DOCUMENT RESUME

ED 418 772 PS 026 212

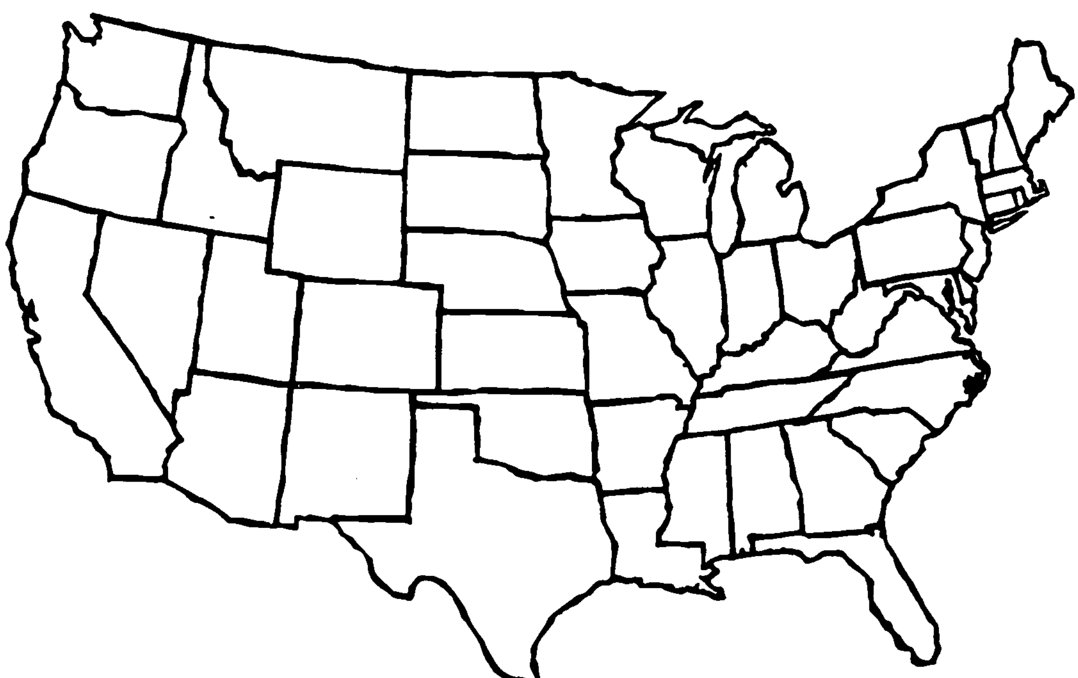
AUTHOR	Blank, Helen; Adams, Gina
TITLE	State Developments in Child Care and Early Education, 1997.
INSTITUTION	Children's Defense Fund, Washington, DC.
PUB DATE	1997-12-00
NOTE	83p.
AVAILABLE FROM	Children's Defense Fund, 25 E Street, N.W., Washington, DC 20001; telephone: 202-628-8787 ($5.95).
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Child Advocacy; Child Welfare; Childhood Needs; *Day Care; *Day Care Centers; Day Care Effects; Early Childhood Education; Educational Quality; Federal Aid; Federal Legislation; *State Aid; State Federal Aid; State Government; *State Programs; Welfare Services
IDENTIFIERS	Child Care Costs; Child Care Legislation; *Child Care Needs; Day Care Licensing; *Day Care Quality; Personal Responsibility and Work Opp Recon Act; Project Head Start; Welfare Reform

ABSTRACT

Access to quality child care is critical to working parents. Prior to the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, states had a significant level of responsibility for child care, and the 1996 welfare reform law further expanded the state's role. This report examines state efforts in child care and early education in 1997 in light of these changes. The major state developments in 1997 are divided into several categories, including: changes in child care funding, reductions in guarantees of child care assistance, changes in child care subsidy policies, developments in quality investments, licensing activities, school-age care, and state prekindergarten initiatives. Following a brief summary, section one of the report addresses state decisions regarding child care funding, including increasing state funding and returning federal funds. Section two addresses child care assistance, including assistance to families below certain income levels, while section three addresses changes in child care subsidy policies, including state reimbursement rates and eligibility issues. Section four addresses actions related to quality and supply, including licensing, regulatory changes, and protection of children. Section five addresses changes in child care administration and efforts to create unified policies. Section six addresses Head Start and prekindergarten initiatives. The final section of the report addresses additional new ideas and developments in early education and child care initiatives. (SD)

State Developments in Child Care and Early Education

1997



Helen Blank
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Children's Defense Fund
December 1997

About CDF

The Children's Defense Fund (CDF) exists to provide a strong and effective voice for all the children of America, who cannot vote, lobby, or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. Our goal is to educate the nation about the needs of children and encourage preventive investment in children before they get sick, drop out of school, suffer family breakdown, or get into trouble.

Our staff includes specialists in health, education, child welfare, mental health, child development, adolescent pregnancy prevention, family income, and youth employment. CDF gathers, analyzes, and disseminates information on key issues affecting children. We monitor the development and implementation of federal and state policies. We provide information, technical assistance, and support to a network of state and local child advocates, service providers, and public and private sector officials and leaders. We pursue an annual legislative agenda in the U.S. Congress and in states where we have offices. CDF educates hundreds of thousands of citizens annually about children's needs and responsible options for meeting those needs.

CDF's overarching mission is to see that no child is left behind, and that every child receives a Healthy Start, a Head Start, a Fair Start, a Safe Start, and a Moral Start in life.

CDF is a private, nonprofit organization supported by foundations, corporate grants, and individual donations.

State Developments in Child Care and Early Education 1997

by Helen Blank and Gina Adams

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Acknowledgments

This report is one of a series of reports by the Children's Defense Fund concerning state policies and practices in child care and early education. CDF's work on this study is supported by the Ford Foundation and the Traveler's Foundation.

We are grateful to the many, many individuals who helped on this project. First, and foremost, we thank those in each state who took the incredible time and effort to provide the information to make the report possible. Many staff members at the Children's Defense Fund contributed to this project, including Sandy Adams, Casey Coonerty, Kim Galarneault, Merrill King, Jennifer Leonard, Kirsten Lodel, Elizabeth Reynolds, and Brooke Thacher. We also thank Belva Finlay for her time and effort.

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Executive Summary

The vast majority of young American children spend at least some time in child care before they enter school; an estimated 13 million children younger than six are cared for in child care each day. For many older children, after-school programs keep them safe and help them succeed in school. Access to quality child care is critical if parents are to be able to work and support their families, young children are to be able to enter school ready to learn and succeed, and older children are to have places to go that keep them out of trouble while helping them do well in school. Yet, many low- and moderate-income families are unable to access good quality child care or after-school programs.

Even prior to the 1996 welfare law, states had a significant level of responsibility for child care and early education. However, states varied widely in their commitment. For example, in 1994, the ten states with the highest commitment to child care and early education invested four-and-a-half times as much per child as did the ten states with the least commitment.

This disparity was also reflected in state policies regarding child care programs for low-income working families. Many states cut off eligibility for child care assistance at such low levels that parents could not qualify for needed help. Moreover, while adequate payment rates to providers are essential if parents receiving help are to have a choice of good care in their community, in 1995, many states used outdated data to set their rates. Less than half of the states based their rates on the 75th percentile of a current market rate survey. Fees charged to parents receiving child care assistance also affect parental choice. For a mother with two children at the poverty line ($1,027 a month in 1994), fees to place one child in care ranged by state from zero to $242 per month (almost a quarter of the family's income).

The 1996 welfare law further expanded the state role in child care and early education, in part due to state policy makers' arguments that they could better serve families and children if they were given more responsibility and flexibility. In addition, the law increased federal funding by $600 million in FY 1997.

A central question now before the nation is how states will respond to their new power and responsibilities. Will they invest more in critical children's services, or will the changes result in greater inequities among states? This report examines state efforts in child care and early education in 1997 in light of this question.

The answer is a mixture of encouraging innovation and disturbing backsliding. Some states are taking bold strides forward; others are slipping backwards. In light of the favorable conditions of the past year, one would have expected to see most states moving ahead. In 1997, states experienced strong economies, shrinking welfare caseloads, low work requirements for TANF families, and increased federal child care funding. [States received a total of approximately $600 million in new federal child care money (if they provided matching funds), and states were able to use a portion of their new federal welfare grants under the new welfare program, Temporary Assistance to Needy Families (TANF) for child care.] Given these conditions, 1997 is exactly the year when *every* state should have been showing strong signs of progress in improving their policies and investments in child care. It is of great concern that a number of states actually took steps backwards during this period.

Future years will bring more challenges, as the demand for child care assistance is likely to expand significantly due to sharply increasing work requirements for TANF families. The Congressional Budget Office projected a shortfall of $1.4 billion just in meeting child care needs for TANF families over five years. This means that in coming years, all states will face an increased need for child care—even assuming that state economies remain strong. If state economies should turn sour, the needs will be even greater. As a result, larger investments in child care will be necessary if states are to establish policies that promote children's safety and development and make it possible for parents to obtain and keep jobs. Yet federal funds for child care are only slated for minimal increases over the next four years.

The state developments detailed in this report must also be viewed in the context of a child care system already plagued with serious shortcomings:

- National studies continue to reveal alarming deficiencies in the quality of care in many communities. According to a 1995 study, *Cost, Quality, and Child Outcomes in Child Care Centers*, six out of seven child care centers provide care that is mediocre to poor. One in eight might actually be jeopardizing children's safety and development. Equally disturbing patterns were found in a study by the Families and Work Institute of home-based care: one in three settings provided care that could conceivably hinder a child's development.

- Low wages continue to be the norm for child care providers. Child care teachers and providers today earn less per year than the average bus driver ($20,150) or garbage collector ($18,100). Staff employed in child care centers typically earn about $12,000 per year (only slightly above minimum wage) and receive no benefits or paid leave. As a result, turnover among child care providers is high, shattering the stable relationship that infants and children need to have with their caregivers to feel safe and secure.

- There are major flaws in the basic health and safety standards for child care in many states. Staff education and training are among the most critical elements in improving children's experiences in child care. Yet 39 states and the District of Columbia do not require providers who look after children in their homes to have any prior training, and 33 states require no training for teachers before they go to work in child care centers. In contrast, becoming a licensed hair styler or manicurist requires approximately 1,500 hours of training at an accredited school.

- Even the standards that are in place are often inadequately enforced because of a growing number of child care facilities coupled with insufficient licensing and monitoring staff. A 1994 Inspector General's report on licensed child care centers in five states found a significant number of unsafe and unsanitary conditions. Furthermore, relatively few child care centers meet the higher standards required for accreditation. In 1997, for example, only 6 percent of all child care centers were accredited by the National Association for the Education of Young Children.

- Families with babies younger than three continue to face especially daunting challenges in finding safe and supportive child care. This situation is particularly troubling in light of the much publicized research on brain development in the first three years of life. Both the supply and the quality of care have been found wanting. In one national poll, three out of four parents of young children said there was an insufficient supply of infant care in their communities. The *Cost, Quality, and Child Outcomes* study found that half of the rooms serving infants and toddlers in child care centers provided such poor care as to jeopardize children's health, safety, and development.

- The considerable need for before- and after-school care has barely been addressed. Nearly 5 million children are left unsupervised by an adult after school each week. The consequences are grim. Juvenile crime peaks between 3:00 and 7:00 PM- the after-school hours when many children are on their own. A 1990 study found that eighth-graders who were left home alone after school reported greater use of cigarettes, alcohol, and marijuana than those who were in adult-supervised settings. The dearth of good after-school options is especially acute in low-income neighborhoods . In 1993, only one-third of schools in such neighborhoods offered before- and after-school programs.

- Finally, many low-income working families have scarce resources to pay for child care and little hope of receiving help. According to the Census Bureau, poor families earning less than $14,400 per year spend 25 percent of their incomes on child care. New Jersey reports that as many as 15,000 children are on waiting lists for child care subsidies, and Texas has a waiting list of 37,000 families. New York State can provide child care subsidies to only one in ten eligible children.

Children and families pay a heavy price for these gaps. According to a recent report by the Carnegie Corporation, America's child care and early education services "have so long been neglected that they now constitute some of the worst services for children in Western society." This report observed that the care that most children are in can not only "threaten their immediate health and safety, but also can compromise their long-term development." Kindergarten teachers estimate that one in three children enters the classroom unprepared to meet the challenges of school.

Key findings

The major state developments in 1997 fall into several categories, including: changes in child care funding, reductions in guarantees of child care assistance, changes in child care subsidy policies, developments in quality investments, licensing activities, school-age care, and state prekindergarten initiatives.

Changes in child care funding

In 1997, most states increased overall support for child care and funded their child care subsidy programs in a variety of ways. Some states allocated additional state money, some used TANF funds, and some combined new federal funds with state matching dollars. Although in most cases these changes will probably represent a net gain for children, that is not yet certain. If states simply *replaced* state or Title XX/Social Services Block Grant (SSBG) funds currently being spent on child care with federal CCDBG or TANF dollars, children would gain nothing.

Most states allocated sufficient funds to draw down the new federal matching funds available. Eighteen states increased *state* funds for child care beyond the amount required to draw down their new federal dollars from the Child Care and Development Block Grant (CCDBG). **California, Illinois,** and **Minnesota** made the largest investments, allowing them to help significantly more low-income working families. Other states will use the new money for other important improvements. **Rhode Island**, for example, will use new state funds to increase child care reimbursement rates.

States may use up to 30 percent of their TANF block grants for child care, either by transferring TANF funds to the CCDBG or by drawing the money directly from TANF. Almost half of all states (24) have chosen to use some TANF funds for child care, using one of these two approaches.

In many states, the increased funding will be used to help more families pay for child care, but some states, such as **Arizona, Connecticut, Florida, Oklahoma, Massachusetts, North Carolina, Tennessee, and Washington** state, will use some TANF dollars to improve the quality of child care, raise reimbursement rates, expand the supply of child care, or lower families' copayments.

Reductions in guarantees of child care assistance

Prior to the 1996 welfare law, states were required by federal law to "guarantee" child care assistance to families working to get off of welfare and families that had recently left welfare. This meant that any eligible family that needed child care assistance would receive it, and that the funding would be automatically available to cover that assistance. The 1996 welfare law eliminated this guarantee. Consequently, it is now up to states to decide which families receive child care assistance and whether to "guarantee" assistance to any categories of families.

States have responded in various ways. Some have pioneered new approaches, recognizing that low-income families—whether or not they are receiving TANF—cannot afford the costs of good child care and should be assured assistance. A number of states have maintained what they call a "guarantee" for at least those families that are on welfare or that just left welfare, and have appropriated sufficient funds to serve at least those families that currently qualify. At this point, however, it is unclear for some of these states whether they are providing a *true* guarantee of assistance, which is when they ensure that funds are automatically available to serve all eligible families that apply. And still other states have eliminated *all* guarantees of child care assistance.

Approximately one in five states (11) has recognized the importance of providing child care assistance to low-income families regardless of whether they receive TANF. Although these states have not legally "entitled" all families below a certain income level to child care assistance, state officials say they believe they have appropriated or otherwise made available enough funds to provide child care help to every family currently eligible for assistance. A variety of funding approaches is being used to accomplish this goal. **Illinois** and **Minnesota**, for example, appropriated new state money, **Washington** and **Wisconsin** transferred TANF dollars to CCDBG, and others believe they have enough new federal funds combined with existing dollars to serve all eligible families below a certain income level.

These states acknowledge that help in paying for child care is essential to helping families become—and remain—independent. However, there are a few important caveats. First, as discussed above, the states have not established true "entitlements" because assistance in the future ultimately depends on the continued availability of funds rather than on funds that are automatically available. If the state does not continue to allocate enough money, not every eligible family will be able to get help. **Minnesota**, for example, has appropriated enough money to eliminate all families from its current waiting list for child care assistance; yet state officials expect that a new waiting list will develop in the near future, and there is no guarantee the state will be able to help all of those families. In contrast, the funding of true entitlement programs (such as Medicaid and Medicare) automatically grows as the number of eligible people increases.

Second, none of the 11 states guarantee child care help to families earning up to 85 percent of the SMI—the maximum income cutoff for assistance under the CCDBG. And third, access to assistance in these 11 states also will be influenced by whether the states make an effort to let families know they are eligible for child care assistance. For example, **Wisconsin's** caseworker manual for W-2 (the state's welfare program) gives confusing instructions that could result in TANF families not knowing that they are even eligible for child care help unless they ask for assistance. The manual states that "the new system should provide only as much service as an eligible individual asks for or needs. Many individuals will do much better with just a light touch." These principles may confuse caseworkers even though they are also told that child care assistance is available for all families. In addition, access to assistance will also be influenced by factors such as the adequacy of reimbursement rates to providers and the size of families' copayments. For example, **Washington** state has significantly reduced reimbursement rates for all but infant care providers, which will mean that fewer providers will be able to serve low-income children.

Half (25) of the states have maintained what they call a guarantee of child care to families receiving TANF, and 27 have chosen to maintain such a "guarantee" for those transitioning off of TANF (what used to be called Transitional Child Care, or TCC). Again, it is not clear whether these guarantees are true guarantees, or whether they are subject to appropriations or continued availability of funding. Officials in 13 states say they believe they have enough funds to provide child care assistance to families receiving TANF and those transitioning off, but those states do not guarantee help.

Finally, it is important to note that in a number of states, working poor families that are not on welfare still face long waiting lists for child care assistance or live in counties that are unable to help them at all because of the growing demand for child care for TANF families created by TANF work requirements.

Mixed changes in policies concerning family eligibility and copayments

More than half of the states made changes in their eligibility policies last year. About one in three (17) increased the income levels at which families could receive assistance. Increasing eligibility does not, however, ensure that eligible families will actually receive assistance, unless funding is also sufficiently increased. When funds are inadequate, many states give priority to the poorest families, which means that the newly eligible families at the higher end of the income scale (still very low-income compared to state median income) are not served.

On the other hand, 14 states *reduced* eligibility for child care assistance, either by cutting back income eligibility levels or by limiting child care for families with mothers in school or training.

Before TANF was enacted, states were not allowed to charge welfare families copayments for child care. Under the new law, the states have the discretion to decide whether or not to impose copayments. Almost half (24) report that they are planning to charge some or all TANF families copayments, usually on the basis of family income. Twenty-one states have decided not to require copayments from TANF families.

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Sliding fee scales determine the size of copayments families must pay for child care. Fee scales are extremely important because high copayments effectively limit low-income families' access to child care assistance. Some experts suggest that child care is not considered "affordable" for low-income parents (those with incomes just above the poverty level) if the cost accounts for more than 10 percent of the family income, and that families with incomes below poverty should pay little or nothing towards their child care costs. Fourteen states reported that they had increased or plan to increase their copayments for low-income working families, and many others are in the process of re-evaluating their sliding fee scales. Only five states took advantage of the new child care funds to reduce parents' copayments.

Continuing low rates for providers

Reimbursement rates for child care providers have a direct impact on parents' ability to choose decent child care that meets their needs and nurtures their children. Under the previous welfare law, states were required to pay rates that allowed families to access at least 75 percent of the child care market (also called the "market rate" or the "75th percentile"). The 1996 welfare law eliminated this requirement, although pending regulations would require states to conduct biennial market rate surveys to determine if their rates for subsidized child care allow for equal access. Despite the importance of having up-to-date market information on which to base reasonable rates, seven states report that they no longer plan to conduct annual or biennial market rate surveys.

Over half of the states raised reimbursement rates this year, showing that many states do recognize that rates are an important factor in assuring parents a choice of child care providers. However, it is important to see these increases in context. A number of the states that took this step had rates that fell below the 75th percentile and were based on very outdated market surveys. It is considered a step forward when a state moves from paying rates based on a 1991 survey to rates based on a 1994 survey, for example. But even so, the rates still are so outdated they do not allow families access to the range of care they need. States such as **Michigan** raised rates to the 1994 market rate survey whereas **Nebraska** increased rates to the 75th percentile of the 1995 market rate, which is close to the 60th percentile of the 1997 market rate. In Des Moines, **Iowa**, three inner city child care centers closed this year because they could not operate under the state's reimbursement rates.

Four states actually reduced or froze rates for some providers. **Kentucky**, for example, moved from determining rates based on 15 regions to two reimbursement areas, which has resulted in a cutback in infant and preschool rates.

Modest increases in investments in quality and supply

Despite the need for significant new investments in the quality and supply of child care and the growing recognition of the importance of the early years of life to brain development, only 16 of the states report plans to spend extra funds to improve quality and expand supply. Several others such as **North Carolina** and **Oklahoma** will use state or TANF funds to improve quality. States may increase investments in quality and supply by spending more than the 4 percent minimum set-aside for quality and supply required by the CCDBG through increasing state funds, or using TANF funds.

Significant problems in the quality of child care, along with shortages of particular types of care, have been well documented. Major studies have found that many American children, both in child care centers and in family child care homes, are in poor quality care. Yet research shows that good quality child care protects children's health and safety and prepares them to enter school ready to succeed. Furthermore, poor quality care is particularly common for infants, who are among the groups of children for whom the supply of child care is most limited. Child care for school-age children, children who need odd-hour care, and children with disabilities is also in short supply, and the work requirements in the new welfare law will only increase pressures to expand the supply of child care for all children.

Only a very few states—such as **California, Florida, Indiana, Oklahoma, North Carolina** and **Connecticut** (through its new School Readiness Program)—are investing in innovative or significant approaches to improving quality and/or building capacity. **Oklahoma** will spend $1 million of its TANF funds to begin a state-funded Early Head Start program that will offer comprehensive services to families with babies and toddlers. **North Carolina** has added $22 million in state funds to its Smart Start early childhood program, which will allow it to reach every county in the state.

Some states, including **Arizona, Oklahoma, Rhode Island**, and **Tennessee** will use additional quality enhancement funds to increase rates for providers.

California took a positive step in helping to ensure that TANF families know about the importance of selecting good quality care. Resource and Referral (R&R) programs have been given an explicit role in working with TANF recipients. County welfare departments must refer families at various stages of moving off of welfare to the local R&R, which will co-locate in the welfare office or arrange other means of swift communication with parents and case managers.

Licensing activities mixed

Strong licensing standards are the first line of defense in a child care system that aims to ensure the health and safety of children. Yet many states are allowing children to go unprotected because their health and safety requirements do not meet the levels recommended by experts. For example, 32 states allow child care centers to have more than six 27-month-olds per staff member, although child development experts recommend no more than six.

State licensing activities were somewhat mixed in 1997, with some states improving their protections for children and others weakening their standards. Among the latter group, **Minnesota** took a giant step backwards in protecting children enrolled in family child care homes. **North Carolina** and **Washington** state were among the few states that strengthened child care standards.

After-school care neglected

Only 11 states invested in new after-school initiatives or expanded their existing programs this year. Yet far too many American children—nearly 5 million each week—are left home alone after school, and many more must depend on patchwork child care arrangements. Whether or not their mother is employed, research indicates that the activities children engage in and the quality of adult supervision they receive are as important as family income and parents' education in determining academic success. In a longitudinal study examining the effects of early self-care in later years, high amounts of self care were associated with poor behavior adjustment and academic performance in the sixth grade. However, a number of studies have found that children who attend good school-age programs may experience positive effects in development. A 1994 study found that children in after-school programs had better peer relations, emotional adjustment, grades and conduct in school than their peers in other care arrangements.

Prekindergarten and Head Start programs grow

Responding to the growing interest in the development and education of young children, states continue to support prekindergarten programs, either by supplementing the federal Head Start program with state funds or by investing in state prekindergarten initiatives. Some states chose to improve their existing programs by making changes that allow them to better meet families' needs, for example by providing full-day services for children whose parents work.

Twenty-one states increased investments in prekindergarten or Head Start in 1997. For example, **Connecticut** and **New York** both took major steps by developing new prekindergarten initiatives. **New Jersey** began a new early childhood program that will focus on implementing full-day kindergarten and helping school districts with high concentrations of children living below poverty to start prekindergarten programs. **California** appointed a committee to explore a universal prekindergarten program.

Only two states decreased funding for prekindergarten.

Several states took some creative steps to expand the hours of Head Start and state prekindergarten programs so they better meet working families' need for full-day care. Other states acted to provide more comprehensive services to children in prekindergarten programs, whereas still others extended comprehensive child care services to infants and toddlers through their prekindergarten programs or by funding Early Head Start programs.

About this report

This report includes information on the broad range child care and early education issues that states addressed in 1997, including:

- State Decisions Regarding Child Care Funding
- Child Care Assistance and "Guarantees" of Assistance
- Changes in Child Care Subsidy Policies
- Actions Related to Quality and Supply
- Changes in Child Care Administration and Efforts to Create Unified Policies
- Head Start and Prekindergarten Initiatives
- Other New Ideas and Developments

This information was collected through phone interviews with experts in each state. After data were compiled, the information was verified with state administrators and experts prior to publication.

State Decisions Regarding Child Care Funding

A number of states increased overall child care funding in 1997. States are funding these increases in a variety of ways: some states allocated additional state funds, some are using TANF funds (either by transferring them to the CCDBG or by using them separately from the CCDBG), and some are using a combination of new federal funds and state matching dollars. (One state, **Idaho**, is actually returning some federal funds). In addition, several states have chosen to stop using the child care disregard, which allows welfare recipients to receive higher assistance payments which reflect their child care expenditures.

Despite the increased funding, however, many states do not have adequate funds to provide assistance to working poor families who are not on welfare. For example:

- **Alaska** has a waiting list of two to four months for assistance.

- **Arizona** believes that given current funding levels, eligible families with incomes over 100 percent of poverty may be placed on a waiting list at some point in the future.

- Although **Florida** is serving 7,000 additional children from low-income working families, these children represent only one-quarter of the waiting list at the time, and in many areas of the state, intake is frozen for eligible working poor families who apply for assistance in many areas of the state.

- **Massachusetts** has almost 12,500 families on a waiting list for child care assistance.

- **New Jersey** reports as many as 15,000 children on waiting lists who have been determined eligible to receive subsidies.

- **New York** can provide child care subsidies to about one in ten eligible children. Counties prioritize which population of families to serve. Although there is an incentive to serve low-income working families (reimbursements to counties are 100 percent for these families compared to 75 percent for TANF families), anecdotal information suggests that some counties concerned about meeting TANF work participation requirements are targeting child care help to TANF families.

- **Ohio's** projections actually show a decline in funds to support working poor families during the state's two-year budget cycle (although the state is currently serving more working families per month than in a similar period last year).

- Although **Pennsylvania** has reduced its waiting list from 12,000 to 6,000 families, low-income working families who have not previously received TANF will be the last priority for assistance.

- **Texas** has a waiting list of 37,000 families.

- **Virginia** is fearful of not having enough funds to serve TANF families; they are extremely cautious about giving assistance to working families, even if funding is available.

Increasing State Funding

At this point, all states, except **Idaho,** report that they allocated sufficient funds to draw down all of their share of new federal dollars. About one out of three (18) states increased *state* funds for child care beyond the state dollars required to draw down their new federal CCDBG dollars. **California, Illinois,** and **Minnesota** made the largest additional investments, which will allow these states to help significantly more low-income working families. A number of additional states will use their new funds for other important improvements.

- **Alaska** increased state child care funds by $1.2 million.

- **Arizona** added $10 million to help low-income working families pay for child care.

- **California** appropriated $138 million in new state dollars for child care for this budget year, which is $176 million on an annual basis.

- **Connecticut** increased state spending by $17 million to support part-day wrap-around, or full-day prekindergarten services (through their School Readiness Program) for low-income families and those transitioning off TANF, by $6 million to enhance early childhood activities and improve quality, and by $30 million to increase child care subsidies to help families transitioning off assistance.

- **Delaware** increased state funds by $1.4 million.

- **Florida** increased state funds by nearly $45 million. However, after the legislative session, $39 million was replaced with federal funds. These state dollars were shifted to provide the match for the cash assistance program.

- **Georgia** allocated an additional $1 million to the Department of Education for after-school programs for middle school students.

- **Illinois** increased state spending by $100 million.

- **Massachusetts** increased state funds for child care by $25 million.

- **Michigan** increased funds by $6.5 million, which will be used to increase rates, fund various training initiatives (including scholarships for child care aides), and support the Michigan 4C Association to allow it to provide more technical assistance to child care centers wishing to become accredited.

- **Minnesota** increased state funds by $99.2 million (181 percent) over a two-year period. These funds allow the state to eliminate the existing waiting list for child care assistance.

- **Nebraska** increased funds by $19 million.

- **North Carolina** increased state funding by $22 million which will allow all 100 counties in the state to participate in the Smart Start early childhood initiative.

- **Oregon** allocated an additional $2.4 million.

- **Pennsylvania** allocated an additional $28 million.

- **Rhode Island** allocated an additional $6.8 million, using $1.5 million of these funds to increase the reimbursement rate to the 75th percentile of the market rate by the year 2000.

- **Tennessee** added $10 million in state funds for subsidies and increased weekly reimbursement rates.

- **Vermont** allocated $500,000 to provide help with child care for low-income working families. The state also allocated $260,000 in state funds to reinstate 25 percent of the funds which were cut in the Child and Adult Care Food Program.

Using TANF Funds for Child Care Assistance

States may use up to 30 percent of their TANF funds for child care, either by transferring funds from TANF to the CCDBG or by using them directly from the TANF block grant. Twenty-four states will use or plan to use TANF funds for child care. Although this represents a net gain for children in most states, in some cases a state may simply be supplanting state money now spent on child care with federal CCDBG or TANF dollars. States are most likely to use the new funds to replace state money or funds they are putting into child care from the Title XX/Social Services Block Grant (SSBG).

Some states will use TANF dollars to help more families pay for child care, whereas others will use the funds to improve the quality of child care, raise reimbursement rates, expand the supply of child care, or lower families' copayments. States that are using TANF funds for child care:

- **Alabama** has transferred $10.5 million from the TANF block grant into the CCDBG. State officials believe the money will allow them to provide assistance to working poor families.

- **Alaska** is using TANF dollars that will remain in the TANF block grant to provide child care to families under CCDBG rules.

- **Arizona** will transfer $7.5 million to the CCDBG to help address TANF families' needs for child care and to increase reimbursement rates to providers that were paid under an old state child care subsidy program.

- **California** has $117.5 million from TANF funds that will remain in the TANF Block Grant to provide child care to TANF recipients.

- **Colorado** allows individual counties to transfer TANF dollars into the CCDBG if state funds are not available. The TANF funds may be used only for subsidies.

- **Florida** transferred more than $89 million to a non-CCDBG funding stream. Although most of the funds will support subsidies, $4.5 million will go to the Florida Child Care Initiative for quality improvements.

- **Indiana** transferred $62.5 million to help families at risk of moving onto welfare (defined as those with incomes at or below 150 percent of poverty) who are on the waiting list for child care assistance.

- **Kentucky** moved approximately $11 million from TANF to the CCDBG.

- **Maine** transferred $5 million into the CCDBG for child care assistance.

- **Massachusetts** will transfer between $15 million and $20 million to increase the child care supply for low-income families leaving TANF.

- **Missouri** moved $8.5 million from TANF to the CCDBG to fund child care subsidies.

- **New York** will transfer between $45 and $50 million of TANF funds to the CCDBG to fund child care subsidies.

- **North Carolina** transferred approximately $6 million from TANF into the CCDBG. A total of $500,000 is earmarked for the development of child care centers at community colleges. Approximately $1.8 million will replace a reduction in SSBG funding for child care. The remaining $3.7 million will be used to purchase additional subsidized child care as demand increases.

- **Ohio** has budgeted $29.4 million for FY 1998 and $49.9 million for FY 1999 in TANF money for child care, but will not move these funds to the CCDBG. However, the funds must be used in the same manner as those used in the CCDBG.

- **Oklahoma** moved $15 million from the TANF block grant to fund Early Head Start for infants and toddlers (using the federal Early Head Start standards), reduce families' copayments, increase eligibility for child care, hire additional licensing personnel, and provide a higher reimbursement rate for higher quality child care.

- **Oregon** transferred $27.4 million from TANF to be used for child care subsidies.

- **Texas** transferred $12 million for FY 1998 and $14 million for FY 1999. These funds will replace dollar for dollar the cut in Title XX/SSBG funds previously used for child care.

- **Washington** transferred $152 million to the CCDBG over the biennium. The vast majority of funds will go toward subsidies, but an $8.5 million set-aside will be established for activities to increase access to child care.

- **Wisconsin** is using $80.1 million for FY 1998-1999 for subsidies.

- Five other states plan to transfer TANF funds to the CCDBG: **Connecticut** (for early childhood related activities including the new School Readiness Program), **Kansas, Michigan, Tennessee** (to support quality-building initiatives), and **Virginia**.

Returning Federal Funds

States have one year in which to obligate their CCDBG funds. Dollars that are not obligated will be re-allocated to other states. **Idaho** reports that it will return $3 million in CCDBG funds to the federal government, which means the state may be unable to serve low-income working families. This is despite the fact that in 1994 the state already ranked 48th in commitment to child care and early education according to a CDF report.

Changing the Child Care Disregard

Several states are eliminating the child care disregard. Under the disregard, parents who worked and received income assistance were allowed to discount part of their child care expenses from their earnings when determining the amount of their cash assistance grant. Because the level of benefits decreased as earned income increased, the disregard could result in somewhat higher benefit levels or continued eligibility for welfare if a parent's income was close to the eligibility cutoff.

Previously, some families benefited from access to the disregard because it allowed them to remain eligible for some welfare assistance, which may have increased their income (welfare benefits were added to their work incomes) and allowed them to remain eligible for Medicaid. However, given the five-year time limit, the value of extending a family's TANF benefits is greatly diminished; it may be more important to save their TANF benefits for the many emergencies or periods of unemployment that a low-income family is likely to face.

In addition, the disregard provided only a fraction of what child care costs in many communities. The disregard also required parents to pay up front out of their pockets, so many providers were reluctant to accept these children. Providers feared the parents would have difficulty making regular payments from their minimal salaries.

States reporting that they have eliminated or plan to eliminate the disregard include: **California, Colorado, Florida, Idaho, Illinois, Louisiana, Michigan, Minnesota, New Jersey, New York, North Carolina, Pennsylvania,** and **Wisconsin.**

Child Care Assistance and "Guarantees" of Assistance

Prior to the 1996 welfare law, states were required by federal law to "guarantee" child care assistance to families working to get off of welfare and families who had recently left welfare. This meant that any eligible family who needed child care assistance would receive it, and that the funding would be *automatically* available to cover that assistance. However, the 1996 welfare law eliminated this guarantee. Consequently, it is now up to states to decide which families receive child care assistance and whether to "guarantee" assistance to any categories of families.

States have responded in various ways. Some have pioneered new approaches, recognizing that low-income families—whether or not they are receiving TANF—cannot afford the costs of good child care and should be assured assistance. A number of states have maintained what they call a "guarantee" for at least those families who are on welfare or who just left welfare—though it is not completely clear that all of these states are providing a *true* guarantee of assistance (which is when they ensure that funds are automatically available to serve all eligible families that apply). Other states that do not have a *true* guarantee report that they have enough funds to provide child care assistance to at least those families who are on TANF or who are transitioning off—some of these states call this a "guarantee subject to appropriations" (which, again, is not a *true* guarantee as defined here). And still other states have eliminated *all* guarantees of child care assistance—even to families on or leaving welfare.

Assistance to Families Below a Certain Income Level, Regardless of Welfare Status

Eleven states have recognized the importance of providing child care assistance to low-income families, regardless of whether they receive TANF. These states have not legally "entitled" all families below a certain income level to child care assistance, but they believe they have enough funding available to provide help to all families below a certain income level who they think need and will use child care assistance, or to serve all families on their current waiting list. As noted above, however, these states are not providing a true "entitlement," because the availability of child care assistance will depend on the future availability of funds.

As described in the previous section, states have taken a variety of approaches to fund their expansions of child care assistance, including appropriating new state funds (such as **Illinois** and **Minnesota**), transferring TANF dollars to their CCDBG, (such as **Washington** state and **Wisconsin**), and combining new federal funds with existing dollars. It is important to note that although more families are now being helped, some of these states have other policies that undercut the value of the child care assistance to families. For example, **Washington** is paying rates far below the 75th percentile for all but infant care, which means that parents' choice of providers is severely limited. (In addition, families whose earnings are higher than 125 percent of the poverty line are charged high copayments for child care.) And families in states such as **Wisconsin** are encouraged to use informal, less expensive—and sometimes less safe—care because the state requires lower copayments for such care. The eleven states that have chosen to provide funds to assist families below a certain income level, regardless of welfare status are:

- **Colorado** offers child care assistance to all families earning below 130 percent of the federal poverty level, although the funds must be appropriated. If counties have enough money, they may assure child care to families earning up to 185 percent of poverty. The state did not increase state funds nor move TANF dollars into child care to fund this guarantee, but is relying instead on new federal and state matching dollars.

- **Illinois** increased state funding by $100 million to create a total of $380.6 million for child care funding. The increase will enable the state to eliminate the waiting list and provide child care assistance for all families below 50 percent of the state median income (SMI), which is approximately $22,000 per year for a family of three. Families earning between 50 and 60 percent of the SMI that had previously been eligible for child care assistance will receive help for one more year. All teen parents in high school or working on their GED also receive a child care subsidy and only the teen's income (rather than including her parents) is considered when determining eligibility. An estimated 59,000 additional children will be served. Families' copayments were increased in order to offset some of the costs of subsidies, which will make it difficult for some families (especially those at the higher income levels and families with two children) to afford child care. On the other hand, copayment levels in Illinois are still lower than in many other states.

- **Iowa** believes that they have enough funds to serve families earning below 125 percent of the federal poverty level through June 30, 1998. They expect to begin a waiting list in early 1999.

- **Kansas** believes they can serve all families earning below 185 percent of poverty who apply for assistance.

- **Minnesota** is not assuring all low-income families child care but added $99.2 million in state funds over the biennium. Total spending for the biennium for TANF and non-TANF subsidies is $192.5 million. This allowed the state to eliminate its waiting list of 5,600 low-income working families as of December 1996 and to provide full funding for families on TANF and those transitioning off TANF. However, state officials report that a new list is forming.

- **Missouri** offers child care assistance to all families whose earnings fall below 135 percent of the poverty line.

- **Oklahoma** offers child care assistance to all families below 185 percent of the poverty line.

- **Rhode Island** guarantees child care assistance to families receiving cash assistance who are enrolled in education and training programs or working, and working families who earn up to 185 percent of poverty.

- **Vermont** offers child care to all eligible TANF families, to families transitioning off of TANF, and to working families earning below 80 percent of the SMI. This assurance is subject to annual appropriations.

- **Washington** state transferred $152 million from TANF to the CCDBG to provide enough funds to allow families earning up to 175 percent of the poverty level to receive assistance.

- **Wisconsin** will provide child care assistance (subject to availability) to working families whose earnings fall below 165 percent of the poverty line. This is possible because the state designated $80.1 million from TANF in FY 1998-1999 to use for child care subsidies. Although the state modified its initial plan, which included extraordinarily steep increases in parents' copayments, the copayment schedule still provides some financial incentives for families to choose less expensive or less regulated care as parent fees are based on the cost of the care they choose as well as their income. This incentive is compounded by the new policy that "provisionally certified" caregivers, who care for three or fewer children, are reimbursed at 50 percent of the market rate. (If they complete the 15 hours of training, they are reimbursed at 75 percent of the market rate.) Thus, families who choose these caregivers pay less than families at the same income level who choose a larger family child care home or a child care center. At the same time, Wisconsin plans to eliminate a 15-hour training requirement for provisionally certified caregivers.

Assistance to TANF Families and Families Leaving TANF

Half of the states (25) say that they have maintained a guarantee of child care to families receiving TANF, and 27 states have chosen to maintain the guarantee for those transitioning off of TANF—though that it is not clear that all of these states are providing a *true* guarantee of assistance. Thirteen states believe that they have enough funds to provide child care assistance to families receiving TANF and those transitioning off, but do not guarantee help to these families.

The welfare law provides that a state may not reduce or terminate assistance under TANF if a parent or caretaker of a child under six refuses to work because they can not find appropriate and affordable child care. Only three states, **Arizona**, **New York**, and **Tennessee** have expanded this provision to recognize the importance of safe care for school-age children as well. They will not sanction mothers receiving TANF with children under *age 13* for not meeting TANF work requirements if they cannot find affordable, available, appropriate child care. **Tennessee** also includes mothers of special needs children up to age 19. In **New York**, the social services district is required to provide a parent or caretaker who is unable to obtain child care with a choice of two providers, at least one of whom must be an informal (or legally unregulated) provider.

Assistance to Families Receiving TANF

A number of states report that they have maintained a *true* guarantee of child care assistance for families on TANF, though it is not certain whether these guarantees meet the definition of a *true* guarantee as used in this report. [In other words, it is not clear whether all of these states would have the funds automatically available to serve eligible families should the demand increase beyond anticipated levels.] Nonetheless, states that report that they have a guarantee of child care assistance for families on TANF include:

- **Alabama, Alaska, Arizona, Arkansas, California, Delaware, Georgia, Indiana, Kansas, Kentucky, Maine, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina,** and **Tennessee.**

- **California** assures child care assistance to participants in CalWORKS (the state's JOBS program) when they join a job club or begin using job search services, when child care is needed for a recipient to complete an element of his or her welfare-to-work contract, or when parents participate in community service activities or work on self-initiated projects.

- **Montana** guarantees assistance to TANF families, as long as they can establish a need for child care assistance.

- **New York** asks recipients to find care first. If it is not possible, they are offered two options, at least one of whom must be an informal (or legally unregulated) provider.

- **Texas** guarantees assistance dependent on the availability of funds.

A number of states report that they no longer provide a *true* guarantee of child care assistance to TANF families. However, a number of these states report that they have appropriated enough funds to serve all eligible families who apply—this is described in greater detail in a subsequent section. States that no longer provide a true guarantee include:

- **Colorado, District of Columbia, Florida, Hawaii, Iowa, Illinois, Maryland, Massachusetts, Michigan, Mississippi, New Mexico** (although TANF families are given first priority), **North Carolina, Pennsylvania, South Dakota, Texas, Utah, Vermont, Virginia, Washington, Wisconsin** and **Wyoming**.

Assistance to Families Leaving TANF

Similarly, a number of states report that they have maintained a *true* guarantee of child care assistance for families leaving TANF, or what was previously called transitional child care (TCC). Again, however, it is not clear from the information reported here whether all of these states would meet the definition of "true guarantee" used in this report. [In other words, it is not clear whether all of these states would have the funds automatically available to serve eligible families should the demand increase beyond anticipated levels.] Nonetheless, states that report that they have a guarantee of child care assistance for families transitioning off TANF include:

- **Alabama** (one year), **Alaska, Arizona** (two years and if income is below 135 percent of poverty), **California, Connecticut** (until families earn 75 percent of the SMI), **Delaware, Hawaii, Indiana, Iowa, Kansas, Kentucky** (one year), **Maine** (until income exceeds 85 percent of SMI), **Maryland, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey** (24 months), **New York** (for families up to 200 percent of poverty for one year), **North Dakota, Ohio** (for one year or up to 150 percent of poverty—whichever occurs first), **Oklahoma, Oregon, Rhode Island, South Carolina** (for two years), **Tennessee** (for 18 months), and **Texas.**

- **Ohio** also guarantees assistance to families that were determined eligible for TANF assistance (Ohio Works First) but became employed before they received any cash assistance.

A number of states report that they no longer provide a *true* guarantee of child care assistance to families transitioning off TANF. However a number of these states report that they have appropriated enough funds to serve all eligible families who apply—this is described in greater detail in a subsequent section. States that no longer provide a true guarantee include:

- **Arkansas, Colorado, District of Columbia, Florida, Georgia, Illinois, Louisiana, Michigan, Mississippi, Missouri, Montana, New Mexico, North Carolina, Pennsylvania, South Dakota, Washington, West Virginia,** and **Wisconsin.**

- **Georgia** allows families to receive transitional child care assistance as long as their income does not exceed the state's eligibility cut-off for CCDBG.

- **Louisiana** will guarantee a slot for up to two years after leaving welfare for families who didn't need child care assistance when they left welfare, but require assistance later.

- **South Dakota**, although no longer entitling families to transitional child care assistance, guarantees these families assistance.

Other Approaches to Serving TANF Families and Families in Transition

Fifteen states do not have a true guarantee of child care assistance for families on TANF and/or families leaving TANF, but report that they appropriated enough funds to serve all of the eligible families in these categories who applied.

- States that report that they have enough funds to serve both TANF families and families transitioning off TANF include: **Colorado, Georgia, Hawaii, Illinois, Louisiana, Maine, Maryland, Massachusetts, Minnesota, North Carolina, Pennsylvania, Utah, Vermont, Washington**, and **Wisconsin**.

- **Arkansas** has a program under which recipients who left TANF after July 1, 1997 may receive child care assistance for up to three years. The first year of the subsidy is free; during the subsequent two years, parents are charged a copayment based on a sliding fee scale. Assistance is subject to annual appropriations.

- **Illinois** has an effective guarantee to working TANF recipients and families transitioning off TANF (as long as their incomes are below 50 percent of the State Median Income (SMI)). This is because the state provides child care assistance to all low-income working parents under 50 percent of SMI regardless of welfare status.

TANF recipients in "approved" work activities such as training, education, or job searching will also be assured child care assistance. Although this guarantee is subject to appropriations, the state believes they have structured the program so that funding will be available to all who are eligible.

- **Louisiana** anticipates that all TANF and low-income families "will be served promptly." The state will guarantee a slot for up to two years after leaving welfare for families who didn't need child care assistance when they left welfare, but require assistance later.

- **Massachusetts** guarantees child care assistance to families on TANF and families leaving TANF (transitional child care) subject to appropriations.

- **Michigan** has built its budget on the assumption that 100 percent of TANF families will need child care, so child care is funded at that level. Low-income families and those leaving TANF are assured of assistance if money is appropriated.

- **Minnesota** appropriated a capped amount of funding that is predicted to meet the total need in the 1997-1998 biennium.

- **Missouri** provides transitional child care assistance if funding is available.

- **South Dakota** no longer recognizes TANF as an entitlement program, but continues to guarantee services to TANF families who need child care assistance for all approved activities (if the client is meeting all other requirements of the TANF program), and to families transitioning off assistance.

- **Utah** makes sure that child care is available to all their TANF recipients.

- **Virginia** identified families transitioning off TANF for priority funding and has told counties that sufficient funds will be available for all. However, child care assistance is not an entitlement. The state provides transitional child care assistance if funding is available.

- **West Virginia** currently provides assistance for families below 75 percent of the SMI (subject to funding). The state does not guarantee transitional assistance for anyone beyond 75 percent of the SMI. The state currently has enough funds to serve families earning below 40 percent of the SMI at least for the next year. They say that TANF families would not be placed on a waiting list if one had to be established.

Changes in Child Care Subsidy Policies

State policies regarding child care subsidies play a significant role in determining families' access to child care assistance. For example, eligibility rules and funding levels work together to determine which families can actually receive assistance. State policies regarding parent copayments affect the extent to which child care is affordable and the extent to which parents have a good selection of child care programs from which to choose. Reimbursement rates for providers help determine whether providers are willing to serve children receiving child care assistance and thus influence the type and quality of care families can access. High copayments and low rates both seriously limit parental choice.

State decisions regarding their options under TANF also impact the demand for child care. For example, when states choose the option to exempt mothers from TANF work requirements if they have children younger than 12 months, they help reduce the demand for infant care, which tends to be scarce and expensive.

Which Families Are Eligible for Assistance?

Seventeen states expanded eligibility for child care assistance by increasing the income cutoff for families receiving help. (Note, however, that unless funding is adequately increased, expanding eligibility does not necessarily mean that more families will actually receive assistance.) Federal guidelines allow states to use federal funds to subsidize child care for families with incomes up to 85 percent of State Median Income (SMI).

On the other hand, 14 states—more than one in five—reduced eligibility for child care assistance, either by cutting back their income eligibility levels or by limiting child care assistance for families with mothers in school or training. However, in two of these states, **Illinois** and **Wisconsin**, lawmakers cut back eligibility while increasing child care funds, in an effort to ensure child care help for all families below a certain income level. It is important to note that, unless otherwise specified, it is not certain that states are basing their eligibility cutoffs on the 1997 SMI or federal poverty levels.

States that expanded eligibility:

- **Alabama** updated their eligibility scale from the 1991 to the 1997 poverty level, thus making more families eligible. Families can continue to receive help until their incomes reach 200 percent of poverty.

- **Alaska** modestly raised its income eligibility level to 85 percent of the SMI, but few families at the top of the scale apply for assistance. There is a waiting list of about two to four months. Families with the lowest income receive the highest priority.

- **Idaho's** current eligibility cutoff of 150 percent of poverty is slightly higher than last year's.

- **Iowa** raised eligibility from 110 to 125 percent of poverty. It will also eliminate the requirement that parents wishing to receive child care assistance while participating in 24 months of training or education must be 21 or younger. However, priority will still be given to those families headed by persons younger than 21.

- **Louisiana** will increase its income eligibility cutoff from 75 to 85 percent of the SMI.

- **Maine** increased its income cutoff to 85 percent of the SMI.

- **Montana** increased its eligibility cutoff from 133 to 185 percent of the federal poverty level.

- **Nebraska** increased its income cutoff for working poor families from 110 to 120 percent of the poverty level. Families leaving TANF may continue to receive child care assistance for up to two years and may earn up to 185 percent of the poverty level.

- **New Hampshire** raised its eligibility cutoff from 170 to 185 percent of the poverty level effective January 1, 1998.

- **New Mexico** increased the maximum income limit for entering its child care assistance program from around 50 percent of the SMI to 75 percent of the SMI. Families making a transition off TANF may earn up to 85 percent of the SMI.

- **North Carolina** increased its eligibility limits from 43 percent of SMI to 75 percent of SMI, adjusted for family size.

- **North Dakota** increased its income eligibility cutoff from 75 percent of the SMI to 85 percent.

- **Oklahoma** raised its income cutoff to 185 percent of the poverty line.

- **Rhode Island** guarantees child care to families earning up to 185 percent of the 1997 poverty level and is now bound by law to update the poverty level each year. Previously, the state had used the 1991 poverty guidelines to determine its income cutoff.

- **South Dakota** increased eligibility from 135 percent of the federal poverty level to 150 percent for all non-TANF families and to 185 percent for TANF and transitional families.

- **Tennessee** increased eligibility from 60 percent of the 1991 SMI to 55 percent of the 1997 SMI.

- **Vermont** adjusted its income cutoff level from 80 percent of the 1990 SMI to 80 percent of the 1997 SMI.

States that reduced or restricted eligibility:

- **Arizona** established by legislation a maximum eligibility limit of 135 percent of poverty. It is anticipated that at some time in the future, given current funding levels, eligible families with incomes over 100 percent of poverty may be placed on a waiting list. The eligibility cutoff for transitional child care assistance has been decreased from 213 percent of poverty to 135 percent. Arizona will provide supplemental child care assistance to an adult parent going to school (up to an Associate's degree, or first two years of college) if they are working an average of 20 hours per week. A parent may only receive this assistance for 24 months. Teen parents who need to finish high school are exempt from this work requirement.

- **California** lowered its eligibility cutoff from 85 to 75 percent of the SMI. The 75 percent is a threshold that will be adjusted through an annual budget act to reflect the size of the eligible population and the levels of available funding.

- **Connecticut** officials will issue new regulations in January 1998 announcing the state's income cutoff.

- **Delaware** will not subsidize child care for parents in college programs unless they were enrolled before enactment of the 1996 welfare law.

- **Illinois** decreased its eligibility cutoff from 60 to 50 percent of the SMI in order to guarantee child care to all families below the cutoff. Affected families (those with incomes between 50 and 60 percent of SMI) will continue receiving assistance for one year.

- **Kansas** will no longer provide child care assistance to low-income parents enrolled in a four-year college degree program.

- **Kentucky** lowered its eligibility cutoff to 133 percent of the poverty level. Previously, families earning 60 percent of the SMI could receive assistance and could retain eligibility until their incomes reached 75 percent of the SMI, or approximately 150 percent of the poverty level. Child care assistance for parents in education and training will be available only for families participating in Kentucky Transitional Assistance and the Food Stamp employment and training program.

- **Mississippi** will no longer consider postsecondary education an acceptable category for child care assistance for their active TANF participants. Income-eligible parents who are employed a minimum of 20 hours per week may receive full-time child care so they can participate in a postsecondary education activity.

- **New York** allows local districts to set priorities for eligibility, thereby potentially allowing eligibility restrictions in some localities.

- **Ohio** decreased its income *exit* level to 150 percent of the poverty line. Previously, counties could choose to help families earning up to 185 percent of poverty if the counties had funding. Currently, families can not earn more than 135 percent of poverty to receive help *initially*. They may continue receiving assistance until their incomes reach 150 percent of poverty. The exit level is set by state law, but the initial (entrance) eligibility level may fluctuate as it is set by the Department of Human Services.

- **Pennsylvania** plans to reduce its cutoff from 235 percent of the poverty level to 185 percent. Families who fall between 185 and 235 percent of the poverty level will continue to receive assistance for one year. In the case of teen parents, the state will take into account the income of parents with whom they are living.

- **Virginia** lowered the maximum annual income level for a single parent from $25,000 to $18,000. The state also imposed time limits on child care assistance. During the fourth year of assistance, copayments rise to 70 percent of the cost of care, and in the fifth year, copayments increase to 80 percent of the cost of care. After the fifth year of assistance, counties have the ability to decide whether to continue assisting families, but this aspect of the policy has not yet been set in regulations. In addition, if a mother has already been receiving child care assistance for ten months, a county has the option to either enroll new children immediately or place additional children born to that mother on a waiting list.

- **Washington** decreased income eligibility from 185 to 175 percent of poverty. The state will not subsidize child care for parents in college or job training programs unless the parent was enrolled in a two-year program when the new welfare law was enacted.

- **Wisconsin** lowered eligibility from 75 percent of SMI (approximately 200 percent of poverty) to 165 percent of poverty in order to assure families child care assistance. Parents may continue to receive assistance until their incomes reach 200 percent of poverty. Parents enrolled in education and training are no longer eligible for assistance, unless they have a nine month attachment to the workforce and continue to work, are completing high school or its equivalent, or the training is approved employment skills training.

How Much Will Families Pay?

Most states use a sliding fee scale system that requires parents to make child care copayments based on their income. The policy decision of how much families will pay in parent fees is critical, as it directly affects whether state child care assistance is helping make care affordable for families.

In 1997, a number of states made changes to their copayment policies—and their changes fell into two general categories. First, states determined whether to implement minimum copayment requirements for families on TANF. Prior to the 1996 welfare law, states had been prohibited from charging such fees to families on welfare, but the new welfare law has now left the decision to the states. Consequently, a number of states are re-examining their policies in this area—23 states report that they are now charging, or are planning to charge, some or all TANF families copayments based on income levels, though 14 states will not institute copayments for families receiving TANF. Second, a number of states were changing their overall sliding fee scale—11 states report that they have increased or plan to increase their copayments for low-income working families, though only five states have taken advantage of the new child care funds to reduce copayments for families.

State Policies on Copayments for TANF Families

The 1996 welfare law left the decision of whether to charge fees to families on welfare up to state discretion. Such fees had been prohibited prior to the 1996 law. Consequently, a number of states chose to re-examine this issue in 1997. States that require, or are considering requiring, copayments from TANF families:

- **Louisiana, Maine, Mississippi, Missouri, Oklahoma,** and **Wyoming** now charge TANF families a copayment.

- **Alaska** will begin to charge TANF recipients with earned income a copayment of 3 percent of the cost of care in July, 1998. TANF families in unpaid work activities or in training will continue to receive a 100 percent subsidy up to the market rate.

- **Arkansas** charges TANF families a copayment after the first year.

- **Colorado** charges a copayment for employed TANF families, although case managers may waive it for up to three months at a time, and the waiver may be renewed.

- **Florida** adjusts its sliding fee scale with the federal poverty level, which changes each year. TANF families have the same copayment as other families with similar incomes who get child care assistance.

- **Idaho** requires TANF families to pay a minimum of 2 percent of their child care costs, unless they are not receiving income.

- **Illinois** requires all families, including TANF families, to pay a copayment. At the lowest income level, families must pay 25 cents per week.

- **Iowa** requires a copayment for all families with incomes above 100 percent of poverty.

- **Indiana** requires copayments for TANF families whose incomes are above 100 percent of the poverty level.

- **Kentucky** requires a copayment for TANF families earning more than $400 a month.

- **Montana** requires a $5-a-month copayment from TANF families with incomes below 100 percent of the poverty level.

- **Nevada** requires a copayment from TANF families that are working. Families moving from training to work are not charged a copayment during the first 30 days of employment.

- **New Jersey** requires a copayment from TANF families receiving wages.

- **New York** proposed, but has yet to release, a plan to set copayments for each child receiving child care assistance with a local district option to add a surcharge based on the cost of care selected. This plan would affect TANF families.

- **North Carolina** requires TANF families who are working, attending school, or participating in job training activities that lead to employment to pay fees based on their countable income (which does not include their welfare check).

- **Ohio** requires TANF families to pay a copayment based on family size and gross income. The state's sliding fee scale is the same for all families.

- **Pennsylvania** will require TANF families who are working to pay a copayment.

- **Rhode Island** requires a copayment, though families earning less than 100 percent of the poverty level (which includes many TANF families) are exempt.

- **Washington** state has raised copayments for TANF families.

States that do not require copayments for TANF families:

- **Texas** does not currently charge a copayment for TANF families, but is considering instituting such a copayment.

- **Utah** does not require copayments from TANF families until two months after their cases close.

- Other states that do not currently require copayments from TANF families include: **Alabama, Arizona, Connecticut, Georgia, Iowa, Maryland, Massachusetts, Michigan, Nebraska, New Hampshire, New Mexico, North Dakota, Oregon, South Carolina, South Dakota, Tennessee,** and **West Virginia.**

Changes in Copayment Levels for All Families

In 1997, a significant number of states made changes to their sliding fee scales, which determine the size of copayments charged to families receiving child care assistance. A number of states increased their copayments:

- **Delaware** increased copayments for families with incomes above 100 percent of the poverty level. The highest-income group experienced a 77 percent increase, from 26 to 46 percent of the cost of care.

- **Idaho** increased copayments so that a family of two (a parent with one child) earning $1,316 per month pays 60 percent of its child care expenses. Three-person families pay 15 percent of the cost for each child, and four-person families pay 15 percent of the cost for each child.

- **Illinois** increased copayments. The highest earning eligible family with two children (at 60 percent of the SMI, or about $26,000 for a family of three) will pay 15.5 percent of its income, or $78 per week. A family of three earning 40 percent of SMI will pay 12 percent of its income ($44 per week). Descending along the sliding fee scale, a family of three at 30 percent of SMI (poverty level) will pay about 8 percent of its income on child care ($22 per week), and a family earning 10 percent of SMI (34 percent of poverty) will pay 2.3 percent of its income ($2 per week). Fees for one child in care are 50 to 60 percent of the above fees (which are for two children in care).

- **Kentucky** increased the copayment significantly for families earning more than $400 a month. It will gradually increase from 5 or 6 percent of income up to an exit level of 15 percent of income. Copayments will also increase if there is a second child in care.

- **Minnesota** now requires a copayment from families with incomes at or above 75 percent of the poverty level instead of only those families at or above 100 percent of the poverty level, as in the past. When a family needs child care assistance for an additional child, the copayment is frozen until the family's income increases, at which time the family pays a higher copayment. Previously the copayment may have been reduced with an additional family member, unless the new family member caused the family's income to increase.

- **New Mexico** increased copayments significantly.

- **New York** proposed, but has yet to release, a plan to set copayments for each child receiving child care assistance with a local district option to add a surcharge based on the cost of care selected.

- **North Carolina** changed its sliding fee scale to a percentage of gross monthly income, adjusted for family size. A family of one to three pays 9 percent, a family of four to five pays 8 percent, and a family of six or more pays 7 percent.

- **Ohio** revised its sliding fee scale, resulting in increased fees for some families. The scale continues to be based on family size and income. However, new rules consider income (such as child support) that was previously exempt. Families will not pay more than 10 percent of income at the highest point.

- **Pennsylvania** plans major increases in copayments, which will range from 3 to 14 percent of family income, depending on the type of care. Copayments will be based on family size and income, as well as the cost of care. Child care will be segmented into three categories, based on the average cost of care statewide: above average, average, and below average. A preponderance of regulated care will fall in the higher payment levels and most regulation-exempt care will fall into the lowest category. The higher the cost of care, the higher the copayment. This new approach is likely to result in major increases in copayments for some families. Families choosing above-average care could see their child care costs more than double. For example, a single parent of two children with an income at 100 percent of the poverty level used to pay $10 a week. Under the proposed scheme, the family would pay $15 for below-average care, $20 for average care, and $25 for above-average care.

- **Tennessee** will increase copayments for families in higher income brackets.

- **Virginia** operates a phased-in copayment system under which, for the first three years, families pay 10 percent of their income for one child and 12 percent for two children, regardless of income. During the fourth year of assistance, low-income working families (not TANF or Transitional Child Care families) pay 70 percent of the cost of care, and in the fifth year, 80 percent. After the fifth year, a locality may decide whether to continue assistance.

- **Washington** state raised copayments for many families.

- Previously, **Wisconsin's** copayments at 165 percent of poverty were no higher than 7.3 percent of family income. At 200 percent of poverty, the highest percentage was 17.6 percent. Under the new schedule, all copayments are capped at 16 percent of family income, which is an increase for a number of families. At 165 percent of poverty, copayments range from 9 to 15 percent of family income. At poverty level and below, they range from 2 to 10 percent of income.

Unfortunately, only a few states reduced copayments to make child care more affordable for families:

- **Alabama** adjusted its copayment level to make its graduated scale more equitable. Changes will help to ensure that increases in the minimum wage will not be offset by copayment increases.

- **Kansas** will implement a more gradual copayment schedule. Lowest-income families will pay 2 percent of income and gradually move up to 11 percent of income before losing eligibility.

- **Maryland** lowered copayments after an earlier significant increase in parent fees had made it difficult for families to afford child care. As of August 1, 1997, families with one child pay no more than 43 percent of the cost of care (depending on family income). Copayments for additional children range from 33 to 43 percent of the cost of care.

- **Nebraska** made child care more affordable by exempting families earning below 100 percent of the poverty level from copayments. Previously, only families earning below 80 percent of the poverty level had no copayments. Copayments also were reduced for smaller families.

- **Oklahoma** will use $8 million of the funds transferred from TANF to the CCDBG to significantly reduce families' copayments.

State Reimbursement Rates

State reimbursement rates for child care greatly affect families' ability to choose good quality child care. Under the previous welfare law, states were required to pay rates that allowed families to access at least 75 percent of the child care market (called the "market rate" or the "75th percentile"). This requirement was eliminated by the 1996 welfare law, although pending regulations do require states to conduct biennial market rate surveys to determine if their rates for subsidized child care allow for equal access.

The preamble to the regulations suggests that rates at the 75th percentile do provide equal access.

Although over half of the states raised reimbursement rates this year, most of those had been paying rates that had fallen below the 75th percentile and were based on seriously outdated market rate surveys. Four states actually reduced rates for some providers. It is also important to note that states choosing *not* to update their rates are, in effect, lowering rates in relation to the market if the costs of child care have increased since existing rates were set. For example, **Pennsylvania** has not raised its rates for child care centers since July 1994.

State Plans for Market Rate Surveys

Almost four-fifths (39) of the states report that they plan to continue conducting market rate surveys on an annual or biennial basis. These include: **Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina**[1], **North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia,** and **Wisconsin.**

Although market rate surveys are critically important to ensuring that families receiving subsidies are able to access a range of good child care options, seven states report that they are not planning to continue conducting biennial market rate surveys. They include: **Hawaii, Michigan, Missouri, New York, Ohio, Pennsylvania,** and **Wyoming.** In addition, **Georgia** is in the process of deciding whether to conduct a market survey in 1998. **Ohio** is not going to conduct a "traditional" market rate survey. Instead, rate information will be contained in the state's computerized information file on each licensed center, certified home provider, and registered day camp.

Changes in Rate Policies

Although a significant number of states improved their rates in 1997, some states actually reduced their rates. States that raised (or plan to raise) their rates in 1997 include:

[1] This year their study will have two components: a census-type rate survey of all regulated centers and homes and an in-depth cost study focusing on the actual costs of providing child care.

- **Alabama**, which had been reimbursing providers at the 1994 market rate, will use the 1996 market rate, starting in the fall of 1997. Since the survey was taken before the minimum wage was increased, the state must adjust the 1996 rate to cover the minimum wage increase. A state regulation will require biennial market rate surveys.

- **Arizona** previously had two child care programs; one used federal CCDBG, IV-A, and state funds, and the other used Title XX and state funds. Each program paid different rates. Generally speaking, working families with incomes less than 83 percent of poverty received services based on 1989 market rates. Families with incomes higher than that received a significantly lesser benefit. Now, all families with incomes up to 135 percent of poverty will receive benefits based on the market rate level.

- **Colorado** increased funds for rates by 3.7 percent. However, counties have the option of either accepting the funds allocated for rates, or negotiating with the state for different rates.

- **Delaware** set a goal in 1996 to increase provider rates by 12 percent by 1998, which would move providers to the 75th percentile of the market rate.

- **Florida** conducts a market rate survey every year and adjusts rates accordingly, to the extent that funds are available.

- **Hawaii** plans in FY 1998 to increase rates for licensed providers from $325 to $350 per month, although this plan has not yet been enacted.

- **Iowa** increased rates by between 8 and 20 percent for all providers except those who are not registered.

- **Kansas** increased rates based on its market survey.

- **Louisiana** increased reimbursement rates which had been very low ($50-$55 a week, depending on the age of the children). The new rate will now be $65 a week for every child, regardless of age.

- **Maryland** increased rates to bring them up to the 75th percentile.

- **Michigan** increased rates to the 1994 market rate survey level for all programs serving children older than 2 and a half years. Previously, rates had been increased to the 1994 level only for infant care. The rate increase is between 5 and 6 percent.

- **Montana** increased its reimbursement rate to the 75th percentile, based on a 1996 market survey. Although the state defines full-day care as six to 10 hours, it will now give additional help to parents who work longer hours. A worker (for example a nurse) with a 12-hour schedule and an additional hour of commuting time could receive a subsidy for one full day (10 hours) at the daily rate and for each additional hour beyond 10 at the hourly rate.

- **Nebraska** increased rates to the 75th percentile of the 1995 market rate survey, which is close to the 60th percentile of the 1997 market rate.
- **New Hampshire** implemented a 10 percent rate increase effective October 1, 1997. Rates were to have been raised by July 1, 1997, but the state Department of Health and Human Services announced a 60-day moratorium. The state had not raised rates in six years.
- **New Jersey** will be increasing rates effective January 1, 1998.
- **New Mexico** plans to adjust rates by October 1, 1997, based on comprehensive market rate surveys.
- **North Carolina** increased market rates for some categories in October 1996. All rates will be increased by 8.1 percent effective October 1997. These rates will be used until a market rate study is completed in early 1998.
- **North Dakota** increased rates according to the most recent market rate survey. The state will pay a maximum of $350 per month for each child.
- **Ohio** increased rates, effective October 1, 1997, by 3 percent for centers and an aggregate 3 percent for home providers.
- **Oklahoma** will increase the infant/toddler rate in urban areas from $14 to $15 a day to address the shortage of infant/toddler care.
- **Oregon** will increase rates 3 percent as of October 1, 1997, and an additional 3 percent next year. In addition, Oregon will complete a market rate survey by spring of 1998 and will re-evaluate rates at that time.
- **Rhode Island** will increase rates to 75 percent of the current market rate. On average, rates will increase 14 percent in 1999 and 9 percent by 2000, so that they will reach the 75th percentile of the current market rate by 2000. This is the state's first rate increase since 1995. The law also requires that a new market rate study be conducted in 1998 and biennially thereafter.
- **South Dakota** increased rates based on type of care and geographic location.
- **Tennessee** increased rates by approximately 5 percent.

- **Texas** increased reimbursement rates to correspond to the increase in the minimum wage in the fall of 1996.

- **Utah** raised rates to the 75th percentile of the market.

- **Vermont** used $1 million to increase rates by 3 percent to move toward the 75th percentile of the market. The rate for a licensed provider for full-time care went from $16.25 to $18.90 per day for children under age 3.

- **Washington** increased funding available for rates by 3 percent. However, in order for rates to be at the 75th percentile of the market rate within a few years, the state would have had to increase funding by 4 percent this year and 10 percent next year. Rates are now at the 59th percentile for all but infant care, where rates are at the 75th percentile.

Some states took steps that reduced or froze rates for some providers:

- **Kentucky** previously divided the state into 15 regions and based rates within each region on various types of care (infants, toddlers, school-age, etc.). Now, the state is divided into two reimbursement areas, which has resulted in a cutback in infant and preschool rates. Current rates do not reflect the changing market rates, especially because the surveys were done before the first minimum wage increase went into effect in October 1996.

- **New York** reported in its CCDBG plan its intent to continue rates based on a 1994 survey, set in October 1995 through September 1998—which is effectively a cut in rates.

- **Tennessee** changed its reimbursement rates in such a way as to reduce rates for some providers. Previously, there were two categories of care for reimbursement rates: part time and full time. Full-time care was defined as more than 10 hours per week. Now, the full-time rate is paid only for 35 hours of care per week; anything less is paid at 75 percent of the rate.

- **Wisconsin** allowed provisionally certified providers who are not required to have any training to remain in that category and not complete the 15 hours required for regularly certified providers. Rates for provisionally certifies providers were reduced to 50 percent of the market rate. Rates for regularly certified providers were reduced from 90 to 75 percent of the market rate.

Differential Rates

A number of states are using differential rates, which means that rate ceilings are set at higher or lower levels to encourage or discourage certain types of care. Most commonly, states set higher rates for higher quality care, lower rates for unregulated care, and/or higher rates for care that is more expensive and/or in short supply, such as infant care and odd-hour care. **Kansas**, for example is examining raising rates for infant and toddler care to the 85th percentile of the market.

Several states developed or are planning for differential rates for higher quality care:

- **Alaska's** licensed providers who serve subsidized children are eligible for incentive payments from the state-funded Child Care Grants program. Participating licensed providers are granted approximately $20 per month for each full-time equivalent child care space. Centers report using these grants for increasing compensation and benefits to staff, and family child care homes report using these funds for equipment and supplies. Participating providers are also eligible to access state funds set-aside for professional development, which can include free training or individual training fee and travel reimbursements. A higher rate is also paid to both licensed and registered providers who serve children with special needs.

- **Arizona's** legislation allows higher rates for accredited child care programs.

- **Colorado's** counties have the option of negotiating rates for various types of care, including accredited care and programs that "wrap around" Head Start and the state's prekindergarten program.

- **Connecticut** will pay higher rates for licensed and accredited care.

- **Florida's** Department of Children and Families budget plan includes a request for higher rates for its Gold Seal accredited programs.

- **Kentucky** will pay an additional dollar per child per day to programs that have national accreditation if that program charges that fee to the public.

- **Minnesota** pays 10 percent more for accredited programs as long as the fee charged to the subsidized parent is the same as that charged to other parents. Hennepin County has a special program for enhanced quality using additional school district funds to augment the county rate. The programs in the county's Strong Beginnings Program are surveyed separately from other programs, provide a "Head Start-like" service (but in an all-day, full-week, full-year setting), and receive significantly higher rates (20 to 25 percent higher than the accredited rates).

- **Mississippi** will pay higher rates for Tier 1 centers, which include accredited programs that offer enhanced services such as 24-hour care, holiday care, or transportation services. Tier 1 also requires employment of one or more early childhood professionals with higher academic qualifications than are required by state licensing. Tier 2 programs must be licensed and are reimbursed at the market rate.

- **North Carolina** added differential rates for "AA" licensed providers who meet higher voluntary standards. These providers receive 110 percent of the market rate.

- **New Mexico** has three new levels of licenses: bronze, silver, and gold. Bronze providers meet minimum state licensing regulations, silver providers meet slightly higher regulations, and gold providers meet national accreditation standards. Silver providers will receive $1.50 a day more per child than bronze providers, and gold providers will receive $3 a day more per child than bronze providers.

- **Ohio** allows 5 percent over the market rate for accredited providers.

- **Oklahoma** will have three levels of care similar to New Mexico's. The first level will be programs that meet minimum licensing requirements. The second will be sites with higher staff qualifications and benefits, enhanced learning environments, and parent involvement efforts. The third level will be for nationally accredited programs. In setting rates, the state will also differentiate between higher-cost urban areas and lower-cost rural areas, as well as the age of the children being served.

- **South Carolina** has paid higher rates since 1992 to accredited programs and providers that meet American Business Collaborative (ABC) standards, which are higher than state licensing standards.

- **Vermont** and **Wisconsin** pay higher rates for accredited programs.

Some states developed differential rates that enable them to pay lower rates for exempt care:

- **Arizona** will pilot reducing the reimbursement rate for relative child care providers in selected areas and assess the results before making a decision about statewide implementation.

- **Georgia** pays a lower rate for informal care.

- **Hawaii** plans to lower rates in FY 1998 for exempt providers, from $325 to $300 per month.

- **Iowa** will increase rates for all providers except those who are not registered.

- **Minnesota** has many counties which pay legal, unlicensed providers 10 percent less than the 75th percentile of the market rate.

- **Mississippi** will pay $30 a week for home care providers who are not registered or licensed, which is considerably less than rates paid to other providers. The state will pay higher rates for programs that provide 24-hour care.

- **Nebraska** raised its rates overall, but not for legally exempt providers.
- **North Carolina** has reduced rates for nonlicensed home care to 50 percent of the market rate.
- **Tennessee** pays a lower rate for unregulated care.
- **Utah** pays unregulated providers at a lower rate unless they have a credential.
- **Wisconsin** reimburses licensed providers at 75 percent of the market, but untrained providers get 50 percent of the licensed family child care provider rate.

Some states pay higher rates for odd-hour care:

- **Iowa** has a proposal pending before the legislature to pay providers an additional 10 percent for odd-hour and shift care.
- **Kentucky** will pay programs that operate during nontraditional hours an additional dollar per child per day.
- **Ohio** will pay 5 percent over the market rate to providers who charge more for nontraditional hours.
- **Tennessee** will pay for extended hours of care up to 150 percent of the full-time care unit.

Iowa is considering, but has not implemented, a proposal to increase rates for programs serving large numbers of low-income children. As written, the proposal would add 10 percent to the rate when subsidized children comprise 75 percent of a provider's enrollment. However, because very few providers in Iowa serve large numbers of subsidized children, advocates believe that the proposal should be changed to offer the higher rate to providers when 50 percent of their enrollment is subsidized.

TANF Work Exemption for Mothers of Infants

Under the 1996 welfare law, states have the option of exempting mothers from work requirements if they have children younger than one year. A number of states are choosing this option as a cost-effective strategy, because it helps to decrease the demand for infant care, which is costly and in short supply in most communities. However, some states are requiring mothers with very young infants to work.

States that are requiring mothers on TANF with very young children to work include:

- **Connecticut, Michigan, New Jersey, South Dakota, Wisconsin,** and **Wyoming** will require mothers receiving TANF benefits to go to work when their infants are 12 weeks old.

- **California** sets an exemption for mothers with children younger than 6 months, but gives counties the additional options of exempting only mothers with children younger than 12 weeks, or extending the exemption to mothers with children up to age 1.

- **Nebraska** and **Montana** will require mothers to work after a child is 6 months old.

- **Ohio** will allow counties to exempt mothers with children younger than 12 months.

A number of states are choosing to exempt mothers on TANF who have very young children from having to meet work requirements. However, states that choose to exempt mothers of infants have an incentive to exempt mothers only once, given that the states can exclude the mothers for no more than 12 months from the population on which the state's work participation rate is based. It is important to note that mothers exempted from work are still subject to the five-year time limit for TANF benefits. States choosing this exemption include:

- About one-third of the states (18, including the **District of Columbia**) report that they exempt or plan to exempt TANF recipients who have a child younger than 12 months from work requirements. These states are: **Alabama, Alaska, Arizona, the District of Columbia, Georgia, Illinois, Maryland, Minnesota, Missouri, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina,** and **Washington** State.

- **Massachusetts** exempts recipients with children under the age of two from work requirements.

- **New Hampshire** exempts TANF recipients from work requirements who have a child under age 3.

- **Virginia** will exempt mothers with children younger than 18 months from work requirements.

Actions Related to Quality and Supply

Significant problems in the quality of child care, along with shortages of particular types of care, have been well documented. Major studies have found that many American children, both in child care centers and in family child care homes, are in poor quality care. Yet research shows that good quality child care protects children's health and safety and prepares them to enter school ready to succeed. Furthermore, poor quality care is particularly common for infants, who are among the groups of children for whom the supply of child care is most limited. Child care for school-age children, children who need odd-hour care, and children with disabilities is also in short supply, and the work requirements in the new welfare law will only increase pressures to expand the supply of child care for all children.

State activities to improve child care quality and supply are detailed below. They are categorized as efforts to: improve quality and supply; protect children receiving subsidies who are cared for in programs exempt from licensing; change state licensing or regulatory policies; develop school-age child care; and train TANF mothers to become child care providers.

General Efforts to Improve Quality and Supply

The Child Care and Development Block Grant requires states to set aside 4 percent of their block grant funds for improving the quality and expanding the supply of child care, although nothing prohibits states from spending more than 4 percent on those efforts. States also have the ability to increase the amount of state money or use TANF funds to improve quality and expand supply. Given significant shortcomings in the quality of care around the country and shortages in certain types of care, it would be reasonable for states to invest significantly in quality-enhancing and supply-building activities. It appears, however, that states' investments in these efforts have been modest.

- **Alabama** will spend funds for Resource and Referral (R&R) and training. The state did budget more than the required 4 percent.

- **Alaska** will spend close to 8 percent of CCDBG for a range of quality improvements, including R&R services, training and technical assistance, comprehensive consumer education, monitoring of compliance with licensing and regulatory requirements, and other activities. CCDBG funds are used to help support the Head Start Partners Collaboration Project on Professional Development and to increase funding for Head Start mini-grants for innovative locally designed training initiatives. A Head Start/Child Care Collaboration will allow child care providers and parents to access Head Start training in communities that are not reached by the regional R&R education and training efforts and will utilize CCDBG funds to cover costs. Responsibilities of the R&Rs have been expanded, placing special emphasis on recruiting new providers, especially for evening, night, and irregular hours of care. Mapping software has been purchased to expand information on the availability of care and assist in the targeting of provider recruitment efforts. In addition to CCDBG funds, other state-funded programs contribute about $2 million to quality improvements for licensed care. Alaska has expanded eligibility for the federal Child and Adult Care Food Program to include registered and tribally certified providers as well as licensed providers. A Community Integrated Service Systems (CISS) grant was awarded to Alaska's Maternal Child and Family Health section to fund the Alaska-In Project which provides a special needs coordinator who works out of and with the Anchorage R&R. It is the only CISS grant awarded in the nation that will be housed outside of a state agency. The coordinator will conduct a statewide needs assessment and survey of families and child care centers. Inclusiveness training will be coordinated and provided.

- **Arizona's** new initiative establishes 14 seed grants for community partnerships among child care providers, social service agencies, Head Start, employers, and health care providers. The grants are intended to expand linkages and improve quality. The state will also continue to fund R&R programs.

- **Arkansas** uses the quality funds for training (including CPR and First Aid), technical assistance to providers, Child Development Associate (CDA) scholarships, grants to meet accreditation, evaluations, guaranteed loans for construction/renovation and equipping facilities, specialized contracts, licensing staff, a toll-free line for consumer education and resource and referral, and a bi-monthly newsletter for providers.

- **California** will spend close to 8 percent of its funding for quality improvements, including R&R services, grants or loans to help providers meet state or local standards, monitoring of compliance with licensing and regulatory requirements, training and technical assistance, compensation for child care providers, comprehensive consumer education, and other quality activities consistent with the purposes and requirements of the CCDBG.

  Because of California's growing population and its initiative to reduce class size in elementary schools (many of which house child care programs), the legislature enacted several bills, accompanied by state funding, to increase the number of child care facilities. A total of $25 million was allocated to begin a self-generating fund that allows child care programs to lease buildings for 10 years at fair market value, or through a lease agreement with the state. After the lease expires, ownership of the building will be transferred to the program.

  - ✓ $5.77 million was allocated for programs for school-age children.
  - ✓ $3.1 million was allocated for expansion of facilities for children ranging from infancy to school age. To apply for these funds, a geographic area must have large class sizes and few children who receive child care assistance.
  - ✓ $16 million dollars was allocated on a one-time-only basis to build capacity to meet the child care needs generated by TANF.
  - ✓ Child care programs may now lease a state-owned portable facility for one dollar a year.

- **Colorado** will invest in a combination of initiatives to strengthen quality and expand supply, including R&R enhancement; training for providers through local learning clusters; and a Teacher Education and Compensation Help (TEACH) program, which provides additional compensation for providers who seek further education. TEACH will be administered through the American Business Collaborative, with funds from IBM and the R&R network.

  The state will also spend $1.4 million for Local Capacity Building Grants to help providers to expand services or perform minor renovations. Local providers apply to counties for these grants to expand supply, increase slots, wrap around Head Start, purchase equipment, or improve quality. Colorado will spend $200,000 to $300,000 to enhance state licensing and monitoring activities.

  To assist counties in their new role of administering CCDBG subsidy funds, a total of $50,000 will be available in small incentive grants to create efficient local planning boards. In addition, $2 million of Community Development Block Grant funds are set aside for 1997 to construct new child care facilities in rural areas.

- **Connecticut** is investing its quality funds to support a statewide accreditation project for facility enhancement, provider training, program evaluation, and criminal records checks. Much of this is in conjunction with Connecticut's School Readiness Program. The state also created an amnesty program under which unlicensed child care providers can receive training, become licensed, and avoid penalties.

- **Delaware** will spend $50,000 to $70,000 above the 4 percent set-aside for quality and supply (for a total of $520,000). The state has allocated funds for challenge grants to help providers meet accreditation standards, capacity building in areas in which care has been judged difficult to find, additional licensing staff, training and technical assistance, and consumer education. The state has $360,000 in "one-time-only money," which will be used to augment capacity building, career development, and licensing.

- **Florida** will spend $5 million more than the required 4 percent for quality. Funds will go the expand R&Rs and to make licensing and training improvements.

  The Florida Child Care initiative, funded by $4.5 million in TANF funds, is a particularly innovative program designed to increase the availability of licensed and registered family child care homes, especially in targeted areas with a shortage of providers relative to the number of TANF participants. The initiative focuses on providing R&R training assistance that includes job shadowing and mentoring, making loans available to providers who need to be licensed, and creating a consumer education campaign. The initiative aims to increase to more than 1,000 the number of accredited centers and family child care homes in the state over three years. To accomplish some of these goals, Florida will increase training for informal providers and create a resource center for programs. The state will also finance provider support groups in community settings, new mentoring programs, and resource libraries.

- **Georgia** has increased funding for R&R programs and now has services available statewide. Funds will also be used to provide CDA training and specialized training for working with children with disabilities, as well as professional development projects including the refinement of an articulation system, and the development of levels of training. Replication of the TEACH program will continue. The development of improved licensing standards for school-age programs is also being supported by set-aside funds. A consumer awareness campaign focusing on the caregiver will be implemented. In addition, funds are made available to individual providers for various program improvements. Georgia uses 50 percent of its quality set-aside funds to purchase scholarships, based on a sliding scale, for non-TANF low-income working families through contracts with child care centers and after-school programs statewide.

- **Hawaii** uses funds for a statewide R&R network and training. It is considering supporting family child care networks, as well as a personnel registry, to promote career development.

- **Idaho** will spend funds on training and R&R.

- **Illinois** will use quality money for maintaining and enriching R&R agencies, increasing provider training, and funding quality enhancement grants. It will also significantly expand the TEACH program, implemented in 1995 with funding from the American Business Collaborative as a pilot program in two counties. In January 1997, the state allocated state funds for six pilot sites, offering 33 scholarships totaling $50,000. The state now hopes to spend $275,000 by the spring of 1998 to distribute approximately 100 scholarships using CCDBG quality funds. TEACH will be administered by the statewide child care R&R network, instead of by a single R&R agency. The state will increase its quality/capacity spending by $11 million to a total of $18 million, which is more than 4 percent of CCDBG funds.

- **Indiana** will use quality funds to create a unified voucher system that will allow all parents applying for child care assistance, regardless of their status, to apply at one location.

  The state also has set aside $3 million in CCDBG money to fund proposals from counties to strengthen child care quality. The proposals must address any or all of five goals: build public-private partnerships to meet the child care need, expand the capacity of licensed child care providers, increase the number of credentialed child care providers, reduce high turnover rates among child care staff, and build public and corporate awareness of community child care needs. The initiative is tied to the Indiana Symposium, created to increase public and private commitment to child care. Counties that have not participated in the Indiana Symposium will be eligible for $5,000 planning grants. Counties that have already begun collaborative planning are eligible for grants of $25,000 or more. Collaborative teams must include one of each of the following representatives: a parent, an elected official, a major employer, a representative of the local Chamber of Commerce. a representative of the minority business community, a member of the Private Industry Council, a representative of a financial institution, and representatives of community agencies and public agencies responsible for child care, health, and education.

In addition, the state has begun a new training initiative. Ivy Tech State College, in collaboration with the state's R&R agencies and with the support of Purdue Extension Services, will offer a three-credit college course to be delivered statewide. All costs will be funded by the state. Indiana's Step Ahead Councils have been invited to submit names of new and existing providers to receive scholarships, as well as names of potential faculty members. County projects are encouraged to ask scholarship recipients to sign letters of agreement pledging their intent to remain in the child care field.

The course, *Beginnings in Child Development*, will examine basic principles of child development, developmentally appropriate practices, the importance of working with families, licensing, and elements of quality care for young children. The state expects to credential nearly 1,000 providers by September 30, 1998 as a result of the training initiative. Initiative collaborators are working on a second and third phase and are considering an additional phase to assist students applying for the CDA credential.

The state has also allocated 4 percent of CCDBG quality funds to quality and training initiatives in each of its 92 counties. Each county has a plan to locally deliver consumer education, enhance the local R&R program, develop and train licensed providers, and compensate current providers.

- **Iowa** developed three initiatives focused on quality and supply. Community Challenge Grants aim to inspire communities to match local funds to improve quality. Healthy Child Care Iowa has placed health consultants in R&Rs through a contract with the Iowa Department of Public Health. Iowa's Child developed as an outgrowth of the I Am Your Child Campaign and conducts education and awareness campaigns on child care issues. The state also funds school-age grants and wrap-around grants with carry-over money from FY 1996. However, the state discontinued school-age grants and used the funds for additional wrap-around grants. Iowa continues to fund R&Rs and has increased their funding by a small amount over the last two years.

- **Kansas** will spend approximately 15 percent of CCDBG funds for quality improvements. Some funds will be given directly to local community agencies for school-age child care, quality enhancement, provider training, employer-supported child care, R&R, Head Start wrap-around care, family resource centers, and provider recruitment and retention. A new initiative allows businesses to apply for start-up funds for employer-supported programs.

- **Kentucky** will fund R&R networks, which are responsible for training and many quality-enhancing activities. The bulk of the CCDBG money will be put into grants to providers to start up new centers or improve existing centers.

- **Louisiana** will spend $200,000 of its quality and supply funds for training and development grants for programs that provide nontraditional hours of care and in underserved areas of the state. The remainder of its $2.5 million will be spent on R&R ($400,000), licensing and monitoring, career development, grants for repairs and improvements to comply with licensing, start-up grants, parent education, scholarships, and materials and resource bureaus.

- **Maine** will use funds to add more office workers in licensing offices, increase the frequency of fire inspections in child care centers, increase training for providers, help resource development centers conduct more training and outreach, and help caregivers obtain scholarships to earn a CDA degree. The state will use $500,000 of quality funds to develop odd-hour care.

- **Maryland** will spend at least 6.5 percent of CCDBG funds for quality initiatives, including consumer education and public education, training and technical assistance for child care workers and others whose work directly impacts child care, expansion of capacity by regulated child care providers, partnerships between businesses or civic/service organizations and child care, and strategies, structures, and plans for improving compensation.

- **Michigan** will target quality-enhancement funds on CDA scholarships, Head Start wrap-around projects, training, and improved referral services by R&Rs. State funds will allow the Michigan 4-C Association to provide increased technical assistance to child care centers wishing to become accredited, along with increased funds for training.

- **Minnesota** will spend 8 percent of the CCDBG on quality *plus* a $3.5 to $4 million increase in state funds on quality-enhancing activities. The state will offer service development grants to providers, R&R services, migrant child care services, an apprenticeship pilot program and cultural dynamics training. In addition, $1 million will be used for a scholarship loan forgiveness program for those who provide child care for 12 months following the completion of their course work. Part of the $1 million will be used to retain teachers of color and for programs expanding apprenticeships and mentoring. A total of $500,000 will be spent for a Child Care Investment Fund, which will provide loans and grants for facilities. A similar amount will be allocated to R&R programs and $650,000 will be used to extend school-age programs.

- **Mississippi** tripled its budget for licensing inspections, but since its inspection staff has been so limited in the past, caseloads will remain too high. Formerly, three inspectors oversaw 1,500 licensed centers; now the number of inspectors will rise to 15. The state also funded a new training program for child care directors and will create videos for staff development.

- **Missouri** will support grants to colleges and training facilities for training child care providers, grants to R&R agencies, grants to fund contracts with county health departments to conduct health and safety consultations, and grants to improve child care facilities. Funds will also support child care licensing activities.

- **Montana** will spend 8 percent of CCDBG funds for R&R services, direct grants for quality improvements, and educational training, with incentives for odd-hour training. Some money will go to providers who improve programs for low-income children and children with special needs. The state will also fund a competitive grants process for quality improvements.

- **Nebraska's** Department of Education will receive $700,000 to focus on child care and development training. $300,000 of these funds will go to continuity grants designed to extend part-day care to full-day care, or to school-age care. The state is targeting quality and supply funds to help Head Start programs offer full-day programs. $100,000 of the $700,000 will support regional training grants with training across the field to encourage groups such as early childhood, special education, child care, and Head Start to work together. The department will extend its CDA scholarship program, work with the state Early Childhood Training Center, and provide statewide services such as training and support (partly through videos developed for remote areas). In addition, the State Department of Health and Human Services awarded $250,000 to start up and expand licensed programs, and help them meet licensing standards.

- **New Hampshire** will use 4 percent quality funds for child care R&R services, school-age program expansion, statewide training initiatives, health and safety training, statewide consumer education, data collection, and early care and education career development.

  The state introduced two major initiatives with CCDBG funding. The Quality Assurance Initiative in Early Care and Education is a statewide planning project that has involved key stakeholders in early care and education in the development of quality indicators and the design of a career development system. Project recommendations will be used to identify additional projects and strategies to support systems change, and to target future funds for quality enhancement. The project is developing specific recommendations in the areas of:

  - ✓ a proposed quality lattice to be applied across programs
  - ✓ proposed career lattices for center-based and family-based providers
  - ✓ articulation agreements for higher education
  - ✓ state level certification above and beyond baseline licensure
  - ✓ public education activities

✓ model practicum for early childhood education programs

In addition, the state is engaged in a major data collection project designed to assess the current level of child care supply and demand as a baseline for future policy and program development in early care and education.

- **New Jersey's** Bright Beginnings initiative will support parent education, grants to encourage collaboration among school districts, Head Start, and child care programs, grants to increase the capacity for infant and toddler care through expansion of odd-hour care (by registering family child care providers), the professional development of early childhood program staff, and low-interest loans to child care facilities.

  The state is also moving ahead on career development with its Sow the Seeds for Growth Project, which began in January 1993. The initiative aims to improve the competencies of early child care and education providers and to make early child care and education more systemic. A plan has been submitted requesting funds to establish a center to manage the career development project. The center will address compensation issues, as well as the need for articulation among different providers. It will also manage state scholarship funds (for CDAs and Associate's and Bachelor's degrees) and funding to assist centers to become accredited.

- **New Mexico** will spend 9 percent of CCDBG funds on quality and supply. The state supports a resource and training function for R&Rs, but does not provide money for referral services.

- **North Carolina** added $22 million in new state dollars for Smart Start, which provides grants to collaboratives in counties or groups of counties to improve the quality and increase the supply of child care. North Carolina will also continue to fund TEACH. The new funds bring the total investment in Smart Start to $107 million for state fiscal year 1997-99 and allows the program to reach all counties.

- **North Dakota** will spend 10 percent of CCDBG money on quality and supply. The funds are being used for R&R networks, which, along with their core services, will also provide mini-grants to licensed providers and those unlicensed providers who will commit to licensure, support a mentor program (with CCDBG and Head Start funds), work on enhancing the Healthy Child Care Project, offer consumer education, conduct a market rate survey, and offer accreditation grants. Funds will also support the Early Childhood Training Center (ECTC), which develops training and trains trainers of child care providers. The ECTC will also offer scholarships for the CDA credential, sponsor training and scholarships for center directors, support a licenser certification program, and offer basic child care training. School-age child care grants will be offered in collaboration with the Department of Public Instruction. A Tribal Consult Project (which is contracted to a private agency) will provide technical assistance to tribes. This effort is funded by both the CCDBG and the tribes. Finally, funds will support the Early Childhood Licensing System, which reimburses counties for 50 percent of the costs of licensing studies as well as supports four full-time licensing positions.

- **Ohio** will spend CCDBG funds for school-age child care, R&R programs, a statewide R&R network, a comprehensive consumer education program, grants or loans to counties and providers, training and technical assistance, and efforts to develop an indicator checklist for licensing.

- **Oklahoma** will use a large portion of the TANF funds it transferred to the CCDBG for improving child care quality. A total of $1.2 million will be used to hire five licensing supervisors and 27 licensing monitors, as well as staff for the child care subsidy program. Another $1.3 million will be targeted to training for child care providers and will cover education courses at community colleges, preservice, entry-level, and ongoing training, administrative and management training for directors, and training for caregivers seeking a CDA credential. In addition, more than $1 million will be spent to develop an Early Head Start Program. The state will also add six R&R agencies, bringing the total to nine.

- **Oregon** will allocate some funds across the state for a career development system. Carryover money from last year will be invested in grants (to be distributed by R&Rs) to increase the number of group homes, examine barriers to the development of group homes, and increase the supply and improve quality of infant and toddler care in group homes.

- **Pennsylvania** will invest its quality-enhancement funds in training, developing a new R&R system, grants and loans to providers to meet standards, and consumer education.

- **Rhode Island** will support comprehensive consumer education, R&R programs, monitoring of compliance with licensing and regulatory requirements, training and technical assistance, and other activities.

- **South Dakota** will support grants for school-age child care, health and safety initiatives, and infant and toddler subsidies. The state also is considering developing a consumer education program.

- **Tennessee** will continue to support Tennessee Early Childhood Teachers Alliance (TECTA), which contracts with local community colleges to pay for books and classes for child care providers. The state also supports a voluntary registration program for family child care providers. Funds will also be used to support R&R activities, provide grants to start, expand, and improve child care, increase licensing staff, develop, design, and implement a comprehensive consumer education program, and create a network of Child Care Resource Centers across the state to assist providers to improve their programs or practices and to successfully include children with special needs. Tennessee also allocated $3.8 million ($40,000 to each of 95 counties) to expand the supply of child care.

- **Texas** will use much of its quality money for Early Childhood Development Resources where the state makes classroom materials available to child care providers, and for monitoring of providers through the state's licensing agency. A large portion of funds will go to child care training activities, including college scholarships for child development courses. A small amount will go to assist the state's Head Start collaborative project and the HIPPY program (Home Instruction for Preschool Youngsters).

- **Utah** will spend the CCDBG funds allocated for quality and supply on several projects: consumer education (the state contracts with R&R agencies to prepare information videos and brochures in English, Spanish, and Navajo informing parents on how to select quality child care), R&R enhancement, grants to providers to meet local and state quality standards, enhancement of monitoring, licensing, and regulatory systems, training and technical assistance, and compensation to providers.

- **Virginia** will spend a total of $3.4 million on quality initiatives for communities, including: an Internet site for child care information, more money for local planning districts (which are responsible for providing community information and referrals), a child care scholarship program for home care providers wishing to take more child care training courses, Head Start expansion programs, training, and other quality activities.

- **Vermont** will spend $300,000 on its Mini-Grant Program for providers who want to become NAEYC accredited or buy equipment and supplies for before- and after-school care programs. The state also will spend $92,128 for enhancement of R&R networks, $70,000 to assist landlords and child care facility owners to perform essential lead paint maintenance procedures, $70,000 for a Quality Incentive/Subsidy Bonus that increases rates 5 percent for accredited programs, $65,000 for a Monitoring Consumer Concern Line, $92,128 for enhanced referral, recruitment, and training activities, and $90,000 to integrate children with special needs by providing individual accommodations and mental health consultations.

- **Washington** will maintain efforts that were supported with quality funds in the past and will add a community-oriented quality outreach and enhancement project. The state will expand and enhance the current R&R system by an additional $1.345 million and support grants for special projects in local communities. A large part of the R&R enhancement will be focused on recruiting new providers, especially for odd-hour and before- and after-school care. More than $1 million will go toward the design and implementation of a professional development system which includes a training registry.

- **West Virginia** will spend 9 percent of CCDBG funds for quality to support its first statewide network of R&R agencies, including a statewide coordinator and a training library. Quality funds will also support a statewide training calendar, which is a collaborative effort with CCDBG funds, Head Start, and the State Department of Education. In addition, the state will continue its apprenticeship program and provide grants for family child care expansion.

- **Wisconsin** is spending $6 million, more than 4 percent of CCDBG funding, for quality activities. Current programs include quality improvement and staff retention grants, technical assistance for grantees, statewide child care R&R services, start-up and expansion grants, a child care information clearinghouse, mentor teacher training projects, child care business consultation, and proactive licensing and monitoring.

- **Wyoming** hopes to spend 8 percent of CCDBG funds on quality activities.

Protections for Children Cared for by License-Exempt Providers Receiving Public Funds

The Child Care and Development Block Grant requires all providers who receive public funds, except certain relatives, to meet minimum health and safety standards. These minimum protections can help ensure that children are cared for in safe surroundings by caregivers who have a basic understanding of health and safety issues, even if the caregivers are exempt from state licensing or registration provisions. This is an important protection for a growing number of children because child care providers who are exempt from licensing or registration requirements are an increasing source of child care for many families, especially those who work nonstandard hours or have very young children.

Although more and more public funds are being spent on what is called "exempt," or informal, care, states vary widely in the extent to which they protect children in exempt settings who are receiving CCDBG funds. Although **Georgia** requires providers (including relatives) to have training, a home visit, and a face-to-face interview with officials at the county human services office, other states (such as **Mississippi** and **New Hampshire**) report that they have no requirements for exempt providers, including those license-exempt family child care providers who receive public funds. **Pennsylvania** plans to eliminate criminal background checks for some exempt providers. A number of states just require exempt providers to sign a checklist saying that they meet health and safety standards, but make no effort to corroborate this.

It is also important to note that states' definitions of exempt care vary greatly. Relatives generally are exempt from state licensing requirements, but some states require family child care providers to be licensed to care for just one child. Other states allow family child care providers caring for up to 12 children to operate legally without being licensed or regulated. In 1993, one out of every five states allowed family child care homes serving five or fewer children to be exempt from all health and safety standards, from any screening of the provider's background or qualifications, and from other critical protections. In that year, only nine states, including **Alabama, Connecticut, Delaware, District of Columbia, Maryland, Massachusetts, Michigan, Oklahoma,** and **Washington** state required all family child care providers to be licensed or registered. (See *Protecting Our Children: State and Federal Policies for Exempt Child Care Settings* by Helen Blank for state-by-state information on exemptions for family child care.)

This section reports on states' standards for family child care providers who are exempt from licensing requirements. As of 1997:

- **Alabama** requires that parents have access to programs at all times and that they be allowed to make unannounced visits to the sites. The state is currently reviewing health and safety issues and a training requirement for exempt providers.

- **Alaska** requires legally exempt providers, except those providing in-home care, to become registered to be eligible to receive public funds. The registration process requires a state criminal background check and applicants must be free of convictions for sex crimes and any felonies within the past 10 years. All providers must sign a mandatory minimum health and safety checklist which includes 20 items such as fire extinguishers and smoke alarms, a TB test within the past 12 months for the provider, age appropriate immunizations for all children in care, and an assurance by the provider that the children will never be left alone with a known or convicted sex offender or a person who has been convicted of an act of violence. The signing of the checklist must be witnessed by another adult.

- **Arizona** requires exempt relatives to be fingerprinted and family child care providers who are exempt from licensing to be "certified" (similar to a license), fingerprinted, inspected, and have training in CPR and basic health and safety procedures.

- **Arkansas** requires all providers to be licensed or registered. Family and relative child care providers are required to be registered, complete criminal and child abuse background checks, have an annual TB test, and undergo six hours of training annually.

- **California** requires exempt providers to participate in its Trust Line, which requires a criminal and child abuse background check. Child care facilities must sign a health and safety certification inspection and have smoke detectors. Providers must have a TB test and must not smoke.

- **Colorado** has a health and safety checklist for exempt providers. The state has asked the Department of Agriculture to give the state a waiver to offer the Child and Adult Care Food Program to exempt providers if they are checked by the Colorado Bureau of Investigation, complete three hours of training on nutrition, child development, health and safety, and complete a parent/provider self-assessment.

- **Connecticut** requires a criminal background and child abuse registry check for unrelated exempt providers offering child care in the child's home. Health standards must be maintained.

- **Delaware** conducts criminal background and child abuse registry checks on exempt care providers and requires them to meet basic health and safety standards.

- **Florida** requires a criminal background check and TB test for informal providers. All providers must complete a three-hour orientation within 90 days of receiving a state subsidy.

- **Georgia** has the strongest protections for providers (including relatives) who are exempt from licensing and receive public funds. Providers must have a face-to-face interview at the county human services office. The state also conducts home visits to all new informal providers within eight weeks of their enrollment with the county. Existing exempt providers receiving public funds may be visited as part of a 10 percent sample of exempt and regulated providers each year. Fingerprinting, a records check, and eight hours of training are required for all subsidized exempt providers. The state has added 12 licensing surveyors to make this possible. These licensing surveyors are also responsible for conducting home visits for all new family child care applicants and for conducting a 10 percent annual random sample of existing family child care providers.

- **Hawaii** requires providers to sign a one-page document stating that they qualify to be legally exempt.

- **Idaho** requires exempt family child care providers to complete a self-declaration form regarding health and safety issues and stating whether or not they have a criminal record.

- **Illinois** obligates providers to comply with health and safety requirements.

- **Indiana** requires exempt providers who accept vouchers to sign a checklist statement saying that they meet CCDBG health and safety standards.

- **Iowa** requires all providers who receive state funds to have a criminal and child abuse background check.

- **Kansas** requires a health and safety self-certification check and a child abuse neglect registry check for all residents above the age of ten in informal provider settings.

- **Kentucky** requires exempt providers who are not relatives to submit any evidence of a criminal record, the results of a TB test, and the results of a home self-inspection. Once these items are received and approved, the provider is certified for three years.

- **Louisiana** requires an annual fire marshal visit for exempt providers.

- **Maine** requires providers to undergo a criminal and child protective services background check. All providers receive information on best practices and health and safety issues, as well as information on gaining additional training. A licensed provider is allowed to drop by at any time to inspect an exempt provider's workplace.

- **Maryland** requires exempt providers to complete a self-certification form.

- **Michigan** requires a criminal history check for exempt providers. The state also passed a bill lowering from 18 to 16 the minimum age for in-home care and relative care providers receiving child care subsidies.

- **Minnesota's** exempt providers must meet minimal health and safety guidelines. Additional standards for exempt care are the responsibility of the counties.

- **Mississippi** has no requirements for exempt providers.

- **Missouri's** exempt providers must meet minimum health and safety guidelines. A voluntary Child Abuse Network background check is available but not required.

- **Montana** requires providers to have a criminal and a child protective services background check.

- **Nebraska** performs a background check, requires 35 square feet of space for each child, and requires that minimal health and safety standards be met. There must be nothing dangerous in the home, and providers may not operate another business at the same time they are providing care.

- **Nevada** requires exempt providers to have a physician's notice or a TB test result, three hours of health and safety training, and a home visit. The home must be equipped with a five-pound fire extinguisher and a smoke detector.

- **New Hampshire** requires no standards for exempt providers. Legislation is pending that would mandate criminal records checks for exempt providers.

- **New Jersey** requires health and safety inspections for what they call "approved homes." In an effort to improve the quality of approved home care, the state will replicate part of a 1990 study of the use of approved homes, distribute a quarterly two-page newsletter written in easy-to-read English and Spanish, provide information for providers about basic-level training opportunities, and create a work group on approved homes composed of community and government representatives.

- **New Mexico** requires a self-administered check list to ensure minimal health and safety requirements. Children must be immunized and providers must have a TB test.

- **New York** will set health and safety standards, with technical supports for providers.

- **North Carolina** requires that exempt providers meet basic health and safety standards, complete a first-aid course, and undergo criminal background checks.

- **North Dakota** runs background checks on self-certified providers, and everyone in the household, to ensure that no one has a history of child abuse or neglect. This check is not required of relative providers. Providers who are not relatives must meet the same set of standards as regulated providers.

- **Ohio** requires exempt family child care providers to meet certification in order to receive child care subsidies. A new provision permits parents to waive background checks and inspections of relatives and for providers caring for children from only one family. Parents may with the provider perform the home inspection and submit the completed forms themselves to their county department of human services.

- **Oklahoma** will not pay providers unless they are licensed or are relatives living in the child's home.

- **Oregon** has a self-certification process and a criminal and child protective services check for providers, including relatives.

- **Pennsylvania** has proposed eliminating child abuse/criminal history checks for certain license-exempt providers who participate in one part of their two-part subsidy system. The state would replace these checks with self-certification. This change will affect TANF families in job search and training, as well as families currently receiving Transitional Child Care.

- **Rhode Island** requires child abuse and criminal clearance for exempt providers every two years.

- **South Carolina** requires relatives to have smoke detectors and fire extinguishers.

- **South Dakota** requires unregulated providers to fulfill basic health and safety requirements, provide proof of children's immunization, and be screened by a central registry for child abuse and neglect. Providers must have a minimum of three hours of training in the first six months of service.

- **Tennessee** requires unregulated providers to sign an agreement. Child care brokers are authorized to make home visits to determine if health and safety practices are maintained. Parents receive educational materials regarding health and safety, and complete questionnaires about their providers' health and safety conditions.

- **Texas** does not allow exempt providers to receive subsidy dollars.

- **Utah** requires the providers to sign a certificate of compliance with health and safety standards.

- **Vermont** is in the final planning stages for new regulations.

- **Virginia** has no requirements for exempt relative providers. However, unregulated (nonrelative) care must provide a safe environment—for instance, the setting must have a smoke detector and be free of trash, and providers must lock up guns.

- **West Virginia** will require anyone who receives state subsidies to be fingerprinted, undergo a background check, take health and safety training, and be monitored.

- **Wisconsin** has a category of care called "certified" which requires providers to meet extensive standards, a precertification criminal background check, 15 hours of training, and a home visit. Certified providers may care for up to three unrelated children. Provisionally certified providers must meet the same requirements except for completing 15 hours of training.

- **Wyoming** requires providers to meet minimum health and safety requirements and to have a favorable report from the Central Registry (substantiated abuse/neglect cases).

Licensing or Regulatory Changes

Although strong licensing standards are critical if a child care system is to ensure children's health and safety, many states have standards that do not meet the levels recommended by experts. As noted earlier, for example, 40 states (including the **District of Columbia**) do not require family child care providers to have any training prior to working with children, and 33 do not require prior training for teachers in child care centers. A number of states exempt family child care providers from meeting any health and safety standards.

In 1997, state licensing actions were somewhat mixed, with some states improving their protections for children and others weakening their standards. For example:

- **Georgia** hired new licensing surveyors effective July 1, 1997. These surveyors began visiting each new family child care provider and conducting a 10 percent annual random sample of existing exempt and regulated providers. In addition, they visit all new exempt providers who receive child care subsidies. The Georgia Childhood Care Regulatory Study Committee completed its two year review of the Georgia regulatory system and submitted a report with recommendations to the Georgia Board of Human Resources. Recommendations included increasing the numbers of children in out-of-home care covered by the regulatory system by removing a number of exemptions; ensuring a more effective, streamlined regulatory system; seeking broad citizen involvement and support for the regulatory system; and providing sufficient resources for the regulatory system through redirection, refinancing, and new funds. In addition, the Office of School Readiness (which licenses centers) has developed voluntary standards of care which a center may adopt to receive an elevated rating on its license. Implementation is scheduled for spring 1998, following a public comment period.

- **Idaho** reduced its staff-to-child ratio for infants from 1:12 to 1:6, but increased the ratio for school-age children from 1:15 to 1:18.

- **Iowa** is changing its regulatory structure for family child care in an attempt to develop more child care, especially in areas of greatest need. Under a pilot program, two counties will implement a four-tier registration system, with more experienced providers able to serve more children. The pilot system includes training and space requirements as well. The pilot began July 1, 1997, and will continue through early 1999, after which officials will decide whether to expand the program.

  Iowa also adopted a new child-care registration category. The "joint registration" program will allow two qualified providers to care for more preschoolers than allowed under current state law. These joint child care homes may care for 11 children, including up to 10 children ages 2 through 5. Children younger than 2 may account for only four of the 11 children.

- **Michigan** passed a bill lowering from 18 to 16 the minimum age for in-home care and relative care providers receiving child care subsidies.

- **Minnesota's** Omnibus Licensing Bill changed the definition of a legal, unlicensed provider from a provider caring for her own related children and the children of one unrelated family, to a provider caring for a total of five children, with a maximum of four children from two to three unrelated families. No more than two of the five children can be younger than 24 months. The state also took the very unusual step of not allowing those family child care providers who are not required to be licensed (those providing care for less than five children) to become licensed even if they wish to do so. In addition to neglecting the protection of children's health and safety, this change is creating a major problem for providers currently participating or trying to participate in the Child and Adult Care Food Program, which requires providers to be licensed in order to receive food subsidies for children.

- **Mississippi** and **Oklahoma** hired new licensing staff (see section on quality).

- **New Hampshire** reduced its licensing staff from 10 to eight, while increasing their responsibilities.

- **North Carolina** strengthened its licensing standards. Lead teachers in child care centers are now required to have at least a NC Early Childhood Credential or its equivalent. Center directors must have at least a NC Early Childhood Administration Credential or its equivalent. Providers will receive a permanent rated license that reflects program standards, staff education level, and program compliance history. The ratings in these various categories will have to be displayed so that parents can have information about child care programs in which they have enrolled or are considering enrolling their children. Annual compliance visits will be made. Family child care home providers must have annual in-service training pertaining to child development (previously only first-aid and CPR training were required). Family child care providers must be 21 years old and have at least a high school diploma or its equivalent (previously the requirement was only that the provider be 18 years old and literate). Family child care providers must verify children's immunizations and health status.

- **Ohio** attempted to reduce inspections of licensed centers from two to one annually, but advocacy efforts were successful in maintaining two annual inspections. The state will add an additional 11 licensing specialists to the existing 39, and will be transferring the responsibility (as well as $600,000) to the Department of Education for that department to license Head Start and chartered nonpublic preschool-based centers. The Department of Education already licenses school-based centers and is responsible for state funds for Head Start programs.

  Ohio also now requires centers to post their latest compliance inspection report. The licensing specialists are now field testing a portable computer that will allow them to print out the compliance report on-site and download the information to the mainframe system as soon as they return to the office. Information about providers from this on-line system may be accessed by county departments of human services and eventually by the Department of Education (which oversees the Child and Adult Care Food Program and state Head Start), the Department of Health, Building Standards, the Fire Marshall, and the R&Rs, as well as any parent with access to the Internet.

- **Washington** state now requires 20 hours of initial in-service training and 10 hours of annual training for family child care providers, center directors, supervisors, and lead teachers.

- **West Virginia** increased its monitoring efforts. Previously 1.5 positions were designated to monitor family child care homes and centers. Now, six monitors will monitor centers, and others will be responsible for family child care.

Action on School-Age Child Care

Although good after-school options can keep children safe and help them succeed in school, nearly five million children each week are estimated to be home without adult supervision. After-school activities for children and teens are hard to find in many communities, particularly in low-income neighborhoods. Children without adequate supervision are at risk for a variety of behavior problems, and studies show that juvenile crime peaks in the after-school hours. Yet only 11 states invested in new school-age initiatives or expanded their existing programs this year.

- **California** allocated an additional $5.77 million for school-age child care. The funds are to be used to encourage a mix of children with different incomes at school-age child care sites.

- **Florida's** State WAGE Board (the welfare program) approved the use of $5.3 million from the WAGE reserve fund to serve all of the school-age children on the waiting list for subsidized child care for 11 weeks in the summer. This was the first time the state had eliminated a waiting list for services for children in any single age category. However, these children were not guaranteed child care for the fall.

- **Georgia** allocated $1 million to increase the supply of school-age care in middle schools.

- **Illinois** allocated $90,000 for the MOST project, which focuses on expanding and improving school-age options.

- **Indiana** increased funding for its school-age program by 20 percent, to $1.2 million.

- **Minnesota** will spend $650,000 to increase school-age programs.

- **Mississippi's** Department of Education funds five or six small after-school programs for "educationally at-risk" children.

- **New Hampshire** funds a major school age initiative through CCDBG. Plus Time NH, a statewide nonprofit organization, provides technical assistance, training, and start-up funds for school-age programs. In the past year Plus Time NH has expanded its activities by using VISTA volunteers who recruit other volunteers to work in school-age programs, provide technical assistance to communities and nonprofit agencies, locate funding for nonprofits, create support networks for school-age programs and distribute school-age resource information throughout the state.

- **Ohio's** Department of Human Services has allocated $5 million to the Department of Education for school-age child care in 21 urban low-income school districts. Another $5 million has been earmarked for SFY 1999.

- **Utah** allocated $450,000 in new school-age child care grants. Grants are made in amounts from $500 to $20,000, so funds are used primarily to enhance services.

- **West Virginia's** Department of Health and Human Services and Board of Education allocated $500,000 to the School Day Plus Program. The Board of Education provides the start-up funds, and the counties contract for the after-school care. Through this program, the supply of after-school care has increased 300 percent over the past two years.

- States such as **California, Hawaii,** and **Vermont** continue to make substantial investments in statewide school-age child care programs.

Initiatives to Train TANF Mothers to be Child Care Providers

Many policy makers believe that a career in child care (especially as a family child care provider) is a positive option for mothers leaving TANF. Yet the concept is more complex that it initially appears and has a number of drawbacks. In low-income communities, family child care can be a relatively unstable job. A major study on family child care also found that it is essential that women not be forced into child care as a career. Family child care providers who are "intentional" about their work and committed to caring for children offer higher quality, warmer, and more attentive care.

About half of the states are considering projects to train TANF mothers as child care providers, although most of these projects are quite modest. **Massachusetts** reports that they started or planned to start such projects but abandoned their efforts when they proved unsuccessful. (For further discussion of this issue see *Helping Parents Work and Children Succeed: A Guide to Child Care and the 1996 Welfare Act* by Helen Blank.)

- **Arkansas, Connecticut, New Jersey, Tennessee**, and **Virginia** have set up programs to train welfare mothers to become child care providers. **Kansas, New York,** and **Oregon** have set up pilot programs to train welfare mothers to be child care providers. In **Kansas**, training lasts six to 12 months.

- **Alaska** has developed a collaboration and cost-sharing agreement between Head Start and the Alaska TANF program to provide recipients with job training opportunities, particularly in rural areas. The TANF program will prescreen potential job applicants to assure only appropriate people are referred. TANF will share with Head Start the costs of the employment-related training required for CDA, Certified Drivers License

(CDL), and CPR, and medical screenings and background checks, while supplying transportation support and child care subsidies for the recipient.

- **Arizona** has formed a partnership with local centers, Head Start and family child care providers to provide child care training, internships, and employment for welfare mothers.

- **California** gave $1 million of CCDBG funds to counties through a competitive RFP process to train TANF mothers to be child care providers. Many counties are working with their R&R agencies. In addition, California is providing $1 million of CCDBG funds for three pilot projects to train TANF recipients to be teachers in subsidized child care and development programs.

- **Colorado** began its Neighbor to Neighbor program in 1997. The program recruits and trains providers and child care workers to start child care facilities or work in child care. The work is funded by grants of $25,000 each to 10 selected communities. The program will be evaluated by the state.

- **Illinois** and **Hawaii** have contracted out child care training programs to other organizations. In Honolulu City, the R&R program PATCH has been contracted to provide the training for welfare mothers.

- **Kentucky** and **Wisconsin** have small programs to train welfare mothers as family child care providers and as workers in child care centers. In both settings, mentoring is offered.

- **Maine** has funded three "parent cooperatives" as pilot programs. The programs pair welfare mothers with designated trainers and providers, in a hands-on training and certification program. The guidelines for these programs cover supervision, support, and licensing standards. All participating mothers must intend to become child care providers, be closely supervised by trainers and providers, have well-founded support systems, and pass state licensing standards before becoming certified. The state hoped to have students in the parent cooperatives by the fall of 1997. The Office of Child Care in the state Department of Human Services will oversee the parent cooperatives.

- **Michigan** in cooperation with the Mott Foundation is supporting the Michigan 4 C Association's efforts to develop a pilot program to train TANF mothers for work in child care. The state has matched the Mott funds to double the pilot project.

- **New Hampshire** has funded two pilot initiatives to train TANF recipients as child care providers—one in a rural area and one in a larger city. They are designed to screen candidates to determine if they would be appropriate as caregivers and to provide in-depth training.

- **New York** has an interagency agreement through the BRIDGE program to train mothers receiving TANF to become providers.

- **Oklahoma** has one collaborative effort that includes Head Start, the Community Action Association, the state Office of Child Care, and Oklahoma State University. The group has picked five pilot sites and has met with all of them to try to get welfare mothers into child care training.

- **Texas** passed a state law that directs the Texas Work Force Commission to establish four pilot sites. These sites will work with existing child care centers to train welfare mothers to become child care staff in existing programs or to set up their own programs.

- **Washington** state is providing $1 million through a grant to train 250 welfare recipients to become child care providers.

Some states that do not have state training initiatives for TANF mothers do report local efforts:

- **Georgia** has no state initiative, but county offices have initiated programs to train TANF mothers as child care providers. TANF recipients are also invited to participate in training and support and family child care networks offered through the state's resource and referral agencies.

- In **Nebraska** and **Vermont**, many localities have set up training programs.

Changes in Child Care Administration and Efforts to Create Unified Policies

Most states have already adopted or are planning to adopt the same policies for all families receiving child care assistance, whether they are receiving TANF or are simply low-income working families. In addition, a number of states placed all child care administration within a single agency, or have shifted administration to a different agency.

- **Alabama** has moved its state child care subsidy program to the TANF offices in the Department of Human Resources, so that all policies relevant to subsidies are administered through TANF.

- **Alaska** will administer all CCDBG child care services for TANF families, including payments to providers and monitoring of licensed providers through the Department of Health and Social Services. By interagency agreement, CCDBG services for all post-TANF and other low-income families, registration of legally exempt providers and all quality improvement activities will be administered by the Department of Community and Regional Affairs in conjunction with the state-funded subsidy and quality programs that are limited by state law to licensed providers. Program rules and policy have been unified as much as possible between the block grant and state-only programs. The same sliding fee scale and provider rates are used for all programs. $500,000 in CCDBG funds have been used to develop a Child Care Management Information System that will interconnect all local child care administrators and R&R agencies. The user-friendly PC-based system will interface electronically with the state mainframe system, which tracks TANF child care authorizations and pays providers. This system will provide data for federal reporting and will improve program management.

- **Arkansas** consolidated all child care programs into the Division of Child Care and Early Childhood Education in the Department of Human Services. This division will also administer state funds from the Department of Education for Arkansas Better Chance, the state's prekindergarten program for educationally at-risk children ages birth to 5.

- **California** has given more responsibility to the California Department of Education (CDE) for administering child care than it had in the previous bifurcated child care system, in which one program was run by CDE and the other by the Department of Social Services. In the new system, R&R programs have been given an explicit role in working with TANF recipients. County welfare departments must refer families at various stages of moving off of welfare to the local R&R, which will co-locate in the welfare office or arrange other means of swift communication with parents and case managers.

- **Connecticut** has privatized its subsidy system through the national consulting firm MAXIMUS. MAXIMUS will administer the child care certificate program for working parents and parents transitioning off TANF. Previously, the Department of Social Services operated the two subsidy systems separately.

- **Georgia** has moved its child care subsidy program from the Social Services Section of the Division of Family and Children Services to the section of the Division which manages TANF, food stamps, and Medicaid programs.

- **Illinois'** Department of Human Services now administers all child care services for low-income families who are employed or in education and training. Previously, some of these programs resided in the Department of Children and Family Services, which is now responsible only for protective or child welfare-related child care.

- **Indiana** consolidated all of its child care into one Bureau of Child Development.

- **Kentucky** will place the administration of all child care funds, including child care for child protective services, food stamps, and employment training programs with outside contractors.

- **Louisiana** will place all child care programs in the Office of Family Support.

- **Massachusetts** has placed the administration of child care in the Office of Child Care Services.

- **Minnesota** moved the administration of child care from the Department of Human Services to the Department of Children, Family, and Learning. Similarly, the state created a legislative committee called the Family and Early Childhood Education committee, which includes a Budget Division to coordinate state funding of relevant programs.

- **Montana** moved all child care administration to the Department of Public Health and Human Services.

- **Nevada** has consolidated all child care funding under its Welfare Division.

- **New Hampshire's** Department of Health and Human Services, the lead agency for the CCDBG, has undergone major reorganization. Through this process, the need to support early care and education services has been recognized with the creation of the Child Development Bureau within the Division for Children, Youth, and Families. Child Care Services and the Head Start Collaboration Project have been consolidated within one administrative unit. Quality grants are also administered through this office. Child care licensing remains a separate regulatory unit within the Office of Program Support. The former position of child care coordinator now serves as the bureau chief position for this new office.

- **New Jersey** has established a Unified Child Care Delivery System in which there is one agency in each of the 21 counties that administers child care services. These agencies are county agencies (generally R&Rs), and administer a variety of activities such as distribution of vouchers, parent education, family child care training, and child care training for TANF mothers.

- **New Mexico** eliminated the Child Care Licensing Bureau as a separate agency and moved it into their expanded Child Care Bureau.

- **New York** reorganized its Department of Social Services and its Division for Youth into the Office for Children and Families and created a two-part unified Child Care Block Grant.

- **North Carolina** has consolidated all subsidized child care funding under the administration of the Division of Child Development. All policies, including income eligibility and parent fees, are the same for all families.

- **North Dakota's** child care administrators created a "Child Care Team" to write state plans and conduct public hearings and meetings to discuss child care issues. The four-person team consists of two members from Child and Family Services (a Head Start collaboration staff member and one early childhood administrator) and two members from Economic Assistance and Payment (one child care assistant and one welfare reform specialist). This team is in charge of child care administration for the entire state, although individual programs have not been consolidated into one agency.

- **Ohio** has shifted the determination of income eligibility ceilings from counties back to the state level, which means the state now has common statewide income eligibility rules.

- **Pennsylvania** continues to maintain two separate places where families go to receive subsidies, although a step has been taken to provide for a smoother system. Previously, families receiving welfare who were in education and training and those receiving Transitional Child Care were served through the local welfare offices. Families who were on welfare and working, as well as working families not on welfare, were served through the local child care subsidy office or local management agency (usually run by a nonprofit organization or the county government). Now, any family receiving TANF will be served through the welfare office and any family not receiving TANF will be served through the local management agency.

- **South Carolina** has run all subsidies out of the Department of Health and Human Services since 1993.

- **South Dakota** has moved funding to Child Care Services.

- **Texas** moved the administration of child care from the Department of Human Services to the Workforce Commission, as required by the state welfare reform and workforce consolidation law.

- **Utah** moved all welfare services, including child care, from the Department of Human Services to the Department of Workforce Services.

- **Vermont** privatized the process of eligibility determination for the subsidy program. Eligibility determination, resource and referral, and child care training are now provided by local, nonprofit agencies located in 12 geographic areas of the state.

- **Virginia** moved all child care administration to the Department of Social Services. Previously, the Council on Child Day Care and Early Childhood Programs administered various programs.

- **Washington** state has consolidated subsidy programs into the Economic Services Department. The Office of Child Care Policy will control other smaller programs, such as child care for homeless families, migrant families, and teen parents, and protective services child care.

- **Wisconsin** moved the Office of Child Care out of the Bureau of Children, Youth, and Families in the Department of Health and Social Services into the Division of Economic Support in a newly created Department of Workforce Development.

Head Start and Prekindergarten Initiatives

A remarkable number of states continue to invest in prekindergarten programs, either by supplementing the federal Head Start program with state funds, or by beginning or expanding state initiatives. Only two states decreased funding for prekindergarten. Among the 21 states that expanded their investments in prekindergarten or Head Start, **Connecticut**, **New York**, and **New Jersey** undertook major initiatives. **California** convened a taskforce to provide recommendations and implementation strategies for universal preschool. Other states chose to improve existing programs by identifying ways to better meet the needs of families—by providing full-day services for children of working parents, for example.

Creating or Expanding Prekindergarten Programs

- **Arkansas** used state funds to expand eligibility for its prekindergarten programs from ages 3 to 5, to ages birth to 5.

- **California** has appointed a taskforce to offer recommendations for providing access for all children ages 3 and 4 to high quality preschool across a diverse delivery system. Thirty million of the $176 million increase in state child care funds will be used to expand part-day prekindergarten programs to full-day programs.

- **Colorado** allocated $4.4 million in new funds to add 2,000 new half-day prekindergarten slots to the Colorado Prekindergarten Program. The program will now serve 8,500 children.

- **Connecticut** created a School Readiness Program with $50 million in direct funding over the next two years for cities and towns that create school readiness councils to assess needs and launch new programs. Another $70 million is available in tax-exempt bonding and guaranteed loans to spur the growth of facilities. Funding will focus first on high-need areas, but a long-range goal is to develop statewide preschool access to unserved children. The Department of Education is the lead agency, acting in consultation with the Department of Social Services. The bulk of first-year state appropriations—$17 million—will go to 14 urban cities most in need of school readiness services. These cities will use funds to increase the number of child care slots and expand services from half day to full day. However, localities first must establish local school readiness councils to identify existing services and future needs. Other communities with less severe needs may apply for $1.4 million in competitive grants. Each will receive $100,000 but must target areas with the greatest need. The state expects to spend at least $25 million in the second year, with increased appropriations phased in over three additional years after the first two-year budget cycle. Agencies will spend about $10,000 a year per child for full-day services, using funds from a range of sources. The state will contribute up to $7,000 per year per child. Cities and towns will provide the remainder of the aid. In addition, Connecticut provided $1.5 million to enhance the quality in existing prekindergarten programs in the state.

Providers of School Readiness Programs may be local and regional boards of education, regional education service centers, family resource centers, child care centers, Head Start programs, preschool programs, or other programs that meet the standards established by the commissioner of education. School Readiness programs must include plans for (1) collaboration with other community programs and services, and the coordination of resources to facilitate full-day and year-round child care and education programs; (2) parent involvement, parent education, and outreach; (3) referrals for health services, including referrals for appropriate immunizations and screenings; (4) nutrition services; (5) referrals to family literacy programs that incorporate adult basic education and provide for the promotion of literacy though access to public library services; (6) admissions policies that promote enrollment of children from different racial, ethnic, and economic backgrounds and from other communities; (7) a transition plan for children moving from the School Readiness Program to kindergarten; (8) a plan for professional development for staff; (9) a sliding fee scale for families; and (10) an annual evaluation of the effectiveness of the program.

State government and banks will commit $70 million in the next two years for tax-exempt bonds and bank loans guaranteed by the state. Connecticut plans to issue $35 million to $50 million in tax-exempt bonds to fund expansion of Head Start, child care and other programs. These funds are available only to nonprofit agencies for new construction, expansion, or renovation. The state expects to make loans of $500,000 to $3 million and will provide $3.5 million annually to cover debt service in the program. Seven Connecticut banks will provide $3 million each in loans to both for-profit and nonprofit child care centers. Funds may cover construction, expansion, renovations, equipment, and bridge loans. The state will guarantee from 20 percent to 50 percent of each loan. Another $2.5 million will fund a revolving loan program to help nonprofits and for-profit groups make less costly renovations and help small providers comply with licensing requirements or purchase equipment. The maximum loan is $10,000.

Other provisions of the legislation include: $2 million for improving child care quality by helping providers become accredited or make other improvements; $2 million for new staff training programs; $600,000 for five regional accreditation projects awarded competitively; and $100,000 for program evaluation.

In addition, Connecticut also increased state funding for Head Start programs from $4.1 million to $5.1 million. These funds are to extend part-day, part-year programs to full-day, full-year, and to serve additional Head Start eligible children in full-day, full-year programs.

- **Delaware** has an early childhood education program that uses Head Start performance standards and state funds in a half-day program. In 1997, it served 400 children. It will receive an additional $1 million and hopes to serve 150 additional children.

- **Georgia**'s prekindergarten program, which is funded by the state lottery, continues to expand. In 1996-1997, the program served 57,000 children; in 1998, the state plans to expand the program to enroll a total of 69,000 4-year olds. The program has issued new guidelines that require 180 days of instruction annually for 6.5 hours a day, a teacher and an assistant in the classroom at all times, an approved curriculum, two parent/teacher conferences per year, and a ban on all corporal punishment. Other quality standards cover flexible scheduling, safe and secure facilities, problem-solving educational materials, cooperative group learning and peer tutoring, curricula appropriate for growth and development, and consistent staffing and program routines. In 1996-97, the state also increased from four to 12 the number of consultants who regularly review grantee performance. This increase means that each consultant will visit no more than 150 programs.

- **Illinois** increased funding for prekindergarten by 10 percent or $10 million.

- **Iowa** expanded funding for its At-Risk 4-Year-Old Program by $800,000.

- **Kentucky** continues to increase funds for prekindergarten, currently at $39.2 million. All 4-year-olds who are eligible for the free lunch program or who have disabilities are entitled to enrollment in the prekindergarten program. If a child is eligible, the district must make prekindergarten available, but children are not under compulsory attendance. Many programs offered by districts are in contracted or blended settings.

- **Louisiana** appropriated $3 million to expand its state prekindergarten program.

- **Maryland** expanded their Extended Elementary Education Program (EEEP) by adding 47 prekindergarten sites to the existing 204 sites across the state. Each site is defined as a morning and afternoon session serving a total of 40 4-year old children

who are at risk of school failure. The state legislature allocated $3.2 million for the new sites. Included in a comprehensive legislative packet targeting the special needs population in public schools, the legislature determined that the sites of prekindergarten expansion should be equitably distributed across the state.
As part of the Maryland State Department of Education's efforts to improve early learning programs, the *Maryland Model for School Readiness* pilot project is addressing the salient issues related to enhancing school readiness among young children: 1) implementation of instructional practices that are individualized, child-centered, and developmentally based; 2) instruction-based assessment techniques that are used to modify and influence instruction to support each student's developmental strengths and meet her/his needs; 3) a focus on research-based staff development and capacity building on the local level; 4) integration of developmentally-based instructional practices and assessment techniques with state standards for K-12; and 5) facilitation of ongoing communication about each student's developmental profile with families, primary grade teachers, and child care providers who are caring for students. The pilot project utilizes federal funds and is being implemented by teachers and principals in selected schools of 16 out of the state's 24 local school systems.

- **Massachusetts** expanded its Community Partnership Program by $30.1 million, bringing the total to $60 million. The program serves 3- and 4-year-olds of working families through existing local programs, including schools, Head Start programs, private child care programs, and family child care homes. One lead agency in each community may apply for a grant to implement the plan of the local community partnerships council, which has representation of a variety of interests. Statewide, one-third of the children subsidized with these funds must be in full-day, full-year programs, but communities may support the mix of half-day and full-day options that best meets the needs of their families. Children whose families earn less than 100 percent of the SMI are eligible for subsidies. Families pay for the program based on the state sliding fee scale. All participating programs must seek accreditation through NAEYC. In addition to direct services, funds may be used for quality enhancement (materials, curriculum development, training) and renovation, as well as comprehensive and family support services and outreach. About 15,300 children are served through the program.

- **Michigan** increased funding for the Michigan School Readiness Program by $5 million, raising total funding to more than $67 million. The program serves 22,000 4-year olds. The state raised the reimbursement rates for the program from $3,000 to $3,100. Funds will be set aside for an evaluation of the program.

- **Minnesota** increased state funds for Head Start from $23 million to $37.5 million. One million dollars each year must be used for competitive grants to local Head Start agencies for full-year programming serving children ages 0 to 3. In addition, $2 million of the total increase in state funds was used to supplement the Early

Childhood Infant Grants. Learning Readiness funds increased from $19.5 to $20.7 million. This program allocates funds to communities, which decide how to spend the money. It may be used for early childhood family education programs, expanding Head Start, buying slots in preschools, or other similar activities.

- **New Hampshire** has established a new kindergarten funding incentive through the Department of Education. Communities can access $750 per resident kindergarten-age child enrolled in the district kindergarten program. In addition, building aid funds are available for 75 percent of costs related to facilities construction, equipment, and site development.

- **New Jersey** will spend $288 million a year for a new early childhood program administered by the Department of Education. These funds will go to 125 school districts, based on the number of students living at or below the poverty level. Each district must prepare a yearly plan for spending the funds. By school year 2001-2002, districts will be required to offer full-day kindergarten for all 5-year-olds in their districts and prekindergarten for 4-year-olds.

- **New York** has approved a universal prekindergarten program for 4-year-olds. Each school district will request funding from the state to open a prekindergarten program for all families, regardless of income. The first year will be devoted to planning. Communities must establish a community collaboration process, and must submit plans by the end of January 1998 to begin the program the following September. A community may choose to support a full-day, full-year program. The program itself will only fund full-school day programs for 180 days a year. Both schools and nonschool settings are eligible and they may receive a minimum of $2,000 per year, per child. A total of $50 million will be available in 1998 to begin services. By the year 2001-2002, $500 million will be available.

- **North Carolina** expanded its Smart Start program statewide. This program provides services including child care to children under 6. Approximately $107 million has been appropriated for this program of public/private partnerships.

- **Ohio** will increase state funding for Head Start from $77.2 million in 1997 to $83.7 million in 1998 and approximately $87.5 million in 1999. Over the next two years. Ohio will serve a total of more than 60,000 children (about 84 percent of those eligible) with state and federal funds. Ohio also added approximately $500,000 to the state preschool program.

- **Oklahoma** will use $1 million of TANF funds to create a state Early Head Start program using the federal Early Head Start standards.

- **Oregon** has increased funding for its prekindergarten program from $21.5 to $31.5 million. This will allow the state to expand services from 29 to 39 percent of eligible 3- and 4-year olds by the end of the 1997-99 biennium.

Two states decreased funding for prekindergarten programs:

- **Arizona's** prekindergarten program, which provided $12.6 million to school districts, was converted to a program that allows districts to fund other early elementary initiatives. It is estimated that only $9 million will now be used for preschool. In addition, the program's comprehensive program standards were eliminated.

- **Rhode Island's** state funding for Head Start was reduced from $2.5 to $1.9 million.

Other Steps to Help Existing Programs Meet Families' Needs

Several states are taking creative steps to help existing programs do a better job of meeting the needs of children and families. Some states are extending Head Start and prekindergarten programs from part-day to full-day care, some are focusing on providing more comprehensive services, and others are improving collaboration efforts. For example:

- **California** will allocate $15 million to make its state preschool program a full-day, full-year program— previously it was 3.5 hours a day.

- **Colorado's** Consolidated Child Care Services Bill established 12 pilot communities, which are combining child care money with state-funded prekindergarten dollars to provide full-day comprehensive child care services for children ages birth to 5. Pilot communities are required to offer educationally enriched programs, health screening and follow-up, parent education, voluntary home visits, sound nutritional services, special needs services, staff development, and family support. The cost will be $7,400 per child/per year. The program will emphasize serving TANF and low-income families. Counties may receive waivers allowing them to use prekindergarten dollars to serve infants and toddlers.

- **Connecticut** gave localities $1 million for the option of offering full-day Head Start services. The state also allocated $2 million for school-based family resource centers, which replaced federal funding for those programs and enabled the state to add more family resource centers.

- **Florida** is making a concerted effort to coordinate Head Start, prekindergarten, and subsidized child care by consolidating the waiting lists and creating a single point of entry in each county. The change will be implemented on a county-by-county basis.

- **Georgia's** state child care administrator and the state Head Start Directors' Association have signed an agreement concerning collaboration between Head Start and the state to help move families from welfare to work and provide child care assistance. Head Start and county family services departments are working together to assist Head Start in helping families meet their work requirements. The state is moving toward assisting Head Start programs in setting up family child care networks. It is considering using child care funds to help Head Start expand hours of care, although no action has yet been taken.

- **Iowa** will fund child care health advisers in the state's R&R programs.

- **Illinois** will spend $9 million to allow 1,930 children in Head Start to receive full-day services.

- **Kentucky** took a problematic step when deciding to not provide child care assistance when free programs (such as prekindergarten or Head Start) or programs funded through other sources are "available and accessible." This is an unusual provision that will prove difficult to administer and will cause hardship for some families, depending on their schedules and their need for full-time care. It is unclear how "available and accessible" will be defined and who will apply the standard. It is also unclear what provisions will be made when only part-day programs are available for parents who work full-time, and how parents will be consulted and advised about this provision.

- **Louisiana** will continue to spend some CCDBG funds to allow Head Start to remain open in the summer. In the effort to increase summer care in 1997, 40 out of 60 parishes helped children in their Head Start Child Care collaborative programs.

- **North Carolina** has reserved more than $3 million in CCDBG funds for Head Start wrap-around services. There are 38 counties/service areas receiving this funding to provide extended hours for Head Start. In addition, more than $148,000 of CCDBG and Title XX/SSBG funds will be used for Head Start supplemental grants. The state has also set aside funding for the extension of Head Start into unserved areas and to improve Head Start services for children with disabilities in underserved areas.

- **New York** expanded its refundable child care tax credit to reach 100 percent of the federal credit in 1999.

- **Ohio**, recognizing that continuity in early childhood settings is critical to children's learning, will allow state child care funding to continue uninterrupted until the end of the Head Start program year if a child who is in a joint Head Start-child care slot loses eligibility for assistance. This measure helps guarantee stability for programs receiving both Head Start and child care funds, since children enrolled in Head Start may remain through the year, regardless of changes in family income. The state is using some child care funds or other resources to implement wrap-around services. The state Department of Education developed five specific models for collaboration among child care, Head Start, and preschool programs. A number of Head Start programs are collaborating with child care centers and offering Head Start services in child care settings.

- **South Carolina** used $1.5 million to expand Head Start's hours and months of service.

- **Texas** continues to expand partnerships with local school districts to certify prekindergarten expenditures as part of the match for federal child care funds. The partnerships result in full-working-day early childhood services for several hundred children across the state.

- **Washington** state supported a child care and health linkage initiative. The state fully reimbursed R&Rs to conduct a Medicaid Outreach program, which included both consumer education and efforts to link parents with Medicaid. Although the funding source expired, the state hopes to reinstate this effort. The initiative includes a "Keep on Track" program, which gives child care providers a training kit to help them keep track of children's immunizations and health care. The Department of Health has recently given $80,000 to the program, which will allow the R&R network to expand the "Keep on Track" outreach statewide. The R&R network has been designated as one of five Associate Centers of the National Resource Center for Health and Safety in Child Care. In addition, the state's Department of Community, Trade, and Economic Development (CTED) has developed a "systems integration" design for the Early Childhood Education and Assistance Program (ECEAP) as a support mechanism for implementation of welfare reform. ECEAP is a state-funded comprehensive preschool program for 4-year-olds whose family income is 100 percent of the federal poverty level or less. In FY 1997, ECEAP served 8,340 children and their families. Twelve hundred existing ECEAP slots are already integrated with child care, either on- or off-site, to help working parents access full-day care that includes a prekindergarten education component along with medical and dental screening and family support services. This integration will continue within existing funding. In conjunction with the Governor's Office, CTED is proposing that 1,000 existing slots will integrate child care with comprehensive ECEAP services for 32 weeks and continue family support services for an additional 19 weeks. These services can be on- or off-site. Two hundred slots will integrate full-year, comprehensive ECEAP services on-site with child care.

- Other states that have used CCDBG funds to expand Head Start's day include: **Hawaii** ($60,000), **Iowa, Kansas, Michigan, Mississippi, Missouri, Nebraska** ($250,000), **North Dakota, Tennessee,** and **Wisconsin.**

Other New Ideas and Developments

In addition to the various policy changes described elsewhere in this report, a few other interesting developments are worth noting:

- **Alaska's** governor has included a comprehensive initiative called Smart Start (not to be confused with the North Carolina Smart Start initiative) for Alaska's Children in his upcoming budget request to the legislature. The initiative proposes to use $32.2 million of savings from an increased federal share of Medicaid and from a new state tax on chewing tobacco to enhance proven prevention and intervention efforts such as Head Start, Infant Learning (for children with disabilities) and home-visiting services such as Healthy Babies (nurses) and Healthy Families (para-professionals) for at-risk families. It would expand health care coverage to 11,000 children and 980 pregnant women in Alaska's working families who are presently uninsured. Alaska's Smart Start would provide increased funds for child care subsidies and for child care licensing efforts, provide respite care for foster parents, strengthen alcohol treatment services for women and children, increase mental health services for children, and organize Child Protection Teams to combat child abuse and neglect.

- **Florida** expanded its Child Care Partnership Program, which encourages the private sector to help families with child care costs. The state is contributing $4 million (up from $2 million) to be matched by the private sector in order to help their low-income employees or families in their communities pay for child care. As of November, the matching private funds had been raised.

- **Minnesota** has developed a number of interesting initiatives:
  - ✓ The At Home Infant Care program will provide monthly stipends for a lifetime maximum of 12 months, to enable low-income parents to stay home and care for their babies. To qualify, a parent must be eligible for child care assistance. Only one parent qualifies in a two-parent household. Parents are allocated up to 75 percent of the state subsidy they would have received for purchasing care for an infant in a family child care home. Currently, 10 percent of parents eligible for the subsidy program have an infant younger than 1 year. Only 19 percent of these are two-parent families. State officials hope the program will partially alleviate the high demand for infant slots. Parents participating in the infant care program may also be reimbursed for some child care for older children. In addition, parents may work at home, caring for other children or doing other jobs (such as computer work) that can be performed from home. The program is capped at 7 percent of child care funds to make sure it does not use up too much child care funding.
  - ✓ The State Portability Pool allows parents currently receiving subsidies who move to a county with a waiting list to receive child care assistance for up to

eight months. For the first two months, assistance comes from funds in the client's county of origin. For the next six months, assistance comes from a state pool. However, if the new county has a waiting list of longer than eight months, the incoming parent has to put his or her name on the waiting list and is not guaranteed child care after the portability pool's eight month guarantee.

- ✓ A few changes have been made in the state administration of child care. Before the 1996 welfare law, parents applied for assistance at the county office administering child care. Now, parents may use a universal application form and may not have to visit the county office.

- **New Jersey** will begin a new early childhood initiative, FACES (Family and Children Early Education Services), for children younger than age 6. The public-private partnership provides four core services:
  - ✓ *Quality child care*—professional development, dissemination of an instructional services directory for organizations with early childhood programs, assistance with national accreditation, and other activities to promote high quality local partnerships.
  - ✓ *Prenatal and health services*—referrals for clinical visits, including immunization and health assessment for mothers and children, home visitation, parenting skills for newborn care, and family counseling.
  - ✓ *Parent education*—child health and safety practices, time and money management, child discipline techniques, and child care selection and utilization.
  - ✓ *Literacy education*–for parents, children, and those who teach job-related skills to parents.

  The program promotes the availability of key services by:
  - ✓ Making available $10 million in matching grants annually to school districts over five years, for a total of $100 million for comprehensive early childhood education programs that include the core services.
  - ✓ Offering $200,000 in grants for planning efforts by private and public organizations, to assess their county's needs and integrate and expand their services for children.
  - ✓ Establishing family resource centers to provide referral and on-site prenatal and health services, as well as support services for parents.

  In addition to being offered through family resource centers, FACES' core services can also be delivered through teen parenting programs, preschools, early childhood programs, and other local, county, or state-sponsored programs. Participants in FACES include the Newcomb Hospital's Women's and Children's Center, Summit Bank, Core States Bank, the University of Medicine and Dentistry of New Jersey, the Robert Wood Johnson Hospital, the state departments of Human Services, Education, and Health and Senior Services, the Reiner Foundation, and the cities of Trenton and Vineland, where the two pilot family resource centers will be located. School superintendents from seven districts have also agreed to support the FACES program.

- **Ohio** has enacted two types of nonrefundable tax credits for child care. One type of credit allows families to offset child care expenses. Families with adjusted incomes of less than $20,000 will be able to claim 100 percent of the federal dependent-care tax credit on their Ohio tax returns. Previously, Ohio's credit was limited to 35 percent of the federal credit. This expanded credit is valued at $1 million annually. In tax year 1995, approximately 58,000 families claimed the child care tax credit. Based on 1995 tax returns, 19,000 filers would be eligible for the expanded credit. The average additional benefit is estimated at $53 per family. Yet the poorest working families generally have no federal tax liability (a parent with two children earning $6.41 per hour earns $13,330 annually) and therefore cannot benefit from the federal credit because it is not refundable. As family income approaches $20,000 ($9.62 per hour), the tax credit will become more beneficial.

  The other type of credit is for businesses that offer child care benefits to employees. Three new nonrefundable tax credits are available. One credit is available to employers that pay a licensed center for care of employees' children (the credit is 50 percent of total payments). Another credit is available to employers that establish an on-site center for the exclusive use of employees (the credit is the lesser of $100,000 or 50 percent of start-up costs). The third type of credit is available to employers that reimburse employees' day care expenses (the credit is 50 percent of the reimbursement per child, up to $750). The business credits are valued at $3 million per year.

- **Oregon** also expanded its child care tax credit in 1997, appropriating $17 million. The credit, which is available to families earning up to 200 percent of the poverty level, is for 40 percent of a family's child care expenses.

- **South Dakota** has established five regional Early Childhood Education sites to promote the health, safety, and development of young children in child care by providing ongoing training, consultation, and resource support to child care providers.

December 16, 1997

Children's Defense Fund ®

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