

CHILD CARE

HEARING
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
AND FAMILY POLICY
OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ONE HUNDRED FIFTH CONGRESS
SECOND SESSION

ON

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CHILD CARE

WEDNESDAY, APRIL 22, 1998

U.S. SENATE,
SUBCOMMITTEE ON SOCIAL SECURITY AND
FAMILY POLICY,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:00 a.m., in room SD-215, Dirksen Senate Office Building, Hon. John H. Chafee, (chairman of the subcommittee) presiding.

Present: Senators Hatch, Nickles, and Moseley-Braun.

Also present: Senators Roberts, Spector, Dodd, and Snowe.

OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR FROM UTAH

Senator HATCH. John Chafee is tied up in traffic, so I will get the hearing started. He has requested that I do so.

I want to commend Chairman Chafee for his initiative in arranging this hearing on the all important issue of child care.

Both Republicans and Democrats agree that we need to look seriously after the needs of our children. Many of us worked hard to pass the Child Care and Development Block Grant Act of 1980, and no one more so than our first witness, Senator Chris Dodd, who I understand is right outside.

I, for one, am proud of this legislation, and I think that the CCDBG is a proven success. Well, I see Chris sitting right there in the front row as a matter of fact.

So, why am I co-sponsoring the Caring for Children Act? There are two reasons.

One, it is clear that more needs to be done to address the triad of child care issues: Affordability, availability and quality, particularly for low income families. And two, it is high time that our tax code recognizes the child care choices of all families; in my home State of Utah and throughout all of America.

Some children have both parents in the work force. Some have a single parent who must work. Our bill, the Caring for Children Act, would cut taxes for those families by enhancing the dependent care tax credit.

It also recognizes, for the first time, the sacrifices made by families who choose to have a parent remain at home during the critical pre-school years. Instead of paying a third party to care for their children, some families choose to pay for their own child care by foregoing a second income. Our bill extends eligibility for the tax credit to those families as well.

That is why our bill is called the "Caring for Children Act." We are concerned about caring for children, no matter who provides the car. And all too often in child care policy we forget that parents are the ultimate teachers, medical technicians, nutritionists, disciplinarians and recreation specialists for their children.

I would like to call to my colleagues' attention a report just issued by an organization in Utah called, "Justice, Economic Dignity and Independence for Women." The JEDI women.

This organization, founded in 1992, is unique I believe, in that it was founded by welfare clients, not by social workers, ministers, politicians or academics. I will be the first to admit that while we have not always agreed on solutions, these women have done a lot to raise awareness in Utah about the difficulties facing low income women.

I think what I will do is wind up and turn the rest of the time over to the chairman. Well, let me finish my statement.

In May, I would like to introduce—let me just take time and introduce the executive director of the JEDI women, Tamera Baggett, who is with us this morning. If you will stand. We are real proud of the work that you are doing. We appreciate you being here.

I would also, Mr. Chairman, ask unanimous consent that their report, Caring For Our Children, a Survey of Child Care Providers in Utah, be included in the record of the hearing.

[The information appears in the appendix.]

Senator HATCH. I would like to note that the challenge of finding affordable quality child care cannot be understood merely by looking at the numbers. On page 11, we find Jennifer's story.

Jennifer is struggling to get back on her feet after a divorce. The Utah State Office of Child Support Enforcement has had, so far, no luck tracking down her children's delinquent father. Jennifer's child care problems are compounded by the fact that she is working non-traditional hours at St. Marks Hospital in Salt Lake City.

The Utah Child Care Resource and Referral Agency have hundreds of stories like this. For example, Kim, from Price, Utah, is currently on SSDI. Utah's Vocational Rehabilitation Office is supporting her in her efforts to learn new job skills. Kim has three children, one of whom is a special needs child. Kim not only needs help paying the cost of child care, she needs help finding child care.

So, in my view, Mr. Chairman, the solution to cases like Jennifer's and Kim's is not a new Federal program. It is more support for the existing one.

Now, there are a lot of other things that I would like to say that I would like to just put in the record at this point. Mr. Chairman, I did say to Senator Roberts that he could make a short statement, but I suspect he would be glad to wait until you are finished with your statement.

Senator CHAFEE. All right.

Senator ROBERTS. I would be delighted to wait a couple of minutes.

Senator HATCH. Why don't we just switch seats here, and I will turn it back over to you.

OPENING STATEMENT OF HON. JOHN H. CHAFEE, A U.S. SENATOR FROM RHODE ISLAND, CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

Senator CHAFEE. Well, I want to thank Senator Hatch very much for getting started today. It has been a hectic day, travel-wise, as most people know, and I apologize for being a few minutes late. I am so glad he started.

I have a statement, which I will put in the record, but I just want to make a couple of points.

If you ask any parent of young children what they worry about most, and undoubtedly, one would hear a litany of child care trials and tribulations. There are 13 million children in our Nation who spend all or part of their day being cared for in a child care center. By relatives, by a babysitter or in a child care program, and these programs can be expensive. Between \$4,000 and \$8,000 a year for one child.

For families at the lower end of the income scale, these costs are clearly prohibitive. So, it seems to me that we have got to do more to help these families with quality, affordable child care.

At the same time, there are many low and middle income families who choose to forego that critical second income so that one parent can remain at home to care for the children. These parents are performing an important service to their families and to society, and I believe we should acknowledge their value as well.

I do not believe the government should dictate the choices parents make about who care for their children. That decision remains with the parents, where it should be. A tax policy should not favor one arrangement over another.

At the same time, we fully recognize that the child care problem cannot be solved solely through the tax code. Many families earn so little they do not have tax liability, making a tax credit worthless. These families can only be helped through subsidies, and our legislation addresses all of these concerns.

This morning we are going to have an opportunity to hear from the very people who are affected by child care policy. A panel of mothers in the first panel. Each of these women face enormous challenges.

We will hear from a panel of businesses who provide on or near-site child care and what impact this had had on their employees. We will also have an opportunity to hear from several State officials who administer child care programs.

So, I am delighted now to recognize Senator Roberts who has been so helpful in this program and these efforts.

[The prepared statement of Senator Chafee appears in the appendix.]

STATEMENT OF HON. PATRICK ROBERTS, A U.S. SENATOR FROM KANSAS

Senator ROBERTS. Thank you, Mr. Chairman. We don't have microphones like this in the Agriculture Committee or Defense or Intelligence, or even Ethics. They have an off or on, which is very helpful to Senators. If you just turn it on, why obviously you will be able to be heard.

Mr. Chairman, I am going to beg the indulgence of you and the members of the subcommittee and my good friend and colleague, Senator Dodd. I just want to make some very brief comments.

I have a special introduction I would like to make on behalf of my State of Kansas to introduce to you a very special person that has worked so hard in this whole area. But first, I would like to associate myself with your remarks, sir, and that of Senator Hatch.

I would like to make a comment; that I am extremely hopeful we can move this legislation or this package in this session of Congress. And if we are able to do so, it will be through the leadership of the Chairman and Senators Hatch and Spector and Senator Dodd.

I had a modest bill, a modest child care bill, and it has been incorporated into the larger package. I cannot think of anything more important and more crucial in regards to the legislative agenda that we have before us.

I think that the privilege that I have will be shared by Senator Spector and that he, as a native of Russell, Kansas, America, will be interested in the witness that we have.

I would like to State that Kansas, under the leadership of Governor Bill Graves, has done an excellent job in stretching the very limited child care dollars to meet the needs of children in Kansas, and I am especially pleased, Mr. Chairman, that we have the Department of Social and Rehab Services secretary, Rochelle Chronister.

She is with us here today, and I look forward to her testimony about the Kansas experience with child care development funds and the future of child care in the state.

Let me just simply say that in my former life as the chairman of the sometimes powerful House Agriculture Committee, we faced welfare reform and reform of food stamps, and it dovetailed into child care.

There was one person that I would constantly call and have my staff call and that we would meet with on a constant basis in Kansas in reference to how we could make welfare reform work, and that person was Rochelle. She has done an outstanding job.

We have incentives for all types of child care providers. Secretary Chronister has increased the child care payment rates to help recruit and retain quality child care providers. She has provided grants to home providers, she has promoted alternative options for children whose parents work evenings or weekends and providing assistance and incentives to employers and business to develop their child care facilities.

I am very pleased to note the broad efforts to reach all sectors of the child care market, Mr. Chairman, in Kansas. These changes have helped me to make Kansas a model—or not me, but the Governor and the State legislature to make Kansas a model for other States seeking to improve the delivery of child care services.

I am also pleased to note the efforts of the State to reach out to small business. In addition to providing technical assistance and grants, the State has put together an excellent pamphlet outlining the benefits of child care to small business and tips on how to take advantage of child care options.

I want to say again, Mr. Chairman, that with our effort to have welfare reform and to help thousands of Kansans off the welfare rolls and onto payrolls, I am pleased to note that the cash assistance case load has dropped over 50 percent since January of 1994.

Although the child care and needs for these families have increased, the State is successfully meeting the growing demand through a variety of innovative programs and a state-wide educational effort; however, the State must be given the tools to continue to meet this demand. Of those still receiving cash assistance, child care is a major factor in their dependence on Federal support.

So, I look forward to you having the pleasure and the privilege of listening to Rochelle Chronister, who is a dear friend. I think, as we try to bring more decision making to the States and to our local authorities, she is an outstanding example.

And again, Mr. Chairman, I commend you for your leadership and I thank the indulgence of Senator Dodd and others on the subcommittee. Thank you, sir.

Senator CHAFEE. Thank you very much, Senator.

I do want to say that the legislation that we have before us, Senator Roberts, Senator Spector, Senator Snowe, Senator Hatch, Senator Collins and I, have put together this Caring for Children Act, and Senator Roberts has been really a key player in all of this. So, we do look forward to hearing from Ms. Chronister.

Senator ROBERTS. Mr. Chairman, I simply would ask that my full statement be inserted in the record at this point.

Senator CHAFEE. It certainly will.

[The prepared statement of Senator Roberts appears in the appendix.]

Senator CHAFEE. Now, Senator Spector. We are delighted that you can be here, sir.

Senator SPECTOR. Thank you very much, Mr. Chairman. I would like to thank Senator Roberts for the acknowledgement. Senator Roberts is from Dodge City. It used to be more famous than Russell. Bob Dole replaced Wyatt Earp as the hero of western Kansas and Russell has taken its place.

Child care is enormously more complicated today than it was when I lived in Russell, Kansas. Child care at the Spector household is fairly simple. Our mother took care of my brother, my two sisters and me.

It was a two-block walk to Russell High. Uneventful. Occasionally I bumped into Bob Dole. He was a football star who did not join the debating team. I chide him about that to this day.

I am delighted to join my distinguished colleagues on this very, very important legislation. I had introduced legislation on a subject Senate bill, 978, and when the coalition came along for a more comprehensive bill, I was delighted to participate in it.

I believe that it is enormously important that we provide this vital function for billions of children whose mothers have to go to work.

I have long been concerned about a variety of these issues since my days as District Attorney of Philadelphia, on the delinquency issue, and then as chairman of the Juvenile Justice Subcommittee Judiciary for 6 years, from 1981 to 1987, and early in that cycle

joined with Senator Dodd to establish a Children's Caucus, which we co-chaired for many years.

In fact, I think we still co-chair it, but it is not as active as it once was because other FORA have come to take the place.

But this is a matter of a special importance in the day of welfare reform. We made a gigantic step forward in welfare reform because nobody liked it, including the recipients.

And for mothers to get off of welfare, they have to have jobs and they have to have reverse commutes, which our transportation bill provides, and they need child care, and this bill is an enormous step forward. So, I think that we ought to do everything that we can to move it ahead.

I am pleased to introduce Mr. Bob Hallenbeck, Vice President of Environmental Compliance Services, from Exton, Pennsylvania, which has an on-site child care facility, which I have visited, and it is a model program.

I regret that other commitments prevent my staying, but I did want to come and lend my personal support and my words for you, Mr. Chairman, that I will work with you and Senator Hatch and Senator Roberts and Snowe and Senator Collins to get this bill through. It should be our very top priority. Thank you very much.

Senator CHAFEE. Thank you very much, Senator Spector.

Now we have with us Senator Dodd, who has been long active in these issues. Senator Spector pointed out that Senator Dodd has been head of the Children's Caucus and has had a long and excellent record in doing everything he can to help the children of our Nation.

So, Senator, we welcome you.

STATEMENT OF HON. CHRISTOPHER J. DODD, A U.S. SENATOR FROM CONNECTICUT

Senator DODD. Thank you very much, Mr. Chairman. Let me begin by commending you for these hearings. And before our colleague from Pennsylvania leaves, as I was looking down the row of witnesses here, I have enjoyed, over the last 17 years, a close involvement with each and every one of you, at various times, on related issues of children.

As Senator Spector pointed out, in 1981, when we both arrived here as new members of the Senate, we formed a children's caucus in the Senate to look at a wide array of issues effecting children. There was no, at that point, sort of central committee where children's issues were dealt with as a whole.

We had, obviously, committees dealing with juvenile delinquency and nutrition, but the Children's Caucus was an effort to try and focus, in a broader way, the issues effecting children. The very first rump hearing we ever held, in 1981, 17 years ago, was on latch key children: What happens to children between the hours of 2:30, 3:00 in the afternoon and 6:00 at night.

The five million children today and every day of the week who go home alone is still a staggering problem. A growing one. So I would be remiss if I did not begin these brief comments, Mr. Chairman, by thanking you. You have had a longstanding involvement in these issues.

I have enjoyed working with you since my first days in the Senate and commend you for the hearing. I know this is somewhat unique, to have a subcommittee hearing on this kind of a subject matter, and I am delighted you are doing it.

We don't have a lot of time left, as we all know, in this session. I regret that, but there are a lot of issues. We have got a must pass legislation you have to deal with. I am hopeful we can find a window to deal with this.

Senator Hatch and I, this is Butch Cassidy and the Sundance Kid when it comes to children and children's issues. It never would have passed, the Child Care Block Grant legislation—almost a decade ago now—had it not been for his efforts. I think we made a big difference in the country for an awful lot of young people who needed that kind of an effort.

It was the first time ever in this country that we had made a dedicated commitment to try and deal with child care issues. Actually, there was a brief time back during the war years, which we appropriated in the Congress some \$50 million dollars—in the middle of World War II—for child care. Rather interesting.

But then it was quite clear, the need. Young men were fighting in the Pacific and European theaters, including the chairman of this committee and women were in war production, and the need for child care was self-evident.

And so, it was some of the best child care programs anyone ever created any place during that window of time during World War II. In fact, one of those child care centers, Mr. Chairman, still exists in Santa Monica, California. It was actually begun in those days.

There is a wonderful photographic collection in the Library of Congress taken of child care centers during that period of time, which are rather interesting to see, in terms of doctors on hand, nurses on hand. It was rather comprehensive.

The country realized how important it was obviously, even though we had a higher priority—you could make a case—in prosecuting the war. And Senator Snowe and Pat Roberts, while relatively new to the Senate, have spent long careers involved in this issue as well.

So, it is really truly a pleasure to be before this committee. We are members of opposite parties. None of my colleagues in my party are here this morning, but I feel very comfortable looking at my Republican colleagues here who have done so much in these issues, and I thank you for it.

And after the comments of the chairman or others here, I hope we can get something done.

As many of you know, I tried last fall. We put together a group. One of the things that is true in these issues is we have never done anything, that I can recall, in this area in a partisan way. Every major achievement we have had effecting children has been bipartisan, on every single issue. At least in my experience it has been as such.

Senator HATCH. Senator, may I interrupt you?

Senator DODD. Certainly.

Senator HATCH. I have to go to conduct a hearing for the Assistant Attorney General in charge of the criminal division.

I just want to personally, Mr. Chairman, thank Senator Dodd for the leadership that he has provided in this area, and I think we all look forward to working with you. I just wanted to personally thank you.

Butch Cassidy was a Utahan. So, I will be Butch. You can be the Sundance Kid.

Senator DODD. I understand that. I was waiting.

Senator HATCH. I think you look a little bit more like the Sundance Kid.

Senator DODD. The Whole in the Wall Gang exists in Connecticut today.

Senator HATCH. I just want to personally thank you for the work that you are doing and for the help that you have been, all the years, to children. And I want to thank my colleagues, especially Senator Chafee, Senator Snowe, Senator Roberts and Spector, for the work that they have done on this bill.

So, if you will excuse me, I am going to have to head over there. Sorry to interrupt you, Chris.

Senator DODD. Thank you very much.

Senator CHAFEE. All right. Senator, go to it.

Senator DODD. And Mr. Chairman, I am going to ask unanimous consent, that the full text of these remarks—and I will just get to the heart of it quickly here because you have got a wide array of witnesses, one of whom is from the General Accounting Office, who will share with a study that I requested in 1996 when we did the welfare reform package.

It was curious as to how that issue of welfare to work would effect the demands on child care, and I think you will be intrigued by the results of the study, putting pressures on working families, as we try to provide the needs of child care for welfare people coming off welfare to work.

I leave the comments to that, for him. And again, I make the point, if we are going to do anything in this area, obviously it has to be done on a bipartisan basis, and I am hopeful that can happen, even with limited time left.

Three weeks ago, during the debate on the budget, the Senate passed, unanimously, a resolution offered by Senator Sessions. This resolution stated that it was the view of each and every Senator that we should all do what we can to support parents who make the difficult decision to forego a second income so that one parent can stay at home to care for a child.

So, let us not turn—I would hope—this into a partisan issue, as some outside this body have tried to do. Let us not try to ignite what some have called “The Mommy War.” Let us all recognize that when it comes to helping families provide for their children, the debate need not be a partisan one.

There are legitimate issues of those who must work and those who would like the option of not having to work.

Clearly we know how to work together. As I mentioned earlier, the Child Care and Development Block Grant Program, which I authored with Senator Hatch; the Family and Medical Leave Act, which I authored with Senator Coats and many others; the Children’s Caucus, which Senator Spector and I started together 17 years ago, all are examples, I think, of what happens when we de-

cide in this body that we are not going to allow these issues to degenerate into a bickering partisan dispute.

I know that some of my colleagues question whether there is a Federal role in child care. I would simply say that there is one, and the value of the Federal contribution towards meeting the needs of families, I think, has been immense.

Clearly the legislative proposals that are likely to be discussed today are not attempts to pump life into failed vehicles. The block grant does work. We know that now. And tax credits, when targeted appropriately, do work.

And if you don't believe that we need to act, consider, as I said, the five million children who go unsupervised each day between the hours of 3:00 and 6:00, or the waiting list in California of up to 200,000 families who are waiting for child care slots to open up. Twenty five thousand in Florida, 30,000 in Texas.

In my State of Connecticut, we decided that it was cruel to give families false hope, so we don't even keep waiting lists any longer. We just stopped it altogether. They were so long.

Consider that only one in seven child care centers provides care that promotes healthy development.

We have 10 people in the entire State of Connecticut to examine over 3,000 child care centers. That is, home sites and so forth. They are responding when complaints arise, rather than actually doing spontaneous checks and the like, and I presume Connecticut is not unique in that regard.

Child care at one in eight centers actually threatens, according to recent studies, children's health and safety. Infants and toddlers, our youngest and most vulnerable. Our children fare the worst in all of that. Almost half of infant and toddler care endangers health and safety, according to recent credible studies.

Clearly the bills that Senators Chafee and I have introduced, which are co-sponsored by a number of our colleagues present here today and others, differ in approach on the proportion of funding allocated to tax credits versus expansion of the Child Care Block Grant, on whether funding should be mandatory or discretionary, whether funding should come from the tobacco legislation or not and if we should expand the Family and Medical Leave Act to allow an additional 13 million parents to stay at home to care for a newborn or a sick child without fear of losing their job.

Those are the differences. But more importantly, and I think it is more important to stress this, when it comes to the fundamental issues, the similarities are striking between our two bills.

Both pieces of legislation acknowledge the need to substantially increase the funding for the Child Care and Development Block Grant. The block grant is the lifeline for low income families, working families, who need help in paying the \$4,000 to \$10,000, per child, that it can cost each year.

Yet, because of under-funding, only one out of 10 eligible children receive assistance. Even with the resources provided by the Welfare Reform Bill and the excellent job that States have done to draw down on available dollars, tremendous needs remain.

Both of our pieces of legislation recognize that we should better use the tax system, both to help families afford child care and support families who make the difficult financial decision to stay at

home to care for a child. Both bills have those provisions, and both bills acknowledge that the Federal Government cannot do the job alone.

We must engage the private sector and help businesses to see that providing safe and affordable child care can make a difference for their bottom line.

Mr. Chairman, for the past 3 days we have been engaged in debating the educational needs of our nation's children. We have struggled long and hard at how to improve the state of public education, but we must not forget that the development of our children does not begin at age five or six, and we must not forget that the education of our children does not end at 3:00 p.m. in the afternoon.

The years before a child enters school and the hours before and after school hold astonishing potential. We know now that in those years there are moments of opportunity for learning and growing, and we know that some of these opportunities, once missed, can never be recaptured. Particularly in that zero to 3 years; the synopsis that we now know occur in the brain development of young infants.

If we are truly to realize the promise of our nation's future, I think that we have got to commit our time and resources to making sure that every child can fulfill his or her potential and making sure the parents have real affordable, safe children about caring for their children and to avoid, at all costs, this notion that we need to compete or have parents be divided along the lines of those who have the choice, or would like to have the choice to stay at home, and those who have no choice in doing so.

And given cost and quality issues, we cannot really let another Congress go by without trying to step up here and get something done in this issue.

For those reasons, Mr. Chairman, I thank you for the opportunity to appear before you and share some thoughts, and I will be glad to respond to any questions. I know you have a lot of witnesses you want to hear from, so I will defer to the committee's choice.

Senator CHAFEE. Well, thank you very much, Senator. We appreciate your being here. You are right. We do have some 12 witnesses. So, I do want to move along in the program.

But I appreciate not only your support today, but all of the support you have given over many years in connection with this effort. Thank you for coming.

Senator DODD. Thank you.

[The prepared statement of Senator Dodd appears in the appendix.]

Senator CHAFEE. Senator Snow, one of our co-sponsors. We are delighted you are here. If you would like to make a couple of comments.

STATEMENT OF HON. OLYMPIA J. SNOWE, A U.S. SENATOR FROM MAINE

Senator SNOWE. Thank you, Mr. Chairman. First of all, I want to thank you for inviting me to sit on the committee today. I am

not a member of this subcommittee, but I want to commend you for your leadership on this most important issue.

And I think, as you have noted and as Senator Dodd has noted, you have worked on these issues for many years, and we have worked on them in a bipartisan fashion. And I hope that that will be the case this year in this Congress, because clearly, there is a crisis in America when it comes to affordable, accessible, quality day care in America.

We worked on these issues, as Senator Dodd well recalls, with Senator Hatch and Senator Chafee 10 years ago, thinking we had addressed this problem. Obviously it is as much a crisis today as it was 10 years ago, and I am hoping that this hearing will begin to serve as a catalyst for the kind of action that needs to be taken in this Congress.

We have a severe shortage. Families in America cannot even have access to affordable care. There are waiting lists, as Senator Dodd has indicated. States are not even creating waiting lists anymore because it is encouraging expectations that cannot be realized, and the cost of day care is not being met for working families in America.

I think that we have a serious problem that needs to be addressed in this Congress. It is nothing short of a crisis, and it is in our National interest to take a comprehensive approach to begin to address this problem in all respects.

So, I thank you for your leadership and thank you for hoping that we can move ahead on this issue in this Congress.

Senator CHAFEE. Well, thank you very much, Senator. Again, I want to thank you for all the effort you have put in this ever since you have been in the Senate. This has been a primary concern for you.

Senator Nickles is here, a member of the full Finance committee, and one of our leaders in the Senate.

OPENING STATEMENT OF HON. DON NICKLES, A U.S. SENATOR FROM OKLAHOMA

Senator NICKLES. Mr. Chairman, thank you very much, and I appreciate your leadership in this hearing. I have a constituent in the next panel. I look forward to her statement. I will just say a couple of comments though, Mr. Chairman.

All moms work. I think we need to recognize that. Stay-at-home moms work, and I don't want to have a tax bill that gives preference for just commercialized care. I think maybe the best quality of day care is with parents or with families, with family members.

So, I think we should recognize that. We did that in the tax bill last year, to some extent, when we passed the \$400 per child tax credit that applies to all families with children. I think that was important. That increases to \$500 next year. That is permanent. It is in law.

So, I want to make sure. I think President Clinton's proposal, his \$21 billion of additional child care proposals, basically ignores the stay-at-home moms. It ignores families that make the sacrifice to stay at home with their kids, and I think that is a serious mistake.

So, I want to treat all families equitably and not disadvantage those families that make the personal and financial sacrifice to stay at home. So, I mention that.

I appreciate your enlightenment of having this hearing, and I look forward to the presentation of the next couple of panels.

Senator CHAFEE. Well, thank you, Senator.

As you are aware, we have a provision dealing with the stay-at-home mom in our legislation.

Senator NICKLES. I appreciate that.

Senator CHAFEE. Which I believe is the first legislation that has been introduced that has that provision in it.

Senator Moseley-Braun, we welcome you and are delighted you are here.

OPENING STATEMENT OF HON. CAROL MOSELEY-BRAUN, A U.S. SENATOR FROM ILLINOIS

Senator MOSELEY-BRAUN. Thank you, Mr. Chairman. I am on the committee.

Senator CHAFEE. You are on the committee, and a very valuable member of the committee.

Senator MOSELEY-BRAUN. Thank you very much.

Senator Dodd left. I just wanted to congratulate and commend him. I wanted to commend and congratulate Senator Dodd and you, Mr. Chairman, for your strong support and consistent attention to this very, very important issue.

Senator Snowe is exactly right. This is a matter of a crisis for many American families. Particularly young families that are trying to raise a family.

Child care has become so expensive as to put it out of the reach, or alternatively, make those families make some very difficult choices in terms of other family needs, education and the like. And so, I think that we really do have to take up this issue with the kind of gravity and importance that it represents for our country and particularly for young families.

I want to, however, touch on—and I have a statement for the record, Mr. Chairman, that my staff did, and it is a very nice statement. And Joanna is probably very upset that I am not going to read it. And it is a wonderful statement, Joanna. Thank you very much.

[The prepared statement of Senator Moseley-Braun appears in the appendix.]

Senator MOSELEY-BRAUN. I just wanted to make a couple of observations first, as we look at this issue, because it is something that I care an awful lot about and want to work with you and Senator Snowe and Senator Dodd, and everybody else who is going to get involved with this issue.

But there is a contradiction in our policy approach. Senator Nickles kind of touched on it in his comments. It is a fact that every mother is a working mother. In fact, Senator Nickles, I still have my button that says that, "Every mother is a Working Mother." Whether mothers work in the home or outside of the home, they are working mothers.

The question is how we can be attentive to the child care needs, whatever the family situation, and how we can provide choices and

options and alternatives for mothers, whether they work in or outside of the home.

On the one hand, it is very important that we not lose sight of the concerns and issues and challenges that stay-at-home moms face. There no question that many families do decide to make the sacrifice for women to stay in the home.

On the other hand, however, we have just said to a whole group of stay-at-home moms that they have to go into the work force. The Welfare Reform Bill did exactly that. It kicked a lot of women out into the work force who might otherwise be at home with their children.

And unfortunately, I fear that inadequate attention was paid at the time to what happens to the children of those stay-at-home moms now that they have to transition from welfare to work, which is not to say that transitioning from welfare to work is not a good thing. We want to do that, but I think it is vital that we not put the children at risk; we not sacrifice them as we attempt to affect and influence the behavior of their parents.

It is to that contradiction that some of the issues that we are facing in the child care bills here, I think, is most poignant, and that has to do with such tax credits that may be made available.

If a family is at or near the poverty level, then the non-refundability of the tax credit will essentially put it out of reach for just that very population of the now working poor that we have to be able to attend or those children will wind up being home alone or those children will be neglected. Those children will become part of a social welfare system that I don't think anybody wants to see.

That, it seems to me, is something that we cannot lose sight of as we look at this issue. Certainly providing tax credits, providing day care assistance, providing alternatives is an important thing, but we must be mindful that as welfare reform kicks in, and as people are removed from the roles, theoretically there are people out there who could be removed from the roles while their children are yet day care age. Even before they are eligible for the public schools.

They could be two and 3-years old when they are kicked off of welfare. What happens with those children, assuming for a moment that there are day care slots? With the tax credits not being refundable, those people will be put at risk.

So, I just wanted to point that out, that the contradiction here is support for stay-at-home moms if they are middle income, but may well lose sight for stay-at-home moms, formerly stay-at-home moms, who are now into the work force because of our decision making in regards to welfare.

For example, a 1991 study for the Department of Public Aide in Illinois, my home state, found that for single parents in Illinois receiving welfare, child care problems kept some 42 percent of them from working full-time.

Twenty percent of those women who worked, but returned to welfare within the year, were forced back onto welfare because of child care problems. For those who had to quit school, 42 percent of them left, again, because of child care problems.

And unlike the national bill that we pass, at the State level in my state, people receiving welfare could count going to school as part of their work requirement, and so that is another issue that we have to take up.

Again, the question then is how we can address this issue now that there is many of these women who went back onto welfare because of these child care problems. That option is no longer available to them. They won't be able to go back on because the legislation that we have now passed makes it not available for them to go back onto welfare.

How we can keep mothers in the work force, those working mothers that we want to see work and support their children, how we can do that, I think goes directly to what policy we decide to adopt in this committee.

And that being the case, again, I would strongly, strongly urge you to take a look at the fact that if you are sufficiently low income, the tax credit may be meaningless to you.

Senator CHAFEE. Well, I will tell you that we have got 12 witnesses, so I am not anxious to debate this. Senator Nickles, if you would like a little rebuttal time, very brief.

Senator NICKLES. No. I won't even rebut it. I appreciate Senator Braun's comments. Just a couple of quick comments.

Since the States have—since we gave them welfare reform block grants and they have reduced the roles, we also gave them flexibility. They are saving a lot of money. All States are saving lots of money.

We gave them the flexibility, with those savings, to use that money for child care, for work training, welfare to work, and so they had some flexibilities to assist in that category. But I appreciate your comments.

Senator CHAFEE. I would like to also say, Senator Moseley-Braun, that you are quite right. It is not a refundable tax credit; however, we have, as you know, doubled the amount in the Child Care Development Block Grant. So, hopefully that will be helpful.

Now, if the first panel could come forward. And while you are coming forward, I will say this, does everybody know who is on that first panel? I will call off the names.

Ms. Paula Broglio, Ms. Jolene Ivey, Ms. Beverly Smith, Ms. Susan Dutcher and Ms. Susan Muenchow. If you ladies would come forward, and we will then get started.

Now, let me just say this to everyone. We have 12 witnesses. The way life works around here, unfortunately, is that a lot of time is given to the first panel and the second panel, but the poor third panel, or the ensuing panels, run up against the time barrier.

So, we want to be very fair to the subsequent panelists that come up in panel four, for example. So, I am going to be quite strict and would limit each of the mothers to 5 minutes, and then we will have an opportunity for questions.

But, as you can see, if we are going to go until about 12:30 or quarter of 1:00, that is 120 minutes, and with 12 witnesses, that works out to something like 10 minutes apiece, including the questions.

So, we will start with Ms. Paula Broglio, and we welcome you here, Ms. Broglio.

STATEMENT OF PAULA BROGLIO, ADELPHI, MD

Ms. BROGLIO. Good morning, Senator. Thank you for inviting me. My name is Paula Broglio. I'm a divorced mother with sole custody of my four and a half-year old son.

My husband left right after our child was born, so I was forced to move back home to my parents house because I could not afford the rent, and I received no child support.

I have been fortunate to have my parents. They have watched my little boy since he was born. He is now almost 5 years old. When he turned 3 years old, I knew that he needed to be around other children, and I saw the toll that it took on my elderly parents.

So, being employed at the University of Maryland—I have been employed for the last 16 years—knowing that we had one of the top quality child care centers in the United States, I was anxious to get him in that center.

I went for an interview to discuss the costs, and I was shocked to find out that the costs, on a sliding scale, would cost me nearly \$500 per month, and I net about \$19,000 per year. There was no way I could pay that kind of money. Even if I had the money, there is at least a 2-year wait list.

So, I went around to different child care centers in my area of Prince George's County. All centers that I went to I could not afford, and several centers were not fit, in my opinion, for any child.

At one particular center, I was interviewing with the director, and a child interrupted to tell the director that the milk was sour again. She seemed quite embarrassed. And I heard another employee yelling at a child that was crying. I just couldn't imagine that people had to put their children in this kind of place.

After going to several centers and not being able to afford anything, out of desperation, I went to the local Catholic school and spoke to the priest, explaining to him my financial situation and letting him know that my child needed to be in a safe, quality place, that my parents could no longer watch him full-time and if he would accept my son on a reduced fee, and he agreed to do that last year.

But, in order to have that reduced fee, I am expected to serve the school, above and beyond what the typical parent is asked, meaning being involved in committee meetings, going out in the evenings to the church for fund raisers, which means that my parents, once again, have to watch my son. And they are elderly people. My father is almost 80 years old. My mother is in her 70's.

This past October, our First Lady, Hillary Clinton, came to the University of Maryland to talk about the child care center, and she was very impressed with it. She said it was one of the top 10 percent in the United States.

She talked to an audience at the University of Maryland, and they had a question and answer period. And after Mrs. Clinton was done talking, I immediately rose to the microphone to let her know that that center at the university, one of the top quality centers, was not available to many employees at the university and not affordable.

Mrs. Clinton did agree that indeed I had a problem. I mean, here I am working at a thriving university, and I cannot even put my son in that center.

I am not going to have my parents forever. They are not going to live forever. It is a constant worry. My bills are going to increase. not only do I have child care to worry about, I have other expenses: car repairs, clothing, dental work; whatever comes up. My check does not spread that far.

And even though my son is in this Catholic school right now, that is not a set, permanent thing for him. I have to go to the priest and ask him, next year, for the same assistance and then wait for his answer.

There are many people who would like to have the voice that I have today. So, I am not only speaking for myself, I am speaking for all of them. Thank you.

Senator CHAFEE. Thank you very much, Ms. Broglio. What we are going to do is we will have comments from each of you, and then we will open it up for questions from the committee here.

[The prepared statement of Ms. Broglio appears in the appendix.]
Senator CHAFEE. Ms. Jolene Ivey.

**STATEMENT OF JOLENE IVEY, PRESIDENT, MOCHA MOMS,
CHEVERLY, MD**

Ms. IVEY. Good morning, Senators, and thank you for inviting me to speak today on behalf of the Caring for Children Act. My name is Jolene Ivey, and I am the president and co-founder of MOCHA Moms, a support group for African American stay-at-home mothers.

Our group has members of a variety of religions, educational levels and economic statuses. What we have in common is our culture and our commitment to raising our children ourselves.

And before I go on, I notice some of my MOCHA Moms showed up and also my children are here with me and my husband and my parents. So, if they would stand up for one moment.

[Applause.]

Senator CHAFEE. Well, we welcome you parents and members of your group, Ms. Ivey. So, why don't you proceed.

Ms. IVEY. Thank you. Being a stay-at-home mother is a choice, and that choice is often used against us when people talk about how to cut the economic pie. Since we have made this choice to stay home, many say we obviously have husbands whose salaries are so high that we don't need any consideration when it comes time to decide where our tax money goes.

We have made a choice that other families don't have the luxury to make. If that is true, then why is the medium income of families with a mother at home \$15,000 less than that of families where both parents are employed? This is a choice that comes without many luxuries.

My husband and I made a choice for me to stay home with our children. We also, therefore, made the choice, when we bought a home, to choose one we could afford on one salary.

Our first home was cozy and had what you might call a lot of character. We worked on that house for 6 years, doing much of the rehab work ourselves. We chose to learn to hang drywall and sand

floors. Those days are behind now, thank God, so we choose to hire someone who can do a better job than we did then.

I have been humbled by so many of the people I have met over the past 8 years since my first son was born. Many of the other stay-at-home mothers I have met are raising several children on incomes of \$30,000, the most families can get to the maximum proposed tax credit, and even less.

And though I have relatively thrifty ways, I don't know how these families pay their bills. I can tell you they make choices. They choose to live in houses that have plenty of character, but unimpressive addresses. They choose to shop in thrift stores and food co-ops.

They choose to do without things that many of us view as necessities: Computers, cable, second cars, vacations. They make the choice to raise their children themselves, rather than to contract it out.

Stay-at-home mothers make other choices too that directly benefit our communities and make them nicer places to live. We volunteer in the schools, deliver meals to shut-ins and keep an eye on your house while you are at work.

Long after my boys are grown and on their own, I will make sure that I live in a neighborhood with lots of stay-at-home moms.

Society's attitude towards full-time motherhood is mirrored in the exiting tax code. No respect. Six years ago I had just successfully defended my master's thesis when one of my professors on my committee congratulated and said, "Well, Jolene, you did it. Now that you have your graduate degree, what are you going to do?"

I told him I found out the night before that I was going to have another baby. His response to my good news was, "What? You mean we have wasted all this time for you and all you're going to do is have another baby?"

I told him I wanted someone educated to raise my children. That professor, like our tax code, places no value on full-time mother. So, I was pleased to learn that the Caring for Children Act would recognize the value of stay-at-home mothers in the tax code.

The tax credit is small, symbolic really, but it is a start. It extends the eligibility of the dependent care tax credit to families who have chosen to live on less to provide the most for their children. This is at least as lofty a goal as providing tax credit for the companies that make cigarettes, alcohol and guns.

What kind of children we are raising has a deep, profound and lasting impact on what kind of nation we are becoming. Child development experts emphasize the importance of having a caring, nurturing environment in a child's first 3 years in order to promote optimal emotional and intellectual growth.

I think we can all agree that parents are best suited to providing that kind of climate for their children. I am keenly aware of how my husband and I are raising our four African American boys.

Our goal, over the next 22 years or so, is to have four bright, caring, thoughtful sons, embarking on fulfilling careers, volunteering in their communities and raising bright, caring, thoughtful children of their own.

If we reach that goal, I will have made a greater contribution to society than most people can claim. Perhaps if our public policy rec-

ognized the importance of stay-at-home mothers, society would start to reflect a more positive attitude.

"Children are our future. Children are our most precious resource. Let's put children first. These are getting to be tired cliches, repeated with little action that is truly useful to children. If we are really going to put children first, let's put our cash where our tax code is. Pass the Caring for Children Act.

Thank you for giving me the opportunity to address this important issue.

Senator CHAFEE. Thank you very much, Ms. Ivey.

[The prepared statement of Ms. Ivey appears in the appendix.]

Senator CHAFEE. And now, Ms. Beverly Smith. Could you speak right into the mike, please, Ms. Smith. And you can pull it right towards you, if you would like.

Ms. SMITH. Okay. Is that better?

Senator CHAFEE. That is fine.

STATEMENT OF BEVERLY SMITH, HYATTSVILLE, MD

Ms. SMITH. I am grateful to Senator Chafee and this committee for holding this hearing and for its interest in child care. As a single working parent, there is no issue of more importance to me than having safe, quality, excessive and affordable child care.

My name is Beverly Smith, and I'm a divorced mother of two. My children are Shuenae and Justin, and I am also raising a nephew. I was born in Guinea, South America, and moved to the Washington area in 1981. I have been a U.S. citizen since 1986.

For the past 13 years I have worked as a bookkeeper and personnel director for the Child Welfare League of America.

My daughter, Shuenae, is 12 years old. She is autistic. A sweet child, but I have had numerous problems trying to find care for her. She requires 24 hour supervision. She cannot take care of herself, she is non-verbal and needs to be supervised at all times.

She attends Duckworth School in P.G. County, which is an independent living school for kids up to age 21. From the age of two to 12, she has been in family home day care, with a very wonderful person.

Last year we were told that the provider cannot take care of her anymore because she has another child who is about 2 years older that has also disabilities. And she cannot take care of two children of that age and the other kids that she had.

Because the other child was a relative, I was told I had to find care for my daughter. That has been a problem. I called a few of the county facilities, and one of them was sort of interested while I was talking. And as soon as I said my daughter was autistic and needs supervision 24 hours a day, they said, "I'm sorry. We don't have any space."

So, after trying, I found a place in Beltsville, the Recreation Center, and they have agreed to take care of her. That is where she is right now. This is just after care, and it costs \$59 a week. This is a lot more than I can afford.

I also have a 10-year old son who cannot be left at home after school, too. I have to find care for him also, and that costs \$20 a week. This does not cover summer.

Summer school, she goes to summer school, which does not include Fridays, and that is \$180. It does not include Fridays, and it only goes from July 6th to July 30th. That means in August I have to find care for her. I have to find care when school closes in June.

This is very expensive where I live. It is not available. It is not available, and that is why we need to have this child care bill passed. Thank you.

Senator CHAFEE. Thank you very much, Ms. Smith.

[The prepared statement of Ms. Smith appears in the appendix.]

Senator CHAFEE. Ms. Dutcher. You can pull it right up close to you, Ms. Dutcher, if you would, please.

STATEMENT OF SUSAN ELIZABETH DUTCHER, EDMOND, OK

Ms. DUTCHER. Mr. Chairman, I want to thank you for inviting me here today. I believe that politics and policy are important, and I respect your public service.

I believe families are equally important, and I hope you respect my public service, which consists of providing the public with one healthy family, composed of well adjusted, productive individuals.

I spend my days cooking for my husband and children, doing laundry, cleaning toilets and vacuuming. I teach my children to read and do math, and I take them to the park. We do water colors and science experiments, and I read them Aesop's Fables and David and Goliath. I probably spend two hours a day in the rocking chair.

After they are all tucked in bed, I fold the laundry and do the family budget on our computer. Believe it or not, I don't play golf or go to the club and play cards.

This is the life I have chosen because I believe it is best for children, whenever possible, to be cared for by their mother rather than by strangers. I believe my job is important, and because of the time and money and energy I invest in their lives, I believe my children will grow up to do great things.

I believe none of them will end up on the welfare rolls, in prison or in any way dependent upon the state.

I used to be a school teacher, and certainly the salary and benefits I could earn teaching school would improve our material well being, but some checks can't be cashed at the bank.

My son, Lincoln, when he was 3 years old, said to me 1 day, "I'm proud of you because you do the right things, like take a shower and fix my breakfast. Those kind of things."

I know it is all worth it when we are playing on the floor with blocks and I notice, out of the corner of my eye, that he has stopped playing and he is staring at me like a smitten young man. "I love the way you talk," he said to me, "and I love the way you smell." "How do I smell," I asked. "Like a mommy."

There is no need for me to rattle off the social science research on the importance of strong marriages and families. Some truths are self-evident.

I mentioned that I do the family bookkeeping, and I can tell you that taxes are far and away the biggest portion of our family budget. There are many things that I would like to do with my husband's earnings, but, with all due respect to your honorables in

both parties, you seem to believe the moral authority and the superior judgment to make those choices for us.

I would love to put more dollars into our retirement account, for example, but I'm forced them to put them into your Social Security Trust Fund, which I don't trust. I would like to buy more books for Lincoln, Elizabeth and Mary Margaret and put more money in their college fund, but you have already seen fit to use the money funding closed-captioning for the Jerry Springer Show.

I would love to get ballet lessons for Elizabeth, but my money is all tied up buying food stamps for the deceased. I would love to give more money to support our church's missionary in Albania or the free medical clinic in Oklahoma City, but instead, I'm forced to fund fish farming in Arkansas and Social Security Disability payments for escaped convicts.

Call us greedy, but my husband and I would like, for the most part, to make our own choices concerning the fruit of our labor. But naturally, under threat of imprisonment, we defer to your choices.

I appreciate the opportunity to testify today because your decision deeply affect my family. I can't tell you how frustrated we are that under budget agreements passed by Congress Federal revenue collections are set to rise from \$1.35 trillion in 1995, to \$1.9 trillion in 2002.

That is why my husband took two vacation days out of the 10 he gets each year and why we traveled here, at our own expense, which amounts to more than a week's salary; to ask you to let up.

When Lincoln was three, one morning in the kitchen he motioned to his dad and me out of the blue and said, "You guys, gather up." We obliged, and he put his little arms around us and prayed: "God, thank you for giving me mommy and daddy. In Jesus' name. Amen."

I am so glad I can be at home for my children, and I implore you not to craft public policies which discourage mothers from doing so. My husband and I don't want to pay the day care bills of two income families more affluent than ourselves, and we ask you to safeguard our family's liberty and property and to stop taking them.

Senator CHAFEE. Well, thank you very much, Ms. Dutcher for that testimony, and we appreciate a great deal what you and your husband have done by coming here today as witnesses.

[The prepared statement of Ms. Dutcher appears in the appendix.]

Senator CHAFEE. And now, Ms. Muenchow.

Ms. MUENCHOW. Perfect. Muenchow.

Senator CHAFEE. Muenchow. Okay. The executive director of the Florida Children's Forum. Why don't you proceed, Ms. Muenchow.

**STATEMENT OF SUSAN MUENCHOW, EXECUTIVE DIRECTOR,
FLORIDA CHILDREN'S FORUM, TALLAHASSEE, FL**

Ms. MUENCHOW. Thank you, Senator Chafee, for inviting me to be here this morning.

Senator CHAFEE. Now, your whole statement will go into the record.

Ms. MUENCHOW. This will be brief.

Senator CHAFEE. All right. Thank you.

Ms. MUENCHOW. The Florida Children's Forum is Florida's child care resource and referral network, and we help 150,000 parents a year find child care, and another 92,000 pay for child care on a sliding fee scale.

I would just like to talk with you a little bit this morning about the progress we are making in child care in Florida. I also brought some packets about the Child Care Partnership Program. It is a private/public partnership. And I want to share some recommendations.

Florida has made the most of the Federal welfare reform legislation that you passed with respect to using some of the savings to improve child care. Last year the State allocated \$100 million, mostly in TANF, to help families make the transition from welfare to work. And this year, \$80 million is being allocated to begin to address the waiting list for low income working families.

One of the people on that waiting list is a woman from Pensicola, who says, "I have two children, and their child care costs me \$120 per week. I work a full-time job, but after I pay taxes and insurance, I bring home \$230 a week. That leaves me only \$110 a week to take care of my children. It is almost impossible for me to survive."

It is going to be a great pleasure to be able to pick up the phone and call that mother and tell her that at last we will be able to serve her child. She works in the retail sector. Many of the people who call us work in fast food restaurants or nursing homes or hotels. They don't really have a choice but to work.

I want to tell you a little bit about a private/public partnership that we have that is designed to supplement public dollars for child care. Since the program's inception in 1996, the partnership has raised more than \$6 million in private and local contributions, providing care for more than 3,500 children. And as of today, more than 35 businesses are participating in this partnership.

Employers participate by contributing funds—of course, on a voluntary basis—to cover a portion of the child care benefits for their employees eligible for subsidized child care. The State contributes a dollar for every dollar that the employer provides.

Businesses range from very small ones, like local franchises of Burger King, to very large ones, like NationsBank, which is also growing larger. And NationsBank recently contributed \$750,000 to the partnership program in Florida. The program is expected to help the bank extend child care benefits to an additional 1,100 employees.

"We have a strong commitment to child care and to making the quality of life better for associates," said Michael Fields, who is the senior vice president of the bank, "and this program helps us do that."

The beauty of the partnership program is that it works for any employer, large or small. Also, the partnership program has the merit of allowing parents to choose their own child care arrangements, including relative care.

It also has certain advantages over tax credits. Unlike a corporate tax credit, the partnership program is available to help non-profit employers who may have no corporate tax liability. Also, unlike the Federal dependent care tax credit, the partnership pro-

gram funds are available to parents at the time they pay for the care.

They don't have to wait to be reimbursed, and I think this is very important for low income families.

Finally, the partnership program makes sense because it is based on the principle that the best way to finance early care and education is to encourage a cost sharing approach. Parents, government and the private sector, the business community, all benefit in some way from these child care services. So, each should help to support them.

We are doing a good job in Florida, and I think in many other states, of using the TANF dollars, but they are not at all the perfect solution. First of all, we are not helping all of the eligible families.

There are at least 39,000 children, birth to five, just in Florida, who even by the most conservative estimates, still need care. They don't have relatives available to care for them.

Second, we are really not beginning to reach the school aged population, and that is where we actually receive more requests for help than any other age group. Third, it may be risky to depend upon TANF savings, because what will happen when the economy is not so strong and job openings decline?

Fourth, our income eligibility limit is very low. Although Federal law allows States to go up to 85 percent of poverty—in any case, our recommendations are to increase the Child Care Development Block Grant.

Senator CHAFEE. You can use a couple of minutes and finish up. We will give you dispensation.

Ms. MUENCHOW. Okay. Thank you.

We hope that you will coordinate tax pace and direct subsidies for families. We think the Child Care and Development Block Grant is the best way to help families earning less than \$30,000 a year. We hope you will also expand tax credits for medium income families and for stay-at-home, but try to make them refundable.

We hope you will recognize that TANF is not a long-term solution to child care for the working poor and that in your incentives to encourage the business community, that you won't limit them to tax credits; that you will make them available to small businesses and public and non-profit employers as well.

Please, don't forget the school age children. I think one of the parents spoke very eloquently about that. Invest in quality. And thank you for the opportunity to testify.

[The prepared statement of Ms. Muenchow appears in the appendix.]

Senator CHAFEE. Well, thank you very much, Ms. Muenchow.

In your testimony, you say that only one third of children, ages five to 12, whose parents are working, are enrolled in any type of after school program. Well, if only one third are, obviously two thirds aren't. And what is happening to those children?

Ms. MUENCHOW. Well, many of those children are being left alone after school. We hear from a lot of parents, especially those that live in neighborhoods that aren't very safe; that they are terribly worried about their children's safety.

We also hear from police chiefs who are concerned that these children are in danger of getting in with the wrong type of people and becoming involved in crime.

Senator CHAFEE. All right. I may have another question or two afterwards. Senator SNOWE, do you have a question?

Senator SNOWE. Thank you, Mr. Chairman.

I want to thank all of you for your testimony. I think it illustrates the diversity of the problem. The bottom line is we need to provide more support for child care in one fashion or another.

I would like to really ask each of you if you could recommend to this committee one suggestion, in terms of what we should do with respect to child care, that you think would be helpful in addressing your specific situation or the constituency that you represent, because obviously the essence of this committee hearing today and other efforts in the legislation that has been introduced is to try to design the best possible approach to move forward on some of the problems that are out there nationally.

And I think we have a widespread problem. There is no question about it. And we want to reflect, obviously, the importance of stay-at-home moms or whether or not you have to go to work, whatever the case may be, because it is obviously in the national interest to do everything that we can to value our children and to protect them.

So, why don't we start with you, Ms. Dutcher. What is the one thing that you think this Congress should do that would be helpful to you in your situation and to mothers like you?

Ms. DUTCHER. I would say to cut taxes across the board. Cut everybody's taxes across the board.

Senator SNOWE. Reducing the burden of taxes in general?

Ms. DUTCHER. That is right.

Senator SNOWE. That would be most helpful?

Ms. DUTCHER. That is right.

Senator SNOWE. A tax credit would not be helpful in your situation, a stay-at-home mom? The legislation that Senator Chafee has introduced, and I have joined him on this legislation, would provide for some support, up to \$900 a year, for stay-at-home moms.

Ms. DUTCHER. Well, I am not an expert on tax credit and day care policy. I just know that I do our family budget—

Senator SNOWE. And the bottom line is that you spend too much on taxes.

Ms. DUTCHER. And the bottom line is we spend too much on taxes.

Senator SNOWE. Yes. And that is true for many families. Almost 38 to 40 percent of the family's income. That is more than food, shelter and clothing combined.

Ms. Smith?

Ms. SMITH. I think the tax cut would be good, and also, make more day care available. Especially quality day care and especially for special education.

In the county that I live in, because my daughter is 12 years old, you may find care for children who are younger and then for children who are older. But that in between age—because she looks like a 12-year-old, but she has the mentality of say a 3-year old.

So, you can't put her with 3-year-olds, because she will be too big.

Senator SNOWE. Did anybody provide suggestions to you in terms of helping for your child care needs?

Ms. SMITH. Yes.

Senator SNOWE. The county or community?

Ms. SMITH. The county did. And one of the places that I called, as soon as I told them she was autistic, they said they didn't have any room. That was a county facility.

And she is in another one right now that is about an hour away from home, and I—my employer is a little flexible with my hours. So, I can leave at a time where I can go pick her up, because it takes about an hour to get to work from there, and then another half an hour from there to home.

Senator SNOWE. I notice that in your summer months about 59 percent of your income went for child care.

Ms. SMITH. Yes. And even the spring break. It was almost \$200 for both kids, and that is just for one week.

Senator SNOWE. Wow. An unacceptable situation for you. No question.

Ms. SMITH. Yes.

Senator SNOWE. Ms. Broglio?

Ms. BROGLIO. Thank you. I think that what needs to be decided is people who are forced to work, such as myself, that employers, corporations, should make a decision. You want an employee at the job to do a good quality job. Somehow they need to help with the child care situation, such as the University of Maryland.

At the university, we have tuition remission. People can take classes free of charge. Why not have day care remission? Why not have something kind of across the board where people can pick and choose?

For example, I would rather not take a class and put my son in that center. And another thing that I just want to say real quick, I am told by the system I make too much money to get financial assistance, but I do not make enough to live in a one-bedroom apartment and pay for child care for my son. So, I am the working poor. Thank you.

Senator SNOWE. Thank you.

Ms. Ivey?

Ms. IVEY. When I first was invited to speak here today and I learned about the Caring for Children Act, I started to speak to my other MOCHA Mom members about it, and they were very excited about the idea of getting a tax credit and being at home.

They feel like they have been ignored, they have been disrespect, and this is—the amount is so small. It is really only a symbolic gesture, but it is appreciated by them.

Senator SNOWE. Thank you.

Ms. Muenchow, I just want to ask you, in the State of Florida, you mentioned that you don't have waiting lists currently?

Ms. MUENCHOW. We have a waiting list of 25,000 children, and we are beginning to be able to use TANF savings to address that waiting list. But there are 39,000 more children, birth to five, that we know need care.

Senator SNOWE. Do you maximize in terms of the eligibility for income? Are you up to 85 percent?

Ms. MUENCHOW. No.

Senator SNOWE. Where are you?

Ms. MUENCHOW. We are only at 53 percent.

Senator SNOWE. So, what would that be in Florida?

Ms. MUENCHOW. About \$19,995 for a family of three. That is the maximum income for subsidizing.

Senator SNOWE. That is where you have gotten your flexibility in providing for more, but obviously dropping the income level.

Ms. MUENCHOW. Yes. And it is a real disincentive. It is a real hardship on families. When they get a \$100 raise, then they are no longer eligible for child care.

Senator SNOWE. So, many of the working poor, beyond those who are making the transition from welfare to work, are you able to assist the working poor?

Ms. MUENCHOW. The admissions have been frozen for most of this year for non-welfare families. As a result of having some TANF savings that we can finally invest, we will be able to address some of that waiting list. Really, for the first time.

But there are as many people out there—many more people out there—who are eligible who may then put their names on the list, if they find out that some care is available.

Senator SNOWE. Does the State maximize its funds under the TANF program?

Ms. MUENCHOW. Yes. It does.

Senator SNOWE. Thank you.

Senator CHAFEE. Senator Nickles?

Senator NICKLES. Mr. Chairman, thank you very much. I have learned a little bit in the course of this hearing, and so I appreciate all of our panelists' participation.

Ms. Dutcher, I appreciate you coming up from Oklahoma, and also, the sincerity of your statement. You were asked a question, I think, about the amounts, and you didn't have the answer. I didn't have the answer either, and so I have been trying to compute them. Someone in the staff can correct me if I'm wrong.

But presently, stay-at-home moms, as far as child care, get zero. But if you have a child in day care, in a commercial day care, not with family and friends, you get a portion of the money. That money, if you have one child, could be \$720. Two or more children, \$1,440, if my math is correct.

Senator Chafee and Senator Snowe have increased that to some extent, both percentage-wise and they would raise it, I guess, for children up to age 13 in commercial care to \$1,200, and, for the first time, offer something for stay-at-homes, but that would only apply to age three. You have three kids?

Ms. DUTCHER. I have three children. One is five, one is three and we have a baby.

Senator NICKLES. Well, one or two of your kids might qualify for the \$900.

Ms. DUTCHER. Right.

Senator NICKLES. But obviously, your older ones wouldn't. So frankly, you are still going to be discriminated against, to some extent, for taking care of your kids at home.

Ms. DUTCHER. That is right.

Senator NICKLES. And also, I might mention that the amount of the credit, the maximum credit, would be \$900, and it phases out as income would go back. So, I just mention that.

And I applaud Senator Chafee and Senator Snowe for making a step towards recognizing that maybe we should do something for stay-at-home moms, but there is a significant difference in the credit that would be applied towards stay-at-home moms as compared to those going into the commercial centers.

So, I have just now been putting those numbers together. This has been helpful to me. And I appreciate your statement. I would think that your family and children are very fortunate.

Let me ask another question of one of the panelists. Mrs. Broglio.

Ms. BROGLIO. Paula. Paula Broglio. Yes.

Senator NICKLES. Paula. Thank you.

You mentioned your kids—

Ms. BROGLIO. I have one child.

Senator NICKLES. A son. And he is now in a Catholic day care center?

Ms. BROGLIO. Right.

Senator NICKLES. As I understand the President's proposal, it doesn't apply to religious affiliated day care centers.

Ms. BROGLIO. Right.

Senator NICKLES. Do you think it should apply to religious affiliated centers?

Ms. BROGLIO. Sure.

Senator NICKLES. I concur.

Ms. BROGLIO. Really, I can't make 100 percent. I don't know if that applies.

Senator NICKLES. Well, you did some shopping around.

Ms. BROGLIO. Sure I did.

Senator NICKLES. You went to one center, if I remember your statement, and you were appalled by—

Ms. BROGLIO. Several centers.

Senator NICKLES. You went to several, and you weren't pleased?

Ms. BROGLIO. Several centers, but one particular center.

Senator NICKLES. I understand. And I compliment you for shopping. I compliment you for not being satisfied with putting your child in any place; in an environment that might be less than desirable. I think that is very commendable.

You ended up in a religious affiliated day care center.

Ms. BROGLIO. With a reduced fee. Right.

Senator NICKLES. With a reduced fee. I compliment you for that. I am troubled by the President's proposal that would not allow a benefit for that situation. I think that would be a serious mistake.

Ms. Muenchow, I see you are wanting to comment.

Ms. MUENCHOW. Yes. At least the way the subsidy program works in Florida, a great many—we have over 16,000 child care providers, and at least a third of them are in religious settings. So, I don't know how the President's proposal would work, but I do know that the way the block grant that Congress has funded works and TANF saving are definitely going—parents have a choice of care.

Senator NICKLES. Yes. I understand. I'm just talking about the President's proposal for about a \$20 some billion expansion excluding religious affiliated day care, and I think that is a mistake.

Let me ask you another question.

Senator CHAFEE. Senator, we have been getting frantic signals from the HHS representative here, and if I interpret the signals correctly, the President's program does apply to religious institutions.

Now, if those smoke signals have been misinterpreted, that is my understanding.

Senator NICKLES. Let me just make a comment from staff, and I will stand corrected. But the President's new proposal for after school child care does not apply to religious affiliated institutions. Is that correct? That is what I was just told by staff. That is why I am relating it, and that is why I am offended by that proposal.

I think that is terrible, to exclude religious affiliated institutions, which may be providing some of the best, if you have to go outside of family. To have those excluded is not acceptable, and I am just letting that be heard.

Ms. Muenchow, let me just make another comment. You mentioned the Florida proposal and talked about several things that corporations are doing that are very positive.

Some have proposed that day care centers a Federal licensing provision. Do you think that is a good idea?

Ms. MUENCHOW. I think that there is a need to improve the quality, but I think the most important thing is that States need to have an expansion of the block grant so they can invest in the quality.

Senator NICKLES. I understand that.

Ms. MUENCHOW. What we are finding is if you raise the standards, without having the funding to pay for it, it doesn't necessarily help families.

Senator NICKLES. Is there a licensing standard now in Florida?

Ms. MUENCHOW. Yes.

Senator NICKLES. Would they meet a Federal standard?

Ms. MUENCHOW. The licensing standards in Florida are about in the middle of what is required by other states. We are way below what would be required by national standards, like the National Association for Education of Young Children.

Senator NICKLES. Well, that is what I am concerned about. So, if you have the national standards, you would have a significant percentage—or could you give me an estimate of the percentage of day care providers in Florida that would not qualify?

Ms. MUENCHOW. Well, right now about one in 10 centers is accredited by a national organization. But our State legislature, with bipartisan support, has just passed something called the "Gold Seal Program," which will pay a higher rate for care that is accredited.

So, the State legislature, with bipartisan support, is really trying to encourage child care providers to improve the quality.

Senator NICKLES. Just a final comment then. If only one out of 10 now meet that standard, if they were to all meet that standard, how much would costs go up? And we heard from several of the moms, or the families, say that day care already costs too much.

You get into this question of Federal involvement, Federal licensing, meet these standards, and to meet these standards you raise costs and costs are already too high.

Ms. MUENCHOW. Well, I think those are very important concerns. I think that our number one recommendation would be to expand the Child Care and Development Block Grant on a mandatory basis because States are set up to use those funds very effectively and efficiently, both to expand the care and to improve the quality.

In addition to help families afford care, we need other types of help, and one of them really is from the business community. If you look at what churches and businesses in the private sector invest in higher education, it is a much bigger slice of the cost of higher education.

I think way over a third of the cost of higher education is paid by the private sector, whereas in child care, parents pay 60 percent of the costs and State and—

Senator NICKLES. I appreciate your comment.

Ms. MUENCHOW. So, we need more help from the business community. Government can't do it alone.

Senator NICKLES. I appreciate that, and I think the next panel will help substantiate that. There are some good examples of businesses that are stepping forward and being very aggressive in trying to help their employees, and I compliment them for it.

I think that is part of the solution. And so, I appreciate your statements.

Mr. Chairman, thank you for your patience.

Senator CHAFEE. Thank you very much.

Ms. Ivey, you have a quick comment? I do want to move to the next panel. Go ahead.

Ms. IVEY. Please correct me if I'm wrong. I'm sure you will. But it is my understanding that the Caring for Children Act, the tax credit is \$900 per family, not per child. So, when you talk about the tax credit the families get who put their children in commercial day, they are getting it per child, I think, and we're only going to maybe get it per family.

So, it doesn't matter if you have got one child three or younger or if you have got three children three or under. You are only going to get the same amount.

Senator CHAFEE. That is the current law.

Senator NICKLES. The current law is \$480 for one child and \$960 for two or more. I think. Is that correct?

Senator CHAFEE. The answer is you are right.

Ms. IVEY. Thank you. I like being right.

Senator NICKLES. Let me make sure. There is not a difference between one child and two children?

Senator CHAFEE. Are you talking about the stay-at-home moms?

Senator NICKLES. No. Not stay-at-home. I am talking about in current law.

Ms. IVEY. I'm talking about the stay-at-home, proposed; what is in your proposed bill.

Senator NICKLES. The current law is one child, maximum today, is \$480, and two children would be \$960. Is that correct?

Senator CHAFEE. That is right.

Ms. IVEY. That, I don't know.

Senator NICKLES. And your proposal would do?

Senator CHAFEE. Our proposal for the stay-at-home mom, the maximum would be how much? Nine hundred dollars, no matter how many children.

Senator NICKLES. In the commercial centers, let's say if you have three kids, what would the maximum credit be?

Senator CHAFEE. \$2,400.

Senator NICKLES. I have a problem with that, and I hope that I have communicated that with the Chairman. But I appreciate the hearing, because I think it has helped bring out some of these things.

Senator CHAFEE. Yes. The rationale being that if you have two children in day care, you have got that expenditure, whereas if you have got two children at home, you don't double your expenditures.

Let me just ask Ms. Smith a quick question, and then we will move to the next panel.

We have just completed our income tax returns, and do you know whether you benefit from the dependent child care tax credit? Do you remember that?

Ms. SMITH. Yes. I do that at work. The 125 plan?

Senator CHAFEE. That is right.

Ms. SMITH. Yes.

Senator CHAFEE. Do you get a dependent care tax credit on your income taxes? Did you take that? Do you remember?

Ms. SMITH. Yes. Because the amount of money that I pay is more than the—the amount of money that I pay per year is more than how much I can deduct from my salary.

Senator CHAFEE. All right. Fine.

I want to thank all of the witnesses. I know many of you came considerable distances. Ms. Dutcher, I guess you are the long distance commuter. So, thank you all very, very much for coming.

Now, we will move to the next panel, and we will have Ms. Donna Mundy, from UNUM in Maine—and I know Senator Snowe will want to greet you—Mr. Hallenbeck, from ECS, and Ms. Donna Kline, from Marriott.

Ms. SNOWE. Mr. Chairman, I certainly want to welcome one of my constituents and someone that I have known for a very, very long time; since I served in the legislature back in the 1970's, and that is Ms. Donna Mundy, the senior vice president for external affairs at UNUM, in Portland, Maine. And I thank you, Donna, for joining us today.

Mr. Chairman, UNUM is the nation's largest seller of long-term disability, and yet, it is one of the most outstanding companies in America for family friendly policies. In fact, last year, for the ninth consecutive year, the company made the Working Mothers 100 list of the best companies for working women.

It ranked also fifth among the Standard and Poors 500 companies for their family friendliness. In fact, it was one of the first companies in America to provide on-site child care. So, it has been a forerunner, as well as a leader in family friendly policies and helping working families.

So, I can't say enough about the exemplary example that UNUM has established over the years in assisting families and employees

who work for them. So, I just want to welcome Ms. Mundy here today. Nice to see you, Donna. Thank you.

Ms. MUNDY. Good to see you. Thank you.

Senator CHAFEE. Thank you very much, Senator. I just drove up to Maine last week, and we went by, on the Turnpike, the UNUM building there, and little did I realize we would have a representative from that before us. So, why don't you proceed. You are the first one, Ms. Mundy.

**STATEMENT OF DONNA MUNDY, SENIOR VICE PRESIDENT
FOR EXTERNAL AFFAIRS, UNUM, PORTLAND, ME**

Ms. MUNDY. Thank you very much. My name is Donna Mundy. I am senior vice president of UNUM Corporation.

UNUM Corporation owns insurance companies in Maine, New York, South Carolina, Japan, Argentina and the United Kingdom. We employ 7,200 employees worldwide, and our corporate headquarters is in Portland, Maine, and we have been there for 150 years.

I am proud to say that UNUM has had on-site child care for our Portland-based employees for 19 years. For many years we had the only on-site corporate child care facility north of Boston.

UNUM's child care initiatives have helped our company win wide recognition as a model employer. As the Senator indicated, we are among Business Week's top 10 family friendly companies, Working Mother's list of 100 best companies to work for and Fortune Magazine's 100 best companies to work for.

However, we did not set up our child care program to win awards. Awards are nice. Don't get me wrong. But I do not know any business that would take on the commitment of a child care program just to win an award.

For us, child care links with our values as a company, and it is a business issue.

UNUM established an on-site child care program 19 years ago because there was a real problem with the availability of child care for our employees. We surveyed our employees and found that availability and affordability of child care were significant barriers for people who might want to return to their jobs after having a child.

We believed then, and have since been proven right, that on-site child care would help us attract and retain the quality work force that we need to compete in a global market. Although we have never tried to scientifically measure it, anecdotal information indicates on-site child care does improve productivity.

One simple example: The convenience of parking one's car, bringing one's child to the child care center and then walking across the yard to the office makes mornings much saner and quite likely more productive for a lot of our employees.

So, why don't more businesses have on-site child care? I have heard a number of reasons, but costs are a huge, huge factor. We currently subsidize our center about \$100,000, and this does not include the human resource person who does liaison work.

Your proposal to give business a tax credit to help defray the costs of providing child care should go a long way to encourage more businesses to provide child care, and more businesses provid-

ing child care can go a long way in meeting the challenge of the availability of child care.

However, availability is not the only problem. Affordability is a really serious problem also. Your proposal to increase the dependent care tax credit directly addresses the affordability problem.

UNUM has been providing financial subsidies for lower waged employees since the 1980's. Currently, an employee making \$25,000 a year or less is eligible for \$60 a week in child care subsidy from the company. Again, we did not institute our child care subsidy in order to win awards, but rather, to attract and retain and hopefully have some of our skilled work force return to work after they have had children.

The cost for child care in our center is not the highest in the Portland area, it is not the lowest in the Portland area, but infant care in our child care center is \$150 a week. That is without the subsidy. But with the subsidy, it is still \$90 a week. That is a lot of money to anybody.

Your proposal to increase the current child care credit for lower waged employees will provide the benefits to those who need it the most.

Quality child care is like motherhood and apple pie. Everybody is for it. But your proposal takes a very positive approach to the two greatest impediments: Availability and affordability.

In our experience over the 19 years, we believe that these proposals will go a long way to address these incredibly serious problems. Thank you very much.

Senator CHAFEE. Thank you very much, Ms. Mundy.

[The prepared statement of Ms. Mundy appears in the appendix.]

Senator CHAFEE. Mr. Hallenbeck, from ECS.

STATEMENT OF BOB HALLENBECK, VICE PRESIDENT, ECS, INC., EXTON, PENNSYLVANIA, ACCOMPANIED BY MS. PAMELA J. KOCH, VICE PRESIDENT, HUMAN RESOURCES, ECS, INC., EXTON, PA

Mr. HALLENBECK. Thank you, Mr. Chairman. We appreciate the opportunity to appear before you today. We will also be speaking from the perspective of an employer who has fulfilled the commitment to provide on-site company supported day care.

Senator CHAFEE. And you have Ms. Koch with you.

Mr. HALLENBECK. Yes. With me is Ms. Pam Koch, who is our vice president of human resources.

Ms. KOCH. Good morning.

Senator CHAFEE. I am glad you are here.

Mr. HALLENBECK. The ECS companies are leading providers of integrated environmental risk management services worldwide. We are privately owned, we have 40 employees, and we will generate just over \$200 million in premium revenue this year.

This profile is meant to demonstrate to you that we are smaller than the typical corporation that provides on-site day care services; however, we have always placed an extraordinarily high value, as UNUM does, on our employees and their needs.

We began to look at this issue in 1995, and at that time we had 300 employees. The average age was just over 30, and those 300

employees had 200 pre-school aged children. So, the issue of day care became a real concern for us from two perspectives.

First, the recruitment of new employees, and secondly, the retention of existing employees. We studied the issue for a year. In 1996, we made the decision to build our own day care center; to build a facility on property that was immediately adjacent to our corporate headquarters.

We did this through the second half of 1996, the first half of 1997. The capital costs of building our center, which is 10,000 square feet, was \$1.3 million. So, that is the initial corporate commitment that we made.

In September of 1997, the center opened. We have called it "Our Kids' Academy," and with a capacity of 100, it opened with 35 original enrollees. Today, just 7 months later, the enrollment has risen to 75, and we would expect to reach our capacity of 100 before we reach our 1-year anniversary in September.

We have designed the facility for expansion, which now appears likely. We now have over 400 employees, and those 400 employees now have over 300 pre-school aged children.

Statistics that we have gained: First of all, we provide to parents who are employees a 20 percent discount from the rates that are charged to parents who work at other companies, and two thirds of our current enrollees are children of employees.

The operating costs of the day care center are about \$30,000 a month. Our goal as a corporation is to operate this center at a break even level, and we think we may reach that point at about the 1-year anniversary in September.

Senator CHAFEE. Break even on your operating expenses, not covering your capital investment. Is that right?

Mr. HELLENBECK. That is correct.

As a recruitment tool, we find on-site day care to have proven to be tremendously attractive. We have, as I mentioned, about 400 employees. We have about 60 open positions that we are trying to fill, and we are finding a direct correlation between our ability to recruit employees and the day care services that we provide.

Much more dramatic are the results with regard to employee retention. In 1995, only 64 percent of our employees who had children returned to work. In 1996, that figure increased to 74 percent, but we think the increase was because parents are under an increasing financial need and strain to continue working.

We opened the center in 1997. Last year the retention number returning to work jumped to 88 percent, from 64 percent 2 years earlier.

Senator CHAFEE. What does it mean returning to work? At the end of the year continuing?

Mr. HELLENBECK. The mother would have the baby, go through the maternity leave period and then return to their job.

Senator CHAFEE. Oh. I see.

Mr. HELLENBECK. In 1998, so far, 100 percent of those kinds of employees, Mr. Chairman, have returned to work. So, it is a dramatic increase.

And we also have upwards of two dozen mothers who will be having children in the next year. So, it is an ongoing statistic that we will be providing.

Senator CHAFEE. You have a very fertile company I would say. Mr. HELLENBECK. We think it is something in the water, Senator.

A couple more observations: First, we have found that our parents really appreciate the chance to visit their children during lunch. For example, to know that if there is a family crisis of some type, their children are close by.

Second, I mentioned before that our business approach is to integrate our products and services. We have also integrated our day care center. The center is on-line to our company computer system so that our parents and their children can exchange E-Mail during the course of the day.

The center is also part of the company phone system. So, the voice mail system is available to children to respond to their parents or vice versa.

And generally, we have found that the day care center and its support has even proved valuable to our employees who do not use the day care center because they also realize that the company has made a commitment to them and that is it representative of the value that we place on our employees. Thank you, Mr. Chairman.

Senator CHAFEE. Thank you. And we will have some questions when we go to the panel.

[The prepared statement of Mr. Hellenbeck appears in the appendix.]

Senator CHAFEE. Ms. Kline, from Marriott. Welcome.

STATEMENT OF DONNA KLINE, DIRECTOR, WORK FOR LIFE SERVICES, MARRIOTT INTERNATIONAL, WASHINGTON, DC

Ms. KLINE. Mr. Chairman, ladies and gentlemen, it is a pleasure to be here this morning to testify regarding corporate sponsored child care programs, particularly corporate sponsored child care centers.

I will present to you both the advantages of such child care and the disadvantages of the model from the both the sponsoring organization's standpoint and the potential impact on society at large.

I will frame my remarks by sharing Marriott's experience with on-site child care at our headquarters in Bethesda, Maryland and then follow with an overview of consortium model of corporate sponsored child care we are experimenting with in Atlanta, Georgia.

The headquarters child development center serves 97 children on a full-time basis and 35 children on an occasional basis. There are a total of 82 families served by this center, since many of our families have multiple children enrolled.

The center has been in existence for 8 years, and we have experienced the joys of newborns coming to us at six weeks of age and then graduating from our pre-school and then going on to public or private kindergarten.

The financial model for the center sets competitive tuition rates at Montgomery County comparables. The tuition incomes cover teacher salaries, benefits and direct program costs, like crayons and finger paints. All building and facility costs are subsidized by Marriott at a cost of approximately \$500,000 a year.

The families we serve have a 97-percent degree of satisfaction with the center, based on our own internal measurements, and report increased morale, productivity and loyalty to Marriott. Additionally, we continue to receive positive public relations exposure from this investment, and we recognized the enhanced positive perception of Marriott's corporate citizenship, which may have been achieved through this project.

While it may appear to be an unequivocal success, that label, I think, is indeed seductive. Please consider that out of our 3,000 employees at headquarters, we are serving only 82 families. Our waiting list is perhaps double the capacity of the center.

Although we have subsidized slots allocated to families earning less than \$45,000 per year, the cost of care is still burdensome to this income population, and we have not succeeded in creating any economic diversity in the center.

Assuming \$500,000 as the corporation's annual investment, that amounts to a per family subsidy of \$6,000 a year. Are we proud of our center and what it provides our families? Absolutely. We are.

Will we create an additional center or double the size of the current one to serve the families on the wait list? Probably not. If you are asking why, it is because it doesn't make business sense to us to expand this service because it is extremely difficult to justify, based on the economics of a service company like Marriott.

For a \$500,000 per year investment, our current expense, we can provide a wide variety of services for our field employees, the ones who make the beds, carry the luggage, serve the food in our hotels. With approximately 115,000 nationally, we look very carefully at spending \$6,000 per family at our headquarters center.

You see, it is not only a financial burden, but it also presents quite a moral dilemma. Our philosophy is the spirit to serve, and our core values include dependability, integrity and loyalty. It is extremely difficult, as a corporation, to operate on our core value of integrity if we are benefitting 82 employees, 82 of our management population with a \$6,000 a year benefit, while our wage population struggles to afford even the most rudimentary form of child care.

In fact, the struggles of our wage work force led us to experiment with yet a second corporate sponsored center. This time in Atlanta, Georgia.

The 250 children of lower income families that the Atlanta center serves operates from 6:00 to midnight daily and has fully subsidized care. On a sliding fee scale of a minimum of \$7 per week per child, we have been able, along with Hyatt, Hilton and the Omni Hotels, to solicit the community of Atlanta to help in supporting child care for this sometimes under served population.

While we assumed, "if we built it, they would come," that wasn't the case in Atlanta. Despite our subsidy and community support with fund raising, the center had to be rigorously marketed. The reason is that this population is not traditionally consumers of child care.

They are more familiar, and therefore, more comfortable with the neighbor or the grandmother or a 10-year old sibling. When you can pay nothing for child care, rather than \$25 per week on a sliding scale, sometimes it is not a tough decision.

What we know about the developmental process in children over the first 3 years of life has not yet been integrated into the decision making process these families use about how to spend their often times limited disposable income.

Senator CHAFFEE. Ms. Kline, I have got to ask you to abbreviate a little bit here because of the time problem, but you choose what you wish.

Ms. KLINE. I don't intend to paint a less than glamorous picture of corporate sponsored child care, but I do intend to paint a realistic one. Corporate sponsored child care is certainly a solution. We must continue it and encourage it and incent it. We must incent corporations to do more.

But to assume it is a big solution for a large percentage of the national work force I think would be a mistake. It works well for corporations who have high margins of profit per employee and whose employees are highly skilled, highly educated and in demand.

For wage populations such as Marriott has, we don't fit into that category. The majority of our jobs are semi-skilled, our profit margins are small, and we yet realized the increased productivity and customer service deliverable by an employee who has been with us 3 years rather than 3 months.

However, the numbers do not work for business management companies such as Marriott.

Most importantly to you, I think, is that Marriott is a microcosm of the national work force. More so than any other corporations experimenting with such child care programs. With a wage base of approximately \$8 an hour, we speak 26 languages and represent 26 different cultures.

I think it is a safe assumption that if the child care solutions we develop at Marriott don't work, they may not work for the country at large. Even if the numbers did work, and we did create dramatic increases in corporate sponsored child care, what is it that we would be creating?

The majority of workers in this country do not work for corporations who could economically provide company sponsored care. So, what we are doing in the name of being good corporate citizens and responsible employers may, in some cases, be regarding as increases the speed with which our middle class diminishes.

By creating and supporting quality child care for those corporate employees who can afford to pay for care, we are ensuring that the line of demarcation between the haves and the have nots, those prepared and those ill prepared for full and responsible citizenship as contributing members of society, grows wider and wider.

The most logical way to even that playing field is to provide for a major expansion of child care block grant money and make it more easily accessible. Since we are economically dependent, as a country, on female labor and dual income families in our society, we need minimum standards of child care that are available to all workers, regardless of employer affiliation.

We need to recognize that learning begin at birth, and we, as a country, need to invest in a new paradigm for the care and nurturing of all the nation's children, because it is tomorrow's work force. Thanks for your attention.

[The prepared statement of Ms. Kline appears in the appendix.]
 Senator CHAFEE. Thank you. And I think you raised some very interesting points.

First of all, I think it comes across that providing child care is expensive. I think in UNUM's case, I guess as in Marriott's, it cost you \$300,000, was it, for 100 children?

Ms. KLINE. \$500,000 a year corporate investment, which is about \$6,000 per family.

Senator CHAFEE. It is expensive. And I think your point about it appears that you might be favoring the headquarters people as opposed to those who are out in the firing lines there producing, the making the beds and cooking the food and washing the dishes, that help make the profits for those people at the headquarters.

Ms. KLINE. That is exactly the dilemma.

Senator CHAFEE. I think it is a dilemma.

I must say that what UNUM has done is wonderful, and ECS likewise, and it has paid off. Well, your people at UNUM, as Ms. Kline pointed out, you are dealing with educated, well-trained people who have high skills and the people you want to keep.

Ms. KOCH. People that we spent money training and we would like to have them come back, because to re-train somebody or train somebody for those jobs, it is well worth our while. But I don't disagree with her.

We have somewhat of the same issues when you have it available to your employees at your headquarters and then in our marketing offices in different cities. Now, the subsidy is available to those people, but they don't have the on-site facility.

Senator CHAFEE. Was it ECS that started off with taking people not just solely from your company?

Mr. HELLENBECK. Yes. We did.

Senator CHAFEE. And then gradually narrowed it down?

Mr. HELLENBECK. What we have found is that as the center has operated and our employee population has grown, the demand for children of employees has increased, and we even have a waiting list of those children now. We would intend to serve them first. I mean, that is the corporate perspective.

Senator CHAFEE. I guess the thing that really strikes home with me is it is a very expensive undertaking. How high do you go in age? Do you all go up through five? Is that about it, when they go off to first grade or to kindergarten?

Mr. HELLENBECK. We start with infants, and this September we will be opening a kindergarten, a licensed kindergarten. So, it will be through age six then I would guess.

Ms. KOCH. And then, we have an after school program that takes children from the time they leave kindergarten, if they are not in our program, through the age of 12. And we have a summer program, for kids that are home during the summer, through the age of 12.

Senator CHAFEE. Wow. That must be very popular. Now, how do the children get to you from school? Suppose somebody commutes eight miles to get to your office and the children are in that school eight miles from your center. How do they get to your after school center?

Ms. KOCH. That has been one of our biggest challenges. We had thought that we had the support of our local school district and that they were going to help bus the students to us, and that didn't turn out to be the case.

So, we try and help the parents arrange some kind of private way of getting the kids to us, so that if they are there for the whole day, they come with their parents. So, they can do that through kindergarten. But, for the after school and the summer school, they will need to arrange outside of their regular school district, which has been a real challenge.

Senator CHAFEE. I will bet there are not many companies that undertake caring for after school children. You are not into that, are you, Ms. Mundy?

Ms. MUNDY. No. No. I wish we could figure out how to make it work. We have infants through kindergarten. But some of our employees driver 45 minutes to an hour in the morning. We are basically a rural state, and people drive into Portland.

And so, if they are leaving the children in the day care center, that is one thing. But the kids may be back in Southport or Boothbay or Lewiston. I mean, that is as far away as our employees come.

So, after school programs, with the kind of remote transportation that we have, is a real problem.

Can I also say one thing? The availability problem, at least where we live, is uneven. The infant care and toddlers is a very, very serious problem and after school care is a very serious problem.

You have public kindergartens. It is not the same thing as private. But i don't want to leave the impression that all child care is equal. We currently have 16 slots in our infant care program, and our waiting list is 28. They are not going to get in until they are 3 years old.

Ms. KOCH. I think that is true across the board, whether it is Pennsylvania or another state. We have a long waiting list for our infant room. We take 16 also. But, if you look at the centers that are around us, they are experiencing the same things. So, we have long waiting lists, and so do they. It seems to be tagged into certain ages.

Senator CHAFEE. Senator Snowe.

Senator SNOWE. Thank you. It is interesting to listen to your perspectives believe obviously UNUM, Donna, has been a pioneer in providing child care. Mr. Hellenbeck, your company decided to make that decision just a few years ago, to provide on-site facility, which many companies, interestingly enough, are not doing in America.

There was a time, less than 10 years ago, where there was a strong interest on the part of business to do what they could at providing child care support some fashion and that has not been happening and that has really declined, I think, in the '90's. Obviously the intent of our legislation is to try to spur the interest in companies, because it is expensive, and there are a lot of concerns with liability as well.

And that is something that I wanted to ask about. Ms. Kline, obviously Marriott has a different experience. So, we want to learn

from your experience so that we can craft legislation that is going to be helpful, because I think businesses have to go be a partner in this endeavor. I don't see that we can go it alone.

We have got to do what is going to be useful to creating incentives for businesses to engage in providing this kind of support to their employees.

Donna, does UNUM have perspective employees ask and inquire about the child care support and facilities? I mean, is that something they inquire about?

Ms. MUNDY. It is a real recruiting tool. I agree with Mr. Hellenbeck. When we set up the center 19 years ago, we actually had a preference for our own employees, but allowed people in the surround businesses. We have got National Semiconductor and a few others out there.

And it was probably 60 percent our own employees and 40 percent others. About 3 years ago we basically had to say only our own employees, and now it is an excellent recruiting tool. And we are running into issues with employees who have more than one child, especially if they go out and have an infant.

Now they are going to have to stop some place else in the morning for infant care and drop the second child with us. But I agree. We just built the center that we have got now 3 years ago, and I don't see us building another one.

I think the consortium idea has got some real merits. It helps spread the costs, spread the risks, and by risks I mean—I don't know if we will ever have an employee population as fertile as yours. It is definitely your water, but it is a lot of work.

We have had L.L. Bean come in. We have had a number of Maine businesses come and look and say how did you do it, and they are afraid of the costs.

Senator SNOWE. They are afraid of the costs?

Ms. MUNDY. Yes.

Senator SNOWE. You mean the ongoing costs or the construction costs or what?

Ms. MUNDY. Everything.

Senator SNOWE. Everything.

Ms. MUNDY. And anybody that is running three shifts, you have got a whole different set of problems, which I am assuming you are dealing with, too.

Ms. KLINE. Yes.

Senator SNOWE. Do you have a liability question? I mean, I know you are in the insurance business.

Ms. MUNDY. We can buy insurance.

Senator SNOWE. You can buy insurance. The whole consortium issue, that was a very popular approach about 10 years ago. That was one of the big issues. It was trying to encourage businesses to create a consortium in an area so that it would spread all that you said, the risks, the costs and everything else that went with it.

And that is problem something, Mr. Chairman, that we ought to look at again as well. Maybe not just even in direct grants and tax write offs. I mean, do you think that approach is good, tax write off that we were talking about here for businesses? A tax credit.

Ms. MUNDY. Anything you can do to deal with the costs. I mean, we are in business, and that is what drives us. I think it would be

a plus. But there aren't a lot of companies that have 38 employees in one location like we do.

There is a lot of small businesses, and I think the consortium goes a long way to deal with some of those issues.

Ms. KLINE. I think there was a previous piece of research done on tax incentives for corporations anyway, and the research, I think, showed that tax incentives are nice, but they don't motivate corporations to do additional or put more money into child care than what is currently invested.

Senator SNOWE. What would be motivating, in your opinion then? What would be the most motivating thing that would spur businesses?

Ms. KLINE. I think businesses do have a role. I think spurring businesses to create more center based child care is not necessarily what we, as a country, want to do. I think we would be much better off to look at community based child care solutions that businesses can contribute to in cooperation with the communities.

I think ultimately the solution is a community based solution. It certainly is a community based solution for our population. The majority of workers in this country that are not middle class, middle income workers, it is going to be hard to come up with any kind of center based child care model that is affordable.

Senator SNOWE. So, it may well be tax credits for employers who subsidize their employees child care?

Ms. KLINE. Right.

Senator SNOWE. Have you surveyed your employees to find out exactly what hasn't gone right with the program?

Ms. KLINE. To assume it hasn't gone right I think is a misinterpretation. The program in Atlanta that is the low income population child care program has gone very well. But to assume that if, as an employer, you offer your employees 100 percent of the cost of child care in a voucher or some other like program, to assume that they are going to be their child to that center, prove to be a false assumption.

They are not consumers of child care. So, that would be—I can't think of a quick analogy. But they are not used to the model. They don't trust the model. They are used to paying nothing in their own neighborhood.

They are used to using their grandmother or extended family, a sibling or a neighbor down the street.

Senator SNOWE. It is just interesting that you mention that. I read that in your testimony, that people were accustomed to their home care, neighbors, family or whatever the case may be. It is interesting because that is not an option for many people.

That is obviously the preference for care, but, on the other hand, many people can't even find any kind of day care.

Ms. KLINE. That is the reason the care is so unstable, and that is what makes it a business issue. When you are relying on informal care options, your care breaks down very, very frequently. Your informal care provider can just walk off the job, so to speak, at the drop of a hat, and that creates a lot of instability in your work force.

Senator SNOWE. So I guess businesses ought to be encouraged to survey their employees and find out exactly what their preferences are and whether or not they used it.

Ms. KLINE. Right.

Senator SNOWE. Okay. Thank you.

Senator CHAFEE. Just a quick question, Mr. Hellenbeck. I notice your company is a privately held company. Do you think you would be able to do as much for your employees if it was a company owned companies and shareholders were always carefully looking over your shoulder?

Mr. HELLENBECK. Well, the president, who I report to, is not here today. So, I can say exactly what I feel, which is that a privately owned company has the option of providing this type of benefit, which is a major diversion of capital funds and operating funds, without having to do it with shareholder approval or under any other reporting requirements.

We think that is a big part of our entire benefits programs, is the fact that we are privately held and that we can be as beneficial to our employees and their children as we are.

Senator CHAFEE. Ms. Mundy, do you have the actual experience, or do you hear from your company that people have actually come to work for your company, good people that you are delighted to have, because the child care has induced them to come?

Ms. MUNDY. No question. The two big selling points, other than being in Portland, Maine, for UNUM, are on-site child care and business casual year-round. Honest to God. Computer people love it.

Senator CHAFEE. All right. Fine. Well, thank you very much for coming. Again, we have had long distance commuters. I guess Ms. Mundy is the longest one, but we are all glad you are here.

Now, the next panel will be Hon. Bernard Jackvony, Lieutenant Governor of Rhode Island; Ms. Christine Ferguson, Director of the Rhode Island Department of Human Services; Ms. Rochelle Chronister, who we previously have been introduced to, from Kansas, and Mr. Mark Nadel.

All right. I want to say how delighted I am personally, and I am sure the others join with me in welcoming our Lieutenant Governor from my state. He has done an excellent job.

Lieutenant Governor Jackvony, we are very glad you are here. Why don't you proceed.

STATEMENT OF HON. BERNARD A. JACKVONY, LIEUTENANT GOVERNOR, PROVIDENCE, RI

LT. GOV. JACKVONY. Thank you very much, Senator. And likewise, it is an honor for me to be here in front of you as the chairman of this committee.

We want to tell you a little bit about the issue of child care as it relates to our home State of Rhode Island. And thanks to the hard work of Christine Ferguson, who I know you are very familiar with, our director of human services and the vision of Governor Almond, we believe that our approach to day care has been both innovative and unique.

There certainly is a critical need to identify and address the health, education and development issues that face our childhood

population. Proper care at the formative stage of life, particularly the years zero through six, have a substantial impact on the overall development of a child.

Approximately 49,000 Rhode Island infants and pre-school children are in need of some type of care. While this is a large number, there is a very limited supply of child care, especially among infants, young children or children with disabilities and special needs.

Let me reiterate a simple fact. Proper child care at this stage of development is proven to increase the aptitude for learning and development. Specifically, the development of child between the ages of zero and three is proven to have a direct correlation with brain cell development.

Further, reading skill by grade four is the best predictor of academic success. We, in Rhode Island, enjoy a wonderful quality of life, but for that quality of life to continue, we need to deliver a quality education to all of our children.

Early childhood development relates directly to children's academic achievement. Children need care. It is a very simple concept. But the challenges which face Rhode Island families, and indeed, all families in our country, require the assurance that all children are cared for properly, and that becomes more of a complication.

Children from poor families have shown a greater need for quality care. Learning disabilities and behavioral problems are more likely to occur with low income families. In Rhode Island, we are working hard to make quality child care accessible and afford to everyone through those two programs. Or, through two programs, called "Right Care and Starting Right."

Rhode Island spends approximately \$24 million a year for child care. \$13 million comes from State funds, and \$11 million has come from block grants.

But in order for the Starting Right program to be successful, we need to draw upon Federal funds. I have provided more specific details on those programs in my written testimony.

Both Governor Almond and I recognize that to properly prepare the State of Rhode Island to succeed in the coming century, child care is a top priority. Rhode Island has made great strides in the area of child care, and, with additional leadership from Christy Ferguson, has come to be respected as a national model.

Rhode Island is the only State in the country in which child care is guaranteed to working families. It is also the only State in which health and dental insurance are available to licensed, home based day care providers.

As I said earlier, we are providing or preparing for the next century, and this means preparing for success. By investing in child care we are laying the ground work for families to have access to quality care.

With greater accessibility and quality health care in place, parents can enter the work force with a piece of mind that their children are in excellent hands. And by making health care available for home based providers, we are encouraging more and more people to pursue that as a career choice, and that certainly is a win, win situation for Rhode Island.

As you see, there is a need not only to provide care for this fragile age group, but also, to foster the necessary environment that will encourage parents to participate in qualified child care opportunities and to attract qualified professionals to provide that needed care.

Let me again say that it is a great opportunity for Rhode Island and for Governor Almond and myself to be able to present you with information and facts about our child care program. And I am hoping that any questions you may have can not only be answered by myself, but also, by Christy Ferguson, who I hope will give us more details on the aggressive plans that we have in Rhode Island to provide this child care. Thank you.

Senator CHAFEE. Thank you very much, Governor, and I appreciate that. It is a big undertaking that our State is embarked in when you see the figures and see what is being done.

And now, Ms. Ferguson, who is director of the Rhode Island Department of Human Services and worked here in Washington for many years with great success. So, why don't you proceed, Ms. Ferguson.

STATEMENT OF CHRISTINE C. FERGUSON, DIRECTOR, RHODE ISLAND DEPARTMENT OF HUMAN SERVICES, CRANSTON, RI

Ms. FERGUSON. Thank you very much, Mr. Chairman.

We have been consumed with our own issues in Rhode Island for the past 6 months; getting welfare reform implemented and helping our lower income families move into the work force, and we have assumed, because of early reports, that something would pass on child care at the Federal level.

A shock wave has gone through our State as a result of some of the things that we have been reading in the national press, and as a result of the information that was sent up for us so we could prepare for this hearing.

Rhode Island will draw down all of its child care block grant, \$11 million, and another \$1.5 million from Title 20. So, if Title 20 is cut by 15 percent, as was being discussed, we will lose money for our child care program in the state. In addition, we will spend, in Rhode Island, \$13 million in State funds to support working families.

Forty-three percent of the children who are receiving our child care subsidy now are on cash assistance, but 57 percent are not. One of the key elements of our proposals over the past 3 years has been to sever the tie completely between welfare cash payments and those services, like health insurance and child care, that are supports for working families.

In Rhode Island, Governor Almond has worked together with the State legislature to dynamically re-engineer socioeconomic programs, such as health and welfare, and their impact on economic development. In Rhode Island, 95 percent of all of our businesses have less than 50 employees.

Small businesses struggle to provide good wages and are often unable to fund quality health and child care benefits. Governor Almond is making it possible for Rhode Island small business to thrive and prosper by providing them with quality benefits to aid workers.

It is the belief of the Governor, the Lieutenant Governor and the leadership in our State that this is helping small businesses in our State retain their best and brightest employees. No one has to go through the cash door to get help to remain working.

We are motivated, clearly, by a set of goals related to children that we all agree on, and that is that our continued prosperity and economic growth in our State depends on our children growing into emotionally competent, socially responsible and academically proficient adults.

Without that, we have no future. And as the Lieutenant Governor has pointed out, brain development that is occurring primarily, as we now see, between the ages of zero and six, that is the critical time, the critical intervention. And if we intervene properly at that point, our kids have a much greater chance of success.

I am not going to go through my full, written testimony, because as I was preparing for this hearing, as I said, it sent a shock wave. The thought that something might not pass Congress sent a shockwave through our state, and many people in the State came together to read some of the national materials, some of the press releases that have come out from members of the committee, as well as from members of the House and the Senate.

They came together, read those materials, and one of the people included in that discussion was a woman who I hired recently who comes from Newport, Rhode Island, who had been on welfare and has a 5-year-old daughter.

After some discussion, she said to me, "I don't understand. I thought that I was supposed to work, but it sounds like some of these folks from DC are saying that I should be at home with my daughter, and I don't understand what it is that they really want me to do."

We have been having a fairly esoteric discussion about the Mommy Wars that have been going on down here apparently, and this comment brought everybody up short. And I spent all day yesterday, and all night, dreaming and this morning on the way down on the plane trying to figure out what the right answer to give this young woman was.

And it occurred to me that perhaps the debate is missing a framework, and I would like to suggest one for you. When you passed welfare reform, the nation gave a very clear message; that if a family is receiving cash assistance from the government, it is more important for that family to go to work and earn a living or even to go to work and not earn a living, in a volunteer job, than it is to stay at home and take care of the child.

That was a very clear message, and I agree with that message 100 percent, and that is what we are implementing in Rhode Island.

It is clear, from reading the press releases and the newspaper articles, on the other hand, that many people in leadership roles believe that maybe my family, for example, has made the wrong decision; that because neither my husband nor I are at home full-time with my 5-year-old, Gregory, that we are not making the right decision.

There is a lot of discomfort that a tax credit for people who are working may be encouraging them to make a choice that people are

not comfortable with in leadership roles. The discussion of equity between my family and the families that you heard from earlier I think is extremely important.

The value of a mother staying at home should be equal to the value of someone putting their child in child care. We shouldn't devalue moms who stay at home, but that is really only one part of this debate.

So, I would suggest to you that perhaps you need to determine at what wage level is it appropriate for one parent to support the other parent and the child. Make some decisions about what is an appropriate cost for a house, what is an appropriate cost for rent, if it is not to buy, what is appropriate neighborhood; all of those choices that a person makes.

At what point is it more appropriate for one parent to stay home? Pick an income level, whatever that income level is. Above that, there should be no distinction between whether you work or you don't work, in terms of a tax credit or any other incentive.

Below that, we have clearly decided that that parents—both parents, if necessary—should work to keep that family off of any Federal cash assistance. For those families, at whatever that income level is, we have to be focused on the fact that those children are indeed our future economic prosperity.

And if their parents are not in the position to be able to take care of them at home, because we have told them that we want them to work, then we need to provide the supports for those children.

The cheapest possible thing for any of us to do is to give a cash payment to a family. On a year to year budgeting basis, it is much cheaper for us to pay \$550 a month to a family and keep them at home. It is much more expensive to get people into a work environment if they have children because of the child care issue.

But, if we have made that decision, and I think as a nation we have—and as I say, I agree with it wholeheartedly—then we have to invest in the child care. In Rhode Island there are 53,000 kids who qualify. We only provide child care for 8,000 of them yet.

We have drawn down our total child care block grant. We are investing with State dollars. We need your help. If we don't have it, then our goal in Rhode Island, and I think the goal that should be of the nation's; that our children grow into emotionally competent, socially responsible and academically proficient adults in order for us to have prosperity and growth is crucial. Thank you.

Senator CHAFEE. Thank you very much. Those are very thoughtful comments.

[The prepared statement of Ms. Ferguson appears in the appendix.]

Senator CHAFEE. Ms. Chronister, Secretary, Kansas Department of Social and Rehabilitation Services. We are delighted you are here. And, of course, we had that warm welcome from Senator Roberts earlier. Why don't you proceed.

STATEMENT OF ROCHELLE CHRONISTER, SECRETARY, KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES, TOPEKA, KS

Secretary CHRONISTER. Thank you very much, Mr. Chairman. I am pleased to have the opportunity to visit with you about some of the things that are happening in Kansas.

If I may, Mr. Chairman, I am going to deviate from my testimony. I will very briefly tell you a few of the things that are in it, and then I would like to tell you about a couple of child care operations in Kansas that are sponsored by corporations that I thought you might be interested in, after listening to what it was that you have had to say.

What it is that is happening in Kansas is that we will pay to child care up to 185 percent of poverty for a family. We also have basically separated it from whether or not people are on cash assistance.

The same thing is true of what it is that we are going to do with insurance for the uninsured children, the program that you all passed just within the last few months.

So, we are in the process of separating some of the supports for families who are low income families and working from the welfare stigma, to some extent, and helping those families become, as much as they possibly can, members of the work force who probably represent what Kansas thinks is what you ought to be doing, and that is going to work.

In Kansas, we have been doing a number of things. We have increased our child care rate payments, and when I hear what it is that some of the other States are providing in child care rate payments, I realize we really don't pay very much; however, we do it on the basis of a rate study, of what it is that is going on and what is being paid for child care in local areas in Kansas.

And frankly, in many areas that is not very much, but we have increased our infant and toddler rates by 25 percent over the last 2 years.

We have awarded grants to 135 local child care centers and 700 family home providers to help establish new sites and to enhance the quality of our existing programs. We have established, on a statewide basis, a child care resource and referral network.

We are working with parents of children with special health needs in order to help them find providers, and that has been a very difficult thing for many of them. We are providing technical assistance and grants to help employers and businesses develop on-site child care facilities.

We are in the process of a new Early Headstart program that has been designed and that our legislature just agreed to a week before last that will focus on improving the quality of the care provided in family home child care givers. It will also offer a coordinated, comprehensive service to children and families.

And then, we have changed our State laws to help us with before and after school child care, which is something that I think I heard you asking about just a few minutes ago, so that schools may be the site of before and after school child care, which had been very difficult in the past in Kansas because of some of the rules and regulations that were present.

Mr. Chairman, as I said, with that, I am going to kind of jump. And I want to tell you a little bit about what some of the information is that is in your blue packet that you have that came from Kansas.

One of the things is a little brochure that we put together that is called "Child Care", on the front, that helps employers identify what it is that they can do; how many different ways they can be involved in providing child care for some of their employees.

It also talks about the tax credit that is available in Kansas and what it is that they can do to go about receiving that child care tax credit. We will also allow, for improvements in child care or start ups of child care, an employer to have a tax credit of \$50,000, and we will match it with \$50,000 also.

A couple of other things that I have heard you talking about this morning would be particularly child care for small communities. And I come from my hometown—it is a very small community—and I go home there every weekend.

They have put together a coordinated group, with our community developmental disabilities organization, that is a combination of child care for children who have disabilities and child care for people in the community who are looking for child care. Particularly at odd hours, although it is not as much as in some places.

But they will go from 5:00 in the morning until 7:00 in the evening to help some of our industries who start very early in the morning to try and get away from some of those hot Kansas summers that take place.

The community that I am talking about is only 3,000 people, and yet, they will start, next week, with a new child care cooperative that will take care of 50 children, part of whom will be disabled children, and part of whom will be children from particularly one of our companies that starts very early in the morning and provide that child care for those children.

There is also a special project going on in another Kansas community that is about 10,000 that will provide child care for odd hours, the 5:00 p.m. to midnight—that is a cooperative group—between several businesses within the community that operate two shifts, or some of them even operate three shifts, in order to help with that.

And finally, the thing that I am going to tell you that is in your blue packet also is that two of the hospitals in the City of Topeka have combined to provide child care from approximately 5:00 in the morning until midnight, in order to take care of nurses and nursing personnel who meet on 12 hour shifts.

Now, they may only work two or 3 days a week, but they worked it out so that the children of those people will have rather odd times, when it is that they are going to be in and out, and have put together a facility, which they fund on a yearly basis, to the tune of almost \$1.5 million.

Those are things that are maybe a little different from some of the things that you have heard this morning, Mr. Chairman. I wanted to be sure that if you had an interest in knowing more about them, you would know where some of the information was and some of the different things that Kansas has been doing as far as our child care. Thank you very much.

Senator CHAFEE. Well, thank you very much, Ms. Chronister.
 [The prepared statement of Ms. Chronister appears in the appendix.]

Senator CHAFEE. And now, Mr. Mark Nadel.

STATEMENT OF MARK NADEL, ASSOCIATE DIRECTOR FOR INCOME SECURITY, DEPARTMENT OF HEALTH, EDUCATION AND HUMAN SERVICES, GENERAL ACCOUNTING OFFICE, WASHINGTON, DC

Mr. NADEL. Mr. Chairman, my testimony today is based primarily on a recent report on State child care programs that Senator Dodd mentioned. I will discuss first how much the States are spending on child care; second, how the States are trying to increase the supply of child care; and third, the extent to which States are changing standards for providers.

Our work is based on case studies of seven states' child care subsidy programs and information about the child care subsidy programs in all 50 states. I will not briefly summarize our findings.

First, in response to welfare reform, the seven States we reviewed are expanding funding for child care programs. Combined Federal and State child care and development funds in the seven States, between 1996 and 1997, increased from \$1.1 billion to \$1.4 billion. And the number of children increased by an average of about 17 percent a State.

All seven States we reviewed intend to spend at least enough State funds to qualify for the maximum amount of Federal matching block grant funds available, and in three of the States, more than enough. So, the States are spending more and expanding services.

Even though the seven States we reviewed are expanding their programs, they are still unable to provide assistance to all families that meet the Federal eligibility criteria. The States we reviewed said they could meet the child care needs of welfare families and those just going off welfare, and some gave them priority, but serving other low income people was problematic.

The law governing the block grant allows States to extend eligibility for subsidized care to families earning up to 85 percent of State medium income, but most States don't go that high.

In any case, the formal cut off only establishes eligibility in a state. It is not a guarantee of services or of a sufficient subsidy, and most States are not serving all the low income people who need services.

Some states, like Oregon, have a large number of people nominally eligible for child care subsidies, but limit the number getting services by having co-payments; having co-payments that go up the income ladder and so effectively cut off subsidies.

At the other end, States like Wisconsin limit eligibility to people below a lower income level, but have very low co-payments so that most eligible people can actually afford the service.

I have talked about funding. The second issue I want to address is supply. The supply of child care appears, so far, to have kept pace with increases in demand. Particularly for the welfare population.

One indication of this is that these States have not had to grant many exemptions from work requirements because of a lack of child care. All seven of our states, and most of the 50 states, are also being proactive in supporting and encouraging the entrance of new child care providers into the market.

Some States are working engage the private sector in expanding or improving the provider supply. Maryland, for example, funds a grant program to help registered family child care providers comply with regulations and to enhance their services.

Other States have created incentives for employers to provide child care, such low cost loans and tax breaks.

I want to caution, however, that as welfare reform succeeds in getting more people into the work force, it is still too early to know whether funding and supply will meet that need. There are also specialized needs, such as infant care and after school care that are now and may continue to fall short of current and projected needs.

Also, we have estimated that the gap between projected demand and supply to be even greater in low income areas.

At the same time that States are expanding their programs and attempting to increase supply, they appear to be maintaining child care standards and their current enforcement practices. A recent survey of States reported that quality standards and enforcement have generally been maintained and in many cases enhanced.

However, the long term picture is yet unknown and future fiscal pressures could ultimately lead States to devote fewer State resources to monitoring and regulating child care providers.

One issue of concern is the informal care arrangements that are widely used by welfare and other low income families. Much of this care is exempt from State standards and is minimally regulated.

To address concerns about the safety and quality of informal care, some States impose additional requirements, such as doing background criminal checks on informal providers who receive subsidies. Nonetheless, there still is concern that an effort to expand the supply of State subsidized care—that that effort could extend to the area of informal care, which tends to exist in minimally regulated or unregulated settings.

In conclusion, States are expanding their child care programs in response to welfare reform, but it is too early to know how effective these efforts will be in meeting the child care needs of low income families.

Although they now have more funds devoted to child care and greater flexibility in designing their subsidy programs, States still face difficult choices in deciding who will be served.

That concludes my statement, Mr. Chairman.

[The prepared statement of Mr. Nadel appears in the appendix.]

Senator CHAFEE. I want to call everybody's attention. At half past 10:00, I said there was 120 minutes to half past 12:00, and we had 12 witnesses, and that works out to 10 minutes a witness.

Now, we have completed the 12th witness at half past 12:00. I think everybody deserves a gold star for his or her performance. I would like to ask some questions.

Ms. Ferguson, you said quite a shocking statement, I suppose, if I understood it right. What you are saying is if you have got somebody on welfare with small children that would require child care,

it is really cheaper, and I suppose less bother, to keep them on welfare. Send them a check, and the situation is taken care of. Is that what you were saying?

Ms. FERGUSON. When we did welfare reform in Rhode Island, what we consistently said was that if you look at it from a year to year budgeting perspective, that each year, if you simply continued to pay—cut the cash benefit check, your whole administration was simply to determine eligibility and cut that check, and your social work was limited to crisis intervention, which is what the old welfare system really was, that that is cheaper, on a year to year basis, than it is to provide that family that might be on cash assistance at any given time with the kind of support that they need to work their way out of welfare.

And that support is health insurance, child care, employment and training skills. We do now family assessments every time a family comes in; employment plans. We have had to beef up what we do administratively.

And, in the long run, we believe that it is going to pay us, that our supports will be in the child care, health care arena and some in employment, training and education and that our investments in child care will lead to fewer people being on the rolls in the future.

Senator CHAFEE. And presumably, these people would not only get the virtues that come from working and the satisfaction of being a producing citizen, but presumably, they also are filling a necessary billet in the economy.

Ms. FERGUSON. Correct. The problem that I was alluding to in my statement is that the discussion that you had earlier today in this hearing room was about whether or not that was the best decision. In other words, the woman going to work and achieving self-esteem and showing that she able to support her family and being a good role model for her child.

That is a good thing in a low income family. It is maybe not such a good thing in a family where the family could afford to survive on one parent's income. And my suggestion was you need to pick a level where it is appropriate, because otherwise there would be some sort of Federal assistance involved, for the work and the self esteem element of work to come first.

Senator CHAFEE. All right. Now, Ms. Chronister, I was very interested in what you said about some of these small communities in Kansas, in your hometown, plus towns somewhat larger nearby where they are providing day care from 5:00 to midnight. Or at least starting at 5:00 a.m. and continuing along into the evening.

To me, that is remarkable. I don't know who you find. How do they get the people to do that?

Secretary CHRONISTER. One of the things that—

Senator CHAFEE. And did you say the developmentally disabled were the ones who were running the program?

Secretary CHRONISTER. Yes. It is the mentally retarded, which we now call in Kansas developmentally disabled. We have a community organization in Kansas. This one happens to serve four different counties I believe. But it is in the home county now of the organization where they are putting together the child care facility that will open next week, as a matter of fact.

But I suspect that they just handed to you, Mr. Chairman, some of the background on New Beginnings. The Duchea High School, for instance, will provide four to six apprentices as aids in the classroom. That is one way that you find the people to staff the facility.

The Community Site Council has helped out with quality assurance and policies. Local government has provided \$60,000 for construction, and then I think the one that you would be particularly interested in is the fact that the industrial park businesses have put in over \$35,000 to help with construction. And they are now in the process of agreeing that they will put in, every year, an amount to subsidize how that child care will be provided in the community.

Ms. FERGUSON. And, Mr. Chairman, just to add onto that, in terms of non-traditional hours, quite frequently, when somebody is hired in a hospital say in Rhode Island, in their first job they will often be employed in the hours that are less attractive. So, that is non-traditional hours.

So, your lower income families will often be in a situation of having to try to find child care in non-traditional hours because that is the job they can get first.

Senator CHAFEE. Mr. Nadel, several States have not drawn down all of their TANF money, and what is the reason for that cited most frequently?

Mr. NADEL. There could be several reasons. Also, when we talk about drawing it down, it is sort of a rolling thing, so that it is true that both OMB and CBO has shown—they haven't drawn it down for 1997, but they will qualify by making it up in 1998.

There could be several reasons. One, it takes some time to gear up to develop new subsidy programs. So, that is a possibility.

Second, as the woman from Marriott said, in their own experience, this is also a population that may not be in the market and make take some education. We found that in our work, when we looked at Louisiana, which developed a program and initially didn't have enough takers, but over time they did some outreach and they did get more people off welfare availing themselves of child care centers.

So I think those are a couple of the reasons. Also, the lack of draw down is projected to increase in the out years, but I think time will tell.

Senator CHAFEE. Was it you that said that the States haven't asked for any exemptions from TANF requirements based on the inability to find child care?

Mr. NADEL. That is right. I am not saying no exemptions, but we were told there is very few for that reason.

Senator CHAFEE. That is interesting, because it seems to me that the whole picture we have had today is the difficulty in finding affordable, quality, with accents around quality, care.

Mr. NADEL. Well, that raises an important distinction. When I say that the States have been able to meet the need, I should emphasize it is the need for the welfare families, for the families transitioning off welfare. And the block grant explicitly gives priority to that population.

And, of course, the States have other incentives to reduce their case load, and the way to reduce your case load is to have people have jobs and provide child care for people transitioning off.

But all the States that we talked to told us that they have problems meeting the needs of the currently working poor. So, it is important to distinguish between those populations. Even though with the new block grant that Congress created, does give the States flexibility to have seamless totally income based programs, it seems like only a minority of States are basing it purely on income, rather than welfare status.

Senator CHAFEE. Let me see if I understand this. As I get the picture, there is a every incentive for the States to use the block grant money to help somebody who is on welfare to get off welfare to care for his or her child, whereas the individual who has never been on welfare, but is the working poor, they get shunted aside.

Secretary CHRONISTER. That is not true in Kansas, Mr. Chairman. Because we made a decision that it would be on—we would talk about whether or not they were on welfare. We would base it strictly on that 185 percent of poverty, so that people who are the low income working poor have the same opportunity as people who are coming off of assistance.

I would say also, Mr. Chairman, that Kansas has no waiting list, that we think that—we will be honest with you. We are not sure why. I have 12 areas offices in a State that is 400 miles wide by 200 tall.

Senator CHAFEE. Good management at the top.

Secretary CHRONISTER. And we have been actively talking out in our communities about the fact that there is a child care subsidy available up to 185 percent.

Senator CHAFEE. I am going to ask the final question now to each of you, and here is the question. I want you to speculate a bit.

If your States were to get double the money for the Child Care Development Block Grant, how would you spend it? In other words, you can increase reimbursement or you can raise the income eligibility. You can development community based programs to increase availability. What would you do?

I will start with you, Mr. Nadel. Well, you are not a State person. I will go to Ms. Chronister. What would you do if you got extra money?

Secretary CHRONISTER. We would put it into grants to help fund new child care out there. I think we would especially talk to our corporations.

We would use some of the models that have been developed in Kansas in the last two or 3 years and say, look, we think there is a way to make this work, even in very small communities. As I said, Duchea is 3,000.

And we would use it to increase the quality of child care out there. Part of what it is that we are doing right now is putting \$5 million of that money into Early Headstart in order to hit that zero to three age range.

Senator CHAFEE. Okay. Lieutenant Governor Jackvony, did you or Ms. Ferguson want to field that one?

LT. GOV. JACKVONY. I think I am going to let Ms. Ferguson handle that one.

Senator CHAFEE. All right.

Ms. FERGUSON. You have in front of you a packet that has, on the top, "Rhode Island Cares About Families." If you open that up, you will see a proposal called "Starting Right."

The plan is to double the amount of State funding for child care in Rhode Island over the next three years. So, if you were to pass your child care proposal, we already have a bipartisan agreement on exactly what we will do with it.

It will be focused on quality expansion, increased headstart sites, expansion of capacity, professionalism of child care providers, with a provision of health care benefits to both center based and family providers, after school programs for older kids and increased rates for child care services for younger kids.

Senator CHAFEE. All right. Thank you all very, very much for coming. That concludes the hearing.

[Whereupon, at 12:41 p.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF PAULA BROGLIO

Good morning. My name is Paula Broglio. I am a divorced mother with sole custody of my 4½ year old son and I do not receive child support. My parents have taken care of my son since he was born because I could not afford child care. How fortunate I am to have them. When my son was 3, I knew he needed to be in an environment with other children, and I realized the toll babysitting was having on my parents so I started looking into pre-schools. Since I have been employed at the University of Maryland for the last 16 years, I went to The Center for Young Children, which is the child care center on campus, to inquire about enrolling my son for pre-school. I was shocked when the director told me my cost on a sliding scale would be close to \$500 per month—a lot of money when you net only \$19,000 per year. I asked if there were any grants or scholarships available and the director told me there were none. Even if I could have afforded the monthly cost there was at least a two year wait to get him in the program. From there I went to several local child care centers and experienced complete frustration. All the centers were expensive and some were not fit for children. At one particular center, during my interview a child interrupted to tell the director the milk was sour. In the other room I heard an employee yelling at a child who was crying. Out of desperation, I went to the local Catholic Church and explained my financial situation to the priest who agreed to accept my son at their pre-school for a reduced fee. In exchange for a reduced fee I must commit to being involved in the school above and beyond what a typical parent is asked, which includes extra evening meetings and extra fund-raisers. This puts an additional burden on my baby-sitting parents.

This past October, our Nation's First Lady, Hillary Rodham Clinton, visited the University's Center for Young Children and expressed her approval of the quality and availability of the Center. When the question and answer period began I immediately rose to my feet to state to Mrs. Clinton that the center for young children was not available to everyone and not affordable to many employees at the University. Mrs. Clinton agreed that what I had encountered at the University was indeed a problem. Following the First's Lady's visit to the campus I was interviewed by the Washington Post and, shortly thereafter, by USA TODAY and other local papers which have helped bring this issue to the public's attention. Working parents inside the University and outside as well have asked me to continue speaking on their behalf.

It does not make sense to me that someone employed at a thriving University with one of the top quality child care centers in the United States not be able to enroll my son due to financial constraints. If it were not for my elderly parents, I would have to quit my job and go on welfare because my income would not even cover a one-bedroom apartment and child care, let alone such expenses as car repairs, dental work, clothes and any activities for my child or myself. My parents will not live for ever and my expenses will only increase. What a shame that I have to lose my dignity in order that my son gets the education he deserves, but I am willing to do that because he is my responsibility. The education of all children should be our #1 priority of everyone. There are many people who would like to have the voice that I have right now so I am speaking not only for myself, but for them. No child should be deprived of quality, safe, available childcare because of limited financial resources. Thank you.

PREPARED STATEMENT OF HON. JOHN H. CHAFEE

Good morning. I want to welcome everyone today to this hearing on child care. This is a very important subject, one that I believe the Congress should address and, I hope, will address this year. I want to welcome those Senators who are not members of the committee but who are here to show their support for child care legislation—Senators Snowe, Roberts, and Specter. Along with Senators Hatch and Collins, we have all been working together on a comprehensive child care proposal called the Caring for Children Act. I also want to welcome Senator Dodd, who has been a tireless advocate for child care.

Ask any parent of young children what they worry about most and you will undoubtedly hear a litany of child care trials and tribulations. There are approximately 13 million children in this country who spend all or part of their day being cared for in a child care center, by relatives, by a babysitter or in a family child care program. Child care can cost anywhere between \$4,000 and \$8,000 for one child. For families at the lower end of the income scale, as so many young families with children are, these costs are clearly prohibitive. We must do more to help these families with quality, affordable child care.

At the same time, there are many low and middle income families who choose to forego that critical second income so that one parent can remain at home to care for the children. These parents are performing an important service to their families and to society, and I believe we should acknowledge their value as well.

I do not believe that government should dictate the choices parents make about who will care for their children—that decision should remain with the parents. Tax policy should not favor one arrangement over another. At the same time, we fully recognize that the child care problem cannot be solved solely through the tax code. Many families earn so little they do not have tax liability, making a tax credit worthless. These families can only be helped through subsidies.

Our legislation addresses all these concerns. It provides a tax credit for families where both parents work and for those where one parent stays at home. It also doubles the funding for the Child Care and Development Block Grant which provides direct assistance to lower income families. The bill also provides a tax credit for businesses that build or operate on or near-site child care facilities.

This morning we are going to have an opportunity to hear from the very people who are affected by our child care policies. First we will hear from a panel of mothers, some of whom work outside the home and have their children in various types of daycare, and others who choose to stay at home to care for their children. Each of these women face enormous challenges, both financial and logistical, and I believe their testimony will be most instructive. We will also hear from a panel of businesses who provide on or near-site child care, and what impact this has had on their employees and their bottom line. We will also have an opportunity to hear from several state officials who administer child care programs, and the concerns they have about federal policy.

PREPARED STATEMENT OF ROCHELLE CHRONISTER

Distinguished Committee members, thank you for inviting me to be here with you this morning. It is an honor to speak with you today on Senate Bill 1577 and welfare reform. Specifically, child care initiatives which help families gain and maintain their independence.

My name is Rochelle Chronister. I am Secretary of the Kansas Department of Social and Rehabilitation Services. SRS is responsible for a variety of social service programs which include cash assistance, employment preparation services, food stamps and child care services. Kansas integrated these programs into one commission in 1996 to strengthen the connection between helping welfare recipients find jobs and providing the child care needed to keep them employed.

We have been successful in helping families move from the welfare rolls to the workforce. Our cash assistance caseload has dropped 55 percent since January 1994. During the same period, child care needs for employed families have increased 33 percent. We believe this demand will continue to grow. Kansans receiving assistance are challenging us to develop high quality child care settings in sufficient numbers to allow parents to go to work each day free from worry for their children's safety.

We have used Child Care Development funds to help build capacity to meet the growing need for child care slots.

- Child care payment rates were increased to encourage provider recruiting, retention and quality. Infant and toddler rates were increased 25 percent over two years;

- Grants were awarded to 135 local child care centers and 700 family home providers to establish new sites and to enhance the quality of existing programs;
- Funding was increased to improve state and local monitoring of health and safety standards;
- The Child Care Resource and Referral Network was expanded statewide to provide a link between parents and providers, offer training, and monitor community child care needs;
- Workgroups were established to pursue ways to meet the needs of parents of children with special health care needs. A provider handbook for this population is being created;
- Technical assistance and grants were made available to help employers and businesses develop on site child care facilities;
- A bold state Early Head Start program has been designed. Focusing on improving the quality of care provided by family home child care givers, it will offer coordinated comprehensive services to children and families;
- Through revisions to the state child care licensing regulations, schools have been encouraged to create before and after school programs.

Even with all this activity and investment, there are challenges which must be addressed if we are to provide access to quality child care for every Kansas family. We still have communities where there is a shortage of infant and toddler, school age, and evening and weekend care. Additional recruiting and establishment activities are needed to help meet these specific demands in both rural and urban areas.

We must continue to support employers—especially small businesses—to help them develop family-friendly practices, including on-site or near-site child care. Such strategies are known to be cost effective; while reducing stress levels, absenteeism and employee turnover. Conversely, this approach enhances recruiting and retaining quality workers, and increases positive attitudes of both business owners and employees.

There are growing concerns about the quality of child care programs in Kansas. Parents want high quality care for their children. However, they often don't know how to identify or demand such services. There is, then, a need to develop and execute a comprehensive public awareness campaign to educate parents, child care providers and employers on the importance of early childhood experiences, and the components of high quality child care. Private sector resources will be needed to carry out such an extensive campaign.

Additionally, there is growing concern that—once the public understands how to define quality care—there won't be enough quality programs to meet our needs. We must design a coordinated, statewide child care professional development system, including a career lattice and core competencies, which all early care and education staff must meet. This initiative should involve a wide array of activities and resources, including:

- Multi-level training opportunities, to provide a systematic approach to career progression and compensation for child care workers. Training should be available in both rural and urban areas; it should have an appropriate curriculum content; and should involve community colleges, vocational and technical schools and traditional colleges and universities;
- Developing a statewide system to help center-based and home providers to achieve national accreditation;
- An ongoing adequate compensation scale should be structured and funded to reward and retain the trained workforce and eliminate the turnover problems currently faced in the profession.

We believe we have been both forward-thinking and willing to invest hard-earned taxpayer dollars in trying to meet our immediate child care capacity requirements. There is, however, much which must yet be done.

As we move to ensure that Kansas children enter the 21st century ready to learn and compete in the global marketplace, we must take advantage of strategies that we already know will work. SB 1577 is one step which will provide states an opportunity and the flexibility to design an infrastructure specific to their needs, leading to long term, positive changes in the child care delivery system. I encourage you to make a difference in the lives of our children, by supporting these initiatives.

Attachments.



GENERAL INFORMATION

Building Blocks is a child care center established by Stormont-Vail HealthCare and St. Francis Hospital and Medical Center. It is located on the corner of 7th and Lane, within walking distance of both medical centers. The center opened in October of 1993.

Building Blocks is the largest child care facility in Topeka, with a total of 20,000 square feet, including a 4,000 square feet internal courtyard and playground.

Included in the facility:

- *Classrooms for each developmental stage
- *Multipurpose room
- *Separate area for sick children
- *Outside playground for older children
- *Summer camp program for school-age children

The center has an enrollment capacity of 200 and is open from 6:00AM to 8:00PM.

BENEFITS OF ON-SITE LOCATION

With the close proximity to both medical facilities, depending on their work schedules, parents have an opportunity to walk over to join their child for lunch, participate in special activities, or just drop in to get a hug. Nursing moms have a quiet place to feed their babies and are able to walk over for feeding time.

PARENT COMMENTS

Parents with children enrolled at Building Blocks often remark about how fortunate they are to have their employer committed to providing child care, better yet, quality child care. The inviting atmosphere, the affordable rates, and the flexible scheduling for care are areas that are not always available in other child care facilities. With staffing at the hospital requiring work schedules different from most employers, finding care for early morning and evenings hours has always been a problem for hospital staff. With the opening of Building Blocks, that care was made available.

• 620 Lane , Topeka, Kansas 66606 (913) 232-0441 •

CO-WORKER COMMENTS

Feedback from co-workers has been positive regarding the benefit of employer sponsored child care. Absenteeism has decreased since Building Blocks opened. In Home Providers might become ill and unable to provide care, while, as a center, we are required to have substitute staff available to cover for staff unable to work. Knowing co-workers will be at work makes the work load easier to manage.

HOSPITAL PERSPECTIVE

Quality child care has become a major player for today's work force. Who is going to provide care for my child while I am working? Will this care be quality? Will the care be consistent? When addressing the concerns of employees at both hospitals, one of the major issues dealt with the above questions. With this concern surfacing so frequently, a committee was established to research the possibility of a child care facility. In an attempt to share the costs of such a project, the hospitals formed a partnership and the results of their study became the force behind Building Blocks. The architect was selected, construction began, and parents began to discuss "the reality" of an employer sponsored child care facility.

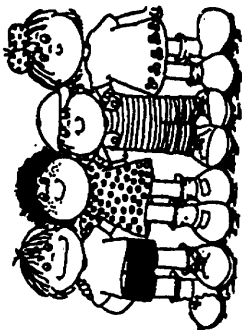
HOSPITAL BENEFIT

Since the availability of child care, both medical facilities have seen a decrease in absenteeism. No longer are parents having to scramble to find care if their provider is ill and unable to provide care. Building Blocks is open and available. If a child is mildly ill, we have Special Care, a unit for children with non-contagious illnesses. A non-measurable benefit is the peace of mind for parents. Knowing a child is having a good day filled with fun activities with friends and caring staff make parents feel more comfortable about being at work.

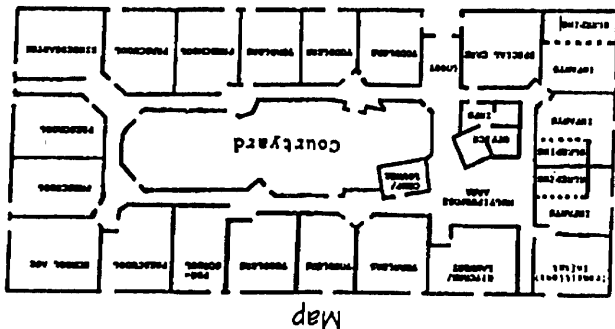
Employee turnover has decreased since parents become "attached" through child care. Enrollment in Building Blocks is dependent upon employment at one of the sponsoring facilities. The cost of care is comparable to other centers in the area. Payment for care is through payroll deduction. As a part of the commitment to care, the hospitals subsidize the program at a rate of approximately \$30.00 per week per child. Should an employee leave employment, the opportunity to continue at Building Blocks is made available (because it is in the best interest of the child), however, the tuition for "outside clients" will include the amount subsidized by the hospital-tuition plus \$30.00. The flexibility for scheduling changes also and outside clients enroll on a fulltime basis only.

NEGATIVE SIDE OF EMPLOYER SPONSORED CHILD CARE

Perhaps the biggest surprise when researching the possibility of offering employer sponsored child care is the financial commitment on the part of the sponsoring organization. Providing a facility that meets state guidelines, staff to maintain correct ratio, and quality programming cost money...money well spent- vet expensive.



620 SW Lane
Topeka, Kansas 66606
(913) 232-0441





MISSION: To provide a warm, caring environment that allows your child to develop as a unique individual. The curriculum is designed for each developmental age, from six weeks to five years of age. We promote the well-being of the whole child, striving to understand each child's needs through a creative approach to self-awareness of the world in which each child lives.



FACILITY: Building Blocks is the largest child care center in Topeka and will accommodate 222 children. It has a total of 20,000 square feet, including a 4,000 square foot internal playground, indoor multi-purpose room, and an external playground that includes a tricycle path, grass area, climbing equipment, sandbox, and garden area.



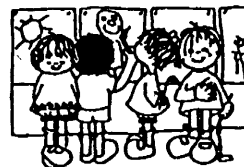
STAFF: Building Blocks is a warm enriching place thanks to our qualified and caring staff. Each staff member is trained, experienced, and dedicated to caring for your child. All staff members meet our high standards in a variety of areas -- educational qualifications, experience, positive attitudes toward children, excellent references, and physical stamina. In addition, Kansas licensing ratios will be maintained at all times. The child staff ratios are as follows:

- 1:3 for infants
- 1:5 for toddlers
- 1:10 for pre-school
- 1:14 for kindergarten
- 1:16 for school-age



ADDITIONAL PROGRAMS:

- Special care unit for mildly-ill children.
- Full-day kindergarten.
- Summer camp for school-age children to age twelve.
- Winter camp for school-age children to age twelve.



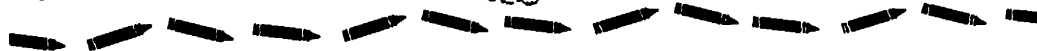
HOURS OF OPERATION:

- 6:00 am to 8:00 pm
Monday through Friday

We observe the following holidays and will be closed on these days:

- New Years Day
- Memorial Day
- Fourth of July
- Labor Day
- Thanksgiving
- Christmas Day

Enrollment is non-discriminatory without regard to race, religion, national origin, ancestry, or sex.





Security Benefit Academy, Inc.
A Member of The Security Benefit
Group of Companies

Child Care Center Parent Information

Welcome to the Security Benefit Academy. We are available to serve Security Benefit associates



with children six weeks to five years of age. Summer camp is available to school age children through 12 years of age.

Our Philosophy

The goal of the Security Benefit Academy is to provide a warm, caring environment that allows your child to develop as a unique individual. Your child's needs—biological, psychological, social, and intellectual—can best be met in an atmosphere of nurturing and creative learning.

At the Security Benefit Academy, we strive to create this kind of atmosphere—one that fosters interpersonal contact and integrates all facets of being in the learning process. Our programs are individually designed to encourage exploration, as well as growth and development. Play, which is the work of children and the medium by which they master their environments, is an integral part of our curriculum.

Each child must feel safe, secure, and loved in order to develop a positive self-image that will translate into optimum emotional and physical development. At the Security Benefit Academy, we provide learning experiences that encourage each child to develop physical, intellectual, and social skills while progressing through the various developmental stages of his or her own pace. Our philosophy

encourages self-discovery and creativity and builds self-esteem.

The staff of the Security Benefit Academy, believing in the integrity of the family and strives to involve parents as much as possible in the Center's programs.

Play Is A Child's Work

When children are loved and cared for, when they know they mean something to us, learning just comes naturally to them. We let them develop at their own pace. We give them time to daydream. Play is a child's work and the foundation for all learning.

Your child will follow a schedule, posted one week in advance for you to review. A typical infant/toddler schedule includes meals, exercise, outdoor play, sensory development, fine motor development, and language. We document your infant's or toddler's day and closely follow written directions you provide.

Two- to five-year olds participate in planned educational activities such as language mastery (describing, classifying, comparing, defining), motor skills (fitting, stacking, matching, building), problem-solving activities, artistic and sensory experiences, outdoor play, and free activity time for self-expression. The curriculum is flexible and designed to encourage each child to develop a healthy self-image through positive experiences and praise.

Intergenerational Linkage

In today's mobile society, families often find themselves without the support and guidance traditionally provided by older family members. For many families, contacts with grandparents are limited.

We have responded to this

cultural change by bringing the two generations together in a secure and comfortable setting. Both elders and children benefit from the weekly planned activities of music, movement, creative arts, and story telling.

We also utilize the talents and life experiences of those elders who serve as teacher assistants, volunteers, and mentors in our daily program.

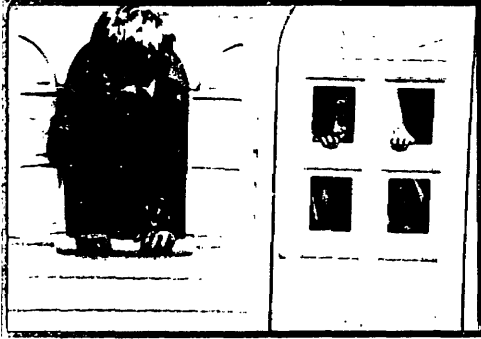
These intergenerational interactions bring emotional, social, and mental stimulation to the frail elders, as well as providing opportunities for our young children to learn about the aging process through experiences with new friends of another point along the lifespan.

Special Care Unit

If your child has a low-grade fever or is coming down with a cold—loss of appetite, apathy, runny nose, stomachache, cough, red eyes, earache—bring your child to Special Care.

In a room of its own, the Special Care unit offers board games, books, videotapes, and, most importantly, a lead teacher who monitors each child throughout the day. The unit may take up to six children from six weeks through 12 years of age. Reservations are made on a first-call, first-served basis. For your convenience, our answering service will take your reservation before or after regular business hours. The number is 295-5170.

If your child attends the Center and becomes ill during the day, he or she will be taken to Special Care. If the child's temperature goes above 102 degrees, or if the illness becomes more serious, staff will call you and ask for your instructions.



To protect the health of all the children in Special Care, we will not be able to care for children who have recently been exposed to communicable diseases such as chicken pox, measles, mumps, lice, or those who exhibit symptoms of communicable disease.

Summer Camp

Summer camp has a limited number of spaces for children through 12 years of age. Activities include art projects, group and table games, field trips, and swimming. There also is ample time for socialization and role playing.

Only children who have completed the enrollment procedure may attend. Enrollment and health record forms are available in the Center's office. All enrollment forms must be completed by the parents, with the exception of the back of the Shawnee County Health Department form, which must be completed and signed by your physician.

Staffing

Security Benefit Academy, is a warm, enriching place thanks to our qualified and caring staff. Staffed and managed by Menninger, each

member is trained, experienced, and dedicated to caring for your child. All staff members meet our high standards in a variety of areas—educational qualifications, experience, positive attitudes toward children, excellent references, and physical stamina.

The curriculum will be designed for each developmental age. Appropriate practice promotes the well-being of the whole child by striving to understand each child's needs through a creative approach to self-awareness of the world in which each child lives.

Parent Participation

We appreciate your needs also. Your questions are always welcome, and we will keep you up to date on your youngster's activities through daily meetings, personal notes, newsletters, and workshops. You are welcome at the Center any time you want to visit. Mothers can continue to nurse their infants or parents can pop in for lunch to say "hi" during breaks or to kiss a scraped knee. We encourage parents to take an active role in our program. We also encourage you to tell us about your child's personality, special needs, problems, and talents. In turn, we

will keep you informed about progress, problems, and daily events.

A Child's Place

Our facility is colorful, well-equipped, and designed with the needs of young children in mind.

The infant unit, which invites play and active exploration of movement, provides a warm, caring environment for children from six weeks to one year of age. It is divided into mobile and non-mobile units. Activities in the infant unit are designed to increase infants' curiosity and help them learn motor skills, language skills, and self-help skills.

The toddler unit is divided into 3 toddler classrooms ranging from 12 months to two-and-one-half years.



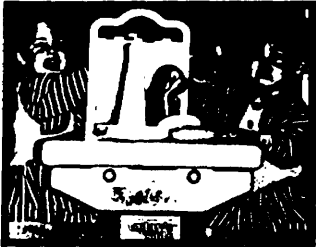
These units provide play that is developmentally appropriate to each age group. Toddlers learn through their own experience, trial & error, repetition, imitation and identification. Adults guide and enhance this learning by ensuring that the environment is safe and emotionally supportive. Many creative and manipulative toys are provided to the toddlers, along with daily activities of music, storytelling, small group activities, and sensory exploration. The toddlers occasionally take part in field trips away from the center.

There are three preschool units. Preschool 1 and 2 stress independence, language development, and social skills. Cognitive skills include pre-math

and pre-reading activities. The children are also exposed to creative art, story telling, dramatic play, music, and movement. Cooperative play is encouraged.

Preschool 3 is a pre-kindergarten program, teaching cognitive skills that enrich visual discrimination, spatial and temporal relations, auditory discrimination, seriation, counting, classifications, making comparisons, pattern recognition, visual memory, auditory memory, and sensory experiences. Aesthetic interests are highlighted in music, creative art, story telling, dramatic play, and movement. A variety of manipulative toys and materials are available for the preschool children to build and develop fine motor muscles.

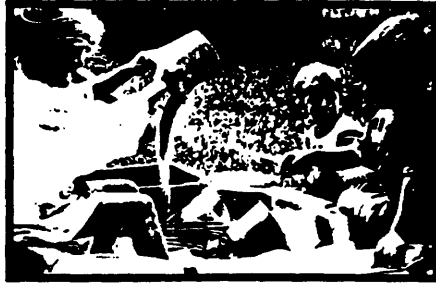
Throughout the preschool units, activities provide for exploration,



and learning centers are arranged for discovery learning.

Hours Of Operation

The Security Benefit Academy is open from 7:00 a.m. to 6 p.m. Monday through Friday. It is closed on the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Other holidays will be announced at the beginning of each year.



Our program is approved for Social and Rehabilitation Services Children and the State of Kansas Food Program.

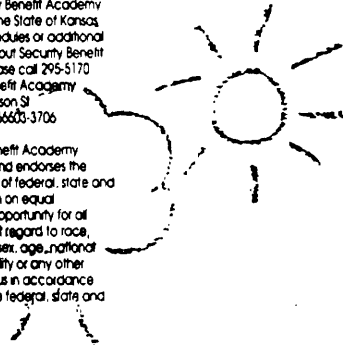
Enrollment forms are available at the Security Benefit Academy. These forms must be completed by the parents and returned to the Center. The Shawnee County Health Department form must be completed and signed by your physician.

The Security Benefit Academy is licensed by the State of Kansas.

For fee schedules or additional information about Security Benefit Academy, please call 295-5170.

Security Benefit Academy
634 SW Hanson St
Topeka, KS 66603-3706
295-5170.

Security Benefit Academy subscribes to and endorses the letter and spirit of federal, state and local legislation on equal employment opportunity for all persons without regard to race, color, religion, sex, age, national origin, or disability or any other protected status in accordance with applicable federal, state and local laws.



Security Benefit Academy
634 Harrison
Topeka, KS 66603
Phone 785-431-5170
Fax 431-431-5177

Security Benefit Academy Memorandum

To: Rochelle Chronister, Secretary, Kansas Department of SRS
Date: April 13, 1998
From: Craig Anderson, Sr. Vice President, Human Resources
Re: Benefits of Corporate Child Care

In response to your request for documentation on the benefits of corporate child care, attached are several items which may be helpful to you.

We have never kept records regarding improved absenteeism, etc. However in conversations with associates, we have been assured that the following benefits are paramount:

1. Associates miss fewer days of work. If children are mildly ill, they may remain at SBA.
2. Associates miss fewer hours of work to take children to doctor or dentist appointments. Because of the location of SBA, travel time is nearly eliminated when keeping appointments.
3. Associates spend more time with their children with on-site child care. Nursing mothers are frequent visitors -- and parents can visit during lunch hours just to spend time with their children.
4. Recruiting is much easier. Prospective associates and their spouses are encouraged to visit the Center. These prospective associates have shared with us that on-site child care is a deciding factor in their career decisions.

We hope this information helps.

Security Benefit Academy

Fact Sheet (a little history)

- Security Benefit Academy (SBA) opened August 17, 1992, with 20 children.
- We are licensed for 132 children, infants through 12 years. Our capacity includes space for 18 infants, 30 toddlers, 46 preschoolers (ages 3-6), 30 school age children for special summer and winter camps and 6 children in Get Well Care.
- SBA has full 24-hour security. The building is locked at all times, but parents have an access code and are welcome (and encouraged) to visit their children whenever possible.
- We have a computerized check-in and out system.
- All child care expenses are payroll deducted for SBG associates.
- Developmentally appropriate activities, including a wide variety of play and learning experiences are available to all children.

Special Services

- ✓ **Get Well Care:** This special care is offered for any child enrolled in the program on a first-call, first-served basis, depending upon staff availability. It is a program specifically designed for children recovering from a mild illness (colds, flu symptoms, ear infections, etc.) after they have been seen and diagnosed by a physician. Activities and care are geared to the special needs of the child who is not feeling well.
- ✓ **Summer Camp:** This program includes a summer full of fun for 6 to 12 year olds! Activities include swimming, field trips, bowling, miniature golf, skating, art projects. Summer campers begin and end their day at SBA.
- ✓ **Winter Camp:** This program consists of special activities for school age children during the Christmas holiday. Length of the camp varies, depending upon school schedules.
- ✓ **Parent Education Lunches:** Special lunch sessions are planned with parents at various times during the year. Information is presented and discussions held on topics such as children and stress, reading, etc.

For more information about SBA and any of the programs offered, enrollment, or to schedule a tour of the center, please call Diane Purcell, Director, or Donna Markotic, Assistant Director, at 431-5170.

THE CITY OF PARSONS CHILD CARE PROJECT

The City of Parsons is proposing the establishment of an evening child care program directed primarily towards families in which one or more member works evening shifts (5:00 PM to Midnight) at local industries. Local industries and local government are contributing \$50,000 in matching funds to make the project a reality. The City of Parsons pledged \$31,000 in Community Development Block Grant funds, Power Flame Incorporated donated \$5,000, Grandview Products Co., Inc. donated \$5,000, Wichita Southeast Kansas Transit donated \$2,500, Ray Products Inc. donated \$5,000, Individual Mausoleum Company donated \$500 and Parsons Precision Products donated \$1,000. These donations were secured primarily through solicitation by one individual representing the city of Parsons. All industries making contributions anticipate the receipt of 70% tax credits under the existing Kansas Community Service Program. Employees of these businesses will likely use this new child care service. Kansas Social and Rehabilitation Services (SRS) has committed \$50,000 from the Child Care Development Fund in start-up expenses for equipment and supplies. The City of Parsons is planning this summer to apply for Community Development Block Grant Funds through the Kansas Department of Commerce and Housing. If secured, this funding would be used to build a permanent site for this employer sponsored child care center. Until a permanent site is established, this project will be operated at the site of the Parsons State Hospital Child Care Center.

For more information contact:

Larry Eller, Community Development Director
City of Parsons
PO Box 1037
Parsons, KS 67357
316-421-7030

NEW BEGINNINGS ENTERPRISES, INC. CHILD CARE PROJECT

New Beginnings Enterprises is a 501 (c) (3) statutorily recognized as a Community Disability Organization in the community of Neodesha, Kansas, population of approximately 10,289. Currently, the only choice for families seeking child care is Family Day Care Homes. New Beginnings has proposed to provide a center-based full-day child care program for families who work and/or reside in Neodesha or surrounding communities. This is a direct result of an Industrial Council meeting in 1997. Those in attendance at this meeting agreed that child care options for families were very limited. Employers have had potential job candidates state they rejected jobs due to the limited child care situation. Industrial Park business leaders agreed to support efforts to establish a child care center if alternative hours of care would be available for their employees. This plan includes community participation, volunteerism, and financial support from area industrial park businesses. Participants in this project include:

Neodesha High School - will provide 4-6 apprentices as aides in the classrooms;
Community Site-Council - To handle Quality Assurance, policies and procedures, grievances;
Local Government - Provided \$60,000 for construction costs;
Industrial Park Businesses - Over \$35,000 has come from businesses for construction costs; one business is also considering funding their employees' child care costs;
Wilson County Ministerial Alliance - Volunteers to build fencing around playground;
Neodesha Lions Club - Volunteers to assemble and set playground equipment and ground cover;
Volunteer Services - New Beginnings has an active volunteer program which it will utilize to keep staff/child ratios low;
Child Care Block Grant Funding - Social and Rehabilitation Services (SRS) will provide \$59,000 in start-up equipment and supplies through the Child Care Development Fund grant program.

Why is this program successful?

New Beginnings has spent the past two years educating the community on the benefits of inclusion and the appreciation of individual differences. Neodesha is a community with incredibly caring and very civic-minded citizens who will support any cause they find to be just. The need for affordable, accessible, quality childcare in rural Southeast Kansas has been identified as such a cause.

For more information contact:

Anna Silva-Keith, President/CEO
 New Beginnings Enterprises, Inc.
 1001 Wilson
 Neodesha, KS 66757
 316-325-3333

PREPARED STATEMENT OF HON. CHRISTOPHER J. DODD

Mr. Chairman, I want to begin by thanking you for holding this hearing on child care. I want to commend you for your persistence in keeping the spotlight on this issue and for your efforts to remind the members of this committee and this body that we have unfinished business when it comes to making sure that parents have real choices when it comes to caring for their children. And I want to thank you for allowing me to testify before you today.

Any member who goes back to his or her state and spends any time talking to families quickly realizes that there are few issues that weigh more heavily on parents' mind than how their children are cared for.

Parents worry that they can't afford to take time to be with their children. When they must work, they worry that the child care they need will be unavailable, unaffordable or unsafe. It's a constant, daily struggle. This issue is too important for us to be diverted by partisan politics.

I am very encouraged by the commitment and leadership of the members I see before me—all individuals known for their ability to negotiate bipartisan solutions to the concerns confronting American families.

We do know how to come together when tough decisions need to be made. And it is my expectation that when it comes to making sure that parents have real choices in caring for their children, we will do so again.

Three weeks ago during debate on the budget the Senate passed unanimously a resolution offered by Senator Sessions. This resolution stated that it was the view of each and every senator that we should do all that we can to support parents who make the difficult decision to forego a second income so that one parent can stay at home to care for a child.

So let us not turn this into a partisan issue as some outside this body have tried to do. Let us not try to ignite a "mommy war." Let us all recognize that when it comes to helping families provide for their kids, the debate need not be a partisan one.

Clearly we know how to work together when the concerns of America's families are at stake. The Child Care and Development Block Grant, which I was pleased to author with Senator Hatch, was enacted in 1990 with bipartisan support. Similarly we saw bipartisan support for the Family and Medical Leave Act in 1993.

And when we act to improve the care provided to the children of this nation, I hope and believe that we will do so in a bipartisan manner.

I know that some of my colleagues question whether there is a federal role in child care. I would simply say that there is one and the value of the federal contribution toward meeting the needs of families has been immense. Clearly, the legislative proposals that are likely to be discussed today are not attempts to jump life into failed vehicles—the block grant does work. And tax credits, when targeted appropriately, do work.

And if you don't believe that we need to act, consider that 5 million children go unsupervised each day between the hours of 3 and 6 pm. Consider that waiting lists in California are up to 200,000 families, in Florida up to 25,000, and Texas up to 20,000. And in Connecticut we decided that it was cruel to give families false hope. Knowing that we couldn't help any more parents find child care, we simply stopped keeping a waiting list.

Consider that only one in seven child care centers provides care that promotes healthy development. Child care at one in eight centers actually threatens children's health and safety. And infants and toddlers—our youngest and most vulnerable children—fare the worst. Almost half of infant and toddler care endangers health and safety.

Clearly the bills that Senator Chafee and I have introduced, which are cosponsored by a number of members present today, differ in approach—on the proportion of funding allocated to tax credits versus expansion of the child care block grant, on whether funding should be mandatory or discretionary, whether funding should come from tobacco legislation, and if we should expand the Family and Medical Leave Act to allow an additional 13 million parents to stay at home to care for a newborn or sick child without fear of losing their job.

But, more importantly when it comes to the fundamental issues, the similarities are striking: Both acknowledge the need to substantially increase funding for the Child Care and Development Block Grant. The block grant is a life-line for low-income working families who need help in paying the \$4,000-\$10,000 that child care can cost. Yet, because of underfunding, only 1 out of 10 eligible children receives assistance. Even with the resources provided by the welfare reform bill, and the excellent job that states have done to draw down all available dollars, tremendous need remains.

Both bills recognize that we should better use the tax system both to help families afford child care and to support families who make the difficult financial decision to stay at home to care for a child.

And both bills acknowledge that the federal government cannot do the job alone—we must engage the private sector and help businesses to see that providing safe and affordable child care can make a difference for their bottom line.

Mr. Chairman, for the past three days we've been engaged in debating the educational needs of our nation's children. We've struggled long and hard over how to improve the state of public education.

But, we must not forget that the development of our children does not begin at age 5 or 6. And we must not forget that the education of our children does not end at 3 pm in the afternoon.

The years before a child enters school and the hours before and after school hold astonishing potential. We know now that in these years and hours there are moments of opportunity for learning and for growing. And we know that some of these opportunities, once missed, can never be recaptured.

If we are truly to realize the promise of our nation's future we must commit our time and resources to making sure that every child can fulfill his or her potential and making sure that parents have real, affordable and safe choices about caring for their children.

PREPARED STATEMENT OF SUSIE DUTCHER

Mr. Chairman, I want to thank you for inviting me here today. I believe that politics and policy are important, and I respect your public service. I believe families are equally important, and I hope you respect my public service, which consists of providing the public with one healthy family, composed of well-adjusted, productive individuals.

I spend my days cooking for my husband and children, doing laundry, cleaning toilets, and vacuuming. I teach my children to read and do math, and I take them to the park. We do watercolors and science experiments, and I read them Aesop's fables and David and Goliath. I probably spend two hours a day in the rocking chair. After they're all tucked in bed, I fold the laundry and do the family budget on our computer. Believe it or not, I don't play golf or go to the club and play cards.

This is the life I've chosen, because I believe it's best for children, whenever possible, to be cared for by their mother rather than by strangers. I believe my job is important. And because of the time and money and energy I invest in their lives, I believe my children will grow up to do great things. I believe none of them will end up on the welfare rolls, in prison, or in any way dependent upon the state.

I used to be a schoolteacher, and certainly the salary and benefits I could earn teaching school would improve our material well-being. But some checks can't be cashed at the bank: my son Lincoln, when he was three years old, said to me one day, "I'm proud of you cause you do the right things. Like take a shower, and fix my breakfast. . . . Those kind of things." I know it's all worth it when we're on the floor playing with blocks, and I notice out of the corner of my eye that he's stopped playing and is staring at me like a smitten young man. "I love the way you talk," he said to me. "And I love the way you smell." How do I smell? I asked. "Like a mommy." There's no need for me to rattle off the social-science research on the importance of strong marriages and families—some truths are self-evident.

I mentioned I do the family bookkeeping, and I can tell you that taxes are far and away the biggest portion of our family budget. There are many things I would like to do with my husband's earnings, but, with all due respect to your honorables in both parties, you seem to believe you have the moral authority and the superior judgment to make those choices for us. I would love to put more dollars into our retirement account, for example, but I'm forced to put them into your Social Security trust fund, which I don't trust. I'd like to buy more books for Lincoln, Elizabeth, and Mary Margaret, and put more money in their college fund, but you've already seen fit to use that money funding closed-captioning for the Jerry Springer show. I'd love to get ballet lessons for Elizabeth, but my money is tied up buying food stamps for the deceased. I'd love to give more money to support our church's missionary in Albania, or the free medical clinic in Oklahoma City, but instead I'm forced to fund fish farming in Arkansas, and Social Security disability payments for escaped convicts. Call us greedy, but my husband and I would like for the most part to make our own choices concerning the fruit of our labor. But naturally, under threat of imprisonment, we defer to your choices.

I appreciate the opportunity to testify today, because your decisions deeply affect my family. I can't tell you how frustrated we are that, under budget agreements

passed by Congress, federal revenue collections are set to rise from \$1.35 trillion in 1995 to \$1.9 trillion in 2002. That's why my husband took two vacation days (out of the 10 he gets each year), and why we traveled here at our own expense, which amounts to more than a week's salary—to ask you to let up.

When Lincoln was three, one morning in the kitchen he motioned to his dad and me out of the blue and said, "You guys gather up." We obliged, and he put his little arms around us and prayed: "God, thank you for giving me my mommy and daddy. In Jesus' name, Amen." I'm so glad I can be at home for my children, and I implore you not to craft public policies which discourage mothers from doing so. My husband and I certainly don't want to pay the day-care bills of two-income couples more affluent than ourselves. All we ask from you is to safeguard our family's liberty and property, and to stop taking them.

PREPARED STATEMENT OF HON. BOB GRAHAM

Mr. Chairman, the members of this subcommittee, I thank you for taking a leadership role in holding this important hearing. The child care needs of American families is one that deserves our careful attention, and I congratulate this committee as well as the President for placing this issue high on our national agenda.

In Florida, every day, 3 out of 5 young children are in child care. Although Florida spends more than \$340 million on Subsidized Child Care, there are at least twice as many children eligible as are currently enrolled but are on waiting lists. We must do more to ensure both the quality of child care and increase the availability of child care, especially for the working poor.

There are more than 25,000 Florida families on the waiting list who do not receive temporary cash assistance because they work in low-wage jobs in the retail sector, hotels, fast food restaurants, nursing homes, and child care centers. They earn too little to have the same choices of professional workers to work part-time or to stay home with their children, but earn too much to qualify for many government programs. Consequently, it is not unusual for many of the working poor to spend more than half of their income for child care. Further, even with conservative estimates, there are at least 39,000 children from birth to age five being left in unsafe arrangements because their families cannot afford to purchase appropriate and safe child care.

It is essential that we do more to reach the school-age child. In Florida, of the estimated 316,000 children ages five to 12 whose family income is below 150 percent of poverty and whose mothers are in the workforce, at most, approximately one-third are enrolled in any type of after-school supervision. This puts entirely too many of our youngest at severe risk. Most youth crime occurs between the hours of 2 and 7 p.m. when school is out and children are home alone or otherwise unsupervised while their parents work.

Nationally as well as for the State of Florida, various studies have shown that the quality of care can be improved. According to a recent study of child care in Florida, only 42 percent of the care provided in centers for preschool children is of the quality needed to enhance their growth—and infant care scores even worse. Recent improvements in staff-child ratios and teacher training have improved the quality of care, but these improvements are believed to be undermined by teacher turnover rates of nearly 30 percent annually. The high turnover is, in turn, linked to low wages and lack of health insurance in the child care industry.

Finding the means to appropriately support the issues of quantity and quality, as well as focusing on measures to reduce teacher turnover in child care, must be a top priority of this Congress and the Administration. I am, therefore, pleased that this subcommittee is hearing testimony from someone who can speak with credibility and extensive professional experience on these issues today.

Ms. Susan Muenchow—who heralds from Tallahassee, Florida—is a renowned authority, and has been a major influence, on Florida's policies on child development and child care policy.

Ms. Muenchow's formal service on behalf of children in Florida dates back to early 1987 when she was the Assistant Director, and later the Acting Director, of the Governor's Constituency for Children during my own administration as Florida's governor. Following that experience, she was the Chief of Child Care and Prevention for Subsidized Child Care in the Florida Department of Health and Rehabilitative Services until 1990.

She has been instrumental in co-authoring a book on Head Start and directing and expanding Florida's Subsidized Child Care Program. And she has worked for the Bush Center in Child Development and Social Policy and the Carnegie Council

on Children at Yale, as well as covered children and youth issues as a correspondent for the Christian Science Monitor.

Ms. Muenchow presently is the Executive Director of the Florida Children's Forum, where she administers the second largest non-profit Child Care Resource and Referral Network in the nation. The Network which has its headquarters in Tallahassee, Florida consists of agencies which serve over 125,000 families per year. Ms. Muenchow was instrumental in the passage of Florida's Child Care Partnership Act which is an innovative strategy designed to expand child care subsidies for the working poor at a reduced cost to the state. Established by the 1996 Legislature as part of the state's WAGES legislation, the program was responsible in the first 18 months for raising more than \$6 million from employers and community groups which will be matched on a dollar-to-dollar basis by the state.

Finally, I am proud to say that Ms. Muenchow serves as a member of my advisory committee on child care issues in Florida where she is instrumental in providing support and direction on issues affecting child care providers as well as consumers of child care services. This advisory committee will be assisting me with the planning and execution of a child care summit which I am organizing on June 1st in Florida. This summit will assist us in proposing the kinds of collaborative efforts, especially public-private partnerships, for enhancing the quality of quality child care in our state.

Mr. Chairman, I thank you and the subcommittee for this opportunity to express my admiration for the work that Ms. Muenchow has done for families and children in Florida.

PREPARED STATEMENT OF CHRISTINE C. FERGUSON

INTRODUCTION

Good Morning, Mr. Chairman, and distinguished members of the Senate Committee on Finance. It is an honor to be here today to speak with you on one of the most important issues facing our great nation, child care. Many of us "outside the Beltway" appreciate your willingness to review this issue and work through your differences.

PROBLEM

Rhode Island families, like many others across the nation, are experiencing a child care crisis. With welfare reform underway and our increasing study of brain-development in young children, it is clear that having quality child care available for all working families is of extreme importance. As the director of the Department of Human Services, I am charged with providing affordable, accessible quality child care to low and middle income families so that tomorrow's generation is equipped to live in a technologically advanced and complex world.

For many poor and low-income families, child care problems can be severe:

- Studies like the Cost, Quality, and Child Outcomes Study have confirmed that low to middle income families still face great struggles in finding affordable, good-quality childcare—and that most care now retained by parents is mediocre, at best.
- Despite recent state initiatives to increase child care assistance to low and middle income families, long waiting lists and rising demands for child care help among both working and welfare families pose tough challenges for states. If additional underfunded work requirements are imposed on states by Washington, challenges will become even more vexing.
- Welfare moms are finding it difficult to move from welfare to work while maintaining a healthy home. Middle income families are scrambling to survive financially and ensure that their children have the best possible environment in which to develop and grow.

THE RHODE ISLAND EXPERIENCE—A SOLUTION THAT WORKS

Although Rhode Island possesses perhaps the most equitable, balanced and positive child care policies in the nation, we are now faced with the challenges of making sure that they can be swiftly and fully enacted and maintained. Rhode Island will draw down all its child care block grant, 11 million, including matching dollars, and another 1.5 million from Title XX. In addition, RI will spend 13 million dollars in state funds to support working families. Currently, 43% of all families receiving child care subsidy are on cash assistance and 57% are not receiving cash. Even with statistics such as these, RI has not gotten to the core of beneficiaries on welfare Of

the families on assistance, only 18% are presently using child care, and we have only reached the tip of the welfare demand.

In Rhode Island, Governor Almond has worked together with the State Legislature to dynamically reengineer socio-economic programs such as health and welfare and their impact on economic development. In Rhode Island, 95% of all businesses have less than 50 employees. Small businesses struggle to provide good wages and are often unable to fund quality health and child care benefits. Governor Almond is making it possible for Rhode Island small businesses to thrive and prosper by providing them with quality benefits to aid workers. It is our belief that this is helping small businesses in Rhode Island retain their best and brightest employees.

Rhode Island has adopted a simple goal—All children will enter school ready to learn and leave school ready to work. The Starting Rite initiative that Lt. Governor Jackvony described will advance child care by making it available for families who are in need; ensuring an adequate supply, and expanding capacity for infant and toddler care, after school programs and for children with disabilities. It will allow us to respond to the diverse needs of children and families with a wide variety of program models and multi-cultural child care services. In addition, it will improve quality.

In order for Rhode Island and other states to continue to assist low and middle income families, we must have a commitment from the federal government to be a partner in these efforts. Therefore, on behalf of Rhode Island, I ask that you increase funds for the child care block grant to take the burden off of those who are trying to provide a brighter future for tomorrow's children. Senator Chafee's legislation which increases quality child care, and provides additional tax relief to families to increase the affordability of care is the type of legislation that we need from Washington to be able to provide holistic services centered on assisting working families.

This bill mirrors the philosophy that we have embraced in Rhode Island: that our continued prosperity and economic growth depends on our children growing into emotionally competent, socially responsible and academically proficient adults. I hope that you give his bill and the concept of increased funds to child care the utmost in consideration.

Agencies & Resources

Call the DHS Family Independence Program Info Line at

1-888-DHS-3322...

- For information on child care,
- for new child care reimbursement rates, or,
- to learn about the DHS Family Independence Program (FIP), including the availability of health insurance, child care and job training assistance, and more

RI Child Care Training System at Children's Friend and Service

(401) 729-0765

For more information on child care training services, developmentally appropriate curriculum services,

DHS Rite Care InfoLine

1-800-346-1000

TDD 1-800-745-5555

To obtain information on child care licensing and application for a license, contact the licensing and department, 600 New London Avenue, Cranston, RI 02920.

RI Department of Children, Youth and Families Day Care Licensing and Regulation

(401) 277-4761

For more information on child care licensing and application for a license, contact the licensing and department, 600 New London Avenue, Cranston, RI 02920. For more information on how to start a child care center, contact the licensing and department, 600 New London Avenue, Cranston, RI 02920.

Other Child Care Provider Resources

RI Department of Health Nutrition Hotline

1-800-624-2700 (M, W, F 9am-1pm)

For free nutrition information including the Preschool Feeding Guide and information on healthy snacks, food allergies, etc

RI/DHS Family Child Care Nutrition Program

1-888-DHS-3322 FIP Info Line

For information on nutritional training and subsidies for providing nutritious meals in a home-based child care setting.

RI Department of Children, Youth and Families

1-800-RI-CHILD

To report child abuse/neglect



RI Department of Human Services
600 New London Avenue
Cranston, RI 02920

6/97

We'll give you three good reasons to become a licensed child care provider...



1 You love kids and you think you could provide them with a nurturing, caring environment in which they would thrive and grow.

Do you have a child care background, or does the idea of caring for children as a career appeal to you? If so, read on, we have information that you might be interested in...



2 You and your children could qualify for comprehensive health care benefits.



If you are certified or become certified through the RI Department of Children, Youth and Families as a licensed family care provider, if you provide care for children subsidized through the RI Department of Human Services, and if you meet other eligibility requirements, you may qualify for coverage under the state's insurance plan, Rite Care. You may also be eligible for dental coverage!

3 For the first time in several years, the State is increasing its reimbursement rates for licensed child care providers by an average of 14%.

The DHS is increasing its rates to become more competitive. Effective January 1, 1998, if you provide child care to infants, toddlers and/or school-aged children in either a licensed home-based setting or in a child care center, your reimbursement rate from the RI Department of Human Services (DHS) will increase by approximately 14%. Further annual rate increases are also scheduled.





STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Human Services
 OFFICE OF THE DIRECTOR
 600 New London Avenue
 Cranston, R.I. 02920
 (401) 464-2121
 TDD# (401) 464-3363

RHODE ISLAND CHILD CARE FACT SHEET

- Rhode Island's child care program is administered by the Department of Human Services (DHS) under the direction of Christine Ferguson.
- Rhode Island is the only state in the country in which child care is guaranteed to low-income working families. This initiative went into effect on May 1, 1997 as part of the Family Independence Program.
- DHS waiting lists for child care subsidies do not exist and there is no time limit on receiving assistance.

ELIGIBILITY AND SERVICES

- Working families who earn up to 185 percent of the Federal Poverty Level are eligible for subsidized child care.
- Samples of qualifying incomes include: a family of two with annual income up to \$20,072; a family of three with annual income up to \$25,252; and a family of four with annual income up to \$30,433.
- Child care providers fall into four categories: licensed centers; licensed family (home-based) care; in-home; and relatives. Parents choose the type of care they prefer.
- Providers are licensed through the Department of Children, Youth and Families (DCYF).
- Approximately 78 percent of subsidized children are cared for by DCYF licensed providers.

PAYMENT METHODS

- Child care providers are reimbursed by DHS every four weeks via mail.
- Working parents are required to pay an income-based, sliding scale co-payment for child care.
- The co-payment structure is currently being reviewed by DHS to insure that it is equitable for both parents and providers.

REIMBURSEMENT RATES INCREASED

- As mandated in the 1998 state budget, reimbursements to providers who care for subsidized children will increase to coincide with the 75th percentile of local market rates by the year 2000.
- The first rate increase, which averaged 14 percent, took effect on January 1, 1998. It was the first comprehensive rate increase in state-subsidized child care since 1991.

- Rates will continue to increase an average of nine percent each year in 1999 and 2000.
- Market rates are based on a child care market study conducted by DHS in 1993. As mandated, future studies will be conducted by the state's Department of Labor and Training, in conjunction with DHS, on a biennial basis. Reimbursement rates will be adjusted accordingly to coincide with the new market studies.

Rite CARE COVERAGE

- Licensed, home-based providers who care for state-subsidized children and meet other criteria, or are eligible to receive comprehensive health and dental benefits through Rite Care, the state's health insurance program. This benefit would also be extended to include the children of eligible child care providers.
- Rhode Island is the only state in the country that provides state-funded health and dental benefits to qualifying providers and their minor children (up to age 18) who reside with them.
- This benefit became available on January 1, 1997. Dental coverage was added June 1, 1997.
- To qualify for Rite Care benefits, a provider must be licensed through DCYF as a family care (home-based) provider. The provider must have been paid at least \$1,800 by DHS for child care services during the six month period preceding his or her request for coverage, and must not be in receipt of Rhode Island Medical Assistance or any other health insurance, with the exception of General Public Assistance medical coverage.
- Providers who meet all qualifying criteria receive six months of DHS-paid enrollment in one of Rite Care's four participating health plans, including Blue CHIP of Rhode Island, Neighborhood Health Plan of Rhode Island, United Health Plan, Harvard/Pilgrim Health Plan of Rhode Island. Providers must requalify for coverage every six months.
- One hundred twenty licensed family care providers have enlisted in Rite Care to date.

For more information contact the Rhode Island DHS Center for Child and Family Health at (401) 464-2501, or the RI DHS Public Information Office at (401) 464-5275.

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Providence Journal-Bulletin

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TUESDAY

FEBRUARY 3, 1998

INVESTING IN THE FUTURE

Almond unveils expanded child-care initiatives

THE PLAN

Some of the key goals of Governor Almond's child-care initiative:

- Double the number of children in state-subsidized day care to about 14,000 over three years.
- 'Child care has become the single most important issue facing working families' — *Almond*
- Set up after-school programs for children up to age 16.
- 'After-school hours are the times when many teenage pregnancies happen and youth are most at risk of committing violent acts' — *Rep. Nancy Benoit*
- Enroll about 700 more poor children in either Head Start or a state-run comprehensive children's program.
- 'Head Start makes such a difference in whether [low-income children] are ready to learn when they start school' — *Elizabeth Burke Bryant, executive director of Kids Count*



Journal-Bulletin/BOB BREIDENBACH

SMALL CITIZENS: Governor Almond and his wife, Marilyn, visit Child Care Connection, in Smithfield, to talk about his proposals to help working families.

By SCOTT MACKAY

Journal-Bulletin's State House Bureau

SMITHFIELD — It is perhaps the biggest worry of modern American parents: while they work, what is happening to their children?

From the White House to the State House, helping working parents with child-care costs is the focus of a passel of new government initiatives and ideas.

Yesterday, Governor Almond weighed in with his program, a year in the making, that emphasizes better and more affordable child-care programs for working parents.

The \$13-million state initiative laid out by Almond at a news conference, held at a day-care center and nursery, includes an array of proposals to beef up

children's programs, including day care for toddlers and young children and after-school programs to keep children up to age 16 better occupied after their daily classes end.

"As our work force continues to change, child care has become the single most important issue facing working families," said Almond.

Called "Starting Right," the plan would expand by about 11,000 the number of families eligible to get state assistance for child care. For example, it would make a family of three with an income of \$33,325 eligible for state help by 2001. The current cutoff for assisting a family of three is \$24,660.

Turn to **DAY CARE**, Page A 5

Day care

Continued from Page One

Under the current program, a family of three can qualify for a weekly state subsidy of \$84 for a child between the ages of 3 and 5 and \$111 for a child younger than 3. The family's copayment is \$29 per week.

Almond administration officials estimate that the number of children in state-subsidized day care would double to about 14,000 over a three-year period.

The goal of "Starring Right," Almond said, is to ensure that children have safe and meaningful programs while their parents are working.

"We all know that our youth are our future, and it's our job to make sure their future is bright," said Almond. "While parents are on the job, they want to know that their children are in a warm, caring environment. They want to feel assured that their kids are in a safe place. A place where they will grow and learn new skills. A place that will empower them to enter school ready to learn," said Almond.

"One of my main priorities as governor is to ensure that all children enter school ready to learn," said Almond.

Republican Almond was joined by a bipartisan group of legislators, including Rep. Nancy Benoit, a Woonsocket Democrat known as the General Assembly's top expert on children's issues. Benoit, chairwoman of the House Health, Education and Welfare Committee, said she will introduce the "Starring Right" legislation today.

Besides expanding the number of working families eligible for subsidies, the legislation would:

- Help small businesses establish child-care programs for employees.

- Set up after-school programs for children up to age 16.

- Expand state health-care benefits for child-care workers.

- Provide better training for child-care workers.

- Enroll more 3- and 4-year-olds in the Head Start preschool education and development program.

- Hike state reimbursement payments to day-care providers from about 65 percent to 75 percent of the local market rate.

The programs would be phased in over three years, Almond said. But he held out the prospect for getting a faster start if the state can afford it. That would depend, Almond said, on whether the flush state economy keeps pushing state tax revenues up above estimates.

"Hopefully things will keep going well . . . and we can get started earlier," said Almond.

Almond and Benoit said the key issues in child care are expanding access to more working families, increasing affordability of programs and establishing better quality pro-

grams.

Almond, Benoit and Christine Ferguson, state human services director, spoke to about 75 child-care advocates and legislators at Child Care Connection Day Care and Nursery. They were serenaded by nine 4-year-olds, singing, "If You're Happy and You Know It, Stamp Your Feet."

The after-school programs are designed to create ways for teenagers to constructively use their free time. What is envisioned is state support for school-based or other recreational and academic tutoring programs run by such groups as the Boys and Girls Clubs or the YMCA.

Benoit said the after-school programs are crucial. "After-school hours are the times when many teenage pregnancies happen and youth are most at risk of committing violent acts."

Rhode Island spends about \$24 million a year on child care — \$11 million in federal funds and \$13 million in state money.

Under the proposal, an additional \$1 million would be spent on child care the first year, \$7 million the second year, and \$13 million in subsequent years. The governor has proposed using state money to finance the additional spending in the first year, and a combination of state and federal funds thereafter.

A key provision would offer state-subsidized health insurance, and more training and financial aid to day-care workers to try to reduce a high turnover rate in the industry. To obtain the state insurance benefits, a child-care center would have to accept at least half of its children from families eligible for state subsidies.

"We claim children are our highest priority, yet we pay child-care givers less than what we pay our plumbers to fix our toilets," said Benoit.

Mary Ann Shallercross of Lincoln, chief executive officer of the Child Care Connection, said she would increase salaries to her day-care workers if the state helped with health-care costs. Shallercross said she started her business 25 years ago in her home and now owns seven child-care centers in Rhode Island and one in Florida.

About 700 more poor children would be enrolled in either Head Start or a state-run comprehensive children's program. These programs are aimed at the lower end of the economic strata, covering families of three with incomes of about \$13,000 or less.

"This is a wise investment," said Elizabeth Burke Bryant, executive director of the Kids Count project, a research group covering children's health, welfare and education issues.

"Head Start makes such a difference in whether they (low-income children) are ready to learn when they start school," said Burke Bryant. "This is a critical area for the state to invest in."

Providence Journal-Bulletin

AUGUST 8, 1997

— Editorials —

Day care and welfare

The Almond administration and the Rhode Island General Assembly have shown foresight in acting to raise the amount the state pays for subsidized child care. In addition, qualifying child-care providers will now be able to get free health insurance through Rite Care, the state's program covering the poor and some low-income women and children.

The new child-care strategy was prompted by recently passed federal welfare legislation, which requires most recipients to work. Christine Ferguson, head of the state's Department of Human Services, reasoned that since the lion's share of the welfare population is single women with children, it would be difficult to get these women working if child care were unavailable.

Before the current state budget was passed, child-care providers complained that the subsidies they received were too low, and limited the number of poor youngsters they could take in.

Over the next three years, the amount will be raised by about 32 percent, until the subsidy stands at 75 percent of the market rate. That is, what the state pays for a low-income preschooler in licensed home care for a week will rise from \$63 to \$100. For care givers, that's still far from a killing: In 2000, a home-care provider who takes in five low-income preschoolers and works without vacation will earn \$26,000, minus expenses.

Giving health insurance to those who serve low-income children is an additional incentive aimed at getting more people into the business.

Currently, about 6,100 children receive state-subsidized child care, but it seems evident that many more are eligible. With heads of about 14,000 families under pressure to move from welfare to work in Rhode Island, demand could soar, and fairly soon. Having child-care options

already in place will give the work part of the reform plan a better chance to succeed.

Rhode Island is not alone in channeling more resources into child care for just this reason: Illinois, New Jersey, New York, Minnesota, Oregon, North Carolina and Wisconsin are doing or trying to do the same. (Illinois, for one, is already facing a shortage.) But Rhode Island is apparently the first to offer health insurance as an incentive.

Such efforts will not come cheap, although in some states, surpluses due to shrinking welfare populations are being used to pay for the extra child care. The great test will be whether larger investments upfront — more day care, job training and so on — will pay off in the long run, by reducing the number of people dependent on welfare and improving the quality of their lives.

In any case, it will be important to watch whether these incentives work, and to keep an eye on the costs. Rhode Island has budgeted about \$484,000 for child-care providers' health coverage this year. And it is budgeting \$24 million for subsidized child care, about a 20 percent increase over expenditures last fiscal year. The amount will cover both the increase in reimbursement and an increase, to about 7,100, in the number of available slots.

Much of what reformers are after is a change in behavior and attitude: They want people to take economic responsibility for themselves and for their children. Whether the array of experimentation now under way will produce this result is unclear. But Rhode Island, like many other states, is committed to seeing the process through. For now, the day-care component looks essential to a plan that emphasizes work.

Starting Right...

Rhode Island's Early Care and Education Initiative

Over the next three years, the State of Rhode Island plans to implement a comprehensive child care and early education program focusing on the issues of quality, affordability and access, which will ensure that all children in the state are well-prepared and equipped to enter school ready to learn. This innovative initiative, proposed by Governor Lincoln Almond and key legislators and supported by a variety of bipartisan groups including the Rhode Island Children's Cabinet, the legislative Commission on Child Care, and the Danforth Foundation Policymakers working group, would make Rhode Island one of the nation's most aggressive states in the critical area of early care and education.

The program, called Starting Right, will be the linchpin of Rhode Island's efforts to expand its early and school age care subsidy program to include more working families, to increase care options available to those families, and to improve the quality of care provided to all of our children, the future leaders of our state and nation.

The Starting Right initiatives are as follows:

Affordability: Making Child Care More Affordable to Working Families

- Expanding the state's child care subsidy program to include working families earning up to 250% of the federal poverty level, or about \$34,000/yr. for a family of three. Current income guidelines allow families to earn up to 185% of the federal poverty level, or about \$24,000/year. Expanding the eligibility will help make child care more affordable for more working families in need of assistance.
- Extending the subsidy program to provide age-appropriate activities for adolescent children aged 13 through 16. Examples could include community athletics, art, and music programs, community volunteer activities, exploration of vocations, and mentoring programs geared toward this age group. This initiative is also preventive in nature, in that it provides a strategy for addressing the increasing problems of juvenile crime, violence and teen pregnancy.

Access: Improving and Expanding Access to Child Care

- Partnering with communities to develop pilot projects linking the state, business community, schools, child care, Head Start, preschool, and other early childhood programs in an effort to reach the goal of every child entering school ready to learn.
- Increasing, by approximately 700, the number of eligible children enrolled in Head Start programs, particularly in unserved or underserved areas of the state. And, allocating resources to child care providers to enhance services to low-income children including social services, health, nutrition services, mental health, parental involvement and transition services for children entering kindergarten.

Starting Right

Page 2

- Offering health insurance coverage to child care center employers. To facilitate growth and expansion within the child care industry, the state will offer partially subsidized health care coverage to licensed child care centers participating in the state's child care program (at least 50% of their enrolled children must receive DHS subsidies). The state of Rhode Island currently leads the nation in providing health coverage to eligible certified home-based providers. Expanding the availability of health care subsidies to center-based providers will result in an increase in child care placement opportunities across the state. It will also help maintain the stability of care-givers in the child care industry, and could allow employers to increase salaries paid to child care employees, based on health care cost savings.
- Establishing innovation and start up programs to facilitate the expansion of early childhood and school age services. Since Rhode Island is primarily a small business state, some of these funds will be used to help small businesses join together to help create or offer early care opportunities for their employees' families. Another focus will be upon areas of geographic shortages, infant/toddler care, and care during non-traditional hours and for parents with alternating work schedules, including before and after school care.

Quality: Improving the Quality of Child Care Statewide

- Accelerating scheduled reimbursement rate increases to all child care providers serving DHS Child Care Program children originally scheduled for 1/1/2000, to a 7/1/99 implementation. The planned incremental increases would raise reimbursements to providers by an average of 32%, making them much more competitive with market rates.
- Increasing our training resources for child care providers. Enhanced training on early childhood health, safety and developmentally appropriate care will be provided to licensed child care center staff, certified home providers, and other informal child care providers. Specialized training for those caring for newborns and infants would also be developed.
- Leading an effort to foster a coordinated, cohesive link between child care providers and the schools in our state, and providing resources to local school districts targeted to expanding and enhancing kindergarten or pre-kindergarten programs and services.
- Supporting and assisting licensed child care centers and family home providers seeking and obtaining national accreditation.

Fully funded in the third year, the Starting Right initiative will infuse an additional \$13 million into our state's child care and early education system.

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NEWS

Office of the
Governor

State of Rhode Island
and Providence Plantations

Governor's Media Office • State House • Room 124 • Providence, RI 02903 • (401)-277-2080 • 401-272-0860 (FAX)

FOR IMMEDIATE RELEASE
JULY 2, 1997

CONTACT: ERIC J. COTE
(401) 277-2080 x. 605
(401) 786-4581 pager

ALMOND ANNOUNCES INCENTIVES TO MEET DEMAND FOR MORE CHILD CARE SLOTS RItE Care Coverage Now Available to Home-Based Providers

Governor Lincoln Almond today announced that the State's child care program will expand the availability of care for children of low-income parents through increased reimbursements and health coverage, insuring that quality care is available to all working families in Rhode Island.

"One of the major factors keeping parents out of the workforce is the lack of adequate child care," said Almond. "We are addressing this problem in a number of ways: child care subsidies will now be available to more working families, the State's reimbursement for child care will be increased, and providers will be offered health and dental insurance."

Mandated by the new FY '98 budget, which Almond signed just last week, reimbursement rates to providers who care for subsidized children will increase to become more competitive with local market rates by the year 2000. And through the RItE Care program, licensed, home-based providers can qualify for insurance.

Almond noted that Rhode Island is the only state in the country in which child care is guaranteed to working families, and health and dental insurance are available to licensed home-based day care providers.

"Our program for child care here in Rhode Island is considered a national model," said Almond. "The only way to successfully lead the way on such an important issue is to work closely with parents and providers. Through a lot of hard work we have created a child care system that paves the way for parents to enter the workplace and establish a stable environment for their family."

Said Christine Ferguson, director, Department of Human Services (DHS) which administers the State's child care program, "By investing in child care, we are investing in our children's future and the future of Rhode Island's business community."

-more-

Almond/child care
page 2

"The availability of quality care enables parents to enter the workforce with peace of mind. We anticipate that these enhancements to our system will not only elevate the quality of care, but will motivate more people to pursue child care as a rewarding career opportunity," said Ferguson.

The increase in reimbursement rates to providers will take effect on January 1, 1998. Payments will increase incrementally each year to match market rates by the year 2000. Rates will increase an average of 14 percent next year, and 9 percent in 1999 and 2000. This is the first comprehensive increase in state-subsidized child care since 1991.

Currently, DHS has approximately 6,400 children in subsidized care throughout the state. DHS estimates that number could increase to 7,139 slots in 1998; 8,500 in 1999 and 10,200 in 2000. Of the 427 active, licensed family care providers in the state, 90 have enlisted in RItE Care to date.

To qualify for RItE Care membership, a provider must be licensed through the Department of Children, Youth and Families as home-based provider. The provider must have been paid at least \$1,800 by DHS for services within the six months preceding the request for coverage, and must not be receiving R.I. Medical Assistance or any other health insurance, with the exception of General Public Assistance medical coverage. Providers must re-qualify for coverage every six months.

CHILD CARE REIMBURSEMENT RATES

	Current Weekly Rate	1998 Rate	1999 Rate	2000 Rate
<u>Center-Based Child Care</u>				
Infant	\$98.00	\$111.00	\$120.00	\$129.50
Preschool	\$74.00	\$84.00	\$92.00	\$100.00
School Age	\$64.00	\$72.00	\$79.00	\$85.00
<u>Licensed Home-Based Child Care</u>				
Infant	\$81.00	\$91.00	\$98.00	\$105.00
Preschool	\$63.00	\$77.00	\$88.00	\$100.00
School Age	\$53.00	\$70.00	\$85.00	\$100.00

***RITE CARE HEALTH INSURANCE
FOR
CERTIFIED CHILD CARE PROVIDERS***

January 1, 1997

*Rhode Island Department of Human Services
600 New London Avenue
Cranston, RI 02920*

QUALIFYING FOR RITE CARE HEALTH INSURANCE

Certified child care providers and their minor children who live with them may qualify for health insurance through the state's Rite Care program if they meet the \$1,800 test in the latest six-month period and if they have no other health coverage.

Once certified child care providers have been paid \$1,800 by the Department of Human Services (DHS) for child care services within a six month period, DHS will send a letter to ask if they wish to request health coverage for their family. DHS will send a packet of information which contains an enrollment form to complete, sign, and return to DHS. When DHS receives completed enrollment forms, child care providers and their minor children who qualify will be notified.

ENROLLING IN A RITE CARE HEALTH PLAN

Once a child care provider qualifies for coverage, they will be enrolled in the Rite Care Health Plan of their choice for a six month period. The six month qualification period will begin the month after the month DHS receives the applicant's completed request/enrollment form. On an ongoing basis, the provider's child care payment history will be reviewed in order to requalify for the next six-month period of coverage.

Once a child care provider has qualified and been enrolled, the Health Plan will send them an ID card to use to receive health care benefits. The Child Care Provider Health Care Coverage Enrollment Form cannot be used to receive services from a Health Plan.

Health coverage is provided by the Health Plan selected and that Health Plan's network of doctors and other health care providers. Once enrolled in a Health Plan, a child care provider and his/her minor children must go to the doctors and other health care providers that are in that Health Plan's network.

PROGRAM COSTS

For qualified child care providers, DHS pays the entire cost of health care provided by the Health Plan and the dental plan. There are no co-payments or deductibles.

PARTICIPATING HEALTH PLANS

United HealthCare of New England
Neighborhood Health Plan of Rhode Island
Coordinated Health Partners, Inc./Blue CHiP
Harvard Pilgrim Health Care of New England

FOR MORE INFORMATION

The RItE Care Info Line staff will answer general questions on the RItE Care program, including questions on benefits.

RItE Care Info Line: 1-800-346-1004 English
1-800-299-8444 Spanish
1-800-745-5555 TDD

The Customer Services (or Member Service) departments of each of the participating Health Plans can provide specific information on their Health Plan.

I. LEGAL AUTHORITY

In accordance with R.I.G.L. 40-6.2-4, RIte Care coverage may be provided to certain DCYF-certified family child care providers who provide services to families and who are paid by the Department of Human Services (DHS).

II. POLICY STATEMENT AND PURPOSE

A. CRITERIA FOR HEALTH CARE COVERAGE

A child care provider and her/his minor children (natural or adoptive child under the age of 18) residing with her/him qualify for this health care coverage if the child care provider:

1. Is a DCYF-certified family child care provider who is paid by DHS to provide child care services;
2. Has been paid at least one thousand eight hundred dollars (\$1,800) by DHS for child care services within the six (6) month period immediately preceding the month in which she/he requests health coverage;
3. Requests coverage by completing a DHS enrollment form and returning it to the Third Party Liability (TPL) unit before the thirteenth (13th) day of the month that precedes the month in which coverage is requested to begin;
4. Selects a Health Plan from one of the plans under contract with the RIte Care Program and a primary care provider for each requesting family member;
5. Does not receive Rhode Island Medical Assistance, or is not covered by any other comprehensive health insurance with the exception of General Public Assistance medical coverage.

B. COVERAGE PROVIDED

1. The covered benefits are as follows:

SERVICE	SCOPE OF BENEFITS (ANNUAL)
Inpatient Hospital Care	Up to 365 days per year based on medical necessity.

Outpatient Hospital Services	Covered as needed based on medical necessity. Includes physical therapy, occupational therapy, speech therapy, hearing therapy, language therapy, and respiratory therapy.
Physician Services	Covered as needed based on medical necessity. Includes surgical services including reconstructive surgery as medically necessary.
Prescription Drugs	Covered when prescribed by a Health Plan physician. Generic substitution required unless specified otherwise by physician.
Non-Prescription Drugs	Covered when prescribed by a Health Plan physician, limited to certain non-prescription drugs.
Laboratory Services	Covered when ordered by a Health Plan Physician.
Radiology Services	Covered when ordered by a Health Plan physician.
Diagnostic Services	Covered when ordered by a Health Plan physician.
Mental Health and Substance Abuse Services-Outpatient	Covered as needed based on medical necessity for individual or group therapy visits for mental health and for substance abuse.
Mental Health and Substance Abuse Services-Inpatient	Covered as needed based on medical necessity for acute mental health, substance abuse, and detoxification.
Certified Home Health Agency Services	Provided as ordered by a Health Plan physician. Includes private duty nursing and homemaking/personal care services when medically necessary.

Nursing Facility Services	Covered when ordered by a Health Plan physician up to a maximum of thirty (30) days per annum.
Services of Other Practitioners	Covered if referred by a Health Plan physician. Practitioner, certified and licensed by the State of Rhode Island, include; nurse practitioners, physician assistants, social workers, licensed dietitians, psychologists, and licensed nurse midwives.
Podiatry Services	Provided as ordered by Health Plan physician.
Optometry Services	For adults 18 and older, benefits are limited to examinations that include refractions and provision of eyeglasses if needed once every two years, and any other medically necessary treatment visits for illness or injury to the eye. For children under 18, covered as medically necessary with no other limits.
Durable Medical Equipment	Provided as ordered by a Health Plan physician. Includes surgical appliances, prosthetic devices, orthotic devices, and medical supplies. Includes hearing aids and molded shoes.
Hospice Services	Up to 210 days lifetime maximum as ordered by a Health Plan physician. Services limited to those provided by Medicare.
Nutrition Services	Covered as delivered by a licensed dietitian for certain medical conditions as defined in the Health Plan contract and as referred by a Health Plan physician.

Group Education/Programs	Including childbirth education classes, parenting classes, and smoking cessation programs.
Transplant Services	Covered when ordered by a Health Plan physician.
Dental Services	Comprehensive package comprised of all basic services up to maximum of \$850 annually.

2. Duration of Coverage:

Health care coverage under this provision consists of six (6) months of DHS-paid enrollment in a Rite Care Health Plan.

3. Periodic Review:

Qualification criteria will be reassessed in the fifth (5) month of each six (6) month benefit period. As long as conditions A.1. and A.2. continue to be met, coverage will be continuous. If conditions A.1. and A.2. are not met in the month of scheduled review, the provider may re-qualify for another six (6) month period as soon as conditions A.1., 2., 3., and 5. are once again met.

4. Health Plan Lock-in:

All qualified members of the child care provider's family must be enrolled in the same Health Plan. The family is locked into the selected Health Plan subject to the Health Plan's annual open enrollment policy and procedures.

5. Termination of Health Care Coverage:

If in the fifth (5th) month of health coverage the child care provider no longer meets conditions A.1. and A.2. above, coverage will cease at the end of the six (6) month period. The provider may re-qualify for a new six (6) month period in any subsequent month if the conditions in A.1. through A.5. are met again, (including re-requesting coverage for the next 6 months). An otherwise eligible minor child's coverage shall cease at the end of the month in which the child attains age 18.

C. COMPLAINTS AND APPEALS

1. Child care providers have both in-plan rights to appeal as well as a right to appeal to DHS. Such providers may utilize either or both avenues simultaneously.

-
- a. **In-plan timeliness and formal grievances:** a Health Plan may take up to fifteen (15) days to seek resolution of a medical care related complaint and may take up to thirty (30) days to seek resolution of a non-medical care related complaint. If a complaint is not resolved to the satisfaction of the member or provider within the allotted time, the Health Plan must agree to automatically register the complaint as a formal grievance, unless requested otherwise by the member or provider. The Health Plan also must agree to register a complaint as a formal grievance if requested to do so at any time by the member or provider, even if the fifteen (15) or thirty (30) day limit has not been reached. In addition, the Health Plan must comply with the initial and second level appeals process as described in Rhode Island's Rules and Regulations for the Utilization Review of Health Care services. Health Plans maintain internal policies and procedures to conform to State reporting policies and provide a process for logging formal grievances.
- b. **DHS appeals process:** although Health Plans have a formal grievance process, child care providers have the right to request an appeal with the Department of Human Services at any point they are dissatisfied. A child care provider may initiate the departmental appeal process by mailing or delivering her/his written statement of complaint to DHS within thirty (30) days of the aggrieved action in accordance with applicable DHS hearing and appeals regulations.

PREPARED STATEMENT OF ROBERT P. HALLENBECK, JR.

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before you this morning to discuss the very important issue of child day care, from the perspective of an employer who has fulfilled the commitment to provide an on-site, company-supported day care center for the children of our employees.

This experience has provided us with valuable information that we are delighted to share with you as you consider how to deal with this issue in a positive manner. In addition to the information I will be providing in the next few minutes, Ms. Pam Koch, our Vice President of Human Resources, is here with me and will be glad to answer any questions you may have.

Some brief background on the ECS Companies: we are leading providers of integrated environmental risk management services to business and industry worldwide. We are privately-owned, have an employee population of 400, and will generate just over \$200 million dollars in revenue this year. As this profile demonstrates, the ECS Companies are smaller than the typical corporation that provides on-site day care services; however, we have always placed an extraordinarily high value on our employees and their needs.

In 1995, we began to study this issue; at the time, we had 300 employees with an average age of just over 30; those employees had 200 preschool-age children, so the issue of day care was a real concern, from two perspectives: recruitment of new employees; and, retention of existing employees.

In 1996, after careful study, the decision was made to fund and build our own day care facility, on property immediately adjacent to our corporate headquarters. That construction was completed in 1997, at a capital cost of \$1.3 million dollars.

In September, 1997, the center, named Our Kids' Academy at Eagleview, opened for business. The facility had a capacity of 100, and there were 35 original enrollees.

Today, just seven months later, enrollment has risen to more than 75, and we would expect to reach our capacity of 100 before the center's one-year anniversary in September. Fortunately, the facility was designed for possible expansion, which now appears likely. Our 400 employees now have more than 300 preschool-age children.

Some statistics that may be of value to you:

- ECS parents receive a 20% discount from the rates charged to parents who work at other companies; 2/3 of current enrollees are children of ECS employees.
- Operating costs of the day care center are about \$30,000 per month; the company's goal is to operate the center at a break-even level, and we may reach that target by the end of our first year of operation.
- As a recruitment tool, on-site day care continues to be at or near the top of the list for prospective employees. We compete for new employees in the very competitive southeastern Pennsylvania job market, and this capability has already proven very valuable.
- As a retention tool, the results are even more dramatic: in 1995, only 64% of our employees who had children returned to work; in 1996, that figure increased to 74%, probably because parents had an increasing financial need to continue working. The center opened in 1997: in that year, the number returning to work jumped to 88%; so far in 1998, 100% have returned to work.

Some observations of note:

- Parents really appreciate the chance to visit with their children, during their lunch hour for example, and to know that they are nearby if there is a family crisis of some type.
- I mentioned earlier that our approach to business is to integrate the products and services we provide. We have also integrated our day care center: the center is on-line to our computer system, so parents and children can exchange e-mail; and, the center is part of the company phone system, which makes voice mail and direct dial internal phone calls possible.
- Even our employees who do not use the day care center realize that the company's commitment in this area is representative of the value that ECS places on its employees, and that that value will be extended to them in other ways.
- The day care commitment has generated very positive public relations for ECS and has heightened our stature as a responsible corporate citizen.

We were very pleased to host Senator Arlen Specter for a tour of Our Kids' Academy recently, and we extend a cordial invitation to you as well.

Thank you for this opportunity; it would be our pleasure to entertain any questions you may have.

[Submitted by Senator Hatch]

Caring for Our Children

**A survey of child care providers
in Utah**

**J.E.D.I. for Women
April 1998**

**J.E.D.I. for Women
1268 West 500 North
Salt Lake City, Utah 84116
(801) 364-8562**

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INTRODUCTION

About JEDI for Women

Justice, Economic Dignity and Independence for Women (JEDI for Women) is a five year old, activist organization made up of low-income women and their allies. JEDI for Women works to address the public policy issues which impact low-income women and their families, and works to provide the resources necessary for survival to these women. Founded in 1992 by a small group of low-income women and funded under the umbrella of Crossroads Urban Center, JEDI for Women is now an independent non-profit organization with offices located in the Rose Park area of Salt Lake City. JEDI for Women works to address public policy issues relating to access to education and job training, health care, affordable housing and child care. In addition, JEDI for Women sponsors: "My Sister's Closet" a program where low-income women can receive outfits of gently used professional clothing for jobs and job interviews; "The Street Law Project," a legal clinic where low-income women can get free advice about legal problems; a career library, and an on-site child care facility.

Why We Conducted the Survey

Access to child care is often the critical missing step in the ladder for families working toward economic security. Issues such as affordability, hours that care is available, and quality of care, are significant for all families with parents who work outside the home, but are particularly critical for low-income families, especially those headed by a single parent.

We conducted this survey of child care providers to better understand the issues of accessibility, affordability and appropriateness of care. We also wanted to put these child care issues in the context of the recent changes in the welfare system. We wanted to determine the availability of care for low-income parents making the transition from welfare to work, or who are trying to stay off welfare in the first place. Child care resources are a key component of welfare reform and poverty prevention as demonstrated by the fact that approximately 7,000 Utah families with approximately 14,000 children receive this assistance. According to state officials the need for help is still not being met.¹

Survey Methodology

The survey instrument was designed by the staff and members of JEDI for Women. The survey was conducted by students from the University of Utah's School of Social Work. Between May and June of 1997, these students interviewed 125 licensed child care providers across Utah. The interviews were conducted over the phone. All of the providers interviewed provided care through a child care "facility" as opposed to "home care" which may also be licensed, but which provides care on a much smaller scale.

¹ Conversation with Cathie Pappas, Program Specialist, Utah State Department of Workforce Services, 2/19/98.

SURVEY RESULTS

Availability of Care

The total number of slots provided by the providers who were interviewed was 9,513. This represents approximately 27% of the total slots available in Utah.² According to 1990 census data over half (57%) of Utah families with children under the age of 13 were headed by two parents in the workforce, or by a single parent who worked outside the home. All indicators point to growth in the number of children who need child care in Utah and in 1990 well over half a million Utah children needed this care so their parents could work. It is reasonable to assume that this number has grown substantially since 1990, yet the providers we interviewed paint a picture of child care that is in short supply and available only during limited hours.

The Shortage of Child Care Slots

One of the most alarming findings of the survey pertains to the shortage of available child care slots. Of the 9,513 slots provided by the child care facilities in the survey, only 70 slots, or .7% of the total number of slots, were reported to be currently available for children between 1 and 24 months old; 168 slots, or 1.76% , were available for children ages 2 to 3 years; 227 slots, or 2.3%, were available for children ages 4 to 5 years; and 332 slots, or 3.4%, were available for children ages 6 to 13 years old (see Table 1).

² Based on data reported in the *Utah Child Care Public Education Project Report, 1995*.

Over all, 70 providers, or 56% of those interviewed, reported that they had a waiting list for available slots within their facility. The average length of the wait was 5 months for 2-3 year olds, 4-5 year olds and 6-13 year olds.

Of the providers interviewed 63, or 50%, reported that they provided infant care. Of these providers, 67% (42 providers), reported having a waiting list for parents wanting infant care. The average length of the waiting list was 7.5 months.

The length of waiting lists, combined with the limited number of slots available does not bode well for those who have the least flexibility within the child care market. Low-income single parents attempting to leave the welfare system are among this group. These parents face significant time pressure as they seek employment within the 36 month "life-time" limit of their eligibility for assistance. Should they find work, expedited access to affordable child care is a necessity of economic survival. These parents and their children can not afford to wait for slots to become available.

Table 1.

Age of Child	Total Number of Available Slots	Length of Waiting List
Newborn - 24 months	70 (.7%)	7.5 months
2 -3 years old	168 (1.76%)	5 months
4 - 5 years old	227 (2.3%)	5 months
6 -13 years old	332 (3.4%)	5 months

Limited Hours of Service

One hundred and thirteen providers reported providing care Monday through Friday, primarily between the hours of 6:00 AM and 6:00 PM. Only 12 providers reported that they offered care on Saturdays, only one offered care on Sundays and *only one offered evening care until 1:30 AM.*

The limited hours offered by child care providers creates a problem for many low-income workers who are often likely to work outside of traditional 9 AM - 5 PM hours. For example, low-income workers in the service industry often work in shifts - some of which go into evening hours. Expanding the number of child care centers with weekend and evening hours would also expand the employment options for low-income working parents.

State Reimbursement and Regulation

Ninety one of the providers interviewed, or 73%, reported that they accepted state paid children. Of these, the numbers of state paid children within each facility varied considerably from 23 providers who reported that 50% or more of the children they cared for were state paid, to 23 providers reported that less than 20% of children they cared for were state paid. Fourteen providers reported that the percent of state paid children they cared for was between 20-25%.

Currently the state will only provide child care assistance to families whose income is at 56% of the state median income. For a family of three income at

56% of the state median would amount to \$1,760 per month.³ Under the new federal welfare block grant program the state is allowed to provide a subsidy to families whose income is at 85% of the state median. This would be \$2,714 for a family of three in Utah. Unfortunately, Utah has chosen not to exercise this option, thus the state is severely limiting a tool to help low-income families become more economically stable.

Twelve providers reported that they received rural reimbursement rates for state paid children and 55 providers reported that they received urban rates. The remainder did not know the difference between the two. Clearly there was a great deal of confusion among providers about the difference between rural and urban state reimbursement rates. When asked specifically about the difference in these rates, 17 providers reported that they didn't know. This is not surprising considering the variability between rural rates depending on the cost of care in the area.

The majority of providers were comfortable with the level of state regulation applied to their child care center - reporting that they thought it was "just about right." Twenty-five providers, or 20% of those surveyed, felt that Utah "over regulates" child care facilities and 6 providers felt that child care facilities were under regulated. Of the providers who were concerned with over regulation, most said they felt the rules were too arbitrary and subject to interpretation by the person inspecting their facility. They also expressed concern about being able to meet the requirements of licensing with their limited budgets. The respondents who expressed the view that child care

³ After deducting the value of any Earned Income Tax Credit the family might receive and \$100 for

facilities were under regulated focused primarily on issues relating to quality of care.

Cost of Care

The cost of child care is a significant issue for low income parents attempting to move from welfare to work, as well as for those who have already made the transition. In fact, one of the most frequent causes of job loss among low-income single parents is a break down in child care arrangements, which frequently is caused by an inability to pay for the care. Table 2 shows the average hourly and monthly costs of care by the age of the child. The average reported hourly cost of care for children between the ages of 0-24 months was \$2.43 per hour, for children between 2-3 years it was \$2.17 per hour, for children between 4-5 years it was \$2.16 hour and for children between 6-13 years it was \$2.05 hour.

Table 2 also shows what those costs would be as a percent of the income of a single parent working a \$6.60 per hour job. It is clear that younger children present a greater financial burden in terms of child care costs. Child care for a child under 24 months old would consume 38% of the income of a single parent earning \$6.60 per hour. However, it is also clear when we look at the very low wages that child care providers make (on average \$5.21 per hour) that lowering the market cost of child care is not realistic, or beneficial for children or providers. It is in situations such as this, when the market place on its own can not address a policy problem, that government intervention is warranted.

medical costs.

Table 2.

Age of Child	Average Hourly Cost	Average Monthly Cost	Cost as Percent of Income for Single Parent Earning \$6.60/hr full-time
0-24 months	\$2.43	\$388	38%
2-3 years old	\$2.17	\$347	33%
4-5 years old	\$2.16	\$345	33%
6-13 years old	\$2.05	\$164 (half time)	16%

Only 15 providers reported that they had a "sliding scale" for payment, and only two of these providers reported that it was based on income. The remainder described providing slightly reduced rates for parents who had two or more children at the child care facility.

Provider's Policies and Procedures

Over 80% of the providers interviewed reported that they would terminate a child care contract based on non-payment and another 30% reported that they would terminate a child care contract based on the behavior of the child - specifically if the child posed a risk to other children in the facility.

Forty-four providers, or 35% of those surveyed, reported that there were reasons they would not accept a child. Fifteen providers specifically stated they would not accept a "handicapped" child into their facility. The emphasis on not accepting "handicapped" children is cause for concern and raises a whole set of issues about the child care options available to low-income parents and others who have disabled children. Other providers stated

behavioral issues such as aggressive behavior or the child not being "potty" trained, as reasons for refusing to accept a child.

One hundred and sixteen providers, or 93% of those surveyed, reported that they accepted children with behavioral problems. The reported ways they dealt with these problems included:

- training in dealing with behavioral disorders such as ADD;
- working with the child and the child's parents;
- time out;
- medication (in reference to ADD and ADHD); and
- referral to an agency that provides counseling.

One hundred and fourteen providers, or 91%, reported that they accepted children with medical problems. Procedures for medical emergencies consisted mostly of calling the parents or 911 depending on the severity of the situation. Over half of the providers specifically cited the CPR/first aid certification of staff as one of their tools to address medical emergencies.

Quality of Care

All of the providers interviewed provided food to the children in their center and 98% provided lunch. The meal least likely to be provided was dinner, which was only offered by 8% of providers and only those with longer hours. Seventy-one of the providers, or 57%, reported that they were participating in a local Child Care Food Program (where the provider gets partially reimbursed for providing food that meets certain nutritional criteria). Only five providers reported that they were not participating in such a program and

would like more information. This suggests that more information about this program needs to be disseminated.

One hundred and three providers, or 82%, reported that they provided after school care and 84 providers, or 64%, reported that they provided transportation to and from school.

Economic Status of Child Care Providers

It is clear from the responses to the survey, that child care providers are among the lowest paid employees in the state - probably second only to fast food workers - yet most people would argue that you need more skills to appropriately care for and teach a child than you do to cook a hamburger. Certainly we recognize this in our elementary school system where we require college degrees and teacher certification, so the obvious question is why don't we recognize it in our child care system?

Here are the startling facts:

- Only 49 providers offered health insurance benefits to employees.
- The average entry level wage reported was \$5.21 per hour.
- The average highest wage reported was \$7.52 per hour.

The irony is that both the lowest *and* highest paid workers receiving these hourly wages would be eligible themselves for state child care assistance

**The Importance of Child Care for Low-Income Working Parents:
Jennifer's Story**

Jennifer is 29 years old and the mother of two little girls whose ages are 3 and 5. She has been divorced for one year and has not received any child support from her ex-husband. In fact she says, "I don't even know where he is, I haven't seen or heard from him since the divorce." Prior to getting divorced, Jennifer worked part time as a Medical Technician in the Emergency Room of Salt Lake City's St. Mark's Hospital. She says, "I didn't have to worry about child care, because I worked evenings when my husband was at home."

After the divorce Jennifer needed to work full time in order to support her children. Even though she has a college degree, she only makes \$11.19 per hour as a Medical Technician. In order to have more time with her children she works three twelve hour shifts from 11:00 A.M. to 11:00 P.M., three days a week.

Jennifer's child care costs are \$245 per month for her 3 year old and \$240 for her 5 year old, for a total monthly child care bill of \$485. Her rent is \$530 per month and her monthly "take home" income is \$1,120. Jennifer's child care expenses consume almost half of her income. Her finances were so tight she says, "I ended up using a credit card to pay a couple months of rent because I had to buy food - I was so frustrated I felt like giving up."

Not only was it difficult for Jennifer to pay for her child care, but she also had a hard time finding child care she felt comfortable with. She says, "I went to four or five homes - three were booked and the other one I didn't feel comfortable with. Finally, I ended up taking my kids to two different day care centers, before I found one I liked - Children's Corner."

Because of the difficulty Jennifer was having paying her child care bills she called the Department of Workforce Services last November to inquire about child care assistance. "I called and was told it wouldn't even be worth my time to come in because I make too much money," she says, "Then my friend applied and she only makes a dollar an hour less than I do and has only one child and she got help - so I decided to go back. It took them three months to process my case - they said I was borderline in the gray area in terms of whether they would help me or not. Finally, I was so frustrated I called my case worker's supervisor and within a week my case was processed." Jennifer now receives help paying her child care bill, with her portion being reduced from \$485 to \$281 per month.

Finally Jennifer says, "The assistance I get helps a lot but they need to find a bracket for people in my situation - who make too much to qualify for other assistance. I work my butt off, but I know there are moms staying home with their kids who get more help than I do - it feels like people who don't do anything get rewarded. Sometimes I've thought about being home with my kids - I could be home with my kids on welfare if I quit my job. If we want women to work and not be on welfare we need to give them child care assistance."

(under the 56% of median income guideline for a family of three) and would have poverty level incomes.

What Child Care Providers Describe As Their Biggest Unmet "Need"

Not surprisingly the greatest area of concern for child care providers revolves around the issue of low-wages and employee turnover. Twenty-four of the providers interviewed specifically mentioned that they felt child care providers were paid wages that are too low. This was often described as leading to high employee turn over and an inability to attract "qualified" people as teachers. Twenty-four providers mentioned issues relating to teacher retention and training as a concern, and another 10 specifically mentioned the lack of benefits for employees. Several respondents suggested that the state create an insurance pool for child care providers so that health insurance benefits would be more widely available for these providers.

Another area of concern reported by providers relates to issues of equipment and space. Fifteen providers mentioned a lack of space and/or materials and equipment needed to provide care for the children as their biggest unmet need. Finally, eight providers commented specifically on inequities in the licensing system as their biggest concern. Some of these providers felt the state reimbursement rate was too low, some felt that the licensing system was arbitrary and subjective and some felt that it was too stringent.

SUMMARY & RECOMMENDATIONS

Welfare Reform and Child Care Assistance

The results of this survey raise serious implications for the long term success of efforts to move parents from welfare to work and the likelihood of their ability to stay off welfare and achieve economic stability over the long term. There are three main areas of concern which must be addressed to overcome these obstacles:

1. **Accessibility** - our survey shows a significant deficit in the number of child care slots available. The most serious shortage exists within the category of care for children from 0 - 24 months old. In this category only .7% of the slots of providers interviewed were available at the time the interviews took place. The situation was not much better for the 2-3 year old category where only 1.7% of the slots were available. The 6-13 year old category had the largest number of available slots, but it still only had 3.4% of the total slots open. These numbers point to the continuation of a critical shortage of child care.
2. **Affordability** - clearly the care that is available is not, on average, affordable for low-wage workers. For example, a low-wage worker earning \$6.60 per hour would end up paying on average, 38% of her income for infant/toddler care and 33% of her income for the care of a 2-3 year old. Given other constraints of life in Utah - such as a lack of

affordable housing, it becomes clear that a parent in this situation would not be able to survive economically.

- 3. Appropriateness - child care workers work for extraordinarily low-wages - on average \$5.21 per hour. In addition they seldom receive benefits such as health insurance. Yet, we entrust our children to these individuals. The low wages and lack of benefits for child care workers are not conducive to the provision of appropriate, quality care and need to be addressed. Finally, the operation of many child care centers is so marginal in terms of profit that they can not provide the basic equipment and materials for the children.**

Recommendations:

- **The affordability of child care can be increased by expanding the eligibility for child care assistance to the full 85% of the state median income based on family size.**
- **Provide additional tax relief to families to increase the affordability of child care by amending the Dependent Care Tax Credit (DCTC) in the following ways:**
 - a. **expanding to \$30,000 the income level at which families become eligible for the maximum tax credit;**
 - b. **raising the maximum percentage that parents can deduct of their child expenses to 50%; and**

c. extending DCTC eligibility to families with a stay-at-home parent.

- The state should work with child care providers to create a health insurance system for child care workers so that they have access to health care benefits.
- The state and federal governments should renew their efforts to ensure quality child care for all children by establishing a new grant program which would help child care centers achieve excellence in the care they provide.
- The state and federal governments should work with employers to sponsor the development of model on-site or near-site child care facilities that address issues such as care for disabled children, more flexible hours, innovative programming and appropriate compensation of child care workers. This can be accomplished by creating a tax credit program for employers who construct, renovate or operate on or near-site model facilities.
- The state and federal governments should encourage small businesses to develop child care programs for their employees through the creation of a small business child care grant program.

PREPARED STATEMENT OF JOLENE IVEY

Good morning, Senators, and thank you for inviting me to speak today on behalf of the Caring for Children Act. My name is Jolene Ivey, and I am the president and co-founder of Mocha Moms, a support group for African-American stay-at-home mothers. Our group has members of a variety of religions, educational levels and economic statuses. What we have in common is our culture and our commitment to raising our children ourselves.

Being a stay-at-home mother is a choice, and that choice is often used against us when people talk about how to cut the economic pie. Since we have made this choice to stay home, many say, we obviously have husbands whose salaries are so high that we don't need any consideration when it comes time to decide where our tax money goes. We've made a choice that other families don't have the luxury to make.

My husband and I made a choice for me to stay home with our children. We also, therefore, made the choice when we bought a home to choose one we could afford on one salary. Our first home was cozy and had what you might call a lot of character. We worked on that house for six years, doing much of the rehab work ourselves. We chose to learn to hang drywall and sand floors. Those days are behind us now, so we choose to hire somebody who can do a better job than we did then.

I've been humbled by so many of the people I've met over the past eight years, since my first son was born. Many of the other stay-at-home mothers I've met are raising several children on incomes of \$30,000—the proposed cap at which families become eligible for the maximum tax credit—and less. Even though I have relatively thrifty ways, I don't know how these families pay their bills. I can tell you that they make choices. They choose to live in houses that have plenty of character) but unimpressive addresses. They choose to shop in thrift stores and food coops. They choose to do without things that many of us view as necessities -computers, cable, second cars, vacations. They make the choice to raise their children themselves, rather than to contract it out.

Stay-at-home mothers make other choices, too, that directly benefit our communities and make them nicer places to live. We volunteer in the schools, deliver meals to shut-ins and keep an eye on your house while you're at work. Long after my boys are grown and on their own I'll make sure I live in a neighborhood with lots of stay-at-home moms.

Society's attitude towards full-time motherhood is mirrored in the existing tax code—no respect. Six years ago I had just successfully defended my master's thesis when one of the professors on my committee congratulated me and said, "Well, Jolene, you did it. Now that you have your graduate degree, what are you going to do?" I told him that I'd found out the night before that I was going to have another baby. His response to my good news was, "What?! You mean we've wasted all this time with you and all you're going to do is have another baby?!" I told him I wanted someone educated to raise my children. That professor, like our tax code, places no value on full-time mothering.

So I was pleased to learn that the Caring for Children Act would recognize the value of stay-at-home mothers in the tax code. The tax credit is small—symbolic, really. But it's a start. It extends the eligibility of the Dependent Care Tax Credit to families who have chosen to live on less to provide the most for their children.

This is at least as lofty a goal as providing tax credits for the companies that make cigarettes, alcohol and guns.

What kind of children we are raising has a deep, profound and lasting impact on what kind of nation we are becoming. Child development experts emphasize the importance of having a caring, nurturing environment in a child's first three years in order to promote optimal emotional and intellectual growth. No one is better suited to providing that environment than the person who loves that child most—the parent. I am keenly aware of how my husband and I are raising our four African-American boys. Our goal, over the next 22 years or so, is to have four bright, caring, thoughtful sons embarking on fulfilling careers, volunteering in their communities, and raising bright, caring, thoughtful children of their own. If we reach that goal I will have made a greater contribution to society than most people can claim. Perhaps if our public policy recognized the importance of stay-at-home mothers, society would start to reflect a more positive attitude.

"Children are our future." "Children are our most precious resource." "Let's put children first." These are getting to be tired clichés repeated with little action that is truly useful to children. If we're really going to put children first, let's put our cash where our tax code is. Pass the Caring for Children Act.

Thank you for giving me the opportunity to address this important issue. I'd be happy to answer any questions you may have.

PREPARED STATEMENT OF DONNA KLINE

It is a pleasure to be here this morning to testify regarding corporate sponsored child care. I will present to you, both the advantages of such child care, and the disadvantages of this model from both the sponsoring organization's standpoint, and the potential impact on society at large.

I will frame my remarks by sharing Marriott's experience with on-site child care at our headquarters in Bethesda, Maryland, and then follow with an overview of a consortium model of corporate sponsored care we are experimenting with in Atlanta, Georgia.

The headquarter's Child Development Center serves 97 children on a full-time basis and an additional 35 children on an occasional basis. There are a total of 82 families served by this Center since many families have multiple children enrolled.

The Center has been in existence for eight years and we have experienced the joy of newborns coming to us at 6 weeks of age and their graduating from our preschool at five years of age to enter kindergarten.

The financial model for the Center sets competitive tuition rates at Montgomery County comparables. The tuition income covers teacher salaries, benefits, and direct program costs like crayons and finger paints. All building and facility costs are subsidized by Marriott at a cost of approximately \$500,000 per year.

The families we serve have a 97% degree of satisfaction with the Center based on our measurement, and report increased morale, productivity, and loyalty to Marriott. Additionally, we continue to receive positive public relations exposure from this investment, and we recognize the enhanced positive perception Marriott's Corporate citizenship may have been achieved through this project.

While it may appear to be an unequivocal success, that label is indeed seductive. Please consider that out of our 3,000+ employees at headquarters, we are serving only 82 families. Our waiting list is perhaps double the capacity of the Center. Although we have subsidized slots allocated to families earning less than \$45,000, the cost of care is still burdensome to this income population and we have not succeeded in creating economic diversity.

Assuming \$500,000 as the annual corporate investment, that amounts to a per family subsidy of \$6,097. Are we proud of our Center and what it provides the families it serves? Absolutely! Will we create an additional Center double the size of the current one to serve the families on the wait list? Probably not! Why? It doesn't make "business sense" to expand this service because it is extremely difficult to justify based on the economics of a service company like Marriott. For \$500,000 per year, our current expense, we can provide a wide variety of services for our field employees, the ones who make the beds and carry the luggage and serve the food in our hotels. With approximately 115,000 wage employees nationally, we look very carefully at spending \$6,097 per family at our headquarter's Center. You see it is a financial burden, but more importantly it is a moral dilemma.

Our corporate philosophy is the Spirit to Serve and our core values include dependability, integrity and loyalty. It is extremely difficult to operate on our core values of integrity and loyalty if we are benefiting 82 of our management population with a \$6,097/year benefit, while our wage population struggles to afford even the most rudimentary form of child care. In fact, these struggles of our wage workforce led us to experiment with yet a second corporate sponsored child care center, this time in Atlanta, Georgia.

For 250 children of lower income families, this Center operates 6:00am-midnight daily and has fully subsidized care. On a sliding fee scale of a minimum of \$7/week/child, we have been able, along with Hyatt, Hilton and Omni Hotels, to solicit the community of Atlanta to help in supporting child care for this sometimes underserved population. While we assumed "if we built it, they will come", that wasn't the case in Atlanta. Despite our subsidy and the community support with fundraising, the Center had to be rigorously marketed. The reason is that this population are not traditionally consumers of child care they are more familiar, and therefore more comfortable, with the neighbor or grandmother or the ten year old sibling. When you can pay nothing rather than \$25 per week to a subsidized center, sometimes it's not a tough decision. What we know about the developmental process in children over the first three years of life has not yet been integrated into the decisionmaking process these families use about how to spend their oftentimes limited disposable income.

I do not intend to paint a less than glammers picture of corporate sponsored child care. I intend to paint a realistic one! Corporate sponsored child care is certainly a solution. We must continue it and encourage it and incent corporations to do more of it. To assume it's a big solution for a large percentage of the national workforce would be a mistake. It works well for corporations who have high margins of profit

per employee and whose employees are highly skilled, highly educated and in demand.

Our wage population at Marriott does not fit that category. The majority of our jobs are semi-skilled and our profit margins are small, yet we realize the increased productivity and customer service deliverable by an employee who has been with us 3 years rather than 3 months. However, the numbers just do not work for a business management company such as Marriott whose shareholders and property owners demand increasingly higher earnings quarterly. But most importantly to you, I think, is that Marriott is a microcosm of the national workforce—more so than any other corporation experimenting with such child care programs. With a wage base of approximately \$8/hr., speaking 26 languages, representing 20 cultures, I think it is a safe assumption that if it is not a good solution for Marriott, it may not be a good solution for the country at large. Even if the numbers did work and our cost of turnover was \$20,000 per turn rather than \$1,000 per turn, what is it that would be created by a dramatic increase in corporate sponsored child care?

The great majority of workers in this country do not work for corporations who could economically provide company sponsored child care. So what we are doing in the name of a good corporate citizen and a responsible employer, some may regard as increasing the speed with which our middle class diminishes. For by creating and supporting quality child care for those corporate employees who can afford to pay for care, we are ensuring that the line of demarcation between the haves and have nots, those prepared and those ill prepared for full and responsible citizenship as contributing members of society, grows wider and wider.

Since we are economically dependent on female labor and dual income families in our society, we need minimum standards of child care that are available to all workers, regardless of employer affiliation. We need to recognize that learning begins at birth and we as a country need to invest in a new paradigm for the care and nurturing of all the nations children—after all, they are tomorrow's workers.

Thank you for your attention.

PREPARED STATEMENT OF HON. CAROL MOSELEY-BRAUN

Mr. Chairman, thank you for holding this hearing to focus attention on the child care needs of America's families.

There are many good child care alternatives for families ranging from small, home care settings to child care centers with low child to teacher ratios to a stay-at-home mother or father—but only if the families can afford them. The key to successful child care is that the parents have choices about how to best care for their children. For too many American families the high cost of child care puts options out of their reach.

In Illinois, full-day child care can cost from \$4,000 to \$10,000 per year for just one child. This can be compared to the cost of instate college tuition at the University of Illinois of just over \$4,000. These high costs often force parents into unsafe choices. A recent national study found that 40 percent of the rooms used to provide care for infants in child care centers provided care that was so poor as to put the child's health, safety or development at risk. Only 8 percent were rated as providing quality care for infants and toddlers. These statistics do not even take into account those parents who cannot find care at all.

Without choices, parents are unable to work, have to forgo needed family income, or are unable to devote their full time and attention to their work. The lack of choices not only affects the family but has a direct and negative impact on the economy as a whole in public assistance and lost productivity costs. One of the greatest barriers to moving parents from welfare to work is the lack of affordable, quality care.

A 1991 study for the Illinois Department of Public Aid, for instance, found that for single parents in Illinois receiving welfare, child care problems kept 42 percent of them from working full time. Twenty percent of those women who worked but returned to welfare within a year were forced back onto welfare because of child care problems. For those who had to quit school, 42 percent left because of child care problems.

While the statistics may not be so stark for middle-class families, the effects can be as great. The lack of decent, affordable care crosses economic lines.

Those of us concerned with the lack of child care choices for at-home and working parents must effectively target public and private resources to address the child care crisis. Only by working together can we ensure that parents have good child

care options and children receive quality care. We cannot slam the door on child care as we open the door to the 21st Century.

April 21, 1998



The Honorable Carol Moseley-Braun
U.S. Senator
324 Hart Senate Office Building
Washington, D.C. 20510-1303

VIA FACSIMILE: 202-228-5786

Dear Senator Braun,

Thank you for the opportunity to comment on Illinois' child care needs. In anticipation of the subcommittee hearing on child care on Wednesday, I am writing to inform you of the needs and issues confronting the child care field in general and the State of Illinois in particular.

The Illinois Facilities Fund supports increases to the Child Care and Development Block Grant for the purpose of assisting all low-income families gain access to affordable, quality child care. All evidence in Illinois continues to illustrate the growing need and demand for child care subsidies, whether families are working or receiving Temporary Assistance to Needy Families. While many people - - advocates, child care workers, policy makers and parents - - recognize the undisputed *demand* and need for child care, few recognize the accompanying *supply-side* issues. One of the most serious problems in child care is the severe discrepancy between child care supply and child care demand, which is the issue I present to you here.

According to the Illinois Department of Human Services, there are currently 530,000 TANF recipients. Of these, 370,000 are children. The Illinois Facilities Fund projects that in the Chicago metropolitan area alone about 39,000 children will need full-day care and would qualify for a child care subsidy. Of these, 13,000 children are likely to select center-based care. Chicago currently does not have the space to accommodate this projected demand. For instance, in the Englewood neighborhood of Chicago, one of Chicago's poorest communities, 1,519 children under five are eligible for 161 child care spaces (this includes centers and homes). This means that the community can only care for 11 percent of the children needing care, even though they have a subsidy available to them.

Having adequate capacity is critical to maintaining parent choice, which is one of the fundamental principles of the block grant. However, increasing the block grant in its current form is not enough to help meet the needs of all low-income children. Increasing the block grant addresses the growing demand for child care, but does nothing to increase the supply of child care. The Illinois Facilities Fund is documenting the extent

of the supply gap for the City of Chicago and the State of Illinois. Preliminary findings indicate severe capacity shortages in many communities.

Most supply-building strategies currently under consideration occur in the in the form of tax credits to businesses for providing child care to their employees. The IFF does not believe this will meet the needs of the poorest communities and families. There are currently no consistent sources of equity for the child care field, which will exacerbate the supply gap over time as demand grows.

The Illinois Facilities Fund proposes the following measures to address the supply issue:

1. States must have the flexibility to use the block grant funds to increase supply as well as meet demand. This includes the ability to use the block grant funds for capital to build supply if necessary, which they currently do not have.
2. States should be required to develop supply-building strategies in their annual plan for the Child Care and Development Fund. This could include plans to leverage of Federal dollars with state and private resources.
3. Any increases to the Child Care and Development Block grant must be in form of mandatory dollars, not discretionary funds, in order to ensure that the States have the appropriate resources to address their needs.

The IFF has initiated discussions with the Illinois Department of Human Services on pursuing these solutions, and IDHS agrees that some supply-building measures are needed as pressure mounts on the state's limited existing capacity.

Because of your long history of demonstrated commitment to children, we believe your recognition of this issue will play a key role in elevating this matter on the national child care agenda. We appreciate your commitment to children's issues and your support on this matter. Your staff has been very helpful in assisting us throughout this process.

Thank you for your consideration. We look forward to working with your office on this issue.

Sincerely,



Trinita Logue
President

PREPARED STATEMENT OF HON. DANIEL PATRICK MOYNIHAN

I thank Senator Chafee for convening this hearing. Child care is an important issue in the lives of working families, especially those at lower end of the income scale, and we here in Washington should pay it more mind.

I am troubled by one effect, hopefully unintended, of the additional child care funding provided in the misguided 1996 welfare law. It appears that many low-income working families may have difficulty obtaining child care assistance as states give higher priority to welfare families in distributing child care aid. Poorer working families may need child care just to stay employed and to stay off of welfare. It would be a sad result if limits on child care funding mean that welfare families get help in moving off assistance at the expense of working families who then end up having to turn to welfare because they cannot keep their jobs. Those who supported the 1996 welfare law have, I believe, an obligation to see that this does not occur.

Again, thank you. I look forward to hearing from our witnesses.

**SUSAN MUENCHOW
EXECUTIVE DIRECTOR
FLORIDA CHILDREN'S FORUM**

Good morning Senator Chafee, Senator Roth, and members of the Committee

Thank you for the opportunity to testify. I am Susan Muenchow, the executive director of the Florida Children's Forum. The Forum is a private, non-profit organization that serves as Florida's Child Care Resource and Referral Network. Our 25 local agencies help 150,000 families, regardless of income, find child care per year. Our agencies also provide child care assistance, on a sliding fee scale, to 92,000 children from very low-income working families. We offer information on tax credits for dependent care to families who request our services.

Every day we hear from parents who ask for our help finding, or financing, good care. These include parents who work two jobs in order to pay for child care, parents who feel guilty about parking their children for hours in front of the babysitter's television set, and parents who cannot find suitable after-school or summer care for their children at any price.

This morning I would like to tell you about the progress we are making in helping these families as a result of recent changes in federal legislation. I have also brought for every member of the Committee a packet describing Florida's Child Care Partnership Program, which is designed to leverage always limited public funds for child care with matching funds from employers and other private and local investors. Finally, I would like to share with you recommendations on how the federal government might help states like Florida make further improvements in helping families, especially low-income families, balance work and family responsibilities.

FINANCING CHILD CARE WITH T.A.N.F. SAVINGS

Our state leaders have made the most of the child care financing opportunities presented by recent federal welfare reform legislation. Last year Florida invested an additional \$100 million in child care for families moving from welfare to work. Most of the increase was budgeted from savings from Temporary Assistance for Needy Families (T.A.N.F.); the remainder came from the federal Child Care and Development Block Grant. The new child care funds were sufficient to help all of the families getting off welfare who requested child care assistance this year.

This year the state-- for the first time -- is addressing most of our current waiting list of low-income working families not on welfare. Last week, with the strong support of Senate President Toni Jennings and House Speaker Daniel Webster, the legislature approved Governor Lawton Chiles' request to use \$80 million in T.A.N.F. savings to expand child care for the working poor. The families on this waiting list are, according to a New York Times article on child care in Florida, the forgotten poor in the national child care debate (November 25, 1997). The 25,000

families on this list do not receive temporary cash assistance; they work in low-wage jobs in the retail sector, hotels, fast food restaurants, nursing homes, and child care centers. They make too little to have the choices of professionals to work part-time or to take a year out to stay home with their children, and too much to qualify for many government programs. The families on the list include a Pensacola mother, who explains her problems financing child care in simple arithmetic:

I have two children and their child care costs me \$120 per week. I work a full-time job, but after I pay taxes and insurance I bring home \$230 a week. That leaves me \$110 a week to take care of my children. It is almost impossible for me to survive. I make too much money to receive food stamps so my children have to go hungry in order for us to get by. If I had some help with child care, I would have more money to buy food for my children. I have worked at my job for seven and a half years. It breaks my heart to see my children suffer because I cannot afford child care.

For most of the last year, we have had to turn down requests for child care assistance from non-welfare working poor families. It will be a great pleasure to just say "yes" to parents who want nothing more than to be able to work and keep their children safe. For many of these families, child care assistance is the key to making ends meet. With a child care subsidy, the Pensacola mother mentioned above will make a co-payment of \$24 a week, or about 10 percent of her take-home pay, for child care for two preschool children. That is about the same proportion of income that many middle-income families spend for child care. Without the subsidy, she uses nearly half of her income for child care.

LEVERAGING PUBLIC CHILD CARE FUNDS WITH PRIVATE DOLLARS

In addition to using T.A.N.F. savings and the Child Care and Development Block Grant funds to expand child care for low-income working families, Florida has an innovative Child Care Partnership Program. Established as part of the state's welfare reform legislation, the Partnership is designed to leverage state and federal contributions to subsidized child care with private sector and local investments.

The Partnership Program is led by a nine-member corporate board appointed by the Governor. Funds are raised, with the assistance of the Board, by the Child Care Resource and Referral Network agencies. Since the program's inception in December 1997, the Network has raised more than \$6 million in private and local contributions, providing care for more than 3,500 children who would otherwise not have been served. Over 35 businesses are participating, as well as local governments and private foundations. Participants range from very large (and growing larger!) corporations such as NationsBank to local branches of

Wendy's Restaurants and small businesses such as Wedding Professionals of Central Florida. Other investors include church groups, non-profit medical centers, and local governments.

The idea for the Partnership Program arose from a simple analysis of where the families receiving state and federal child care subsidies actually work. The Florida Children Forum was awarded one of the three original federal Child Care Research Partnership projects sponsored by the U.S. Department of Health and Human Services, Administration for Children and Families. With the help of economist Dr. Ann Witte of Florida International University and Wellesley College, we looked at the employers of families receiving Subsidized Child Care in Jacksonville, St. Petersburg and the Big Bend area. We found that as many as 129 families receiving Subsidized Child Care in Jacksonville worked for one supermarket chain. In St. Petersburg, 101 parents worked for one company in the retail sector.

Since these businesses are at least indirectly benefiting from a public subsidy which helps promote retention and reduce absenteeism of their workforce, we thought it was at least worth approaching them to help share the cost of the child care and enable more of their employees to participate.

The Partnership Program works like this: Employers may choose to participate by contributing funds to cover a portion of the child care benefits for their own employees eligible for Subsidized Child Care. In this case, the state contributes a dollar for every dollar the employer provides. The employer's contribution is treated as a business expense. Businesses participating in the program to expand child care benefits for their own employees include branches of Burger King. Theresa Skrzyński, an employee of Burger King in Panama City, explained the benefits of the program in an interview last fall. The best benefit is that I can work, said Skrzyński, who has a two-year-old in part-time care and a four-year-old in full-time care. My whole paycheck is not going to child care. It is a relief.

On a larger scale, NationsBank recently contributed \$750,000 to the Child Care Partnership Program. Beginning in May 1998, the program is expected to help the bank extend child care benefits to an additional 1,100 employees in Florida. We have a strong commitment to child care and to making the quality of life better for our associates and the communities where we do business, said Michael M. Fields, Senior Vice President for NationsBank at a press conference announcing the bank's participation on March 30, 1998. This program helps us do that. The Partnership expands our ability to help our associates and the communities they serve.

Employers, foundations, and local governments may also contribute to a general child care purchasing pool used to serve children eligible for Subsidized Child Care. In this case, because the employer's own employees do not necessarily receive assistance

through the fund, the contribution is treated as a charitable contribution.

The beauty of the Child Care Partnership Program is that it works for any employer, large or small. Frequently businesses equate corporate involvement in child care with the establishment of an on-site child care center. Actually, only the very largest businesses can afford to construct, much less operate, an on-site center. While on-site child care can be a wonderful benefit to working families, the vast majority of people work for small businesses that cannot afford to establish a center. The Partnership Program also has the merit of allowing parents to choose their own child care arrangements. Families may prefer home-based or relative care for infants and toddlers, a center or school-based program for preschool children, or a summer camp for school-age children.

The Partnership Program also has certain advantages over tax credits. Unlike a corporate tax credit, the Partnership Program is available to help non-profit and public employers who have no corporate income tax liability. Many of the recipients of Subsidized Child Care in Florida work for hospitals, schools, or state or local governments that would not benefit from a corporate tax credit. Unlike the federal Dependent Care Tax Credit, the Partnership Program funds are available to parents at the time they pay for care. This is very important for low-income families because they do not have to wait until the end of the year to be reimbursed for out-of-pocket expenses for child care. For example, a two-parent family, with both parents working full-time at minimum wage jobs, earns \$21,400 a year, or \$1,783 per month. It is difficult for this family to pay the average price of child care, about \$400 a month for an infant, even for one child. Multiply by two children, and child care takes an enormous bite out of the family income. Another problem is that the Dependent Care Tax Credit is not refundable. For many low-income families, their child care credit may well exceed their tax liability.

Finally, the Partnership Program makes sense because it is based on the principle that the best way to finance early care and education for young children is to encourage a cost-sharing approach. Parents, business, and government each benefit from child care services, so each should help support them. A recent report by the Kauffman Foundation and the Pew Charitable Trusts contrasts the financing of early care and education with that of higher education. Of the roughly \$40 billion spent on child care programs in the U.S., according to the report, families pay about 60 percent. Federal, state and local government invest about 39 percent, and business and philanthropy contribute the remaining one percent (Mitchell, Stoney and Dichter: Financing Child Care in the United States, The Ewing Kaufmann Foundation and the Pew Charitable Trusts, 1997). In contrast, according to the report, parents pay only 23 percent of the tuition and fees for college education, with government investing 42 percent and the private

sector contributing investing a much larger percentage (35 percent) of the cost of higher education.

THE GAPS IN CHILD CARE FINANCING

Florida is doing a good job of using T.A.N.F. savings and a public-private partnership approach to financing child care for low-income working families. Nevertheless, there are still many families who have great difficulty affording safe, healthy care for their children, much less care of a quality that helps prepare them for school.

First, we are not serving all of the eligible families. Admission to Subsidized Child Care in Florida is capped at 150 percent of the federal poverty level, or about \$19,995 for a family of three. Of the 299,429 children birth to five in Florida from families with incomes under this threshold, only about half (126,457) receive assistance in paying for any type of publicly funded early care and education, whether child care, prekindergarten, or Head Start. The Department of Children and Families estimated the unmet need for child care assistance. The estimate assumes that only children of working parents need help, and that one-quarter of families have relatives or neighbors who will provide good care for their children for free. Even by this conservative estimate, there are at least 39,900 children birth to five being left in unsafe arrangements because their families cannot afford to purchase appropriate care. Next year T.A.N.F. savings will finance child care for an additional 22,000 children, but we may quickly see the remainder appear on a new waiting list.

Second, we are not really beginning to reach the school-age population.

Of the 316,000 children ages five to 12 whose family income is below 150 percent of poverty and whose mothers are in the workforce, at most one-third are enrolled in any type of after-school supervision. More parents call our local resource and referral agencies requesting help in finding care for school-age children than for any other age group.

Third, we are relying primarily on T.A.N.F. savings to expand child care. As a State Senator who is a banker put it, it is risky to rely exclusively on these savings to expand services. The banker/legislator is too familiar with market fluctuations. He is concerned about what will happen during the out years when the economy is not so strong, job openings decline, and more families are thrown back on cash assistance. In that case, he fears that the state will be forced to cut back on child care and shift the funds back to cash assistance.

Fourth, our income eligibility limit is far too low. While federal law allows states to provide child care subsidies to families with incomes up to 85 percent of the state median income (\$31,863 for a family of three in Florida), our state cuts off admission at 53 percent of the state median income (\$19,995 for

family of three). Even our Partnership Program would be far more successful if we could offer child care assistance, on a sliding fee scale, to families in the \$20,000 to \$30,000 range. The low income cap creates a disincentive to work or work advancement. A recent letter to Governor Chiles sums up the problem:

Governor Lawton Chiles
 State of Florida
 Executive Office of the Governor
 The Capitol

Dear Governor Chiles:

I am a single parent with two children. Over the past 3 to 4 years I have been working my way out of poverty and into a position where I am hoping to give my children a decent life.

I have been a state employee for the past 5 years. My beginning salary was less than \$17,000. With no sick time saved and 2 children, I had quite a few hours of leave without pay during the first couple of years and grossed less than \$12,000. Subsidized daycare through the Kids Incorporated program was the only assistance that I have received throughout this time.

In June of 1994 we become homeless because I could not afford to pay rent on decent housing. Within a month I found a trailer off of Crawfordville Highway. The floors had soft spots and there was other wood rot apparent, but the rent was only \$350 and it was a roof over our heads.

We spent the next 3 years in that trailer. At times we went without electricity, many times without gas for heat and the stove, and I learned to humble myself and get food from some of the area churches when we were in dire need. The neighborhood was such that we were burglarized 4 times in those 3 years, so I didn't even own anything of value when we moved.

Finally, in March of 1997, I stretched my budget to the limit and found an apartment in a better part of town. My annual income at this point was just above \$19,000 and the subsidized daycare is the only reason I was able to do this. In the past year we have enjoyed the security of not having things stolen. I have been able to purchase meat for almost every meal we eat (not to mention having enough canned fruit and vegetables), and we have even been able to enjoy some recreation and fresh fruit once in a while. Things were a little tight, but they were more than tolerable.

Then in January of this year, I received a raise of \$100 per month. This raise put my annual gross income up to \$20,380. The limit for subsidized daycare for a family of three is \$19,995. I have been eliminated from the subsidized daycare because I am no longer income eligible.

I have received a gross raise of \$100 per month, which means I

bring home approximately \$80 more per month. For an annual net increase of \$960 in pay, my daycare has been raised by \$2,400 for the same time period. I have had little time to do more than react to this event, but I don't see how I can work full time and keep my 4 year-old in daycare.

I don't understand why the subsidized day care program is not run on a graded basis. I would gladly return my raise to the State so I can afford to keep my son in daycare.i

Please don't get me wrong. I am very grateful for the benefits I have received though the subsidized day care program. This program has enabled me to get myself and my family back on our feet from ground zero. But now we are being left hanging with no support beneath our feet.

Thank you for your time.

This story has a happy ending. Kids Incorporated, the child care resource and referral agency in the Big Bend area, found a way to continue this family's child care assistance. But our agencies must turn down requests from so many more families who are just a few dollars above the income eligibility limit.

Finally, the quality of the care leaves a lot to be desired. According to a recent study of child care in Florida by the Families and Work Institute, only 42 percent of the care provided in centers for preschool children is good enough to enhance their growth, and infant care scores worse. Recent improvements in staff-child ratios and teacher training have improved the quality of care, but these improvements are undermined by teacher turnover rates of nearly 30 percent annually. The high turnover is in turn linked to low wages and lack of health insurance in the child care industry.

RECOMMENDATIONS

It will require more than any of us learned in kindergarten to solve this child care puzzle. I hope Congress will take a balanced approach to financing child care, recognizing that there is no single simple solution to such a complex problem. S. 1577, sponsored by Senators Chafee and Hatch, is a good starting point. \$20 billion over five years would be a firm commitment. My recommendations will be brief:

Coordinate direct vs. tax-based subsidies for families.
 Increase the Child Care and Development Block Grant substantially. This is the most efficient way to help families earning less than \$30,000 per year. It is also the best way to finance improvements in the quality of care affecting the largest number of children. Funding for CCDBG should be mandatory, not discretionary. This will help states plan appropriately for expansion and improvements in the quality of care.

Expand tax credits helpful to median-income families, and make the credits refundable. Tax credits are a complement, not a substitute, for direct investments in child care.

Continue to encourage states to use T.A.N.F. savings to help non-welfare working families with child care, but recognize that T.A.N.F. savings are not a long-term, much less a comprehensive, solution to child care for the working poor.

Offer incentives for private sector investment that allow small businesses and public and non-profit employers to participate; reward states that develop creative ways to raise matching dollars. Corporate tax credits may be helpful, but leave out many employers of low-wage workers.

Do not forget the school-age children. Children do not outgrow the need for adult supervision when they get on the yellow school bus. Police chiefs across the nation have recently spoken out on the need for after-school programs to reduce youth crime. Most youth crime occurs between the hours of 2 and 7 p.m. after school lets out.

Invest in quality. In particular, help states focus on efforts like North Carolina's T.E.A.C.H. program that reduce teacher turnover in child care. By offering bonuses to caregivers who complete training, the T.E.A.C.H. program has reduced turnover for participants to 7 percent.

Thank you for the opportunity to testify before your committee. I commend the committee for its work on child care and its focus on this issue of such great importance to millions of American families.



Pamela B. Davis
President

Joseph Barker
Vice President

Rhea B. Mike
Treasurer

Dorothy Dukes
Secretary

Phyllis Kalifeh
Immediate Past President

Guy Cooley
Past President

Susan Muenchow
Executive Director

THE FLORIDA CHILDREN'S FORUM

- OVERVIEW -

The Florida Children's Forum, a private-public partnership, is a statewide Child Care Resource and Referral Network. The Network consists of a hub office in Tallahassee and 25 local child care coordinating agencies which:

- Provide child care information and services to more than 150,000 families per year.
- Manage the state's Subsidized Child Care program for more than 92,000 children from low-income working families.
 - Parents have their choice of care in either voucher or contracted arrangements with child care centers, family child care homes, school-based programs, before-and after-school programs, vacation programs, church-sponsored programs, and relative care.
 - Services are available for children birth to 13, and on a full-day, full-year basis for children of working parents.

The child care coordinating agencies consist of 21 private non-profits, two school boards, one city government, and one county government. The agencies are selected by competitive bid.

Florida's Subsidized Child Care system has been featured as a national model by the American Public Welfare Assn. and the National Governor's Assn.

- Unlike many states, where families have to go to government welfare offices to access one type of child care, and to child protection offices to access another, Florida has placed all of its child care funding streams under one community agency at the local level.

Florida's Subsidized Child Care system is built on a public-private partnership.

- Services are largely provided by private, community-based providers rather than operated by government.
- The local community agencies raise more than \$100 million in private, local government and other grant dollars to supplement state and federal funds for child care.

The Forum Network office:

- Provides the leadership for maintaining a statewide database of more than 16,500 child care providers and will soon participate in a national child care database.
- Conducts the annual early care and education needs assessment and the annual market rate survey on the cost of care.
- Oversees the Carnegie Starting Points project in Florida, and the federal Healthy Child Care project.
- Assists in the staffing of the Child Care Executive Partnership Board.
- Manages the "Caring for Kids" Initiative, a statewide campaign to reach out to informal providers, increase the number of licensed family child care homes, and increase the supply of accredited child care facilities. Major business participation in "Caring for Kids" includes NationsBank and Kaplan Early Education Supply Company.

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THE CHILD CARE FOCUS

A newsletter published by The Florida Children's Forum

A NETWORK OF CHILD CARE RESOURCE AND REFERRAL AGENCIES

CHILDREN'S WEEK 1998

VOLUME II, NO.1

Higher Child Care Standards Improve Outcomes for Children, New Florida Study Shows

The Families and Work Institute in New York has released a study showing that Florida's efforts to improve child care – increasing teacher-to-child ratios and educational qualifications of staff – have improved quality in ways that positively affect children's development.

The research "shows that regulatory improvements have a powerful capacity to affect children's outcomes and improve the quality of their early education and care," the study says. "Importantly, this study also reveals that the more stringent the improvement in teacher-to-child ratios and in the educational level required of teachers, the greater the impact on children's outcomes and on the overall quality of their educational environment."

These findings are particularly pertinent at a time when state and federal policymakers and experts in the child care field are debating the effectiveness of efforts to improve the quality of child care. While some policymakers propose reducing child care regulations and substituting outcome measures, this study documents that program standards do affect outcomes for children.

The findings emerged from a study of 150 child care centers in four Florida counties – Broward, Duval, Hillsborough, and Pinellas. "The Florida Child Care Improvement Study" investigated the impact of state legislation mandating more stringent child care standards. The Families and Work Institute says that while it only looked at Florida, its finding and policy implications are applicable in each of the 50 states.

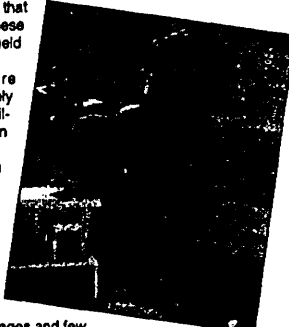
In 1992, Florida reduced teacher-to-child ratios from 1:6 to 1:4 for infants and from 1:8 to 1:6 for toddlers. In addition, the state enacted a law requiring higher educational attainment for child care center teachers. The Families and Work Institute collected data in 1992, 1994 and 1996 and tracked changes in child care quality and the results of those changes over the four years.

"The study documents the importance of training for child care teachers," said

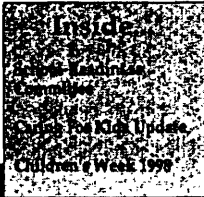
Susan Muenchow, Executive Director of the Florida Children's Forum. "The study also points to the need to reduce staff turnover in order to make further improvements in the quality of care."

Among the study's findings:

- Increased teacher education and ratio requirements significantly contributed to children's cognitive and emotional development from 1992 to 1994; continued improvements were seen in 1996. Children also spent more time in learning activities in 1996 than in 1994.
- Children's language proficiency improved and their behavioral problems, such as aggression, anxiety and hyperactivity, decreased in 1994. Overall classroom quality and the warmth and sensitivity with which teachers interacted with children increased during that period. All of these improvements held steady in 1996.
- Teachers were more responsively involved with children in 1996 than in 1994.
- Improvements in the quality of care would have been even greater were it not for high staff turnover rates, which were in turn related to low wages and few fringe benefits. The turnover rate in child care centers averaged 30 percent in 1996. Only 2 percent of the teachers observed in 1992 were in the same centers four years later.



Continued on Page 4



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CHILDREN'S FORUM Mission

The Florida Children's Forum is a statewide non-profit corporation providing child care information and services to more than 150,000 Florida families and their children each year.

The Florida Children's Forum is a statewide network promoting quality child care and work/family solutions. The Forum conducts research, policy development, training and advocacy on behalf of children and families.

As the voice of the child care network in Florida, we try to promote a child care system of which Floridians will be proud.

The Child Care Focus is published quarterly by the Florida Children's Forum. The Forum is not responsible for misprints, typographical errors or omissions.

Please submit articles to:

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From the Executive Director

by Susan Muenchow

Cross your fingers: this could be a banner year for Florida's young children. Brain research has made the point that child care is not just babysitting, but rather the building block for all future education. According to a recent statewide poll, Florida voters strongly support investments in quality child care. And the state's leaders all say they want school readiness to be a major state priority.

Both the House and Senate are proposing enough funds to address the entire current waiting list for Subsidized Child Care. Last year, the Legislature funded the Governor's full request for child care for WAGES participants making the transition off of welfare, but admissions for children from low-income families not on welfare remained frozen. This is the first time the Legislature has attempted to serve the entire waiting list of children from working poor families.

Equally impressive, the Legislature is also picking up on the Governor's recommendation for child care quality improvements. Both the House and the Senate are supporting higher rates for Subsidized Child Care in Gold Seal facilities. The Gold Seal program will provide a much needed incentive for more child care providers to make the improvements in staffing and training necessary to achieve accreditation.

There's even a chance that the Legislature will support another quality improvement in child care – the beginning of a statewide program to link child care training to better compensation. As is shown in the recent study by the Families and Work Institute, the greatest barrier to improving the quality of child care is teacher turnover. Laws mandating more protective staff-child ratios for babies and more training for child care workers have improved the quality of care in Florida. But the improvements are undermined by the 30 percent turnover rate among child care teachers, which is in turn linked to little better than minimum wage pay. As Marcy Whitebook, director of the Center for the Child Care Workforce, puts it, "Parents can't afford to pay. Teachers can't afford to stay."

The solution is to link child care training to increased compensation. The T.E.A.C.H. Early Childhood and Scholarship Program helps both the child care teacher

and the center. T.E.A.C.H. helps the caregiver pay for training, and helps the center pay for a substitute while the teacher participates in training. When the caregiver completes the credential (whether a Child Development Associate, or an Associates' degree, or a Bachelor's), the program helps the center give the teacher a bonus or salary increase. In return, the teacher agrees to work for at least another year for the facility. In North Carolina, since 1991, over 5,000 teachers have participated in the program, and staff turnover among participants has been reduced to seven percent.

***"The solution is to link
child care training to
increased compensation."***

Of course, the new funds for child care will not "fix" all that is wrong with child care in Florida. What is really needed is an all out campaign in every community to upgrade the quality of care.

The United States military provides the model. Eight years ago, the military took stock of its child care facilities and found them sadly wanting. The military made it a goal that every center would be nationally accredited. They assessed every facility to determine what was needed to achieve accreditation, closed facilities in too bad shape to be repaired, and invested in renovations for the remainder. The military also conducted a massive training program for child care staff. The Caring For Kids Initiative (see page 5) provides the vehicle for this kind of campaign to improve child care in Florida, now we need an array of advocates, service providers and employees to enlist in the effort. Florida's children deserve no less.

School-Readiness Committee Presents "Children First" Initiative

By Alan Stonecipher, Florida Board of Regents

A window of opportunity has opened this year for significant improvement in the way Florida cares for its youngest children. Widespread interest in brain development and its effect on school readiness, a generally rosy state financial picture, and powerful new children's advocates combine to offer new hope for advances in early childhood policy.

For more than a year, the Readiness Committee of the Governor's Commission on Education studied the needs of Florida's almost one million children under the age of five, and how well our state meets those needs. One result of that effort: Committee chair David Lawrence, publisher of the *Miami Herald*, and other leading business and civic leaders have become forceful proponents of greater attention to children's needs. Increased attention, they believe - from parents and other primary caregivers, state and local governments and the private sector - is necessary to improve the state's dismal rankings in measures of children's well-being.

In its report, *Children First: Florida's School Readiness Initiative*, the committee and the full Governor's Commission on Education offered a diagnosis of current problems and a prescription for improvement.

The diagnosis? Florida's early child care and education system lacks coherence and comprehensiveness, the report says.

Whether the issue is access to quality child care so parents can work, quality preschool so children are ready for kindergarten, or preventive health services, too many children and families fall through the cracks.

For many of Florida's parents, for the least educated, and for those whose family lives are least stable, the gaps in the state's early childhood programs resign their children to similar lives of underachievement. Many come to school behind their more fortunate peers, quickly fall further behind, and fail to reach even minimal academic achievement levels. The working poor and parents attempting to move off welfare often face the unpalatable necessity of patching together a variety of people to watch their children while they work, seek jobs, or obtain job training. Despite our existing investments; despite the heroic efforts of hundreds of thousands of parents, volunteers, teachers, charitable and religious organizations, and public and private child service workers; and despite an ever-growing outpouring of rhetoric about putting children first, we collectively do too little, too late, for too few.

And the prescription for improvement? Design and create a system to make certain that all children in Florida are prepared by the age of five to succeed in school. That system should be based on several principles: Every program and activity for young children should be considered a readiness program. Quality counts. Investment in early childhood must increase. Better collaboration is necessary. Community-based efforts hold the most promise for improvements. Information and services regarding development of young children should be available to all families, as desired, although fo-



cus on at-risk populations.

That prescription has been consolidated into a "Children First" agenda - a specific set of recommendations covering both statutory changes and budget action:

- Real attention to the well-being of Florida's youngest children at the highest levels of the state, beginning with a Children First Governing Board including the Governor, Commissioner of Education, legislative leaders and top leaders in the private sector.
- A Children First Coordinating Council, comprised of agency heads and representatives of service providers, whose task is to implement children's policies in a coordinated, holistic way.
- Providing incentive funding for each of Florida's 67 counties to form Children First partnerships involving nonprofit organizations, the school system, parents, and service providers. The new coalitions would exist to more fully address children's health care and education needs, as identified locally.
- Supporting other initiatives designed to improve services to children, including the Children's Health Insurance Program, a major increase in Subsidized Child Care funding for the working poor and for quality enhancements, and implementation of the Healthy Families home visiting program.

General legislative reaction to the Children First agenda has been encouraging. CS/CS/SB182 and 1042, as amended, incorporates some of the Children First concepts. We're hopeful that final legislative action will track the Children First recommendations and advance the cause of improving the lives of Florida's youngest children.

The Governor's Commission on Education consulted widely with providers of children's services and other advocates in preparation of its recommendations. We continue to value input from those whose lives have been devoted to Florida's children. As we all watch legislative action on children's issues, we hope you will feel free to offer your thoughts and suggestions about the Children First agenda.



Caring for Kids Update

Through Florida's 25 child care coordinating agencies, the *Caring For Kids* Initiative is currently providing services in all 67 of Florida's counties. This initiative targets three vital facets of the child care market: 1) informal child care; 2) family child care homes, and; 3) accreditation of both child care centers and family child care homes.



Following is an update on many of the programs involved in this comprehensive initiative:

- **Resource Mobiles**
 - 20 Resource Mobiles are now providing outreach services to child care providers in 62 counties
 - NationsBank, Barnett Bank and Kaplan Supply Company assisted with the purchase of the vans
- **Handbooks for Caregivers**
 - 1,200 handbooks are completed and being distributed through the 25 local Resource and Referral agencies to child care providers
 - Kaplan Supply Company helped support development of handbooks.
- **Business Mentoring Breakfasts**
 - 20 Business Mentoring Breakfasts have been held in the following cities: Pensacola, Tallahassee, Lake City, Gainesville, Daytona Beach, Orlando, Cocoa, Lakeland, Tampa, Bradenton, Ocala, Sarasota, Ft. Myers, Miami, Ft. Lauderdale, Delray Beach, Port St. Lucie, Jacksonville, Fort Myers and Panama City
 - More than 1,000 people have participated
 - Agencies are now hosting "lunch-n-learn" training sessions for the Business Mentors
 - The breakfasts were sponsored by Barnett Bank and NationsBank
- **Mini-grants**
 - Mini-grants to assist with licensure or accreditation are available
- **Loan program**
 - Loans to assist with licensure or accreditation are available
 - Loan procedure handbooks have been distributed to the local Resource and Referral agencies
 - The Loan Program is being operated with assistance from NationsBank

For more information about Caring For Kids, please call Chris Cross at 850-681-7002.

Caring For Kids Progress to Meeting Goals

- From July 1 through December 31, 1997:
 - There was a net gain of 560 licensed and registered family child care providers
 - The number of family child care providers that provide infant care increased by 230
 - The number of family child care providers that provide evening care increased by 218
 - The number of family child care providers that provide overnight care increased by 139
 - The number of family child care providers that provide weekend care increased by 148
- The Child Care Coordinating Agencies have provided outreach services to 1,569 informal providers
 - Of these, 658 have completed the 3-hour training and 109 have become licensed or registered.
- More than 600 caregivers have obtained CDA's

Continued From page 1

Higher Child Care Standards Improve Outcomes for Children, New Florida Study Shows

- The tighter ratios, the study found, did not lead centers to cut back on the number of children served, and parents did not report greater difficulty finding care.
- According to a substudy of parents, the cost of child care for parents rose between 1992 and 1994, but the increases for center-based care were no greater than for home-based care. Thus, the fee increases appear to be unrelated to the regulatory change, which affected only center-based child care. Furthermore, the perceived burden of paying for child care actually declined slightly, for both center and home-based care.
- The greatest gains in children's development and in the quality of early childhood education and care occurred when classrooms met professionally recommended ratios, which are higher than the new Florida ratios. Similarly, teachers with educational levels higher than those required in Florida - AA, BA, or higher degrees in early childhood education - had the highest scores in terms of children's development and classroom quality.
- The Florida Child Care Quality Study shows that investment in child care—imposing improved standards and enforcing these standards - can affect children's development and that higher standards don't break the bank," said Families and Work Institute President Ellen Galinsky.

Adapted with permission from the Families and Work Institute.

Children's Week 1998

REGISTRATION AND SESSION DESCRIPTION/SCHEDULES

SUNDAY, MARCH 29, 1998

- 1:00 p.m. **Unveiling of the "Little Hands" Care-A-Van** (Capitol Courtyard)
See this spectacular display of Children's artwork.
- 2:00 p.m. **Hanging of the Hands** (Capitol Rotunda)
Help decorate the entire Rotunda with a memorable display of Children's hand prints from all over the state.

MONDAY, MARCH 30, 1998

- 8:00 a.m. **Registration Begins** (Second Floor of Capitol)
Receive your registration packet with event details and the "One Voice For Children" Position and Issue Papers.
- 11:30 a.m. **"One Voice For Children" Advocacy Luncheon** (Civic Center)
Recognition and Awards Presentation - Samuel Bell, Facilitator (\$9 fee for box lunch, participants must pre-register)
- 1:15-3:15 p.m. **Advocacy Training**
*Four (4) breakout sessions
Topics: Early Care and Education - Child Health - Children with Special Needs - Child Abuse and Neglect*
- 3:15-5:30 p.m. **Legislative Visits**
Don't miss this opportunity to bring "One Voice For Children" to legislators.
- 5:30 p.m. **Children's Week Reception** (Old Capitol Building)

TUESDAY, MARCH 31, 1998

- 10:30-11:30 a.m. **Brunch in the Commons** (Capitol Commons)
Coordinated by Florida Healthy Mothers/Healthy Babies (\$5 fee to attend, participants must pre-register)
- 11:30 a.m. **Spirited March to the Capitol**
Join Healthy Mothers/Healthy Babies in the annual March to the Capitol.
- 10:30-12:00 p.m. **Children's Activities at the Capitol**
Coordinated by the Florida Children's Forum and sponsored by The Florida Lottery.



- 12:00-1:00 p.m. **Children's Day Rally**
*Coordinated by the Florida Children's Forum and Florida Healthy Mothers/Healthy Babies.
Governor Lawton Chiles, Guest of Honor*
- 6:30 p.m. **Business Recognition Dinner** (Civic Center)
A special celebration to honor Florida's Family Friendly Businesses. Sponsored by Peoples First Community Bank. (\$30 fee to attend, participants must pre-register)

WEDNESDAY, APRIL 1, 1998

- 8:30 - 12:00 p.m. **Powerful Listening Skills Training** (Ramada Inn, N. Monroe Street)
Join the Florida Children's Forum for this exceptional half day training conducted by Jim Cairo of National Seminars Group. Continental breakfast buffet included. (\$30 fee to attend, participants must pre-register. Seating is limited and there will be no on site registrations taken.)

The Florida Children's Forum would like to thank the following Children's Week sponsors

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THE FLORIDA CHARITIES

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Florida Children's Forum Membership Information

The Florida Children's Forum would like to thank the more than one hundred businesses and many individuals who have shown their support during our recent membership drive. If you would like to demonstrate your support for quality child care and work family solutions in Florida, please complete the form below and mail to The Florida Children's Forum at 259 East 7th Avenue, Tallahassee, Florida 32303.

Name: _____ Title: _____

Organization: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Referred by (if applicable): _____

Level of Membership:	<input type="checkbox"/> Individual/Parent (\$20)	<input type="checkbox"/> Family Child Care Home (\$20)
	<input type="checkbox"/> Child Care Center (\$25)	<input type="checkbox"/> Community Based Agency (\$35)
	<input type="checkbox"/> Forum Companion (\$50)	<input type="checkbox"/> Corporate Member (\$100)*
	<input type="checkbox"/> Child Care Partner (\$250)	<input type="checkbox"/> Child Care Champion (\$500)
	<input type="checkbox"/> Friend For Life (\$1000)	

*Call (850) 681-7002 for information on expanded corporate memberships



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CHILD CARE PARTNERSHIP PROGRAM

PURPOSE

- To serve more children of low-income working parents eligible for Subsidized Child Care by creating incentives for employers, local government and other partners to share the cost. (*Although Florida spends more than \$340 million on Subsidized Child Care, there are at least twice as many children eligible as are currently enrolled.*)
- To involve business leaders in the oversight of child care policy, including child care financing and efforts to improve the quality and promote school readiness.

HOW THE PARTNERSHIP PROGRAM WORKS

- For every dollar an employer or other local partner contributes, the state will contribute a dollar.
- Employers may contribute for their own employees eligible for Subsidized Child Care or to a community Child Care Purchasing Pool.
- The result is that parents, employers, and government share the cost of child care.

PROGRAM ACCOMPLISHMENTS

- In state fiscal year 1996/97 the legislature set aside \$2 million to be matched, and \$2 million was secured.
- In state fiscal year 1997/98 the legislature set aside \$4 million to be matched, and \$4 million was secured.
- An additional 3,500 children from low-income families have received child care assistance.
- To date more than 35 private businesses have contributed to the local Child Care Partnerships.

*For additional information,
call Susan Muenchow at the Florida Children's Forum; (850) 681-7002*

Child Care Partnership Program

- Overview -

- ◆ The Child Care Partnership Act is an innovative strategy designed to expand child care subsidies for the working poor at a reduced cost to the state.
- ◆ Currently, there are more than 26,000 children from low-income families on the waiting list for care.
- ◆ Established by the 1996 Legislature as part of the state's WAGES legislation.
- ◆ In the first 18 months more than \$6 million has been raised by employers or community groups.
- ◆ These funds were matched on a dollar-to-dollar basis by the state.



Child Care Partnership Program

- Purpose -

- ◆ Stimulate public-private partnerships to serve children of working poor parents who are on the waiting list and are currently the last priority for receiving Subsidized Child Care.
- ◆ Provide incentives through matching funds for employers, local governments, and charitable foundations to help share the cost of child care for low-income employees who are eligible for Subsidized Child Care.
- ◆ Funds may not be used to supplant maintenance of effort presently exerted by the employer or other participant in the activity funded.

Child Care Partnership Program

- Benefits -

- ◆ The state benefits by being able to stretch always limited state subsidy dollars to serve more children.
- ◆ When the \$6 million in state funds are matched by employers and parent fees, approximately 5,200 children of low-income families on the waiting list will get child care at half the usual cost to the state.
- ◆ This program allows participating employers, parents and the state government each to pay about 1/3 of the cost of child care.

Child Care Partnership Program

- Accomplishments -

- ◆ The Partnership Program is currently providing matching funds for purchasing pools that operate in 44 of Florida's 67 counties.
- ◆ The geographic areas range from large urban areas (i.e., Miami, Orlando, Tampa and Jacksonville) to small rural areas in the Panhandle.
- ◆ The Child Care Executive Partnership Board has established a goal of raising \$6 million in matching funds during the 1998-99 fiscal year.
- ◆ This funding will create approximately 5,200 child care slots, equaling the accomplishments of the first two years.

Child Care Partnership Program

- Business Partners -

- ♦ *Barnett Bank*
- ♦ *Baytree Properties, Inc. - Golden Pond*
- ♦ *Bell South*
- ♦ *Bett, Rogers, et al., C.P.A.*
- ♦ *Blockbuster Entertainment Corporation*
- ♦ *Burger King/Apple Management*
- ♦ *Capital Health Plan*
- ♦ *Carpenter's Campers*
- ♦ *Chiles Restaurant Group*
- ♦ *Claremont Technology Group*
- ♦ *Columbia Blake Hospital*
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- ♦ *Crown Health Laundry*
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- ♦ *Excell Agent Services*
- ♦ *Gracewood Fruit Company*
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- ♦ *McDonald's Restaurant*
- ♦ *The Minute Maid Company*
- ♦ *NationsBank*
- ♦ *The New Piper Aircraft, Inc.*
- ♦ *People's First Community Bank*
- ♦ *Po Folks*
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- ♦ *Tallahassee Memorial Regional Medical Center*
- ♦ *Spurlin Industries*
- ♦ *University of Florida Santa Fe Community College*
- ♦ *Wedding Professionals of Central Florida*
- ♦ *Wendy's Restaurant*
- ♦ *Winn Dixie*

Child Care Executive Partnership Establishes Goals and Mission for Child Care in Florida

The Child Care Executive Partnership Board has committed that through a partnership between government, the business community and parents, all children, especially those who are disadvantaged, have access to affordable, quality early care and education programs that accommodate parents' work schedules. The following is an excerpt from "Maximizing Florida's Brain Power: A New Vision For Early Care and Education In Florida." This publication was produced by the Child Care Executive Partnership board.

In the last six years the state has made fundamental changes in its workforce development and welfare systems that look more than a half a century to create. In addition, the Department of Education has pressed for numerous changes to promote educational accountability. And four new state agencies - Department of Juvenile Justice, Department of Health, Department of Children and Families, and the Agency for Health Care Administration - have been created to overhaul the way services are delivered to children and families. If these major changes to workforce development, welfare, and child and family services are to succeed, however, the approach to address early childhood care and education must also be fundamentally altered.

The new approach must be objective, cost efficient and asset driven. It must be a business approach with bottom line results. The findings and conclusions contained herein have been enthusiastically endorsed by the Committee for Economic Development (CED) in its landmark report, *"The Unfinished Agenda: A New Vision for Child Development and Education."* CED is comprised of 250 Chief Executive Officers of America's largest corporate citizens, including IBM, Coca-Cola, XEROX, and Texaco. These corporate icons, America's most proficient problem solvers, have concluded:

- The separation between early childhood education and child care is counterproductive.
- Although preschool for disadvantaged three- and four-year old children is a critical, cost-effective strategy for later school success, for a large portion of poor children, often this intervention is too late. Even the most intensive program at this age fails to help at least one-third of the children who participate.
- The nation must redefine education as a process that begins at birth, one which recognizes that the potential for learning begins even earlier, and encompasses the physical, social, emotional and cognitive development of children.

The Governor's Child Care Executive Partnership Board, as representatives of the business community in Florida, believes that any fundamental change to infrastructure must always take into consideration the above conclusions. Consequently, all publicly funded early care and education programs serving children birth to six must be considered "school readiness" programs and be funded and held accountable accordingly. All early care and education programs must offer a full-day, full-year option that makes it possible for parents to work. To provide less than a "school readiness" program to children who are already at risk of school failure is to waste the \$371 million in tax dollars spent annually. To offer less than a full-day, full-year program to children from very low-income families is to create a barrier to working a 40-hour week and hence an obstacle to welfare reform.

Employees at Burger King Experience Benefits of Child Care Purchasing Act

More than 30 businesses have participated in the Child Care Partnership Program since its establishment in 1993. Golden Apple Management - the Burger King franchise serving the Panama City area - is an example of a business that has used this program to offer increased child care benefits to employees. "Burger King is constantly looking at ways to help their employees," said Dawn Broscius, marketing director of Golden Apple Management.

While the program is still in its infancy, the partnership between Burger King and Early Childhood Services - the child care resource and referral agency serving this area - is already providing a vital service for Burger King. By addressing their employees' child care needs, Broscius believes the program will help the company retain valuable employees. Broscius adds, "Child care is critical to many Burger King employees."

Theresa Skrzynski, an employee of Burger King in Panama City, is very pleased with the opportunity offered by the program. "The best benefit is I can work. My whole paycheck is not going to child care. It's a relief," says Skrzynski. Thresa has two children, a 4 year old that requires preschool part-time care, and a two year old that requires full-time care. She could not be more pleased with the new situation. "Thank God for Burger King," said Skrzynski. "Parents no longer have to worry about child care while they work."

According to Phyllis Kalifeh, Executive Director of Early Childhood Services, Inc., "The Child Care Partnership Program encourages employers to participate in Northwest Florida's future by providing child care benefits while parents worked to remain self-sufficient. This program also encourages private employers to explore innovative ways to assist their employees to obtain quality child care. Burger King is one of the companies that accepted the challenge."

Broscius adds, "It is important to get involved from the beginning. We want to encourage businesses to get involved because we want the program to grow."

**THE GOVERNOR'S CHILD CARE
EXECUTIVE PARTNERSHIP BOARD**



*Maximizing Florida's Brain Power:
A New Vision for Early Care
and Education In Florida*

**MAXIMIZING FLORIDA'S BRAIN POWER:
A New Vision For Early Care And Education In Florida**

OVERVIEW

In the last six years the state has made fundamental changes in its workforce development and welfare systems that took more than a half a century to create. In addition, the Department of Education has pressed for numerous changes to promote educational accountability. And four new state agencies - Department of Juvenile Justice, Department of Health, Department of Children and Families, and the Agency for Health Care Administration - have been created to overhaul the way services are delivered to children and families. If these major changes to workforce development, welfare, and child and family services are to succeed, however, the approach to address early childhood care and education must also be fundamentally altered.

The new approach must be objective, cost efficient and asset driven. It must be a business approach with bottom line results. The findings and conclusions contained herein have been enthusiastically endorsed by the Committee for Economic Development (CED) in its landmark report, "The Unfinished Agenda: A New Vision for Child Development and Education." CED is comprised of 250 Chief Executive Officers of America's largest corporate citizens, including IBM, Coca-Cola, XEROX, and Texaco. These corporate icons, America's most proficient problem solvers, have concluded:

- The separation between early childhood education and child care is counterproductive.
- Although preschool for disadvantaged three- and four- year old children is a critical, cost-effective strategy for later school success, for a large portion of poor children, often this intervention is too late. Even the most intensive program at this age fails to help at least one-third of the children who participate.
- The nation must redefine education as a process that begins at birth, one which recognizes that the potential for learning begins even earlier, and encompasses the physical, social, emotional and cognitive development of children.

The Governor's Child Care Executive Partnership Board, as representatives of the business community in Florida, believes that any fundamental change to infrastructure must always take into consideration the above conclusions. Consequently, all publicly funded early care and education programs serving children birth to six must be considered "school readiness" programs and be funded and held accountable accordingly. All early care and education programs must offer a full-day, full-year option that makes it possible for parents to work. To provide less than a "school readiness" program to children who are already at risk of school failure is to waste the \$272 million in tax dollars spent annually. To offer less than a full-day, full-year program to children from very low-income families is to create a barrier to working a 40-hour week and hence an obstacle to welfare reform.

A. IMPORTANCE OF QUALITY TO WORKFORCE DEVELOPMENT

- Nearly two-thirds (60 percent) of the mothers under the age of 6 now work, up from 41 percent less than 20 years ago.
- One-third of all employees have children who need child care.
- By the year 2000, two-thirds of all job entrants will be women, and 75 percent will become mothers.
- Over half of the mothers of babies under age one are now in the workforce. With the implementation of welfare reform this percentage will increase.
- Parents often piece-meal programs together to meet the unique needs of school-age children, summer vacation, holidays, etc.
- Under the state's new Work and Gain Economic Self-Sufficiency (WAGES) welfare reform law, mothers of children three months and older must work at least 20 hours per week. It is estimated that more than 100,000 additional children will need Subsidized Child Care as a result of WAGES.

B. IMPORTANCE OF QUALITY TO CHILD DEVELOPMENT

- Quality early care and education programs result in significant returns on investments ranging from \$3 to \$6 for every \$1 spent...estimated at \$150,000 per child over a lifetime. These savings accrue as a result of reduced expenditures for special education, grade retention, welfare, crime, and teen pregnancy.
- As compared to children in lower quality settings, children in quality programs display:
 - greater language ability;
 - better math skills;
 - advanced social skills;
 - improved relationships with teachers and peers;
 - higher self images;
 - stronger parent-child relationships;
 - increased likelihood of long-term school success;
 - improved likelihood of long-term social and economic self-sufficiency.
- These benefits are most dramatic with children from low-income families who are at a greater risk of school failure.
- The most comprehensive longitudinal study of quality early childhood programming ever conducted in the United States shows that in later life, program participants had half as many arrests, were twice as likely to own their own home and were 30% more likely to graduate from high school. High school dropouts:
 - earn about \$237 billion less than high school graduates in their lifetimes;
 - pay about \$70 billion less in taxes;
 - constitute more than 80% of American prisoners (cost per prisoner: \$20,000 annually; cost of quality early care and education: \$5,000 annually).
- Poor quality care compounds the risk of school failure.

C. COMPONENTS OF QUALITY

- Quality programs are comprehensive and address not only the cognitive needs of children but also their social, emotional and physical development. Quality programs provide family supports, which is particularly important to low-income families.
- Universally accepted key elements of quality early care and education programs include:
 - frequent interaction and conversation between children and adults;
 - appropriate daily learning activities and materials;
 - healthy and safe physical environments;
 - program support services, including health, nutrition, social services;
 - parental support and involvement;
 - staff trained to work with young children;
 - favorable staff-to-child ratio and small group size. (The standard recommended by the National Association for the Education of Young Children (NAEYC) and the American Academy of Pediatrics is 1 staff person to every 10 four year old children.)

D. THE NEW BRAIN RESEARCH

- Scientists have learned more about the human brain in the last ten years than in all of history.
- At birth, a baby's brain is "hot wired" to breathe, pump blood through the body, and perform other body functions. But the complex wiring necessary for good vision, hearing, talking, and thinking is completed during the first years of life.
- The brain uses the outside world to shape itself - wire itself - during crucial periods or "windows" during which time brain cells must have certain kinds of stimulation to develop such powers as vision, language, smell, muscle control and reasoning.
- The brain research has shown:
 - the brain's circuitry for math, in the brain's cortex, is largely wired during the first years of life;
 - by six months of age infants in English speaking homes already have different auditory maps from children in homes where other languages are spoken;
 - auditory cortex circuits, representing the sounds that form words, are wired by the age 1;
 - vision circuitry is wired by the age 2;
 - if a person does not hear words by age 10, he/she will never speak a language;
 - up to 50% of developmental disabilities can be eliminated with quality care;
 - a child immobilized in a body cast until the age of four will eventually learn to walk, but never smoothly;
 - the brain of a child who has been subjected to abuse and neglect is wired by age 2 to chemically respond to "threat" in a "fight of flight" behavioral mode.

The critical importance of these windows of opportunity has been recognized by the Committee for Economic Development.

E. QUALITY OF EARLY CARE AND EDUCATION IN FLORIDA

- A major national study found "most child care is mediocre in quality, sufficiently poor to interfere with the child's emotional and intellectual development."
- In Florida the quality of care appears to be better. In recent years the number of preschool children in growth enhancing early childhood programs has increased to approximately 42%. This is primarily due to legislation improving the staff-child ratio for infants and requiring credentialed caregivers (a Child Development Associate -CDA- or the equivalent) for every 20 children in care. This is an impressive accomplishment considering that other community-based studies have found only 12 to 14 percent of the children in child care are in arrangements that promote their growth and learning.
- The legislature has taken a further step in recognizing the need to promote quality early care and education programs by creating the Gold Seal Program, which recognizes centers and homes accredited by nationally recognized associations. To date over 370 centers have achieved accreditation, with more than 800 additional centers in the process.
- Nevertheless, minimum state licensing standards for three and four year olds and staff ratios remain twice the levels recommended by the NAEYC and the American Academy of Pediatrics.
- The state's most effective mechanism for gauging quality in Subsidized Child Care settings is the Program Assessment Tool, which is modeled after the universally accepted key elements of quality listed above. The Department of Education is planning to use the tool for performance standards for the Prekindergarten Early Intervention Program.

F. BARRIERS TO QUALITY EARLY CARE AND EDUCATION

- The primary obstacle to the availability of quality early care and education for children birth to six is that most Floridians view child care as baby-sitting, not education.
 - The CED has found that the distinction between “Prekindergarten”, which has traditionally been viewed as “school-readiness”, and “child care”, which has traditionally been viewed as “baby sitting so parents can work” is counterproductive.
 - The CED has concluded that “all programs for children from birth to age 5 whether designated as child care, early childhood education or preschool should focus on educational and developmental needs.”
- Other barriers to quality care and education include:
 - The hourly expenditure for Subsidized Child Care is less than half that for children in Prekindergarten through high school.
 - The reimbursement rate for Subsidized Child Care is not based on the actual cost of a quality program.
 - The quality standards in the Assessment Tool do not apply to providers who receive reimbursement through Subsidized Child Care vouchers as opposed to those who contract for reimbursement. Providers do not even have to undergo background and criminal records checks.
 - Child care workers, even those with degrees or credentials, often earn little more than minimum wage, increasing employee turnover, training costs and disrupting the most important component of quality - the stability and continuity of the relationship between child and caregiver.
 - Florida’s Prekindergarten Early Intervention Program is not structured to meet the needs of working parents.
- With the onset of welfare reform, the need for quality infant care will be more acute.
 - Infant care is the most requested, most expensive and least available form of care.
 - While Florida has more child care centers per number of children than any other state in the nation, 58% of child care centers do not serve children under two.
 - There is a shortage of family child care homes. There is no state licensure requirement for family child care, and very little support is available.
 - Because of affordability and availability concerns many families rely on informal arrangements with friends or neighbors which may be the most inconsistent, and possibly most damaging form of child care. It is not uncommon for a family to have to change informal child care arrangements five times within a baby’s first year of life.
- Another major barrier is that quality care is expensive, beyond the reach of many families.
 - In many instances quality care is not affordable, particularly for low-income families. A single parent working at minimum wage would spend nearly half her income on child care for an infant at the market rate. Two parents working at minimum wage would spend over 1/3 of their income on child care for two children. A starting school teacher earning \$22,000 per year would still spend one-third of her income on child care for two children.

409.178 Child Care Partnership Act; findings and intent; grant; limitation; rules.--

(1) This section may be cited as the "Child Care Partnership Act."

(2)

(a) The Legislature finds that when private employers provide onsite child care or provide other child care benefits, they benefit by improved recruitment and higher retention rates for employees, lower absenteeism, and improved employee morale. The Legislature also finds that there are many ways in which private employers can provide child care assistance to employees: information and referral, vouchering, employer contribution to child care programs, and onsite care. Private employers can offer child care as part of a menu of employee benefits. The Legislature recognizes that flexible compensation programs providing a child care option are beneficial to the private employer through increased productivity, to the private employee in knowing that his or her children are being cared for in a safe and nurturing environment, and to the state in more dollars being available for purchasing power and investment.

(b) It is the intent of the Legislature to promote public/private partnerships to ensure that the children of the state be provided safe and enriching child care at any time, but especially while parents work to remain self-sufficient. It is the intent of the Legislature that private employers be encouraged to participate in the future of this state by providing employee child care benefits. Further, it is the intent of the Legislature to encourage private employers to explore innovative ways to assist employees to obtain quality child care.

(c) The Legislature further recognizes that many parents need assistance in paying the full costs of quality child care. The public and private sectors, by working in partnership, can promote and improve access to quality child care and early education for children of working families who need it. Therefore, a more formal mechanism is necessary to stimulate the establishment of public-private partnerships. It is the intent of the Legislature to expand the availability of scholarship options for working families by providing incentives for employers to contribute to meeting the needs of their employees' families through matching public dollars available for child care.

(3) There is created a body politic and corporate known as the Child Care Executive Partnership which shall establish and govern the Child Care Partnership Program. The purpose of the Child Care Partnership Program is to utilize state and federal funds as incentives for matching local funds derived from local governments, employers, charitable foundations, and other sources, so that Florida communities may create local flexible partnerships with employers. The Child Care Partnership Program funds shall be used at the discretion of local communities to meet the needs of local communities in addressing the child care needs of working parents. A child care purchasing pool shall be developed with the state, federal, and local funds to provide subsidies to low-income working parents who are eligible for subsidized child care with a dollar-for-dollar match from employers, local government, and other matching contributors. The funds used from the child care purchasing pool must be used to supplement or extend the use of existing public or private funds and may not be used to supplant the maintenance of effort presently exerted by the employer or other participant in the activity funded.

(4) The Child Care Executive Partnership, staffed by the department, shall consist of:

- (a) A representative of the Executive Office of the Governor.
- (b) Nine members of the corporate or child care community, appointed by the Governor, to be known hereafter as the "board."
- (c) One representative from each of the 10 Child Care Partnership Program pilot purchasing pool counties established by the board, known hereafter as the "oversight group."
 - 1. Members of the board shall serve for a period of 4 years.
 - 2. Members of the oversight group and the representative of the Executive Office of the Governor shall serve at the pleasure of the Governor.
 - 3. The Child Care Executive Partnership shall be chaired by a member chosen by a majority vote of the board and shall meet at least quarterly and at other times upon the call of the chair.
 - 4. Members shall serve without compensation, but may be reimbursed for per diem and travel expenses in accordance with s. 112.061.
 - 5. The Child Care Executive Partnership shall have all the powers and authority, not explicitly prohibited by statute, necessary to carry out and effectuate the purposes of this section, as well as the functions, duties, and responsibilities of the partnership, including, but not limited to, the following:
 - a. Assisting in the formulation and coordination of the state's child care policy.
 - b. Adopting an official seal.
 - c. Soliciting, accepting, receiving, investing, and expending funds from public or private sources.
 - d. Contracting with public or private entities as necessary.
 - e. Approving an annual budget.
 - f. Carrying forward any unexpended state appropriations into succeeding fiscal years.
 - g. Providing a report to the Governor, the Speaker of the House of Representatives, and the President of the Senate, on or before December 1 of each year.

(5)

- (a) The Legislature shall annually determine the amount of state or federal low-income child care moneys which shall be used to create Child Care Partnership Program child care purchasing pools in counties chosen by the board of the Child Care Executive Partnership through June 30, 1998, provided that at least two of the counties have populations of no more than 300,000. After that date, the Legislature shall review the effectiveness of the child care purchasing pool program and reevaluate the percentage of additional state or federal funds, if any, that can be used for the program's expansion.
- (b) To ensure a seamless service delivery and ease of access for families, the community

coordinated child care agencies shall administer the child care purchasing pool funds.

(c) The department shall issue a request for proposal for the operation of the pilot child care purchasing pools. In order to be considered, the community coordinated child care agency must commit to:

1. Matching the state pilot purchasing pool funds on a dollar-for-dollar basis; and
2. Expending only those public funds which are matched by employers, local government, and other matching contributors who contribute to the pilot purchasing pool. Parents shall also pay a fee, based upon the department's subsidized child care sliding fee scale.

(d) Each community coordinated child care agency shall be required to establish a community child care task force for each pilot child care purchasing pool. The task force must be composed of employers, parents, private child care providers, and one representative each from the district interagency coordinating council for children's services and the local children's services council, if they exist in the area of the pilot purchasing pool. The community coordinated child care agency is expected to recruit the task force members from existing child care councils, commissions, or task forces already operating in the area of a pilot purchasing pool. A majority of the task force shall consist of employers. Each task force shall develop a plan for the use of child care purchasing pool funds. The plan must show how many children will be served by the pilot purchasing pool, how many will be new to receiving child care services, and how the community coordinated child care agency intends to attract new employers and their employees to the pilot project.

(6) The Department of Children and Family Services shall adopt any rules necessary for the implementation and administration of this section.

History.--ss. 4, 5, ch. 88-337; s. 43, ch. 90-306; s. 85, ch. 96-175; s. 195, ch. 97-101.

Parents Receiving Subsidized Child Care:

Where Do They Work?

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Parents Receiving Subsidized Child Care: Where Do They Work?

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SUMMARY OF FINDINGS

Welfare reform with its emphasis on term limits and work requirements makes understanding the low-income labor market and the low-income child care market vitally important. We need to understand both markets and the way in which they interact if we are going to stimulate two-generational self sufficiency for low-income families.

Effective policy that supports two-generational self sufficiency requires knowledge of how both the content and administration of child care subsidy programs influence parental employment and child development. Child care subsidies are frequently essential to allow primary caregivers to work outside the home. Child care subsidies are also frequently important to help low income families afford a level of care sufficient to build a new generation of productive workers.

Since enactment of the Family Support Act of 1988, programs that provide child care subsidies have grown in size and diversity. The federal emphasis has been primarily on using child care to help welfare families achieve economic self sufficiency. At the same time, some programs, such as the Child Care and Development Block Grant, have provided child care to low-income working families to help them avoid welfare dependency. As far as we are aware, there is no systematic information on who employs the parents receiving these various child care subsidies. Such information can provide an important context for the welfare-to-work transition required by welfare reform.

As a foundation for the Tri-State Child Care Research Partnership, we have worked with Child Care Coordinating Agencies in three diverse areas of

Florida: (1) Duval County (Jacksonville), (2) Pinellas County (St. Petersburg) and (3) the Big Bend area [Leon (Tallahassee), Gadsden, Jefferson, Liberty, Madison, Taylor, and Wakulla Counties]. These areas reflect a wide spectrum of child care issues.

Jacksonville is an old South/New South city on the Atlantic Coast of North Florida. It has long been a transportation, finance, and insurance center and has a substantial military presence. St. Petersburg, midway down Florida's Gulf Coast, has been a destination for tourists and retirees for many years. It also has substantial employment in manufacturing, finance, insurance, and real estate (see Table 1 or Chart 1 of the Appendix). Tallahassee, in the Florida Panhandle, is the state capital and has two state universities. The six counties that surround Tallahassee are rural with characteristics similar to the rural counties of South Alabama.

While each of these areas has unique characteristics, we believe that our results as a whole provide valuable insights regarding the type of employment available for the working poor. The working poor in our sample are "privileged"; they received federal, local, and state subsidies to help them pay for the care of their children while they work. Many other poor families who are working and struggling to make ends meet have no help with child care expenses. For example, in mid December 1995, working poor families eligible for child care subsidies in our study area were as likely to be on waiting lists for care as they were to be receiving it.

To summarize briefly the results for our three study areas, retail trade, with fast food and other restaurants pre-

Information about who employs parents receiving child care subsidies provides an important context for the welfare-to-work reform required by welfare reform.

In each of the study areas, we found unique employment patterns for workers receiving subsidized child care.

dominating, provides more employment for workers receiving child care subsidies than does any other type of industry in all three of our study areas. Fast food chains are a major source of employment with McDonald's providing from five to ten percent of the restaurant employment for workers receiving child care subsidies in our three study areas. Cashiering and bagging groceries is another important activity with the major regional grocery chains, Publix and Winn-Dixie, providing substantial amounts of employment.

After retail trade, we find unique patterns for each study area. In Pinellas, health services, predominantly nursing homes, is the next most important industrial sector; this is a reflection of the large presence of retirees in the area. In Duval County, business services, primarily agencies providing temporary personnel, assumes the number two spot and, in the Big Bend area, public administration, primarily employment at Florida's Department of Health and Rehabilitative Services, assumes the next most important employer role.

DATA METHOD AND ANALYSIS

We downloaded all of the employment information available in the Child Care Management System (CCMS) databases of the Child Care Coordinating Agencies in Duval County, Pinellas County and the Big Bend area (seven counties) in mid-December 1995.

The name of the employer for workers receiving child care subsidies was collected by an Eligibility Counselor as part of the Parent Interview which is used to determine eligibility for child care subsidies.¹ Parent Interviews began on January 4, 1992, in Duval County, on January 21, 1992, in Pinellas County and on June 30, 1992, in the Big Bend area. Thus we have information on the employers of workers receiving child care subsidies for over three years in each of our study areas.

The child care subsidy programs serving the largest number of working families in these three areas in 1995 were the Project Independence Program (which was Florida's welfare-to-work program at that time), the Transitional Child Care Program (which guarantees a year of child care to former AFDC recipients who are working but earning less than 185% of the federal poverty level), the AFDC Employed Program (serving those who are working but still receiving some AFDC), and the Income Eligible Program (serving those who are working, whether or not they are former AFDC recipients, and who have a maximum family income of 150% of the federal poverty level to enter the program and 185% to remain in the program.)

We began by creating frequency distributions of employers for each of the three study areas.² This revealed substantial concentrations of workers receiving child care subsidies at certain places of employment. Further, it appeared that certain

industries employed very large proportions of workers receiving child care subsidies. To determine whether this observation was confirmed, we assigned Standard Industrial Classification (SIC) codes to each employer.³

In order to understand our study areas, we obtained socioeconomic data including detailed employment data from the 1994 County and City Data Book (US Department of Commerce, 1995) and USA Counties: 1994 (US Department of Commerce, 1994) at the county level for each of the study areas. These sources contained employment by SIC codes and allowed us to compare the employment patterns of all workers in these study areas with the employment patterns of workers receiving child care subsidies.

The retail trade industry employs the highest percentage of both the low-income segment of the labor force which receives subsidized child care and the total labor force in each of the three metropolitan regions. This industry includes building and garden suppliers, general merchandise stores, food stores, automotive dealers and service stations, apparel and accessory stores, furniture and home furnishing stores, eating and drinking places, and other miscellaneous retail stores. Workers receiving subsidized child care are overrepresented in the retail industry. For example, in Jacksonville, 27% of the subsidized child care receiving labor force is employed in retail, whereas only 16% of the total labor force in Duval County is employed in retail. Further breakdowns of the retail industry reveal that certain businesses are responsible for employing a large portion of the workers receiving subsidized child care. We will continue to examine these breakdowns by industry and by company according to each city and surrounding region. (Please refer to the Appendix for tables and graphs of county employment by industry).

Workers receiving subsidized child care are overrepresented in the retail trade sector.

PINELLAS COUNTY (ST. PETERSBURG)*

As can be seen in Table 1 of the Appendix, Pinellas County has more employment in manufacturing; retail trade; finance, insurance, and real estate; and health services than the State of Florida as a whole. The county has less employment in transportation and educational services than does the state as a whole. The concentration of employment in health services reflects the large number of retirees residing in the county, and the low concentration in transportation and education reflects the county's reliance on transportation and educational institutions in adjoining Hillsborough County.

A comparison of the employment pattern for Pinellas County's overall labor force and the employment pattern for Pinellas workers receiving child care subsidies revealed substantial differences. As can be seen in Figure 1, employment in manufactur-

ing; construction; and finance, insurance, and real estate is lower for workers receiving child care subsidies than for other workers in Pinellas County. For example, while over 12% of all Pinellas workers are employed in manufacturing, less than 4% of workers receiving child care subsidies are employed in this sector.

Figure 1 provides a comparison of employment for the three industries in which workers receiving child care subsidies are most under represented and the three industries in which they are most over represented. The Appendix provides comparisons of employment patterns for a broader spectrum of industries. Figure 1 shows clearly that workers receiving child care subsidies are concentrated in the lower paying service industries while the overall Pinellas County labor force finds substantial employment in manufacturing, construction and

Over 12% of all workers in Pinellas County are employed in manufacturing, yet less than 4% of those who receive subsidized child care are employed in this sector.

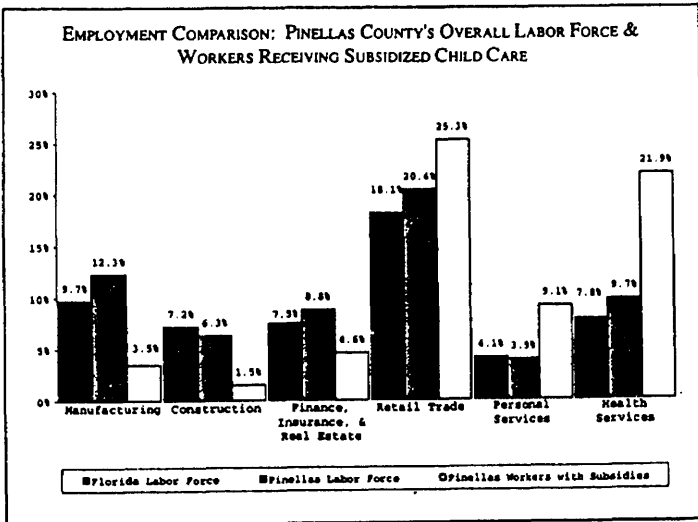


FIGURE 1

Workers in the health services sector represent 22% of all workers receiving subsidized child care in Pinellas county.

higher paying services. Additionally, the tables and figures in the Appendix show that employment for the subsidized child care receiving labor force of Pinellas County is negligible in transportation, communication and public utilities, and wholesale trade while these industries provide significant employment for the overall Pinellas labor force.

RETAIL TRADE

In Pinellas County (see Figure 2), 25% of workers receiving child care subsidies are employed in retail trade, compared to 20% of the total labor force in Pinellas County. More than one third of these workers receiving subsidized child care are employed in eating places while another one fifth work in food stores. Major national chains, such as McDonald's, Checkers, Burger King, and Wendy's, provide 42% of all eating place employment and over 4% of overall employment for workers receiving

child care subsidies. Publix and Winn-Dixie (two large regional grocery store chains) provide employment for more than one-half of workers receiving child care subsidies employed by food stores and over 3% of employment for the entire subsidized work force. Department stores and other retail stores employ the remainder (see Figure 3).

HEALTH SERVICES

The health services sector employs 22% of workers receiving child care subsidies, while it provides employment for only 9.7% of Pinellas County's total labor force. Nursing homes account for much of the employment in this sector. To be specific, nursing homes employ 40% of workers receiving child care subsidies in the health industry and 8.8% of subsidized child care receiving workers overall. A few nursing homes (e.g., the Country Place of Clearwater and Swanholm) provide substantial employment for subsidized workers. Hospitals,

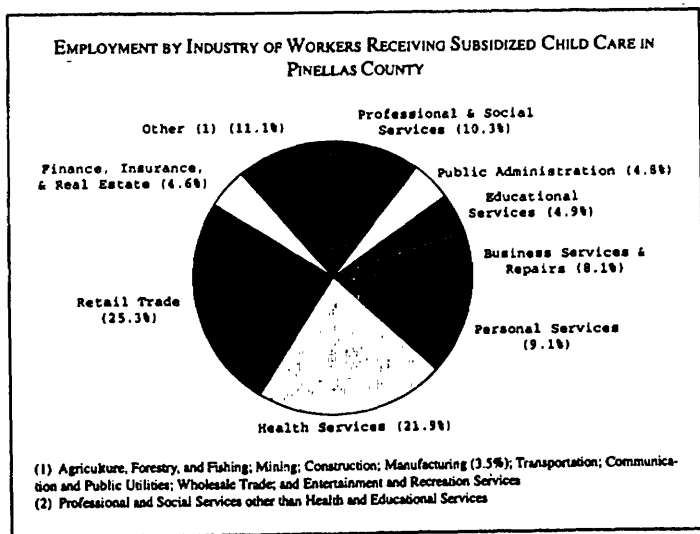


FIGURE 2

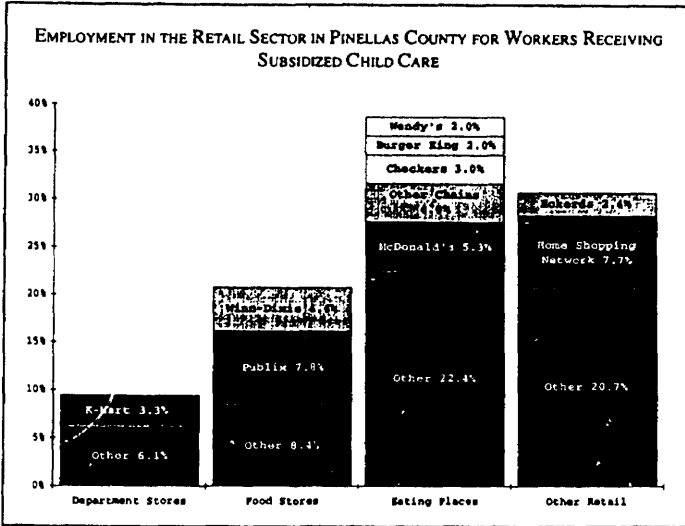


FIGURE 3

home care services, health services, and other labs and clinics employ the remaining 60% of workers receiving child care subsidies in the health sector (see Figure 4).

PROFESSIONAL AND SOCIAL SERVICES

Slightly more than 10 % of workers receiving child care subsidies are employed in professional and social services (almost all in social services) other than health and education, in contrast to slightly more than 6 % of all Pinellas workers. Child care centers and retirement homes together employ more than half of the workers receiving child care subsidies who work in this sector. Child care alone provides over 34% of the jobs for workers receiving subsidies in this sector, and 3.6% of the overall employment for these subsidized workers. Head Start programs alone provide 27% of the employment of the child care sector and 1% of overall employment for workers receiving child care subsidies.

PERSONAL SERVICES

The personal services sector, mostly hotel service, cleaners, and beauty salons, employ 9.1% of workers receiving child care subsidies, but only 3.9% of the total labor force in Pinellas County. Hotels such as Hilton Hotels, Holiday Inn, and Trade Winds Resort provide 50% of employment for workers receiving subsidies in the personal service sector.

BUSINESS SERVICES AND REPAIRS

The business services and repairs sector employs 8.1% of workers receiving subsidized care, in comparison to 5.6% of the county's total labor force. Employment in business services predominates, providing 88% of the employment for workers receiving subsidized child care in this industry. Most of this employment is with temporary personnel agencies which provide 55% of business services employment for the subsidized child care receiving population

In Pinellas County, hotels provide 50% of the employment for workers in the personal services sector who receive subsidized child care.

The Pinellas County School Board is a major employer of workers receiving subsidized child care in that county.

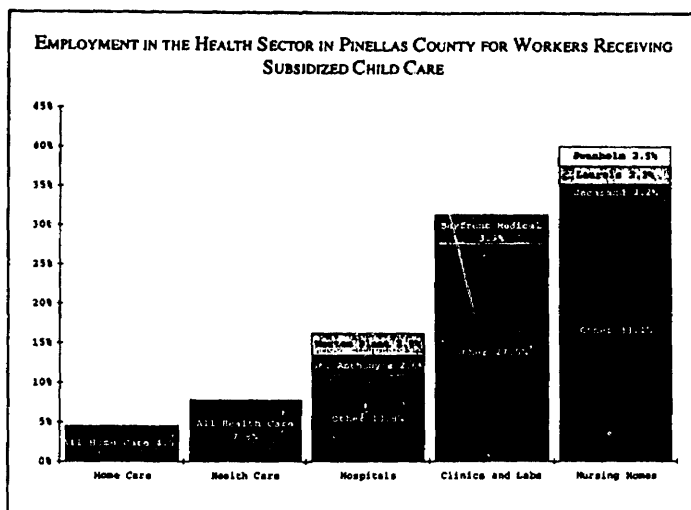


FIGURE 4

and 3.9% of the overall employment for workers receiving subsidized child care.

EDUCATIONAL SERVICES

The education sector provides 4.9% of overall employment for workers receiving child care subsidies. Major employers include the Pinellas County School Board, 32% of the sector's employment, and St. Petersburg's Junior College, 11% of the sector employment.

PUBLIC ADMINISTRATION

The public administration sector (other than education) provides employment for 4.8% of the labor force receiving subsidized child care and 3.6% of the total labor force in Pinellas County. The Department of Health and Rehabilitative Services accounts for nearly one third of the employment in public administration for workers receiving subsidized child care.

DUVAL COUNTY (JACKSONVILLE)³

As can be seen in Table 1 of the Appendix, Duval County has more employment in the finance, insurance, and real estate sector and in transportation than does the State of Florida as a whole. The county has less employment in manufacturing, retail trade, and business services and repairs than does the state as a whole. Over 7% of the county's workers are in the military, more than seven times the percent in the military in the work force in each of the other areas studied. This is due to the naval base which is located nearby. The concentration of employment in transportation reflects Jacksonville's role as a major railway center and as a major port. The large employment in finance, insurance, and real estate reflects Jacksonville's role as a finance and insurance center, and as the headquarters for Barnett Banks, Inc., a major Florida banking institution.

We find substantial differences between the overall employment pattern for Duval County and the employment pattern for Duval workers receiving child care subsidies. As can be seen in Figure 5, workers receiving child care subsidies are concentrated in the lower paying service industries while the overall Duval County labor force finds substantial employment in manufacturing, transportation and wholesale Trade.

Employment for workers receiving child care subsidies in Duval County is negligible in construction, manufacturing, and wholesale trade while these industries provide significant employment for Duval County's overall labor force. (see Figure 5 and the tables in the Appendix).

RETAIL TRADE

In Jacksonville, as in St. Petersburg, retail trade employs the largest portion

Employment for workers receiving subsidized child care in Duval count is negligible in construction, manufacturing, and wholesale trade.

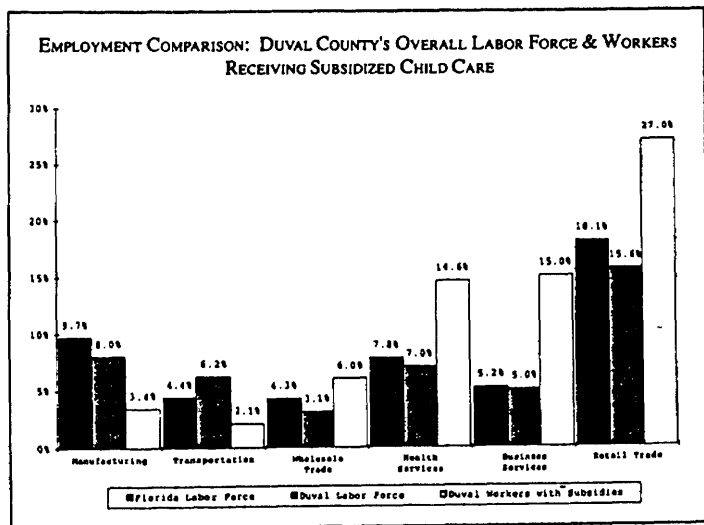


FIGURE 5

Winn-Dixie is the largest employer retail trade sector employer for workers receiving child care subsidies in Duval County.

of workers receiving child care subsidies (see Figure 6). Retail trade employs 27% of the workers receiving subsidies, but only 16% of the total labor force in Duval County. Winn-Dixie, a major regional grocery chain, is the largest retail employer of workers receiving child care subsidies and accounted for 9.3% of their total employment in retail trade. Furthermore, Winn-Dixie is the second most frequent employer of subsidized child care receiving workers, employing 2.5% of this population in Jacksonville (see Figure 7).

BUSINESS SERVICES AND REPAIRS

Firms supplying business services and repairs employed 15% of workers receiving child care subsidies. This percent is substantially larger than employment in this sector both for the county and the state (5.0% and 5.2% respectively of the total work force). The difference is accounted for by the large amount of employment by temporary personnel service agencies. Em-

ployment at such agencies comprises 72% of the total employment in this sector for the workers receiving subsidized child care. Two temporary service agencies (Accu Staff and Olsten Staffing Services) are the major personnel agencies employing workers receiving child care subsidies in Duval County. Accu Staff ranks as the number one employer of subsidized workers in the Jacksonville area. This company accounts for 24% of business services' employment and 3.5% of overall employment for workers receiving subsidized child care in the Jacksonville area (see Figure 8).

HEALTH SERVICES

The health services sector employs 15% of workers receiving child care subsidies, approximately double the Duval County average of 7% for the total labor force. Many of the workers receiving subsidized child care are employed at the University of Florida Medical Center which accounts for 12% of employment in the health

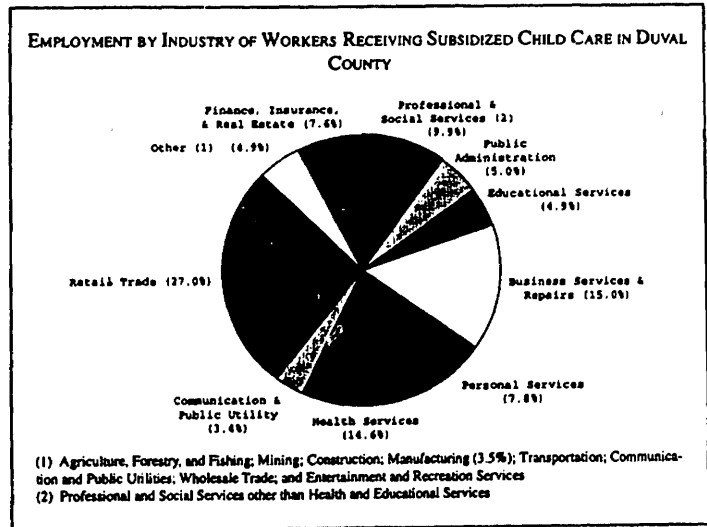


FIGURE 6

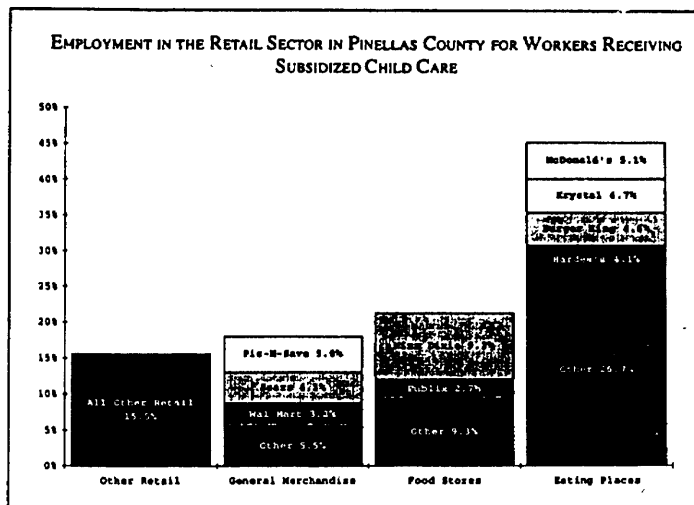


FIGURE 7

service sector and 1.8% of overall employment for workers receiving child care subsidies in Duval County.

PROFESSIONAL AND SOCIAL SERVICES

Professional and social services, other than health and education, provide almost 10% of employment for workers receiving child care subsidies in Duval County, while such employment accounts for only 5.4% of employment for the total labor force. Workers receiving subsidies are employed in social services, mainly in child care centers and billing service firms, not in professional services.

PERSONAL SERVICES

The personal services sector provides almost 8% of employment for Duval County workers receiving child care subsidies, but only 3% of the county's total labor force employment. Major employers include food service companies such as ARA Food Services and Cargill.

FINANCE, INSURANCE, AND REAL ESTATE

Workers receiving child care subsidies are under-represented in finance, insurance, and real estate (7.6%) compared to Duval County's total labor force (10.6%). In spite of this under-representation, several companies within this industry contribute significantly to the employment of subsidized workers. For example, Barnett Bank (headquartered in Jacksonville) employs almost 15% of subsidized workers in this sector, and provides 1.2% of the employment of workers receiving child care subsidies in Duval County. Blue Cross/Blue Shield employs 14% of the workers in this sector, and provides 1.2% of the total employment for workers receiving child care subsidies in the Jacksonville area. Other companies employing a large number of workers receiving subsidized child care include First Union Bank and Prudential.

Workers receiving child care subsidies are under-represented in the Finance, Insurance, and Real Estate sector.

The Public Administration sector in Duval County employs about the same percentage of workers receiving child care subsidies as it does of the overall labor force.

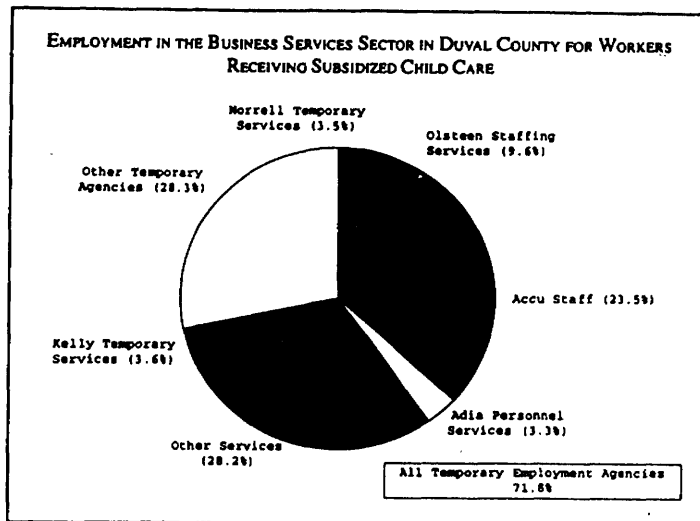


FIGURE 8

PUBLIC ADMINISTRATION

The public sector employs approximately the same percentage of workers receiving child care subsidies and of the overall labor force, 5%, in Duval County.

Although the public sector is not one of the larger employers of subsidized workers, specific public agencies employ a substantial portion of that labor force. For example, the Department of Health and Rehabilitative Services employs almost 2% of workers receiving subsidized child care.

EDUCATIONAL SERVICES

The education sector employs a slightly lower proportion of the workers receiving child care subsidies than of the total

workers in Duval County, 4.9% of the workers receiving subsidized child care and 5.8% of total workers. However, the Duval County School Board employs 2.3% of workers receiving subsidized child care.

COMMUNICATION AND PUBLIC UTILITIES

The communication and public utilities sector provides only 3.4% of the overall employment for workers receiving child care subsidies. However, AT&T employs 84% of the workers receiving subsidized child care in this sector and accounts for 2.4% of overall employment for workers receiving child care subsidies employment in Duval County.⁴

BIG BEND (TALLAHASSEE)'

As can be seen in Table 1 of the Appendix, the Big Bend area has more employment in public administration, educational services and other professional and social services than the State of Florida as a whole. This area has less employment in manufacturing, retail trade and transportation than does the state as a whole. The concentration of employment in public administration reflects the fact that Tallahassee is the state capital. The large employment in education is a reflection of the two major state universities (Florida Agricultural and Mechanical University and Florida State University) located in Tallahassee.

Turning next to a comparison of the employment pattern for all Big Bend workers and that for Big Bend workers receiving child care subsidies, we find substantial differences. As can

be seen in Figure 9, workers receiving child care subsidies are concentrated in the lower paying service industries and retail trade while the overall Big Bend labor force finds substantial employment in construction; manufacturing; and finance, insurance, and real estate.

In contrast to our other study areas, the health industry in the Big Bend area does not provide substantial amounts of employment for workers receiving child care subsidies although it does provide substantial employment for the overall labor force. Construction; transportation; communication and public utilities; wholesale trade; and the finance, insurance, and real estate sectors provide substantial employment in the Tallahassee area. However, these industries do not provide significant employment for workers receiving subsidized child care.

McDonald's is the second largest employer of workers receiving subsidized child care in the Big Bend area.

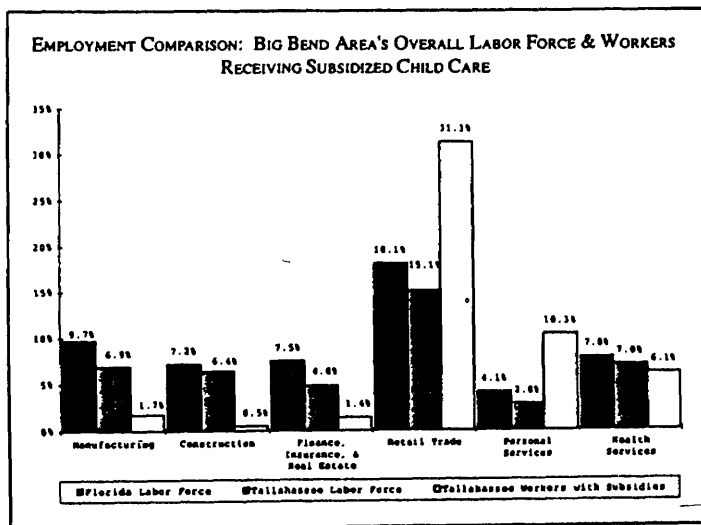


FIGURE 9

Public Administration provides employment for almost 17% of the workers receiving subsidized child care in the Big Bend area.

RETAIL TRADE

In the Big Bend area, as in other areas studied, retail trade provides employment for the largest proportion of workers receiving child care subsidies, 31% of workers receiving subsidized child care (see Figure 10). This proportion is more than double the 15% of all Big Bend workers in Retail Trade. McDonald's is a major employer providing almost 10% of employment in this sector for workers receiving subsidized child care, and 3.1% of the employment for these workers overall. McDonald's is the second largest employer of workers receiving child care subsidies in the Big Bend area. As in Pinellas and Duval Counties, food stores employ many workers receiving subsidized child care. Winn-Dixie and Publix employ 1.7% and 1.5% of total subsidized workers, respectively in the Big Bend area.

As shown in Figure 11, fast food employment and employment at convenience or discount retailers is more

common for subsidized workers in the Big Bend area than for workers receiving subsidized child care in Pinellas or Duval counties. The large number of employment opportunities in fast food may be related to the presence of the two large state universities in Tallahassee.

PUBLIC ADMINISTRATION

Public administration provides employment for almost 17% of workers receiving subsidized child care. This percentage is significantly higher than the percent employed in public administration in Duval (5.3%) and Pinellas (3.6%) Counties. As noted earlier, this is not surprising because Tallahassee is the state capital. Indeed, the subsidized child care receiving population is only slightly more likely to be employed in public administration than is the population as a whole in the Tallahassee area (16% of total workers are employed in public administration). The Department of Health and Rehabilitation Services (HRS) is a large

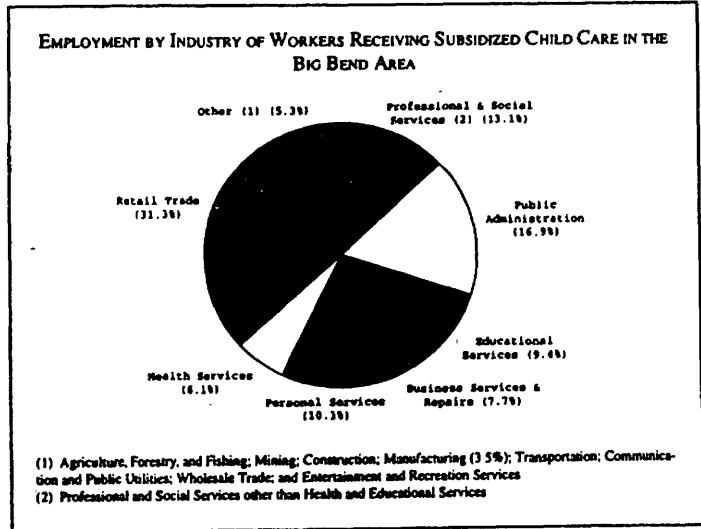


FIGURE 10

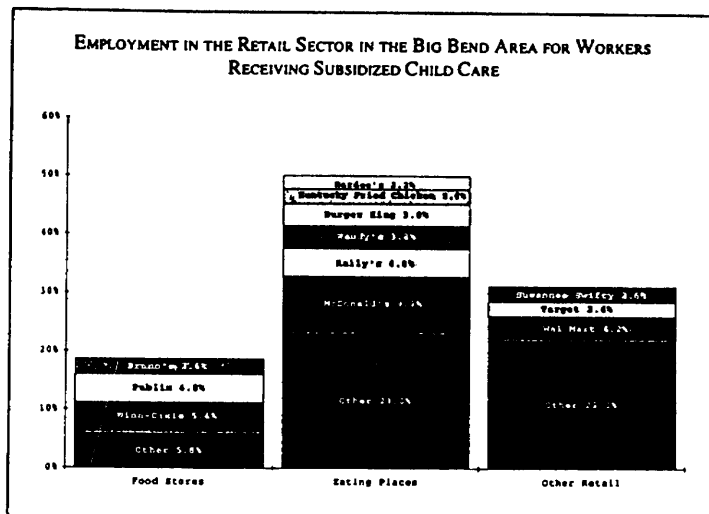


FIGURE 11

employer in the Tallahassee area. It employs 15% of the workers receiving subsidized child care in public administration and 2.6% of all workers receiving child care subsidies in the Big Bend area. The Florida Department of Labor provides almost 9% of the jobs for workers in public administration receiving child care subsidies in the Big Bend area and 1.5% of the total employment for this group (see Figure 12).

PROFESSIONAL AND SOCIAL SERVICES

The professional and social services sector employs a substantial proportion of workers receiving child care subsidies in Big Bend. While this sector employs only 7% of the total labor force in this region, this sector employs 13% of the workers receiving subsidized care. Various child care centers provide 62% of employment in this sector.

PERSONAL SERVICES

The personal services sector employs a significantly higher percentage of

workers receiving child care subsidies (10%) than of the total labor force (3%) in the Big Bend area. Hotels provide employment for 52% of workers receiving subsidized care in this sector and cleaning services provide 29%.

EDUCATIONAL SERVICES

The education services sector employs 9% of the workers receiving child care subsidies and 13% of overall employment. Universities and colleges provide 68% of this employment. Florida Agricultural and Mechanical University (FAMU), provides 60% of university and college employment for workers receiving subsidized child care and Florida State University (FSU) provides 31%. FAMU provides employment for almost 3% of the total child care receiving labor force. Indeed, it is the third largest employer of workers receiving subsidized child care in the Tallahassee area. Almost one fourth of the jobs of workers receiving subsidized child care in the educational service

Hotels and cleaning services account for more than 80% of the personal services sector employment for workers receiving child care subsidies.

As in Duval County, temporary personnel agencies are a significant employer of workers receiving child care subsidies.

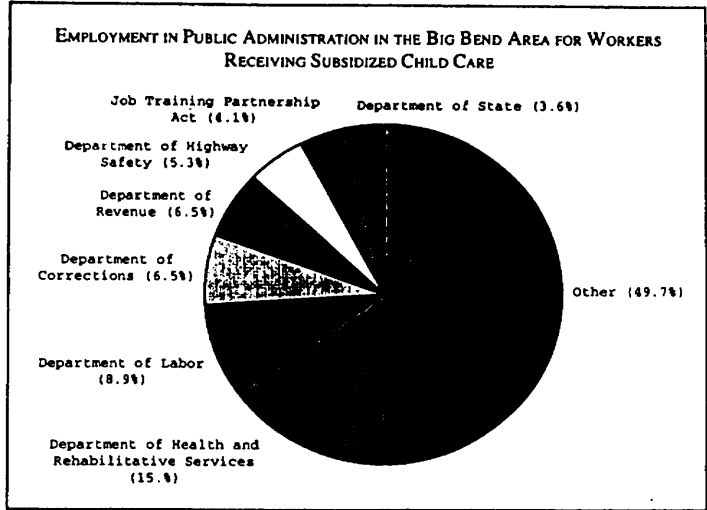


FIGURE 12

sector comes from the Leon County School Board. This school board provides 2.2% of overall employment for the labor force receiving subsidized care in the Big Bend area.

BUSINESS SERVICES AND REPAIRS

The business services and repairs sector provides jobs for 7.7% of workers receiving child care subsidies and 4.0% of all workers in this region. Much of the business services' employment, 86% of this sector, is provided through temporary personnel agencies (47% of the business sector and 3.6% of total employment for workers receiving

subsidized child care). As in Duval County, Norrell Temporary Services and Kelly Temporary Services are large employers of workers receiving subsidized child care in this sector. See Figure 8. Indeed, both of these temporary service companies employ one percent of the total labor force receiving subsidized child care in the Big Bend area. Other business services that employ a significant proportion of workers receiving child care subsidies include Unisys and Consultec, providing 20% and 15% of the employment in the business services sector and 1.3% and 1.0% of the total employment of workers receiving subsidized care respectively.

CONCLUSION

While it is well known that child care subsidies help low-income families work, it has not, as far as we are aware, previously been documented that major local, regional, and national employers benefit indirectly from child care subsidy programs. Our work documents that employers in retail trade and nonprofessional services employ many workers receiving child care subsidies.

Child care subsidies are essential to help families move from welfare to work, and quality child care provides an immediate benefit to employers by promoting higher productivity, lower absenteeism, and lower turnover. Looking toward the future, the quality of child care received by children while their parents work may also help determine whether these children enter school ready to learn and enter the work force ready to work. Without child care subsidies, either public or private, most low-income families simply cannot afford quality child care.

Child care subsidies allow employers to hire low skill workers without forcing the parents to jeopardize the health and safety of their children. These employers have a central role in successful welfare reform. Low skill workers need on-the-job training. As their skills improve, they need the opportunity to move up to higher paying jobs that will allow them to pay all of the costs of basic necessities, including the costs of developmentally sound child care.

Welfare reform will only succeed if employers, governments (federal, local, and state), and families work together. The current welfare reform debate has engaged two of the central actors, parents and governments. Our study has provided a mechanism to engage employers in welfare reform in Florida. Specifically, this research contributed

findings that provided support for the passage of the Child Care Partnership program as a portion of Florida's new welfare reform plan, WAGES (Work And Gain Economic Self Sufficiency), which was enacted in May 1996. The new legislation encourages employers to help share the cost of care for their low-income workers. Under the \$2 million pilot program, local child care agencies may offer matching dollars for child care to employers willing to assume part of the cost of child care for their employees who are eligible for subsidized child care. We hope that this study will help to reinforce the importance of employers to welfare reform and will encourage employers to develop policies that allow struggling families to deal more effectively with the need to care for their children while they work.

As documented in this paper, the employment patterns for the segment of the labor force that receives child care subsidies are significantly different than the employment patterns for the overall population. In each of our study areas, retail trade employs the largest percentage of workers receiving subsidized child care and accounts for a much higher proportion of employment for the population receiving subsidized child care than for the population as a whole. Although distinct employment patterns emerge in each study area, the following sectors, in addition to retail trade, employ a significant percentage of the subsidized child care receiving population throughout the state: health services; business services (mostly temporary personnel agencies); and professional and social services, other than health and education.

In addition, it is striking that certain industries provide few jobs for workers receiving child care subsidies. These

Employers benefit indirectly from child care subsidy programs.

It is striking that certain industries provide very few jobs for workers receiving subsidized child care.

industries include construction; manufacturing; and finance, insurance, and real estate. These industries provide many high paying jobs to the population as a whole, but relatively few jobs to workers receiving child care subsidies. Training

programs associated with welfare reform would do well to prepare welfare recipients for the better paying jobs in these industries as well as for jobs in the industries where low income workers are traditionally concentrated.

APPENDIX

Table 1 -- Employment by Industry for Overall Labor Force 1990

Industry	Florida	Pinellas	Duval	Big Bend Area
Construction	7.2%	6.3%	6.2%	6.4%
Manufacturing	9.7%	12.3%	8.0%	6.9%
Transportation	4.4%	3.1%	6.2%	2.3%
Communication & Public Utilities	2.7%	2.8%	3.1%	2.2%
Wholesale Trade	4.3%	3.9%	4.4%	2.4%
Retail Trade	18.1%	20.4%	15.6%	15.1%
Finance, Insurance, & Real Estate	7.5%	8.8%	10.6%	4.8%
Business Services and Repairs	5.2%	5.6%	5.0%	4.0%
Personal Services	4.1%	3.9%	3.0%	2.8%
Health Services	7.8%	9.7%	7.0%	7.0%
Educational Services	6.4%	5.0%	5.8%	12.8%
Professional & Social Services (2)	5.7%	6.4%	5.4%	7.3%
Public Administration	4.6%	3.6%	5.3%	16.1%
Other (1)	12.3%	8.2%	14.6%	9.8%

(1) Includes: Agriculture, Forestry, and Fishing; Mining; and Entertainment & Recreation Services

(2) Professional Services other than Health Services and Educational Services

Table 2 -- Child Care Subsidy Receiving Labor Force -- Pinellas County 1992-1995

Industry	
Retail Trade	25.3%
Finance, Insurance, & Real Estate	4.6%
Business Services & Repairs	8.1%
Personal Services	9.1%
Health Services	21.9%
Educational Services	4.9%
Professional & Social Services (2)	10.3%
Public Administration	4.8%
Other (1)	11.1%

(1) Includes: Agriculture, Forestry, and Fishing; Mining; Construction; Manufacturing (3.5%); Transportation; Communication & Public Utilities; Wholesale Trade; and Entertainment & Recreation Services

(2) Professional Services other than Health Services and Educational Services

**Table 3 -- Child Care Subsidy Receiving Labor Force -- Duval County
1992-1995**

Industry

Communication & Public Utilities	3.4%
Retail Trade	27.0%
Finance, Insurance, & Real Estate	7.6%
Business Services & Repairs	15.0%
Personal Services	7.8%
Health Services	14.6%
Professional & Social Services (2)	9.9%
Public Administration	5.0%
Educational Services	4.9%
Other (1)	8.3%

- (1) Includes: Agriculture, Forestry, and Fishing; Mining; Construction; Manufacturing; Transportation; Wholesale Trade; and Entertainment & Recreation Services
 (2) Professional Services other than Health Services and Educational Services

**Table 4 -- Child Care Subsidy Receiving Labor Force -- Big Bend Area
1992-1995**

Industry

Retail Trade	31.3%
Business Services & Repairs	7.7%
Personal Services	10.3%
Health Services	6.1%
Professional & Social Services (2)	13.1%
Public Administration	16.9%
Educational Services	9.4%
Other (1)	5.3%

- (1) Includes: Agriculture, Forestry, and Fishing; Mining; Construction; Manufacturing; Transportation; Wholesale Trade; Finance, Insurance, & Real Estate; and Entertainment & Recreation Services
 (2) Professional Services other than Health Services and Educational Services

FOOTNOTES

¹These data are recorded in the FMEM table of the CCMS database.

²Eligibility Counselors did not always use a consistent name for employers. For example, Sam's Inc. was referred to as Sams and Sam's as well as Sam's Inc.

³The Standard Industrial Classification breaks industries down into 16 categories: 1) Agriculture, Forestry, and Fishing; 2) Mining; 3) Construction; 4) Manufacturing; 5) Transportation; 6) Communication and Public Utilities; 7) Wholesale Trade; 8) Retail Trade; 9) Finance, Insurance, and Real Estate; 10) Business Services and Repair; 11) Personal Services; 12) Entertainment and Recreation Services; 13) Health Services; 14) Education Services; 15) Professional and Social Services, other than health and education; and 16) Public Administration.

⁴We received information on 6716 workers receiving subsidies in St. Petersburg. We were able to use information for 5221 (78%) of the records available. We were not able to use entries when no employer was listed or when it was not possible to discern the industry into which the indicated employer would fall. When an employer was listed frequently, we either called and obtained information that allowed us to assign an industry or asked individuals who had resided in the area to obtain the needed information. Thus, we include all large and medium size employers in our analysis.

⁵We received information on 6412 workers receiving child care subsidies in Duval county. We were able to use 5174 (81 %) of the records available. We were not able to use entries when no employer was listed or when it was not possible to discern the industry into which the indicated employer would fall. When an employer was listed frequently, we either called and obtained information that allowed us to assign an industry or asked individuals who had resided in the area to obtain the needed information. Thus, we include all large and medium size employers in our analysis.

⁶Note that available data sometimes did not allow us to discern if all of these employees were working directly for AT&T or hired through a temporary personnel agency, in that case, working only indirectly for the company.

⁷The data available for Tallahassee are less complete and may not be as representative as the data for St. Petersburg and Jacksonville. While child care coordinating agency staff in Pinellas and Duval counties routinely record employment information when determining eligibility for child care subsidies, not all staff in the Big Bend Agency record employment information. However, comparison of results for St. Petersburg and Jacksonville with results for Tallahassee do not reveal any substantial differences in employment patterns relative to employment in the counties making up the Big Bend area. We received information on 1202 low income workers receiving subsidies in the Tallahassee. We were able to use information for 1001 (83%) of the records available. We were not able to use entries when no employer was listed or when it was not possible to discern the industry into which the indicated employer would fall.

SOURCES

Bureau of the Census, U.S. Department of Commerce. County and City Data Book 1994: A Statistical Abstract Supplement. May 1995, Washington, DC. CD-ROM # CD-CCDB94.

Bureau of the Census, U.S. Department of Commerce. USA Counties 1994: A Statistical Abstract Supplement. December 1994, Washington, DC. CD-ROM # CD94-CTY-02.

Florida Children's Forum provided data compiled by the Eligibility Counselor at the time of the parent interview which determined whether the individual was eligible to receive subsidized child care. These data may be recorded in the Family Member Employment Table (FMEM) of the CCMS database. Our database contained the date of the interview, the name of the employer, and the employer's telephone number. Our database was pulled from the CCMS databases of the Jacksonville, St. Petersburg and Tallahassee Child Care Coordinating Agencies in mid-December 1995. The Jacksonville agency consistently uses the parents interview module of CCMS which records the interview information in the database. In St. Petersburg, the agency does not always use the parent interview module but does consistently record employment information in the database. In Tallahassee, some Eligibility Counselors record employment information in the database and others do not. We received all information available in the FMEM.

PREPARED STATEMENT OF DONNA T. MUNDY

Mr. Chairman, Senators, my name is Donna Mundy and I am a Senior Vice President of UNUM Corporation. UNUM Corporation owns insurance companies in Maine, New York, South Carolina, Japan, Argentina, and the United Kingdom. We employ 7,200 employees worldwide, and our corporate headquarters are located in Portland, Maine.

I'm proud to say that UNUM has had on site child care for our Portland-based employees for 19 years. For many years, we had the only on site corporate child care facility north of Boston. UNUM's child care initiatives have helped our company win wide recognition as a model employer. We are among Business Weeks top 10 family friendly companies, Working Mothers list of 100 best companies to work for, and Fortune Magazines 100 best companies to work for. However, we did not set up our child care program to win awards. Awards are nice, but I do not know any business that would take on the commitment of a child care program just to win an award. For us, child care links with our values as a company and it is a business issue.

UNUM established an on site child care program 19 years ago because there was a real problem with the availability of child care for our employees. We surveyed our employees and found that availability and affordability of child care were significant barriers for people who might want to return to their jobs after having a child. We believed, and have since been proven right, that on site child care would help us attract and retain the quality work force that we need to compete in a global market. Although we have never tried to scientifically measure it, anecdotal information indicates on site child care improves productivity. One simple example: The convenience of parking one's car, bringing one's child to the child care center and then walking across the yard to the office makes mornings much saner and quite likely more productive too, for a lot of our employees.

So why don't more businesses have on site child care? I have heard a number of reasons but costs are a huge factor. We currently subsidize our center about \$100,000 a year. This figure does not include the staff time for our human resource person who is responsible for liaison with our center. Your proposal to give businesses a tax credit to help defray the cost of providing child care should go a long way to encourage more businesses to provide child care. And, more businesses providing child care can go a long way toward meeting the challenge of child care availability.

However, availability is not the only problem. Affordability is a serious problem, also. Your proposal to increase the dependent care tax credit directly addresses the affordability problem. UNUM has been providing financial subsidies for lower wage, employees since the late 1980's. Currently, an employee making \$25,000 a year or less is eligible for \$60.00 per week in child care subsidy from the company. Again, we instituted our child care subsidy in order to help us attract and retain the high caliber work force we need for our business. Your proposal to increase the current child care credit for lower wage employees will provide the benefits to those who need it the most.

Quality child care is like motherhood and apple pie; everyone is for it. Your proposal S.1577 takes a very positive approach to two of the greatest impediments for parents looking for quality child care today: availability and affordability. Based on UNUM's experiences over the past 19 years, we believe your proposal for an employer tax credit and increasing the individual child care tax credit are important and meaningful steps in the right direction.

GAO**United States General Accounting Office
Testimony****Before the Subcommittee on Social Security and Family
Policy, Committee on Finance, U.S. Senate**

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CHILD CARE**States' Efforts to Expand
Programs Under Welfare
Reform**

Statement of Mark V. Nadel, Associate Director
Income Security Issues
Health, Education, and Human Services Division



GAO/T-HEHS-98-148

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss our work on states' efforts to expand their child care subsidy programs for low-income families. The cost of child care often creates a barrier for low-income parents attempting to support their families through work. In fact, our previous work has suggested that child care subsidies can be an important factor in poor mothers' decisions to find and keep jobs, increasing the probability that poor and near-poor mothers will work.¹

Recognizing the important role that child care subsidy programs play in helping low-income families support themselves through work, you asked us how those programs are changing at the state level in light of the revisions the Congress made to them through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). My testimony today is based primarily on our recent report on state child care programs.² I will discuss (1) how much federal and state funds states are spending on child care subsidy programs and how they are allocating these resources, (2) how states are trying to increase the supply of child care to meet the projected demand under welfare reform, and (3) the extent to which states are changing standards for child care providers in response to the anticipated increased demand under welfare reform. Our work is based on case studies of seven states' child care subsidy programs conducted between December 1996 and October 1997;³ information about the child care subsidy programs of all 50 states and the District of Columbia, as described in the plans states are required to submit to the Department of Health and Human Services (HHS) under the Personal Responsibility Act; and other studies.

In summary, our findings provide an early indication that the seven states are using additional federal dollars and their own funds to expand their child care programs to serve increasing numbers of welfare recipients required to work and at least some of the working poor. In addition, states are making efforts to further increase the supply of child care by funding initiatives to support and encourage the entrance of new child care providers into the market. At the same time that states are expanding their programs and attempting to increase supply, they appear to be maintaining child care standards and enforcement practices. However, it is too early to know how effective these efforts will be in meeting the child care needs of low-income families.

¹Child Care: Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work (GAO/HEHS-95-20, Dec. 30, 1994).

²Welfare Reform: States' Efforts to Expand Child Care Programs (GAO/HEHS-98-27, Jan. 13, 1998).

³These states are California, Connecticut, Louisiana, Maryland, Oregon, Texas, and Wisconsin.

BACKGROUND

To better help low-income families meet their child care needs, the Congress combined four programs with different target populations into one program—the Child Care and Development Block Grant (CCDBG)—with a single set of eligibility criteria and requirements.⁴ This program, now referred to as the Child Care and Development Fund (CCDF), provides federal funds to states for child care subsidies for families who are working or preparing for work and who have incomes of up to 85 percent of a state's median income (SMI).⁵ Unlike the previous programs, which segmented working low-income families into different service categories on the basis of welfare status, the CCDF allows states greater flexibility to create integrated programs that serve all families in similar economic circumstances. Such programs are important to ensure that families who have never been on welfare are not penalized for their work efforts and that families can move easily from welfare to self-sufficiency.

The CCDF provided states with about \$3 billion in federal funds in fiscal year 1997—\$605.7 million more than was available in 1996 under previous law.⁷ This increase was in part a response to the fact that under the Personal Responsibility Act states are required to place a greater percentage of individuals receiving aid through the new Temporary Assistance for Needy Families (TANF) block grants in work or work-related activities, creating a greater need for child care assistance.⁸ The act requires that a

⁴Three of the four child care programs—(1) Aid to Families With Dependent Children (AFDC)/Job Opportunities and Basic Skills Training program (JOBS) child care, which provided child care assistance to welfare families involved in work or approved education or job training activities; (2) Transitional Child Care, which provided 1 year of child care assistance to families leaving AFDC because of employment; and (3) At-Risk Child Care, which assisted low-income working families who were deemed to be at risk of becoming dependent on welfare without child care assistance—were repealed. The new law modified the fourth existing child care program, the CCDBG, which previously had assisted low-income families who were working or in approved education or training.

⁵This is an increase from 75 percent under previous law.

⁶Nationwide, for fiscal year 1997, 85 percent of SMI for a family of four ranged from a low of \$31,033 in Arkansas (1.93 times the federal poverty level) to a high of \$52,791 in Connecticut (3.29 times the federal poverty level).

⁷In the future, the amount of federal CCDF funds available could rise from about \$3.1 billion in fiscal year 1998 to about \$3.7 billion in fiscal year 2002.

⁸The Personal Responsibility Act requires that 25 percent of a state's entire adult TANF caseload participate in work and work-related activities in fiscal year 1997, and the required rate increases by 5 percentage points annually to 50 percent in fiscal year 2002.

significant percentage of states' CCDF funds are used to provide child care assistance to current or potential TANF recipients.⁹

STATES ARE EXPANDING CHILD CARE SUBSIDY PROGRAMS FOR LOW-INCOME FAMILIES

In response to welfare reform, the seven states we reviewed are expanding funding for child care programs. As table 1 shows, the increase in combined federal and state CCDF funding in the seven states between state fiscal years 1996 and 1997 ranged from 2 percent in Maryland to 62 percent in Louisiana. On average, funding in these states increased from about \$1.1 billion in fiscal year 1996 to about \$1.4 billion in fiscal year 1997. According to child care officials, these additional funds have allowed six of the seven states to expand the number of children served under their child care subsidy programs by an average of about 17 percent between fiscal years 1996 and 1997.

A separate and much higher minimum work participation rate is specified for two-parent families: 75 percent in fiscal year 1997, rising to 90 percent in fiscal year 1999. States' minimum work participation rates are lowered if their welfare caseloads decrease. Specifically, each state's minimum participation rates are reduced by an amount equal to the number of percentage points by which the state's welfare caseloads have declined since fiscal year 1995. States risk losing some of their TANF allocation unless they meet the participation rates.

⁹Federal TANF funds include discretionary, mandatory, and matching funds. At least 70 percent of the mandatory and matching funds must be used for current or potential TANF families. In fiscal year 1997, mandatory and matching funds together equaled almost \$2 billion.

Table 1: Combined Federal and State Funds Available for Child Care Subsidies and Associated Costs, State Fiscal Years 1996 and 1997

Dollars in Millions

State	Total federal and state funding for states' fiscal years		Percentage increase
	FY 1996	FY 1997	
California	\$677.6	\$855.5	26
Connecticut	71.3	101.2	42
Louisiana ^a	37.2	60.5	62
Maryland	54.2	55.1	2
Oregon	76.0	85.0 ^b	12
Texas	166.0	180.3	9
Wisconsin	63.0	87.0 ^c	38
Total	\$1,145.3	\$1,424.6	24

Note: State and federal fiscal years differ. Some of the seven states' fiscal years run from July 1 through June 30. Texas' fiscal year is September 1 through August 31. The federal fiscal year is October 1 through September 30.

^aLouisiana data are for the federal fiscal year.

^bIncludes \$17.2 million in TANF funds used for child care.

^cIncludes \$13 million in TANF funds used for child care.

Source: GAO analysis of data from state child care administrators.

The CCDF allows states to operate their child care programs exclusively with federal funds, thereby reducing or eliminating the need for state funds to be used for child care.¹⁰ Nevertheless, the seven states we reviewed intend to spend at least enough state funds to qualify for the maximum amount of federal CCDF funds available for child care. State funding in three of the states will exceed the amount required to maximize their federal CCDF allocation.

¹⁰States do not need to obligate or spend any state funds to receive about three-quarters of the federal CCDF funds. To receive the remaining amount, states must maintain expenditures at specified levels and spend additional state funds above those levels.

In addition, some states are using the increased flexibility provided under TANF to augment spending on child care. In addition to CCDF funds, states may use federal TANF funds to support their child care programs.¹¹ With caseload declines, many states have more TANF funds available per family than were previously available under AFDC.¹² As a result, some states are using TANF funds to fund child care subsidies. For example, while Wisconsin expanded its child care funding by 38 percent between state fiscal years 1996 and 1997, the increase came from federal, not state, funding sources.

States Use Various Means to Allocate Limited Child Care Resources

Even though the seven states we reviewed are expanding their programs, they are still unable to provide child care subsidies to all families meeting federal eligibility criteria who might benefit from such assistance. In fact, a recent Urban Institute study estimated that only about 48 percent of the potential child care needs of low-income families would be met if states maximized federal dollars available under welfare reform.¹³ Because they cannot serve all eligible families, states have devised strategies to target subsidies to subsets of the eligible population.

¹¹States can transfer up to 30 percent of their TANF funds to the CCDF. Families who receive child care services paid for with the money that is transferred are not subject to TANF rules. States can also spend an unlimited amount of their TANF dollars directly on child care services, but families receiving those services are subject to the TANF rules, including the time-limit and child support requirements.

¹²For those states that have experienced welfare caseload declines in recent years, more funds are available per family in fiscal year 1997 from TANF than were available from AFDC, Emergency Assistance, and JOBS before welfare reform because federal TANF allocations are based on previous federal expenditures in the state for these programs.

¹³Sharon Long and Sandra Clark, The New Child Care Block Grant: State Funding Choices and Their Implications (Washington, D.C.: The Urban Institute, July 1997). The researchers made the following assumptions: (1) income eligibility was based on the number of families with incomes less than 150 percent of the federal poverty level in the 1996 Current Population Survey, a criterion that most, but not all, eligible families would have met; (2) an approximation of the number of children in paid child care arrangements was based on the number of children in low-income working families using nonrelative care in the 1992-93 Survey of Income and Program Participation; and (3) it was assumed that families in the then-current AFDC caseload who had earnings were all working the number of hours required under welfare reform law. However, according to researchers, since some of the families in the AFDC caseload with earnings probably needed to increase their hours worked, the study underestimated the increased need for child care under welfare reform.

For example, although the CCDF allows states to extend eligibility for subsidized child care to families earning up to 85 percent of SMI, not all states had extended their eligibility to this level. Of the seven states we reviewed, only Oregon had established income eligibility limits that allow subsidies for families with incomes this high.¹⁴ Examining only income eligibility criteria can be misleading, however, since eligibility does not guarantee access to services. States with a relatively high income ceiling may not actually provide services to many families at the high end of the eligible income range. For example, they may use family copayments for child care services to control access to child care subsidies and manage child care funds. Copayment amounts required of parents are typically based on a sliding fee scale, so that copayments increase as family income increases, and high copayment requirements may make participation in subsidized child care programs too expensive for higher-income eligible families.

Comparing the systems in Wisconsin and Oregon can help illustrate how states can use these different criteria to target child care subsidies toward specific populations. Wisconsin has established a relatively low income eligibility criterion (53 percent of SMI—\$21,996 in fiscal year 1997), coupled with relatively low copayments (6 to 16 percent of gross income).¹⁵ Thus, although it has restricted the population of eligible families to those with very low incomes, it has designed the copayment structure to make subsidized child care affordable to all eligible families who apply. In contrast, Oregon has a relatively high income eligibility criterion (85 percent of SMI—\$33,012) and a relatively high family copayment level (31 percent of monthly income up to \$2,042). While families with higher incomes are eligible for child care subsidies in Oregon, the copayment structure discourages them from participating and, in effect, targets aid to lower income families.

Welfare status is also an important consideration in establishing access to child care subsidies in many states. Five of the states we reviewed distinguish between welfare families (including those transitioning off of welfare) and nonwelfare families in determining who will be served. Connecticut and Louisiana consider child care as an entitlement to working families receiving TANF, and Texas guarantees child care subsidies to former TANF families who are transitioning to work. In California, child care programs are administered separately for welfare and nonwelfare clients, and in Maryland, TANF families and families transitioning off of TANF are given first priority in obtaining subsidies when all eligible families cannot be served. California, Connecticut, and Texas said they have insufficient resources to serve all nonwelfare families who meet

¹⁴Louisiana planned to increase its eligibility to this level in fiscal year 1998.

¹⁵States periodically redetermine a family's eligibility for subsidies once it starts receiving those subsidies. In Wisconsin, the income eligibility criterion for families at redetermination for child care subsidies is higher than the criterion that applies at initial application.

individual state eligibility requirements. In California and Texas, this results in waiting lists for subsidies, while in Connecticut, the nonwelfare child care program was closed to new applicants at the time of our study.

States' Ability to Meet Future Child Care Needs Is Unknown

The seven states in our study reported that they could meet the immediate child care needs of welfare families and those of at least some low-income nonwelfare families, but they were uncertain of their ability to fund child care programs adequately in the long term. Although most of the states have not formally estimated how much the demand for child care is expected to increase over the next few years, some data suggest that the increase could be significant. Connecticut has estimated that an additional 5,000 TANF-related families will need child care assistance during its next 2 fiscal years, and Maryland estimates the number of families needing child care will more than double from 1997 to 1999. In Oregon, which began in 1992 to require more welfare parents to participate in welfare-to-work activities and has emphasized child care assistance as a way to help welfare and other low-income families support themselves through work, the number of children served by the state's Employment-Related Day Care program increased by 137 percent from July 1992 to February 1997.¹⁶ In fact, almost 61 percent of projected child care expenditures in Oregon for 1997-99 are designated for that program.

States' ability to meet the anticipated increased demand for child care will depend on future levels of state child care funding as well as on changes in demand for child care subsidies resulting from welfare reform's work participation requirements. The Personal Responsibility Act's requirement that states place increasingly higher percentages of their caseloads in work activities, combined with the capping of federal child care funds through the CCDF, could strain the states' capacity to sufficiently expand child care programs in future years. On the other hand, if states' welfare caseloads continue to decline, then demand among welfare families could decline or increase at a slower rate. Consequently, TANF funds previously devoted to cash assistance could be redirected to the states' child care subsidy programs. However, states may face pressures to spend these additional resources for other TANF-related services.

STATES ARE INITIATING EFFORTS TO ENSURE ADEQUATE SUPPLY OF PROVIDERS

Welfare and child care program officials in six of the seven states report that with the additional funds available under the CCDF, the supply of child care appears so far to have kept pace with increases in demand. One indication of this is that these states had granted few exemptions from work requirements because of unavailability of child care, and most did not expect to grant such exemptions on a large scale in the near future.

¹⁶Oregon's Employment-Related Day Care program served both families who left AFDC for employment and nonwelfare low-income working families.

In addition, all seven states are funding efforts to support and encourage the entrance of new child care providers into the market. Some states are working to engage the private sector in expanding or improving the provider supply. Maryland, for example, funds a grant program to help registered family child care providers comply with regulations and enhance or expand their services. Other states have created incentives for employers to provide child care assistance. These approaches include loan and grant programs, corporate tax incentives, policies to require or encourage developers to set aside space for child care centers in business sites, and information referral and technical assistance to increase private sector involvement. Overall, according to their CCDF plans, 38 of the 51 states plan to make grants or loans available for establishing or expanding child care facilities.

However, some kinds of child care are and will continue to be in short supply. In a previous report we estimated that, in the four sites we examined, the demand for infant care and after-school care would grow substantially over time in response to the new welfare reform legislation and would greatly exceed the supply of those types of care, if the supply did not increase.¹⁷ The gap between projected demand and supply was estimated to be even greater in low-income areas. On the basis of our analysis, given the current supply, the four sites would also have trouble meeting increased demand for nonstandard-hour care.

Furthermore, child care centers and other formal arrangements are only part of the picture. It is expected that informal care—child care arrangements that are not subject to state licensing or regulatory requirements—will meet some of the increased demand for child care and, in some cases, may account for most of the child care used. For example, in Connecticut, state officials estimated that 80 percent of welfare families used informal child care arrangements. Similarly, Oregon officials estimated that nearly half of their welfare-to-work program clients had used informal care. We previously reported that families with annual incomes below \$15,000, low-income mothers who are single and employed, and parents whose jobs require them to work nonstandard hours tend to rely heavily on informal care.¹⁸

¹⁷Welfare Reform: Implications of Increased Work Participation for Child Care (GAO/HEHS-97-75, May 29, 1997). This report examined only the supply of child care that was known to the states and, consequently, did not consider relative care, unregulated family child care, and care provided in a child's home by a nanny.

¹⁸GAO/HEHS-97-75, May 29, 1997.

MOST STATES ARE MAINTAINING OR INCREASING STANDARDS FOR CHILD CARE PROVIDERS

At the same time that states are expanding their programs and attempting to increase supply, they appear to be maintaining child care standards and enforcement practices. In fact, some of the seven states we reviewed are making incremental changes that tend to strengthen existing standards. For example, Texas planned to phase in a requirement that will reduce the ratio of children to staff members. Similarly, a survey done by the American Public Welfare Association of all the states reported that quality standards have generally been maintained and, in many cases, enhanced.¹⁹ In addition, recognizing that enforcement is important to ensure that standards are maintained and children receive adequate care, none of the seven states plans to reduce the size of its staff responsible for inspecting or regulating child care providers. However, the long-term effects of welfare reform on states' efforts to regulate child care providers and ensure that children receive quality child care are as yet unknown. As we previously reported, fiscal pressures could ultimately lead states to devote fewer state resources to monitoring and regulating child care providers in the future.²⁰

As noted earlier, informal care arrangements are widely used by welfare and other low-income families. Much of this care is exempt from state standards or is minimally regulated. To address concerns about the safety and quality of informal child care, some states have imposed additional requirements on informal providers who receive subsidies. California and Oregon conduct background checks on the criminal histories of subsidized providers, including those who are otherwise exempt from regulatory or licensing requirements. Nonetheless, some child care advocates and researchers continue to be concerned that efforts to expand the supply of state-subsidized child care could focus on informal care, placing more children in unregulated settings. At this point, it is too early to assess the types of child care that states and parents will rely on as more parents participate in work or work-related activities.

CONCLUSIONS

States are expanding their child care programs in response to welfare reform, but it is too early to know how effective these efforts will be in meeting the child care needs of low-income families. Although they now have more funds devoted to child care and

¹⁹John Sciamanna and Ellen Lahr-Vivaz, The Child Care Challenge: States Leading the Way (Washington, D.C.: Government Affairs Department, American Public Welfare Association, July 1997).

²⁰Child Care Quality: States' Difficulties Enforcing Standards Confront Welfare Reform Plans (GAO/T-HEHS-94-99, Feb. 11, 1994).

greater flexibility in designing their child care subsidy programs, states still face difficult choices in deciding who will be served through the programs. Since none of the states in our study has sufficient resources to serve all families who meet the federal eligibility criteria, these states are targeting subsidies to certain groups of eligible families, while attempting to balance the needs of welfare and nonwelfare families.

In addition, although the seven states have many initiatives under way to expand their supply of child care providers, the outcomes of their efforts are not yet known. Moreover, it is too soon to know what kinds of child care states and parents will rely on as more and more parents are expected to support themselves through work. States' efforts to increase the number of children receiving child care services while at the same time ensuring safe care for children will deserve attention as welfare reform evolves.

Mr. Chairman, this concludes my formal remarks. I will be happy to answer any questions you or other Members of the Subcommittee may have.

(116017)

PREPARED STATEMENT OF HON. PAT ROBERTS

Thank you for inviting me to join you today at this important and timely hearing. I'm pleased the Subcommittee is taking the time to focus on this important issue and discuss the child care issues facing our families today.

Child care, in the home when possible and outside the home when both parents work, goes right to the heart of keeping families strong. Unfortunately, finding quality, affordable child care is one of the most pressing problems for families in Kansas and around the country.

Although the FY98 Budget Resolution recently passed in the Senate includes \$5 billion in discretionary funds and \$9 billion in tax cuts for child care, I am concerned that these efforts will not go far enough to meet the growing demands for quality child care.

Kansas, under the leadership of Governor Bill Graves, has done an excellent job stretching child care dollars to meet the needs of children in Kansas. I am especially pleased Department of Social and Rehabilitation Services Secretary Rochelle Chronister could be with us here today and look forward to her testimony about the Kansas experience with Child Care Development Funds and the future of child care in the state.

One of the biggest challenges facing families today is the supply of quality child care. Given the geographic challenges facing both urban and rural communities in the state, Kansas has done an outstanding job of creating incentives for all types of child care providers. For example, Secretary Chronister has increased the child care payment rates to help recruit and retain quality child care providers, provided grants to home providers, promoted alternative options for children whose parents work evenings or weekends, and provided assistance and incentives to employers and business to develop child care facilities. I'm pleased to note the broad efforts to reach all sectors of the child care market. These changes have helped to make Kansas a model for other states seeking to improve the delivery of child care services.

I'm also pleased to note the efforts of the state to reach out to small businesses. These small businesses play a critical role in providing child care options to million of working parents. In addition to providing technical assistance and grants, the state has put together an excellent pamphlet outlining the benefits of child care to small business and tips on how to take advantage of child care options available in the state.

As a former chairman of the House Agriculture Committee, I am well versed on the difficulties facing states moving people from welfare to work. Again, Kansas has been successful helping thousands of Kansans off the welfare rolls and on to pay rolls. I'm pleased to note that the cash assistance caseload has dropped over 50 percent since January of 1994. Although child care needs for these families have increased, the state is successfully meeting the growing demand through a variety of innovative programs and a statewide educational effort. However, the state must be given the tools to continue to meet this demand. Of those still receiving cash assistance, child care is a major factor in their dependence on federal support. I look forward to hearing more about state efforts to meet this future demand.

Again, Mr. Chairman, thank you for holding this hearing today. I look forward to hearing from all our witnesses and working with you to expand child care options for parents that struggle to meet the constant demands of work and family.

 PREPARED STATEMENT OF BEVERLY SMITH

My name is Beverly Smith. I am a divorced mother of two children, Shuenae and Justin; and am raising my nephew, Gavin. I was born in Guyana, South America and moved to the Washington area in 1981 and became a U.S. citizen in 1986. For the past 13 years, I have worked as a bookkeeper and personnel manager for the Child Welfare League of America.

I am grateful to Chairman Chafee and this Committee for holding this hearing and for your interest in child care. As a single working parent, there is no issue of more importance to me than having safe, quality, accessible and affordable child care.

My daughter Shuenae is 12 years old and autistic. She is a sweet girl. She is non-verbal, she has no sense of danger and she cannot take care of herself. She requires 24 hour supervision. She attends the James E. Duckworth School in Beltsville, Maryland, an independent living school which goes up to age 21. School is over at 2:00 in the afternoon and there is no after school program.

From the ages of 2 to 12, Shuenae was in a family day care home with a wonderful woman who cared very much for her and was willing to work with her special needs. Although Mrs. Cunningham had been caring for Shuenae along with a child in a wheelchair for over 10 years, the county decided at the beginning of this year that she could no longer watch these two older children with special needs and the other kids in her care. Because the other child was her relative, I was given one month to make other arrangements for Shuenae.

This was not easy. I called numerous family day care providers and centers. One county facility close to my home seemed interested until I mentioned that Shuenae is autistic. They then quickly told me "we don't have space." Finally, I luckily stumbled upon an inclusion program at the Beltsville Recreation Center. I am pleased with this program which includes special needs children with regular children and has staff with special education training. But this isn't the end of the story.

Beltsville is an after school program. It is not open on school holidays or during school vacations. I always try to take my vacations to coincide with school breaks. However, my four weeks a year of vacation cannot cover all school holidays. I usually take one week in Spring, two in the Summer, and one at Christmas. During spring vacation this year, I had to locate still another day care provider willing to watch both Shuenae and my son Justin.

This coming summer, Shuenae will attend summer school. But it is only a four day a week program. I will have to find day care for Fridays for her and for the last two weeks of June and the entire month of August when there is no summer school.

The availability of quality day care is a very big problem, but so is the issue of cost. Mrs. Cunningham charged \$33/week for after school care for Shuenae. The Beltsville Recreation Center charges \$59/week. For the week of Spring vacation, I paid \$150. Now, in addition to Shuenae, my 10 year old son Justin goes after school to stay with my sister-in-law. I pay her \$20 a week. This totals 16 percent of my take-home pay. And that's for an after school week. For a no-school week, or month as in the summer, I must spend 59 percent of my take-home pay. This is an impossible situation. We live in a two bedroom apartment. The two boys share one room and Shuenae and I share the other. I work hard, and I very much have the dream of owning my own home. Unfortunately, I've got all I can do to keep my head above water.

I know I am lucky in many ways. For the most part, my employer is sensitive to my family situation and allows me to work flexible hours. Nonetheless, it is very stressful to juggle the demands of work and making sure that I have good placements for my children and I'm always there to pick them up on time.

Some things must change: there must be child care for the hours people work and working hours must better conform to hours of child care available. Child care must become affordable, but at the same time child care providers must receive the pay they deserve for the important job that they do. As things stand, the system isn't working terribly well for anyone: the providers, our employers, the parents and most importantly, for our children.

Thank you for your willingness to address these issues.



COMMUNICATIONS

STATEMENT OF THE AMERICAN CAMPING ASSOCIATION, INC.

(SUBMITTED BY PEG SMITH, EXECUTIVE VICE-PRESIDENT)

Mr. Chairman, The American Camping Association Inc., welcomes the opportunity to briefly comment on certain issues of mutual interest relating to availability and affordability of child care in the United States.

The Association is the national accrediting body for children's camps in America. An umbrella organization representing some 2,600 camps from varied affiliations such as Boy Scouts, Girl Scouts, 4-H, Camp Fire, Easter Seals, American Cancer Society, B'nai B'rith, Christian Camping International, and the YMCA, the Association has been identified by the Carnegie Institute as the third largest provider of services to children in the nation.

Collectively our camps play an important national child development role using specialized programming as the medium for service delivery. Camps serve an estimated 11,000,000 children in 50 states every year. Some camps operate year round, and many, particularly those located in urban areas, provide before and after school programming, with increasing numbers of parents utilizing camps as an alternative to traditional "child care."

As the Subcommittee realizes, the tax policy of the Federal government plays an important role in availability and affordability of child care in the United States. As specifically affects children's camping, there are three areas where tax policy could favorably impact child care.

Ensuring that camps are among those eligible as service providers for Federal related programs or benefits would be a good first step. Any tax expenditures for employer provided child care should be sure to address with specificity the inclusion of children's camps as eligible providers. Our experience, based upon allocation of Federal block grant child care funding, is that recipients often totally overlook established high quality accredited camp programs when developing funding profiles. The same mistake should not occur twice.

In 1987, despite the opposition of the Association and the YMCA, which ironically is now the single largest provider of "child care" in the nation, Congress repealed dependent care credit eligibility for overnight camps. This misdirected policy, undertaken without consultation with camps or affected parents, should be reversed. The policy fails entirely to account for the day component of overnight camp. It also fails to recognize legitimate work related child care needs of parents who must travel frequently away from home, or who work the night shifts. As we pointed out then, a high income individual with a live-in full time nanny could and still can take full advantage of the credit, while a working blue collar family sending a child to a local non-profit overnight camp cannot. Eligibility of overnight camps for the dependent care credit will better help parents meet child care needs, and should be reinstated.

Lastly, in 1992 the House and Senate both passed legislation which would have exempted employment of full-time student camp counselors from FICA. The proposal, vetoed by President Bush as part of a large tax package, exempted seasonal employment of children's camp counselors from social security taxation. Current law excludes numerous categories of employment from FICA taxation, including several youth-oriented forms of employment. For example, students working for their school, college, or affiliated organization (most 4-H camps), newspaper boys and girls, and student nurses are all excluded. An estimated 1,600,000 full-time students under the age of 23 are today exempt from FICA. Only full-time students employed by seasonal children's camps for less than 13 weeks/year were affected. Professional and adult support staff, most college seniors, non-students, and owner/operators would have continued to pay FICA regardless of length of employment, as would long-term employees, and all employees of year-round camps.

As we successfully argued in 1992, passage of this legislation will result in a decrease in operating costs, increased youth employment rates, improved community youth services, and enhanced opportunities for implementing meaningful and less costly children's service programs for the nation. The measure passed had an estimated 5 year average annual cost of \$10.8 million off-budget, and \$800,000 on-budget—a small cost to pay for a significant step in the direction of enhanced child care availability and affordability.



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