DC Family Policy Seminar

September 26, 1995

Seminar Highlights

Caring for Our Children: Meeting the Child Care Needs of Low-Income, Working Families in the District

William Gormley, Ph.D.
Moderator

Child care is often thought of as a private headache. Parents face problems involving availability, affordability and quality of care. However, these so-called private headaches cause many public problems and are worthy of public concern. Inadequate child care has important public policy implications. Parents' decisions to enter the labor market, worker productivity and childrens' readiness to learn are all affected by child care programs. These child care "headaches" are also concerns to tax payers and may undermine well-intentioned efforts for welfare reform. The child care needs of the working poor are especially relevant and will be the focus of this seminar.

Sandra Clark
Research Associate
The Urban Institute

The child care experiences of low-income families varied greatly across the six local communities in this recent study. The District of Columbia may gain invaluable insights from the variety of experiences in these communities with respect to: child care prices, subsidy program administration and reimbursement rates, waiting lists, and constraints on the availability and quality of care.

Main Points:

• Six communities participated in the Child Care Price Study commissioned by U.S. Department of Health and Human Services: Bath, NY; Birmingham, AL; Boulder, CO; Chicago, IL; Dallas, TX and San Francisco, CA. Data was collected via site visits and surveys of local child care resource and referral agencies (CCR&Rs).

• The six cities differ from one another and U.S. averages in a number of ways. Comparing medium income, poverty rates, and unemployment rates suggests that Boulder and San Francisco are more affluent communities than average. Birmingham and Bath are less affluent communities than average. Chicago and Dallas are more mixed communities--sometimes doing better than average and sometimes doing worse. Though the District of Columbia is not a part of the study, data from the District provides a valuable comparison to these cities. Median income, poverty and unemployment are all higher in the District than the U.S. average.

• Average monthly child care prices for a toddler in a child care center range from $261 in Birmingham to $591 in San Francisco. A typical mother working full-time at minimum wage with a toddler in a center would pay more than half her income in child care costs in four of the cities (Bath, Boulder, Chicago and San Francisco) if she pays the average price in those communities.

• Subsidies and sources of funding vary in all communities. Every community uses Title IVA and CCDBG (Child Care Development Block Grant) child care funds. Some use Title XX Social Services Block Grant and a couple use the Community Development Block Grant. In every community except one, some State and / or local funds were also used for child care.

• Funding streams vary across the sites. In three communities, CCR&R administered all the programs; in remaining communities multiple agencies administered the child care assistance programs.

• Reimbursement rates vary across the states. Boulder sets the maximum reimbursement rate very low to provide funds to a larger number of families. San Francisco's rate is relatively high to provide parents with access to the full range of providers. When reimbursement rates fell below provider's standard fees, providers often absorbed the costs according to the CCR&R staff.

• Scarcity of funds caused waiting lists for child care at all but one of the sites. Limited supply of certain types of child care in communities is also a problem. Too few providers exist for infants and school-age children.

• Quality of care was a concern among the CCR&R staff across the sites. Reasons for low quality reported by the CCR &R staff include: low wages for child care workers; low licensing standards for providers, and few, if any, regulations covering license-exempt care.

• Current legislation to consolidate child care funding into a single source by eliminating all entitlements has the benefits of providing communities with more flexibility to target and administer child care subsidies and reducing the complexity of the current system.

• If legislation, however, also reduces child care funding, child care administrators will be unable to serve more families. If this is the case, problems described in this study will grow even worse. Low income families will have to endure longer waiting lists, lower reimbursement rates and possibly not receive any subsidies at all.

Deborah Hall
Director, Big Mama's Children's Center
Chair, Washington, DC Association for the Education of Young Children

Greater partnerships with parents will ensure low-income families continued access to child care.

Program:

• Big Mama's Children's Center is a privately owned center located in the far southeast corridor of southwest DC. The Center opened in 1982 and is currently licensed for 104 children. 24 of these children may be toddlers aged eight weeks to two and a half years old. The other 80 children may range in age from two and half years to 14 years old. The center serves D.C. Maryland and Virginia with the majority of the population coming from D.C. Currently, 60% of the children are subsidized by the District. In years past, only 35% percent of the Center's children were subsidized.

• The Center makes up the difference between the reimbursement rate and the actual cost of care via fund raisers. The difference between the reimbursement rate for toddlers, for example, is $4.90 ($21.10 subsidy versus the private rate of $25).

Main Points:

• Currently 60% of the Center's children are subsidized. The remaining 40% are "private" and pay their own way. The Center chooses the percent of subsidized children in the program. Cut backs over the summer did not affect Big Mama's Children's center since they accept subsidized children under an alternative payment method.

• Reimbursement of subsidized slots does not cover 100% of the total cost of care per child. Differences between the subsidy and actual cost per child are borne by the Center. Fund-raisers help the Center cover the cost of the difference and are mostly supported by the "private" parents. Parents with children on the subsidy are perhaps less able to participate due to time, work, or budgetary constraints.

• 95% of the parents at Big Mama's are single working mothers. Due to private industry and governmental cutbacks, many of these parents are concerned about their jobs and ability to keep their children in child care if they lose employment.
• A group of parents is currently working with the center to set up a "child care insurance fund" to cover three weeks of child care for every child if a parent is laid off. The fund will enable parents to search for new employment during that period instead to turn to public assistance to receive child care subsidies. Parents and Center staff will solicit funds from private companies.

Wade Horn, Ph.D.
Director, National Fatherhood Initiative
and former Commissioner Administration for Children, Youth and Families

The sky is not falling.

Main Points:

• Current federal spending and programs for child care enable parents to work or participate in school or training. These programs may or may not also provide early childhood education or developmental activities for young children. Funds for child care are dispersed throughout various programs for different purposes, making it difficult to identify all sources of Federal funds. Overall, total federal support for child care has risen from $1 billion in 1972 to nearly $11 billion in 1994.

• The largest source of Federal support for child care is provided under the tax code. The child and dependent care tax credit provides a maximum of $720 for one child and $1,440 for two or more. The total cost of this program is $2.8 billion. Subtracting out these middle-class tax subsidies, federal support for child care has risen from $786 million in 1972 to $7.6 billion in 1994. In constant 1993 dollars, the increase has been enormous: from $3.2 billion in 1987 to $7.4 billion in 1994.

• A problem exists with child care due to the proliferation of child care programs administered by the federal government. The GAO reports that there are over 90 different programs in 11 different federal agencies and 20 different offices. Why should a state (or district) have to negotiate 90 different child care programs? Clients are also inconvenienced by negotiating various programs each time their status changes.

• Congressional reform efforts have focused on the four major child care programs: CCDBG, AFDC/JOBS Child Care; At-Risk Child Care; and

Transitional Child Care. Current spending is approximately $1.9 billion annually.

• The Republican House Plan: combines funding from these four different programs into one block grant; allows for $2.1 billion in funding annually (or $11.8 billion over 5 years); eliminates conflicting income requirements, time limits, and work requirements between programs; gives States greater flexibility in targeting child care assistance and allows money to "follow the parent"; gives parents a choice of child care providers; requires States to set standards on health, safety and licensing (but does not set the standards); frees approximately $200 million from centralized planning for services; allows states to use previous "matching funds" for other purposes; and allows states to share up to 20% of block grant funds with other Welfare Block grants.

• The Senate Reform Plan: repeals the three AFDC-related child care programs, but includes them in the new State Block Grant to replace AFDC; States in compliance with maintenance of effort provision are eligible for additional funds under Title I; continues $1 billion in spending per year on CCDBG while repealing both the State Dependent Care Development Grants and the CDA Scholarship Assistance program. Overall, this plan spends approximately $13 billion over five years.

• The District will be affected by both these plans in a number of ways. Both bills remove the open-ended entitlement nature of AFDC/JOBS and Transitional Child Care programs. Under the House bill, states could deny child services while also requiring work. Under the Senate bill, states would be prohibited from reducing or ending cash welfare benefits to single custodial parents of children younger than age six who refuse to work because of a demonstrated inability to obtain child care.

• However, the bills provide greater program flexibility and fewer program requirements. D.C. will be able to target funds better to meet local needs Both bills also require that more money goes directly to child care services and limits administrative costs.

• Since the bills do require maintenance of effort provisions, child care advocates will have to be on alert to ensure that D.C. government does not divert funds it is currently spending on child care to other uses. Both bills also provide for increased local discretion in terms of setting standards, using funds to improve quality and consumer education by eliminating many set-asides.

• The potential for "turf" wars between AFDC advocates and advocates for the working poor will increase. Both bills eliminate individual guarantee for child care, but increase work requirements for AFDC population which may cause States to divert most funds to AFDC/JOBS population and away from the "working poor".

• We may soon see an effort to integrate Head Start funds into the general child care accounts.

Barbara Ferguson Kamara
Executive Director of the
D.C. Office of Early Childhood Development
Commission on Social Service, Department of Human Services

Child care is everybody's business.

Main Points:

• Child Care is everybody's business whether you have a child or not.

• Though there are a number of child care programs in the District, they are all administered by the same office. This means we have a seamless system of care from a parent and provider perspective and we have much in place to maximize funds if the federal government begins funding via Block Grants.

• While D.C. has 360 licensed centers, approximately 300 licensed family child care homes and approximately 600 in-home and relative care providers, the availability of child care is a problem in the District. Wait lists are long for some centers and we have a shortage of school age and infant care and care for children with special needs. Timing of care is also a problem; more care is needed for children with parents who work non-traditional days and/or hours.

• Child care costs are a major expense for parents/guardians in D.C. as in other major cities. For a single parent without subsidies, as much as 43% of their income can easily be spent on the care of one infant.

• The District of Columbia recognizes the value of high quality. The provider/child ratio in the district is currently one to four for infants and toddlers. However, the District has a hard time retaining workers due to low benefits, and child care worker turnover ranges from 40% to 60% .

• To increase availability, affordability and quality of care in the District, consumers need to be educated about the issues. Already, District government and developers are working together to increase supply of child care. But if welfare reform legislation is passed today, we would not have enough staff, facilities and subsidies to make it through the year.

• We need to increase partnerships with parents, approach philanthropic foundations and companies, work with Head Start and Free Kindergarten and others, to ensure that we maximize resources. We also must ensure that we maintain some balance between AFDC and working poor child care subsidies. Only by working together can we make a difference.

Program:

• In February of 1995, the Mayor created the Office of Early Childhood Development to consolidate child care programs in the District.

• The administrative structure of District child care programs is two-fold: The Department of Consumer and Regulatory Affairs administers licensing standards and the Department of Human Services sets policy, focuses on expansion and improvement of child care and administers seven child care funds: Child Development Associate Scholarship Program ($3,100); Dependent Care Grant ($50,000); JOBS Program ($5 million), Transitional Child Care ($280,000); At-Risk Child Care ($677,000); Child Care and Development Block Grant ($1.8 million); and District appropriations ($22 million). Since all funds are administered through one office, the consumer receives seamless service.

• Transitional Child Care (TCC) has been underutilized program in the District. This year, the Office of Early Childhood Development and the TCC Program launched an educational campaign to educate individuals who move off public assistance to jobs that child care assistance is available. Even after parents leave transitional assistance, they are probably still eligible for child care through locally appropriated funds.

• The District has 360 licensed day care centers. Fifty percent of the centers participate in the subsidy program. Many centers do not take subsidized children since the subsidy is small in comparison to their per child cost.

• The District provides choices of care arrangements to parents with children on subsidies: 104 centers accept alternate payment methods (i.e. vouchers); 60 are Family Day Care providers (independent providers); two centers are D.C. government employee worksites (D.C. General and Reeves Municipal Center); and 600 are in-home and relative licensed providers. We also contract with centers for specific number of slots, as well as with family child care satellite systems.

• The District spent $27 million on child care in FY 1991, representing $3 million more than was allocated. This year (FY 1995) they were asked to not overspend the $3 million and also take a $2 million cut to help with the budget crunch. Fortunately, the district lost only 600 subsidized slots from this fiscal restraint (instead of the 1,600 loss originally expected); 36 children from Maryland and Virginia; 200 children between the ages of 13-14 years old; and 300 children from working families.

• Many of the subsidized slots were saved since Congress never approved the new District budget, so the $2 million in child care funds they were asked to cut was never approved and spending went back to last year's level. The District also did not lose more slots due to the large child care community lobby. Two organizations provided funds to subsidize more slots: Freddie Mac provided funds for 158 children and Region III, U.S. Department of Health and Human Services/Administration for Children and Families (DHHS/ACF) Head Start program provided for 200 children. The District also increased its federal reimbursement and the Council required an additional $1 per day, per child surcharge to keep more children in child care.

• For parents to work, they need to have child care. Only by bringing resources together via increased partnerships with parents, philanthropic interests and others can we make a difference in providing adequate care in the District.

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Discussion and Community Announcements

The D.C. Family Policy Seminar graciously acknowledges the generous space and facilities offered by the Martin Luther King Memorial Library.

(1) Demand and Supply of Child Care:
Bobbi Block: Washington Child Development Council:
I am concerned with the issue of the child care food program. Also, I don't feel that Congress is dealing with the fact that we are putting demands on a system that has no infrastructure and has no way of expanding due to issues over money. Child care is the only service that I'm aware of that does not follow Adam Smith's "invisible hand" theory of supply and demand. While funding has increased since 1972, demand has increased much more rapidly. Quality will suffer the as the rates per child are decreased. My question is, how do you expect us to meet, or the government to meet, the demands of increased service?

Responses:
Wade Horn: I agree with much that you have said. I don't think that it is very clearly planned out, in the context of welfare reform, where the children will be placed and what the quality will look like. Though we are increasing the demand for child care we are not increasing funds for child care. The only hope, since funds will be in appropriated accounts, is to lobby to increase appropriations.

Bill Gormley The Senate bill does have a quality set-aside which will make funds available for training, regulatory monitoring and increasing teachers salaries. I do share your concern over the possible decline in participation in the Child Care Food Program. The Child Care Food Program has been particularly important to bringing family day care providers into the system and improving the quality of family day care. Between 82-90% of all family day care homes nationwide are unregulated. One technique for the government to "lure" these family day care programs into the system is to provide the "carrot" of the Child Care Food Program.

Wade Horn: There is nothing prohibiting the local jurisdictions from using the nutrition block grants to continue to provide subsidies for the Food Program; these decisions will just now be made on the local level instead of the federal level.

Bill Gormley: Essentially, the child care food program will have to compete on the local level with other working programs.

Valerie Gwinner:, National Center for Education in Maternal and Child Health: Regarding child care standards and guidelines, recent research has shown that those states with stricter standards are less likely to have poor quality child care than those states with less stringent standards. The national standards are considered a good guideline. Copies of those standards are available at this meeting and though our center (contact Karin Elliot at 703-524-7802). We also have a database that includes the complete text of the child care licensing regulations from all 50 states and DC, as well as the National Health and Safety Performance Standards.

(2) Innovative Responses to Child Care Needs:

Bill Gormley: How do you see the child care insurance fund evolving at Big Mama's Children's Center? What kind of responses have you received from your parents?

Debbie Hall: Three parents and myself are currently still formulating the program. We hope to be able to supply each and every parent, as the need arises, with a subsidy to provide day care for their children for a certain number of weeks while they are looking for work. We are currently in the process of drafting a letter to local companies asking for or either one day or a week subsidy. Our goal is to get the public and private to work together. Our fund raisers at school will not cover all the costs of this program.

Barbara Kamara: Whenever a crises occurs, people come up with various ways to minimize the impact. We put together a slot reduction committee to formulate ways to maintain the slots still available. One idea is to create a city-wide private subsidy pool based out of a local foundation. We would approach churches and ask them to put up money to subsidize one child for a month. We haven't gone forward with this idea yet, but now is the time for this type of forward thinking. Once people begin to realize the importance of child care to keeping businesses working, we'll hopefully have more help with this concept We have the highest percentage of working parents in all of the country. The increases in parents working out-steps the increases in federal money available. Foundations are getting frustrated and may discontinue funding for individual child care providers. Child care providers and advocates need to come together and forget their turf to look at what we all need to do to help make a difference in child care in our community.

Debbie Hall: The Women's Bureau at the U.S. Department of Labor has identified the four top priorities for women: child care, elderly care, respect on the job and family medical leave. The Women's Bureau has sent out initiatives to private companies to get involved with child care programs. To date 350 businesses have pledge to incorporate child care programs on the job.

3) Methods to increase providers' willingness to accept subsidized children:

Bill Gormley: Based on your visits to other jurisdictions, do you have any suggestions to the district on how to deal with providers not taking children on subsidized care?

Sandy Clark: In many of the communities in our study, the subsidy regulations state that parents can not be asked to pay the difference between the reimbursement rate and the actual cost. One method for parents and providers to work this out is informally, with parents providing some type of in-kind services like baking cookies or volunteering at the center. Some providers don't take subsidized children due to stereotypes providers have on the how these families are to work with. To overcome these stereotypes, we can educate providers by helping them work with one family with the hope that they're willing to take on more families and subsidized children in the future.