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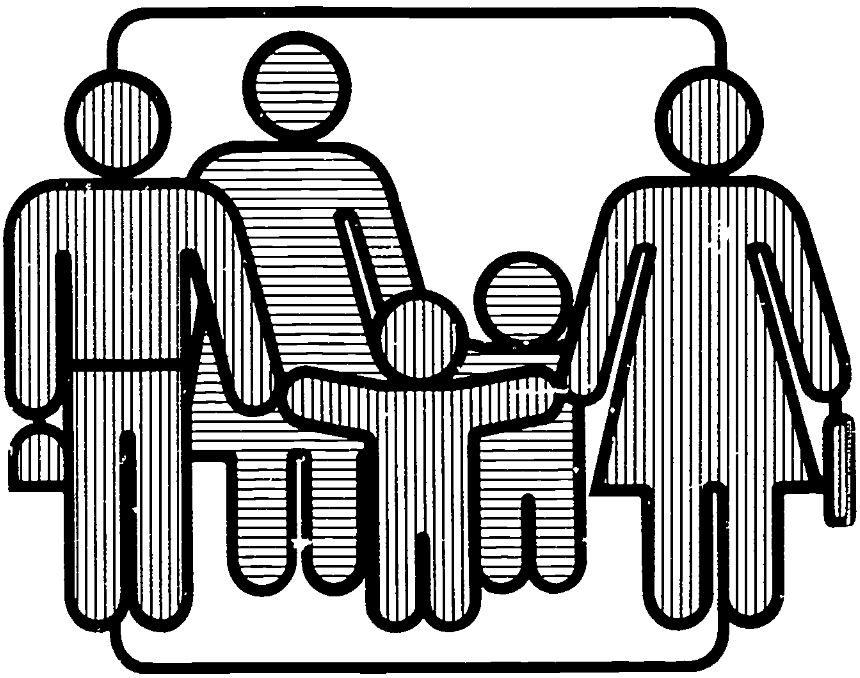
ABSTRACT

The Secretary of Labor's 1988 Task Force on Child Care offers its general findings in this report. The report states that the Federal government is already addressing the child care issue on a large scale. State and local governments are dynamic in their response to the child care challenge and will probably respond even more aggressively in the future. Employers have a direct interest in addressing their employees' child care problems and many have realized the economic benefits that result from attention to the issue. However, many others remain unaware of the impact of dealing with the child care problems of their employees. Child care requirements of parents and families vary substantially. Therefore, child care policy cannot be addressed in an aggregate fashion. Significant child care problems have been created by real pressures, but there is not an across-the-board availability crisis of national proportions. Five chapters of this report, on workforce trends, groups needing child care, availability, affordability, and quality, examine the scope and nature of the problems of child care in terms generally used in the public discussion. Four chapters provide data on what is being done and by whom in support of parents' needs for child care, and focus on federal funding, state and local initiatives, employer supported day care, and child care and labor-management relations. (RH)

CHILD CARE
A Workforce Issue



Report of the Secretary's Task Force April 1988

U.S. Department of Labor

CHILD CARE: A WORKFORCE ISSUE
Executive Summary

More than 100 bills in Congress, hundreds of major newspaper, magazine and trade publication articles, dozens of studies and surveys both scholarly and popular, and a variety of organized forums have clearly communicated widespread concern that a crisis exists and is spreading in the ability of America's parents to find care for their children. The weight of public opinion is widely perceived to call for Federal intervention.

Virtually all the concerns have a common theme: a matter of new urgency for America's working parents, one that by simple arithmetic is of considerable magnitude.

On January 15, 1988, Secretary of Labor Ann McLaughlin named 12 senior officials of the Department to serve as members of an internal task force on child care. This report is the first step toward understanding child care as a workforce issue. Its findings should prove helpful to policy makers currently grappling with this problem. However, the report should not be viewed as policy-prescriptive, nor is it intended to address the universe of issues related to child care. Rather, it should become part of a more informed and insightful debate about child care and its economic implications. The task force found:

o The Federal government is already addressing the child care issue on a large scale.

o State and local governments are dynamic in their response to the child care challenge. The evidence suggests that they will become even more aggressive in the future.

o Employers have a direct interest in addressing their employees' child care problems and many have realized already the economic benefits that result from attention to the issue. However, many others are still unaware of the impact of addressing the child care problems of their employees.

o Child care requirements of parents and families vary substantially. Therefore, child care policy cannot be addressed in an aggregate fashion.

o Significant child care problems have been created by real pressures, but there is not an across-the board availability crisis of national proportions.

In the following report, five chapters ("Workforce Trends," "Who Needs Child Care?," "Availability," "Affordability," and "Quality") examine the scope and nature of the problems in the terms generally used in the public discussion.

Four chapters ("Federal Funding of Child Care," "State and Local Child Care," "Employer-Assisted Child Care," and "Child Care and Labor-Management Relations") provide data on what is being done and by whom to support parents' requirements for child care.

FEDERAL FUNDING OF CHILD CARE

The Federal government already plays a major role in funding child care. Federal child care assistance programs and the Head Start program total $6.9 billion in FY '88.

The Federal child care effort is designed and targeted for various purposes, from helping the middle class (tax subsidies) to breaking the welfare cycle (jobs programs) to child development (food and education programs). A wide variety of laws provide the authority for these efforts.

Still, much of the Federal spending related to child care cannot be precisely stated. For instance, the dollar value of the employers' tax subsidy for providing child care is not ordinarily compiled by the Internal Revenue Service. Grants to states and communities under several programs authorize use of the funds for child care, but do not always require reports on how the funds are spent.

Child care-related spending began in 1943, when the first significant Federal funding for child day care was provided as a wartime emergency measure under the authority of the Lanham Act to care for children of mothers working in wartime industries.

Increases in costs of the tax subsidy seem to have kept pace with the 1980s growth of jobs and entry of women into the workforce. One of the most significant is a 225 percent jump in the cost of the income exclusion for employer-provided child or dependent care services. This tax rule means that parents may not pay income taxes on up to $5,000 in cash or services provided for child care assistance from their employers. Federal taxes that would have otherwise been collected amounted to $20 million in fiscal year 1986 and $65 million in fiscal year 1988, the most recent reporting date.

Federal child care expense occurs in the following agencies (FY88 estimate):

Department of Agriculture	$ 800.9 Million
Appalachian Regional Commission	
Child Care Development	0.1 Million
Department of Commerce (Census)	0.5 Million
Department of Defense	69.2 Million
Department of Education	66.4 Million

General Services Administration (FY87)	0.9 Million
Department of Health and Human Services	711.2 Million
Department of Health and Human Services (Head Start)	1,206.0 Million
Department of Housing and Urban Development	48.3 Million
Department of Interior Child Welfare Grants	0.3 Million
Department of Labor	9.5 Million
Small Business Administration	19.5 Million
Department of Treasury	3,987.5 Million

STATE AND LOCAL CHILD CARE

Commitment and innovation characterize child care activity -- much of it new -- at the state and local level.

All states have one or more elements of a child care infrastructure. This may include funding, training for child care providers, child care resource and referral systems, health and safety regulation and defining standards for care providers. The amounts and types of care created are generally the responsibility of communities, local agencies, community organizations and the private sector.

Twenty-nine states subsidize child care through their tax codes, using either credits or deductions for parents. At least eight states allow credits or deductions for employers who give direct or indirect child care assistance to their employees.

States may fund "Resource and Referral" service agencies, community education projects, model employer programs, training and recruitment efforts, and joint projects with local communities and the private sector. California has the nation's most extensive resource and referral network; 65 agencies, at least one in each of its 58 counties. New York has the largest model employer program, operating 35 day care centers, including 14 on state university campuses. Illinois has a pilot project with the Chicago Community Trust for 10 centers.

The states' funding of child care assistance to low-income families is primarily provided by Federal Social Services Block Grant (Title XX) funds. The grants allow states to address the needs of low income working parents, parents enrolled in education or training programs, teenage parents, and children receiving other public protective services. Four states (Alaska, California, Michigan and Montana) and the District of Columbia use only state funds to assist low income families with child care. Federal welfare rules let the states calculate welfare benefits to disregard earnings that the parents spend on child care.

In eight states undertaking welfare reform, financial aid for child care is being provided to mothers required to search for work or participate in job training. Transitional child care help after the mothers accept employment is generally provided for a period from three months to a year.

Early childhood education programs are sometimes considered to serve a day care need. Among these, the Federal pre-school program, Head Start, operates in every state. Eight states supplement Head Start funding to expand the program. Twenty-three states also operate state programs to promote school readiness. The District of Columbia does both. (Note: Such programs here should not be construed as a finding that education is a function of day care or vice versa.)

Some states do view their educational systems as a way to accommodate the day care need. Eleven states are using expanded pre-school education hours as a means to a day care end. A number of states have before- and after-school child care programs in their schools.

EMPLOYER-ASSISTED CHILD CARE

Employer-provided child care assistance has mushroomed in the past decade. In 1978, just over 100 employer-supported programs, virtually all child care centers, were operating. Currently, according to the New York-based business research organization, the Conference Board, 3,300 corporations offer child care assistance programs.

In a 1987 study, the Bureau of Labor Statistics found that employer-supported child care centers had become available in 25,000 of the nation's public and private sector workplaces having 10 or more employees. In addition, 61 percent of all establishments have one or more work practices which facilitate parents in caring for their children such as flexible work schedules, voluntary part-time arrangements and flexible leave policies.

The quickening trend toward employer assistance is noteworthy: it is occurring before any comprehensive cost-benefit analysis of child care problems and solutions has been done. Basic research relating child care to productivity, absenteeism, tardiness, turnover, recruitment, quality and competitiveness is almost nil. The closest approach to such study is a 1984 survey by the U.S Census Bureau. It found that out of 7.7 million employed women, 5.9 percent lost some time from work in the preceding month due to disruptions in their child care arrangements.

Some large corporations have surveyed their own personnel, as AT&T did in 1986. That study of 5,000 employees found that 57 percent of women and 33 percent of men with children under age six reported spending unproductive time at work due to child care concerns. And other surveys of the public, such as one done by Lou Harris & Associates for General Mills, have demonstrated that employer involvement in employees' child care was favored by the public.

But perhaps the key motivator has been the widespread agreement in business, industry and finance that the recruitment of good workers is a real concern. Since child care helps attract and keep employees, management has been prompted to act.

The momentum can be seen in anecdotal evidence of important bottom line savings to businesses who help with child care. Some of these include:

- o PCA, Inc., a photography company that reported $30,000 in annual recruitment savings, as well as 3,500 walk-in applicants one year, in a 2-3 percent unemployment labor market.
- o Nyloncraft, an Indiana plastics company, reported a drop in its turnover rate from 55 percent to under 10 percent.
- o Merck Pharmaceuticals saw the time employees were absent on maternity and child care leave drop from six months to four.
- o Intermedics, a Texas medical device manufacturer, found a tardiness and absentee saving of 15,000 work hours in a year.

Creativity and tailoring characterize the spread of employer-assisted child care:

Employers are providing child care centers, either on-site or nearby, with parents, child care contractors or the companies themselves operating these centers. Companies are offering discounts, vouchers/subsidies, and salary reduction agreements to subsidize outside child care chosen by the parent-employee. Sometimes this help is part of a flexible benefits plan. Still another popular service, resource and referral, is letting companies 1) help parents find child care arrangements; 2) hold parent seminars; 3) sponsor latchkey programs; and 4) distribute pamphlets and brochures on child care. And a solid majority of businesses have instituted policies letting working parents devise alternative work schedules, flexitime, job sharing programs, telephone time and availability for family matters, and personal and parental leave programs. Finally, companies are beginning to support and contribute to community child care development that will assist their employees.

The majority of employers have not established on site day care centers. Often they assume that establishing a day-care center at a high cost is their only option -- unaware that it has been done for as little as $300 or as much as $1 million or that other kinds of help are possible. Insurance and liability fears also rate high as reasons employers avoid involvement with child care. Among the clear deterrents to employer involvement are the lack of information, awareness, and technical assistance available on child care options as well as the lack of documented evidence that such involvement could improve productivity. Federal, state, and local initiatives are beginning to address this need.

Employers who have started child care programs believe other firms may not yet have absorbed the implications of the changing workforce or do not realize that the two-earner family is now the norm. They also believe that many employers do not know that child care problems are affecting their workers. (IBM's program was not requested by employees, it was launched after management analyzed demographic studies of the company's workforce.)

CHILD CARE AND LABOR-MANAGEMENT RELATIONS

The growing trend toward including child care issues in labor-management relations signals an increasing awareness of three important principles. First, child care is a core rather than a peripheral concern of both parties. Second, it is a legitimate matter for negotiation at the bargaining table and for cooperative problem-solving outside of formal collective bargaining. Third, constructive solutions benefit management as well as labor, assisting employers to recruit and retain a stable and productive workforce while aiding unions to discharge their obligations to their members.

Organized labor has defined the child care problem primarily as a public policy issue and has actively campaigned for the enactment of comprehensive legislation and enhanced government funding. It has also recognized that remedies are achievable through the collective bargaining process as well as through cooperative problem solving. Unions have had limited success in gaining on-site centers or significant financial contributions. However they have frequently succeeded in securing agreement to 1) establish joint labor-management committees to assess needs and examine the feasibility of alternative arrangements, 2) create resource and referral programs to help employees or members locate and choose from among community care providers, and 3) adopt flexitime and other alternative work schedules that enable parents to better mesh their employment and family responsibilities.

The child care issue is likely to be accorded an increasingly higher priority on the collective bargaining agenda. This will be due to labor intensifying its efforts to meet a growing membership need as well as management becoming more appreciative of the economic dividends of investments in child care assistance.

Labor unions that have established child care programs include:

United Auto Workers
United Steel Workers
United Food and Commercial Workers
Newspaper Guild
Communication Workers of America
International Ladies Garment Workers Union
Amalgamated Clothing and Textile Workers Union
Service Employees International Union
Civil Service Employees Association
American Federation of State and County Municipal Employees
American Federation of Government Employees
National Treasury Employees Union

WORKFORCE TRENDS

The most dramatic change is labor force participation of women in their childbearing years. Many are no longer staying home when they have children.

- More than 70% of women of age 25 to 34 are in the labor force. In 1950, only 35% were.

The overall participation of women is increasing.

- By the year 2000, 61.5% of women will be at work. Three fifths of the new entrants into the labor force between 1986 and 2000 will be women.

More mothers who have young children are at work.

- In 1950, only 12% of women with children under the age of six worked. Today, 57% do. And, of all mothers with children younger than 14, almost two-thirds are in the work force.

An increasing percentage of all workers are women.

- Forty five percent of all workers today are women, up from 30% in 1950.

Some industries far exceed the average in women workers

- o More than 70% of all workers employed in banking and credit, and in the provision of legal services, are women.

Today, there are fewer "typical American families" with Father at work and Mother at home with the children.

- o Fewer than 10% of families are families with Father at work and Mother at home taking care of the children. This is a sharp change from just ten years ago when 18% were such families.

WHO REQUIRES CHILD CARE?

The current high level of attention to child care is a direct result of new workforce trends. Although child care has traditionally been regarded as a social issue or a welfare matter, the greatest number of parents now likely to require child care are, in fact, working people.

The need for child care does cut across the population, but the preferences and requirements of individuals, children and families differ significantly. When setting public policy, it is useful to know whether the parent(s) is working or non-working; whether the family is single parent or two parent; and what is the family income and age of the children.

Of the 64 million families in the United States, 26 million have children under the age of 14. Of these, the following can be considered likely to have work-related child care requirements:

- o 12.8 million married couples with both parents in the work force. They have 8.8 million children younger than six, and 12.3 million children between the ages of 6 and 13.

- o 3.5 million single mothers in the labor force who have 1.8 million children under 6 years of age and 3.4 million children between the ages of 6 and 13.

As discussed in the chapter on "Availability", these requirements are currently being addressed through the private sector market, child care tax credits, and by relative care.

It is important to remember that in this discussion we have included mothers who work part-time and full-time. Seventy percent of these mothers work full-time (35 or more hours per week), and thirty percent work part-time.

Two other groups, welfare mothers and teen mothers, should be considered. These groups may overlap into other groups being considered, but are being looked at separately because they may have unique work-related problems. As discussed in the chapter on "Availability", these needs are currently being addressed through Federal programs targeting low income families.

- In view of reform trends requiring those receiving public assistance to work, there are 3.7 million welfare mothers with 3.1 million children younger than six years of age, and 2.9 million children between the ages of 6 and 13.

- There are an estimated 600,000 teen mothers, a relatively small group, some of whom may need further education and training to enter or remain in the workforce. 200,000 of these mothers are AFDC recipients. The number of their children is difficult to estimate, but it can be assumed that the vast majority are under six years old.

As stated earlier, the largest number of people likely to have child care requirements are working people.

Even when looking at other characteristics of these groups -- income, race and education -- the workplace nature of the child care problem is obvious.

In fact, 74 percent of the married working parents with children under 14 have a family income of more than $25,000. Eighty eight percent of these upper income families are white, nine percent are black, 57 percent have some college, and 0 percent receive public assistance.

In the second group of working people -- 85 percent of single mothers in the labor force with children under 14 have a family income of less than $25,000. Seventy two percent of these lower income families are white, 28 percent are black, 35 percent have some college, and 16 percent receive some public assistance.

In the two major categories of working parents likely to have work-related child care needs, income is distributed as follows:

	Millions of Families by Income		
	Under $15,000	$15 -24,999	Over $25,000
Married, two parents in labor force	1.2 million	2.2 million	9.4 million
Single, mother in labor force	2.1 million	.9 million	.5 million

Among welfare mothers with children under 14, most mothers are not working and 1.5 million are exempted from work requirements because they have children under 6. Forty percent of these families are white, 40 percent are black, and 20 percent are Hispanic and other. In 1985, women on AFDC with families of three had a mean-weighted average income of approximately $8,800. This includes AFDC benefits, food stamps, Medicaid, school lunch services, and WIC payments.

Seventy five percent of teen mothers are not working, 39 percent are adult recipients of AFDC and 63 percent are single mothers. Eighty two percent of approximately 137,000 working teenage families have annual incomes of less than $15,000.

AVAILABILITY

The supply of child care must respond to a local and dynamic market. Working parents choose a vast array of arrangements for child care, beginning with the hours and days their children will need supervision. Parents making these arrangements are night workers, day workers, late shift workers, split shift workers, part time workers, four-day week workers, periodic workers and parents who need child care just after school hours.

At the same time, parents prefer an equally wide array of child care providers, who are: related by blood or marriage; home-based; teaching or school-based; religious or church-based; community-based; bi-lingual; good with infants; good with precocious or troubled children; competent with sick children.

Other influences on parents' choices in care include: the age of the child, the number of children in the family, family income, marital status, places of work and residence, parental values and goals. And, finally, the choices parents have been making have been changing over time.

Considerable concern has been raised that a "shortage" of child care exists. This report finds no evidence in support of the contention that there is a general, national shortage of available child care. According to a 1984-85 Census Report, more than half of the 26.5 million children with working mothers are in school most of the time their mother is at work. One million of these 13.8 million elementary and junior high school students are "latch key" children -- in unsupervised care before or after school hours. Care of these children may well be the largest "shortage" in child care.

The gap between total demand for the remaining 12.6 million children who are not in school most of the time the mother is at work, and the number of licensed slots is often cited as evidence of shortage. However, 67 percent of the children, or 6.8 million, who are in unlicensed day care are cared for by relatives or family members. Although some parents may prefer an alternative if it were available, many prefer a family environment.

The remaining 5.3 million children are cared for by a non-relative in their own home or another home, and in organized settings which have a high likelihood of being licensed facilities -- such as day care centers or preschool. Half a million children care for themselves most of the time their mothers are at work.

Therefore, there does not seem to be a general "shortage" of child care -- most children are being taken care of while their mothers are at work. However, it does appear that certain types of day care may be in short supply in some communities. These types include infant care, sick child care, and after school care.

In this analysis we have considered two kinds of arrangements -- primary care which is the care available most of the time the parent is at work -- and secondary arrangements -- those needed to cover the balance of the time the parent worked. It is important to note that the 4.5 million children who have primary care other than school are the children of workers whose hours do not coincide with the school day.

The chart below shows both primary and secondary arrangements for the children who do not receive their primary or secondary care from a school system.

	All CHILDREN	CHILDREN UNDER 5	CHILDREN 5 TO 14
Number of Children:	12.6 million	8.1 million	4.5 million
Number of Arrangements:	14.5 million	9.2 million	5.3 million
Types of Arrangements:			
Relatives	54.3%	48.4%	64.9%
Nonrelatives	22.8%	28.3%	12.9%
Day/Group Care	11.4%	14.1%	6.6%
Nursery/preschool	7.7%	9.2%	5.0%
Child cares for self	3.9%	0.0%	10.8%

When decisions are made about "expanding" certain forms of day care, it should be remembered that 6.8 million are being cared for by a relative or family member; 0.5 million care for themselves; and 2.5 million are in some form of licensed care -- leaving 2.9 million children in "a mostly unlicensed form of care" -- non-relative care in a home setting.

Relative care includes care in the child's home by the father, a grandparent or another relative, care in another home by the grandparent or another relative, and the mother caring for the child working at home or away from home. Non-relative care includes care in the child's home by a non-relative and care in another home by a non-relative.

AFFORDABILITY

Affordable child care may be a critical problem for the 3.3 million working families who earn less than $15,000 a year. It is also reported by moderate- and upper-income families that the cost of paid child care, particularly when two or more children use paid care, is often an financial problem for them as well.

Costs for paid child care have a significant impact on the budgets of low-income families.

> According to data from the National Institute of Child Health and Human Development, regardless of race, poor families with a youngest child under 5 spend roughly $25 weekly on child care as compared to the $36 spent weekly by non-poor families. However, poor families spend a larger proportion of their income on paid child care than non-poor families (21-25 percent compared to about 8 percent), and poor Blacks ($28) and Hispanics ($30) spend more than poor whites ($20).

> Single parents with a youngest child under 5 spend less on child care than women with partners, but single parents spend almost twice as much as a proportion of their family income (17% versus 9%).

When faced by the expense of child care, some low-income parents may be torn between choosing whether to work or participate in training, or to take care of their children. For these individuals, child care can help enable them to work, to participate in employment and training programs, or to attend school.

It should be pointed out that not all families with an employed mother pay for child care. According to a 1985 study by Ohio State University, 20 percent paid no cash for care --15 percent of those with a youngest child under 5 and 33 percent of those with a youngest child 5 or older. When considering expenditures of low-income families, it should be remembered that the Census Bureau found that 55 percent of the families earning less than $15,000 per year use relatives or family members to care for their preschool children. This form of care is largely not paid for with cash. In fact, among families with a youngest child under five, almost half did not pay for child care provided by a relative or family member. Although some parents may prefer an alternative, many prefer this family environment.

The cost of care by a sitter or a nanny in the child's home is the most expensive form of care, the cost of care in a day care center or day care home are slightly lower, and all forms of care are more expensive than relative care. Median child care expenditures for paid child care, however, was $39 per week in 1985.

Through tax credits and federal, state, and employer subsidies, the price of child care has been lowered to many families.

Federal program response to assist low income parents with child care, particularly women, is primarily through Title XX Social Services Block Grants, the Child Care Food Program, and the Federal Income Tax System.

It is also thought that the affordability of child care for approximately 4 million welfare and teen mothers may be a problem to the extent that working, continuing their education, and job training are not alternatives. Under current policy, however, AFDC mothers who do work are eligible to have their actual child care costs disregarded up to $160 per month per child. Most work and training programs for welfare recipients authorize a range of child care services.

QUALITY

The "quality" of child care is difficult to measure and to control. In addition, decisions to regulate the quality of child care raise many questions about government intervention in child rearing.

Child care advocates argue that quality child care means two things: (1) ensuring the child's basic health and safety by protecting it from disease, malnutrition, environmental hazards, fire, and child abuse; and (2) contributing to the child's cognitive, linguistic, social and emotional development. They also argue that currently neither is sufficiently available.

No comprehensive national surveys exist which provide a nationwide assessment of the quality of care available. Nor do surveys show whether parents generally share either the definition or the criticisms of quality in the care that is available. However, some data, such as a reader survey by Working Mother magazine (March, 1988), show that, in evaluating the quality of a day care situation, parents pay the most attention to the warmth, frequency and kind of interaction between the child and the care giver. Parents also want the environment to impart values consistent with those of their own family.

Several areas are cited as potential indicators of quality problems: differences among the states in regulating child care providers, lack of personnel training, low wages, and high turnover of providers' employees.

There are several ways to improve or maintain the quality of care without regulation. They include increased parental involvement and education, training of child care providers, and voluntary accreditation. Employers and local communities are sponsoring such programs.

Child care workers generally earn low wages; the average annual salaries are below $12,000. Turnover rates are high, running from 35 to 60 percent. A 1983 Bureau of Labor Statistics study found that only 20 percent of child care workers were required to have any training to obtain their jobs. However, increased salary costs inevitably result in increased child care costs to parents.

State regulation generally consists of setting minimum standards for the health, safety and development of children. States usually base licensing requirements on easily measurable features, such as group size and ratio of children to staff. Family day care homes are generally less regulated than day care centers because the provider is usually the sole worker operating in a private residence. There is evidence that burdensome regulation can raise cost and restrict supply.

April 15, 1988

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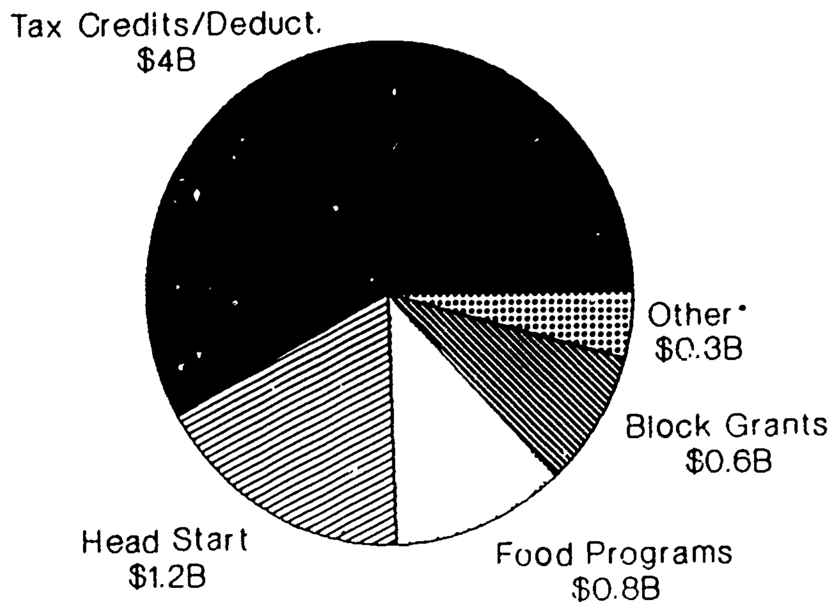
FEDERAL FUNDING OF CHILD CARE

The Federal government already plays a major role in funding child care. Federal child care assistance programs and the Head Start program total $6.9 billion in FY '88.

Federal spending on child care and Head Start will exceed $6.9 billion in FY 1988



*Includes support services for economically disadvantaged, training and education, economic development, and child care assistance for federal employees.

The Federal child care effort is designed and targeted for various purposes, from helping the middle class (tax subsidies) to breaking the welfare cycle (jobs programs) to child development (food and education programs). A wide variety of laws provide the authority for these efforts. The chapter that follows describes each Federal program in alphabetical order by responsible agency.

Department of Agriculture

CHILD CARE FOOD PROGRAM (CCFP)

Authorizing Legislation:

Permanently authorized under Section 17 of the National School Lunch Act, as amended, 42 U.S.C. 1751 et seq.

Description:

Provides funds and commodities to States for meals served to children in public and private nonprofit day care centers, family and group day care centers. Private for-profit centers may participate in CCFP if they receive Title XX funds for at least 25% of children in their care. Day care programs (except family day care homes) are reimbursed according to a legislatively set reimbursement rate for each meal served based on the type of meal served and the family income of the participating child. Reimbursement rates for family day care homes are based on the types of meal served only. Most child care food program participants are between 3 and 5 years old.

Child Care Expenditures (began in FY 1968):

FY 1986	FY 1988 est.
$503.6 Million	$586.4 Million

Target Groups:

Available to any child attending an eligible institution

Department of Agriculture

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Authorizing Legislation:
42 U.S.C. 1782

Description:

Schools, public or private nonprofit residential summer camps, and specified other organizations not participating in the School Lunch Program are eligible for this cash and commodity program during the summer months. In residential summer camps, the program finances meals served to children who qualify for free or reduced-price school lunches. Otherwise, all children are eligible for free meals in designated low-income areas. In FY 1986, an average of 1.6 million children participated each month. Program requirements relate only to nutrition and financial management.

Child Care Expenditures:

FY 1986	FY 1988 est.
$122.4 Million	$160.2 Million

Department of Agriculture

FOOD STAMP PROGRAM

Authorizing Legislation:

Permanently authorized by the Food Stamp Act of 1977; the Food Security Act of 1985 (P.L. 99-198) authorized appropriations through FY 1990.

Description:

Authorizes food stamps to eligible low-income households that need additional income to buy food. The value of a household's food stamps varies according to income and household size. Effective May 1, 1986, households may claim a deduction from the income for dependent care expenses related to work, education, or training--up to $160 a month for each household (not each child).

Child Care Expenditures (began in FY 1978):

FY 1986	FY 1988 est.
$46.0 Million	$50.2 Million

Target Groups:

Welfare
Teen Parents
Single parent and two parent families with incomes less than $15,000
Single parent and two parent families with incomes between $15,000-$25,000 (if one parent has become unemployed)

Department of Agriculture

SPECIAL MILK PROGRAM (CCFP)

Authorizing Legislation:

Permanently authorized under Section 3 of the Child Nutrition Act of 1966, as amended, 42 U.S.C. 1771 et seq.

Description:

Provides funds to States for milk served to children in nonprofit nursery, elementary, and secondary schools and in child care institutions. However, schools and institutions may not receive milk under the SMP if they already participate in federally subsidized meal programs under the National School Lunch Act or Child Nutrition Act (i.e., the school lunch, breakfast and child care food programs). Each half-pint of milk served is subsidized according to a legislatively set reimbursement rate. Schools may offer free milk, which is fully subsidized by the Federal Government, to needy children; however, they are not required to do so. In schools that do not offer free milk, all children, regardless of family income, receive milk at the same price.

Child Care Expenditures (began in FY 1944):

FY 1986	FY 1988 est.
$2.6 Million	$4.1 Million

Target Groups:

Welfare

Available to any State in the U.S. territories, agency or nonprofit private school or child care institution of high school grade or under, except Job Corps centers or private schools whose average yearly tuition exceeds $2,000 per child, without regard to race, sex, color, age, national origin or handicap.

Appalachian Regional Commission

AREA ECONOMIC AND HUMAN RESOURCE DEVELOPMENT PROGRAM

Authorizing Legislation:

Appalachian Regional Development Act of 1965, as amended. Authorizing legislation expired at the end of FY82. Since then, the program has been extended through appropriation legislation.

Description:

Among other things, authorizes 80% matching grants to States and local governments for the development of human resources projects that will support economic growth in the Appalachian region, including the establishment or adaptation of child care programs to meet the needs of specific industries and their employees.

Child Care Expenditures (began in FY 1970):

FY 1986	FY 1988 est.
$0.1 Million	$0.1 Million

Target Groups:*

Single-parent and two-parent families making less than $15,000

Single-parent and two-parent families making between $15,000-$25,000

Single-parent and two-parent families making above $25,000

*Benefits children up to six years of age and their families

Department of Commerce

BUREAU OF THE CENSUS

Authorizing Legislation:
13 U.S.C. 141, *et seq.*

Description:
The Census Bureau collects data on child care in the Current Population Survey and the Survey of Income and Program Participation, as well as publishing analyses of these data.

Child Care Expenditures:

FY 1986	FY 1988 est.
$0.4 Million	$0.5 Million

Department of Defense and all Services

CHILD CARE IN MILITARY INSTALLATIONS

Authorizing Legislation:

10 USC 3013, 5013, 8013: Authority of the Secretaries of the Army, Navy, and Air Force to recruit and administer their respective Departments. Such management and administration includes maintaining the morale and welfare of personnel and their families. Annual authorizations and appropriations.

Description:

Provides subsidized child care for military dependents world-wide. 581 centers operate on 412 installations with an average daily attendance of 90,000 children. Other programs include training, supervising, coordination with state and local governments, and information and referral services.

Child Care Expenditures:

FY 1986	FY 1988 est.
$60.7 Million	$69.2 Million

Target Groups:

Single-parent and two-parent families making less than $15,000
Single-parent and two-parent families making between $15,000-$25,000
Single-parent and two-parent families making above $25,000

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Department of Education

PELL GRANTS

Authorizing Legislation:
20 U.S.C. 1070 a

Description:
The Pell Grant program provides need-based grants to low income undergraduate students to promote access to post-secondary education and to lower the financial burden. The grant amount is based upon "the cost of attendance," and beginning in 1988, child care is identified as an attendance cost. The costs of attendance are determined at the institution and included actual or average tuition and fee charges, a standard "living allowance," an allowance for handicapped expenses and an allowance for child care expenses up to $1,000. In 1987, the maximum grant awarded was $2,100 and approximately 2.9 million students participated in the program.

Child Care Expenditures:

FY 1986	FY 1988 est.
Not yet implemented	$65.0 Million

Department of Education

VOCATIONAL EDUCATION

Authorizing Legislation:
20 U.S.C. 2331, et seq.

Description:
At State option, basic grant funds may be used for day care for participants in the Vocational Education program. Additionally, there are two set-asides that can support day care: one for single parents or homemakers and the other for individuals to participate in programs designed to eliminate sex bias and stereotyping in vocational education. There are no Federal standards for child care under this program.

Child Care Expenditures:

FY 1986	FY 1988 est.
$1.4 Million	$1.4 Million

Department of Education

ADULT EDUCATION: WORKPLACE LITERACY PARTNERSHIP

Descriptic':

Funds for this program first became available in December 1987. Discretionary grants are made to public and private partnerships for projects designed to improve the productivity of the workplace through improvement of literacy skills needed in the workplace. Grant recipients are required to provide 30 percent of program costs. Services provided to adult workers may include child care services while the workers participate in the project during nonworking hours. There are no Federal standards for child care under this program.

Child Care Expenditures (began in F'{ 1988):

FY 1986	FY 1988 est.
Not yet Implemented	N/A

Department of Education

OTHER STUDENT FINANCIAL ASSISTANCE PROGRAMS

Description:

No data on child care expenses are available for these campus-based programs, each of which allows reasonable child care costs to be included as a cost of attendance which is used in determining award amounts.

(1) Supplemental Education Opportunity Grants, 20 U.S.C 1070 b, et seq., are made to postsecondary institutions to provide institutionally administered need-based aid to eligible undergraduate students. Approximately 4,600 postsecondary institutions receive awards under the Supplemental Educational Opportunity program.

(2) The Work-Study Program, 42 U.S.C. 2751, et seq. assists students in financing postsecondary educational costs through part-time employment. Federal grants are awarded to qualifying institutions which select needy students for employment.

(3) The Perkins Loan Program (formerly the Direct Loan program), 20 U.S.C. 1087 aa, et seq., provides long-term, low-interest loans to financially needy students to help them pay higher education costs. Loans are made from institutional revolving funds. Approximately 3,300 postsecondary institutions receive Federal capital contributions.

(4) The Income-Contingent Loan Program, 20 U.S.C. 1087 c, a pilot demonstration project begun in 1987-88, provides grants to 10 selected postsecondary institutions to provide loans to financially needy undergraduate students.

(5) The State Student Incentive Grant Program, 20 U.S.C. 1070 c, et seq., assists states in providing need-based grants and work-study assistance to eligible postsecondary students. The work-study assistance is provided through campus-based, community service work-learning study programs. All 50 States and seven "Outlying Areas" now participate in the program.

(6) The Guaranteed Student Loan (GSL) Program, 20 U.S.C. 1071, et seq., helps to provide access to and a measure of choice in postsecondary education. In 1987, over $9 billion in GSL loans were made.

General Services Administration and all Federal Agencies

CHILD CARE IN FEDERAL BUILDINGS

Authorizing Legislation:

P.L. 99-591, 101(m) (Oct. 30, 1986), 40 U.S.C. 490(b). .L. 94-541 (Oct. 18, 1976), 40 U.S.C. 601(a), 612(a).

Description:

Authorizes child care centers in federal work spaces if priority is given to federal employees, at least 50% of parents are federal employees, and space is available. Authorizes space to be allocated for child care rent free and with the provision of utilities without charge.

Child Care Expenditures (began in FY 1977):

FY 1986	FY 1987	FY 1988 est.
$0.5 Million	$0.9 Million	N/A

Target Groups:

Welfare
Teen Parents
Single-parent and two-parent families making less than $15,000
Single-parent and two-parent families making between $15,000-$25,000
Single-parent and two-parent families making above $25,000

Department of Health and Human Services

SOCIAL SERVICES BLOCK GRANT (SSBG)

Authorizing Legislation:

Permanently authorized under Title XX of the Social Security Act, as amended, 42 U.S.C. 1397 et seq.

Description:

Authorizes Federal funds to States to provide social services, including child day care, at the States' discretion. Funds are allocated to States on the basis of State population with no State matching requirements.

Child Care Expenditures (began in FY 1983):

FY 1986	FY 1988 est.
$600 Million	$660 Million

Target Groups:

Welfare

Teen Parents

Economically Disadvantaged:

Single-parent and two-parent families making less than $15,000

Department of Health and Human Services

CHILD WELFARE SERVICE

Authorizing Legislation:

Permanently authorized under Title IV-B of the Social Security Act, as amended, 42 U.S.C. 620 et seq.

Description:

Authorizes 75% matching grants to the States to provide a variety of child welfare services to children and their families. Child welfare services are primarily child protection, foster care, and adoption services, but may also include child day care. There are no Federal requirements regarding the level of the recipient families' incomes.

Child Care Expenditures (began in FY 1969):

FY 1986	FY 1988 est.
N/A	N/A

Target Groups:

- Welfare
- Teen Parents
- Economically Disadvantaged:
  - Single-parent and two-parent families making less than $15,000

Department of Health and Human Services

DEPENDENT CARE PLANNING AND DEVELOPMENT

Authorizing Legislation:

Authorized under the State Dependent Care Development Grants Act, 42 U.S.C. 9871.

Description:

Dependent Care Planning and Development. Grants to States 75 percent of planning and development costs to establish information and referral systems and are also used for school-age day care. Grants may not be used for operating or capital costs, nor for direct payments to beneficiaries.

Child Care Expenditures (began in FY 1985):

FY 1986	FY 1988 est.
$0.5 Million	$8.4 Million

Department of Health and Human Services

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

Authorizing Legislation:

Permanently authorized under Title IV-A of the Social Security Act., as amended, 42 U.S.C. 601 et seq.

Description:

Provides Federal matching for State programs of cash assistance to needy families with children. The law requires States to deduct child care expenses (up to $160 a month per child) from the earned income of a family in determining the amount of assistance to working parents who apply for or receive AFDC.

Child Care Expenditures (began in FY 1969):

FY 1986	FY 1987 est.
$39.0 Million	$40.0 Million

Target Groups:

Welfare
Teen Parents
Single-parent and two-parent families making less than $15,000

Department of Health and Human Services

CHILD WELFARE TRAINING

Authorizing Legislation:

Permanently authorized under Title IV-B of the Social Security Act, 42 U.S.C. 620 et seq.

Description:

Provides discretionary grants to public nonprofit higher education institutions for student traineeships, training grants for curriculum development, and for training workers in the field of child welfare, which may include child day care; however, training relating to child day care is not required. Grants are 100% federally funded.

Child Care Expenditures (began in FY 1969):

FY 1986	FY 1988 est.
N/A	N/A

Target Groups:

Teen Parents

Department of Health and Human Services

CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP PROGRAM

Authorizing Legislation:

Authorized through FY90 under the Human Services Reauthorization Act of 1986 (P.L. 99-425).

Description:

Beginning in FY87, authorizes grants to States to award scholarships to financially needy persons who are candidates for the child development associate credential to cover the cost of their application, assessment, and credentialing. States and areas receiving grants under the Social Services Block Grant (Title XX of the Social Security Act) are eligible to apply for the grants, which are to be distributed in the form of scholarships to those candidates for the child development associate credential whose income does not exceed Federal poverty guidelines.

Child Care Expenditures (began in FY 1987):

FY 1986	FY 1988 est.
Not yet implemented	$1.4 Million

Target Groups:

Welfare
Teen Parents
Single-parent and two-parent families making less than $15,00 (if financially needy)
Single-parent making between $15,000-$25,000 (if financially needy), or above $25,000 (if financially needy)
Two-parent families making between $15,000-$25,000 (if financially needy)

Department of Health and Human Services

CHILD WELFARE RESEARCH AND DEMONSTRATION PROJECTS

Authorizing Legislation:

Permanently authorized under Title IV-B of the Social Security Act, as amended, 42 U.S.C. 620 et seq.

Descripition:

Provides grants to public or private nonprofit agencies for research and demonstration projects in the field of child welfare, which may include child day care; however, research and demonstration projects relating to child day care are not required. Grants are 100% federally funded.

Child Care Expenditures (began in FY 1961):

FY 1986	FY 1988 est.
$ .3 Million	$1.4 Million

Target Groups:*

Welfare
Teen Parents
Single-parent and two-parent families making less than $15,000
Single-parent families making $15,000-$25,000, or above $25,000

*Children and families are the direct and indirect beneficiaries of these grants.

Department of Health and Human Services

FAMILY POLICY COORDINATION AND REVIEW

Authorizing Legislation:
Executive Order 12606, September 2, 1987.

Description:
OMB is authorized to take action to ensure that policies and regulations of the Executive departments and agencies do not have a negative impact on families. The White House Office of Policy Development assesses proposed policies and regulations and advises the President on actions to be taken.

Target Groups:
All families subject to the policies and regulations of the Federal Government

Department of Labor and Department of Health and Human Services

WORK INCENTIVE PROGRAM (WIN)

Authorizing Legislation:

Permanently authorized under Title IV-C of the Social Security Act, as amended, 42 U.S.C. 630 et seq.

Description:

Authorizes 90% matching grants to States to help applicants for and recipients of Aid to Families with Dependent Children (AFDC) find and retain jobs. Requires States to provide child care services for those who need them in order to participate in employment or training under WIN. WIN is administered jointly by the Department of Health and Human Services and the Department of Labor.

Child Care Expenditures (began in FY 1969):

FY 1986	FY 1988 est.
N/A	N/A

Target Groups:

Welfare
Teen Parents (AFDC)
Single-parent and two-parent families making less than $15,000 (AFDC applicants and recipients)

Department of Housing and Urban Development

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Authorizing Legislation:

Title I of the Housing and Community Development Act of 1974. Authorizing legislation expired at the end of FY86; CDBG was extended by the FY87 continuing appropriations laws, P.L.99-591.

Description:

Authorizes grants to States and communities for a wide variety of community and economic development activities which must meet one of the following goals: (1) primarily benefit the community's low and moderate income persons; (2) eliminate or prevent slums or blight; or (3) address an urgent community development need that threatens the community's health and safety. Communities may use some of their CDBG funds for the acquisition, construction, or rehabilitation of public or nonprofit child care facilities or for the provision of public services, including child care, provided that they meet one of the three CDBG goals and certain other requirements. Grants are awarded to communities according to statutory formulas.

Child Care Expenditures (began in FY 1975):

FY 1986	FY 1988 est.
$25.3 Million	$30.3 Million

Target Groups:

Welfare

Teen Parents

Single-parent and two-parent families making less than $15,000

Single-parent and two-parent families making between $15,000-$25,000. Principal beneficiaries are low and moderate income residents defined generally as families with less than 80 percent of the median family income for the area.

Department of House and Urban Development

CHILD CARE DEDUCTION IN RENT CALCULATIONS UNDER ASSISTED HOUSING PROGRAMS

Authorizing Legislation:
42 U.S.C. 1437 a

Description:
The Public and Indian Housing and Section 8 Housing Programs deduct child care expenses for children 13 and under for work or education from family income in determining tenant rent payments. (The Section 8 Program provides certificates or vouchers to assist low income families' rental of decent, safe, and sanitary housing.) In each of these programs the child care expenses must be reasonable and, when the child care is needed for employment, only expenses that are less than earnings may be deducted. The programs do not set standards for child care facilities or caregivers. In FY 1988, an estimated 210,000 families with 480,000 children in all these programs made use of the child care disregard. For occupants of public housing, child care costs averaged roughly $400 per family per year in FY 1986.

Child Care Expenditures:

FY 1986	FY 1988 est.
$16.0 Million	$18.0 Million

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Department of Interior

INDIAN CHILD WELFARE ACT--TITLE II GRANTS

Authorizing Legislation:

Permanently authorized under the Indian Child Welfare Act of 1978, P.L. 95-608.

Description:

Authorizes 100% federally funded grants to Indian tribes and tribal organizations for Indian child and family services, particularly those associated with child custody, foster care, and adoption. Other family assistance services are also specified as allowable services. The program is administered by the Bureau of Indian Affairs.

Child Care Expenditures (began in FY 1979):

FY 1986	FY 1988 est.
$0.1 Million	$0.3 Million

Target Groups:

Welfare
Teen Parents
Single-parent and two-parent families making less than $15,000

Department of Labor

JOB TRAINING PARTNERSHIP ACT (JTPA)

Authorizing Legislation:

Permanently authorized under Title II-A of the Job Training Partnership Act of 1982 (P.L. 97-300), as amended.

Description:

Authorizes funds to States and local service delivery areas (SDAS) for employment and training services for the economically disadvantaged, and for supportive services. No more than approximately 15% of funds may be spent for supportive services which may include child care, transportation, and health care. Funds are allocated based on the State and local unemployment rates and the number of economically disadvantaged individuals. At the States'or SDA's discretion, individuals may be trained as child care workers or child care may be provided as a supportive service for individuals participating in training.

Child Care Expenditures (began in FY 1983):

FY 198[illegible]	FY 1988 est.
$6.0 Million	$6.1 Million

Target Groups:

Welfare
Teen Parents
Economically Disadvantaged:*
Single-parent and two-parent families making less than $15,000

*JTPA definition - a person on welfare, with family income below poverty level, or receiving food stamps.

Department of Labor

DISLOCATED WORKERS PROGRAM

Authorizing Legislation:
Title III, Job Training Partnership Act, as amended.

Description:
Authorizes funds to States for employment and training services for dislocated workers. No more than 30% of funds may be used for combined costs of administration and support services such as day care, transportation, counseling, health care or legal aid. Programs are not required to offer support services. Assistance for child care is generally provided through reimbursement.

Child Care Expenditures (began in FY 1983):

FY 1986	FY 1988 est.
$0.1 Million	$0.2 Million

Target Groups:
Welfare
Teen Parents
Single-parent and two-parent families

Department of Labor

JOB TRAINING PARTNERSHIP ACT (JTPA)

Authorizing Legislation:

Permanently authorized under Title IV of JTPA of 1982 (P.L. 97-300), as amended.

Description:

Authorized to support activities designed for placement of farm workers in unsubsidized agriculture or non-agriculture employment. Child care is one of the training related supportive services financed under this program.

Child Care Expenditures (began in FY 1983):

FY 1986	FY 1988 est.
$2.2 Million	$2.9 Million

Department of Labor

JOB CORPS

Authorizing Legislation:

Title IV-B of the Job Training Partnership Act (JTPA).

Description:

Authorizes a residential and nonresidential intensive program for economically disadvantaged youth to assist them in becoming employable. Although child care is an allowable cost under Job Corps, it is not automatically provided to participants because of the cost. Under a number of Job Corps pilot efforts, Job Corps Centers are making an effort to expand child care sources through links with welfare agencies and through Title XX funds. There are 105 Job Corps Centers --two of which have day care centers.

Child Care Expenditures (began in FY 1971):

FY 1986	FY 1988 est.
$0.3 Million	$0.3 Million

Target Groups:

Welfare
Teen Parents
Economically Disadvantaged:*
Single-parent and two-parent families making less than $15,000

*JTPA definition - a person on welfare, with family income below poverty level, or receiving food stamps.

Department of Labor

WOMEN'S BUREAU

Authorizing Legislation:
P.L. No. 259, 66th Congress

Description:
Under its legislative mandate to promote welfare of working women, the Women's Bureau funded from 1982 to 1987 the child care component of a Rockefeller training program for single minority heads of households in three training sites. In addition, a continuing broad program of technical assistance to employers, unions and community leaders has stimulated a range of private sector child care services and programs.

Child Care Expenditures (began in FY 1983):

FY 1986	FY 1988 est.
$0.2 Million	N/A

Target Groups:
Economically disadvantaged: minority single parents in training.

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Small Business Administration

LOAN PROGRAMS

Authorizing Legislation:
15 U.S.C. 636

Description:

The Small Business Administration offers a variety of financing options for providers of child care. There are three loan programs: Direct Loans, Guaranteed Loans, and Disaster Loans. The Small Business Administration is primarily a guarantor -- it guarantees loans made by banks and other private lenders to small business clients. SBA guarantees reduce the probability of a loss to the lender and make it easier for a small business client to borrow money. Guaranteed loans generally do not exceed $500,000, of which SBA guarantees 90 or 85 percent of the loan balance.

The table shows loan amounts for child care, which indicate program levels. (The net cost to the Federal Government is lower because most loans are repaid.)

Child Care Expenditures:

	FY 1986	FY 1988 est.
Direct Loans	$0.4 Million	$0.3 Million
Guaranteed Loans	$15.7	$18.8
Disaster Loans	$0.2	$0.1

Small Business Administration

SMALL BUSINESS INVESTMENT COMPANY

Authorizing Legislation:
15 U.S.C. 681, *et seq.*

Description:

The Small Business Investment Company (SBIC) Program was created by Congress in 1958. SBIC's, licensed by SBA, are privately organized and privately managed investment firms. With their own capital and with funds borrowed at favorable rates from the Federal Government, SBIC's provide venure capital to small independent businesses, both new and already established. The number of child care centers being financed through this program is growing rapidly.

Child Care Expenditures:

FY 1986	FY 1988 est.
$0.1 Million	$0.3 Million

Small Business Administration

MANAGEMENT ASSISTANCE

Authorizing Legislation:
15 U.S.C. 633, *et seq.*

Description:
The Small Business Administration's Office of Business Development offers management assistance to small businesses, including providers of child care. It sponsors courses and conferences, provides counseling, prepares and distributes information booklets and conducts research into the management problems of small business. No cost data are available for services offered to child care providers.

FY 1986	FY 1988 est.
N/A	N/A

Internal Revenue Service

CHILD AND DEPENDENT CARE TAX CREDIT

Authorizing Legislation:
Section 21 of the Internal Revenue Code.

Description:
Allows an income tax credit to qualifying taxpayers with children under age 15 or disabled dependents or spouses for eligible employment-related child care expenses. The maximum amount of expenses that may be counted for the credit are $2,400 for one dependent and $4,800 for two or more dependents. The maximum amount of credit for one dependent is $720 and $1,440 for two or more dependents. Taxpayers with incomes up to $10,000 may claim 30% of employment-related expenses, declining by 1% for each additional $2,000 in income up to $28,000. Taxpayers with incomes above $28,000 may claim 20% of allowable expenses.

Child Care Expenditures (began in 1984):

FY 1986	FY 1988 est.
$3,370.0 Million	$3,920.0 Million

Target Groups:
See above mentioned Description for eligible income groups.

Internal Revenue Service

EMPLOYER-PROVIDED CHILD OR DEPENDENT CARE SERVICES

Authorizing Legislation:

Section 129 of the Internal Revenue Code, as amended by P.L. 99-514.

Description:

Allows employees with children under age 15 or disabled dependents or spouses to exclude from their gross income employment-related dependent care assistance paid for or provided by their employers through qualified dependent care assistance plans. Qualified dependent care assistance programs are those that do not discriminate in favor of employees who are owners, officers, or highly compensated individuals. The total benefits which may be paid to a group of employees who own more than 5% of the stock or of the capital or profits interests in the employer are limited to a maximum of 25% of the total benefit provided under the plan. Beginning in tax year 1987, employees exclusion was limited to $5,000 from their gross income ($2,500 if married, filing separately).

Child Care Expenditures (began in 1982):

FY 1986	FY 1988 est.
$20.0 Million	$65.0 Million

(includes programs described on next 2 pages, as well).

Target Groups:

Single-parent and two-parent families making less than $15,000

Single-parent and two-parent families making between $15,000-$25,000

Internal Revenue Service

ACCELERATED COST RECOVERY SYSTEM

Authorizing Legislation:

Section 168 of the Internal Revenue Code as amended by the Economic Recovery Tax Act of 1981 (P.L.97-34).

Description:

Allows employers to depreciate deduction for "recovery property." Recovery property is an asset which is tangible, is of a character subject to the allowance for depreciation, and is used in trade or business. Amounts deductible under ACRS are based on the class of recovery property in which a particular asset is included and on the length of the recovery period. An employer who establishes a child care center may be eligible to depreciate the center's capital costs under ACRS.

Child Care Expenditures (began in 1981):

Entire Program	Day Care Component
No direct funding is provided for this program. Funding is provided through a tax depreciation deduction.	Revenue loss estimates are not available.

Target Groups:

Single-parent and two-parent families making less than $15,000

Single-parent and two-parent families making between $15,000-$25,000

Single-parent and two-parent families making above $25,000

Internal Revenue Service

NON-PROFIT CHILD CARE CENTERS, TAX EXEMPTION

Authorizing Legislation:

Section 501 (k) of the Internal Revenue Code.

Description:

Child care centers that are not for profit receive deductible contributions and are themselves exempt from income taxation. Some such centers are in churches and in other traditionally non-profit and little regulated groups as well as some free-standing organizations.

Child Care Expenditures (began in 1984):

FY 1986	FY 1988 est.
$2.5 Million	$2.5 Million

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Department of Health and Human Services

HEAD START

Authorizing Legislation:

Authorized through FY 1990 under authority of the Human Service Reauthorization Act of 1986 (P.L. 99-425).

Description:

Authorizes 80% matching grants to eligible Head Start agencies to provide services to help improve the social and learning skills, and the nutrition and health status of low-income children and, to a limited degree, handicapped children before they start school.

Child Care Expenditures (began in FY 1965):

FY 1986	FY 1988
$1,050.0 Million	$1,206.0 Million

Target Groups:

Welfare (Also handicapped to a limited degree)
Single-parent and two-parent families making less than $15,000 (if children are eligible for Head Start)

STATE AND LOCAL CHILD CARE

Commitment and innovation characterize child care activity at the state and local level. In some states, child care represents a new field of action; in others, state support is long-established and well-developed.

All states provide one or more elements of a child care infrastructure in the form of funding, training for child care providers, child care resource and referral systems, health and safety regulation and defining standards for care providers.

In all states, primary responsibility for determining the amounts and types of child care to be created generally rests with communities, local agencies, community organizations and the private sector.

Spurred by parental interest in school readiness and the success of pre-school programs for at-risk children, some states are tapping into their educational infrastructures to accommodate the day care need while teaching pre-school children. Possibly signalling a trend, eleven states are using expanded pre-school education hours as a means to a day care end.

These mergers of educational and day care objectives are pertinent to policy: many advocacy groups fault state and local performance in providing "quality" care, which they regard as including professional child development standards for child care workers, group size, staff:child ratios, curriculum, parent involvement, parental access, health and nutrition standards, and environment. An in-depth study of care standards and legislative histories would be necessary to ascertain which factors in state programs aimed at "quality" to accept or to reject.

State Child Care Funding, General

Twenty-nine states subsidize child care to parents through their tax codes. Twenty states and the District of Columbia provide tax credits to parents, a dollar-for-dollar subsidy of child care. An additional eight states treat child care expense as a deduction for parents, subsidizing varying percentages of the expense. Many of the states' tax benefits are determined by the Federal tax subsidies, following the states' longtime practice of conforming their deductions to those offered by the Federal government. Tax credits or deductions are provided to employers who provide direct or indirect child care assistance for their employees in at least eight states.

Many states have enacted policies to support child care, such as providing financing for the training of care providers and establishing revolving low interest loans for construction or renovation of child care facilities.

The departments and agencies responsible for child care, and state child care approaches vary so dramatically among the 50 states, that a separate, comprehensive study would be necessary to arrive at a reliable figure for total state spending, excluding federal grants.

State-funded child care activities include:

Resource and Referral Services (15 states) -- These programs provide information and advice to parents and employers on local child care options. Some "R&R" services also furnish technical assistance and training for child care providers, provide community education on quality child care practices, and work with the community in developing new child care resources.

California sponsors the nation's most extensive R&R network -- a total of 65 R&R agencies, with at least one operating in each of the state's 58 counties.

Model employer policies (19 states) -- Child care facilities serving state employees demonstrate (1) the value of child care in recruiting new personnel and (2) successful practices in designing and operating such facilities.

The largest such program is New York's Empire State Day Care Network, operating 35 centers throughout the state, all on state property including 14 state university campuses. The $3 million budget covers administration, training and start-up costs for new centers; operating costs are paid by parent fees and independent fundraising activities.

Community education projects -- These activities aim at stimulating the growth of child care though meetings, conferences and publications educating the community and the private sector on the need and the means for meeting the demand.

Training and Recruitment -- state-provided technical support for the training and recruitment of new child care workers and administrative personnel.

Noteworthy funding approaches include:

Indiana	Increased the state cigarette tax, designating a percentage of revenues for child care programs.
Illinois	A pilot project with the Chicago Community Trust for renovation and expansion of 10 child care centers in Chicago. The Trust is advancing the $500,000 for the construction and renovation. The state will repay the loans through increased reimbursement rates for the anticipated 300 new child care slots.

Connecticut	Provides grants to municipalities to improve local supportive services for child care.
California	A joint state-federal-private sector project, the California Child Care Initiative, led by the BankAmerica Foundation channeled funds through six state R&R agencies to recruit, train, and provide technical assistance to family day care providers and school age child care programs. In the first year, the project created 1,100 new child care spaces in 231 family day care home as well as five new school age programs (in a total of 20 cities).

State Child Care Funding for Low Income Families

The primary tool for child care assistance to low income families is Federal Social Services Block Grant Title XX funds. Flexibility is a purpose of the grants, allowing states to address the needs of low income working parents (whether or not they receive Aid to Families With Dependent Children [AFDC]), parents enrolled in education or training programs, teenage parents, and children receiving other public protective services.

Four states, Alaska, California, Montana and Oregon, use only state funds to assist low income families with child care.

Another device used by the states to assist low income child care is the "AFDC Child Care Disregard" which permits states to disregard earnings that working poor parents spend on child care (up to $160 per child).

In eight states, child care is a component of welfare reform. In most of these, mothers with children over a specified age are required to participate in job training or job search programs, and child care is paid for by vouchers given to the parents to cover fees in state licensed or approved day care. Mothers of younger children may take part voluntarily. Transitional child care help after the mothers accept employment is generally provided for a period from three months to a year.

Other noteworthy funding approaches include:

Alaska, New Mexico & Minnesota	Provide refundable tax credits to families at or below the tax threshold. The limits are $230.40, $360 and $1,440, respectively.
New Mexico	Increased the fees for vital documents by $6 to generate revenues for child care services for low income working parents.

Early Childhood Education

Early childhood education programs are noted here because a substantial body of opinion holds that these programs also serve a day care need. Additionally, eleven states have adjusted the operating hours of pre-school education programs to attract or accommodate working parents. Inclusion of these programs here should not be construed as a finding that education is a function of day care or vice versa.

Separate from "day care," which seeks to meet working parents' needs for child care, early childhood education programs pursue specific educational goals involving pre-school children, especially at-risk youth. States provide early education in two ways:

The Federal Head Start program operates in every state. The program has four major components -- pre-school education, health, parent involvement, and social services. Eight states (Alaska, Connecticut, Hawaii, Maine, Massachusetts, Minnesota, Rhode Island and Washington) and the District of Columbia supplement federal Head Start funding to expand the program, to supplement Head Start staff salaries, or to help local communities meet the local matching fund requirement.

Twenty-three states and the District of Columbia operate state pre-school programs to promote school readiness. The eleven states offering either full school day or full working day programs are Florida, Illinois, Kentucky, Louisiana, Massachusetts, New Jersey, Ohio, Oklahoma, Vermont, West Virginia and the District of Columbia.

ALABAMA

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX & FISCAL POLICIES

The state offers no child care credit or deduction.

87 LEGISLATION

* Designated child care as a mandated service under SSBG.

* Designated 87 funding as a minimum funding level.

* Makes the enforcement of laws regarding the operation of unlicensed or out of compliance child care facilities a priority.

* Increased the number of children allowed in a day care center from 6 - 12. Removed group homes from agency supervision. Defined group day care as a family home with 2 or more adults caring for 7 - 10 children.

* $24 million was appropriated from the Alabama Special Education Trust Fund (conditional on the status of the Trust as determined by the Governor) for the Department of Human Resources to provide child care services to 1,80 eligible children.

ALASKA

FUNDING

Alaska uses only state monies to fund child care services.

STATE TAX & FISCAL POLICIES

Alaska has no personal income tax, but citizens of the state can file for a refundable state credit cf 16% the federal dependent care tax credit. This program was suspended until January 1, 1993.

1987 LEGISLATION

* Reinstated Education and Training Grant Program for existing child care providers. This program provides scholarships to conferences, tuition for college courses and for the Child Development Associate Credential.

* Established a child care provider training fund through new state licensure fee of $25.00. The state will match monies and will use a portion tc develcp a media training library.

ARKANSAS

FUNDING

The state uses the Social Services Block Grant.

STATE TAX & FISCAL POLICIES

The state provides a 10% dependent care tax credit based on the federal credit.

1987 LEGISLATION

* For the first time, appropriated state funds ($700,000) to supplement federal Title XX funds.

* Established monetary penalties for non-compliance with state Child Care Facilities Licensing Act. Fines will fund a new child care facility review board.

* Provided additional funding for additional staff to license.

* Established teen parents as an equal priority with working parents and parents in training for child care programs.

* Created a mandatory, state subsidized child care program within the Department of Human Services. The program was funded at $86 million to serve a minimum average of 6,500 children annually.

* Creates the Child Care Providers' Training Committee to develop a training program, solicit and award training programs, and purchase materials for loan to providers' for staff training. Also created a child care providers' training fund by imposing licensing fees.

ARIZONA

FUNDING

The state uses the Social Services Block Grant.

STATE TAX & FISCAL POLICIES

The state offers a deduction of dependent care expenses up to $100 per month for individuals earning up to $6,000 per year.

STATE AS EMPLOYER

In January 1985, the Child Development Center was opened for state employees. The center is operated by contract. The state provides space, utilities, maintenance, renovation and equipment. There is an allowance for use by non-employees of the state.

1987 LEGISLATION

Child care facilities are no longer categorized as a business for tax purposes. Instead they are included with nursing homes and treatment centers which effectively reduces the tax liability for child care centers.

CALIFORNIA

FUNDING

California funds the state child care programs with state funds.

WELFARE REFORM INITIATIVE

Greater Avenues to Independence (GAIN) requires participation of recipients of welfare with children over six. The program is voluntary for welfare recipients with children younger than six.

The child care component is administered through the Department of Social Services. Vouchers are given to parents in job search or training programs to purchase child care in licensed facilities or family home care which has met guidelines set by the Department of Social Services. Child care services were provided to about one fourth of the 8,793 GAIN participants in 1987. Transitional assistance is available up to three months after entering employment.

STATE TAX & FISCAL POLICIES

California has a state dependent care tax credit of 5-10% (based on income) of the federal dependent care tax credit.

RESOURCE AND REFERRAL

California sponsors the most extensive resource and referral network in the nation. There are 65 agencies and at least one operates in each of the 58 counties.

The California Child Care Initiative (CCCI) is an alliance of 15 corporations, foundations and public agencies organized by the BankAmerica Foundation. The primary goal is to increase the availability of child care. Through a pilot program operating in six of the resource and referral agencies, CCCI recruits, trains, and provides technical assistance to new child care providers. In the first year of operation 1,100 new child care spaces were created in 231 new family day care homes. Additionally, 5 new school age programs were established in 20 cities throughout the state. CCCI is expected to expand to 6-10 new sites in 1988.

CALIFORNIA

STATE AS EMPLOYER

California opened the first day care center for state employees in 1975 as a result of a collective bargaining agreement between the California State Employees' Association, the CWA and the California Association of Professional Scientists. A $100,000 child care fund was established to facilitate this development. To qualify for funds, state employees must constitute 51% of the center's Board of Directors. Preference is given to on-site centers in state buildings. State agencies are encouraged to provide space for child care centers and support services. Six additional sites have opened since 1975.

The legislature has mandated state office buildings with 700 or more employees to set aside space for a day care center.

1987 LEGISLATION

* Revised technical aspects of a pilot program that deals with the maintenance and release of child care providers' criminal records.

* Requires the Department of Social Services include a review for any child abuse investigation in the child care licensing procedure.

* Created the Senate Task Force on Child Care to conduct a 12 month study on the feasibility of establishing a social insurance program funded by employee and employer contributions to provide affordable child care.

* Authorizes school districts to sell or lease surplus real property to designated child care providers for child care development purposes.

* Established a three year pilot program to expand availability through the resource and referral network - CCCI.

* Amended current law providing funds for capital outlays to providers of day care that extends beyond school hours.

* Established that a person authorized by a school district to teach children of a given age, to be employed by a day care center and provide care for children of that age without meeting additional educational requirements.

* Deletes certain funding limitations for child care services in specified job training programs pursuant to JTPA. Also made administrative changes for agencies that administer the child care and employment fund.

COLORADO

FUNDING

The state uses Social Services Block Grant.

STATE TAX & FISCAL POLICIES

The state offers a tax deduction equal to the expenses allowed in calculating the federal dependent care tax credit.

CONNECTICUT

FUNDING

Connecticut uses the Social Services Block Grant funds.

WELFARE REFORM INITIATIVE

Connecticut's Job Connection has the same eligibility requirements as the Work Incentive Program. Participation is mandatory for welfare recipient with children older than six. FY88 funding for this program is 2.6 million. Child care for participants is reimbursed to parents through checks.

Transitional child care is provided through the AFDC child care disregard.

STATE TAX & FISCAL POLICIES

The state taxes only unearned income.

STATE AS EMPLOYER

The state provides on-site child care services for legislative employees.

1987 LEGISLATION

* Sets forth the duties related to day care for the Department of Human Resources to include: an inventory of services, technical assistance, identification of funding resources, training providers, study liability insurance, seek private sector support, work with welfare recipients, and report to the Governor and legislature annually.

* Increased inspection requirements for registered family day care homes.

* Added two reasons to revoke or suspend the registration of a family day care home. These reasons are failing to substantially comply with the regulations and, endangering the health, safety, and welfare of the children.

* Redefined family day care home to allow three additional children to be cared for during the school year.

1987 Legislation, cont.

* Specifies that the neighborhood facility grant program may include awards for planning, construction, renovation, site preparation and purchase of child care facilities. Removed the limit on percentage of net cost the grant could cover and made private non-profits eligible.

* Extended the school based child care program indefinitely. Eligibility was granted to boards of education and child care providers. Allows grant money to be spent on transportation. Also allows the funds to be used to provide child care services to employees of the town in which the facility is located.

* Requires zoning commissions to allow operation of group or family day care homes in residential areas.

DELAWARE

FUNDING

Delaware uses the Social Services Block Grant.

STATE TAX & FISCAL POLICIES

The state has a dependent care tax credit of 25% of the federal credit.

DISTRICT OF COLUMBIA

FUNDING

The District provided all child care assistance programs using District funds.

DISTRICT TAX & FISCAL POLICIES

Allows a dependent care tax credit of 30% of the federal credit.

RESOURCE & REFERRAL

Contracts with a private non-profit agency for resource and referral services. FY87 funding was $90,000.

CHILD CARE LINKAGES WITH EARLY EDUCATION

The District has been supporting early education programs since 1968. Since 1982, pre-kindergarten programs have been available in each school and funded from the mainstream school budget. Since 1985 the programs have been phasing in full school day programs. All 170 programs should be operating full school day programs in this school year. About 20 of these programs also offer before and after school care paid for by parent fees.

FLORIDA

FUNDING

The state uses the Social Services Block Grant funds for child care services.

WELFARE REFORM INITIATIVE

In FY87 $5 million was available for employment and training, $2 million for support services. Transitional child care is available for three months after employment. WIN clients are the first priority.

STATE TAX & FISCAL POLICIES

The state has no state income tax.

STATE AS EMPLOYER

The state began a pilot program serving 75 children in March 1986. The program is privately operated n state grounds. Funds were allocated for start-up costs and renovations. The state Department of Health and Rehabilitative Services is conducting a formal evaluation of the benefits to the state in terms of reduced absenteeism, turnover and increased productivity and morale.

CHILD CARE LINKAGES WITH EARLY EDUCATION

In June 1986 th legislature approved the Pre-kindergarten Early Intervention Program. This legislation encourages full school day and full working day programs. Two such programs had been funded as of November 1987.

1987 LEGISLATION

* Designated the Department of Health and Rehabilitative Services as the one agency responsible for planning, integration, and coordination of employment services including day care for public assistance recipients.

* Authorized two demonstration projects to provide after school programs for pre-teenagers. The programs are to be offered cooperatively by school districts and local park and recreation departments.

LEGISLATION, cont.

* Directed the Department of Health and Rehabilitative Services to pay for child care services for eligible participants in the employment and training program, and to continue to pay for child care services up to three months after employment. Eligibility for block grant sliding fee scale child care is available thereafter.

GEORGIA

FUNDING

Georgia uses the Social Services Block Grant funding to provide child care assistance.

WELFARE REFORM INITIATIVE

Positive Employment and Community Help (PEACH) operates in 17 counties in the state. FY88 funding is $768,000. Approximately $400,000 will be spent on child care assistance.

Transitional child care assistance can be arranged up to one year after employment, transitional health care through MedicAid can be arranged for up to six months after employment.

STATE TAX & FISCAL POLICIES

The state dependent care tax credit is independent of the federal statute. The state allows a tax credit of up to 2% of employment related expenses.

1987 LEGISLATION

* Amended criminal record check requirements to allow fac ties to be licensed and individuals employed after applying for the records check, rather than having to wait until after the check has been satisfactorily completed.

* Prohibits the Department of Human Services from regulating the curriculum content of group day care homes or day care centers. Required the posting of emergency telephone numbers and specified minimum square footage for group day care homes and day care centers.

* Excludes social security and veteran's benefits in calculating income for the child care income disregard.

HAWAII

FUNDING

Hawaii uses the Social Services Block Grant program to fund child care services.

STATE TAX & FISCAL POLICIES

The state dependent care tax credit is linked to the federal statute in some manner.

IDAHO

FUNDING

Child care services are provided primarily through the Work Incentive Program to AFDC parents. Social Services Block Grant funds are used only after WIN funds have been exhausted and for protective services.

STATE TAX AND FISCAL POLICIES

The state tax code allows a deduction for dependent care based on 100% of federally allowed expenses.

STATE AS EMPLOYER

The state provided a subsidy to renovate two houses near state offices to operate as day care centers. Subsidies were also granted for equipment and supplies for start-up costs The State contracts with the YMCA to run the center which serves 40 children, infants to three years old. The Idaho Personnel Commission estimates that the state has saved $10,000 in sick leave time.

LEGISLATION

* Established a licensing system and minimum standards for day care centers. The legislation includes application process, inspection requirements, license issuance, renewal, denial, suspension, and revocation procedures. Fire, safety and health standards are set also. Licensing authority rests with the Department of Health and Welfare.

ILLINOIS

FUNDING

Illinois uses the Social Services Block Grant Program to fund child care services.

STATE TAX & FISCAL POLICES

The state has no dependent care tax credit or deduction.

STATE AS EMPLOYER

The Illinois Department of Revenue began its day care center in February 1986. The state provides space, utilities, toys, furniture, and equipment. The program is run by the Lincoln Land Community College.

In addition, the Department of Central Management allows operating agencies to contract for the provision of child care services for agency employees. The centers are allowed to operate in state-owned or leased facilities.

The state also permits state employees to use an income reduction plan in which the state deducts money from employee paychecks before taxes and then uses this money to reimburse the employee for child care expenses.

CHILD CARE LINKAGES WITH EARLY EDUCATION

In 1985 the Illinois legislature passed education reform legislation. Linkages were encouraged with other social programs and early education programs can be provided on half or full day, including full working day, schedules. The Chicago school district is the only one in the state providing full school day programs.

1987 LEGISLATION

* Requires each licensed child care facility to have one staff member on the premises certified in first aid, the Heimlich maneuver and CPR.

LEGISLATION, cont.

* Allows the Department of Public Aid to provide child care services and Medicaid coverage to former aid recipients whose earnings would otherwise make them eligible.

* Appropriated $950,600 for an infant day care program for 300 infants as a component of a state program "Families With A Future".

* Created a pilot prog.am with the Chicago Community Trust. The Trust is providing $500,000 for the renovation and expansion of 10 child care centers in the city. The state will repay the loan through increased reimbursement rates for the 300 child care slots created by the expansion.

INDIANA

FUNDING

Indiana uses the Social Services Block Grant to fund child care assistance programs in the state.

STATE TAX & FISCAL POLICIES

There is no state dependent care tax credit or deduction. However, the state did increase the cigarette tax 5 cents a pack, with revenue designated to fund child care programs.

1987 LEGISLATION

* Authorized grants to create five child care programs for low-income pre-school children. The grants will be administered by the Department of Aging and Community Services.

IOWA

FUNDING

The primary source of funding for low income child care assistance programs in Iowa is the Social Services Block Grant.

STATE TAX & FISCAL POLICIES

The state tax code includes a dependent care tax credit of federally allowed dependent care expenses.

A child care facilities grant program is funded at $430,000. Grants can be used to purchase education, training or equipment to assist a facility to meet state standards or to improve quality.

RESOURCE & REFERRAL

The state allocated $150,000 for start up grants that can be used to develop resource and referral services or school age child care programs. A state lottery was previously used to generate revenue for this program, however sufficient funds were not raised.

STATE AS EMPLOYER

The Iowa Department of Transportation provides space, utility costs, and maintenance services for a child care center which is operated by a non-profit child care provider for services. Start-up costs were subsidized by $9,000 from the state and 4,000 volunteer hours from employees.

1987 LEGISLATION

* Prohibited the licensing or employment by licensed agencies of individuals convicted of crimes or with criminal records of child abuse. Such individuals are also prohibited from residing in licensed homes or agencies. Child care providers are granted access to certain child abuse data.

* The state appropriated $1 million to supplement the federal SSBG funds for child care. The income eligibility for this program was also raised to correspond with increases in the Social Security benefits. Legislation also established local, county and state matching fund requirements.

KANSAS

FUNDING

The Social Services Block Grant is the primary funding source for child care assistance programs in Kansas.

STATE TAX & FISCAL POLICIES

The state offers a dependent care tax credit ranging from 10 - 100% of the federal credit, inversely related to income.

1987 LEGISLATION

* Established procedural protections to family day care home operators and workers who have committed acts of abuse or neglect. Requires and defines the validation of such acts. Allows continued operation or employment if the individual completes an approved corrective action plan or has been cleared of charges.

KENTUCKY

FUNDING

Kentucky uses the Social Services Block Grant to fund child care assistance programs.

STATE TAX & FISCAL POLICIES

The state dependent care tax deduction is independent of the federal tax code. There is a $400 limit.

CHILD CARE LINKAGES WITH EARLY EDUCATION

Kentucky established two grant programs to serve pre-school children in 1986. The Parent and Child Education (PACE) program may operate on a half day or full school day schedule. The hours of the 18 operating classes is not available.

LOUISIANA

FUNDING

The Social Services Block Grant is the primary funding source for low income child care assistance in Louisiana.

STATE TAX & FISCAL POLICIES

The state tax code includes a 10% dependent care tax credit of the federal dependent care credit.

CHILD CARE LINKAGES WITH EARLY EDUCATION

In 1985 Louisiana funded early childhood education programs with separate legislation. The programs are administered by the Department of Education. 57 of the 71 programs are full school day programs.

1987 LEGISLATION

Extended the exemption from licensing requirements to public or private day schools operating pre-kindergarten programs.

MAINE

FUNDING

Maine uses the Social Services Block Grant program to finance child care assistance programs in the state.

STATE TAX & FISCAL POLICIES

The state dependent care tax credit is tied to the federal tax credit. The percentage has been gradually increasing to 25%, which becomes effective this tax year.

RESOURCE & REFERRAL

The state allocated $500,000 for two years to fund six regional resource and referral centers. The centers will determine local need; recruit and train providers; make referrals; work with employers; and encourage cooperation among schools, employers, municipalities, and community organizations. An additional $45,000 was provided to train resource development center staff.

MARYLAND

FUNDING

Maryland uses the Social Services Block Grant to fund the state's child care assistance programs.

STATE TAX & FISCAL POLICIES

The state dependent care tax deduction is based on the federal credit, allowing a 100% deduction of federally allowed dependent care expenses.

The state also has a Day Care Facilities Loan Guarantee Program which guarantees any loan obtained from private lending institutions by child care providers for the renovation or construction of child care facilities. in FY87 this program was funded at $2.3 million.

RESOURCE AND REFERRAL

For FY88 the state provided $98,700 to contract with private non-profits to operate a network of five resource and referral programs state-wide.

STATE AS EMPLOYER

Maryland provides on-site child care for state legislative employees.

1987 LEGISLATION

* Requires that each county develop a needs assessment and recommendations for the delivery of school age child care. Requires that the Governor appoint a coordinator to assist the counties and report the recommendations.

MASSACHUSETTS

FUNDING

The state uses the Social Service Block Grant to fund child care assistance programs.

WELFARE REFORM INITIATIVE

Employment and Training Choices, ET, had a $27.4 million budget for FY87. Just about half of those funds were spent on child care. Vouchers are given to parents who can purchase child care in and regulated and licensed facility. There is a small amount of federal match funds used for child care for participants in job search activities. Transitional child care assistance after employment can be arranged for up to one year after employment. After that period, child care through the SSBG program is available. Since the program has been in operation, approximately 9,800 children are reached annually at an average monthly cost of $290.

STATE TAX AND FISCAL POLICIES

The Massachusetts dependent care tax deduction is tied to the federal tax code. The state allows a 100% deduction for federally allowed expenses.

The state has also financed ($750,000) a pilot loan program through the Industrial Finance Agency. Loans can be used to fund the start-up costs, renovation or construction of child care programs.

RESOURCE AND REFERRAL

The state funds twelve non-profit agencies to provide regional resource and referral services, resource development, technical assistance, and day care provider training. FY88 funding is $2 [illegible] million.

The Office of Child Day Care established in the Office of Economic Affairs provides technical assistance to employers interested in meeting the child care needs of employers. $6[illegible]0,000 for training for child care providers is administered through the State Office of Children.

MASSACHUSETTS

STATE AS EMPLOYER

Massachusetts offers state employees child care services through programs operated by a private non-profit corpor tion. The state provides space, utilities, postage, telephone, erhead costs and maintenance. Other than these benefits, the c rs must operate on a self-sufficient basis. Only state employee may use the centers.

CHILD CARE LINKAGES WITH EARLY EDUCATION

Massachusetts is one of three states to coordinate the funding and administration of child care and early education programs Coordination is fac litated by the Day Care Cabinet which is served by the Secretaries of Community and Development, Economic Affairs, Human Services, Labor, and the Commissioner of Education.

The programs early education programs are administered through the Office of Early Education in the state Department of Education. These programs can operate on half, full-school day, and full wo king day schedules.

MICHIGAN

FUNDING

Michigan used state funds to provide child care assistance programs in 1987.

STATE TAX & FISCAL POLICIES

Michigan has no state dependent care tax credit or deduction.

RESOURCE AND REFERRAL

The state funds 11 local agencies to provide resource and referral services. $433,300 is provided on a 4:1 match basis. In FY88 $150,000 has been allocated to coordinate the 11 local agencies at the state level.

STATE AS EMPLOYER

A vacant cottage on the campus of the Michigan School for the Blind was converted to a child care center for state employees. The center, with a capacity to serve 70 children, must be self-supporting.

MINNESOTA

FUNDING

Minnesota uses the Social Services Block Grant to fund the state's child care assistance programs.

WELFARE REFORM INITIATIVE

The state appropriated $25.7 million for FY87 and FY88 to fund child care assistance programs. $12 million is targeted to low income working families earning between 50-75% SMI. $13.7 million is for the sliding fee scale child care program to be targeted as follows:

- $ 6 million - AFDC parents younger than 21, parents without diplomas, and AFDC recipients for 24 months or longer;
- $ 5 million - AFDC recipients in public colleges or universities.
- $ 2 million - non-AFDC parents in public colleges or universities;
- $ .7 million - non-AFDC parents in private colleges or universities.

STATE TAX AND FISCAL POLICIES

Minnesota provides a dependent care tax credit of $720 for up to two dependents to taxpayers with an adjusted gross income less than $10,000.

The state also has a grant program for providers for the structural renovation of child care facilities, start up costs, the expansion of facilities, training expenses, or for the purchase of equipment. This programs's FY88 funding is $250,000.

A state bond issue was authorized to build 16 day care centers at community colleges and technical schools.

MINNESOTA

RESOURCE AND REFERRAL

$125,000 was appropriated for resource and referral services in the state. 80% is targeted for the rural areas of the state.

1987 LEGISLATION

* Requires child care providers to pay more than 110% of the county average wage for child care workers in order to secure maximum reimbursement for subsidized child care.

* Requires case managers of AFDC recipients receiving employment and training services to coordinate necessary child care services.

MISSISSIPPI

FUNDING

Mississippi uses the Social Services Block Grant to provide child care services in the state.

STATE TAX AND FISCAL POLICIES

The state does not have a dependent care tax credit or deduction.

STATE AS EMPLOYER

The state provides on-site child care services for legislative employees.

MISSOURI

FUNDING

Missouri uses the Social Services Block Grant to finance child care services.

STATE TAX & FISCAL POLICIES

The state does not have a dependent care tax credit or deduction.

MONTANA

FUNDING

Montana funds the state child care assistance programs with state monies.

WELFARE REFORM INITIATIVE

The state provides $200,000 for transitional child care assistance to mothers no longer eligible for AFDC benefits. This program is administered by the Displaced Homemakers Network.

STATE TAX AND FISCAL POLICIES

Montana's state dependent care tax deduction is independent of the federal tax code. The state allows a maximum deduction of $4,800, based on income and number of dependents.

1987 LEGISLATION

* Requires elementary district boards of trustees to provide special education programs for three - to six year old handicapped children by 9/1/91, conditional on federal appropriations.

NEBRASKA

FUNDING

Nebraska uses the Social Services Block Grant funding for child care assistance programs in the state.

STATE TAX AND FISCAL POLICIES

Nebraska does not have a state dependent care tax credit or deduction.

1987 LEGISLATION

* Authorized the Department of Social Services to conduct criminal record checks of members of a child care provider household or an early childhood program applicant or licensee.

* Requires early childhood programs to seek proof from parents of proper immunization. Parents may refuse to immunize their children, but must state in writing that they are refusing to do so. The Department of Health is directed to conduct random checks to determine compliance.

NEVADA

FUNDING

Nevada funds state child care assistance programs with Social Services Block Grant funds.

STATE TAX AND FISCAL POLICIES

Nevada does not have a state income tax.

NEW HAMPSHIRE

FUNDING

New Hampshire uses the Social Services Block Grant program to fund child care assistance programs.

STATE TAX AND FISCAL POLICIES

New Hampshire only taxes unearned income.

1987 LEGISLATION

* Appropriated $5,000 for a statewide conference on incentives to promote employer sponsored child care.

NEW JERSEY

FUNDING

New Jersey funds child care assistance programs through the Social Services Block Grant.

WELFARE REFORM INITIATIVE

Realizing Economic Achievement, REACH, is funded at $12 million for FY87. Approximately $4 million of this will be spent on child care. The program is mandatory for AFDC mothers whose children are older than two years of age. Transitional child care can be arranged up to one year after entering employment.

STATE TAX AND FISCAL POLICIES

New Jersey does not have a state dependent care tax provision.

RESOURCE AND REFERRAL

The state allocated $494,400 to fund 3 regional resource and referral agencies and a clearinghouse.

STATE AS EMPLOYER

New Jersey's first child care center for state employees was a pilot project between Governor Kean and former AFSCME President, Al Wurt. The on-site center is located at the North Princeton Developmental Center. Fees, which are based on a sliding fee scale based on salary, range from $30-$50 per week/per infant and $25-$45 per week/per pre-schooler. The center can serve 30 children. Current enrollment is 27. Other state agencies are exploring the possibility of establishing similar programs.

CHILD CARE LINKAGES WITH EARLY EDUCATION

New Jersey has supported pre-kindergarten programs since 1903. A new early childhood program was funded in 1988. The program is administered by the Department of Human Services, Division of Youth and Family Services. Priority is given to Head Start programs to expand to full year, full working day programs. School and private non-profits may also apply for funding.

NEW JERSEY

1987 LEGISLATION

* Provides for the voluntary registration of family day care homes, which shall be certified to operate by the Division of Youth and Family Services of the Department of Human Services.

* Directs the Commissioner of Human Services to establish a grant program for school age child care in the schools.

NEW MEXICO

FUNDING

Child care assistance programs were funded through the Social Services Block Grant program.

STATE TAX AND FISCAL POLICES

New Mexico's tax code allows a dependent care tax credit which is independent of the federal law. 40% of compensation to care givers is accepted, up to $480 per dependent.

The state increased the fee (from $4 to $10) for searches and copies of vital documents to generate revenues which will be used to supplement the income eligible day care program under the SSBG program.

RESOURCE AND REFERRAL

Three resource and referral agencies are supported. FY87 funding was $72,000.

1987 LEGISLATION

* Funds school programs for developmentally disabled three and four year old children through the public school funding formula. Allows for the transportation of these children through the public school transportation appropriation.

NEW YORK

FUNDING

New York uses both Social Service Block Grant and state monies to fund child care assistance programs.

The state has an additional program to provide transitional child care assistance of up to nine months after entering employment.

STATE TAX AND FISCAL POLICIES

New York allows a 20% dependent care state tax credit of the federal credit.

$3 million was appropriated for the planning, remodeling, renovation, operation, and purchase of equipment for new non-profit all day child care programs.

$100,000 was appropriated to hire additional staff to license, certify, or register child care programs.

RESOURCE AND REFERRAL

The resource and referral budget was tripled to $750,000. The number of new programs this will fund is not known.

STATE AS EMPLOYER

The Empire State Day Care Services is the result of negotiations in 1979 between the Civil Service Employees Association. The first center opened in 1979 and has expanded to 30 sites, all operated in state facilities, half of which are on state college and university campuses.

NEW YORK

1987 LEGISLATION

* Exempts parents of children enrolled in a day care center or Head Start program who volunteer as staff from background checks. Requires a background check of assistant group family day care providers.

* Authorizes the Commissioner of the Department of Social Services to award contracts to non-profit organizations or other specified agencies for the administration of child care resource and referral agencies.

* Extends the expiration date of a grant program for the start up costs of non-school-hour child care programs until October 30, 1990. Allows money to be spent for the expansion and upgrade of facilities.

NORTH CAROLINA

FUNDING

The Social Services Block Grant finances the child care programs in the state.

STATE TAX AND FISCAL POLICIES

The state allows a dependent care tax credit which is independent of the federal provision. 7% of employment-related expenses are allowed, up to $4,000 year.

1987 LEGISLATION

* Amends the day care licensing law. This legislation exempts day care homes with less than three children from registration and adds new categories of child care homes and centers. The legislation also: increases the fines for violating licensing laws from $50 to $300; reduces the age requirement for child care staff from 18 to 16; and, reduces inspections of day care homes to a biennial basis.

NORTH DAKOTA

FUNDING

North Dakota only provides child care assistance to families in need of protective services.

STATE TAX AND FISCAL POLICIES

North Dakota does not offer a dependent care tax credit or deduction.

1987 LEGISLATION

* Defined early childhood services to exclude inpatient hospital child care.

* Required that license fees for family day care homes be paid to the county social service board for evaluation or training of day care providers.

OHIO

FUNDING

Ohio uses the Social Services Block Grant to fund child care services in the state.

STATE TAX AND FISCAL POLICIES

Ohio's tax code includes a 25% dependent care tax credit, based on the federal provision.

The Department of Development offers technical assistance on regulation and licensing to day care administrators and providers establishing their business.

STATE AS EMPLOYER

In October 1986, Ohio opened an on-site/near-site center for state employees in an historical state office building which is still used for state offices and which is across the street from a newer and larger state office building.

The state provided money for capital improvements and "Children First" was established as a tax-exempt, non-profit corporation to contract with the state. Providers of "Children First" are not state employees.

In April of 1988, the center is expanding capacity from 30 children to 100-150. Satellite centers in other Ohio cities are being planned also.

CHILD CARE LINKAGES WITH EARLY EDUCATION

In 1985 Ohio provided funding to develop model pre-school, early education and school age child care programs. Three of the programs funded were for pre-kindergarten projects.

1987 LEGISLATION

* Exempts certain activities with children from child day care licensing requirements.

* Makes child care programs operated by school districts and eligible non-public schools subject to regulation by the State Board of Education if they operate in school buildings.

OKLAHOMA

FUNDING

Oklahoma uses the Social Services Block Grant program to fund child care programs.

STATE TAX AND FISCAL POLICIES

Oklahoma provides a 20% state dependent care tax credit, based on the federal credit.

CHILD CARE LINKAGES WITH EARLY EDUCATION

The Education Improvement Act of 1985 provided funds to expand early childhood education in the state. 37 pre-kindergarten programs were funded, 25 for full-school day projects.

1987 LEGISLATION

* Allows any school district to provide transportation to children participating in Head Start programs.

OREGON

FUNDING

Oregon used the Social Services Block Grant to fund the state's child care assistance programs in 1987.

TAXES AND FISCAL POLICIES

The state dependent care tax credit is 40% of the federal credit.

The state has a $100,000 grant program for the physical improvement of child care facilities.

Employers are provided a 50% tax credit for either reimbursing employees for their child care expenses, or for providing child care facilities.

RESOURCE AND REFERRAL PROGRAM

In FY87, Oregon appropriated $100,000 for matching grants to fund a resource and referral network.

STATE AS EMPLOYER

In 1985 the legislature authorized the Commission for Women to enter contracts to establish and operate day care information and referral services. The Commission for Child Care was created which permits any state agency to supply employers with information on the benefits of providing day care for employees.

1987 LEGISLATION

* Limits the number of children in a family day care home to fewer than 13 in order to qualify as residential use property for zoning purposes. This number must include the children of providers and staff regardless of their full or part-time status.

* Distinguishes baby-sitter, day care, and family day care. Increases the number of children allowed in non-credentialed day care from six to seven. Additional children may be allowed at certain times of the year. Authorizes the establishment of rules for certification of day care for up to 11 children and provides guidelines.

1987 Legislation, cont.

* Appropriates an additional $21,000 to the Child Care Commission to establish a grant program to enhance child care resource and referral agencies.

* Creates a dependent care assistance plan for eligible state employees to include: an expense reimbursement plan; a salary reduction agreement; and, the Compensation Reduction Revolving Fund.

* Creates a 50% employer tax credit for child care assistance paid for or provided to an employee and for expenses paid or incurred to provide resource and referral services to employees. Provides tax credits to employers who improve real property to be used as a child care facility.

* Expands the eligibility for the Children's Services Division's child care program grants for programs where the participating parent is enrolled in high school or other pre-college program.

* Requires the Commission for Child Care to establish a grant program for certain resource and referral agencies with matching funds.

* Authorizes a state supported pre-kindergarten program for at-risk children not eligible for other programs. The Department of Education will administer and sub-contract the programs. Creates an interagency advisory committee. Mandates guidelines modeled after Head Start.

PENNSYLVANIA

FUNDING

Pennsylvania uses the Social Services Block Grant to fund the state's child care programs.

STATE TAX AND FISCAL POLICIES

Pennsylvania does not have any dependent care tax credit or deduction.

The state allocated $250,000 to recruit and train new child care providers.

RESOURCE AND REFERRAL

The state provided $182,000 for 5 resource and referral grants to initiate a statewide network.

RHODE ISLAND

FUNDING

Rhode Island uses the Social Services Block Grant to fund child care assistance programs.

STATE TAX AND FISCAL POLICIES

Rhode Island's tax provisions include a dependent care tax credit which is percentage of the federal credit.

$35,000 was provided to fund recruitment, training and technical assistance for bilingual day care providers.

$100,000 was appropriated to stimulate child care facility development in industrial complexes.

A 30% tax credit of total expenditures on child care for employees is provided to employers.

RESOURCE AND REFERRAL

The state supports "Options for Working Parents" based in Providence. Additional funding is provided by the Rhode Island Chamber of Commerce.

STATE AS EMPLOYER

Rhode Island provides on-site child care in one or more state buildings.

1987 LEGISLATION

* Requests the Rhode Island Department of Human Services to re-evaluate the application procedure for the low-income child care subsidy program to accommodate working parents.

* Requests the Department of Health and the Department of Children and Their Families to develop regulations for the care of sick children in day care facilities.

* Requests the Department of Children and Their Families to define the staff/child ratio and group size in certain day care centers.

1987 LEGISLATION, cont.

* Requests the Governor to develop a plan offering child care as a state employee benefit.

* Creates a tax credit for employers who provide licensed child care for employees.

* Creates a 30% tax credit for employers who provide licensed child care services for employees, and for landlords who provide licensed child care services for employees of their commercial tenants or forego rent on space utilized for licensed child care services.

* Requests the Department of Children and Their Families extend comprehensive emergency services day care eligibility for an additional 90 days when other funding is unavailable.

* Directs the Director of Human Resources to establish a $100,000 grant program to non-profit development corporations for sliding-scale day care facilities in industrial parks.

* Makes technical changes in the school age child care grant program authorizing expansion of existing programs and clarifying that grantees may receive continued annual funding.

* Requests the Commissioner of Higher Education to investigate the feasibility of developing course work for family day care providers.

* Requests the Department of Human Services, Department of Elementary and Secondary Education and the Rhode Island Health Center Association to provide local child care information to teenage parents who want to continue their high school education.

SOUTH CAROLINA

FUNDING

South Carolina uses the Social Services Block Grant to fund child care assistance in the state.

STATE TAX AND FISCAL POLICIES

South Carolina allows a 7% dependent care credit based on federally allowed expenses.

SOUTH DAKOTA

FUNDING

Low income assistance is provided through the WIN program.

STATE TAX AND FISCAL POLICIES

South Dakota has no state income tax.

TEXAS

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX AND FISCAL POLICIES

Texas has no state income tax.

The state has authorized use of state facilities for child care programs.

The Texas Employment Commission provides technical assistance to public and private employers.

LEGISLATION

* Requires licensed child care providers to create parent advisory groups.

* Provides for an indefinite license validity period. Expands sanctions to include an evaluation procedure which requires facilities out of compliance with certain standards to remedy and report the corrections within 30 days.

* Exempts state employee child care providers from certain restrictions pertaining to leasing public building space to private tenants.

* Authorizes the Employment Commission to provide technical assistance on child care employee benefits, to establish an advisory committee for employment related day care issues, and to serve as the state child care resource clearinghouse.

* Outlines a salary reduction agreement allowing certain public employees to have an amount excluded from gross earnings for payment of child care expenses.

* Authorizes a commissioner's court of a county with a population of 500,000 or more to establish child care programs for county employees and jurors.

* Establishes parent advisory committees and operator complaint procedures in federal-local day care programs. Establishes state day care centers. Outlines eligibility requirements, standards of operation, fee scales, and public comment procedures. Permits subcontracting with the private sector.

LEGISLATION, cont.

* Allows home-rule cities to provide public facilities to organizations that provide day care services to the indigent.

* Specifies persons who may consent to immunization of a minor for admission to a day care center or school to include: grandparents; an adult brother, sister, aunt, or uncle; a court of jurisdiction; day care facilities or schools that have written authorization; and any adult with a notarized consent authorization.

TENNESSEE

FUNDING

Tennessee's primary source of funding for child care is through Social Services Block Grants.

WELFARE REFORM INITIATIVE

Tennessee has a pilot program to provide 100 children day care. It was established to reach a population of children who did not benefit from existing services. The program also encourages vendors to provide services to under served areas of the state. The program is 100% subsidized with no cost to the parents.

STATE TAX AND FISCAL POLICIES

The state only taxes unearned income.

1987 LEGISLATION

* Limits the number of children in a family day care home to seven, and limits the number of children in a group day care home to 12, with an allowance for three additional school-age children.

* Outlines licensing procedures for child care facilities including a 90-day conditional licensing period, yearly licensing renewal, fines and probation for substantial non-compliance of standards, and notice of probation to parents. Exempts certain child care programs.

* Prohibits discrimination in provider reimbursement between day care centers, family, or group day care homes by the Department of Human Resources.

* Creates a Special Joint Committee to study the child abuse registry and screening of child care providers.

* Directs the Select Joint Committee to continue its day care study and extends the tenure of the committee until the January 15, 1988 reporting date.

* Requires the state Board of Education to publish a report on the Preschool/Parenting Learning Center at Rule High School. Report to be distributed to all local education agencies by February 1, 1988. Requires the Board to provide technical assistance in setting up such centers at other schools.

LEGISLATION, cont.

* Requires providers in day care centers and family or group day care homes to be reimbursed by the Department of Human Resources in the same manner and time frame.

UTAH

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX AND FISCAL POLICIES

Utah does not have a child care state tax credit or deduction.

STATE AS EMPLOYER

Utah permits private contractors to provide child care in state office buildings for state employees.

LEGISLATION

* Increased staff for licensing of day care facilities. This program is funded by state funds and a $25 per facility and $1.50 per child licensing fee.

VIRGINIA

FUNDING

Primary funding for child care is through the Social Services Block Grant.

Virginia has a separate sliding fee scale program which is entirley state-funded. This program is used to provide assistance to families after they are no longer eligible for the Title XX program.

STATE TAX AND FISCAL POLICIES

The state child care tax deduction is equal to 100% of federally allowed expenses.

LEGISLATION

* Prohibits licensed child care centers from hiring compensated or volunteer employees who have been convicted of certain offenses. Amended offenses to include murder, abduction for immoral purposes, sexual assault, pandering, child neglect, certain obscenity offenses, taking indecent liberties with children, and other offenses.

* Requires criminal records checks of certain workers in licensed family day care homes or centers. Prohibits the employment of persons convicted of certain crimes. Provides for revocation or suspension of license as sanctions for non-compliance.

* Exempts from licensing requirements family day care homes which accept up to 10 children, five of whom are school-age and are not in the home more than three hours immediately before and three hours immediately after school each day.

* Directs the commissioner to provide a copy of their criminal records to persons denied employment or licensure as day care providers based on that record.

* Requires licensed child caring agencies and their prospective employees to provide statements regarding convictions or pending charges for certain offenses. Creates penalties for misrepresentation and authorizes unlicensed facilities to require such statements of applicants.

* Establishes a Joint Subcommittee to study the role of state and local government, including school divisions, in competing with for-profit day care programs.

VERMONT

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX AND FISCAL POLICIES

Vermont has a child care tax credit. State tax liability is based on a percentage of the federal tax liability.

The state provided $86,000 for employment and training for child care providers. A percentage of this went to recruitment of new providers. 200 were recruited in FY86-87. The Employment and Training budget doubled to $186,000 for FY88.

RESOURCE AND REFERRAL

The state contracts ($40,000) resource and referral services for state employees. $15,000 is provided to the largest resource and referral agency to provide resource support for the other agencies in the state.

CHILD CARE LINKAGES WITH EARLY EDUCATION

In May 1985 Vermont passed legislation authorizing programs to serve disadvantaged three and four year olds. Eighteen programs have been funded, about half operate on full working day schedules. Additionally, applicants for funds must demonstrate that they will engage in collaborative efforts with other programs and agencies in the community.

1987 LEGISLATION

* Funded 8 parent/child centers - ($360,000). The centers provide early intervention services to families w/ children younger than 3 years old. Support services are available for pregnant women and their families.

WASHINGTON

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX AND FISCAL POLICIES

Washington has no state income tax.

STATE AS EMPLOYER

The state began its pilot day care center in Olympia in January 1986, for state legislative employees.

Also, Washington State Personnel and Higher Education Personnel Boards were instructed to review their statutes and rules to identify areas where state law could be modified to recognize the importance of child day care and to create a supportive atmosphere in which state employees meet their child care needs. Results of these reviews were presented to the state legislature in October 1986.

LEGISLATION

* Created the position of coordinator for Child Care Services in Department of Social and Health Services. This office is responsible for developing child care information system and enlisting private and public involvement in improving child care services in the state.

* Removes funding limit of $2,700 per child in the state supported preschool program for at-risk children. Sets aside spaces for children of migrant farm workers and native Americans.

* Authorizes school districts to contract with public or private entities at the school district site or elsewhere for the provision of day care. Authorizes sliding fee scales, reduced fees, or waivers. Allows use of school vehicles for transportation. Prohibits use of state basic education or state school transportation appropriations.

LEGISLATION, cont.

* Requires the State Board for Community College Educa .ion and the Higher Education Coordinating Board to each conduct a survey of institutionally related day care facilities. Requires those institutions with no child care facilities to conduct needs assessments.

* Establishes until June 30, 1989, the Office of Child Care Resources. Directs the office to seek funding, create a resource and referral data bank, provide technical assistance to child care providers, foster public-private partnerships, and to recommend statutory and administrative changes to encourage employer-provided assistance for child care.

* Creates a Family Independence Program to provide training and job placement activities, remedial education, child care, and medical benefits for one year after enrollee exceeds maximum income level, and financial incentives. The program is voluntary for the first two years. Parents of children under three are exempt.

* Establishes Project Even Start to provide adult literacy programs for eligible parents of at-risk children. Authorizes support services to include child care. Directs that program participation fulfill work and training obligation for public assistance recipients.

WEST VIRGINIA

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX AND FISCAL POLICIES

West Virginia has no state child care tax credit or deduction.

CHILD CARE LINKAGES WITH EARLY EDUCATION

West Virginia has provided funds for pre-kindergarten programs since 1972. One of the programs funded is a comprehensive full working day program serving 60 children in two communities. The other programs include three programs to serve handicapped children, a parent education program serving 80 children in four counties, and a half day home/center child development program serving 75 children in four counties.

WISCONSIN

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX AND FISCAL POLICIES

Repealed state dependent care tax credit in 1985.

STATE AS EMPLOYER

Wisconsin opened a near-site child care center for state employees in April 1986. The program is operated by the YMCA with parent fees covering all costs not appropriated by the state. The state funded 90% of the start-up costs and provides a rent subsidy.

In addition, the state provides resource and referral services for state employees and mandates that child care plans be incorporated in all future buildings or modifications. And lastly, the state includes an education component on dependent care and its effects on employees in the state's management training courses which are required of all supervisors.

LEGISLATION

* Appropriates funds for child care for AFDC recipients who leave AFDC after participating in job training programs. Increases funding for child care through the community aids program by $3 million. Establishes priorities for county child care assistance, with first priority to crisis or respite care, and second to teenage parents in school.

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WYOMING

FUNDING

Primary funding for child care is through the Social Services Block Grant.

STATE TAX AND FISCAL PO. . ES

Wyoming has no state income tax.

EMPLOYER-ASSISTED CHILD CARE

Over the last ten years, employer support for child care programs has mushroomed, both in the numbers of programs and in the variety of ways tailored by companies to assist employees with child care needs. This promising trend, however, involves just eleven percent of the nation's 6 million employer establishments.

In 1978, the U.S. Department of Labor Women's Bureau published one of the first studies of employer-provided child care. The project identified 105 employer-supported programs, virtually all consisting of on-site child care. Five years later, the National Employer Supported Child Care Project found that the number had increased to 415 company sponsored programs. About half of the 415 consisted of alternative forms of help, such as child care resource and referral programs. The type of businesses providing these services had also changed. In 1978, hospitals were giving 71 percent of the assistance, followed by industry with 9 percent. The remaining 20 percent was divided between government agencies and unions. In 1982, industries provided 197 child care programs, overtaking health care organizations (with 195). Expressed as a percentage, industry participation rose more than 2000 percent during this period.

In 1985, another survey, by the Conference Board, a business research organization in New York, found 2500 corporate programs. Included in the total were 50 family day care networks, 75 after school programs, 500 resource and referral systems, 20 sick child care programs, 150 centers, and 1275 financial assistance plans which included 300 discount programs with proprietary centers. Other types of financial assistance were identified: 25 voucher plans, 150 cafeteria plans and 800 flexible spending accounts.

Programs in Operation

	1978	1982	1985
Government#	14	17 (13 centers)	30*
Hospitals+	75	195 (152 centers)	400*
Industries	9	197 (42 centers)	2070 (150 centers)
Labor Unions	7	6 (4 centers)	n.a.
Total	105	415 (211 centers)	2500

NOTE: 1978 figures are for child care centers, virtually the only kind of employer-supported program identified at that time.

* Includes child care centers, number not reported
\# Public agencies are included as Government in the 1982 study.
\+ Health care organizations other than hospitals are included in the 1982 study.

In 1987, the Conference Board examined child care support by corporations with 100 or more employees. Although not strictly comparable to industry sponsorship as tallied in the 1978, 1982 and 1985 studies, this study found 3,300 corporations that supported a day care center or other benefit for employees.

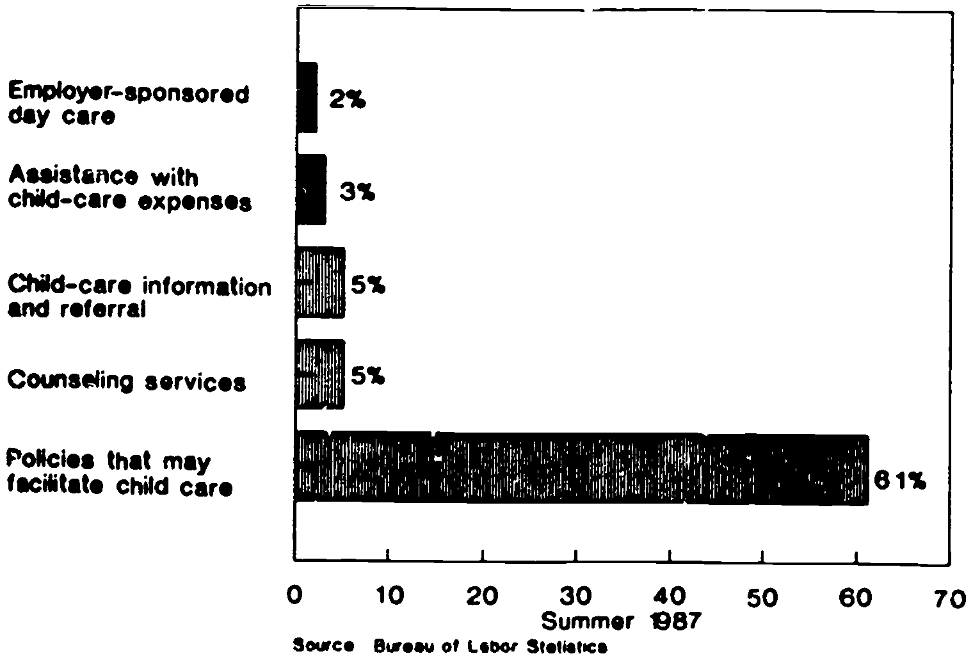
In the summer of 1987, the U.S. Bureau of Labor Statistics conducted a special survey to learn the extent to which employer help with child care was becoming available in the workplace. Covering 1.1 million "establishments" (business or government workplaces having 10 or more employees), the BLS survey found employers providing direct child care help in 11 percent of the nation's workplaces with 10 or more employees.

The kinds of direct help included operating day care centers either on-site or nearby (2 percent of establishments), giving financial assistance for day care (3 percent), and child care referral, counseling or other specific child care benefit.

BLS also found that 61 percent of all establishments have one or more work practices aimed at helping parents in caring for their children. These practices include flexible work schedules ("flexitime"), voluntary part-time arrangements, and flexible leave policies.

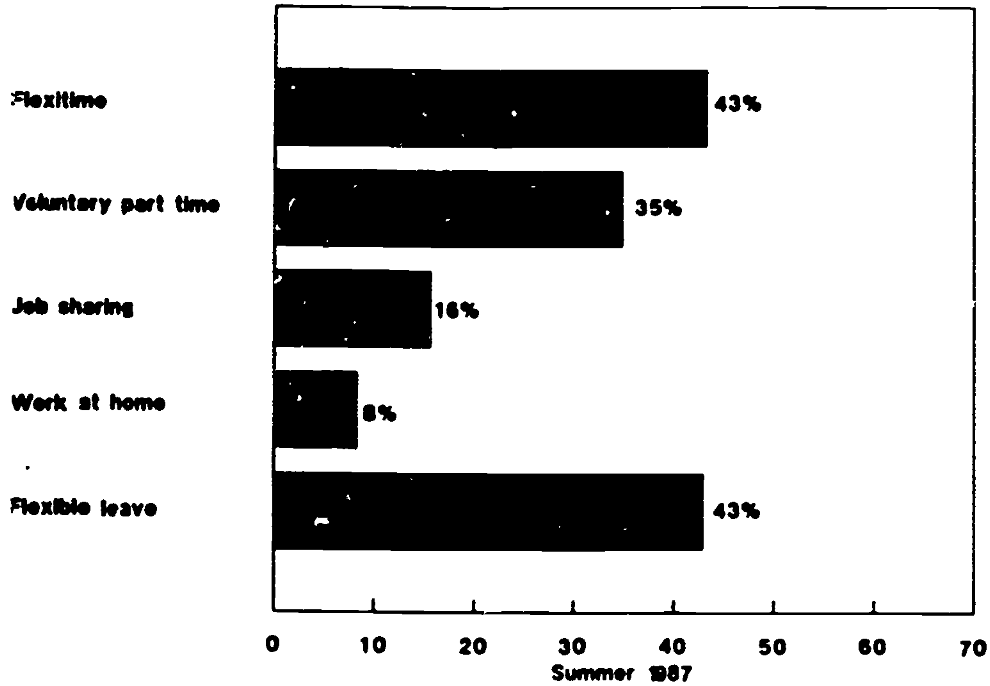
Benefit availability varied by size of establishment. Smaller establishments (10 to 49 employees) were more likely to provide some of the flexible work-schedule policies. Large establishments (250 employees or more) were more likely to provide direct child care benefits such as sponsorship of a day care center.

Employer-sponsored child care assistance



Among the establishments offering work practices to aid parents with child care, four out of 10 offered flexitime, permitting employees to vary the time of day to start work and go home. A similar proportion provided flexible leave policies, such as personal leave for short term needs, extension of maternity or paternity or parental leave in order to facilitate child care arrangements. About one in three establishments offer voluntary part-time arrangements that allow workers to work fewer hours (with reduced compensation) on a temporary basis.

Child Care Related Work Practices Offered By Employers



MOTIVATION OF COMPANIES SUPPORTING CHILD CARE FOR EMPLOYEES

Employers' growing response to employees' child care needs is an unusual phenomenon: it is occurring <u>prior to</u> any extensive formal business or industry research of the pros and cons. Studies are almost nil as to the quantifiable impact of child care problems on turnover, recruitment, tardiness, absenteeism, productivity, quality and competitiveness, but companies that have established programs testify to their value. Child care is fast becoming a business issue.

An important factor quickening employers' interest in child care may well be the widespread agreement in the business, industry and financial worlds that a labor shortage is likely in the 1990s. Recruitment is an increasing concern, made more pressing even by limited surveys such as one done in 1986 by the California Governor's Task Force on Child Care. Of 1,200 parents questionned there, one-fourth of all homemakers and unemployed parents, including half of all single parents, said they were prevented from working or attending a training session as a result of inadequate child care arrangements.

Some large companies have surveyed their own organizations on workplace issues, however. A 1986 study, by John Fernandez of AT&T, of 5000 employees from five companies revealed that 77 percent of women and 73 percent of men with children under age 18 dealt with family issues during company hours. Within this group, 57 percent of women and 33 percent of men with children under the age of six reported they spent unproductive time on the job as a result of child care concerns.

A generally favorable climate for employer-supported child care has been supported by research. Surveys of 1,503 adult family members, 104 human resource officers from Fortune 1300 companies, and 56 labor union leaders, conducted by Louis Harris & Associates and published by General Mills in 1980 indicated that of those polled, 87 percent of parents, 86 percent of human resource officers, and 87 percent of the labor leaders felt that it would be a good thing if employers made it easier for working parents to arrange their jobs and careers around their children's needs. And a 1987 survey done by LAR/Decision Research of 600 adults with incomes over $25,000 revealed that 73 percent of adults felt that child care accommodations at work would have a positive impact on work.

Anecdotally, employers providing child care help employees report benefits in competitiveness and productivity. Companies trying to lure top-rated employees say that offering assistance in child care enhances recruitment. And the 1978 National Employer Supported Child Care Study found similar positive results. Anecdotal and survey findings include:

Recruitment

In the 1978 study, 85% of employers surveyed reported positive effect on recruitment.

- PCA, Inc., a photography company, reported an annual $30,000 saving on its recruitment program as a result of offering child care service. One year the company reported having 3,500 walk-in applicants in a labor market with an unemployment rate of 2 to 3 percent. Other local companies had very few non-recruited applicants during this time.

Retention

The ability to keep key people improves.

- Sioux Valley Hospital in Sioux Falls, South Dakota, opened an on-site child care center in 1980 providing care for infants, preschoolers and school-age children needing after-school supervision. According to A.W. Scarborough, Vice President of Human Resources for Sioux Valley Hospital, child care has given them the ability to retain key staff personnel. He adds that child care is "a tremendous asset for retention and for recruitment of a large number of female workers in short supply (RN's. LVN's, Medical Techs, and X-Ray Techs). Also, Kathy Lone, assistant director for the center, says that many parents comment that they "won't go anywhere else because of the center."

- William J. Popejoy, Chief Executive Officer of American Savings and Loan Association in Irvine, California, said at a recent national conference on child care held in New York, that his company was able to retain one of its top attorneys because of the company's child care center. Mr. Popejoy claims "it is good business to be involved in child care as an employer."

Public Relations

Company image improves -- A survey of Fortune 1500 companies done by Catalyst Career and Family Center in 1982 revealed 60 percent of companies polled reported an increase in favorable publicity. As publicity increases, companies' ability to persuade employees to join their business increases.

- Neuville Industries, Inc., a hosiery mill and one of the early companies to offer center care for employees' children, reported its child care received program received coverage in Industry Week, Business Week, U.S. News and World Report, North Carolina Magazine television programs.

Productivity

In the 1978 study, 49% of employers surveyed reported positive effect on productivity

- Neuville Industries, Inc. reported a saving between $6,000 and $10,000 in 1981.

Turnover

When employees choose to stay with a company, the time and money used to hire and train new employees decreases. The 1978 study showed 65% of employers surveyed reported positive effect on turnover

- o Nyloncraft, Inc., an Indiana plastics molding business, reported that during the first two years of its Learning Center and after school program, its turnover rate dropped from 55% to under 10%. Currently, the turnover rate is 3%.

Absenteeism

Fifty-three percent of employers surveyed reported positive effect on absenteeism.

- o Intermedics, a medical device manufacturer, located in Freeport, TX claimed it saved 15,000 work hours in a year's time in its manufacturing section alone when it had a child care center near the plant. During the first year, reduced absenteeism and job turnover resulted in a savings to the company of more than $2 million in the first two years of center operation.

- o Merck Company, a pharmaceutical company in Rahway, New Jersey, since establishing its two centers, found that the time employees were absent on maternity and child care leaves dropped from six or seven months to four months.

Morale

Ninety percent of employers surveyed reported positive impact in the 1978 study.

REASONS EMPLOYERS DO NOT PROVIDE CHILD CARE SUPPORT

Evidence of why more employers do not provide child care support is, as yet, mostly anecdotal. However, employers interested in the subject believe that their fellow employers have not yet absorbed and acted upon the workplace implications of the numbers of single and married mothers in the labor force and the duration or permanence of the two-earner family. Among the clear deterrents to employer involvement is the lack of information, awareness, and technical assistance available on child care options as well as the lack of documented evidence that such involvement could improve productivity. Federal, State, & Local initiatives are beginning to address this need.

Cost is suggested as another reason, largely because many companies believe that establishing a child care center is their only option. When a center has been the selected option, companies have found that costs vary widely, from $300 to $1 million, depending on such factors as the choice between opening a new center or renovating existing space. New construction cost has been estimated at about $53/sq. ft. Operational expense of child care centers averages about $3,000 per pre-schooler, infant care about $5,000 and after school care well under $2,000. Insurance and liability concerns, discussed in a separate section, rate high as reasons for employers avoiding involvement with day care.

The cost of other options varies depending on the extent of commitment by companies. Discount and voucher/subsidy programs usually have little or no start-up cost. The operational expense depends on how much the company can afford and is willing to pay. One of the easiest, and often least expensive, options is the resource and referral program. Many companies, especially in large cities, have found this option most satisfactory to their employees. Companies can either operate this program themselves or contract with a child care consultant group to serve their workers.

Finally, many employers are unaware of the presence of child care problems that may be affecting their workforce. At a recent child care national policy conference held in New York, J.D. Carter, Director of Dependent Care Programs at IBM Corporation, said that IBM's resource and referral network program was not initiated from the bottom up but rather from the top down after management observed the demographics of IBM's changing workforce. No employee approached them about the program. Other companies also cite a lack of dialogue about child care between employees and management. The two suspected culprits in these situations are malfunctioning company/personnel communication policies and employees' fear of admitting to below-par performance because of family responsibilities.

TAILORING AND FLEXIBILITY IN EMPLOYER-SUPPORTED CHILD CARE

The hallmark of employer-provided child care is tailoring and flexibility (the BLS survey depicts this statistically). Companies often take more than one approach in supporting their employees' child care needs. Within four major categories of support may be found as many as two dozen versions going toward the same end. The following are examples of such tailoring:

Child Care Centers

Companies may own or help finance a child care facility on or near the work site. Sometimes a consortium of more than one company along with community or public agencies finances a center for several working parents in the vicinity. Companies may also provide the space for a center in a building while the parents own or operate it. Foundations may fund or subsidize a facility for their employees.

- Stride Rite, a shoe company located in Boston, MA, owns and operates a child care center for their employees. The company receives funds from the Stride Rite Foundation and serves 50 percent of employees' children.

- The Zale Corporation in Dallas, Texas has supported an on-site center since 1980 as part of the company.

- Merck Pharmaceuticals, located in Rahway, New Jersey, provided start-up funding in 1980 and subsidies for several years for a not-for-profit, parent operated center. The center serves infants and preschoolers and is managed separately by a non-profit organization consisting of parents and company representatives. The company still assists financially by in-kind contributions to that center and a second one.

- The Downtown Day Care Center located in St. Louis, Missouri, is an example of a consortium center. A total of 14 businesses joined to finance the facility, which offers spaces to their employees. The employers collectively share the cost and risks. They provide seed money for initial space, and other assistance. The companies may also underwrite operating and partial tuition costs.

- In Burbank, California, ten employers including NBC and Lockheed each contributed $10,000 to start up the Burbank & Horace Mann Center housed in a renovated elementary school building. Each company receives 20 slots in the center.

Financial Assistance

Many employers help parents pay child care costs. Employers may offer discount programs at local centers or in family provided day care, voucher/subsidies for a percentage of child care expense or a tax savings through a flexible benefits plan.

In discount programs, employers can reserve, guarantee or purchase enrollment space or "slots" in one or more day care centers or homes and make the spaces available to their employees at a reduced cost, usually on a sliding fee scale. In another version, the discount fee transaction may be handled between the center and the employees after the employer has negotiated with center for spaces.

- o CIGNA Corporation in Connecticut, Allendale Insurance Co. in Rhode Island, and others contract with Kindercare, a proprietary child care center, for a 10 percent discount to their employees. Generally, participating companies match the center's 10 percent discount.

Voucher/subsidy programs furnish help with tuition. Full responsibility for choosing the child care arrangement is left to the parent. The employer provides a specified amount toward the purchase of care from any provider the parent selects. The company may reimburse the parent or the caregiver/center.

- o Ford Foundation in New York uses a voucher program to assist employees whose family income is less than $36,500 per year. The foundation reimburses 50% of cost up to a fixed maximum dollar amount. Annual cost to the foundation is about $20,000. About 20 employees participate in the program.

- o Zayre Corporation in Natick, Massachusetts, reimburses its home-office employees' child care expenses to a maximum $20 per week.

- o Polaroid Corporation pays from 5 to 80 percent of child care cost for employees making less that $30,000 per year.

Employers also offer a child care subsidy as an option within a flexible benefits plan. Flexible benefits plans or cafeteria plans give employees a choice of benefits from among cash and/or two or more alternative benefits. Hewitt and Associates in Minneapolis estimates that approximately 20 percent of major employers have flexible benefits plans, and 80 percent of those plans include a flexible spending account, either employer-funded or employee-funded, that can be used for child care expenses.

- o The Procter & Gamble Co. offers employees a flexible benefits plan. One component of the package is a dependent care assistance plan (DCAP). The company currently contributes 2 to 4 percent of an employee's pay toward the DCAP benefit or other benefit program the employee is using.

- American Can Corporation in its benefits plan contributes $90 plus 1% of pay and $10 for each year of service which may be used by its employees toward the child care program.

Another employer option is the flexible spending account set up for an employee. Employers design these accounts either to enable the employee to put aside pre-tax dollars for day care expenses or to receive the employer's contribution toward the employee's child care cost.

Resource and Referral (R&R) Programs

One of the child care options most popular with employers is the resource and referral service. It is often regarded as the logical step for a business when it first gets involved in child care. Companies may gather and disseminate information on child care available in the community or contract with a child care consulting group to assist their employees. This option usually takes minimal work and effort to start, and may be inexpensive depending on the level of the company's involvement in the R&R program.

Employers also use resource and referral as a planning step preliminary to offering direct services, because information gathered through referrals can give the employer an estimate of how many of employees are seeking care and the availability of that care in the community. Also, many communities already have existing R&R programs that companies can utilize to assist their employees.

- IBM contracts with Work/Family Directions, Inc., a child care consulting organization located in Watertown, Massachusetts, to help IBM employees find child care in over 200 communities in the country. The IBM Child Care Referral Service has been operating since 1984. Workers use this system free of charge. Parents are responsible for paying, as well as choosing, the child care provider. Other firms contracting with Work/Family Directions, Inc., include Mitre, American Express, Kraft, Pepsico, and Xerox.

- Steelcase Inc., an office manufacturing company in Michigan, provides its own R&R services for employees. The company also offers employees child care seminars, monthly newsletters, and workshops to help increase parents' skill in evaluating the quality of child care.

A study done in 1987 by Summa Associates, Inc., headquartered in Pasadena, CA., estimated the number of employers providing information services, was more than 1,300, including parenting seminars & referral services.

Family-oriented Work Policies

Policies responding to parental needs may include alternative work schedules, job-sharing, job rescheduling, sick child and parental leaves. Some current work policies allow family-related phone calls. Parents who have liberty in this area may be relieved of stress and tension often associated with concern over their children's care. Companies are also providing short term time-off hours which enable the employee to attend parent-teacher conferences, a child's school performance, or a child's medical appointment.

- Transamerica Life Companies of Los Angeles, California, adjusted the company personal leave days so that employees could take the leave by the hour rather than requiring a full day's leave at a time.

Flexitime is a work schedule which allows employees to choose when they arrive and leave work within some guidelines set by the employer. This system enables parents to coordinate their schedule with their children's or the local school schedule.

- Philadelphia Legal Service allows employees to select their own hours as long as they work a certain amount per week. Employers however still require employees to work certain "core hours".

- Some companies, such as Merck Pharmaceutical, allow employees to work part-time in order to meet their child care responsibilities.

- The Record, in Hackensack, New Jersey, permits reporters to share job responsibilities with other journalists. At most companies where job sharing is offered, employees alternate the time and day they come to work.

- Other companies offer employees the option of working from home. Still other employees are given the choice of working four 10-hour days in order to have a three-day weekend with their families.

V. Other

Companies assist by contributing to already existing community operated centers which provide child care services. Some support the development of child care resources, such as American Express Foundation, which spent $1 million for child care worker training in 1987. Employers also sponsor child care fairs, hold parent seminars at the worksite, help develop "warmlines" or telephone and other services for latch-key children, and produce brochures and publications on child care for their employees. Still other companies offer summer day camps and operate family day care networks.

Small business has yet to play a large role in the provision of child care services, but "public/private partners" of local economic development councils, Chambers of Commerce, United Way, developers, planners and public agencies are working together to increase awareness of child care issues in the small business community.

CHILD CARE AND LABOR-MANAGEMENT RELATIONS

Unions have compelling reasons for focusing more attention on the child care needs of their members and of workers generally. Union members, not only mothers of young children but also men in dual-earner families, have become increasingly vocal in expressing concern about access to affordable child care, and their interest in the opportunity for solutions available through the collective bargaining process. Certainly, with women workers nearly half the labor force and concentrated in areas where unions are not heavily represented, the appeal of child care issues is particularly strong.

There is no systematically gathered body of data that can be drawn upon to paint a statistical portrait of how child care has been addressed in the labor-management arena and what kinds of benefits and forms of assistance unions have succeeded in gaining through collective bargaining and joint efforts with employers. Most action has taken place on the local union/establishment level, and no attempt has been made to survey or collate the experiences of the thousands of collective bargaining relationships throughout the country. However, innovations are taking place as indicated below.

On the other hand, by no means is the record without measurable progress in bringing the child care issue to the bargaining table and securing less costly though important forms of assistance. There include agreements to establish joint labor-management committees to assess worker/member needs and preferences and to examine the feasibility of alternative child care arrangements, the creation of resource and referral programs to assist workers in locating and choosing from among community care providers, the inclusion of child care in flexible benefit packages, provisions for pre-tax salary reduction, and the adoption of flexitime and alternative work schedules that enable parents to reconcile their employment and family responsibilities.

While the overall impression one gains is not of broadfront and rapid change throughout the industrial relations community, what _is_ impressive are the accomplishments of a number of individual employers and unions where the two parties, through collective bargaining and joint action, have seriously joined the child care issue. At the very least these exemplary cases illustrate the kinds of concrete actions that others are apt to be considering in seeking solutions to child care problems and, more generally, the potential of labor-management relations as a strategy for addressing what is fast becoming a common concern of management and labor.

Private Sector

Automobile Industry

In their 1984 negotiations the UAW and Ford agreed that the company would establish two pilot projects providing resource and referral services to assist employees in locating and selecting quality child care. On the basis of this first experience the parties agreed in 1987 to extend these services to all local units requesting them, with the necessary funds drawn from the joint Employee Development and Training Program. The UAW and General Motors followed a parallel course, extending a 1984 pilot program to a corporate-wide one in 1987, also providing resource and referral services upon the request of any plant.

Steel Industry

At its 1986 constitutional convention the United Steel Workers expressed the intention to "make child care for working parents a priority issue in its collective bargaining." In what the USW describes as "breakthrough agreements" with Inland Steel, Bethlehem Steel and USX, the parties agreed to establish joint Union-Management Child Care Committees to undertake needs assessment and feasibility studies with the explicit understanding that "recommendations by the Committee shall be seriously considered."

Food Industry

In 1987 a local of the United Food and Commercial Workers purchased an existing day care center in Grand Junction, Colorado to meet the needs of grocery store workers whose early and late hours did not match those followed by most day care centers. Open from 6 a.m. to 11 p.m., the new center provides reading readiness and computer training for children between the ages of two and ten.

Publishing Industry

The Bureau of National Affairs and the Newspaper Guild negotiated a contract provision requiring the establishment of a joint committee to study alternative methods of providing child care assistance. This led to the formation of the Metropolitan Child Care Network, a multi-employer supported resource and referral system available to all workers in the metropolitan D.C. area.

Communications Industry

In 1986 the Communication Workers of America and US West established a joint Child Care Feasibility Task Force to study child care options in the Phoenix area. A major outgrowth of the study was an agreement by US West to join in the partnership with America West Airlines in sponsoring a near-site child care center open on a 24-hour basis to meet the needs of shift workers. A number of slots are reserved for CWA members, with the company subsidizing a portion of the weekly costs.

Garment Industry

In 1981 the International Ladies Garment Workers Union petitioned garment manufacturers in New York City to provide assistance to care for the children of low-earning Chinese employees in the heart of Chinatown. Under the auspices of the ILGWU and the city's child development agency, a day care center was established by combining employer funds with those secured from federal, state and city child care programs. As a consequence, the enrollment fee was reduced to only $10 per week for each child.

Clothing Industry

The Amalgamated Clothing and Textile Workers Union has been among the most active and successful proponents of child care centers. By 1981 there were six ACTWU centers, funded primarily by the union's health and welfare fund to which management contributed as a requirement of the collective bargaining agreement. One site, in Baltimore, is supported by a special child care fund jointly administered by management and labor. Operating costs are heavily subsidized to hold down enrollment fees.

Health Care Industry

As a provision of their 1980 contract, the Service Employees International Union (SEIU) and the Kaiser Permanente Medical Group of Los Angeles established a child care committee to examine the needs of Kaiser employees. As an outgrowth of the study, Kaiser agreed to engage a Child Care Coordinator to operate a resource and referral service under the guidance of the unions's Child Care Advisory Committee.

In Rhode Island the SEIU and the Lakeview Nursing Home jointly established an on-site child care center at no cost to employees. In addition to enrolling pre-school children, the center also serves school-age children during vacations and holidays.

Public Sector

California

Through an agreement with the SEIU, the State of California created in 1983 a $1 million Child Care Fund, administered by a joint labor-management committee, to provide start-up grants to employee groups wishing to establish child care centers. Space is donated by the state. Currently, 11 centers, serving more than 500 children, are operational, with five new centers in the development stage.

In concert with two other unions, the SEIU and the City of Los Angeles Department of Water and Power agreed to a joint project outside of the formal bargaining structure. After surveying employee needs, the Department began phasing in a child care program by paying two local medical facilities to reserve spaces in their child care program. The Department subsequently agreed to extend the program by permitting employees to establish flexible spending accounts to pay for child care. The employer estimates that the $200,000 cost of this pilot effort will be easily balanced out by a savings of more than $1 million through improved productivity.

Massachusetts

Boston City Hospital and the SEIU established a joint labor-management committee on child care through negotiations in the late 1970s. As an outgrowth of it, an on-site child care center opened in 1982 to care for infants and pre-school children up to 2 1/2 years old. With the hospital providing rent-free space, maintenance and utilities, the center is otherwise self-supporting and now planning an expansion.

In its 1986 negotiations with two SEIU locals, the Commonwealth of Massachusetts agreed to create a $150,000 child care fund to support an existing day care center for state employees, provide start-up costs for a near-site center, and publish a guidebook on child care options.

New York

By far the most ambitious and successful statewide program exists in New York, where in 1979 the Civil Service Employees Association (now an AFSCME Affiliate) and the Governor's Office of Industrial REIations negotiated an agreement to establish a day care center pilot program for state employees. This first center opened in Albany in 1979 with seed money provided by the Department of Health and Human Services. Since then, with the involvement of other state employee unions, 30 centers have been established, serving more than 2,000 children, with the expectation that Empire Day Care Services will in time have a network of 55 centers. Proposals from local labor-management committees for the establishment of new centers are reviewed by a state Labor-Management Child Care Advisory Committee. If approved, they are awarded start-up grants provided through collective bargaining agreements plus space, utilities and maintenance donated by the state. After receiving their initial grants, the centers are expected to be self-supporting. According to the Governor's Industrial Relations Office, "since most New York programs have been jointly conceived and implemented by management and labor, they present a compelling case for creative collaborative problem-solving in the workplace."

Also notable are the state employment policies providing assistance to working parents, including flexible work schedules, part-time employment opportunities, job sharing and voluntary reduced working hours.

Ohio

In Toledo an AFSCME local successfully negotiated for the establishment of an on-site center for the employees of the Medial College of Ohio. Licensed by the State, the center receives a substantial subsidy from the hospital, which picks up most of the costs for salaries, utilities, equipment and supplies.

Federal Government

The collective bargaining agreement between the Department of Labor and the American Federation of Government Employees stipulates that the Department must provide and maintain a child care center to be managed by a non-profit corporation with each party represented on its board of directors. The DOL on-site center opened in 19[illegible] with start up costs provided by the government and su[illegible]nt space to accommodate 100 children between the ages [illegible] months and six years.

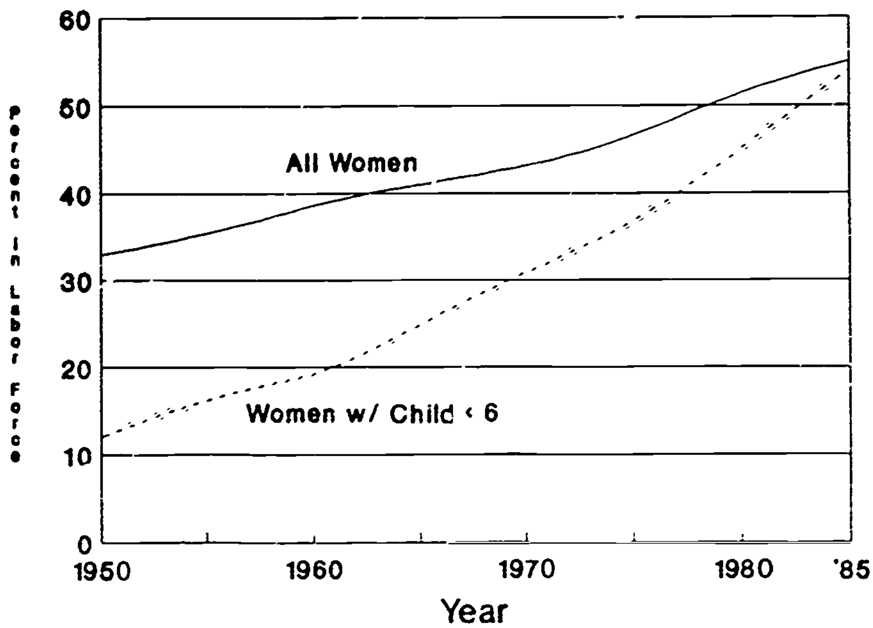
In the most ambitious federal sector effort to date, the Internal Revenue Service recently announced plans to establish 10 new on-site centers nationwide during FY 1988 to add to one already operative and three others about to open. The program emerged from cooperative talks between the IRS and the National Treasury Employees Union, at which time the IRS agreed to pen one center on a trial basis. However, the facility was judged so successful that plans for further pilot tests were abandoned in favor of the full-scale national program. Operated by non-profit corporations with unions and management representation on boards of directors, the centers receive start up costs from the IRS, with the expectation that they will thereafter be self-supporting.

Taken collectively, and as suggestive of what is beginning to take place on a much larger scale around the country, these accomplishments signal an emerging and, in all likelihood, irreversible trend toward (1) the acknowledgment of child care as a core rather than a peripheral concern of both parties; (2) the acceptance of child care as a legitimate matter for negotiation at the bargaining table and for cooperative problem-solving outside of formal collective bargaining; and (3) the realization that the invention of constructive solutions can be beneficial to management as well as labor, assisting employers to recruit and retain a stable and productive workforce while aiding unions to be responsive to the needs of their members.

THE LABOR FORCE PARTICIPATION OF WOMEN IS INCREASING.

By the year 2000, 61.5% of all women will be at work. Women will comprise over three-fifths of the new entrants into the labor force between 1986 and 2000.

Labor Force Participation For All Women
And Women With Preschool Children
1950-1985

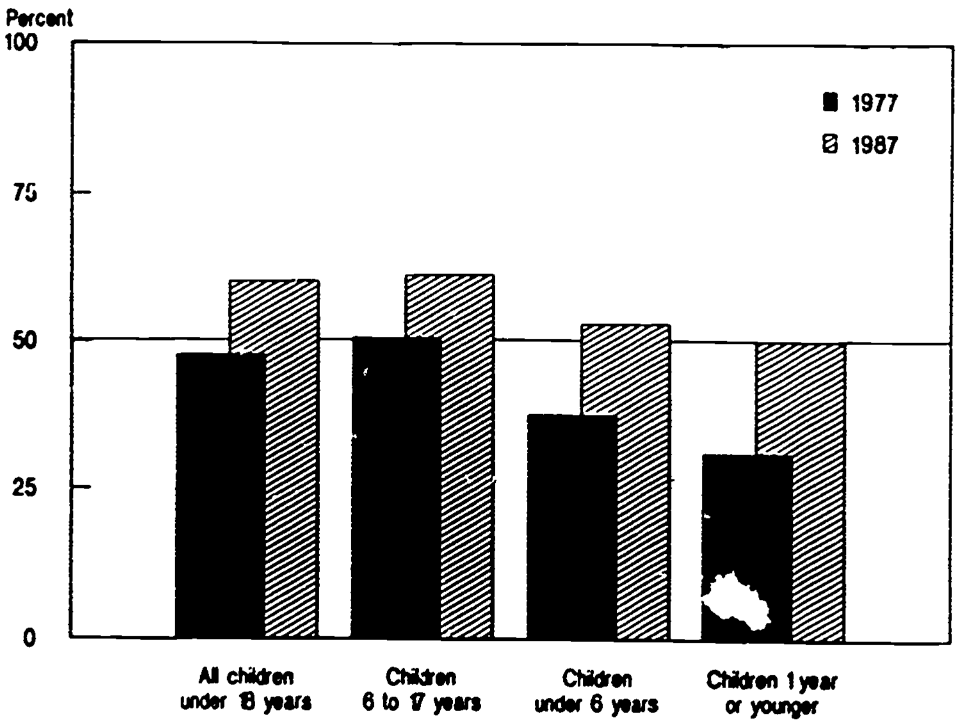


Source: BLS

MORE MOTHERS WHO HAVE CHILDREN ARE AT WORK.

In 1950, only 12% of women with children under the age of six worked. Today, 57% do.

Sixty percent of all children have mothers in the labor force

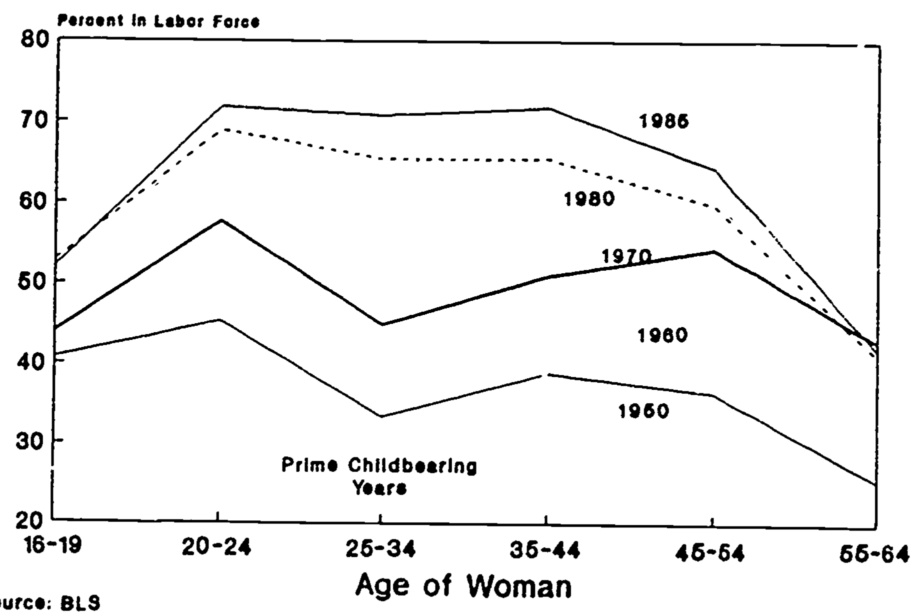


Source: Bureau of Labor Statistics

In fact, today sixty three percent of all mothers with children under 14 are in the labor force. In a significant departure from past trends, approximately half of mothers with children one year or younger work.

The most dramatic change is in the labor force participation of women of child bearing years.

Labor Force Participation for Women By Age: 1950 - 1985



Source: BLS

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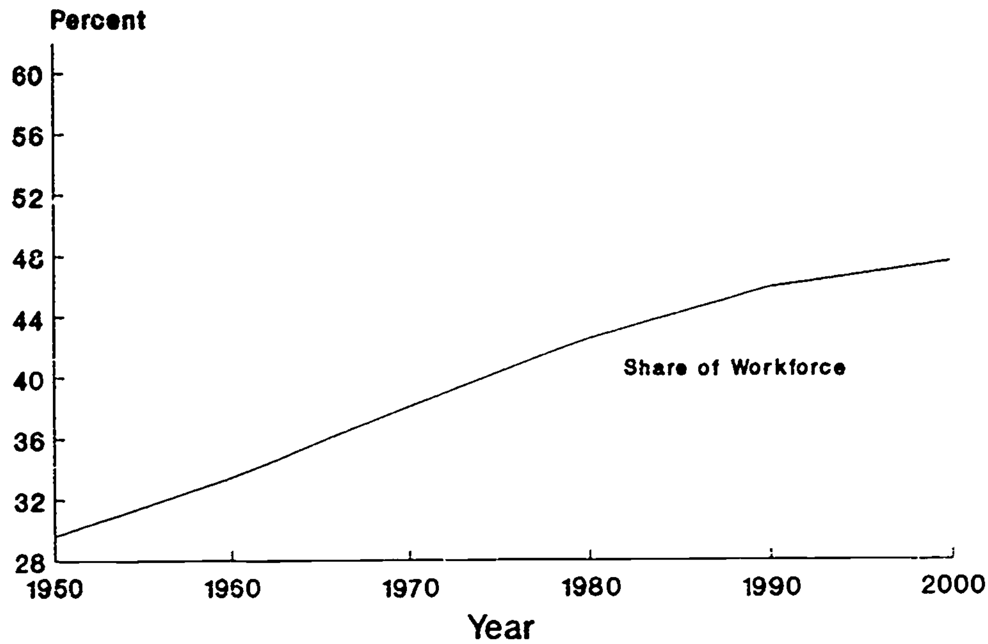
AN INCREASING PERCENTAGE OF ALL WORKERS ARE WOMEN.

Forty five percent of all workers today are women, up from 30% in 1950. Women are making a substantial contribution to the economy, and an enormous investment has been made in the education and human capital of women.

Over the next fifteen years, women are expected to continue joining the workforce in substantial numbers. By the year 2000, approximately 47% of the workforce will be women.

Women Are A Growing Share Of the Workforce



Source: BLS

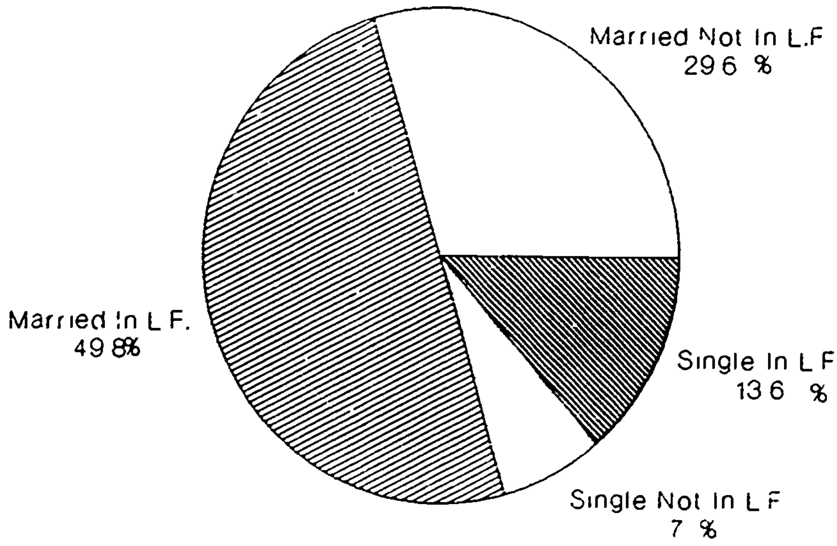
In fact, today, more than 70% of all the workers employed in banking and credit, and in the provision of legal services are women, and they are important to the functioning of many other American industries.

TODAY THERE ARE FEWER "STEREOTYPICAL AMERICAN FAMILIES" WITH DAD AT WORK AND MOTHER TAKING CARE OF THE CHILDREN.

Today, surveys show that fewer than 10% of the households in the United States are married couples with children with one parent in the labor force. This is a rapid and striking change compared to 18% just 10 years ago.

Thirty percent of families with children under 14, or 7.6 million households, are "stereotypical American families" with Dad at work and Mother at home taking care of the kids.

Labor Force Status Of Mothers With Children Under 14



Source Assistant Secretary for Policy

WHO REQUIRES CHILD CARE?

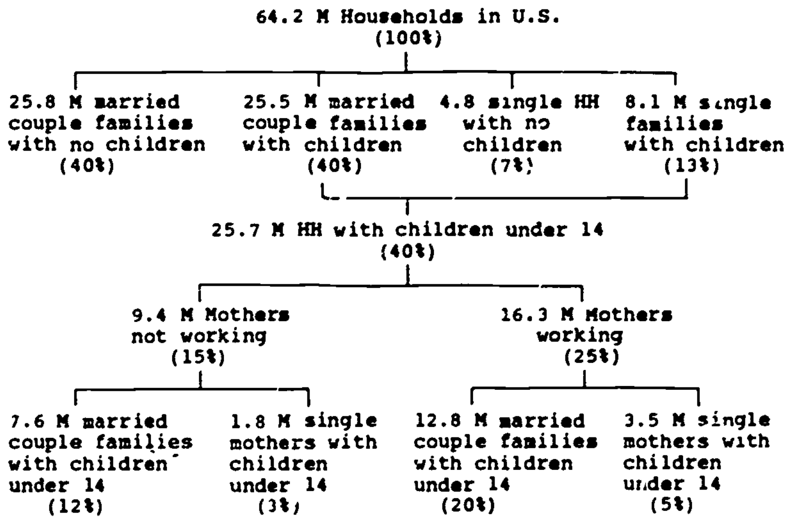
Introduction

The current high level of attention to child care is directly attributable to the new workforce trends. Although child care has traditionally been regarded as a social issue or a welfare matter, the greatest number of parents now likely to need child care are, in fact, working people.

The need for child care does cut across the population, but the preferences and requirements of individuals, children and families differ significantly. It is useful to know when setting child care policy whether the parent(s) is working or non-working; whether the family is single parent or two parent; family income and age of the children.

Of the 64 million families in the United States, 26 million have children under the age of 14. (See - Putting the Numbers in Context)

PUTTING THE NUMBERS IN CONTEXT



Within that universe, the following can be considered likely to have work-related child care requirements:

- 12.8 million married couples with both parents in the work force. They have 8.8 million children younger than six, and 12.3 million children between the ages of 6 and 13.

- 3.5 million single mothers in the labor force who have 1.8 million children under 6 years of age and 3.4 million children between the ages of 6 and 13.

As currently discussed in the chapter on "Availabilty", the requirements are currently being addressed through the private sector market, child care tax credits and by relative care.

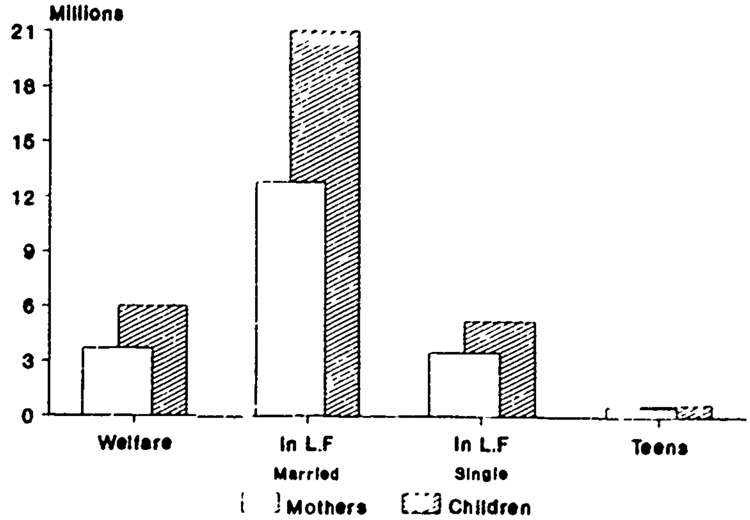
It is important to remember that in this discussion we have included mothers who work part-time and full-time. Seventy percent of these mothers work full-time (35 or more hours per week), and thirty percent work part-time.

Two other groups, welfare mothers and teen mothers, should be considered. These groups may overlap into other groups being considered, but are looked at separately because they may have unique work-related problems. As discussed in the chapter on "Availability", these requirements are being addressed through Federal programs targeted to low income families.

- In view of reform trends requiring those receiving public assistance to work, 3.7 million welfare mothers with 3.1 million children younger than six years of age, and 2.9 million children between the ages of 6 and 13.

- And, an estimated 600,000 teen mothers, a relatively small group, who may need further education and training to enter or remain in the workforce. 200,000 of these mothers are also AFDC recipients. The number of their children is difficult to estimate, but it can be assumed that the vast majority are under six years old.

The largest number of people likely to have child care requirements are working people. (See below for numbers of mothers and children)



Source ASP. March 1987 ADF

Characteristics of these groups

For informational purposes, this section provides detailed demographic information on each of the groups identified.

Married couple, both parents working families have 21,025,000 children under 14. Ninety one percent of these couples have family incomes of more than $15,000. Seventy four percent of these families have a family income of more than $25,000. Eighty-eight percent of these upper income families are white, nine percent are black, fifty eight percent have some college, and 0% received public assistance. Forty two percent of the children of married couple, two working parent families (8.8 million) are under six years of age and fifty eight percent (12.3 million) are between the ages of 6-13. (See Profile: Two Parent Families)

Profile: Married Couple, Two Parents Working

	Under $15,000	$15-24,999	$25,000 +
% Families	9%	17%	74%
Race - Black	12%	12%	9%
White	83%	86%	88%
Education -			
1-2 yrs. H.S.	22%	15%	5%
3-4 yrs. H.S.	54%	53%	37%
Some College	24%	32%	58%
Receiving Public Assistance	10%	1%	0%
Major occupations of "householder"	Construction, clerical, farm, mechanics, transportation	Managers & administrators, sales, private HH services, construction, mechanics	Managers & administrators, engineers, teachers, professional specialty, sales supervisor, sales reps, admin. support, commodities & finance, mechanics, construction

Source: March 1987 CPS

Single mothers in the labor force have 5,186,000 children under 14. Sixty percent of these families have a family income of less than $15,000. Eighty five percent of these families have a family income of less than $25,000. Seventy two percent of these lower income families are white, twenty eight percent are black, 35% have some college, and 16% received public assistance. Thirty four percent of the children of single working mothers (1.8 million) are under six years of age and sixty six percent (3.4 million) are between the ages of 6-13. When analyzing this group it is useful to remember that mothers are both full-time and part-time workers, and that there may be some mothers included who are AFDC recipients. (See Profile: Single Parent Families)

Profile: Single Families with Mother in the Labor Force

	Under $15,000	$15-24,999	$25,000 +
% Families	60%	25%	15%
Race - Black	31%	21%	17%
White	67%	77%	81%
Education:			
1-2 yrs. H.S.	14%	8%	2%
3-4 yrs. H.S.	59%	43%	30%
Some college	27%	49%	68%
Receiving Public Assistance	23%	2%	.5%
Major Occupation of Mother	Secretaries admin. support, food service, sales	Secretaries, admin. support, teachers, professional health, health services	Professional health, teachers, administrators, secretaries, admin. support, financial records processing

Source: March 1987 CPS

Most welfare mothers with children under 14 are not working and 1.5 million are currently exempted from work requirements because they have children under 6. Forty percent of these families are white and forty percent are black. These mothers have six million children under 14. Fifty two percent of the children of welfare mothers (3.1 million) are under six years of age and forty eight percent (2.9 million) are between the ages of 6-13. In 1986, women on AFDC with families of three had a mean-weighted average income of approximately $8,800. This includes AFDC benefits, food stamps, medicaid, school lunch services and WIC payments. (See Profile: Welfare Recipients)

Profile: Welfare Recipients

- 40% black, 40% white, and 14% hispanic
- Most adult AFDC recipients are not working. Two million are exempted from work by provisions of AFDC; 1.5 million because a child is under 6.
- In contrast to the stereotype, the numbers of children per family differs little from the national average:
  - 43% with one child
  - 31% with two children
  - 26% with three or more children
- Reason for deprivation
  - 49% are not married
  - 19% are divorced or legally separated
  - 17% are not divorced or legally separated
  - 7% are unemployed or
  - 3% are incapacitated
  - 2% are deceased

Source: HHS

Seventy five percent of teen mothers are not working, thirty nine percent are recipients of AFDC, and sixty three percent are single mothers. Of the 137,000 working teen households, eighty two percent have family incomes of less than $15,000. Virtually all of the children of teen mothers are under six years of age.

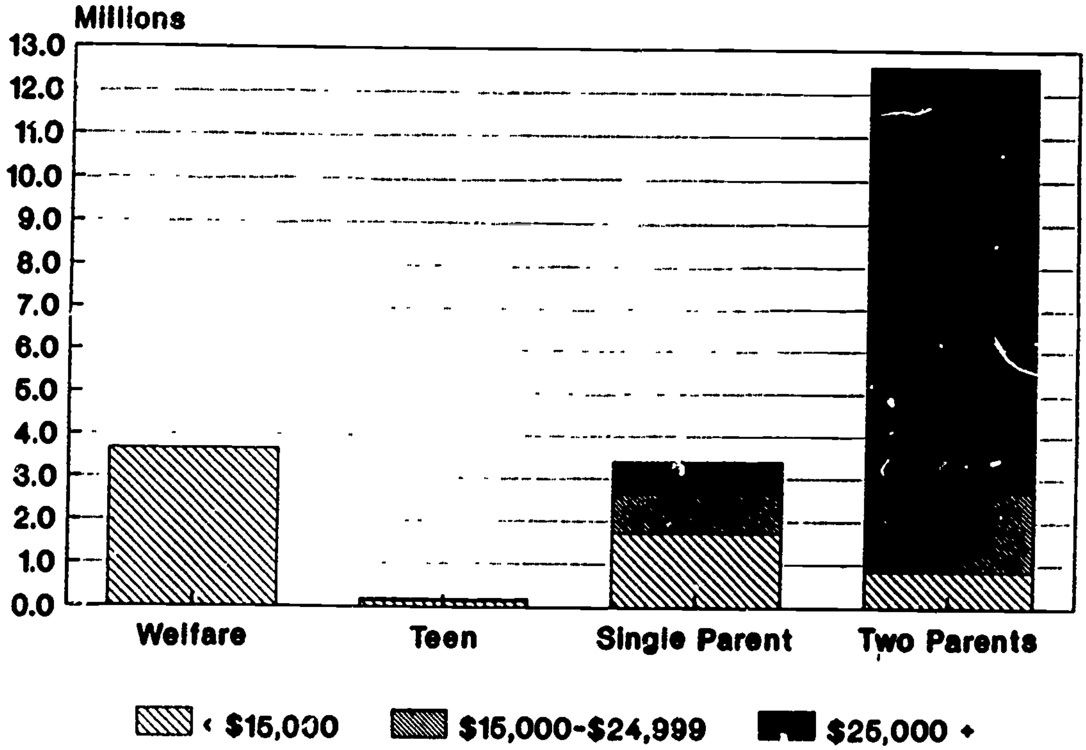
Profile: Teen Mother

- Data is very murky
  - BLS counts 575,000 teen mothers (ages 16 -19)
  - HHS believes there are 800,000 - 1,000,000, but can't document (ages 11 - 19)
- The group is economically disadvantaged
  - of 575,000, 75% are unemployed or out of the labor force
  - 222,591 mothers are adult recipient of AFDC
  - of 137,000 teen households, 82% have family incomes less than $15,000
  - of 575,000 mothers, 63% are unmarried and 91% have children under the age of three

Sources: BLS, HHS. March 1987 CPS

Wide ranges exist in the income distribution of these groups which perhaps is one indicator of different solutions to child care problems within different groups. (See Numbers of families)

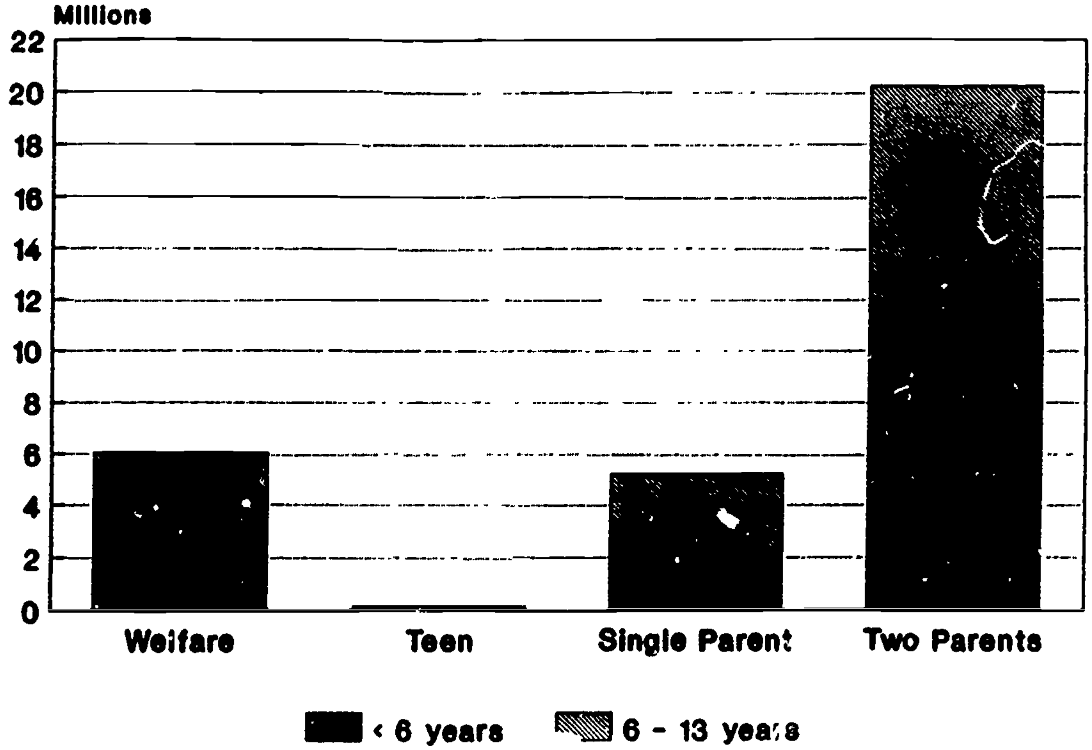
NUMBERS OF FAMILIES



Source: March 1987 CPS

Also inherent to the discussion of child care are the numbers of children by age within each group. (See Number of children by age)

NUMBER OF CHILDREN BY AGE



Source: March 1987 CPS, and HHS

It should be noted that 70% of the single parent households with children under six, or 1,048,176 families, and 53% of the single parent households with children ages 6-13, or 1,081,452 families, have family incomes of less than $15,000. On the other hand, 10.3% of the married couple, two working parent households with children under six, or 702,460 families, and 7.6% of married couple, two earner households with children 6-13, or 451,592 families, have family incomes of less than $15,000.

AVAILABILITY

The supply of child care exists in a local and dynamic market. Working parents choose a vast array of arrangements for child care, beginning with the hours and days their children will need supervision. Parents making these arrangements are night workers, day workers, late shift workers, split shift workers, part time workers, four-day week workers, periodic workers and parents who need child care just after school hours.

At the same time, parents prefer an equally wide array of child care providers, who are: related by blood or marriage; home-based; teaching or school-based; religious or church-based; community-based; bi-lingual; good with infants; good with precocious or troubled children; competent with sick children.

Other influences on parents' choices in care include: the age of the child, the number of children in the family, family income, marital status, places of work and residence, parental values and goals. And, finally, the choices parents have been making have been changing over time.

Considerable concern has been raised that a "shortage" of child care exists. This report finds no evidence in support of the contention that there is a general, national shortage of available child care. According to a 1984-85 Census Report, more than half of the 26.5 million children with working mothers are in school most of the time their mother is at work. One million of these 13.8 million elementary and junior high school students are "latch key" children -- in unsupervised care before or after school hours. Care of these children may well be the largest "shortage" in child care.

The gap between total demand for the remaining 12.6 million children who are not in school most of the time their mother is at work, and the number of licensed slots is often cited as evidence of shortage. However, 67 percent of the children, or 6.8 million, who are in unlicensed day care are cared for by relatives or family members. Although parents may prefer an alternative if it were available, many prefer a family environment.

The remaining 5.3 million children are cared for by a non-relative in their own home or another home, and in organized settings which have a high likelihood of being licensed facilities -- such as day care centers or preschool. Half a million children care for themselves most of the time their mothers are at work.

Therefore, there does not seem to be a general "shortage" of child care -- most children are being taken care of while their mothers are at work. It does appear that certain types of day care may be in short supply in some communities, however, such as infant care, sick child care, and after school care.

In this analysis we have considered two kinds of arrangements -- primary care which is the care available most of the time the mother is at work. The second kind of care considered was that needed to cover the balance of the time the mother worked -- secondary arrangements. It is important to note that the 4.5 million children who have primary care other than school are the children of workers whose hours do not coincide with the school day.

The chart below shows both primary and secondary arrangements for the children who do not receive their primary or secondary care from a school system.

	All CHILDREN	CHILDREN UNDER 5	CHILDREN 5 TO 14
Number of Children:	12.6 million	8.1 million	4.5 million
Number of Arrangements:	14.5 million	[illegible] 2 million	5.3 million
Types of Arrangements:			
Relatives	54.3%	48.4%	64.9%
Nonrelatives	22.8%	28.3%	12.9%
Day/Group Care	11.4%	14.1%	6.6%
Nursery/preschool	7.7%	9.2%	5.0%
Child cares for self	3.9%	0.0%	10.8%

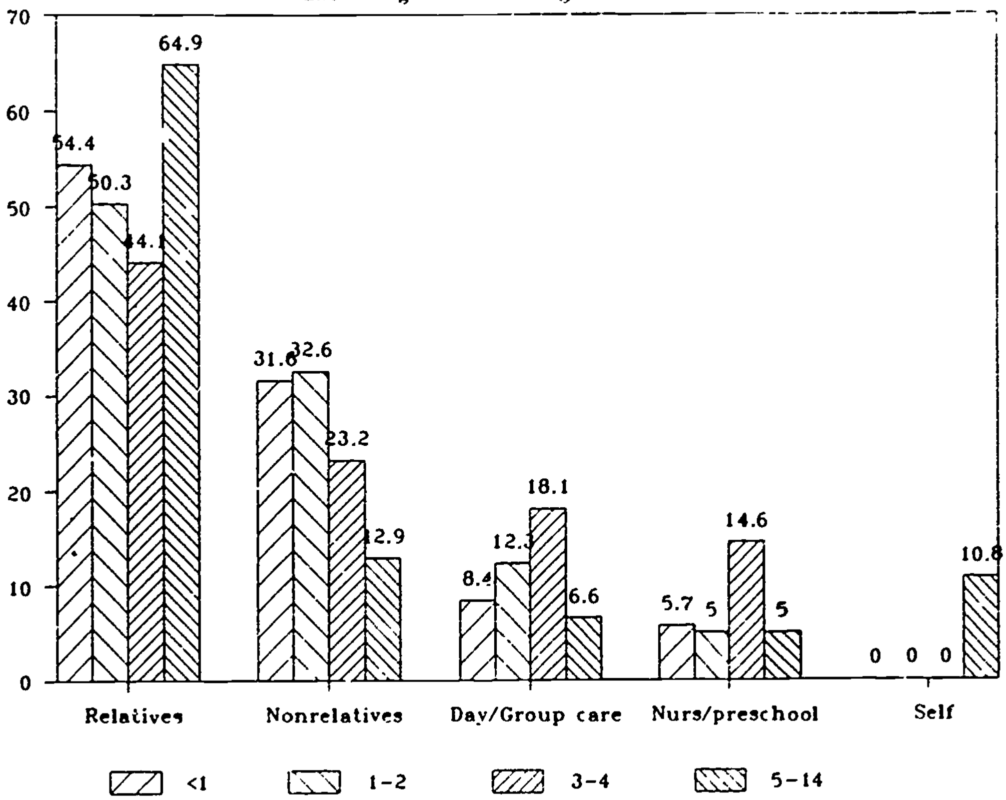
When decisions are made about "expanding" certain forms of day care it should be remembered that 6.8 million are being care for by a relative or family member; 0.5 million care for themselves; and 2.5 million are in some form of licensed care -- leaving 2.9 million children in "a mostly unlicensed form of care" -- non-relative care in a home setting.

Relative care includes care in the child's home by the father, a grandparent or another relative, care in another home by the grandparent or another relative, and the mother caring for the child working at home or away from home. Non-relative care includes care in the child's home by a non-relative and care in another home by a non-relative.

The following chart illustrates the detailed distribution of the types of primary child care arrangements by age of the child.

How Children Are Cared For

Excluding School, by Age of Child



Certain other general facts about the different kinds of child care parents use are also observable:

Care by Relatives:

- represents half the child care provided outside of the schools, but is declining over time, as families become more mobile and relatives prefer independent lifestyles
- is used by a slightly greater percentage of married couple, two parents working families
- decreases about 9% (from 55% to 44%) as income of the family increases from under $15,000 to $25,000+
- for preschoolers, decreases as the age of the child increases

- decreases slightly as the educational level of the mother increases - with a large decrease when the mother has 4 or more years of college

- is used by a slightly greater percentage of white mothers

Nonrelative Care:

- is used by a slightly greater percentage of married two parent working families with children under 5, and by a greater percentage of single working mothers with a child 5-14 years old

- increases by 10% as the income of the family increases

- is used most for children 1-2 years old and least for 3-4 year olds

- increases by 20% as the educational level of the mother increases

- is used by a greater percentage of white than black mothers

Organized Care:

- is used by a greater percentage of single working mothers than of married two parent working families

- increases by 5% as the income level of the family increases

- increases by 21% as the age of the child increases

- increases by 16% as the income of the family increases

- is used by a greater percentage of black mothers than of white mothers.

The Census Bureau data also made it possible to analyze the use of child car according to income and for two types of working families: married couple families with both parents in the labor force, and single mother families with the mother in the labor force. The most significant differences are by income.

	INCOME CATEGORY		
	Under $15,000	$15-25,000	$25,000+
Relatives	55%	49%	44%
Nonrelatives	29%	31%	35%
Organized Care	12%	15%	17%
Other	5%	5%	5%

	MARRIED COUPLES BOTH IN THE LABORFORCE		SINGLE MOTHERS IN THE LABORFORCE	
Children	5	5-14	5	5-14
Number of Children:	**6.6 m**	**3.5 m**	**1.5 m**	**1.0 m**
Types of Arrangements:				
Relatives	49.0%	67.0%	46.0%	56.0%
Nonrelatives	28.5%	12.0%	27.0%	16.0%
Day/Group Care	12.8%	6.0%	20.0%	7.0%
Nursery/Preschool	9.7%	5.0%	7.0%	5.0%
Self	0.0%	9.0%	0.0%	16.0%

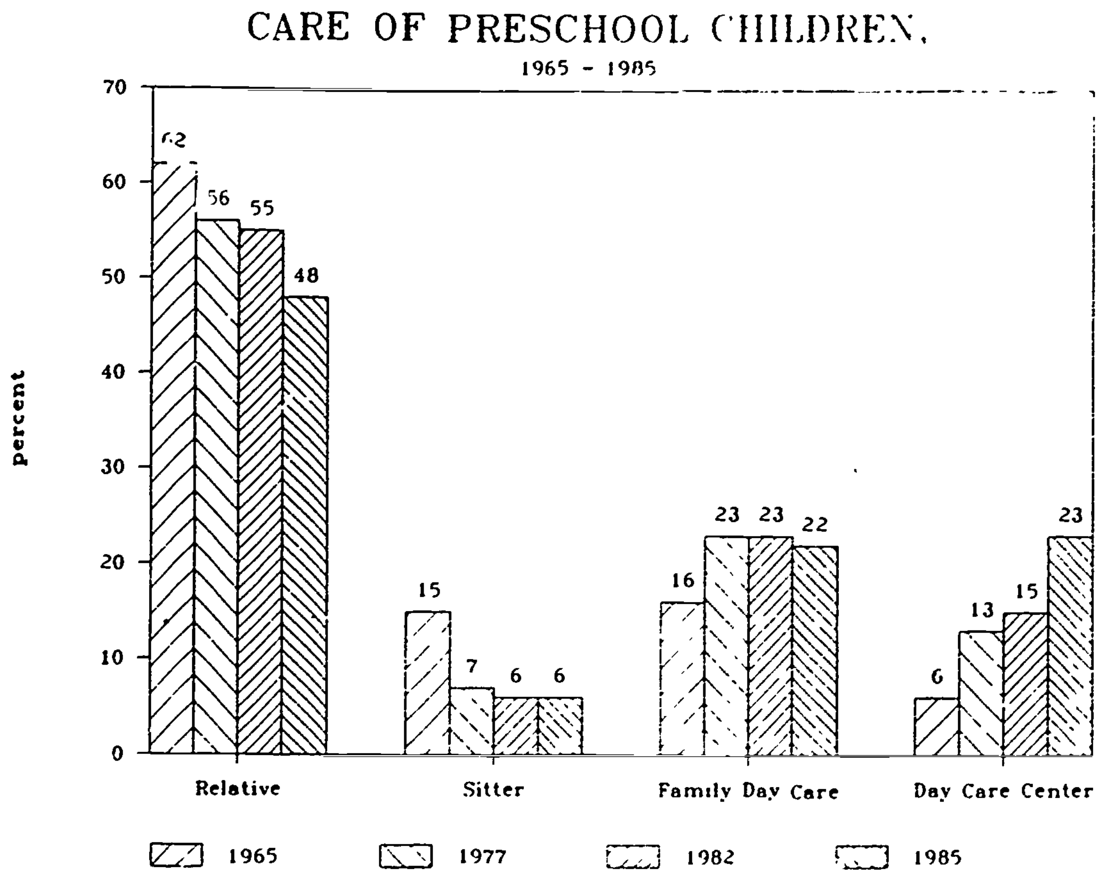
Also interesting to note is the relative distribution of child care arrangements by the educational level of the mother.

	Not a H.S. Graduate	High School Graduate	1-3 years College	4+ years College
Relatives	63.4%	52.2%	49.1%	26.5%
Non-Relatives	21.2%	24.9%	27.1%	41.6%
Organized Care	15.0%	22.2%	23.4%	30.7%
School	0.5%	0.9%	0.3%	1.2%

Data is also available by the race of the mother.

	Black	White
Relatives	46.7%	48.4%
Nonrelatives	22.0%	29.3%
Organized Care	31.2%	21.4%
School	0.4%	0.8%

Over the last ten years, the number of licensed day care centers and family day care providers has grown. From studies we have learned that changes have occurred in child care arrangements for preschoolers during the past twenty years. The following chart graphically illustrates that point.



The concern that a shortage exists, national in scope and susceptible only to Federal remedy, seems unsupported by the data. Local day care center waiting lists (a doubtful yardstick due to parents applying to multiple providers) and individual parents' difficulties arranging care seem to account for the perception of an insufficient supply. That anecdotal evidence, documented in newspapers and legislative hearings, may indicate spot shortages of care, however, perhaps reflecting increased local demands not yet met by a larger supply.

AFFORDABILITY

Affordable child care may be a critical problem for the 3.3 million working families who earn less than $15,000 a year. It is also reported by moderate and upper income families that the cost of paid child care, particularly when two or more children use paid care, is often an affordability problem for them as well.

Low Income Families

Costs for paid child care may have a significant impact on the budgets of low income families.

> According to data from the National Institute of Child Health and Human Development, regardless of race, poor families with a youngest child under 5 spend roughly $25 weekly on child care as compared to the $36 spent weekly by non-poor families. However, poor families spend a larger proportion of their income on paid care than non-poor families (21-25 percent compared to about 8 percent), and poor Blacks ($28) and Hispanics ($30) spend more than poor Whites ($20).
>
> Single parents with a youngest child under 5 spend less on child care than women with partners, but single parents spend almost twice as much as a proportion of their family income (17% versus 9%).

Some low income families may be torn between choosing whether to work or participate in training, or to take care of their children when faced by the expense of day care. For these families, whether headed by a single parent or two parents, child care can be a critical step toward working, participating in employment and training programs and attending school.

A special 1982 Census Bureau survey found that 13% of mothers of preschoolers said, in response to a hypothetical question, that they would work if they had access to reasonably priced child care. This was true to the greatest extent for unmarried women, black women, women who never finished high school, and for women from low income families. Due to the increase in the labor force participation of women in recent years, however, it may be that many of these women have already joined the workforce.

What People Pay

It should be pointed out, however, that not all families with an employed mother pay for child care. In a 1985 National Longitudinal Survey, evidence indicates that young working families do not pay for a substantial portion of the care provided to their preschool children while their parents work.

<u>Young Employed Mothers of Children Under 6 Who Do Not Pay</u>

All young mothers	48%
Marital Status	
Married, husband present	49%
All other marital status	46%
Work Status	
Full-time	33%
Part-time	59%

According to a 1985 study by Ohio State University, 20% of all working mothers paid no cash for care -- 15% of those with a youngest child under 5 and 33% of those with a youngest child 5 or older. When considering expenditures of low income families, it should be remembered that the Bureau of Labor Statistics found that 55% of the families earning less than $15,000 use relatives or family members to care for their children. This form of care is largely care which is not paid for with cash. In fact, among families with a youngest child under five, almost half did not pay for child care provided by a relative or family member. Although parents may prefer an alternative, many prefer this family environment.

If the weekly estimates of child care expenditures derived from SIPP for winter 1984-85 were assumed to be representative of costs over the entire year, child care arrangements made by working women over the course of a year could exceed $11 billion. The actual cost may differ from this estimate because of seasonality in employment conditions, variation in the hours worked, and changes in arrangements used by women during the year. Married, both parents working families spent $8.6 billion, and single working mothers spent $2.5 billion.

Child care expenditures for specific types of arrangement in the SIPP study were limited to women with one child who used one type of child care arrangement. The median child care expenditures paid by this group was $39 per week. Twenty seven percent of these women paid more than $50 per week per child for child care arrangements. The cost of child care arrangements was less expensive when provided by relatives than by non-relatives or by organized child care facilities.

Weekly Cash Payments (Median Dollars) Made by Employed Mothers With one child, by Selected Characteristics

Type of Arrangement:	
Care by relatives	$28.4
Care by non-relatives	41.1
Organized child care facilities	43.5
Age of Child:	
Less than one year old	$41.1
1 and 2 years old	38.4
3 and 4 years old	39.4
5 and 14 years old	40.1
Employment Status:	
Full time	$42.7
Part time	25.5
Marital Status:	
Married, Husband present	$40.6
All other	36.8

However, in an article, "Juggling Jobs and Babies: America's Child Care Challenge," estimates suggest that child care costs may average $45 to $75 per week for care in day care centers or for housekeepers performing child care duties in the child's home.

According to testimony presented to Congress by Sandra Hofferth in July 1987, a number of characteristics of the child and family as well as the arrangements themselves affect family expenditures on child care. Families in which the child is under 5 pay more than families in which the child is 5 or older, and families with a child under age 3 pay the most for care. Unless they are poor or receive AFDC, black families pay less than white or Hispanic families. Families who are poor or who receive AFDC generally pay less for child care than those who are not poor. Families in which the mother is married or has a partner pay more for care than those who are not married or do not have a partner.

Hofferth reports that of the many important characteristics which determine how much families pay for care -- age of the youngest child, family income, and race -- are the most important factors associated with total expenditures of child care.

However, Hofferth also reported that the overall cost of day care center and family day care have stayed constant or increased only slightly in real terms over the past decade. The cost of care by relatives and in home care by a non-relative have increased greatly.

Federal Assistance

Federal response to assist low income parents with child care, particularly women, is primarily through Title XX Social Services Block Grants, the Child Care Food Program, and the Federal Income Tax System.

The most direct federal assistance for child care is the Title XX Social Services Block Grant. These funds are provided to the States to use for a variety of social services for low and moderate income persons. States spend approximately 18% on child care services. However, this percentage varies widely by State. HHS estimates that State and Federal social service dollars for child care is $1.1 billion.

Through tax credits and federal, state and employer subsidies, the price of child care has been lowered for many families.

Federal tax credits represent the largest source of Federal assistance to help families with employment-related dependent care expenses. The Dependent Care Tax Credit, which allows a family to deduct between 20 and 30 percent of its annual child care expenses from its federal income taxes, was used by about 8.5 million taxpayers who received over $3.6 billion in tax benefits in 1986. Forty nine percent of the total benefits, or more than $1.3 billion went to taxpayers earning under $25,000. Some 21.9% (1.5 million) of the households who use the credit earn less than $15,000.

The Colorado Department of Social Services estimates that providing child care assistance to low-income working families costs only 38% of what it would cost to provide these same families with AFDC and medicaid benefits if they were unemployed. It should be pointed out, however, that many low income working families can work and still be eligible to receive AFDC and child care assistance.

Welfare and Teen Mothers

It is also thought that the affordability of child care for approximately 4 million welfare and teen mothers may be a problem to the extent that working, continuing their education, and job training are not alternatives.

According to a GAO Report or child care, about 60% of AFDC work program respondents said that a lack of child care prevented participation in work programs. Under current policy, however, AFDC mothers who do work are eligible to have their actual child care costs disregarded up to $160 per month per child. Most work and training programs for welfare recipients authorize a range of child care services. In addition, AFDC quality control data suggest that when AFDC parents work, few of them pay for child care.

QUALITY

Defining Quality

The "quality" of child care is difficult to measure and to control. In addition, decisions about the quality of child care raise many questions about Federal intervention in child rearing.

Child care advocates argue that two elements are both necessary and not now sufficiently available in the existing child care picture: (1) ensuring the child's basic health and safety by protecting it from disease, malnutrition, environmental hazards, fire, and child abuse; and (2) contributing to the child's cognitive, linguistic, social and emotional development.

In evaluating the quality of a day care situation, parents pay the most attention to the warmth, frequency and kind of interaction between the child and the provider. Parents also want the environment to be one that imparts values consistent with those of their own family.

In reviewing child care providers, professional associations which accredit the providers consider these factors: (1) the presence or absence of a planned program of developmentally appropriate activities; (2) the degree of parental involvement with the program, including the amount of parental access to observe the child; (3) the training and knowledge of the staff about child development; (4) the ratio of children to providers; (5) the size of the groups in which children receive care; (6) the nutritional value of the meals provided; (7) the safety of the physical environment; and (8) other policies and practices affecting the health of children such as staff hygiene and the handling of medications.

Assessing Quality

Quality is difficult to measure. Currently, no comprehensive surveys exist which provide a nationwide assessment of the quality of care available or which shows whether parents generally share either the definitions or criticisms of quality in the care which is available.

Two areas have been cited by some as potential indicators of quality problems:

- Regulation -- The wide variation between states in regulating child care providers. This could also indicate lack of consensus about appropriate standards, tradition, and geographic factors.

- Personnel -- The lack of training, low wages and high turnover that typify many child care providers.

Maintaining Quality through Non-regulatory Approaches

There are a number of mechanisms which may serve to maintain or improve the quality of child care. First and foremost are the efforts of parents themselves to locate and demand care that meets their own definition of quality. Educational campaigns designed to assist parents in evaluating the quality of available programs have been sponsored by employers, for example.

There are also voluntary accreditation programs run by private organizations and a few states. Under this approach, child care providers may, if they wish, become accredited by meeting the quality standards set forth by these organizations or states. Parents are then free to weigh the value of the state standards and accreditation among other factors in shopping for child care services.

Training programs also can play a major role in upgrading the quality of care provided. Available training ranges from formal academic degree-granting programs in early childhood education to on-the-job mentoring programs for those already working in the field to brief orientation sessions which cover basic health and safety techniques or basic principals of child care.

Maintaining Quality through Regulation

State regulatory programs generally focus on defining certain minimum standards that protect children from injury or illness or serious impairment of development. State licensing standards generally focus on easily measurable aspects of care such as child:staff ratios and group size, rather than the more qualitative aspects evaluated in most private accreditation processes.

When discussing further regulation, we must keep in mind that 67% of the child care that is currently unregulated is provided by relatives, and would not be regulated under any circumstances.

Some regulations, particularly in the area of zoning codes, building and health regulations are widely perceived to raise cost and limit supply.

Within each state, significant differences exist between the regulation of family day care homes and day care centers. There are also variations between states in the strictness of standards and enforcement of child care regulations.

Family Day Care Homes

The nature of the family day care industry makes effective enforcement difficult. This type of child care is provided in individual residences, usually with the provider as the sole worker. An obstacle to regulation is the sheer number and dispersion of these homes.

In more than half the states, family day care is regulated. Others explicitly exempt a significant proportion of family day care homes from regulation either because state law does not require licensing or because smaller homes are exempted from coverage. Even in states that do regulate family day care, many providers avoid the burden of licensing and operate without a license. As a result of these combined factors, some estimate that up to 94% of all family day care is not licensed.

Day Care Centers

All states regulate day care centers, but standards vary considerably between states. Many states also have a number of exemptions from licensing, for example church-run centers and "schools" (centers for educational purposes).

Tables summarizing some key features of state regulation of both family day care homes and day care centers are included at the end of this section.

Personnel Issues

Child care workers generally earn low wages. Average salaries can range from a low of $4,800 for those working in private households to between $10,000 - $12,000 for child care workers in structured educational settings.

Turnover rates for child care workers are high (35 - 60%) and appear to be related to salary levels.

Available provider training ranges from formal academic degree-granting programs in early childhood education to on-the-job mentoring programs for those already working in the field to brief orientation sessions which cover basic health and safety techniques or basic principles of child care.

In a 1983 survey by the Bureau of Labor Statistics, only 20% of child care workers reported needing any training to obtain their jobs and half of those workers were able to satisfy this requirement with on the job training received with another employer.

Some states and localities try to boost provider skills by expanding training opportunities. In some communities, the private sector, such as the American Express Foundation, provides training assistance with the child care needs of its own workforce in mind. Provider training also takes the form of state-run or state-subsidized programs. Finally, educational campaigns or programs aimed at parents play a significant role in helping parents to identify and demand greater competence in the providers of child care.

To attract and retain trained workers to the child care field would probably require a substantial increase in wages. This creates a dilemma, however, since increasing the cost of child care could exacerbate the problems of many low to middle income families that are already experiencing difficulty affording day care.

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REGULATION OF CHILD CARE UNDER STATE LAW - FAMILY DAY CARE

State	Type of regulation	Minimum size to be covered	Maximum size before becoming group home or center	Number of children under age 2 permitted with 1 caretaker 1/	Preservice training required	Criminal/child abuse records checks: Criminal records checked	Criminal/child abuse records checks: Child abuse registry checked	Inspections per year
Alabama	License	1	6	6	Yes	Yes	No	1
Alaska	License	4	6	2 under 30 mos	No	No	No	1 per 2 yrs.
Arizona	2/	1	NR	NR	No	No	No	2
Arkansas	License	6	16	Varies	No	No	No	3-4
California	License	1	6	3-4	No	Yes	Yes	10% sample
Colorado	License	1	6	2	Yes	Yes	Yes	33% sample
Connecticut	License	1	6	2	No	Yes	No	1 per 2 yrs.
Delaware	License	1	6	4	Yes	No	Yes	1
District of Columbia	License	1	5	2	No	No	No	1
Florida	License (County) Regis. (State)	1	5	No limit	Yes	Yes	Yes	2
Georgia	Registration	3	6	6	Yes	Yes	No	3% sample
Hawaii	Registration	3	5	2	Yes	Yes	No	1
Idaho 3/	License	NR	4	2	No	No	No	1
Illinois	License	4	8	3	No	Yes	Yes	1
Indiana	License	5	10	No limit	No	No	No	1
Iowa	Regis. (voluntary)	1	6	4	No	Yes	Yes	20% sample
Kansas	License	1	10	Varies	No	Yes	Yes	Unknown
Kentucky	License	4	Varies w/age	No limit	No	Yes	No	1
Louisiana	None	NR	NR	NR	No	No	No	0
Maine	License or registration	3	12	3-4	No	No	Yes	1
Maryland	Registration	1	6	2	No	No	No	1
Massachusetts	Registration	1	6	2	Yes	Yes	No	Unknown
Michigan	Registration	1	6	2	No	Yes	Yes	0

REGULATION OF CHILD CARE UNDER STATE LAW - FAMILY DAY CARE

State	Type of regulation	Minimum size to be covered	Maximum size before becoming group home or center	Number of children under age 2 permitted with 1 caretaker	Preservice training required	Criminal/child abuse records checks: Criminal records checked	Criminal/child abuse records checks: Child abuse registry checked	Inspections per year
Minnesota	License	1	10	3 (30 mos.)	Yes	Yes	No	Unknown
Mississippi	License	6	15	Varies	No	No	No	2
Missouri	License	5	10	2	No	Yes	Yes	2
Montana	Registration	1	6	3	No	No	No	15% of sample
Nebraska	Registration	4	8	2-4	No	Yes	Unknown	5% per month
Nevada	License	5	6	4	Yes	Yes	No	4
New Hampshire	License	3	6	3	Yes	Yes	No	3 per 2 yrs.
New Jersey	License (vol.)	NR	NR	NR	No	No	No	1 per 3 yrs.
New Mexico	License	5	12	2	No	Yes	No	2
New York	License	3	6	2	No	No	Yes	1
North Carolina	Registration	1	5	No limit	No	No	No	Unknown
North Dakota	License	6	7 (4 under age 2)	4	No	No	Yes	2
Ohio	License 4/	1	12	4 under 18 mos	No	No	No	2
Oklahoma	License	1	5	No limit	No	No	No	4
Oregon	License 4/	1	6	2	No	Yes	Yes	0
Pennsylvania	Registration	4	6	4	No	Yes	Yes	20% sample
Rhode Island	License	4	6	2	Yes	Yes	No	1 per 2 yrs.
South Carolina	Registration 2/	1	6	3	No	No	No	0
South Dakota	Registration 2/	1	12	No limit	No	No	Yes	1-12
Tennessee	License	5	7	4	No	Yes	Yes	2
Texas	Registration	4	12	Varies	No	Yes	No	0
Utah	License	1	6	2-3	Yes	Yes	Yes	1 per 2 yrs.
Vermont	License and Registration	1	6	2-3	No	No	No	2
Virginia	License	6	9	4	No	No	No	2

REGULATION OF CHILD CARE UNDER STATE LAW - FAMILY DAY CARE

State	Type of regulation	Minimum size to be covered	Maximum size before becoming group home or center	Number of children under age 2 permitted with 1 caretaker	Preservice training required	Criminal/child abuse records checks: Criminal records checked	Criminal/child abuse records checks: Child abuse registry checked	Inspections per year
Washington	License	1	6	2	No	Yes	Yes	0
West Virginia	Regis. (voluntary)	1	7	No limit	No	Yes	No	1
Wisconsin	License 2/	4	8	3 under age 1	Yes	No	No	Varies
Wyoming	Registration	3	6	2	Yes	No	No	Varies

REGULATION OF CHILD CARE UNDER STATE LAW - FAMILY DAY CARE

NOTES

NR - Not regulated
N/A - Not applicable

1/ Entries denoting a range in the number of children permitted are usually the result of State requirements concerning the mix of ages in the group and other factors.

2/ Arizona, South Carolina, South Dakota and Wisconsin: Reportedly, only subsidized family day care is regulated.

3/ Idaho: Secondary source information available at this time is contradictory with respect to family day care licensing requirements for this State.

4/ Ohio and Oregon: Reportedly, family day care of fewer than six children is regulated only if subsidized.

Souce of Data:

The National State of Child Care Regulation 1986 by Gwen Morgan, published by Work/Family Directions, Inc
Th · information consists of 1986 data.

Prepared by:
Division of State Employment Standards Programs
Office of State Liaison and Legislative Analysis
Employment Standards Administration
U.S. Department of Labor
February 18, 1988

REGULATION OF CHILD CARE UNDER STATE LAW-CHILD CAR CENTERS

State	Permitted age of entry	Child:Staff ratios 1/			Group size permitted 1/			Criminal/Child abuse records checks		Preservice training required			Health/First Aid training required for staff		Inspections per year
		Up to 1 yr. old	3 yrs. old	5 yrs. old	Up to 1 yr. old	3 yrs. old	5 yrs. old	Criminal records checked	Child abuse registry checked	Directors	Teachers	Assistants	Health	First aid	
Alabama	3 weeks	6:1	10:1	20:1	6	10	20	Yes	No	Yes	No	Unknown	No	No	1
Alaska	6 weeks	5:1	10:1	15:1	NR	NR	NR	No	No	No	No	No	No	Yes	1 per 2 yrs.
Arizona	NR	5:1 or 11:2	13:1	13:1	NR	NR	NR	Yes	No	Yes	Yes	No	Yes	No	2
Arkansas	6 weeks	6:1	12:1	18:1	NR	NR	NR	No	No	Yes	No	No	No	No	3-4
California	NR	4:1	12:1	12:1	NR	NR	NR	Yes	Yes	Yes	Yes	No	No	No	1
Colorado	6 weeks	5:1	10:1	15:1	10	NR	NR	Yes	Yes	Yes	Yes	No	No	Yes	1 per 2 yrs.
Connecticut	4 weeks	[illegible]:1	10:1	10:1	8	20	20	Yes	No	Yes	No	No	No	Yes	1 per 2 yrs.
Delaware	NR	5:1	15:1	20:1	NR	NR	NR	No	Yes	Yes	Yes	No	No	Yes	1
Dist. of Col.	6 weeks	4:1	8:1	15:1	8	16	25	No	No	Yes	Yes	No	No	No	1
Florida	NR	6:1	15:1	25:1	NR	NR	NR	Yes	Yes	Yes	No	No	Yes	Yes	4
Georgia	NR	7:1	15:1	20:1	NR	NR	NR	Yes	No	No	Yes	Yes	No	No	4
Hawaii	2 years	Under 2 prob.	16:1	20:1	NR	NR	NR	Yes	No	Yes	Yes	Yes	Yes	No	1-3

REGULATION OF CHILD CARE UNDER STATE LAW-CHILD CARE CENTERS

State	Permitted age of entry	Child:Staff ratios			Group size permitted			Criminal/Child abuse records checks		Preservice training required			Health/First Aid training required for staff		Inspections per year
		Up to 1 yr. old	3 yrs. old	5 yrs. old	Up to 1 yr. old	3 yrs. old	5 yrs. old	Criminal records checked	Child abuse registry checked	Directors	Teachers	Assistants	Health	First aid	
Idaho	6 weeks	6:1	10:1	15:1	NR	NR	NR	Yes	No	No	No	No	No	No	1
Illinois	3 months	4:1	10:1	20:1 or 30:2	12	20	30	Yes	Yes	Yes	Yes	No	No	No	1
Indiana	NR	4.1	12:1	15·1	8	NR	NR	No	No	Yes	No	No	No	Yes	3
Iowa	2 weeks	NR	NR	NR	NR	NR	NR	Yes	Yes	Yes	No	No	No	No	1
Kansas	2 weeks	[illegible]	12:1 or 10:1	14:1 or 12:1	9	24 or 20	28 or 24	Yes	Yes	Yes	Yes	No	Yes	No	Unknown
Kentucky	NR	6:1	12:1	15:1	NR	NR	NR	Yes	No	No	No	No	Yes	No	1
Louisiana	NR	6:1	14·1	20·1	NR	NR	NR	No	No	No	No	No	No	No	1
Maine	6 weeks	4:1	10:1	10:1	12	NR	NR	Yes	No	Yes	No	No	No	No	1
Maryland	8 weeks	3:1	10:1	13:1	6	20	26	No	No	Yes	Yes	No	Yes	No	1
Massachusetts	NR	3:1 or 7:2	10:1	15:1	7	30	NR	No	No	Yes	Yes	No	Yes	Yes	Unknown
Michigan	2 weeks	4:1	10:1	12:1	NR	NR	NR	Yes	Yes	Yes	No	No	Yes	No	1

REGULATION OF CHILD CARE UNDER STATE LAW-CHILD CARE CENTERS

State	Permitted age of entry	Child:Staff ratios: Up to 1 yr. old	Child:Staff ratios: 3 yrs. old	Child:Staff ratios: 5 yrs. old	Group size permitted: Up to 1 yr. old	Group size permitted: 3 yrs. old	Group size permitted: 5 yrs. old	Criminal/Child abuse records checks: Criminal records checked	Criminal/Child abuse records checks: Child abuse registry checked	Preservice training required: Directors	Preservice training required: Teachers	Preservice training required: Assistants	Health/First Aid training required for staff: Health	Health/First Aid training required for staff: First aid	Inspections per year
Minnesota	6 weeks	4:1	10:1	10:1	8	20	20	No	No	Yes	Yes	No	Yes	No	Unknown
Mississippi	NR	5:1	14:1	20:1	NR	NR	NR	No	No	No	No	No	No	No	2
Missouri	6 weeks	4:1	10:1	16:1	8	NR	NR	Yes	Yes	Yes	Yes	No	No	No	2
Montana	NR	4:1	8:1	10:1	NR	NR	NR	No	No	Yes	Yes	No	Yes	No	1
Nebraska	6 weeks	4:1	10:1	15:1	NR	NR	NR	Yes	N/A	Yes	Yes	No	No	Yes	2
Nevada	NR	6:1	10:1	10:1	NR	NR	NR	Yes	No	Yes	Yes	Yes	Yes	Yes	4
New Hampshire	6 weeks	4:1	8:1	15:1	8	NR	NR	Yes	No	No	Yes	Yes	Yes	No	3 per 2 years
New Jersey	NR	4:1	15:1	NC	NR	NR	NR	No	No	Yes	Yes	No	Yes	No	1 per 3 years
New Mexico	6 weeks	6:1	15:1	20:1	NR	NR	NR	Yes	No	Yes	No	No	No	Yes	2
New York	8 weeks	4:1	6:1 or 7:1	8:1 or 9:1	8	18 or 14	24 or 18	No	Yes	No	Yes	No	Yes	No	1
North Carolina	NR	7:1	15:1	25:1	14	25	25	No	No	Yes	Yes	No	No	Yes	3

REGULATION OF CHILD CARE UNDER STATE LAW-CHILD CARE CENTERS

State	Permitted age of entry	Child:Staff ratios			Group size permitted			Criminal/Child abuse records checks		Preservice training required			Health/First Aid training required for staff		Inspections per year
		Up to 1 yr. old	3 yrs. old	5 yrs. old	Up to 1 yr. old	3 yrs. old	5 yrs. old	Criminal records checked	Child abuse registry checked	Directors	Teachers	Assistants	Health	First aid	
North Dakota	NR	4:1	7:1	12:1	NR	NR	NR	No	Yes	Yes	Yes	Yes	Yes	No	2
Ohio	NR	6:1	12:1	14:1	12	24	28	No	No	Yes	Yes	Yes	No	Yes	2
Oklahoma	NR	6:1	12:1	15:1	NR	NR	NR	No	No	Yes	No	No	No	No	4
Oregon	6 weeks	4:1	10:1	15:1	8	20	30	Yes	Yes	Yes	No	No	No	Yes	1
Pennsylvania	NR	4:1	10:1	10:1	NR	NR	NR	Yes	Yes	Yes	Yes	No	No	Yes	1
Rhode Island	6 weeks	4:1	15:1	20:1	4	15	25	Yes	No	Yes	Yes	Yes	No	Yes	1
South Carolina	NR	8:1	15:1	25:1	NR	NR	NR	Yes	No	Yes	No	No	Yes	No	Varies
South Dakota	NR	5:1	10:1	10:1	20	20	20	No	Yes	Yes	No	No	Yes	No	1-12
Tennessee	NR	5:1	10:1	25:1	10	20	25	Yes	Yes	No	No	No	No	Yes	2
Texas	NR	5:1 or 12:2	15:1 or 17:1	22:1 or 24:1	5 or 12	35	35	Yes	No	Yes	Yes	Yes	No	No	2
Utah	NR	4:1	15:1	20:1	8	25	25	Yes	Yes	Yes	No	No	No	No	[illegible]

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REGULATION OF CHILD CARE UNDER STATE LAW-CHILD CARE CENTERS

State	Permitted age of entry	Child:Staff ratios			Group size permitted			Criminal/Child abuse records checks		Preservice training required			Health/First Aid training required for staff		Inspections per year
		Up to 1 yr. old	3 yrs. old	5 yrs. old	Up to 1 yr. old	3 yrs. old	5 yrs. old	Criminal records checked	Child abuse registry checked	Directors	Teachers	Assistants	Health	First aid	
Vermont	NR	4:1	10:1	10:1	8	20	20	No	No	Yes	Yes	No	No	Yes	2
Virginia	NR	4 1	10:1	12:1	NR	NR	NR	Yes	No	Yes	Yes	No	Yes	No	2
Washington	4 weeks	4.1	10:1	10:1	8	20	20	Yes	Yes	Yes	No	No	No	Yes	1
West Virginia	NR	4.1	10:1	15:1	NR	NR	NR	Yes	No	Yes	No	No	Yes	No	1
Wisconsin	4 weeks	4.1	10:1	17.1	8	20	32	No	No	Yes	Yes	Unknown	Yes	No	Varies
Wyoming	3 months	[illegible]:1	10.1	20:1	NR	NR	NR	No	No	No	No	No	No	Yes	1

Notes

NR - Not regulated
N/A - Not applicable
NC - Not covered

Source of Data:

The National State of Child Care Regulation 1986 by Gwen Morgan, published by Work/Family Directions, Inc. This information consists of 1986 data.

1/ Entries denoting more than one ratio or permitted group size, are usually the result of State requirements concerning the mix of ages in the group and other factors.

Prepared by:
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Office of State Liaison and Legislative Analysi
Employment Standards Administration
U.S. Department of Labor
February 18, 1988

NOTE ON SOURCES

The task force report combines original research and secondary sources. The major sources for each chapter were:

A. **Federal Funding of Child Care** - FY 86 & 88 expenditures per each U.S. Government department and agency; Child Day Care: Selected Federal Programs, by Sharon Stephan and Susan Schillmoeller, April 7, 1987, Congressional Research Service; Original research by DOL

B. **State and Local Child Care** - Original research by DOL; Dependent Care Tax Provisions in the States: An Opportunity for Reform, National Women's Law Center; 1987 Child Care/Early Childhood Education Legislation (supplement) and Recent State Early Childhood Initiatives, both from the National Conference of State Legislatures; Current Early Childhood Initiatives in the States, by Fern Marx, November 1987, Wellesley College, Center for Research on Women.

C. **Employer-Assisted Child Care** - Unpublished data, U.S. Department of Labor Women's Bureau; "Child Centers Sponsored by Employers and Labor Unions in the United States," by Kathryn Senn Perry (1978), published by U.S. DOL, Women's Bureau, 1980; 1985 Employer-sponsored Child Care Study, Compilation of Surveys prepared by Dana Friedman, Conference Board; 1987 Employer-sponsored Child Care Study, Bureau of Labor Statistics; "Employers and Child Care: Establishing Services Through the Workplace," U.S. DOL Women's Bureau, August 1982; "Examples of Employer Involvement in Child Care Assistance," Child Care Action Campaign; Corporate Initiative for Working Parents in New York City: A ten-Industry Review, Kristin Anderson, August 1983; Original research by DOL Women's Bureau.

D. **Child Care and Labor-Management Relations** - Daily Labor Report and Work and Family: a Changing Dynamic, both Bureau of National Affairs; various materials by the Coalition of Labor Union Women AFL-CIO, United Auto Workers, Service Employees International Union, Communications Workers of America, American Federation of State, County and Municipal Employees, National Treasury Employees Union, Amalgamated Clothing and Textile workers Union.

E. **Workforce Trends** - U.S. Dept. of Labor, Bureau of Labor Statistics; Bureau of Census Current Population Survey; DOL Workforce 2000.

F. **Who Requires Child Care?** - U.S. Dept of Labor, Bureau of Labor Statistics; Bureau of Census Current Population Survey; U.S. Dept. of Health & Human Services; Heritage Foundation; U.S. House of Representatives, Ways and Means Committee, Minority staff.

G. **Availability** - Survey of Income and Program Participation, Child Care Arrangements: Winter 1984-85, Bureau of the Census; U.S. DOL, Bureau of Labor Statistics.

H. **Affordability** - Testimony of Dr. Sandra L. Hofferth, National Institute of Child, Health and Human Development; "Juggling Jobs and Babies: America's Child Care Challenge" and "Who's Minding the Kids?" U.S. Bureau of the Census.

I. **Quality** - National State of Child Care Regulation, 1986, by Gwen Morgan, for Work/Family Directions, Inc.; Accreditation Criteria of the National Academy of Early Childhood Programs; U.S. Dept. of Health and Human Services 1980 child care standards; Cato Institute; statistical information U.S. DOL Bureau of Labor Statistics.

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