

Child Care and Early Education Supporting Children and Families

Introduction

Quality early care and education and after-school activities help families work and children succeed. For low-income families, safe, stable, affordable child care may make the difference between climbing out of poverty and falling deeper into it. Children from low-income and disadvantaged families in particular benefit from quality early education experiences. Unfortunately, most low-income families do not have access to quality, affordable child care.

Statistical Portrait

The strong economy and the work requirements in the 1996 welfare law have created a tremendous need for quality child care. In 1999, 67 percent of low-income single parents were working, compared with 63 percent in 1997.¹ Four in ten children under age 5 of employed mothers with incomes below 200 percent of the federal poverty line are in child care for 35 hours or more a week.² These children are in a wide variety of settings, including center-based care, family child care homes, relatives and friends.

In response to the needs of families, states and the federal government have made significant investments in child care, Head Start, and prekindergarten programs. A study of 16 states found that state spending on child care grew dramatically between 1997 and 1999.³ Nevertheless, the lack of a comprehensive and cohesive system of early care and education designed to meet the needs of families leaves parents, particularly those in low-income communities, struggling to find safe, stable, and affordable child care.

Child care not only helps families work but also prepares children for school. Research confirms that high-quality early care and education experiences have positive effects on the academic performance of all children, especially low-income children and children at

risk of school failure. Children in poor-quality child care have been found to be delayed in acquiring language and reading skills and to display more aggression toward other children and adults.⁴

Unfortunately, low-income families, families with infants, school-age children, and children with special needs, as well as families working non-traditional hours, have tremendous difficulties finding care. Preschool and school-age programs are particularly scarce in low-income communities. Children in low- and moderate-income families are more likely to be cared for in settings that do not meet quality standards.⁵

Even when quality care is available, the cost is often beyond the reach of many of the low-income families whose children most need these services:

- The average annual cost of child care for a 4-year-old in an urban area childcare center is more than the average annual cost of public college tuition in all but one state.⁶ The cost for infant care is even higher.
- Low-income working families use a significant portion of their incomes to pay for child care. Families with incomes below the poverty level who pay for child care spent, on average, 23 percent of their earnings on child care, compared with 6 percent spent by higher-income families.⁷

Child care providers can do little to reduce their prices. Most operate on extremely tight budgets, large proportions of which are devoted to staff salaries – which are unacceptably low. The average annual salary for a child care worker is \$15,430.

Staff turnover rates are as high as 30 percent each year. As centers lose qualified staff, they are forced to hire replacement teachers with less training and education⁸ – although staff education and training in early childhood education have been found to be among the most critical elements in improving children's experiences and ensuring their healthy development.⁹

The vast majority of low-income families who are struggling to afford the high cost of child care are not getting help in covering these costs. While federal and state programs help some families, most programs are severely under-funded. Many families don't know that help is available. One study found that among working families that had left welfare, less than a third were receiving help paying for childcare.¹⁰ Even when help is available, many families may face administrative roadblocks that make it hard to participate in the program.

The largest public investments in childcare assistance to low-income families are made through the federal Child Care and Development Block Grant (CCDBG) and the Temporary Assistance for Needy Families (TANF) block grant; states can use TANF funds directly for childcare expenditures or transfer them to the CCDBG. Together, these programs provide more than \$7 billion in federal funds for childcare assistance.¹¹

However, of the nearly 15 million children eligible for childcare assistance through the CCDBG, only one out of eight are receiving any help.¹² The overwhelming lack of resources forces states to make unacceptable tradeoffs between serving more families and giving families access to quality care:

- In two-fifths of the states, a family of three earning \$25,000 a year cannot qualify for help.
- In two-thirds of the states, a family of three with an income of 150 percent of the federal poverty line would be required to pay more than 7 percent of its income in fees or would not even be eligible for help.
- Nearly half of the states set provider reimbursement rates below the 75th percentile of the market rate (the rate that enables parents to access 75 percent of their community's providers) or base the rate on an outdated market rate survey, effectively denying parents access to quality care.
- Nearly two-thirds of the states require families to verify that they meet eligibility requirements every two to six months. In most states, families must notify the state whenever there is a change in their job, income, or other circumstances. These requirements place tremendous burdens on working families in fragile job situations.¹³
- Many states continue to have separate programs and administration for welfare and working families. Confusion and miscommunication can cause families to lose their childcare assistance.

Other federal and state programs also fail to meet the need for quality child care. Head Start, which provides comprehensive prekindergarten experiences to

children aged 3 to 5, still only reaches about three out of five eligible preschool age children.¹⁴ The majority of Head Start programs are part day, leaving families that work full time scrambling to make other arrangements for their children.

Forty-three states have created prekindergarten programs. Yet most serve only a small percentage of the children at risk and a number lack adequate quality standards. Most initiatives only support part-day programs.¹⁵

State Strategies & Innovations

Over the past several years, a number of states have taken steps to ensure that children and families have access to quality care and early education:

- Georgia uses lottery funds to offer all 4-year-olds the opportunity to participate in a part-day, part-year prekindergarten program.
- Rhode Island guarantees assistance in paying for child care to all families with incomes below 225 percent of the federal poverty level.
- North Carolina's Smart Start program, a combination of federal, state, and local funds, provides nearly \$300 million to local communities to help meet the needs of families and children through age 5.
- Ten states make their state childcare tax credit refundable.¹⁶
- A number of states continue to expand their prekindergarten programs and to find new ways to collaborate with local early childhood programs. New York recently allocated \$225 million for the third year of the state's universal prekindergarten program. More than half of these funds are contracted to community-based organizations for prekindergarten.
- Fifteen states have recognized the barrier posed by frequent recertification requirements and now require low-income families to recertify their eligibility only once a year.¹⁷ Other states have improved the coordination and stability of services by accepting Head Start or Early Head Start eligibility determination and extending the childcare recertification periods for children participating in Head Start and receiving childcare assistance.
- Many states now offer a higher reimbursement rate to cover the cost of better-quality care or to give providers an incentive to offer care that is in short supply.

- Using the Child Care and Development Block Grant as well as state and private funds, 17 states have adopted TEACH (Teacher Education and Compensation Helps) scholarship programs that encourage providers to receive additional training and education and work towards a credential.¹⁸ At least six states (California, Illinois, New York, North Carolina, Oklahoma, and Washington) provide an ongoing wage supplement to providers who have already received certification or higher levels of education.

Implications for Federal Policy

A poll conducted by the Kellogg Devolution project in 1998 showed that 86 percent of respondents believed child care should be available to all low-income families so parents can work.¹⁹ With the growing body of research affirming the benefits of a high-quality early education experience, especially for low-income children, it is time to move forward with a strong national agenda that supports children and families. Such an agenda should recognize that:

- The value of implementing policies to help parents stay at home after the birth or adoption of a child is supported by research on brain development and on the importance of a child's first months.
- Providing full funding for Head Start and the Child Care and Development Block Grant will ensure that reliable, affordable child care and early education options are available to low-income families.
- Maintaining TANF funding levels when the program is reauthorized will help enable states to sustain recent efforts to expand families' access to childcare assistance and bolster quality.
- Targeting increased resources on improving quality will help states recruit and retain well-trained caregivers through scholarships and improved compensation.
- Improving monitoring of providers that receive federal funds and requiring them to have training in childhood development before caring for children will help ensure that children are in safe and supportive settings.
- Requiring only annual recertification to maintain eligibility will help families receiving childcare assistance retain this crucial support.

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Endnotes

- ¹ Sheila Rafferty Zedlewski, *Snapshots of America's Families II: Family Economic Well-Being* (Washington, DC: Urban Institute, 1999).
- ² Jeffrey Capizzano and Gina Adams, *The Hours that Children Under Five Spend in Child Care: Variations Across States*, Policy Brief B-08 (Washington, DC: Urban Institute, 2000).
- ³ Abt Associates, *National Study of Child Care for Low-Income Families: State and Community Substudy Interim Report* (Washington, DC: U.S. Department of Health and Human Services, 2000). The report found that the median increase in childcare spending in the study states over the three-year period was 78 percent.
- ⁴ E. S. Peisner-Feinberg *et al.*, *The Children of the Cost, Quality, and Outcomes Study Go to School: Executive Summary* (Chapel Hill, NC: University of North Carolina, 1999); Karen Schulman, Helen Blank, and Danielle Ewen, *Seeds of Success: State Prekindergarten Initiatives 1998-1999* (Washington, DC: Children's Defense Fund, 1999).
- ⁵ Carnegie Corporation of New York, *Years of Promise: A Comprehensive Learning Strategy for America's Children* (New York, NY: Carnegie Corporation, 1996).
- ⁶ Karen Schulman, *Issue Brief: The High Cost of Child Care Puts Quality Child Care Out of Reach for Many Families* (Washington, DC: Children's Defense Fund, 2000).
- ⁷ Linda Giannarelli and James Barsimantov, *Childcare Expenses of America's Families* (Washington, DC: Urban Institute, 2000).
- ⁸ Marcy Whitebook, Laura Sakai, Emily Gerber, and Carollee Howes, *Then & Now: Changes in Childcare Staffing 1994-2000* (Washington, DC: Center for the Childcare Workforce, 2001).
- ⁹ Galinsky *et al.*, *The Family Child Care Training Study: Interim Report* (New York, NY: Families and Work Institute, 1994).
- ¹⁰ Children's Defense Fund, *Families Struggling to Make It in the Workforce: A Post Welfare Report* (Washington, DC: Children's Defense Fund, 2000).

¹¹ Mark Greenberg, Rachel Schumacher, and Janelle Duffy, *The Role of TANF in Funding State Child Care Subsidy Programs: Trends and Implications* (Draft) (Washington, DC: Center on Law and Social Policy, 2001). The report shows that the total amount of TANF funds committed for child care increased from \$189 million in FY 1997 to \$920.5 million in FY 1998 to \$3.3 billion in FY 1999. In FY 2000, states spent \$3.9 billion in TANF funds on child care through direct spending and transfers. In FY 1999, child care represented the single biggest redirection of TANF to other purposes besides cash and work-based assistance.

¹² "New Statistics Show Only Small Percentage of Eligible Families Receive Child Care Help," U.S. Department of Health and Human Services press release, December 6, 2000. Available on the Internet at www.acf.dhhs.gov/news/ccstudy2.htm. This figure does not include those children served by direct TANF funds or children served with state funds that are not required to be reported to the Department of Health and Human Services. However, the *National Study of Child Care for Low-Income Families: State and Community Substudy Interim Report* found that the 17 states studied were only able to serve 15 to 20 percent of federally eligible children in 1999 using all sources of subsidies. Abt Associates, *National Study of Child Care for Low-Income Families: State and Community Substudy Interim Report* (Washington, DC: U.S. Department of Health and Human Services, 2000).

¹³ Children's Defense Fund, *State Child Care Subsidy Policies 2000* (Draft) (Washington, DC: Children's Defense Fund, 2001). All data are as of March 15, 2000.

¹⁴ Calculations by the Children's Defense Fund, using data from the U.S. Department of Health and Human Services, Head Start Bureau on Head Start enrollment in FY 2000, and U.S. Census Bureau on poverty rates by single year of age for 1999.

¹⁵ Karen Schulman, Helen Blank, and Danielle Ewen, *Seeds of Success: State Prekindergarten Initiatives 1998-1999* (Washington, DC: Children's Defense Fund, 1999).

¹⁶ Helen Blank, Andrea Behr, and Karen Schulman, *State Developments in Child Care, Early Education, and School-Age Care, 2000* (Washington, DC: Children's Defense Fund, 2001). The states are Arkansas, California, Colorado, Hawaii, Iowa, Maine, Minnesota, Nebraska, New Mexico, and New York.

¹⁷ Children's Defense Fund, *State Child Care Subsidy Policies 2000* (Draft) (Washington, DC: Children's Defense Fund, 2001). All data are as of March 15, 2000. The states are California, Hawaii, Iowa, Kansas, Kentucky, Maryland, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oklahoma, South Carolina, and Virginia.

¹⁸ Blank, Behr, and Schulman, *State Developments in Child Care, Early Education, and School-Age Care, 2000*. The states are Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kansas, Missouri, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Virginia, Washington, and Wisconsin.

¹⁹ W.K. Kellogg Foundation, *Devolution Survey on Healthcare and Welfare Reform Issues* (Battle Creek, MI: W.K. Kellogg Foundation, 1999). Available on the Internet at <http://www.wkkf.org/Devolution/survey.asp>.