters.[2] These numbers add up to more than 100% because about 9% of parents use multiple child care arrangements (for example, children might spend three mornings per week in a center-based nursery school program, but two mornings per week and all afternoons with a relative). To avoid confusion, this article focuses on the child's *primary arrangement*, defined as the arrangement in which the child spent the most hours each week. This results in smaller estimates of overall enrollments in center-based programs; however, it makes the data compa-

rable to previous studies and uniquely describes each child.

In any case, this picture of current child care arrangements is a static snapshot. It does not capture the dynamic trends over the past 30 years that have led an increasing percentage of all children to be enrolled in child care and an increasing percentage of those children to be enrolled in formal, center-based arrangements.

Despite these overall trends, the current numbers illustrate persistent differences in the arrangements parents choose, depending upon their employment status, the ages of their children, and their family income: (1) employed parents are more likely than nonemployed parents to choose center-based child care, (2) preschoolers are more likely than infants and toddlers to be enrolled in centers, and (3) children from higher-income families are more likely than children from lower-income families to be enrolled in centers.

Maternal Employment and Child's Age

In 1994, 62% of married mothers with a child under age six were in the work force, compared with 30% in 1970.[18] Because 8 of 10 employed mothers are likely to use some form of nonparental child care arrangement,[2] the increased employment of mothers outside the home has led to a sharp increase in the use of nonparental child care over the past several decades.

In fall 1993, about 10 million children under five years of age had mothers (married or not) in the work force. Of those children, 47% were cared for by parents or relatives, 30% in a center-based program, 17% in a family child care home, and 5% by an in-home sitter.[2] (These arrangements are illustrated in Figure 2.)

Over the past three decades, employed mothers gradually shifted their care arrangements from parents or relatives to centers or family child care homes (also depicted in Figure 2). In 1965, only 22% of young children were in family child care and center-based arrangements. By 1993, the use of center care increased fivefold, from 6% to 30%, while the use of family child care remained at about 17%. In contrast, the use of relatives, sitters, and parents all declined.

The increase in enrollment in center-based programs has occurred across all age ranges. Figure 3 illustrates that, since the early 1980s, the percentage of three- to four-year-olds of employed mothers in center-based programs has increased by almost half, the percentage of toddlers has doubled, and the percentage of infants has tripled. In other words, as more women have entered the work force, more and more of their children have entered center-based programs at younger and younger ages.

In fact, there has been a large increase in center-based enrollments of all preschool children, whether their mothers are employed or not. Over half (53%) of all four-year-old children were enrolled in a preprimary program (including kindergarten) in 1991, compared with just 28% in 1965.[19] By 1995, about 40% of three-year-olds, 65% of four-year-olds, and 75% of five-year-olds not yet enrolled in school were enrolled in center-based programs.[2]

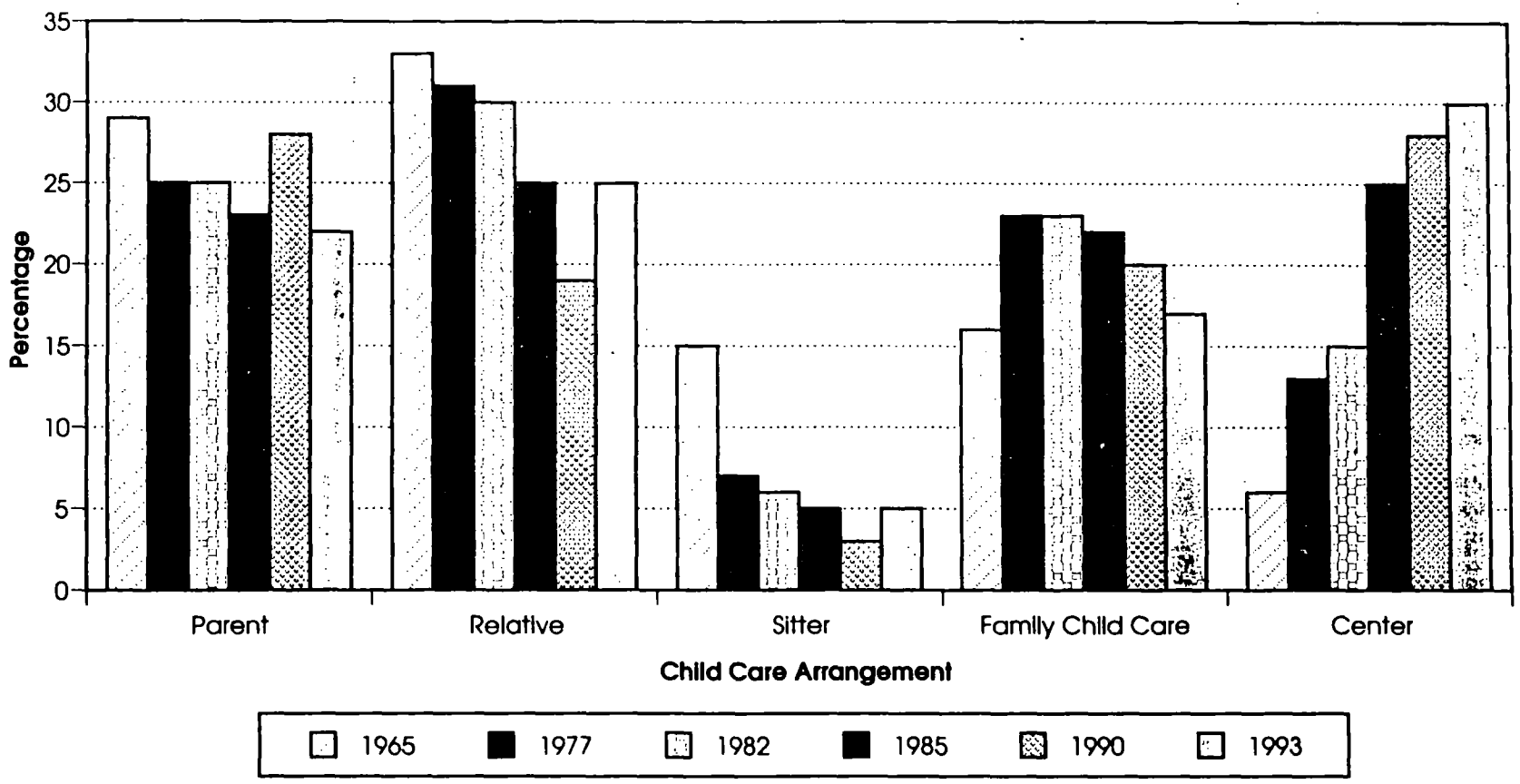
The increase among older preschoolers in enrollment in center-based programs is so broad-based that the enrollment rates of three- to five-year-old children of employed and nonemployed mothers have begun to converge. In 1991, 50% of three- to five-year-old children of mothers not in the work force were enrolled in a nursery school at some time, compared to 60% of three- to five-year-old children of mothers in the labor force.[19]

As more women have entered the work force, more and more of their children have entered center-based programs at younger and younger ages.

The story is different for infants and toddlers, however. Children under three years of age are much less likely to be enrolled in center-based programs than are three- and four-year-olds. Only 7% of all infants and about 15% of all toddlers were enrolled in a center-based program in 1990.[2]

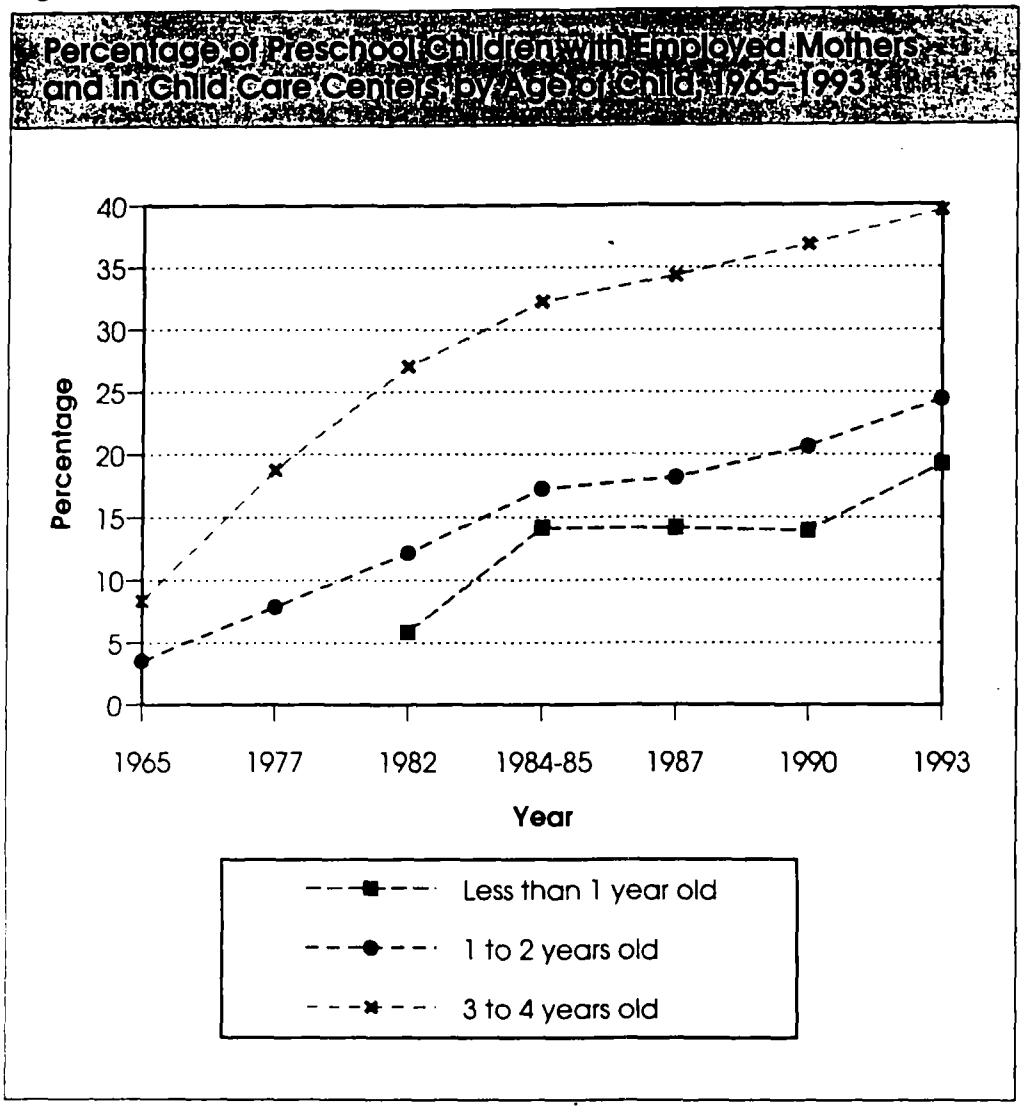
Figure 2

Primary Care for Youngest Preschool Child, Employed Mothers, 1965–1993



Sources: U.S. Bureau of the Census. *Trends in child care arrangements of working mothers.* Current Population Reports, P-23, no. 117. Washington, DC: U.S. Government Printing Office, 1982; U.S. Bureau of the Census. *Child care arrangements of working mothers.* Current Population Reports, P-23, no. 129. Washington, DC: U.S. Government Printing Office, June 1982; U.S. Bureau of the Census. *Who's minding the kids? Child care arrangements: Winter 1984–85.* Current Population Reports, P-70, no. 9. Washington, DC: U.S. Government Printing Office, 1987; U.S. Bureau of the Census. *What does it cost to mind our preschoolers?* Current Population Reports, P-70, no. 52. Washington, DC: U.S. Government Printing Office, September 1995; Hofferth, S., Brayfield, A., Deich, S., and Holcomb, P. *National Child Care Survey, 1990.* Washington, DC: The Urban Institute, 1991.

Figure 3



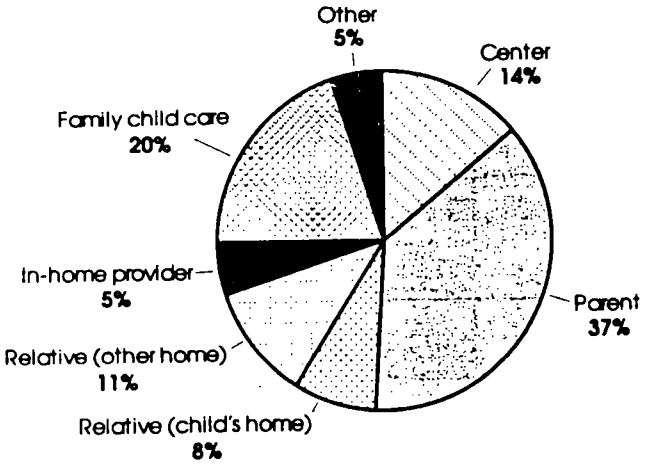
Sources: U.S. Bureau of the Census. *Trends in child care arrangements of working mothers.* Current Population Reports, P-23, no. 117. Washington, DC: U.S. Government Printing Office, 1982; U.S. Bureau of the Census. *Child care arrangements of working mothers.* Current Population Reports, P-23, no. 129. Washington, DC: U.S. Government Printing Office, June 1982; U.S. Bureau of the Census. *Who's minding the kids? Child care arrangements: Winter 1984–85.* Current Population Reports, P-70, no. 9. Washington, DC: U.S. Government Printing Office, 1987; U.S. Bureau of the Census. *What does it cost to mind our preschoolers?* Current Population Reports, P-70, no. 52. Washington, DC: U.S. Government Printing Office, September 1995; Hofferth, S., Brayfield, A., Deich, S., and Holcomb, P. *National Child Care Survey, 1990.* Washington, DC: The Urban Institute, 1991.

In addition, the differential between employed and nonemployed mothers in enrollment for their very young children is still quite substantial: in 1990, the rate of enrollment in centers for infants of employed mothers was almost 5 times higher than the rate for infants of nonemployed mothers. The rate of enrollment for toddlers was about 2.5 times as high. (See Figure 4.)

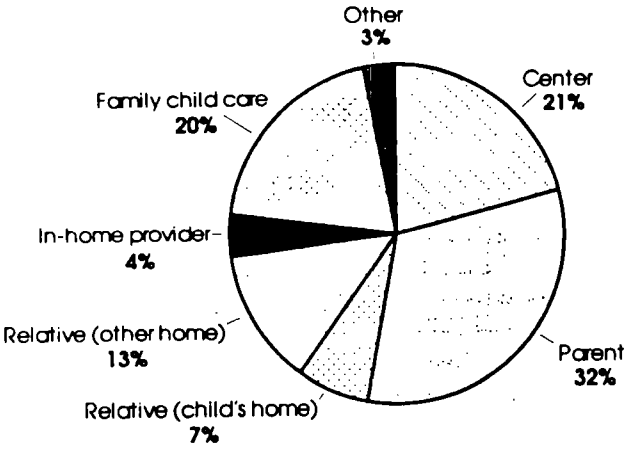
The changes in child care arrangements over time are probably due to three main trends. (1) The increasing percentage of children who are being cared for by someone other than their parents is largely attributable to the increasing number of women in the labor force. (2) The shift from relatives and the other parent as caregiver to center-based programs may be due in part to the increasing proportion of single parents. Between 1940 and 1960, only about 6% to 8% of children lived in mother-only families; in 1988, 21% of children did.[20] As that percentage has increased, mothers may have fewer relatives and in-laws to rely on, and those relatives may have to work themselves, leaving fewer available for child care responsibilities.[21] (3) The increased enrollment rates in centers by all three- and four-year-olds is most likely due to parental convictions, based on substantial research,[22]

Figure 4

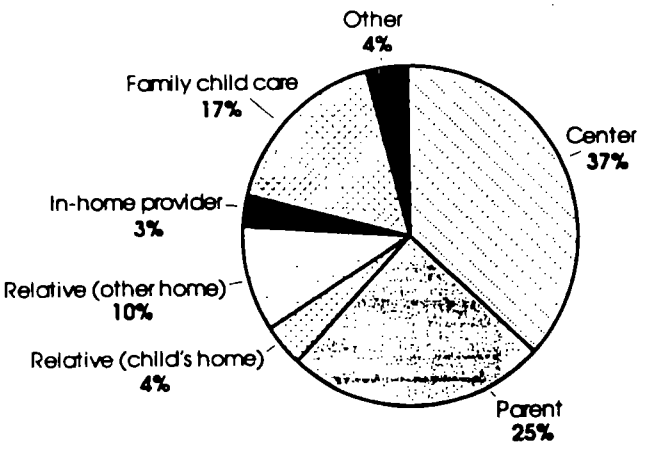
Child Care Arrangements by Age of Child and Maternal Employment Status, 1990



Employed mother, children under 1 year of age



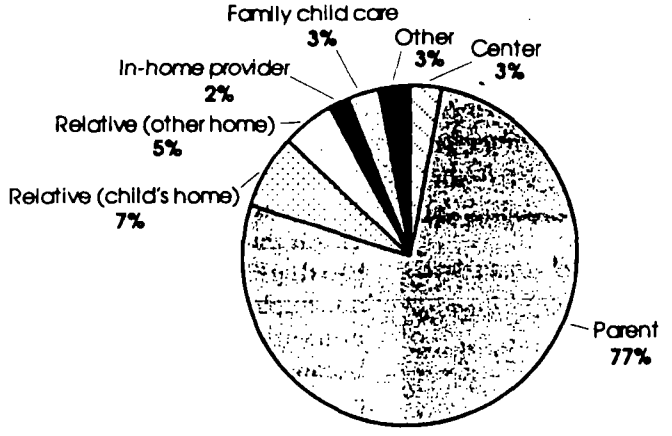
Employed mother, children 1 to 2 years of age



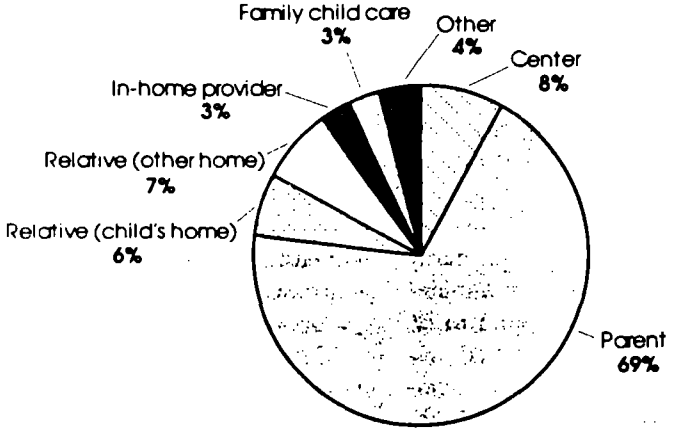
Employed mother, children 3 to 4 years of age

Figure 4 (continued)

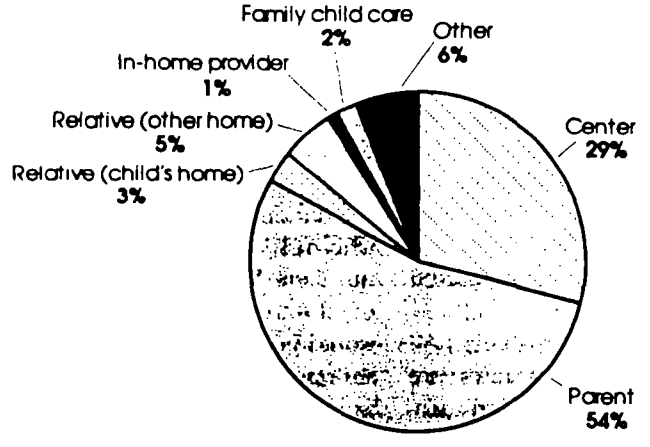
Child Care Arrangements by Age of Child and Maternal Employment Status, 1990



Nonemployed mother, children under 1 year of age



Nonemployed mother, children 1 to 2 years of age



Nonemployed mother, children 3 to 4 years of age

Source: Hofferth, S., Brayfield, A., Deich, S., and Holcomb, P. *National Child Care Survey, 1990.* Washington, DC: The Urban Institute, 1991.

endorsed by public policy,[23] and subsidized by increased dollars for Head Start and state prekindergarten programs, that preschool programs can help prepare children for success in school.

Family Income

Child care arrangements are also affected by family income. In the past 15 years, the proportion of preschool children of low-income families who are enrolled in center-based programs has risen.[24] But a gap remains between the enrollment rates of children of lower- and higher-income families.[25] For example, only about 45% of three- to five-year-olds whose family incomes were below the poverty level attended center-based programs in 1991, in contrast with about 75% of children from high-income families (family income of more than $50,000).[25]

Only about half of centers in 1990 accepted infants. Thus, parents have fewer choices for arrangements for their infants than for their older preschoolers.

In addition, among the poor, primarily the children from the very poorest families where parents are not working seem to be the ones enrolling in these center-based programs.[26] Children from families where a parent worked but incomes were below $25,000 per year were less likely than either children of nonworking poor or middle-class families to participate in center-based programs.[26] There are probably two reasons: (1) many publicly subsidized center-based programs are part-day and part-year programs that may not meet the needs of working parents and (2) many such programs are open only to the very poorest families. Once parents begin to work, they may exceed income eligibility for them. (For a review of these subsidy programs, see the article by Stoney and Greenberg in this journal issue.)

The differential enrollment rates are important because early childhood programs are associated with short- and long-term benefits for the children who enroll in them.[22] To the extent that children from low-income families are not enrolled in such programs, the distance between them and their more well-to-do age-mates will probably widen as they move through school.

Summary of Child Care Choices

Mothers' participation in the labor force leveled off in the late 1980s at about 60% of mothers with children under age five, but the use of early care and education programs for children continues to grow. In addition, there continues to be substitution of formal center-based programs for both informal care by relatives, sitters, and the other parent, as well as for family child care. This is due to the increased use of center-based programs by both employed and nonemployed mothers. Both working and nonworking parents appear to have become convinced of the value of these programs in preparing their children for school.

Some of the more frequent use of center-based programs is probably associated with increased public funding for center-based preschool programs such as state prekindergarten and Head Start. These programs serve primarily the very poorest of low-income families, and this may help explain the continued difference across income levels in the rates of three- to four-year-olds' enrollment in center-based programs.

These numbers reveal the child care choices that parents have made, but they do not reveal if the choices reflect parental preferences or lack of alternatives.

Assessing the Need for Child Care

Is there a child care shortage? There are many ways to answer that question. The most straightforward approach is to estimate the number of child care spaces that exist in the nation, estimate the number of children who need child care, and compare the two numbers. If the supply exceeds the number of children, then, in this approach, one would conclude that there is no child care shortage.

In 1990, for example, there were approximately 80,000 early care and education centers with the capacity to serve four to five million children (about 20% to 25% of all children under age five).[5,14] In 1990, there

were estimated to be between 668,000 and 1.2 million family child care providers.[14] Regulated family child care providers cared for about 700,000 children.

In 1990, therefore, there were spaces for between 50% and 60% of the preschool children of employed mothers in centers (including Head Start and state prekindergarten programs) or in licensed family child care homes. The remaining 40% to 50% of preschool children were not left without care; most were cared for by relatives, friends, neighbors, or others in settings that were not regulated or licensed by states.

The informal care market—the unregulated sector of the child care market—is remarkably elastic. It can expand rapidly in response to demand, in part because it, unlike licensed center-based programs, requires little or no initial capital investment and little administrative complexity. If one counts only the number of child care spaces available, the existence of the informal care market helps to assure that there is no child care shortage.

Of course, this approach of counting spaces to determine if a child care shortage exists is overly simplistic: it ignores the need for a fit between a space in a child care program and a child. For example, a space in a child care program in Beverly Hills is probably not of much use to a family that lives and works in south central Los Angeles. Spaces in a preschool program are no help to a family seeking care for an infant. Spaces in programs that cost families more than they can afford to pay are not of use to those families. Spaces in a low-quality program are not of interest to parents seeking the highest-quality setting for their child. To assess if there is a shortage of child care, in other words, one must consider the availability of child care programs that fit the needs and the financial resources of parents.

Availability of Child Care for Specific Groups

Research has indicated that the number of child care spaces available in a community depends upon several factors, including the income level of the community. In addition, care for particular age groups or during particular hours may be limited.

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Variation by Age of Child

Even though there may be enough openings for families needing child care across all child care settings, available spaces in centers may not necessarily match consumer needs for care for children of particular ages. Only about half of centers in 1990, for example, accepted infants, compared with almost all family child care homes.[14] As a consequence, infants and toddlers constituted fewer than 10% of the children in centers but about a quarter of those in family child care.[14] Thus, parents have fewer choices for arrangements for their infants than for their older preschoolers.

Variation by Mother's Work Schedule

In 1990, 7.2 million mothers with 11.7 million children under age 15 worked full or part time during nonstandard hours.[27] These different schedules create varying needs for child care. About 8% to 9% of mothers worked evenings or nights in 1990, but few centers (only 3%) offered evening or night care, compared to 13% of regulated and 20% of nonregulated family child care

providers.[14] It has been estimated that no more than about a dozen centers across the country offer 24-hour child care.[27] Consequently, children under age five are more likely to be cared for by their mothers who work nonday hours or to be cared for at home than are children of women who work during the day (49% versus 29%, respectively, in 1993).[4]

The likelihood of nontraditional work hours varies by family income. Lower-income parents are more likely than higher-income parents to work during nonday hours, on a rotating or changing schedule, or on weekends. For example, almost half of working poor parents (income less than the poverty line) worked on a rotating or changing schedule, compared to one-quarter of working-class and middle-class mothers (working-class families have incomes above the poverty level but less than $25,000 per year; middle-class families have incomes $25,000 per year or higher) and one-third of working-class and middle-class fathers in 1990.[26] One-third of the working poor and one-quarter of working-class mothers surveyed in the National Child Care Survey 1990 worked weekends. In contrast, only 10% of centers and 6% of family child care homes reported providing care on weekends. Rotating shifts present an even greater obstacle to finding stable care.

Almost half of working poor parents worked on a rotating or changing schedule, compared to one-quarter of working-class and middle-class mothers.

Variation by Community Income Level

Many services and businesses are more scarce in low-income communities, and studies demonstrate that child care is no different.[28,29] In general, there are fewer regulated child care programs or spaces available in lower-income communities, based on a national sample of counties.[29] However, not surprisingly, subsidies for child care for low-income families can increase the supply of child care. In Massachusetts, for example, a state with a relatively large number of subsidies for child care for low-income families, there was more child care available in both high- and low-income counties than in more moderate income communities.[29]

Affordability of Child Care

Although there may be geographic area differences in the supply of center-based programs and regulated family child care homes in some communities or for some groups of children, the supply of informal arrangements is quite flexible and can expand to meet most child care needs. On those two measures, therefore, there does not appear to be a significant child care shortage, although some parents undoubtedly face constrained choices when they consider their child care options. However, just because programs exist does not mean that parents can afford them. The cost of care is, therefore, another important way to gauge if there is a shortage of child care.

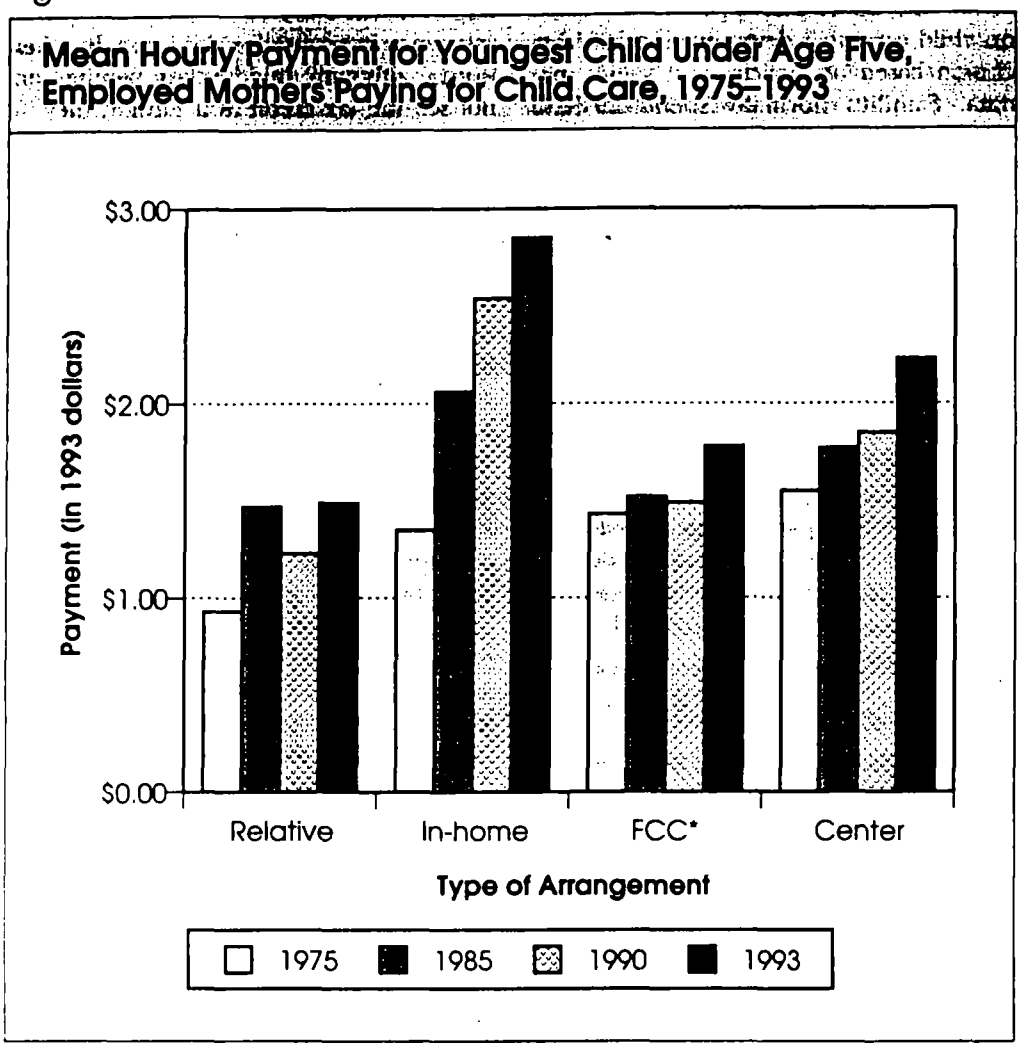
Fees and Parental Expenditures

Between 1975 and 1990, as illustrated in Figure 5, the amount paid by parents per hour of center-based and family child care changed relatively little after adjusting for inflation. In 1990, employed mothers who paid for care paid, on average, amounts ranging from $1.23 per hour for relative care to $2.54 per hour for sitter care of a child under age five (in 1993 dollars).[5] These figures reflect increases of about 1.2% per year in real dollars for centers and less than 0.5% a year for family child care homes. In contrast, the per-hour cost of care in the child's own home increased by 88% between 1975 and 1990 in real dollars (6% per year) and was the most expensive of all forms.

Since 1990, however, steeper annual price increases have occurred (also illustrated in Figure 5). In 1993, parents who paid for care paid amounts ranging from $1.49 per hour for relative care to $2.85 per hour for sitter care (in 1993 dollars).[5] This represents an increase of about 20% over about three and one-half years (about 5.7% annually) for center-based care, family child care, and relative care and about a 12% increase for sitter care.

The burden these child care expenditures place on families can be substantial. In 1993, the average family with an employed mother and a child under age five spent about $79 per week for child care

Figure 5



Sources: UNCO, Inc. *National Child Care Consumer Study: 1975*, vols. 1–4. Washington, DC: UNCO, 1975; Hofferth, S., Brayfield, A., Deich, S., and Holcomb, P. *National Child Care Survey, 1990*. Washington, DC: The Urban Institute, 1991; U.S. Bureau of the Census. *What does it cost to mind our preschoolers?* Current Population Reports, P-70, no. 52. Washington, DC: U.S. Government Printing Office, September 1995; Hofferth, S. Child care in the United States. In *American families in tomorrow's economy*. Proceedings of hearings before the House of Representatives Select Committee on Children, Youth and Families, July 1, 1986, pp. 166–87. Washington, DC: U.S. Government Printing Office, 1988. *FCC = Family Child Care

for all children in the family (that is, both for the preschooler and for any siblings), an increase of about 10% over the $72 that families spent in fall 1990 (all in 1993 dollars).[5] On average, families with a child under age five spent about 8% of their incomes on child care, but, obviously, that percentage varied with family income.[5] Families with annual incomes under $14,400 that paid for care spent 25% of their income on child care, compared to 6% or less for families with incomes of $54,000 or more.

Standard economic theory states that shortages of a commodity or service push its price upward, encouraging suppliers to provide more of it. Because the price of child care remained stable until 1990, there was little evidence of excess demand for child care up until that time. However, recent price increases suggest that might be changing. During the 1980s, as demand for child care expanded, there was a parallel expansion in supply, and prices remained relatively constant. The price increases in the 1990s suggest that more pressure is being put on the supply of child care in this decade without a concomitant expansion of supply, and, as a result, parental expenditures for it are rising faster than the cost of living.

The analyses of the percentage of family income devoted to child care by families with different incomes suggest that, for low-income families, the cost of child care can be quite an obstacle to obtaining care. These

studies do not demonstrate what percentage of monthly income is appropriately spent on child care; that determination is a conclusion based on policies and values, not data. Families normally spend 20% of their incomes on housing and 10% on food. Families that have to spend close to 20% or more of their incomes on child care will have much less to spend on other necessities.

Child Care Subsidies to Expand Options

Child care subsidies and tax credits do exist to help make child care more affordable for families and thereby to expand their choices for care. (See the article by Stoney and Greenberg in this journal issue for a description of these forms of assistance.) Because the cost of child care programs varies from one setting to another, one would expect that these subsidy programs would increase the ability of families to enroll their children in more expensive forms of care (for example, center-based care and family child care homes as opposed to relatives, and licensed care as opposed to nonlicensed care).

When tax credits are combined with other forms of direct assistance for child care, it was the working poor that were the least likely to receive assistance in paying for child care.

The National Child Care Survey 1990, a nationally representative survey, indicated that (1) the percentage of families that reported receiving assistance in paying for child care was directly related to income level (poorer families were more likely to report receiving assistance); (2) families using center-based care were more likely to report receiving child care assistance than were families using some other type of care; (3) higher- rather than lower-class families were much more likely to report using the Child and Dependent Care Tax Credit (although the families that reported receiving it did not necessarily also report receiving assistance for child care costs); and (4) when those tax credits are combined with other forms of direct assistance for child care, it was, in fact, the working poor (families with incomes less than the poverty line and at least one parent working) that were the least likely to receive assistance in paying for child care. In other words, although middle-class families do not see the tax credit as a subsidy, they in fact receive more assistance with child care than do the working poor.

Quality of Child Care

Parents try to select child care settings that will keep their children safe and healthy and that will nurture them and prepare them for later life. But are such programs readily available?

There are many ways to assess child care quality (see the article by Helburn and Howes in this journal issue for an in-depth discussion). Although quality is best measured by observing the warmth and nature of the interactions between child and provider and the day-to-day experiences of children in the program, these sorts of observational assessments are difficult, time-consuming, and expensive. Therefore, state regulators and researchers typically measure a few specific structural features of the child care programs that have been associated with quality interactions and good child development. These include staff-child ratios, group size, and training and education of staff/providers. In addition, a number of studies have linked stability of care (that is, little change in the number of child care arrangements and low rates of staff turnover) with overall quality measures in a child care program.[7,12] Higher staff salaries, in turn, have been associated with lower rates of staff turnover.[7] Programs with these characteristics (that is, programs with higher staff-child ratios, smaller group sizes, a well-compensated staff educated in child development, and low turnover) are programs that demonstrate warmer, more responsive, and more appropriate interactions between staff and children, better experiences for children, and, ultimately, better development for the children.

This section reviews the characteristics of programs and providers in 1990, the most recent year for which comprehensive national data are available, on these measures of quality. Then, using data from two large 1976–77 studies of child care, it describes trends in child care quality over time.[30–33] (See the article by Helburn and Howes in

this journal issue for additional details on quality, including data from other studies and a review of findings concerning process measures of quality.)

Group Sizes and Staff-Child Ratios

In 1990, group sizes and staff-child ratios in centers serving three- and four-year-olds were in the upper ranges of those recommended by the National Association for the Education of Young Children (NAEYC), the preeminent professional association for child care directors and staff in the United States. Ratios far exceeded recommended levels for centers serving one- and two-year-olds, suggesting that programs and parents may be accepting lower-quality care because care for infants and toddlers is in short supply.[6] For example, the average group size reported for one-year-olds was 10, and the NAEYC recommends 6 to 12. The average staff-child ratio was 1:6 to 7, and the NAEYC recommends 1:3 to 4.[12] All told, the average number of children per group in centers increased by 16%, and staff-child ratios worsened by 25% between the mid-1970s and 1990.[14] (See the article by Helburn and Howes in this journal issue for additional explanation of NAEYC standards.)

Enrollments in family child care have expanded, and group sizes have risen between 1976 and 1990. In 1990, the average group size was six in regulated care.[14] The average was four in 1976–77. In family child care homes, therefore, although quality levels declined, they still fell within acceptable limits for those measures.

Staff Education and Training

In 1990, providers were better educated than the population as a whole; more than 9 out of 10 teachers in centers had received training related to young children (this does not include assistants). On average, nearly half of all teachers had a four-year college degree or better, and an additional 13% had a two-year college degree. In addition, the levels of education and training of staff in both centers and family child care homes increased between the mid-1970s and 1990 when only 29% of teachers in centers had 16 or more years of education.[14] The average schooling of family child care providers also rose from high school in 1976 to one year of college in 1990.[14] According to at least this measure, therefore, and considering only teachers rather than all child care staff, quality of care improved between the mid-1970s and 1990.

Child Care Stability

Instability in child care can occur either when the child is moved from placement to placement or when the caregivers within a particular program leave the program.

■ *Changing Settings.* Changing child care arrangements is all too common an experience for children in child care. In 1990, the median length of children's current child care arrangements was 12 months.[5] Informal arrangements made with relatives and friends tend to be much less stable than formal arrangements with regulated centers or family child care homes.[6] Half of infants under age one entered a nonparental child care arrangement during their first year, and, of these, 10% changed arrangements during the year.[5]

■ *Teacher Turnover.* Considering child care teachers, not assistant teachers or aides, teacher turnover increased between the mid-1970s and 1990, from 15% to 19% per year for comparable full-day centers.[14] Over all types of programs, teacher turnover averaged 25% in 1990[14] and has hovered at that level through 1992.[34] In 1990, approximately half of all centers reported some teacher turnover in the prior year, and, among those programs experiencing turnover, the rate was very high (50%).[14]

Half of infants under age one entered a nonparental child care arrangement during their first year, and, of these, 10% changed arrangements during the year.

Turnover varies considerably by auspice. In 1990, turnover was 20% in Head Start, 14% in public school programs, and 39% in for-profit chains. Head Start turnover rates in 1994 were 12.5% for teachers and 21% for assistants.[35]

These rates appear to suggest that children in child care are regularly exposed to multiple settings and multiple providers within a setting and that the percentage of

children who suffer that sort of instability has increased over time.

Provider Salaries

One of the reasons that staff turnover within child care programs may have increased could be that teacher salaries have declined by 25% since the 1970s.[14] The annual earnings of a teacher in a child care center averaged $12,390 in 1990, compared with $14,180 in 1976 (as expressed in 1990 dollars).[14] Because turnover is directly related to the quality of the experience of children in child care, provider salaries are also an important consideration in determining the quality of care.[7]

In 1990, teachers in center-based programs across the United States earned $7.49 per hour and averaged an annual income of about $11,500[14] (excluding assistant teachers and aides, who earn perhaps 10% to 20% less).[34] Regulated family child care providers earned about $4 per hour, and nonregulated provider wages amounted to $1.25 per hour (all in 1990 dollars). In 1990, the annual income of regulated family child care providers was $10,944 and that of nonregulated family child care providers was $4,275 per year.

Centers kept fees constant in a time of declining direct subsidies by increasing group sizes, decreasing staff-child ratios, and cutting staff salaries.

In the late 1980s and early 1990s, public funding for center-based programs shifted from supply side (to providers) to demand side (to parents). As described in the article by Stoney and Greenberg in this journal issue, more federal funding goes directly to parents through vouchers and tax credits than to providers via contracts. The proportion of revenues coming to centers from the government has declined since the mid-1970s, increasing the dependence of centers on parent fees.[14] Yet, as shown earlier, parent fees essentially stayed the same over the period. Apparently, centers kept fees constant in a time of declining direct subsidies by increasing group sizes, decreasing staff-child ratios, and cutting staff salaries.

Although quality in family child care did not decline in the 1980s, the revenues of providers did.[14] The larger increases in expenditures during the early 1990s suggest that providers are now raising fees, another indication of some pressure on the supply of care.

Quality of Care for Low-Income Children

Do low-income parents have access to the same quality of care as middle-income parents? Evidence suggests that when structural features such as group size and staff-child ratios are considered, the lowest- and highest-income families have the highest-quality center-based care, with working- and middle-class children in somewhat lower-quality care.[7,25,36] When child-adult interactions in centers (other than Head Start) are measured, children from high-income families are better off than children from all other income groups.[36]

Summary of Child Care Costs and Quality

Although parental expenditures on child care rose slowly during the 1980s, only about a percentage point above inflation, expenditures rose almost 6% annually in the early 1990s. This suggests increasing pressure on the overall supply of early education and care arrangements. In addition, there appears to be a more limited set of child care options for some families, such as those that live in low-income communities, seek care for infants and toddlers, and work odd hours.

The picture derived by assessing all measures of quality is mixed, but not encouraging. Between the mid-1970s and 1990, the education of center staff increased; however, the ratio of children to staff and staff turnover also rose over the past decade, a consequence of increased competition, lower staff salaries, and declining direct federal support.[14]

Today, the overall quality in centers and family child care homes appears low, based on the most recent studies that have observed the quality of teacher-child interactions in child care programs. As reported in the article by Helburn and Howes in this journal issue (and not reviewed here), such studies indicate that only 12% to 14% of chil-

dren are in high-quality center or family child care arrangements. Between 12% and 21% are in low-quality child care that is unsafe and/or harmful to their development. Among center-based programs, quality appears to be lowest in those serving infants and toddlers.

Because parental expenditures for child care have increased during the past decade, these findings suggest that parents are receiving less rather than more for their money and that there may be some shortages of high-quality, affordable care and of care for infants and toddlers.

Although government subsidies do help the lowest-income families gain access to child care, upper-income families actually benefit the most from federal support in the form of income tax credits for child care expenses. Consequently, the largest burden may be borne by the families least likely to receive subsidies: those with at least one working parent and total incomes less than $25,000. It is their children who wind up in programs of the lowest quality. For them, the child care burden is very real.

The Importance of Affordable, High-Quality Child Care

The preceding sections document that child care is hard to obtain for at least some families in some communities, that the costs to families are increasing, with a larger burden for low-income families, and that the quality of care is declining. The effects of not being able to obtain high-quality, affordable child care can be profound for both children and parents. The effects on children are discussed in the article by Helburn and Howes in this journal issue, but the effects on parents are only now becoming a topic of investigation.

Effects of Availability

At least one study has demonstrated that the number of centers and family child care homes per capita in a community is linked to the employment of mothers in higher-income areas.[28] In the same study, the number of Head Start programs was also associated with parental employment in low-income areas. Specifically, the greater the number of centers, family child care homes, or Head Start programs, the greater the likelihood that a mother in the community would be employed. Of course, this association does not prove that it was the presence of child care programs that caused mothers to go to work (as opposed to the other way around), but it does suggest that actual availability of programs is closely linked with parental employment.

Effects of High Costs

The cost of care is an important factor in mothers' choices of child care arrangements. Several studies have documented that, controlling for indicators of quality and other factors, the higher the price for a specific type of child care, the less likely families are to use it.[37]

Researchers have also documented that mothers are less likely to work when child care is more expensive.[38,39] Among mothers of all income levels, higher-cost child care is associated with both a lower probability of starting and a higher probability of exiting employment.[40]

Upper-income families actually benefit the most from federal support in the form of income tax credits for child care expenses.

The effects of the cost of care on women's work decisions are more pronounced among low-income mothers, who are likely to be raising children alone,[41] than among high-income mothers.[28,42] The effects can be substantial. A recent report by the General Accounting Office, for example, indicated that subsidizing child care costs completely would lead to a 15% increase in the employment of poor mothers, from 29% to 44%.[42]

Effects of Quality

Quality of child care, at least as measured by stability and reliability, can also affect mothers' work decisions. A study of the Illinois Aid to Families with Dependent Children (AFDC) population estimated that problems with child care had caused 20% of AFDC mothers to quit school or a training program in the previous 12 months; another 20% were estimated to have returned to

public assistance because of child care problems.[43] Parents on AFDC with poor-quality care are more likely to leave their jobs than parents with good-quality care.[44]

Parents report a greater incidence of losing time from work because the provider was not available in in-home rather than formal out-of-home arrangements.[5,43] Parents on AFDC who had to give up their child care arrangements when they changed activities in California's Greater Avenues for Independence program (California's precursor to the federal JOBS program) were more likely to drop out of the program than those who maintained continuity in child care.[45]

Conclusions: What Does the Near Future Hold?

In sum, recent studies and national surveys indicate that children are more and more being cared for by someone other than their parents and that they are being placed increasingly in more formal arrangements (that is, center-based programs) at younger ages. Nevertheless, some groups of children are less likely to be enrolled in center-based programs: infants and toddlers, children from low-income and perhaps especially from working poor families, and children whose parents work nontraditional hours. Parents of children in these groups appear to face a more limited number of choices for child care. For all children in care, the overall quality of their programs is minimal on some measures and adequate on others, but shows signs of decline over the past few decades. Given that parents have been paying more for care in recent years, they seem today to be getting less for their money.

Parents on AFDC with poor-quality care are more likely to leave their jobs than parents with good-quality care.

The informal child care market assures that most parents will be able to find someone to care for their children, but not that they will be able to find stable, affordable, high-quality child care. It is the absence of that sort of care that has the most negative implications for both children and parents.

As of early 1996, it is hard to predict the precise details of what legislation concerning welfare reform or child care for low-income families will be implemented, but there clearly is a general policy push toward increasing the ability of states to mandate work for mothers receiving public assistance. Two key questions therefore are likely to remain. (1) Will mothers indeed move into the work force in greater numbers, thus increasing further the pressure on child care? (2) Will parents continue to utilize center-based programs as they have in the past?

Increases in maternal employment have leveled off since the late 1980s at about three out of five mothers of young children in the work force. With the exception of never-married mothers with young children, the majority of women are already employed at high levels. (About 60% of married or ever-married women versus 46% of never-married women with children under age six were in the labor force in 1992.)[46] Of course, it is precisely this group of never-married women that is frequently identified as the group that should be employed at higher rates.

Both the 25-year trend toward decreased use of relatives and sitters and increased use of centers suggest that the trend toward greater use of formal early childhood programs will continue. However, if states are unable or unwilling to continue subsidizing the costs of early education and care programs for low-income families, some reversal of the long-term trend toward increased use of center-based programs could occur, at least for low-income families. That would mean that the gap that already exists between enrollment of low- and high-income families in such programs would continue.

Family child care enrollment is likely to remain at about the same level as it is now. The percentage of children of employed mothers who are enrolled in family child care is at the same level today as it was in 1965 (see Figure 2). Two approaches to enlarge the use of family child care would be to make it more attractive, by increasing either its quality or subsidies for care; but

neither of these approaches appears likely to lead to great growth in the use of family child care. Recent studies show that further reducing the price of child care to parents increases the use of center-based programs, rather than the use of other types of programs,[37] and quality improvements in family child care have small impacts at best in promoting its use.[47] Families may simply prefer center-based programs. In one study of low-income parents in New Jersey, for example, the parents preferred center-based programs because they trusted the staff and its child development expertise and believed that their children would be safer in child care centers than in private homes.[48] Although this may or may not be an accurate view, the finding suggests that the movement toward center-based programs will not be slowed easily.

The exception for this preference for center-based care appears to occur when parents choose arrangements for infants and toddlers. If low-income mothers of children from birth to two years of age are required to engage in employment-related activities, then major growth in the use of child care for very young children is possible. At present, most of these children are in family child care and relative care when not in the care of a parent, either because of parental preference or because only a small proportion of centers accepts infants and toddlers. To increase their enrollment of infants and toddlers, centers would have to expand their programs for infants in order to meet increased demand. However, center-based infant care is very expensive (see the article by Helburn and Howes in this journal issue). Thus, a major move toward enrollment of infants and toddlers in centers seems unlikely without a concomitant increase in assistance to pay for care. Therefore, parents will likely continue to use informal arrangements for their youngest children. Because recent research suggests that the quality of informal care is not as high as that of formal care, this is cause for concern.[49]

While policymakers contemplate the most significant change in social policy for low-income families since the beginning of the war on poverty, families continue to make decisions daily regarding how best to provide care and education for their children. For many, the options are limited. Federal involvement has increased their choices of child care over the years, but concerns remain that withdrawal of this support will jeopardize these gains.

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nationally representative survey of center directors and family day care home providers (see note no. 6, Kisker, Hofferth, Phillips, and Farquhar); (5) the 1988 Child Care Staffing Study (see note no. 7, Whitebook, Howes, and Phillips); and (6) the 1994 Cost, Quality and Child Outcomes Study (see note no. 8, Helburn, Culkin, Howes, et al).

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Cost, Quality, and Child Outcomes in Child Care Centers

Executive Summary
January, 1995

We would like to give our thanks to the directors, administrators, teachers and parents who graciously gave their time to this study; to the teachers who let us into their classrooms; to the parents who agreed to have their children participate; and, of course, to the children themselves. Without all of their help this study would not have been possible.

Cost, Quality, and Child Outcomes in Child Care Centers

Executive Summary
January, 1995

The Cost, Quality, and Child Outcomes Study was conducted by:

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Cost, Quality, and Child Outcomes in Child Care Centers

Executive Summary

Conducted at a time when increasing numbers of the nation's young children are in child care and when the American public is duly concerned about the readiness of young children for school, the Cost, Quality, and Child Outcomes Study provides the first comprehensive econometric and psychometric analysis of child care and children's outcomes. Uniquely designed to examine the relationships among the costs of child care, the nature of children's child care experiences, and their effects on children, this study provides fresh provocative information for practitioners, policymakers, and the public.

In brief the study found that while child care varies widely within and between states and sectors of this industry, most child care is mediocre in quality, sufficiently poor to interfere with children's emotional and intellectual development. Market forces constrain the cost of child care and at the same time depress the quality of care provided to children.

Results indicate similar fees, low profit margins, and minimization of costs—all characteristics associated with strong price competition. Good-quality care costs somewhat more to produce than poor-quality care, but generally higher costs are not obviously reflected in parent fees, which are relatively similar in centers of different quality. Consumers thus show little differential effective demand for higher quality, in part because they have difficulty observing the quality of care the children actually receive. This means that there are few economic incentives for centers to improve quality.

The research team collected cost and quality data during the spring of 1993 through visits to 50 nonprofit and 50 for-profit randomly chosen centers in each of four states: California, Colorado, Connecticut, and North Carolina. Trained data collectors conducted interviews and distributed questionnaires to center directors, teachers, and parents and observed two randomly chosen classrooms in each center. That summer, the team collected data on 826 children from preschool classrooms visited earlier, which allowed an examination of the concurrent developmental outcomes related to their child care experience.

This report summarizes findings in four major areas: 1) quality, 2) costs, revenue, and support, 3) sector comparisons, and 4) the child care economic environment.[1] It discusses implications of these findings and makes recommendations for change. Study methodology is summarized in Appendix 1.

Major Findings

QUALITY:

Based on criteria established by the early care and education (ECE) professional communities, we define "quality" child care as that which is most likely to support children's positive development. To ascertain classroom quality, trained observers used instruments that permitted evaluation of the quality of the total child care environment as well as more specific aspects of the relationship between teacher and child (see Appendix 1 for detail). An overall index of center quality was constructed, from 1 to 7, interpreted as follows:

[1] Unless otherwise stated, all findings reported here are statistically significant at least at the 5% level

1 - Inadequate: Children's needs for health and safety not met; no warmth or support from adults observed, no learning encouraged.

3 - Minimal: Children's basic health and safety needs met; a little warmth and support provided by adults; few learning experiences.

5 - Good: Health and safety needs fully met; warmth and support for all children; learning in many ways through interesting, fun activities.

7 - Excellent: Everything in "good," plus children encouraged to become independent; teacher plans for children's individual learning needs; adults have close, personal relationships with each child.

The range of quality between these scores is also important. In particular, we call services that are rated below minimal (less than 3) "poor" or "less than minimal"; those that are between minimal and good (3 to less than 5) "mediocre"; and those that are between good and excellent (5 and over) "developmentally appropriate."

*FINDING 1: **Child care at most centers in the United States is poor to mediocre, with almost half of the infants and toddlers in rooms having less than minimal quality.***

The level of quality at most U.S. child care centers, especially in infant/toddler rooms, does not meet children's needs for health, safety, warm relationships, and learning. While there is a great deal of variation in the sample, the mean score for all centers in the study was 4.0, a full point below the good-quality level (5). Figures 1 through 3 show the distribution of quality scores. Only one in seven centers (14%) received a rating of developmentally appropriate (5 or above), and one in eight (12%) were less than minimal (less than 3).

Child care for infants or toddlers is of particular concern. Of the 225 infant or toddler rooms observed, only 1 in 12 (8%) met the good-quality level, while 2 in 5 (40%) rated less than minimal. Babies in poor-quality rooms are vulnerable to more illness because basic sanitary conditions are not met for diapering and feeding; are endangered because of safety problems that exist in the room; miss warm, supportive relationships with adults; and lose out on learning because they lack the books and toys required for physical and intellectual growth.

FIGURE 1:
Process Quality in Child Care Centers
(N=398)

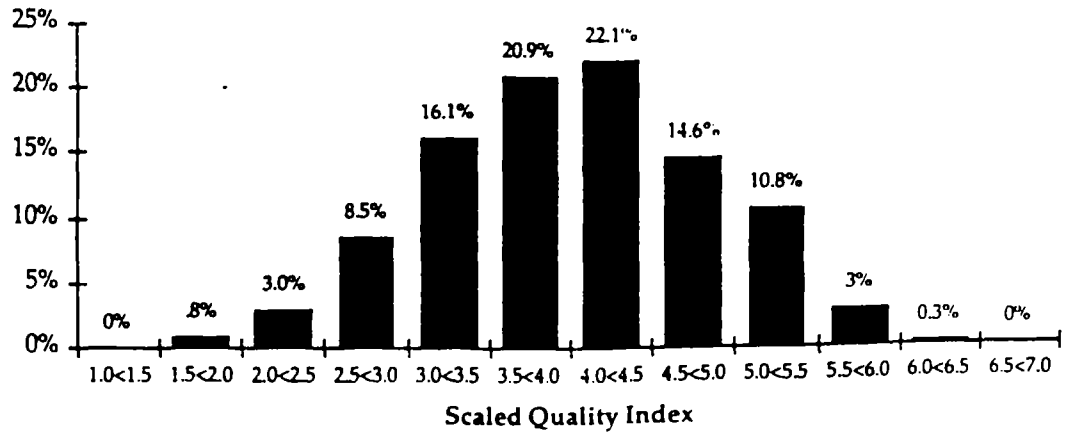


FIGURE 2:
Process Quality in Child Care Centers
Infant/Toddler Classrooms
(N=225)

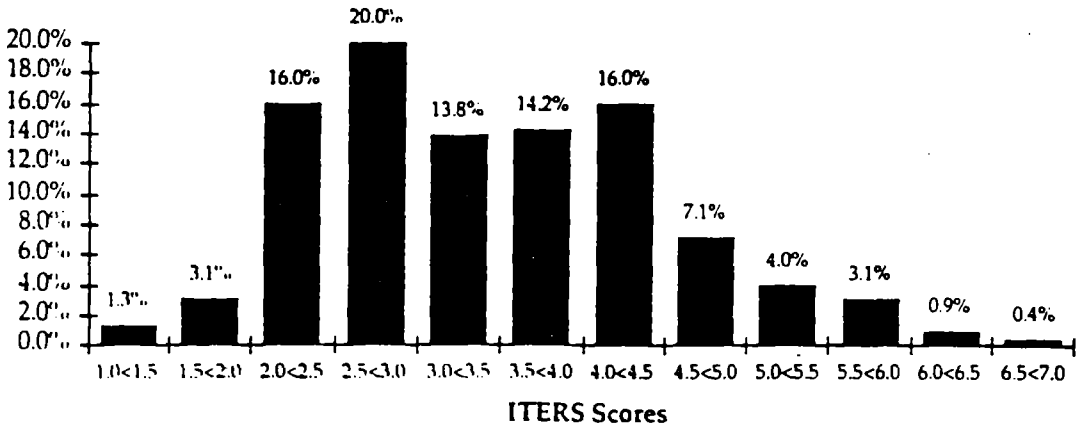
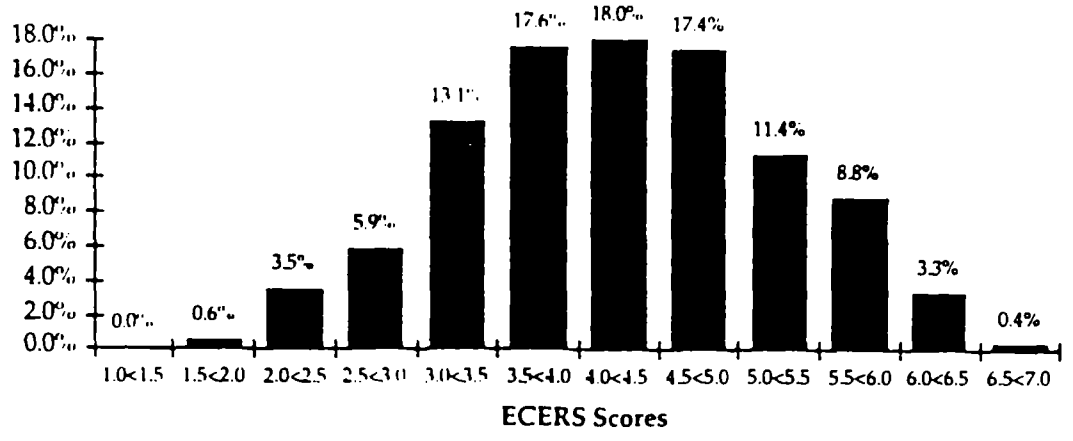


FIGURE 3:
Process Quality in Child Care Centers
Preschool Classrooms
(N=511)



FINDING 2: Across all levels of maternal education and child gender and ethnicity, children's cognitive and social development are positively related to the quality of their child care experience.

Children in higher quality preschool classrooms display greater receptive language ability and pre-mathematics skills, and have more advanced social skills than those in lower quality classrooms. Children in higher quality centers have more positive self-perceptions and attitudes toward their child care, and their teachers are more likely to have warm, open relationships with them. All of these factors are considered important to a child's capacity to enter school ready to learn. Further, these relations were obtained in analyses that controlled for child and parent characteristics known to be related to both child care selection and developmental outcomes, including maternal education and child gender and ethnicity.

While many previous research projects have studied the impact of child care on the development of at-risk children, this study focuses on the broad range of children in center care. For these children, developmental outcomes on a wide variety of measures improve with the quality of the center across all levels of maternal education and child characteristics. In some instances, however, quality had even more impact on children typically at risk (specifically on receptive language ability of minority children and on the self-perceptions of children of less-educated mothers).

FINDING 3: The quality of child care is primarily related to higher staff-to-child ratios, staff education, and administrators' prior experience. In addition, certain characteristics distinguish poor, mediocre, and good-quality centers, the most important of which are teacher wages, education, and specialized training.

This study affirms how important the ratio of adults to children is to quality of services. In the statistical analysis to predict the determinants of quality, the staff-to-child ratio is the most significant determinant of quality, even when controlling for other factors affecting quality. Center quality also increases as the percentage of center staff with a high level of education increases. An increase in a center administrator's prior experience generates higher quality, all else being constant. Finally, there is some evidence that staff tenure at the center also increases quality.

A different analysis identified classroom and center characteristics that distinguished among centers of poor, mediocre, and good quality. This analysis was particularly successful in identifying poor-quality centers, and only moderately helpful in discriminating between mediocre care and good-quality care. The most important discriminators were average teacher wage rates, and teaching staff education and specialized training.

FINDING 4: States with more demanding licensing standards have fewer poor-quality centers. Centers that comply with additional standards beyond those required for licensing provide higher quality services.

More poor-quality centers were found in North Carolina than in the other three states. Of the four states included in the study, North Carolina is the state with the least stringent child care standards. For example, at the time of data collection, North Carolina allowed 1 adult to every 6 infants or 15 three-year-olds, while the other states required 1 adult to every 4 or 5 infants or 10 or 12 three-year-olds. Similarly, North Carolina required far less early childhood education of its center staff than did the other three states.

In addition, centers that meet higher standards than required of all centers in their state in order to receive public funding pay higher wages, provide better benefits and working conditions and have higher overall quality. Finally, accredited centers, those that voluntarily meet a higher set of standards specified by an outside organization, have higher quality than do nonaccredited centers.

FINDING 5: Three specific types of centers provide higher than average overall quality. The financial characteristic these centers share is that they have access to extra resources that they use to improve quality.

The 24 centers operated by a variety of public agencies (in public schools, state colleges, and universities, or operated by municipal agencies), the 16 worksite centers, and the 30 centers with public funding tied

to higher standards (the same group cited in Finding #4) provide higher quality care than other centers. With few exceptions they share the following characteristics: they have higher expended costs and total revenue per child hour, have more donated resources, and are less dependent on parent fees than other centers; they pay higher wages and provide more staff benefits; they have higher staff-to-child ratios; and teachers have more education, more specialized training, and longer tenure in the centers.

The econometric analysis shows that centers operated by public agencies (and nonprofit centers in general) use resources as efficiently as other centers. That is, for a particular level of quality, wage rates, full-time-equivalent (FTE) children, and size of facility, the cost per child hour is the same as at other centers.

These results suggest that quality is higher in centers that have in-kind donations or outside funding that they use to increase quality. While parent fees may represent a major source of revenue (for instance, in the worksite centers and centers operated by state colleges or universities), these centers do not have to depend solely on parent fees to finance the provision of quality services.

COSTS, REVENUE, AND SUPPORT:

Before discussing costs and revenue, several terms must be defined. First, we use the term ***expended costs*** to refer to cash costs that are actually incurred to run centers. Second, we use the term ***donations*** to refer to the goods and services that are donated by individuals and agencies to support child care. Those donations—facilities, volunteer services, or other kinds of goods or services—must be included to report accurately all of the costs of providing care. Third, we use the term ***foregone wages*** to refer to the difference between the wage a staff person could earn in another occupation (based on the person's education, sex, age, race, and marital status) and the person's wage as a child care worker.[2] Fourth, we use the term ***full cost*** to refer to the amount it would take to operate centers if all costs were included. That is, the full cost of care equals expended costs plus donations plus foregone wages. Finally, we use the term ***total revenue*** to refer to the total amount of income received by a center, including fees paid by parents, publicly reimbursed fees, USDA food grants, other public funds, sponsor and other private contributions, and other revenue.

FINDING 6: Center child care, even mediocre-quality care, is costly to provide. Even so, donations and foregone wages are large, accounting for more than one-fourth of the full cost of care.

The average ***expended cost*** (or cash cost) is $95 per week per child, or $2.11 per child hour, to provide mediocre care. (See Figure 4 on the following page for costs by state.) In this labor-intensive industry, labor costs account for 70% of total expended costs. Facilities costs represent 15%, and all other cash expenses make up only 15% of the total. That expended costs are as low as they are is due to the use of primarily female employees (97% were women in this sample) who earn even less in child care than they could in other female-dominated occupations. In this study, the mean foregone wages given up by teachers was $5,238 per year; assistant teachers gave up $3,582 per year.

Our estimate of the mean ***full cost*** of producing center child care services is $2.83 per child hour ($127 per week), or $.72 per child hour more than expended costs. Figure 5 (on the following page) shows that this additional $.72 per hour of costs comes from: 1) workers who contribute 19% of full costs ($.54 per child hour) in the form of foregone wages and benefits, 2) occupancy donations, which average about 5% of full cost ($.14 per child hour), and 3) volunteer services and donated goods, which represent 2% of full costs ($.06 per child hour).[3]

The amounts of foregone wages and in-kind donations vary by state. When foregone wages are adjusted for regional differences in the cost of living, they are smaller in states where overall quality is higher,

[2] Foregone wages represent another kind of cost. Child care is a labor intensive industry dependent on female employees who work for wages below those they could earn, even in other female-dominated occupations, all of which pay less than comparable male occupations. Regardless of the reason that child care employees accept jobs in the field, centers are using labor resources which embody human educational investments and work experience that do not show up in center cash outlays. As the industry expands or improves quality, or if the national labor market tightens, it may be naive to expect more and more women to continue to work for these lower wages.

[3] These do not add up to exactly $.72 because of rounding errors.

FIGURE 4:
Expended Cost per Child Care Hour
by State

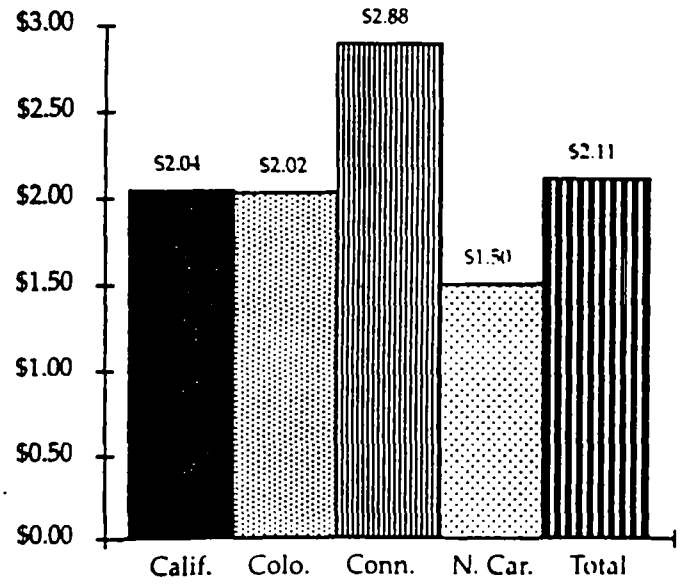
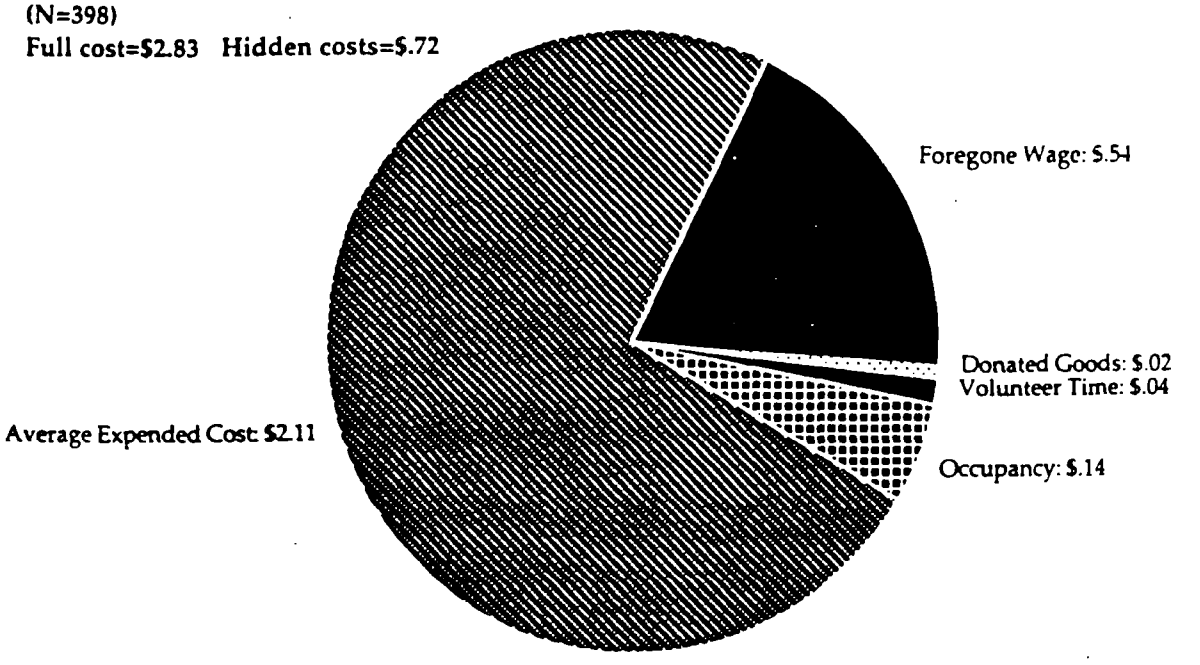


FIGURE 5:
Full Cost of Child Care per Child Hour
(N=398)
Full cost=$2.83 Hidden costs=$.72



and larger where overall quality is lower. This suggests that child care staff are being paid closer to the market value of their human capital attributes in the states with higher quality.

A comparison of the expended cost of child care with a typical family's income indicates the high cost of producing even mediocre-quality care. The average annual expended cost paid by a center to provide services for one child is $4940 per year. This represents 8% of the 1993 median U.S. family before-tax income of about $60,000 for a dual-earner family when both were employed full time, and 23% of the 1993 median before-tax earnings of just over $21,000 for families headed by a single parent employed full time (*Statistical Abstract of the U.S. 1994*, pages 429 and 474).

*FINDING 7: **Good-quality services cost more than mediocre quality, but not a lot more.***

The cost of providing care is modestly and positively related to the level of quality of services.[4] The additional cost to produce good-quality services compared to mediocre-quality care was about 10%. The cost of increasing quality increases, however, at higher levels of quality.

This 10% estimate is based on cross-sectional data and cannot, therefore, be used to project the quality change from increasing industry-wide expenditures. For a 10% increase in cost to significantly improve quality, the money would have to be spent wisely and not cause any increase in the prices of resources used.

*FINDING 8: **Center enrollment affects costs.***

The effect of enrollment on costs shows up in two ways. First, the larger the number of children served (up to the legal capacity of the center) and/or the longer the hours of service, the lower the cost per child hour for a particular level of quality. That is, using the same facility space, serving more children or serving them more hours brings about a proportionately smaller increase in cost per child hour. Second, larger centers, those serving a larger number of FTE children, also have lower average total expended costs per child hour than centers serving a smaller number of children, even holding quality constant.

*FINDING 9: **Cash payment from government and philanthropies are sources of center revenue that demonstrate a social commitment to sharing the expense of child care. On average, these cash payments represent 28% of center revenue.***

As a society we consider center child care an important service that some children need regardless of their family's income. Economists call such things ***merit goods***, because all who need the service merit having it. Cash philanthropic contributions, public funding of centers, and child care tax credits all help reduce the fees paid by parents and other purchasers of child care as do donations and foregone wages.

For the whole sample, including families whose child care is subsidized, parent payments to centers represent the equivalent of $1.55 per child hour or $70 per week. This represents 71% of center revenue (and 55% of full cost). For families that pay full tuition, tuition for preschool-aged children averages $1.92 per child hour or $86 per week. If the typical family elects to take the federal child care tax credit available to them, this represents another government contribution, reducing parent expense by an estimated average of $.21 per child hour (20% of $200 per month/193 hours per month).

SECTOR COMPARISONS:

Child care centers operate in a mixed market made up of private nonprofit centers, nonprofit publicly operated centers, and centers owned and operated for profit. The existence of nonprofit centers reflects long-standing public and philanthropic willingness to support provision of child care as a merit good. However, the fact that different kinds of financial structures co-exist and compete in local markets can affect the cost and quality of services.

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[4] The cost referred to in Findings 7 and 8 is based on the definition used in the econometric analyses, where, for consistency with economic theory, cost was measured as variable cost (excluding facilities cost and including in-kind donations and the imputed value of administrators' salaries for owner-operated centers).

FINDING 10: There are differences between for-profit and nonprofit sectors. Overall quality of services, however, is not significantly different between the two sectors except in the one state with very lax licensing standards.

Quality is not significantly different between for-profit and nonprofit centers except in North Carolina, where for-profit centers provide much lower quality care. In addition, our econometric analysis indicates that there is no significant difference in variable costs per child hour (see footnote 4 for definition) between the two sectors, holding constant the number of hours of service, quality, wage rates paid, and size of facility. This means that the nonprofit sector is about as efficient in the use of resources as the for-profit sector.

Despite overall similarities, there are also differences. In nonprofit centers staff-to-child ratios in preschool rooms are higher than those in for-profit centers; teachers and teacher-directors have more specialized training and formal education; assistant teachers and teacher directors have more prior experience; staff have worked more months at the center; and annual turnover rates are lower. Nonprofit centers pay higher wages, and foregone wages of their staff are lower than those in for-profit centers. While these findings replicate those of earlier studies (Phillips & Howes, 1987; and Whitebook, Howes & Phillips, 1989) that nonprofit centers have higher structural quality measures and higher wages than for-profit centers, it is the first to find such limited differences between sectors with respect to process quality.

FINDING 11: Within each sector, particularly the nonprofit sector, there is variation by subsectors in center characteristics and quality.

To examine differences *within* each sector we divided the nonprofits into three subsectors: 1) independent nonprofit, 2) church-affiliated nonprofit, and 3) publicly operated nonprofit. We divided the for-profits into three subsectors: 1) independent for-profits, 2) local chains, and 3) national systems.

Within the for-profit sector, there is considerable homogeneity among the three subsectors with regard to staffing ratios and staff quality. In addition, the different subsectors do not significantly differ in their costs, revenues, and overall quality of services. National systems do, however, offer more staff benefits such as health insurance, maternity leave, and staff child care discounts, and they pay lower wages in California and Connecticut.

Nonprofits are less homogeneous; indeed, there are important differences among subsectors. Centers operated by public agencies have higher costs, revenues, and quality than other nonprofit centers. Church-affiliated centers have lower staff-to-child ratios, lower levels of trained and educated staff, lower wages, lower cost and revenues per child hour, and most importantly, lower overall quality than other nonprofits. These centers seem to resemble for-profit centers more closely than centers in the nonprofit sector. Indeed, the lower quality of church centers, which are proportionately represented in this study, but not in previous studies, accounts for our finding that for-profit, nonprofit sectors do not differ significantly in quality.

These findings dispel the notion that quality (or lack thereof) is crisply aligned with a particular sector. To the contrary, these findings suggest that it is difficult to associate any given level of quality with a sector overall; rather, levels of quality may be more clearly aligned with subsectors.

THE ECONOMIC ENVIRONMENT:

A unique focus of this study was to learn more about the effects of market conditions on the cost and quality of care. Differences in demand and supply conditions faced by different kinds of centers (that is, for-profit and nonprofit sectors or subsectors) may affect the quality of care provided in the market.[5]

[5] It should be noted that this study was not designed to make a thorough comparison of the long-run advantages and disadvantages of a particular profit status. We did not collect data on capital invested in centers; nor did we investigate tax advantages and disadvantages of profit status.

FINDING 12: Characteristics of the market setting for child care—notably, market competition and subsidy dependence—affect center finances. For-profit and nonprofit centers face different competitive conditions that can affect their performance.

This study provides evidence of strong competition in local markets. First, centers in for-profit and nonprofit sectors charge similar fees per child hour. Second, both sectors seem to minimize costs. Third, both sectors receive similar low rates of profit (surplus) on sales (3.7%).

Despite evidence of a high degree of competition between sectors, the composition of costs and the ability to take advantage of scale economies is different. For-profit centers spend a higher percentage of total costs on facilities and a smaller percent on labor, which could lower quality. These centers, however, typically serve a larger number of children and/or provide more hours of service than do nonprofit centers. That allows for-profit centers to operate at lower average cost per child and enables them to compete successfully with their nonprofit counterparts at a given level of quality. Nonprofit centers, many of which depend on donated facilities, may not have the option of increasing their size (enrollment).

FINDING 13: There is evidence of inadequate consumer knowledge, which creates market imperfections and reduces incentives for some centers to provide good-quality care.

This study suggests some reasons for the prevalence of low-quality child care, particularly for centers dependent on parent fees. In our parent survey, while parents say they value the characteristics of good-quality child care, they substantially overestimate the quality of services their children are receiving. Ninety percent of parents rate programs as very good, while the ratings of trained observers indicate that most of these same programs are providing care that ranges from poor to mediocre.

There are numerous possible explanations for this discrepancy between parent and observer ratings, some of which we investigated. For instance, there is evidence that parents are hindered in assessing care by the inherent difficulty of monitoring service. The disparity between scores given by parents and observers assessing quality is higher for aspects of care that are difficult for parents to observe. Also, parents' priorities seem to affect their assessments. The more they value an aspect of care, the greater the disparity between their evaluation and that of the trained observer. There may be other reasons why parents rate their child care arrangement highly. For instance they may not feel that they have a choice of care, or they may never have seen good-quality care, giving them no basis of comparison. The inability of parents to recognize good-quality care implies that they do not demand it. There is little difference in fees between poor-quality and high-quality centers, which lends credence to this hypothesis. Given both a competitive market that equalizes fees across centers and parents' difficulty in identifying center quality, centers dependent on parent revenues have no incentive to provide a higher level of quality at higher cost.

The findings do suggest that centers are providing the services parents demand so they can go to work. Preschool classrooms meet health and safety needs. Centers in the sample are open long hours, 10 to 12 hours per day. They provide part-time care, before-school and after-school programs, and summer camps. Parents, however, while they value good-quality services, apparently are not demanding quality. To the extent that government agencies involved in purchasing care for low-income children impose low payments for services or fail to provide higher reimbursement for higher quality, they too contribute to lowering the demand for good-quality child care.

Summary and Implications

We found that only 1 in 7 centers provides a level of child care quality that promotes healthy development and learning, and that quality of child care affects children across all levels of maternal education. These findings confirm earlier reports about the quality of child care available to the average family in the United States, presented in the National Child Care Staffing Study (Whitebook, Howes & Phillips, 1989) and the Study of Children in Family and Relative Care (Galinsky, Howes, Kontos & Shinn, 1994). Our results indicate that care for infants and toddlers may be even lower quality than previously thought.

This does not mean that good-quality care does not exist or that the early childhood profession does not know how to provide it. We know that high staff-to-child ratios, more highly educated staff, administrators with more experience, and staff stability together do much to create good-quality services.

This study provides evidence of market competitive characteristics and imperfections that we have reason to believe affect the cost and provision of quality. Efficient markets require that buyers have full information. Until parents and other purchasers of care can easily distinguish good from mediocre and poor-quality centers, and demand higher quality, centers cannot increase their fees to cover the increased costs of providing better care. Since most centers have limited budgets, they cannot afford to provide better quality, given the existing fee structure.

Other conditions affect quality of services. First, weak licensing standards seem to induce some for-profit centers and church-affiliated centers to provide lower quality services. Second, accredited centers have higher quality. Third, publicly operated centers, worksite centers, and centers that conform to higher standards in order to receive public funding have higher quality; those centers seem to have sizeable donations or cash contributions, which they use to raise quality. Fourth, larger centers, or centers that maintain full capacity, can reduce costs and increase revenue, thus permitting an increase in quality.

Lower quality centers pay lower wages. We also found that wages of women working in child care are low, even compared to women's wages that already are lower than men's wages. Foregone wages are lower in Connecticut and California, the states where quality is higher. They are also lower in publicly operated and worksite centers where quality is higher. There is every reason to believe that higher foregone wages reduce staff job satisfaction and increase turnover. In the nonprofit centers studied, longer staff tenure is related to higher quality.

Recommendations

In this nation, there is a strong commitment to meeting the first of our national education goals—that by the year 2000, children will enter school ready to learn. Yet despite this knowledge and intent, the reality of child care in the United States today makes it highly unlikely that we will reach that goal. Unless poor-quality child care is curtailed, the development and well-being of large numbers of our nation's children may be jeopardized. To that end, we make one critical recommendation:

> **The nation must commit to improving the quality of child care services and to ensuring that all children and their families have access to good programs. That is, GOOD-QUALITY child care must become a merit good in the United States.**

We predicate this recommendation on several assumptions:

- Child care participation will remain totally voluntary; that is, parents will have the right and responsibility to choose whether or not they use child care;
- Parents' right to choose child care will be preserved; that is, parents will have the right and responsibility to select the type of child care they wish;
- Child care will remain a mixed sector industry; that is, centers will continue to operate in the profit, nonprofit, and public sectors;
- As a merit good, a service we as a society want to provide for all children, the financing of quality child care will continue to be shared by responsible parties; that is, to the extent feasible, families will help pay for child care, as will responsible employers, philanthropic organizations, and the government.

To achieve this goal, we recommend four action steps.

*ACTION STEP 1: **Launch consumer and education efforts in the public and private sectors to help parents identify high-quality child care programs and to inform the American public of the liability of poor-quality programs.***

- Give parents clear information regarding the observable ingredients of good-quality child care.
- Give parents and others information that clearly identifies good-quality programs.
- Initiate a long-term public media campaign analogous to the one addressing the impact of smoking on health, to raise public awareness of the nature and importance of good-quality child care.
- In collaboration with other private and public agencies, initiate a federally supported program of research to increase understanding of the child care market and to provide an ongoing data base on the status of child care and the effects on children in the United States.

*ACTION STEP 2: **Implement higher standards for child care at the state level, as a major approach to eliminating poor-quality child care.***

- Create higher standards at the state level and improve monitoring of child care as a part of consumer protection. Standards must do more than protect the basic health and safety of children—they must also take into account children's developmental needs.
- Eliminate all exemptions from state licensing standards.

- Encourage centers to seek and maintain voluntary professional center accreditation based on high standards.
- Give state and federal financial incentives for centers to provide care that meets higher standards, eliminating federal regulations that restrict the ability of states to pay higher prices for higher quality care.

ACTION STEP 3: Increase investments in child care staff to assure a skilled and stable workforce.

- Invest more federal, state, and local government funds and private sector funds in the education and training of child care teaching staff and administrators.
- Provide all child care staff compensation appropriate to their training, experience, and responsibility.

ACTION STEP 4: Assure adequate financing and support of child care.

- Increase investment in child care by federal, state, and local government as well as the private sector, to help families pay the cost of good-quality care.
- Tie all federal and state child care funding to standards that demonstrably produce high-quality care.
- Provide financial incentives that enable centers to hire experienced administrators and skilled staff and to learn how to keep them.
- Tailor employee benefits to provide significant help to employees with young children, as part of the private sector's support of child care.

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Woodcock, R. W., & Johnson, M. B. (1990). *Woodcock-Johnson Psycho-Educational Battery—Revised*. Allen, TX: DLM Teaching Resources.

Appendix 1: Study Methodology

This study examines the relationship between cost and quality of child care in centers, and the developmental outcomes of children enrolled in a subsample of the centers studied. The centers were located in four states—California, Colorado, Connecticut, and North Carolina—selected for their regional, demographic, and ECE program diversity.

Data were collected during the first half of 1993 on a stratified random sample of approximately 100 programs in each participating state, approximately evenly split between for-profit and nonprofit programs. The study included only state-licensed child care centers serving infants/toddlers and/or preschoolers that offered services at least 30 hours per week, 11 months per year. To be used in the sample, a program had to have been in operation at least one full fiscal year, and the majority of children had to attend at least 30 hours and five days per week. A total of 228 infant/toddler classrooms and 521 preschool classrooms were included.

The part of the study which addressed children's developmental outcomes included a subsample of observed preschool classes enrolling children eligible to enter kindergarten in fall 1994. A total of 826 children (approximately 200 per state) from 181 centers were included in this phase of the study. During the summer of 1993 individual assessments of the children were conducted at the centers by trained observers, and teachers and parents completed surveys.[6]

MEASURES AND PROCEDURES:

Through on-site interviews with center directors, data collectors obtained in-depth financial information such as center costs, revenue sources, and donation amounts. They also collected data on aspects of program characteristics, such as total attendance; enrollment and capacity; number of infants, toddlers, preschoolers, and school-aged children; number of publicly subsidized children; operating hours; ownership status; fee schedules; and source of payment. Finally, directors provided information on the education, training, demographic characteristics, and wages of each staff person working directly with children.

Staff persons in the sampled rooms completed questionnaires regarding their family and work experience. Center directors and lead teachers in each sampled room completed questionnaires on administrative leadership in the center. Parents in the sampled rooms were asked to complete a questionnaire of how they valued aspects of child care that professionals associate with child care quality, and of their assessment of quality in their children's classrooms.

Two well-established global measures were used to assess comprehensively the day-to-day quality of care provided for children: *The Early Childhood Environment Rating Scale* (Harms & Clifford, 1980) and its infant/toddler version, *The Infant/Toddler Environment Rating Scale* (Harms, Cryer & Clifford, 1990). In addition, two instruments designed specifically to measure teacher involvement and style were used, *The Caregiver Interaction Scale* (Arnett, 1989) and *The Teacher Involvement Scale* (Howes & Stewart, 1987). For each center, results of these observations for the two classrooms were combined into an overall quality index number for each center. The center quality index is a weighted average of the scores of the two rooms in the center, weighted by the percent of children in the center who were in the given age-group. Five times during the day, classroom observations of staff-to-child ratios and group size were made.

Data collected for the developmental outcomes component included individual child assessments, teacher ratings, and parent surveys. Each child was seen individually at the center for about 30 minutes to administer the following assessment instruments. Receptive language ability was measured using the *Peabody Picture Vocabulary Test-Revised* (Dunn & Dunn, 1981). The *Woodcock-Johnson Tests of Achievement-Revised* (Woodcock & Johnson, 1989; 1990) were used to examine pre-reading skills and pre-math skills. Children's attitudes toward child care and perceptions of competence were measured using the *Attitudes/Perceptions of*

[6] These children were assessed again during the spring of 1994, and will be assessed at the end of their kindergarten year in May 1995 in the longitudinal continuation of this study.

Competence Scale (Stipek, 1993). The children's teachers completed ratings of children's social skills using the *Classroom Behavior Inventory* (Schaefer & Edgerton, 1976). They rated the teacher-child relationship using the *Student-Teacher Relationship Scale* (Pianta, 1992; Pianta & Steinberg, 1992). Finally, parents completed demographic surveys.

All measures were studied descriptively to determine whether there were reliable differences related to region, auspice, or three measures of program scope: the proportion of center full-time-equivalent children who were subsidized, the proportion who were infants/toddlers, and whether the center offered a before-school and after-school program.

The econometric analysis involved estimating short-run total cost functions and quality production functions. We employed multiproduct translog cost functions where the services provided for infants-toddlers, preschoolers, and school-aged children are distinguished. Quality of the child care is controlled by the quality index described above. A vector of dummy variables, representing center attributes, is included to capture efficiency differentials due to center characteristics.

The quality production function is estimated using ordinary least squares, where the center quality index is explained by standard structural inputs (e.g., staff-child ratio, staff education, and experience) and the composition of programs offered by the center, as well as variables capturing center-specific idiosyncracies, such as an administrator's involvement in the center's organization and curriculum. The model also includes controls for the financial, regulatory, and institutional constraints surrounding the center's operation.

A psychometric analysis of correlates of quality was also performed using hierarchical regressions in which process quality was regressed onto 7 sets or "chunks" of structural variables. Seven sets of regression models were fit to the data. The first included the first set of variables, state and profit status. The second included the first two sets of variables—state, profit, and the teacher's background variables. Each successive regression involved adding another chunk of variables to the model.

A third analysis was performed, a discriminant analysis to identify the factors that are most able to classify centers offering poor, mediocre, or developmentally appropriate care.

Hierarchical linear regression models were used to test the concurrent relationship between children's developmental outcomes and the quality of their child care. The initial model for each outcomes variable included all main effects and two-way interactions to determine whether child and family functions, center auspice, or geographic location mitigated the association between developmental outcomes and quality. Non-significant interaction terms were omitted one at a time until the model included all main effects, the state by auspice interaction (which constituted the sampling frame) and all other significant two-way interactions.

Appendix 2: Cost & Quality Findings for All Centers by Profit Status

Variable	Mean Values		
	Non-Profit N=200	For Profit N=201	All N=401
Center Structure:		**Spring 1993**	
Total FTE Children Enrolled	60	76	68
Percent of Centers Accredited	8	11	9
Percent of Infants & Toddlers	18	25	22
Percent of Centers with Before and After Care for School-Age	47	72	59
Annual Percent Center Turnover for Teachers	35	50	43
Annual Percent Center Turnover for Administrative Directors	22	40	28
Percent of Subsidized Children	34	13	23
Center Quality:		**Spring 1993**	
Weighted Process Index, Scaled to ECERS	4.16	3.87	4.02
ECERS Total Quality Score	4.39	4.05	4.22
ITERS Total Quality Score	3.55	3.35	3.42
Midmorning Teacher to Child Ratios for Infants and Toddlers	0.31	0.26	0.28
Mid-Morning Teacher to Child Ratios for Preschoolers	0.19	0.14	0.16
Percent of Teachers with College Education or More	39	33	36
Months of Tenure for Teachers by Hour	53	36	43
Cost:		**Fiscal Year 1992**	
Hourly Wage for Teachers	$ 7.83	$ 6.62	$ 7.22
Hourly Wage for Assistant Teachers	5.97	5.43	5.70
Hourly Wage for Administrative Directors	12.22	9.89	11.33
Labor Cost per Child Hour	1.75	1.24	1.49
Facilities Cost per Child Hour	0.16	0.40	0.28
Total Cost per Child Hour	2.22	2.00	2.11
Foregone Wages per Child Hour	0.53	0.55	0.54
Total In-Kind Gifts per Child Hour	0.31	0.09	0.20
Full Cost (Total Cost + In-Kind Gifts + Foregone Wages)	3.03	2.63	2.83
Revenue & Fees:		**Fiscal Year 1992**	
Revenue from Parent Fees per Child Hour	$ 1.27	$ 1.85	$ 1.56
Revenue from Public Fee Payments per Child Hour	0.48	0.20	0.34
Total Revenue per Child Hour	2.28	2.10	2.19
Surplus or Deficit per Child Hour	0.06	0.09	0.08
Hourly Cost to Parents Net of Tax Credit*	1.10	1.62	1.36
Full-time Monthly Infant Fee Charged by Centers	434.78	461.53	450.80
Full-time Monthly Preschool Fee Charged by Centers	358.18	384.29	371.50
Preschool Hourly Fee (Monthly Fee/Hours of Care)	2.01	2.05	2.03

Note: Elements may not add to totals due to rounding.

* Equals full tuition discounted by subsidized children and federal income tax credit.

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Women's Bureau Special Reports

CARE AROUND THE CLOCK:

DEVELOPING CHILD CARE RESOURCES BEFORE NINE AND AFTER FIVE

U.S. Department of Labor

Robert B. Reich, Secretary

Women's Bureau

Karen Nussbaum, Director

1995

Table of Contents

CARE AROUND THE CLOCK -- Executive Summary

In the fall of 1993, a Western Idaho child care resource and referral agency received reports that workers at a round-the-clock food processing plant were using their cars as the "child care" of last resort. Young children were put to sleep and left in unattended cars in the plant's parking lot.

Child Care Around the Clock

While it is difficult for many working parents to find affordable and high-quality child care, the problem is magnified when they work non-standard hours.

"Child Care Around the Clock" is a resource guide for parents, child care providers, employers, and community organizations facing this child care challenge. It profiles a range of practical approaches to making child care more available and affordable for parents who work non-standard hours.

An Emerging Issue

The issue of child care during non-standard hours is growing in importance due to several major trends:

- Nearly one in five full-time workers - 14.3 million - worked non-standard hours in 1991.
- It has been estimated that more than 1,000 different work schedules are in use in the U.S. today.

The problem is likely to become increasingly serious as more employers operate around the clock and as more women with children work non-standard hours.

Our economy is fast becoming a 24-hour operation:

- The long-term trend toward a service-based economy has led to the operation of during early mornings, evenings, nights, and weekends.
- Employers in all sectors are changing their schedules for reasons ranging from ir to enhanced customer satisfaction to reduced air pollution.

A significant percentage of the employees working non-standard hours are women - and ...

- Sixty percent of women with children under age six, and 76% of women with school age childrei are in the workforce.
- In 1991, 5 million of the full-time workers with non-standard hours - more than one in three - we women.
- In 1990, 7.2 million mothers with 11.7 million children under 15, worked full- or part-time durin non-standard hours.
- Service jobs overall, which have the highest and fastest growing percentage of shift workers (42%), include many jobs held traditionally by women. For example, jobs for medical assistants, nurses aides, and psychiatric aides are expected to increase by 47% between 1995 and 2005, and jobs for home health aides are expected to increase by 136%.

Parents with a variety of jobs, work schedules and family situations report that it is hard, and sometime impossible, to find child care:

- A single father who works the regular day shift but travels 50 miles to work couldn't find a child care facility with the right hours. He reluctantly hired a provider without experience or training t care for his children at her home.
- A woman with pre-school children was forced to drop out of college because she couldn't find affordable care during her morning and night classes. She found providers who would take her children, but only if she paid the full-time, full- week fee for many fewer hours of care.
- One respondent to the Women's Bureau's "Working Women Count!" survey wrote that she and l husband had worked different shifts for the past eight years so that one of them could be at hom with the children. "I feel like a single parent, and so does my husband," she says. "But it's the onl way. Before we did this we had five different sitters for our kids in one year."

Promising Practices

The Western Idaho Community Action Program conducted phone surveys of providers, met with parei and raised the awareness of the employer community to deal with that region's non-standard hours chil care problem; but there is no one-size-fits-all solution. The report identifies and provides examples of three general models for developing comprehensive, non-standard hours child care:

Single Employer Model A single employer designs a child care program to fit the company's work schedule.

- Toyota Motor Manufacturing of Georgetown, KY, has opened an "on site" 24-hour-a-day child care center licensed for 230 children ages 6 weeks to 13 years.
- The Massachusetts Bay Transportation Authority (MBTA) contracts with 32 licensed child care centers to meet employees' diverse child care needs, and offers tuition subsidies on a sliding scal

Employer Consortium Model A group of employers come together on an industry or geographic basis share knowledge and may, over time, pool resources and conduct joint child care projects.

- Close to Home, a consortium of employers from Phoenix, recruited and trained child care providers who would accommodate non-standard schedules. Some of their members recently funded a provider resource lending library.
- A group of employers from the hotel industry in Atlanta, Georgia, formed Central Atlanta Hospitality Childcare, Inc., to address the child care difficulties of hospitality industry employees. They are developing the Children's Inn, which will provide family services and an early learning center for the families of low-income hotel workers.

Community Partnership Model A variety of stakeholders (e.g. employers, parents, providers, unions, resource organizations, local government)join together to identify community child care needs and solutions, pool resources and share skills and expertise.

- Palcare is a non-profit organization that worked with unions, employers, local governments, and community groups to establish a 24-hour-day, seven-day-a-week, child care center for employees at the San Francisco International Airport and in surrounding communities.
- The Tri-County Child Care Task Force in upstate New York includes local employers, the school district, referral

agencies, United Way, and other non-profits. It is assessing the supply and demand of non-traditional child care and compiling possible solutions.

Conclusions

Communities, employers, and providers are coming together to address the lack of non-traditional hour child care. However, much remains to be done. For more information or copies of this report, call the Women's Bureau Clearinghouse at 1-800-827-5335.

I INTRODUCTION

Working Women Speak Out

The Women's Bureau of the U.S. Department of Labor, created by Congress in 1920 to "promote the welfare of wage-earning women," is a voice for working women in the public policy process. For 75 years, the Women's Bureau has pioneered policies and legislation to set fair wages and hours, ensure health and safety standards, expand training opportunities, and increase dependent care options.

In 1994, the Women's Bureau conducted a historic survey, "Working Women Count!," asking America's working women to identify what they like and do not like about their jobs and what they think needs to be changed. More than 250,000 women responded, demonstrating the depth of their concern about workplace issues.

One survey question asked women, "If you could tell President Clinton one thing about what it's like to be a working woman today, what would it be?" **The number one issue women wanted to bring to the President's attention was how hard it is to hold together a family while holding down a job.**

Through "Working Women Count!," respondents told us that child care is key to their ability to balance work and family. In fact, 56% of mothers with children age five and under identified "finding affordable child care" as a serious problem, and 53% said that "information about and support for dependent care" is a high priority for change.

What is in this Report

Finding affordable, quality child care in the United States is a challenge for all working parents. "Care Around the Clock" looks at one piece of the child care challenge: the mismatch between workers' changing schedules and available child care services. This report is for parents, child care providers, employers, and community organizations that want to address the growing need for child care during non-standard hours.

Part One describes why the issue of non-standard hours child care is becoming more important as we move toward the 21st century and an economy that is increasingly a 24-hour operation. It draws on a Western Idaho case study to illustrate how the mismatch between work schedules and available child care services is affecting the families and employers in one community.

Part Two profiles a variety of models for expanding the supply of non-standard hours child care, some based in the workplace and others based in the community.

Additional resources, including contact information for individual programs, are listed in Appendices A, B and C.

PART ONE - CHILD CARE BEFORE NINE AND AFTER FIVE: AN EMERGING ISSUE

Changing Child Care Needs and the Changing Workplace

The American economy is changing, and so is the American workplace. To remain competitive, businesses are experimenting with how and when work gets done. As work schedules are adapted to the needs of specific product lines and services and more businesses run around the clock, both employers and employees face a variety of new challenges. One of the most significant is the need for child care services during parents' working hours, whenever they may be.

The issue of child care during non-standard hours is growing in importance due to five major trends:

- Structural change toward a service-based economy - which has been occurring over several decades - means that more businesses are operating during early mornings, evenings, nights, and weekends. Service occupations with a high proportion of shift workers are projected to produce more new jobs than any other sector over the next decade.<1>
- Employers in many sectors, not just the service sector, are increasingly implementing schedules other than eight-hour days and five-day weeks -- from compressed work weeks to rotating shifts. Their reasons range from increasing flexibility to enhancing customer satisfaction to reducing air pollution.
- In recent years, starting in the early 1980s, the work week of many Americans has gotten longer. This includes workers across occupations, from top-level professionals to factory workers.<2>
- For some workers, particularly production workers in manufacturing, the use of overtime is higher than at any time since World War II. This is due to a combination of factors such as downsizing and economic expansion.<3>
- More women with children are working for wages than ever before: 60% of women with children under six are in the workforce, and 76% of women with school age children are working. Finding safe and affordable child care is critical to the economic well-being of both dual earner and single parent families.

Who Works Non-Standard Hours?

Non-standard hours include early mornings, evenings, nights, and weekends, as well as all shifts longer than eight hours. It has been estimated that more than 1,000 different work schedules are in use in the U.S. today.<4> Nearly one in every five full-time workers, or 14.3 million, worked non-standard hours in the U.S. in 1991 - 5 million of them were women.<5>

Service jobs overall, which include many jobs traditionally held by women, have the highest percentage of shift workers (42%). [See Chart 1] Occupations with high proportions of shift workers are expected to grow significantly in the coming years. For example, jobs for medical assistants, nurses aides, and psychiatric aides are expected to increase by 47% between 1995 and 2005, and jobs for home health aides are expected to increase by 136%.[See Table 1]

Many mothers are working non-standard hours. In 1991, 7.2 million mothers worked non-standard hours on a full-time or part-time basis. These mothers had 11.7 million children under the age of 15 who needed some type of non-standard hours child care. In addition, 71% of these mothers indicated that they work non-standard hours because it is a job requirement, while only 14% chose non-standard work hours to seek better child care arrangements.<6>

Who is Caring for our Children Before Nine and After Five?

As women continue to enter and remain in the paid workforce, the need for sufficient, safe and affordable child care services during all hours will continue to rise. Neighbors and grandmothers, the traditional sources of informal child care when the parent is not available, are also less likely to be found at home. They too are increasingly in the labor force.

For parents whose hours extend beyond the standard workday, locating and paying for quality child care is particularly difficult. Despite the fact that nearly one in five married workers work non-standard hours, most child care providers still offer only "day care" for the traditional nine to five work day. While scientific surveys on 24-hour child care centers are non-existent, it has been estimated that there are roughly a dozen of these centers across the country.<7>

Many workers with non-standard schedules earn low to moderate incomes and cannot afford to pay a lot for child care. Some parents chose to work opposite shifts in order to avoid child care costs and/or ensure that both parents have time with their children - this is often called "tag-team parenting." [Sidebar: *Patsy Cornell is a mother of three from Michigan and a Working Women Count! respondent. She has been a "tag-team" parent for eight years because she and her husband can't afford quality child care. Says Cornell, "I feel like a single parent, and so does my husband. But it's the only way. Before we did this we had five different sitters for our kids in one year."*]<8> Tag-team parenting is a delicate balancing act and, in most cases, far from a perfect long-term solution. Assuming that parents are able to match their shifts, they are rarely together as a couple or with their children; minor changes in either's schedule can cause serious problems; and there is still a need for back-up child care systems during illnesses and emergencies.

The majority of mothers who work non-standard hours, whether full- or part-time, do so because it is required by their jobs, not because it fits their child care needs.<9> Most of these mothers use family day care providers, while others use center based care or a provider who comes into their own home. A surprising number care for their children at work. [See Chart 2]

Recent studies on the quality of formal and informal child care indicate that many children are in mediocre

Recent studies on the quality of formal and informal child care indicate that many children are in mediocre or poor care arrangements.<10> While many parents have difficulty finding quality child care, the choices are fewer and the search harder for those who work non-standard hours.

A Case Study from Western Idaho

While the trend towards non-standard work hours is evident on a national scale, the effects are most keenly observable at the local level. Mismatches between worker schedules and available services vary considerably from one community to another, along with demographics, major industries, and local resources. In many communities, the need for non-standard hours child care is still a "sleeper" issue, unknown or ignored until the problem becomes a crisis.

That is what happened in Western Idaho. In the fall of 1993, the local child care resource and referral agency, housed in the Western Idaho Community Action Program (WICAP), received reports from several sources that workers at a round-the-clock food processing plant were using their cars as the "child care" of last resort. Young children were put to sleep and left unattended in cars in the plant's parking lot. This alarming news served as the catalyst for an investigation into the availability of child care for shift workers, such as those at the food processing plant, as well as others working non-standard hours in six Western Idaho communities.

Although the situation in Western Idaho is in some ways particular to that region, the frustrations and concerns of parents and community organizations in that state mirror those in many other parts of the country where people work before nine and after five.<11>

Western Idaho: From Farming to Fast Food

Western Idaho is a largely rural region, where people are spread out and communities are small. It includes six counties to the west and north of Boise -- Adams, Canyon, Gem, Owyhee, Payette, and Washington. Some people work on farms or ranches, growing potatoes and raising cattle; while others work in the expanding food processing industry, making french fries and hamburgers for fast food restaurants.

Most food processing plants have some non-day shifts, and many have round-the-clock schedules to keep up with the demand from national fast food chains. Several other major industries in Western Idaho also have high levels of non-standard work hours, including retail, mobile home and RV construction, and electronics manufacturing. The 58 largest employers in the region employ approximately 25% of the region's workers. More than half of these employees, 7,932, work evening or night shifts.<12> This count, while dramatic, does not fully capture the extent of non-standard hours work in Western Idaho, since data on weekend work and other non-standard hours, such as overtime, are not available.

In Western Idaho, a large percentage of workers with non-standard hours are women with children. In Idaho overall, 59.2% of women work full or part time, which is slightly higher than the national average (57.9%). Nearly one in five working women in Idaho (18.9%) has a child under age six, and almost half (44.9%) have at least one child under 18.<13>

Taking the Lead

The Western Idaho Community Action Program, (WICAP) is a non-profit corporation established by the 1964 Economic Opportunity Act. It serves approximately 22,000 low and moderate income people and provides comprehensive family services, including child care resource and referral information. WICAP mobilizes and coordinates public and private resources to provide child care to working parents in the

mobilizes and coordinates public and private resources to provide child care to working parents in the region's urban and rural areas. Until WICAP learned of the problem at the food processing plant, however, they had not focused on the need for child care during non-standard hours.

With a contract from the U.S. Department of Labor Women's Bureau, WICAP began gathering information from parents and child care providers about the needs for, and availability of, care during non-standard hours.

Few Providers Available

To assess the supply of non-standard hours care, WICAP conducted a telephone survey during the spring of 1994 of the 180 providers in their service area who are either licensed by the state or registered with a community agency. Most of these child care workers provide care in their own homes. Of the 160 providers who responded, just over 75% cared for children Monday through Friday only. Eight percent cared for children Monday through Saturday, and 11% cared for children seven days a week.

Most of the providers were open 12 hours a day, from 6:00 am to 6:00 pm. Five facilities opened by 4:30 am, and an additional 27 opened by 5:30 am. Twenty-one facilities were still open at 7:00 pm. By 8:00 pm, 12 facilities were open, and by 11:00 pm, the number dwindled to four. No facilities were open after 11:30 pm.

Providers gave four main reasons why they did not provide evening or weekend care: 1) they need more personal time or time with their own families; 2) they only provide non-standard hours child care as a favor to a friend or relative; 3) there is not enough demand from parents; and 4) it is difficult to recruit and retain staff for non-standard hours. Providers also mentioned that evenings and weekends are the only time they have for additional training and education. Seventy-eight percent of the providers surveyed, some of whom had offered non-standard hours care in the past, said they would not be willing to provide it in the future.

The survey did not capture the extent to which informal and unlicensed child care was available during non-standard hours. It did, however, clearly illustrate that parents who seek licensed care during early mornings, evenings, nights, and weekends had very little to choose from, and that providers see substantial obstacles to offering such care.

For Parents, Frustration and Worry

WICAP held a series of meetings with local working parents in their service area to learn more about their dependent care needs. Parents' stories all carried the same basic message: they are frustrated by the lack of safe, affordable, and dependable child care during non-standard hours. Given the choice, most said they would prefer a stable child care arrangement with a relative or neighbor. But parents repeatedly emphasized that such informal arrangements are rarely stable enough to count on. Instead, they find themselves constantly searching for new and better options, and worrying about the lack of continuous care in their children's lives.

Parents with a variety of jobs, work schedules and family situations spoke out about how hard, and sometimes impossible, it is to find the child care they need:

- A woman who works for a computer company from 2:00 pm to 10:00 pm cannot find a caregiver for her preschool child during these hours. A relative has agreed to care for the child for now, but the mother is constantly worried about having to leave her job if this arrangement falls through.

the mother is constantly worried about having to leave her job if this arrangement falls through.

- A woman who works in a food processing plant from 6:00 am to 2:30 pm can not find child care for her infant, particularly for the early hours. Since English is not her primary language, she finds it very difficult to get information and assistance about non-standard child care options or to find a Spanish-speaking provider.
- A single father who works the regular day shift in an electronics plant travels 50 miles to work. He has three children under the age of four and needs a child care program that opens early and closes late. Unable to find a licensed facility with the right hours, he reluctantly hired a woman without prior child care experience or training who cares for the children at her home.
- A woman with a 13-month-old child works from 3:00 pm to 11:00 pm, and her husband works from 6:00 am to 4:00 pm. They have tried to meet their child care needs through "tag-team" parenting -- having one parent at home while the other is at work. The problem is the gap of one to two hours every day when their shifts and travel times overlap. Both parents believe that their jobs are in jeopardy because they have been unable to find regular child care for just those afternoon hours.
- A single mother with a pre-school child attended college classes, some in the morning and some at night. She needed child care part-time during the day and part-time during the evening. Every child care provider she talked to insisted that she pay the full-time, full-week rate for day care, even if she did not use it all day or every day. Because she could not afford both evening and full-day care, she was forced to drop out of college and indefinitely postpone her plans for improving her economic future.

The problems that parents and providers in Western Idaho describe are daunting, and they raise many important and difficult questions. What can parents do if their jobs require hours that no child care provider will meet? What can fairly be asked of providers, many of whom are also working parents? What is the responsibility of employers who use non-standard schedules? Who else in the community can make a difference in expanding child care options during evenings, nights, and weekends?

WICAP has begun to look for ways to answer some of these questions.

Seeking Solutions

WICAP concluded from their provider survey and parent meetings that many working families in Western Idaho need non-standard hours child care services, and that the supply is inadequate. Whether it is care in the early mornings, evenings, nights, weekends, or "in between" times, parents reported that their options were very limited. And parents revealed that problems with finding affordable, quality child care can result in constant worry and even diminished economic and career prospects.

WICAP also learned that child care providers face a set of barriers that must be addressed if the supply of non-standard hours care is to be expanded. They need time to spend with their own families, time and financial support for training, and methods for recruiting and retaining staff.

Since WICAP conducted their investigations, they have begun to make progress in expanding the supply of non-standard hours care. For example, 15 day care providers in their service area have changed hours and now provide care to children of shift workers in the region.

WICAP has also begun to raise awareness of the problem in the employer community by building links between employers and other stakeholders such as parents, child care providers, and community service agencies. They recently sponsored a "Work/Family Forum" that brought together all these parties and began the process of developing creative, local solutions. Eighteen businesses attended the forum, including two businesses that participated on the panel and spoke to their peers about the importance of

including two businesses that participated on the panel and spoke to their peers about the importance of non-standard hours child care. There are plans to involve other businesses from Boise in future activities.

PART TWO - MAKING IT WORK: PROMISING PRACTICES IN DEVELOPING NON-STANDARD HOURS CHILD CARE

Introduction

Problems with the availability of non-standard hours child care are not unique to Western Idaho. In the second part of this report, we describe a number of promising efforts to address this problem in different places around the country. These examples provide useful information to other employers and communities working to resolve their own non-standard hours child care needs.

Many of the non-standard hours child care programs profiled in this report require significant time and resources, and are the product of long-term planning efforts. However, there are many less costly ways for companies and communities to begin to address the issue.

Employers can be responsive in a variety of ways, such as:

- Facilitating information sharing among employees through support groups and parenting seminars during work hours.
- Providing accessible resource information to parents, such as an "Employee Handbook" which includes the phone numbers of local child care resource and referral agencies.
- Conducting training seminars for employees, supervisors and managers on coping strategies for easing the impact of non-standard work schedules on personal and family life.
- Promoting flexible work policies and protecting the option of overtime pay after 40 hours of work a week.
- Creating a work/family committee with representation from labor and management to discuss issues like balancing work and family, insuring quality child care, and helping individual employees resolve work/family dilemmas that arise because of non-standard work hours.

Communities can also address the issue through a variety of activities such as:

- Encouraging a local organization, such as a PTA or Chamber of Commerce, to host a public education forum on non-standard hours child care.
- Providing information to parents and employers on existing child care resources through articles in local newspapers and public service announcements on local radio stations.
- Recognizing or publicizing successful programs that meet the child care needs of parents who work non-standard hours.
- Creating a community task force involving key stakeholders to assess the supply of and demand for quality non-standard hours child care in a particular urban or rural area.

Each of these ideas requires only a small investment in dollars and cents. But the return may be substantial, enabling employees to meet their work and family responsibilities and employers to maintain their competitive edge in an ever-changing economy.

Expanding Child Care Hours and the Employer's Bottom Line

Neither employers nor families benefit when the demands of work and family become mutually exclusive. Some employers have come to acknowledge the importance of providing non-standard hours child care

Economic Perspectives on Child Care Quality

September 15, 1997

Summary

An important question for evaluating the uses of limited federal child care funds is the extent to which our policies should emphasize improving child care *quality*. The purpose of this memo is to provide an economic perspective on funding for child care quality improvements. We make three central points:

- Attempts to measure the effects of quality on child care are complicated because of difficulty in measuring the important variables, and unmeasured factors correlated with quality. As a result, it is inherently difficult to influence underlying quality with federal policy levers, and to know what benefits accrue from quality subsidies or standards.

- Mandating quality improvements through standards is not a "free" option: more stringent standards result in higher prices and therefore decreased utilization of licensed care.

- Providing greater information to parents and providers on the attributes of quality care are likely to be the most cost-effective methods of improving quality.

How Much Does Quality Matter?

Child care can be thought of as one input where output is children's cognitive and social development. A large body of literature has found that quality care is positively associated with children's current cognitive and social development. But there are a number of problems in interpreting these results:

- It is difficult to measure the desired outcome, cognitive and social development, and the marginal impact of child care on this development.

- Family background is the most important influence on child development, and it is correlated with child care: parents who invest in high quality care are also likely to provide their children with other opportunities for development. Studies of the effect of quality often do not properly control for family background and other characteristics that are correlated with quality of care. As a result, they may attribute the beneficial effects of excellent family background to higher quality care, making that care appear more valuable that it is in reality.

- It is difficult to measure the quality inputs of child care. One approach is to use components of child care that can be measured objectively, such as the child to staff ratio and group size (*structural measures*). However, there is little evidence that these factors have any measurable effect on children's development. A second approach defines quality in terms of children's experience in care, such as care giver empathy or behavior (*child experience measures*). However, these measures are largely subjective and

difficult to obtain, particularly for regulatory authorities.

As a result of these problems, there is little solid basis for the claim that there are sizeable returns to subsidizing child care quality. In addition, direct government interventions to enhance quality are rendered difficult by the ambiguous nature of what determines quality care.

The Quality/Access Tradeoff

It is critical to recognize that there is a *tradeoff between government policies to improve quality, and those to improve access*:

- Most obviously, for a fixed total amount of government spending, spending on quality improvements represents dollars that cannot be transferred to individuals to pay for child care

  - As noted above, it is very difficult to define "quality" child care, and as a result difficult to target government spending

  - If the problem is that parents would like to purchase higher quality care, but cannot afford it, income transfers are the most efficient solution. Examples of income transfers include the Earned Income Tax Credit (which is a general transfer) and the voucher programs operated by states under the Child Care Development Fund. It is important to recognize that parents may not make choices over "quality" in exactly the same way that the government deems appropriate, but this does not necessarily reflect poor choices; it may instead reflect the difficulty to the government of measuring quality.

- Another approach to the underprovision of quality, from a societal view, is standards for child care providers, such as mandated child-to-staff ratios and educational requirements. But *standards are not costless: they raise the price of market (licensed) care, driving more families into the unlicensed care sector*

  - Economic studies indicate that higher standards result in higher costs: a recent study found that a 10 percent decrease in the child-to-staff ratio for four-year-olds increases the price of care by 8 percent. Similarly, requiring educational credentials of family day care providers increases the price of family care by 19 percent.

  - This same study found that, as a result, increasing quality standards lowers the demand for market care. For example, each 10 percent reduction in the child-to-staff ratio reduces use of market care by 2 percent, and requiring educational credentials for family day care providers lowers use of market care by 13%.

- Subsidies to the training of day care providers may be an attractive alternative to mandating education. Subsidizing training would increase the supply of quality child care providers, lowering the price of quality child care and thereby increasing access.

- But one area where there may be little tradeoff is education/information. A free market may not provide information to parents on the advantages and attributes of quality child care. Similarly, it may be difficult for parents to find out who provides day care in their area. Providers may be unable to obtain up-to-date information on how to ensure quality care.

  - This suggests that government referral agencies may be the most cost-efficient quality intervention. Child care offices can provide lists of providers and qualities parents should look for in selecting child care. This type of assistance is fairly inexpensive and non-controversial, because the goal is to *help parents* make better decisions, rather than interfering in parental child care choice. The same agencies may also help providers in *voluntarily* improving quality by recommending child care practices.

HHS Options: The Department of Health and Human Services offered 7 options to improve child care quality. Some reactions, in light of the discussion above:

- Options 6 (provider network) and 7 (parent network) in the HHS options look most promising. These are relatively low cost options that can help parents select high-quality care and give providers the necessary information to supply this care.

- But options 1 (set Federal standards), 2 (mandatory provider education), 3 (expand health and safety requirements of the CCDF program), 4 (require Federal child care programs to adhere to *Stepping Stones* and challenge states to match) and 5 (promote states adoption of *Stepping Stones*) should be approached with extreme caution. These efforts are likely to increase the cost of care and reduce its use. Careful analysis of the costs and benefits of raising standards is required before these policies should be adopted.

- HHS should instead use increased funds to improve access to the child care market through income-based subsidies; these subsidies will be used to some extent by individuals to buy higher quality care than they now use.

- Alternatively, HHS could use the funds to subsidize training of child care providers, which will lower the market price of care and increase access.

- Any program should set aside a non-trivial share of increased funding for research into the effects of different govenrment policies on child care access and quality choices, and the effects of these choices on subsequent child outcomes.

A Profile of the Child Care Work Force

Approximately three million child care teachers, assistants, and family child care providers in the U.S. care for 10 million children each day.

Who are the child care teaching staff?

97% are female
41% have children
10% are single parents

● Child care teaching staff earn an average of $6.89 per hour or $12,058 per year (based on 35 hours per week and 50 weeks per year) (data from *Cost, Quality and Child Outcomes in Child Care Centers*, Technical Report 1995, salary data are in 1993 dollars).

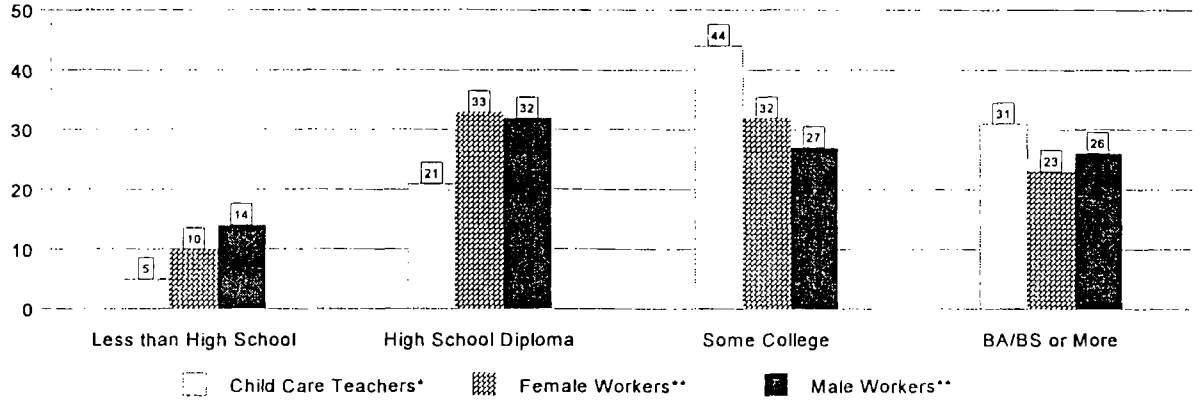
● Only 18 percent of child care centers offer fully paid health coverage to teaching staff.

● Although they earn lower wages, child care teachers are better educated than the general population.

● One-third of all child care teachers leave their centers each year.

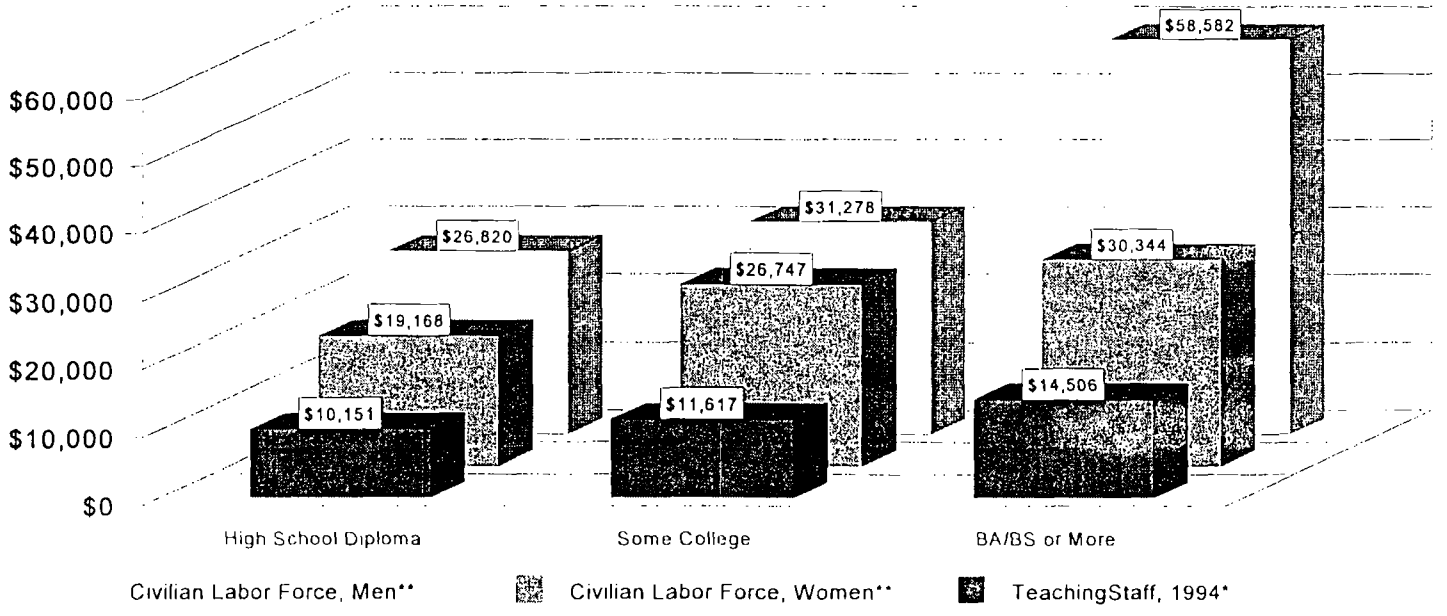
● Family child care providers who care for and educate young children in their homes also have very low earnings. Providers earn $9,528 annually after expenses (data from *The Economics of Family Child Care Study*, a forthcoming publication from Wheelock College, earnings in 1996 dollars). Unregulated providers, who care for fewer children and are offered fewer supports, earned just $5,132 after expenses.

Education of Child Care Teaching Staff Versus All Workers***



*National Child Care Staffing Study **Current Population Surveys,1995. Bureau of Labor Statistics, U.S. Department of Labor

Annual Wages of Child Care Teaching Staff Versus All Workers***



*National Child Care Staffing Study, wages in 1996 dollars **Current Population Surveys, 1996. Bureau of Labor Statistics, U.S. Department of Labor

****These charts only provide information on center-based teaching staff.*

This fact sheet is primarily excerpted from materials developed by the National Center for the Early Childhood Work Force (NCECW), (phone: 202-737-7700; E-mail: **ncecw@ncecw.org**).

Child Care for Young Children: Demographics

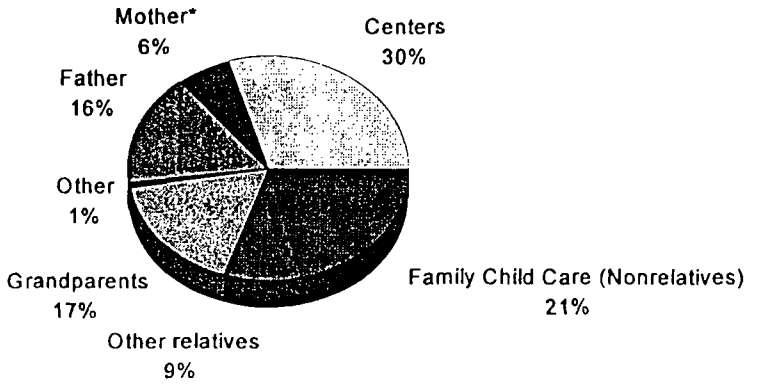
● According to the National Center for Education Statistics, in 1995 there were approximately 21 million infants, toddlers, and preschool children under the age of six in the U.S., more than 12.9 million of these children were in child care.†

● Forty-five percent of children under age one were in child care on a regular basis.†

● While use of center-based care increased from 1988 to 1993, most young children are still in a home-based setting, including family child care.**

Primary Child Care Arrangements Used by Families with Employed Mothers for Preschoolers: 1993

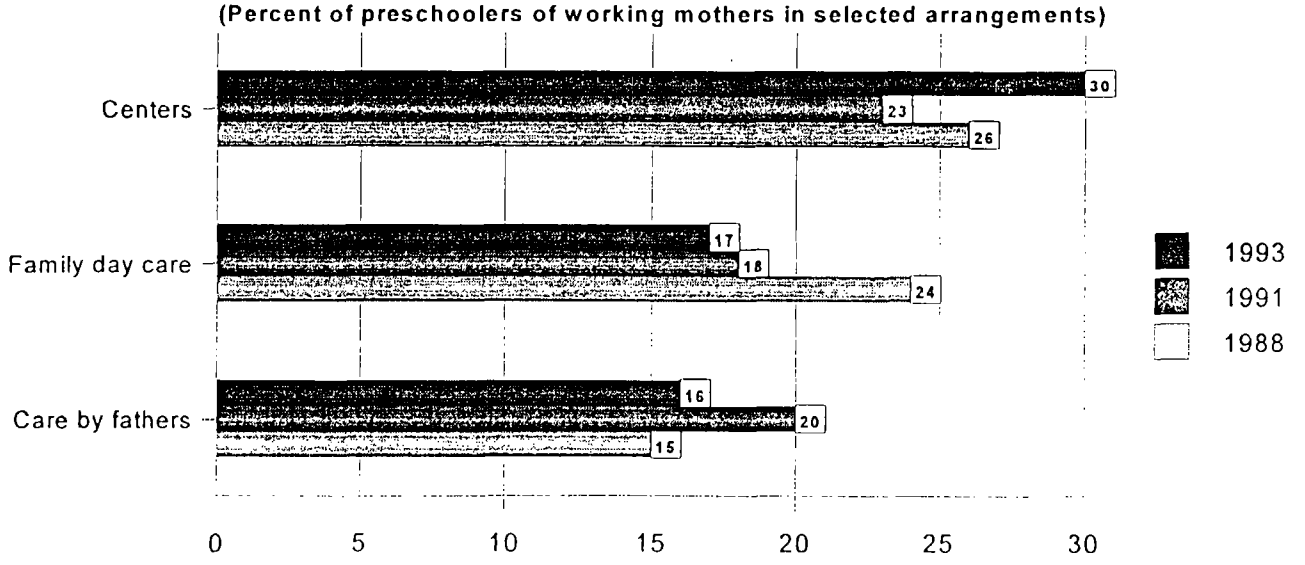
(Percent of preschoolers of working mothers in selected arrangements)



* Includes mothers working at home or away from home. Source: Casper, L.M. *Who's Minding Our Preschoolers?* U.S. Bureau of the Census, Current Population Reports, P-70, no. 53, Washington, DC 1996

Changes in Selected Child Care Arrangements: 1988 to 1993

(Percent of preschoolers of working mothers in selected arrangements)



Source: Casper, L.M. *Who's Minding Our Preschoolers?* U.S. Bureau of the Census, Current Population Reports, P-70, no. 53, Washington, DC 1996

This profile of child care demographics has been excerpted from information provided by the † National Center for Education Statistics, U.S. Department of Education and the **U.S. Bureau of the Census.

For additional information, contact the National Child Care Information Center at (800) 616-2242 or visit the Web site at ***http://ericps.crc.uiuc.edu/nccic/nccichome.html***

Child Care for Young Children: Quality

"Recent brain research suggests that warm, responsive child care is not only comforting for an infant; it is critical to healthy development."

- Rethinking the Brain: New Insights into Early Development
Families and Work Institute (1997)

● **Higher quality child care for very young children (0 to 3) was consistently related to high levels of cognitive and language development.** "Mother-Child Interaction and Cognitive Outcomes Associated with Early Child Care", NICHD Early Child Care Research Network (1997)

● **Studies have raised concerns about the quality of care:**

- A four-state study of quality in child care centers found **only one in seven (14%) were rated as good quality.** *Cost, Quality and Child Outcomes in Child Care Centers, (Executive Summary)* University of Colorado at Denver (1995)
- **Thirteen percent of regulated and 50 percent of nonregulated family child care providers offer care that is inadequate.** *The Study of Children in Family Child Care and Relative Care*, Families and Work Institute (1994)
- **"The quality of services provided by most centers was rated as barely adequate."** *The National Child Care Staffing Study* (Executive Summary), National Center for the Early Childhood Workforce (1989)

● **"[M]any children living in poverty receive child care that, at best, does not support their optimal development and, at worst, may compromise their health and safety."** *New Findings on Children, Families, and Economic Self-Sufficiency,* National Research Council, Institute of Medicine (1995)

What Works to Improve the Quality of Child Care

● **Children who receive warm and sensitive caregiving are more likely to trust caregivers, to enter school ready and eager to learn, and to get along well with other children**. . . To ensure that child care settings nurture children, protect their health and safety, and prepare them for later school success, better qualified staff are essential." *Starting Points: Meeting the Needs of Our Youngest Children*, Carnegie Task Force on Meeting the Needs of Young Children (1994)

● **"[S]maller group sizes, higher teacher/child ratios and higher staff wages result in quality child care.** Outcomes for children are also better when they attend programs that include a curriculum geared to young children, well prepared staff and where parents are involved in programming." *Early Childhood Care and Education: An Investment That Works,* National Conference of State Legislatures (1997)

● **Any child care setting will benefit from a health consultant**. . . to advise on potential infectious diseases, explain symptoms and treatments to families, plan health alert procedures when infectious disease occurs, and assist with public health reporting requirements. *Caring for Infants and Toddlers in Groups*, Zero to Three: National Center for Infants, Toddlers and Families (1995)

● **States with stronger licensing requirements had a greater number of good-quality centers** according to recent research. *Cost, Quality and Child Outcomes in Child Care Centers*, University of Colorado at Denver (1995)

● **Voluntary conformity to higher standards through professional center accreditation or through meeting another set of quality standards also increased the likelihood of higher classroom quality.** *Cost, Quality and Child Outcomes in Child Care Centers*, University of Colorado at Denver (1995)

For additional information, contact the National Child Care Information Center at (800) 616-2242 or visit the Web site at ***http://ericps.crc.uiuc.edu/nccic/nccichome.html***

Out-of-School Time
School-Age Care

According to the Bureau of the Census, in 1997 there were 38.8 million children between the ages of 5 and 14 years living in the U.S. There are approximately 24 million school-age children with parents in the workforce or pursuing education (based on 1993 SIPP data from the Bureau of the Census).

Care Arrangements of School-Age Children

● Experts estimate that **nearly 5 million school-age children spend time as latchkey kids without adult supervision during a typical week.**

● **Approximately 1.7 million children in kindergarten through grade 8 were enrolled in 49,500 formal before- and/or after-school programs in 1991,** according to the National Study of Before and After School Programs.

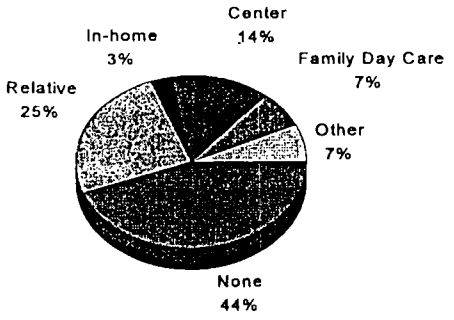
● In 1993-94, according to the National Center for Education Statistics, there were 18,111 before- or after-school programs in public schools--70% of public schools did not offer extended learning programs.

● School-age children are likely to spend time in many different care arrangements. According to the National Child Care Survey (1990), **76 percent of school-age children with an employed mother spend time in at least two child care arrangements during a typical week, in addition to their time in school.**

● According to the National Child Care Survey, children aged 5 to 12 with employed mothers use the following types of supplemental care: 7% are in family day care; 14% are in centers, 3% are cared for by in-home providers, 25% are cared for by relatives and 44% do not use supplemental care.

Use of Supplemental Care,

Children 5 to 12 with Employed Mothers



The Effects of Out-of-School Time on Children

● Children under adult supervision in a formal program during after-school hours have demonstrated improved academic achievement and better attitudes toward school than their peers in self- or sibling care. Miller and Marx, 1990 in *Supplement o the National Assessment of Chapter 1*

● Youth are at greatest risk of violence after the regular school day. Youth between the ages of 12 and 17 are most at-risk of committing violent acts or being victims between 2:00 pm and 6:00 pm--a time when they are not in school. *Fight Crime: Invest in Kids*, 1997

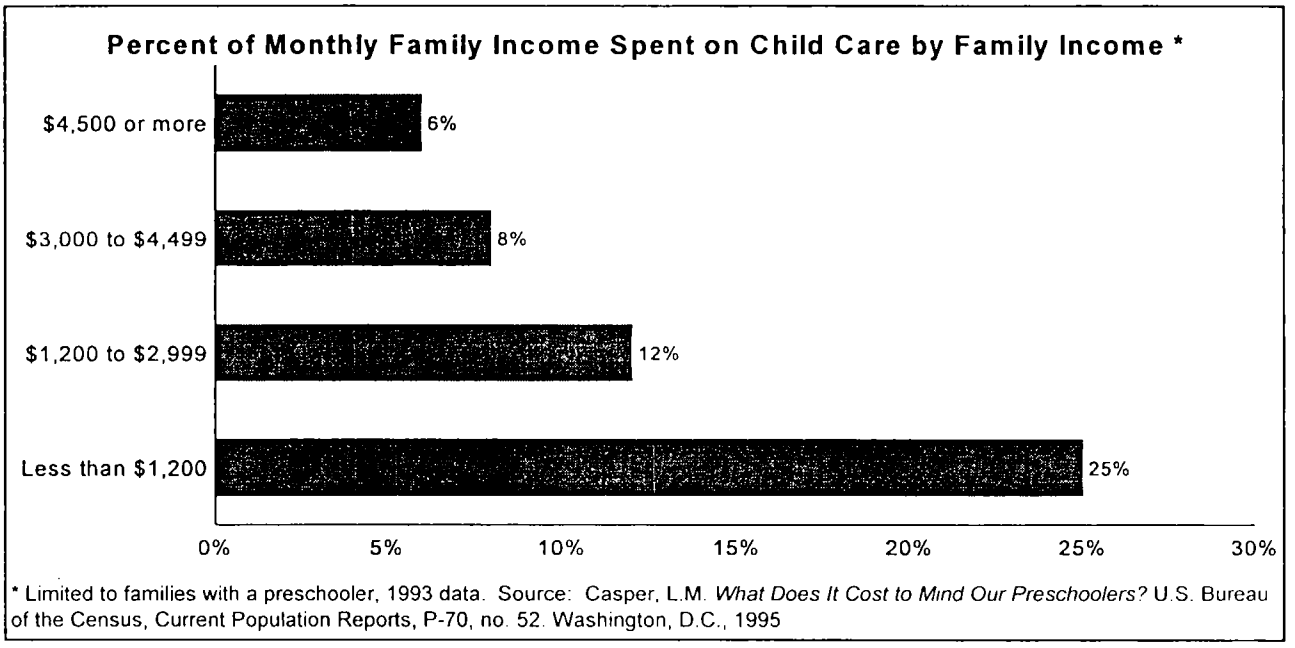
The most frequently mentioned barrier to participation is the parents' inability to pay the tuition and fees charged by programs. Other barriers include availability, quality of activities, inadequate facilities, transportation, high staff turnover, hours of the program and lack of resources.

Components of Successful Before- and After-School Programs include: linkages between after-school and regular school programs, children's participation in age appropriate learning activities, hiring of qualified staff, low student-staff ratio, involvement of parents, program evaluation and coordination with the schools and other community organizations.

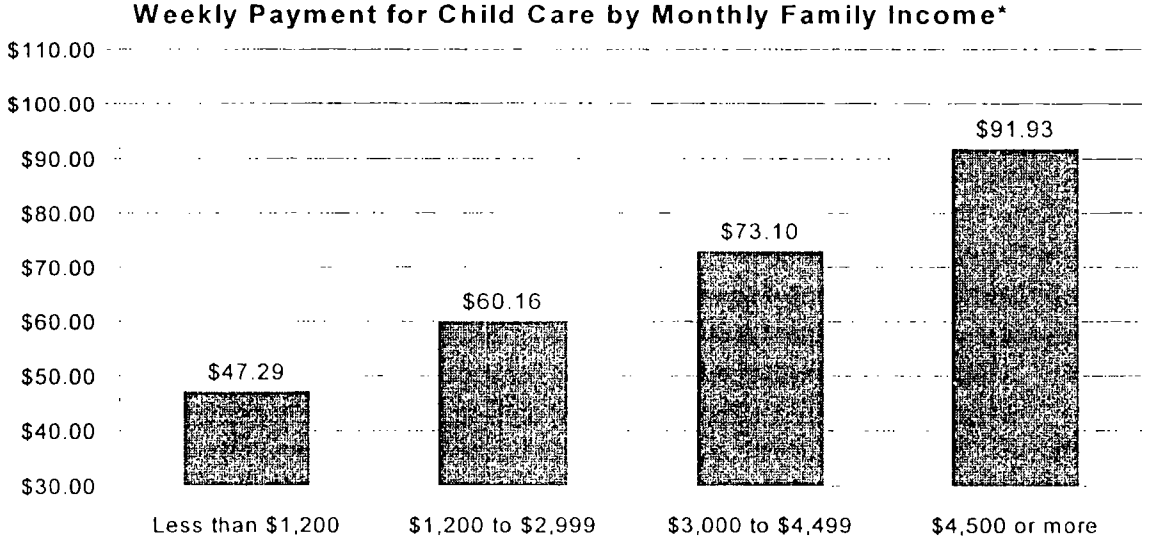
For information on what states and communities are doing to meet the need for school-age care, contact the National Institute on Out of School Time (formerly the School-Age Child Care Project), Center for Research on Women, Wellesley College at (617) 283-2547 or visit the World Wide Web site at: http://www.wellesley.edu/WCW/CRW/SAC/
For additional information on extended learning in after-school programs in schools, contact the U.S. Department of Education, please call (800) USA-LEARN or visit the World Wide Web site at: http://www.ed.gov/PFIE.

Economics of Child Care

- In 1994, 62% of married mothers with a child under age six were in the workforce, compared with 30% in 1970.†
- The increased employment of mothers outside the home has led to a sharp increase in the use of child care over the past several decades. Eight of 10 employed mothers with children under six are likely to use some form of nonparental child care arrangement.†
- In 1990, 7.2 million mothers with 11.7 million children under age 15 worked full or part time during nonstandard hours.**
- In 1993, the average family with an employed mother and a child under age five spent about $74 per week for child care for all preschoolers in the family.*
- Families with annual incomes under $14,400 that paid for care for children under five spent 25% of their income on child care, compared with 6% for families with incomes of $54,000 or more.*



* Limited to families with a preschooler, 1993 data. Source: Casper, L.M. *What Does It Cost to Mind Our Preschoolers?* U.S. Bureau of the Census, Current Population Reports, P-70, no. 52. Washington, D.C., 1995



*Limited to families paying for child care for preschoolers, 1993 data Source: Casper, L.M. *What Does It Cost to Mind Our Preschoolers?* U.S. Bureau of the Census, Current Population Reports, P-70, no. 52. Washington, D.C., 1995

Information in this fact sheet is excerpted from † Sandra L. Hofferth, "Child Care in the United States," *The Future of Children*, vol. 6, no 2 Summer/Fall 1996, with additional information from: National Center for Education Statistics, U.S. Department of Education; *U.S. Bureau of Census; **Women's Bureau, U.S. Department of Labor

For additional information, contact the National Child Care Information Center at (800) 616-2242 or visit the Web site at http://ericps.crc.uiuc.edu/nccic/nccichome.html

child care and
early education

GOOD QUALITY CHILD CARE AND EARLY EDUCATION: A DRAMATIC OPPORTUNITY TO PROMOTE LEARNING AND PREVENT DAMAGE IN OUR YOUNGEST CHILDREN

The social, emotional, and cognitive development of as many as 12 million children under the age of six is dependent on their access to safe, reliable child care and early education that provides them with the opportunity to form stable relationships with caring adults and other children and to engage in interesting and stimulating activities. Such good quality child care and early education is strongly linked to school achievement and the development of social skills that enable a child to grow into a happy, productive adult. Such child care has been used successfully to prepare at-risk children for school. It also improves educational and social development for children from middle- and low-income families (Berrueta-Clement, Schweinhart, Barnett, Epstein, & Weikart, 1984; Burchinal, Lee, & Ramey, 1989; Campbell & Ramey, 1994; Carnegie Corporation of New York, 1994; Doherty, 1991; Hayes, Palmer, & Weikart, 1980; Lazar, Darlington, Murray, Royce, & Snipper, 1982; Schweinhart & Weikart, 1980).

Poor quality child care and early education can harm children. Their intellectual and social development can be stunted. In extreme cases, children have been harmed physically. The Carnegie Corporation's Starting Points Task Force, citing new scientific research on brain development in the first three years of life, found that "an adverse environment can compromise a young child's brain function and overall development, placing him or her at greater risk of developing a variety of cognitive, behavioral, and physical difficulties. In some cases these effects may be irreversible. But the opportunities are equally dramatic: a good start in life can do more to promote learning and prevent damage than we ever imagined" (Carnegie Corporation, *Starting Points*, abridged, p.4, 1994).

Most child care and early education is not of good quality

Tragically, several recent studies have documented that the quality of most child care and early education available to working families in the United States is mediocre to poor. Independent observers for *The Cost, Quality, and Child Outcomes Study in Child Care Centers* (Helburn, Culkin, Howes, Clifford, Cryer, Kagan *et al.*, 1995) found that in 40 percent of the infant and toddler rooms, caregivers did not follow basic sanitary practices. In these poor quality settings, children were rarely held, cuddled, or talked to by their providers. The rooms lacked toys and other materials that encourage development. *The Study of Children in Family Child Care and Relative Care* by the Families & Work Institute in 1994 found that "only nine percent of the [family child care]

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(212) 239-0138 Fax (212) 268-6515

Communications Consortium Media Center
1200 New York Avenue N.W. • Suite 300
Washington, D.C 20005-1754
(202) 326-8700 Fax (202) 682-2154

et al., *National Child Care Staffing Study Revisited: Four Years in the Life of Center Based Child Care*, Oakland, CA: Child Care Employee Project, 1993).

Cost of good quality child care and early education is out of reach for most

Most working families cannot afford to pay what it costs to *produce* good quality child care and early education. This is true despite the fact that the wages of child care providers, which account for 60 to 70 percent of the cost of producing child care, are below what individuals with similar education and experience earn in other settings (*Cost, Quality, and Child Outcomes*). Families who pay for child care spend, on average, about $3,700 per year for one or more preschool children (U.S. Census Bureau, "What Does it Cost to Mind Our Preschoolers?," in *Current Population Reports*, September 1995). By contrast, national experts peg the cost of **providing** good quality care at $6,300 to $8,500 **per child per year** (National Association for the Education of Young Children, "Estimating the full cost of quality," in *Reaching the full cost of quality in early childhood programs*, 1990). The latter figures represent 26 to 44 percent of the gross income for a family of four earning the median income and paying for child care for two children.

Providers struggle, too often unsuccessfully, to get by on fees that parents can afford. Whether in a center or family child care home, revenue from parent fees alone do not allow the typical child care provider to offer children the trained staff, small group sizes, and low child-to-adult ratios that encourage frequent, responsive adult interactions with each child that are at the heart of good quality child care and early education.

Parents need help paying for good quality child care and early education

Parents need help bridging the gap between what they can afford and what good quality child care and early education cost. There are a number of ways that federal, state, and local governments can help more parents pay for good quality child care: by expanding the Dependent Care Tax Credit, and making it refundable; by extending child care subsidies to a broader range of working families; by extending tax incentives to employers who provide child care subsidies or on-site child care; and by linking child care with public school systems to improve the quality of the child care and early education our youngest children receive.

Businesses benefit when they play a role in helping parents find and pay for good quality child care and early education. The most important role for business is as a partner of local or state public agencies for investment in child care and early education resources, so that all families have good quality child care choices they can afford in their communities. Public-private partnerships of this nature sustain child care and early education growth and improvement in communities. Businesses also can provide employees with the Dependent Care Assistance Plan pre-tax payroll deduction, link parents with child care resource and referral agencies in their communities, or invest directly in child care and early education resources in or near the work site for their employees.

Choices for children and parents

More and more emphasis has been placed on consumer education: arming parents with the knowledge that they need to make informed decisions regarding child care and early education. But, parents often feel that they do not have a choice about the care they use. Sixty-two percent of parents using family child care and relative care said that they had looked for alternatives to the child care they presently use. Sixty-five percent of these same parents said they found no other acceptable options (Galinsky *et al.*, *The Study of Children in Family Child Care and Relative Care*, 1994).

child care and
early education

THE STATE OF THE STATES: A PATCHWORK OF COMMITMENTS AND APPROACHES TO CHILD CARE AND EARLY EDUCATION

States set standards for child care and early education

Decision-making about child care and early education policies has long been under the jurisdiction of states and localities. Each state sets its own standards for child care, including which child care settings will be subject to licensing and regulation. States determine what the ratio of child care staff to children should be, and set the minimum health and safety standards for regulated child care settings. Regulations vary widely; in Maryland, for example, there must be one child care provider for every three babies, while Idaho and several other states permit one child care teacher to care for six babies. Nearly all states set staff:child ratios for child care centers, but fewer than half of all states regulate group size. A study by Children's Defense Fund found that 43 percent of all children in out-of-home care are in care settings that are exempt from state regulations (Children's Defense Fund, *Who Knows How Safe?* 1990).

Parent fees cover 70 to 75 percent of the cost of child care and early education, with public subsidies making up most of the balance. States and the federal government invest in the provision of child care and early education because they recognize the public benefits of good quality child care. Government support for child care and early education takes the form of both expenditure-based subsidies, mostly targeted to low- and moderate-income families, and tax-based subsidies. Expenditure-based subsidies generally are designed to help people enter the labor force or to keep them in the labor force and off welfare, in recognition of the fact that low-income working parents need help paying for child care. Many states provide tax-based subsidies, including dependent care tax credits, which benefit parents, and employer tax credits, which allow employers to claim up to 50 percent of the cost of an employee child care benefit. States also put up matching funds to draw down federal funds designated for child care and early education initiatives. They invest in public pre-school programs for four-year-olds, and some states have subsidized special programs such as child care for teen parents and for school-age child care. States also support programs to increase the quality and expand the supply of child care and early education, including training, licensing, and monitoring efforts (Stoney and Greenberg, "The Financing of Child Care: Current and Emerging Trends," *The Future of Children*, Summer/Fall 1996).

Study finds state commitments inadequate

While numerous studies have demonstrated that children need good quality child care and early education to grow, thrive, and enter school ready to learn, and that parents need accessible, affordable good quality child care programs to get and keep jobs, not

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children's earliest years shows that the need for good quality care and early education starts immediately; yet recent studies have found most infant care to be dangerously poor (Helburn, S. *et al., Cost, Quality and Child Outcomes*, University of Colorado at Denver, 1995: Families & Work Institute, *Study of Children in Family Child Care and Relative Care*, 1994). This lack of attention to our children's earliest years is a high stakes gamble; studies show that every $1 spent on early education saves $7 in remediation, incarceration, and special education (Barnett, W.S., "Benefit-cost Analysis of Preschool Education: Findings from a 25-year Follow-Up," *American Journal of Orthopsychiatry*, 1993).

Examples of state initiatives

A number of states are choosing to make the well being of children their priority, and are often undertaking bold initiatives to support child care and and early education. Some of the most exciting and innovative state programs are going beyond the distinction between child care and and early education, offering coordinated curricula and joint training of teachers. Below are some of the noteworthy state efforts in child care and early education. (A state may appear more than once if its programs fall into more than one category.)

PROGRAMS RESPONDING TO LOCAL NEEDS :

North Carolina's Smart Start is designed to provide every child in North Carolina who needs it access to affordable early childhood education and other crucial services. Smart Start is built on the concept of empowering and supporting local communities to develop, implement, and fund a plan for children and families. The state spends almost $57 million annually to support and implement the work of the 42 counties that have brought together planning groups to participate in Smart Start. When Smart Start was passed by the North Carolina legislature in 1993, it was accompanied by other efforts to improve quality and affordability of child care and early education. Licensing changes improved staff:child ratios for young children, and additional staff was hired to monitor and assist the child care program. A special program, TEACH, was funded to help child care workers obtain training at community colleges and is linked to increases in salaries and compensation. Affordability was addressed by increasing, on a sliding scale, the amount of the state's child care tax credit for families earning less than $40,000.

New Jersey's Governor Whitman's Bright Beginnings is an $8.5 million initiative that will create 8,600 additional child care slots in the state, which has a waiting list for subsidized care of 24,000. The initiative will expand the capacity of Head Start and licensed child care centers by 1,650 slots, will register an additional 1,600 family child care providers (creating openings for an additional 6,000 children), will issue planning grants to promote "full coordination and partnership" for pre-K programs among schools, Head Start and non-profit child care providers, will fund parenting education, and will expand training, development and accreditation for child care providers to boost quality. Grants and loans will create 950 additional slots at licensed centers for children from low- and middle-income families. The initiative will be funded with federal money and "savings from administrative efficiencies."

SCHOOL-AGE CHILD CARE:

Hawaii's After-School Plus, or A+, program is the nation's first statewide, after-school child care program. It provides low-cost, after-school care to children in every elementary school district in the state. It is accessible to all families: low-income families are served free; all others pay a flat fee.

TAX BREAKS/CREDITS:

Arkansas doubles the state dependent care tax credit (a supplement to the existing tax credit) from 10 to 20 percent if parents enroll their children in a child care program that has received a good quality rating or is accredited.

Colorado parents will once again be able to claim a child care tax credit on their state income tax return, thanks to a bill passed by the state legislature in 1996, and Colorado citizens will have the opportunity to use a new voluntary income tax check-off that will help fund quality enhancement in licensed child care facilities, particularly for staff training and development and accreditation. Both the tax credit and check-off were among the recommendations of the 25-member Business Commission on Child Care Financing, created by Governor Romer in 1995 to examine financing structures for early care and education from a business perspective. A related bill that would have made the tax credit refundable was defeated.

Minnesota anticipates that the demand for child care and early education will continue to be greater than the funds available in welfare reform. The state is considering eliminating the dependent care deduction in favor of tax credits, consolidating all funding sources, and making child care funds equally available to all families at particular income levels. Minnesota proposes to maximize the funds available through parent co-payments, tax credits, and child support enforcement. State child care and earned income tax credits, combined with federal tax credits, would create the potential for "substantial financial assistance" to many families. Minnesota also is exploring "tax credit express," which would make funds available on a monthly basis to help minimize the impact of higher co-payments (Child Care Action Campaign, *Wisconsin and Minnesota: Approaches to Welfare Reform and Child Care*, 1996).

PUBLIC-PRIVATE PARTNERSHIPS FOR CHILD CARE FINANCING:

Florida's legislature passed the Child Care Partnership Act in 1996 that created a state fund of child care subsidy dollars for working families. Private employers, whose employees directly benefit from child care subsidies, can draw on these dollars by matching them one to one. The Act allocates $2 million for a child care purchasing pool in 10 counties, and will be administered by child care resource and referral agencies. The act will allow an additional 1,500 children or low-income working families now on the waiting list to receive child care, with the price of care to be shared by the state, employers, and families. A precedent is being established for employers to provide at least some child care subsidy support. The CEO who chairs the governor's board for the Partnership Act has become so concerned about Florida's looming child care crisis that he recently appeared at a press conference with Governor Chiles to call for an increase in state child care subsidy funding. The idea for this budget increase had emerged earlier, during a series of state and local meetings for business leaders that Child Care Action Campaign helped to plan and carry out in partnership with the Florida Children's Forum.

Indiana has hosted two Child Care Financing Symposiums, the cornerstones in a multi-year effort to bring together county-based teams comprised of business, early childhood professionals, educators, and community organizations to create ways to improve the quality and expand the supply of child care in Indiana. This collaborative effort between the Child Care Action Campaign (CCAC) and the Indiana Family and Social Services Administration (FSSA), launched the Indiana Child Care Fund to raise and channel private funding for investments in child care provider training and other improvements in child care quality. The fund operates under the aegis of the Indiana Donors Alliance, representing 70 community foundations, which has agreed to become the home of the Indiana Child Care Fund.

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CORPORATE PRODUCTIVITY, CHILD CARE, AND WORK-FAMILY POLICIES

The changing workforce

In the past forty years, the nature of the American work force has changed dramatically, bringing with it equally dramatic changes in family life:

- Fewer than 10 percent of all households are headed by a male breadwinner with a wife at home.
- Half of all mothers with children under one year of age are working outside their homes.
- Eighty-seven percent of American workers--men and women--have some day-to-day responsibility for family members and 47 percent have dependent (child or elder) care responsibilities (Galinsky *et al.*, *The Changing Workforce*, 1993, Families & Work Institute).
- By the year 2005, more than 70 percent of women in the work force will have children in need of child care or after-school care, based on current population projections.

(Source: Census Bureau, Bureau of Labor Statistics, unpublished data, 1993, 1995; Fullerton, Howard J, "The 2005 Labor Force: Growing, but Slowly," *Monthly Labor Review*, p.30, Table 1, November 1995.)

A survey of 5,000 employees at five major U.S. corporations found that 82 percent of working parents missed days at work, were tardy, had left work early, or had used work time to deal with various child care problems. A number of national surveys have estimated such lost work time to be between six and eight days per parent annually (Fernandez, *Child Care and Corporate Productivity*, 1986). This translates into a $3 billion loss annually for American businesses, according to the Child Care Action Campaign.

The changing workplace

The workplace, too, is changing dramatically. In the past decade, many companies have restructured, drastically scaling back on their workforces to increase profitability and competitiveness. Companies continue to search for ways to cut costs, improve quality, and maintain flexibility.

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creation of dependent care programs that may involve a consortium of corporations and, in some cases, unions.

The largest of these investors in community resources is the American Business Collaboration for Quality Dependent Care (ABC), a coalition of 156 major U.S. corporations, government entities, and non-profit organizations established in 1992. During the first phase of the ABC's initiative, in 1992, members of the group invested more than $27 million in 45 communities in 25 states and the District of Columbia. In September 1995, 21 "champion" corporations of the original group pledged to invest a total of $100 million over the next 10 years to develop and strengthen school-age child care and child care projects in communities across the country. This is believed to represent the largest single investment in dependent care ever by the private sector.

Examples of corporate dependent care programs

Based in Charlotte, North Carolina, **NationsBank** offers resource and referral services, numerous dependent care assistance policies, and a near-site child care facility for its headquarters, and has provided more than $900,000 in seed money for a center for its employees in Atlanta. In addition, Nations Bank has invested $25 million to provide child care benefits, such as income-based subsidies.

Other corporations are addressing the child care needs of lower income workers. A division of CONAGRA Refrigerated Foods Company, **Butterball Turkey**, has invested corporate funds into on-site and near-site child care centers for low-income employees at its Arkansas and Missouri plants. Prompted by concerns about worker loyalty and productivity and by employee surveys that found that child care was a workers' second greatest expense, CONAGRA now provides care for all shifts (6:00 a.m. - midnight), operates after-school and summer school programs for children and infants, and subsidizes employee expenses through pre-tax payroll deductions.

Fel-Pro Incorporated, a Skokie, Illinois-based manufacturer of automobile sealing products, employs approximately 2,000 people in three states and overseas, and expresses its commitment to them through the benefits it offers. Its work and family benefits package -- costing about $700 per employee -- includes: on-site child care, an elder care resource and referral service, a sick child care and adult emergency care service, and subsidized tutoring and college scholarships for employees' children. A University of Chicago study of 882 Fel-Pro employees found that 92 percent of the respondents indicated that the company's benefits make it easier to balance their work and their personal lives. Of those with children, 72 percent agreed that Fel-Pro's benefits have helped their children do things they would not otherwise have been able to do (*Added Benefits: The Link Between Family Responsive Policies and Job Performance*, University of Chicago, 1993).

Small businesses respond too

Almost 37 million Americans work for companies with fewer than 100 employees, according to the U.S. Small Business Bureau. However, a company's small size does not have to limit its ability to provide child care benefits to its employees. With proper planning and strong commitment on the part of the employer, the goal of meeting employees' child care needs can be achieved. Moreover, the benefits to small employers are much the same as those commonly reported by large corporations: improved employee productivity and morale, an increased ability to attract and retain skilled workers, and a better image in the community. Child care options that work especially well for many small businesses include:

- Child care subsidies.

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KEY FACTS ON CHILD CARE AND EARLY EDUCATION

How many children need child care in the U.S.?

12 million children under age 6 and 17 million children between the ages of 6 and 13 have both parents or their only parent in the work force.

(Source: composite figure of Bureau of Labor Statistics data, *National Child Care Survey*, 1990, Hofferth, *et al.* Urban Institute Press, Washington, DC, 1990, and Child Care Action Campaign calculations)

How many children have received child care and early education before they enter kindergarten?

By the age of six, 84% of children have received supplemental care and education.

(Source: U.S. Department of Education, National Center for Education Statistics, *National Household Education Survey*, 1995)

What kind of child care do families use?

According to the U.S. Census Bureau, of the 9.937 million preschoolers (under age 5) with employed mothers in 1993:

- 29.9%, or 2,972,000, were cared for in child care facilities (*i.e.*, child care centers, nursery schools, preschools).
- 25.3%, or 2,516,000, were cared for by relatives either in the child's home or in the relative's home.
- 22.2%, or 2,201,000, were cared for by their own parents (mothers while working at home or away from home: 6.2% or 616,000; fathers caring for children at home: 16% or 1,585,000).
- 16.6%, or 1,645,000, were cared for in the home of a non-relative provider.
- 5.0%, or 492,000, were cared for in their own homes by non-relatives.
- 1.0%, or 111,000, were cared for in other arrangements.

(Source: Casper, Lynn M., *Current Population Reports: Who's Minding Our Preschoolers?*, U.S. Census Bureau, March 1996)

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What is the average salary for child care providers?

Teachers, Assistant Teachers, and Teacher-Directors working in child care centers earn an average of $6.89 per hour, $12,057.50 for 35 hours/week, 50 weeks/year.

(Source: *Cost, Quality & Child Outcomes*, University of Colorado at Denver, 1995)

What is the average turnover rate for child care providers?

The turnover rate for all providers in child care centers is 36% per year.

(Source: *Cost, Quality & Child Outcomes*, University of Colorado at Denver, 1995)

In contrast, average turnover in other professions is much lower. The turnover rate for public school teachers is 5.6% per year.

(Source: *National Child Care Staffing Study Revisited: Four Years in the Life of Center-Based Child Care*, 1993)

How much does American business lose each year due to child care problems?

U.S. employers lose $3 billion annually due to child care-related absences.

(Source: Reisman, Barbara, *Child Care: The Bottom Line*, p. 66, Child Care Action Campaign, 1988, based on Bureau of Labor Statistics data, 1988)

How many U.S. businesses offer work-family benefits to their employees?

Approximately 6,000 employers nationwide offer work-family benefits to their employees. Four percent of all employees are eligible for employer-assisted child care benefits in the U.S.

(Source: Bureau of Labor Statistics, *Employee Benefits in the United States 1993-94*, March 1995)

How many U.S. businesses provide on-site or near-site child care for employees who pay for it?

Approximately 2,200 employers sponsor child care centers.

(Galinsky, E., *The Changing Workforce*, Families & Work Institute, 1993)

Public sector: The U.S. Government operates over 800 on- or near-site centers in the U.S. and abroad. Six hundred forty-four of these are sponsored by the U.S. Armed Forces.

(Source: Wohl, Faith, interview in "Uncle Sam Leads the Way on Worksite Child Care," *Child Care ActioNews*, January-February 1996)

Rethinking the Brain

New Insights into Early Development

Families and Work Institute

New insights into brain development suggest that as we care for our youngest children, as we institute policies or practices that affect their day-to-day experience, the stakes are very high. But we can take comfort in the knowledge that there are many ways that we as parents, as caregivers, as citizens, and as policy makers can raise healthy, happy smart children. We can take heart in the knowledge that there are many things that we as a nation can do, starting now, to brighten young children's future and ours.

Research shows that:

❶ **Human development hinges on the interplay between nature and nurture.**

- How humans develop and learn depends critically and continually on the interplay between nature (an individual's genetic endowment) and nurture (the nutrition, surroundings, care, stimulation, and teaching that are provided or withheld).
- The impact of environmental factors on the young child's brain development is dramatic and specific, not merely influencing the general direction of development, but actually affecting how the intricate circuitry of the human brain is "wired".

❷ **Early care has decisive and long-lasting effects on how people develop and learn, how they cope with stress, and how they regulate their own emotions.**

- Babies thrive when they receive warm, responsive early care.
- Warm and responsive care plays a vital role in healthy development.
- Individuals' capacities to control their own emotional states appear to hinge on biological systems shaped by their early experiences and attachments
- A strong, secure attachment to a nurturing adult can have a protective biological function, helping a growing child withstand the ordinary stresses of daily lives.

❸ **The human brain has a remarkable capacity to change, but timing is crucial.**

- The brain itself can be altered - or helped to compensate for problems - with appropriately timed, intensive intervention. In the first decade of life, the brain's ability to change and compensate is especially remarkable.
- There are optimal periods of opportunity - "prime times" during which the brain is particularly efficient at specific types of learning.

❹ **The brain's plasticity also means that there are times when negative experiences or the absence of appropriate stimulation are more likely to have serious and sustained effects.**

- Early exposure to nicotine, alcohol, and drugs may have even more harmful and long lasting effects on young children than was previously suspected.
- Many of these risk factors are associated with or exacerbated by poverty. For children growing up in poverty, economic deprivation affects their nutrition, access to medical care, and safety and predictability of their physical environment, the level of family stress, and the quality and continuity of their day-to-day care.

❺ **Evidence amassed by neuroscientists and child development experts over the last decade point to the wisdom and efficacy of prevention and early intervention.**

- Well designed programs created to promote healthy cognitive, emotional, and social development can improve the prospects - and the quality of life - of many children.
- The efficacy of early intervention has been demonstrated and replicated in diverse communities across the nation.

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NATIONAL OPINION POLL DATA ON CHILD CARE

The ability to find and afford good quality child care have been major concerns of American families ever since mothers began to enter the permanent workforce in large numbers. With the passage of welfare reform in 1996, the importance of child care in the public dialogue has grown further still. Various national polls show that Americans continue to care deeply about child care and they support child care assistance to working families and families making the transition to work.

FINDING GOOD CARE IS CAUSE FOR CONCERN

Please tell me if you agree or disagree with the following statements:
It is very difficult for parents to find child care that is both affordable and of good quality.
(Push) And would that be strongly (agree/disagree) or just somewhat (agree/disagree)?

Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	DK
56%	23%	9%	5%	7%

(R/S/M, Inc., conducted for the Child Care Action Campaign, 3/95)

How concerned are you, if at all, about not having adequate child care when you go to work?

Very concerned	Somewhat	Not too	Not at all concerned	D/A
30%	15%	11%	15%	29%

(Princeton Survey Research Associates, conducted for the *Times Mirror*, 10/25-30/95)

GOVERNMENT AND BUSINESS HAVE A ROLE

How do you feel about the following statement: the government has a responsibility to help improve the quality of family life by providing tax incentives to corporations to encourage them to provide parental leave and day care centers to their employees?

Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	DK
41%	25%	12%	17%	5%

(Michaels Opinion Research, conducted for Massachusetts Mutual Life Insurance Company, 8/9-26/95)

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WELFARE REFORM: SHIFTING RESPONSIBILITY TO THE STATES

A huge gamble

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act into law. This new law not only ends the 60-year old guarantee of subsistence income for poor families and their children, it also eliminates the child care assistance that had been guaranteed to families who were moving from welfare into the work force, education, or training. The federal government will now provide capped block grants[1] to the states, which have a great deal of discretion as to how the funds are spent. Within six years, half the parents on welfare in every state will have to be working in private sector jobs or in some type of "workfare" program. This will create a huge need for child care, since two-thirds of all welfare recipients are children under 13, many of them very young. Their parents cannot get or keep a job unless they have reliable child care.

Painful choices: Which working families deserve child care help?

Each state can now determine how it will meet the child care and early education needs of families making the transition from welfare to work. These decisions will shape the entire system of subsidies for all low-income working families, including the millions of low-income working families who are not on welfare but who need help bridging the gap between what they can afford and what safe, reliable child care costs. Thirty-eight states and the District of Columbia already have waiting lists thousands of names long of working families who are eligible for help paying for child care, but for whom there isn't enough money (Children's Defense Fund, *Child care and welfare reform: More painful choices, 1995).* In fact, waiting lists understate the need for care; they include only the parents who know about the programs and have sought places for their children in them. Some states simply close their waiting lists to new applicants when they get too long.

States have an opportunity in next two years

The Congressional Budget Office estimates that child care funding in the Act is $1.4 billion short of what will be necessary for states to maintain their current efforts and meet the needs of all the families who must move from welfare to work. But the big crunch will not come until the third year; during the first two years, many states will have more child care money than they had before. The states thus have a window of opportunity they can use to put systems into place and help all low-income working families pay for child care; to invest money to expand the supply and

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[1] A state's block grant allocation will be based on its FY 1994 or FY 1995 expenditures, whichever is higher, or the average of its spending for the three years from FY 1992 to FY 1994.

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According to *The Study of Children in Family Child Care and Relative Care,* care that is regulated is usually higher quality care, and care that is provided by people who **want** to work with children is more reliable and of higher quality. Parents need to have child care and early education options so that informal care is not their only choice; that's why states must use their window of opportunity to expand the quality and supply of child care and early education resources for all working families.

States will have to decide whether to establish a minimum requirement for informal providers who receive federal and state funds. Basic health and safety requirements would include having a telephone, passing a criminal background check, having smoke detectors, and passing a health screening. Child care resource and referral agencies are finding innovative ways to help parents assess such care and can make information resources available to the friends, relatives, and neighbors providing the informal care.

Welfare recipients as child care providers: A risky experiment

Many states have already tried to turn welfare recipients into child care providers. It has worked in some places but not all, and takes a lot of time and investment in order to succeed. While moving these parents into the work force as informal child care providers, working in their own homes, would seem to take care of both a state's work participation requirement and the increased demand for child care, a number of obstacles exist.

Recent reports like the *Family Child Care Training Study* (Families & Work Institute, 1995) have demonstrated the critical relationship between provider training and the quality of care, and some states and municipalities are encouraging former welfare recipients to become providers with no training. Care by unregulated providers is usually less reliable, causing working parents to miss work more frequently. Even child care providers who love their work still leave the field for lack of decent wages and health benefits. In addition, states are considering cutting the reimbursement rates for these providers, lessening their chances even more of earning a living wage as a child care provider.

Welfare recipients who become child care providers need ongoing support in order to succeed, as do other parents making the transition from welfare to work. Outreach, orientation, training, and continued investment and support are the foundations of success in this risky undertaking.

Child care for infants

The new law does permit states to exempt welfare recipients with children under six from the work requirements if they can't find affordable, available, and appropriate child care. Mothers of infants under one year of age also may be exempted. However, the five-year lifetime limit on welfare benefits will still apply to the mothers who are exempt. Even though they are not required to work, the "exempt" period of months or years that parents spend taking care of their children at home counts towards the five-year time limit.

Some states such as Michigan are requiring mothers with children as young as 12 weeks old to go to work. Child care for infants is scarce and very often of very poor quality; 40 percent of current infant care is of such low quality that it endangers the babies in care (*Cost, Quality and Child Outcomes*, 1995). But insufficient child care and early education funding means little hope exists for improving the quality and supply of available care.

Economic Surplus

Longer-term concerns show the public split on what to do with the possibility of additional money in the budget – 48% new programs (ed/infrastructure as an example); 51% reducing the debt and cutting taxes. One bill already suggests a split like this, though specific programs in specific areas will probably be sustainable if they are attractive. The polling however does illustrate the advantages of issues such as education and health over highways as a preference.

Due to the good economy, the government may have an extra $15 billion next year above what was expected. Should this extra money go primarily to:	First Choice	Second Choice
New programs in areas such as education and health	42	22
Reducing the U.S. debt	35	22
Reduced taxes	16	27
Improving our infrastructure with new investments in transportation, highways or other structures	6	27

The Child Care Conference

The original research showed that people do not believe that child care is safe, available or affordable, and these are the three themes for expansion of child care.

Do you think that the **Child Care** in this country is adequate or inadequate?	Adequate	Inadequate
Child Care	29	64

What is the biggest priority?

	Total	Democrats	Republicans	Independents
Improving quality and safety	31	31	28	35
Increasing the availability of child care	22	27	23	17
Making it more affordable	39	39	42	16

All of the ideas tested on child care meet widespread public approval, starting with background checks, and improving safety standards.

The data again underscores that voters want an incentive for an employer to provide child care at their place of work. This is the class-neutral way to expand the availability of child care – rather than targeted just to poor families or to taking people off of welfare. 84% want help making it available where they work. They want work and family to go together, not be separated.

All of these add up to a major initiative to expand the safety, availability and affordability of child care. While parts of it can begin with the Child Conference, expanding quality child care would be a major initiative that could be fought for, even as a priority item with any new monies from a budget surplus.

I am going to read you some proposals for improving the quality of day care nationally. For each one, please tell me if you would strongly support, somewhat support, somewhat oppose or strongly oppose this proposal.	Strongly Support	Total Support	Total Oppose
Require background checks on all child care workers	88	92	3
Requiring any states that receive funds for child care to meet set safety regulations for their facilities	73	89	7
Provide a tax-credit for businesses that provide child care for their employees	63	84	13
Creating a commission of business people to make recommendations on how they can do a better job of providing child care for their employees and community members	60	83	13
Give funding to each state to use for expanding child care, including child care for low income families and after school programs for school-age children	59	81	15
Providing financial incentives, such as scholarships and loan forgiveness to qualified child care workers	47	74	20
Using 4 billion dollars per year from the federal budget to provide child care for one million children while their parents work, and after school programs for another million children	45	70	23

69% think that public schools should be kept open after hours with programs for children so that no after school child care would be necessary.

"Suppose President Clinton announced a $5 billion program to broaden the availability of child care, making it available at low cost to the children in 1 million low income families who otherwise could not afford it and also providing funds to keep open more schools with after hours programs. Would you support or oppose this?"

71% support; 25% oppose
61/26 more/less favorable

But there are limits and the attack of big government is always possible if these are structured as anything but our conventional formula which is 1) rules to tighten safety and quality 2) helping those in need and 3) a middle class initiative (Kohl tax credit).

47% say that child care is the responsibility of parents and the role of the government in it should be kept very limited; **49**% say that child care has become so important as 70% of all mothers are now in the workforce, that the government has to play a role in making quality child care much more available or these children will lose out.

Care for Aged – Some surprising findings

In many ways we are not looking at the Medicare reforms process in the same way we looked at the balanced budget – the reform commission should not just be an opportunity to trim and contain Medicare with HMOs and CPI adjustments, but an opportunity to refocus its priorities to deal with the emerging problems of the 21st Century. And of the original list of issues identified years ago, increased, not decreased long-term care is so far the only one not addressed.

And most voters, particularly older voters, an eroding base of the Democratic party, put this at the top of their list of issues, it is even more important than the child care problem.

In many ways addressing these two issues together – doing right for both our children and our parents makes sense.

Do you think that the **long-term care** for our aged in this country is adequate or inadequate?	Adequate	Inadequate
Long Term Care	20	69

Which is a Greater Priority?	Child Care	Care for Aged
Total	**42**	**45**
Democrats	42	47
Republicans	42	56
Independents	44	32
Congressional Vote		
Dem	45	42
GOP	39	52
Don't Know	43	36
Likelihood to Vote		
Absolutely Certain	36	51
Very Likely	46	40
Possibly	56	33
18-24	76	17
25-34	41	42
35-49	50	37
50-64	**23**	**61**
65+	**37**	**53**

And safety, availability and affordability are the same three issues that again are part of the problem – the answer society has now is to impoverish any senior citizen to make them qualify the long-term care or to take away virtually everything they have built up is a hard one. And the public attitudes on this are quite strong – and can be mobilized in an electorally potent way as part of Medicare reform.

The numbers are astounding:

Do you think that Medicare should provide long-term care, either at home or in a nursing home for every senior citizen who cannot take care of him or herself?

Yes	**88%**
No	**8%**
DK	**5%**

If they cannot afford it? 91%

Do you think the government does that now?

Yes	26%
No	68%
Dk	6

Only 28% believes we do that now.

Suggest that this issue be reviewed as part of the reforms of Medicare and its financial stability or is this too impractical to consider?

Consider	81%
Impractical	12%

And while child care is considered a responsibility of the family, long term care of senior citizens is not – 16% say it is the responsibility of families, 80% say that government has a role in making the care available.

The point is that electorally we have moved over to the children, but we are letting go of senior citizens (we lose male senior citizens) and the oldest baby boomers.

And we have two major phenomena of the 21st Century affecting lifestyles – the growth of both single parent families and two career couples that created the need for child care, and the greater longevity of our population, creating the expanded need for senior nursing and home care. We should have clear proposals for both of those areas as part of reforms so that we continue to reorient the priorities of our government to solve the problems of the next century.

Misc. Issues

84% would support requiring country of origin labels on all fruits and vegetables sold in the United States.

82% support eliminating religious discrimination in the workplace by allowing all employees to practice their religion as long as it does not disturb others.

But needle exchanges are on the opposite end –

70% oppose and 25% support the availability of **needle exchanges** where drug addicts can receive free, sterile needles.

61% oppose and 34% support the **sale of hypodermic needles** at pharmacies (one alternative would be just to make needles available over the counter - their cost is insignificant compared to the cost of drugs).

This is seen by the public as totally inconsistent with a tough drug policy.

Presidential Message Schedule

Date	Event
Saturday, October 11	Radio Address (Taped)
Sunday, October 12 – Sunday, October 19	Foreign Travel
Wednesday, October 22	Volunteer event
Thursday, October 23	WH Conference on Child Care
Friday, October 24	Foreign Policy Speech
Thursday, October 30	STARBRIGHT Foundation Event
Friday, October 31	Education Event