CALIFORNIA CARES:

CHILD CARE *and* DEVELOPMENT SERVICES *for* CHILDREN *and* FAMILIES

PHASE I FINAL REPORT

Policy Analysis for California Education

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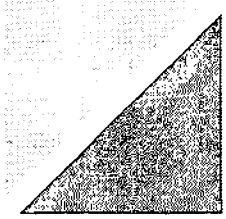

PACE

Policy Analysis for California Education

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EXECUTIVE SUMMARY

A CHILD CARE JOURNEY

BRENDA WILLIAMS, A WELFARE MOTHER, WANTED TO work. But like so many mothers—on welfare or not—she had to have an acceptable place to entrust her child while she worked. For Brenda and many parents like her, finding a job that paid a living wage was hard enough—finding affordable child care was an even bigger barrier to holding a job and becoming self-sufficient.

Once on welfare, Brenda felt trapped by her dilemma. How could she work without someone to look after her daughter? And how could she afford to pay someone out of a minimal starting wage? At first, Brenda didn't realize that subsidized child care was even available. Maybe the case worker at the welfare agency didn't mention programs that the state offered for people like her. In her initial confusion and dejection, maybe she didn't hear it explained to her. In any case, it was a suggestion by a friend that led her to visit a local child care Resource and Referral (R&R) center to find out if it could help.

Yes, Byron Johnston, an R&R staff person, told her, she was eligible for subsidized child care, but obtaining it was another matter. Some programs operated by the California Department of Social Services would pay for her child care, but they require her to be working. The California Department of Education has other subsidized child care programs that only require the recipient to be actively searching for work. Unfortunately, he added, those programs have long waiting lists.

Still, Johnston advised her to sign up for as many programs as possible in hopes of finding an opening for her daughter. She proceeded to visit or call all of the agencies and providers in her vicinity that offered care for which she was eligible, including an Alternative Payment program that uses voucher certificates for placement of children with centers, day-care homes, neighbors or friends of the mother's choice. It was daunting, but it was a start.

The Wait Begins Brenda went home and waited. She answered help-wanted ads and finally got a job offer, but she couldn't accept without someone to care for her daughter. With that opportunity dangling in front of her, Brenda was all the more eager to secure child care as the next step to begin working, and she called weekly to learn about her status on the waiting lists. But the centers and programs she contacted could do little to bolster her hopes. The waiting lists, they explained, were not prioritized on a first-come, first-served basis, but on the basis of client characteristics. An abused child who qualified for state protective services, for example, is given priority over all other children, regardless of how long they have been on waiting lists.

For months she called and waited. Her discouragement grew and she wondered if she would ever find work and get off welfare. Finally, she decided to take a new route.

Johnston had told Brenda about the state's Greater Avenues for Independence (GAIN) program, which offered job training that could provide new skills and the possibility of a career with a better future. The key is that GAIN provides subsidized child care upon enrollment in the program. So Brenda signed up, enrolled in classes and was able to place her daughter in a child care center almost immediately.

Soon after her training was completed, Brenda was offered a job, and this time she was able to accept the job offer. It was clear that child care opened the door of opportunity to GAIN that led to her securing employment at last.

But since the income from her job made her no longer eligible for welfare, Brenda's eligibility for subsidized child care also changed. She switched to the Transitional Child Care program, which is designed for someone like Brenda who is just coming off welfare and is eligible for a partial child care subsidy but is required to pay part of the cost of care.

A Second Search Begins For Brenda, it worked fine—except that the limit on the Transitional Child Care program subsidy is one year. This set Brenda to

searching once more, this time for a longer-term subsidized child care arrangement. Once again, she began making calls to get on waiting lists for a subsidy that would fit her new non-welfare and employed—but still low-income—situation.

After her Transitional Child Care eligibility ran out and with no other options available, Brenda was forced to pay for the entire cost of child care out of her meager income, which put her in financial jeopardy. Fortunately, she soon found a subsidized opening at another center operated under a program with federal Block Grant funds. And although it was a tearful move her daughter had to make from the child care center she was in, Brenda thought her journey through the child-care bureaucracy had ended.

After several years, Brenda had gotten off welfare, found a job she liked and placed her daughter in an affordable child care setting. Her daughter was adapting to her new surroundings, and Brenda could concentrate on her job—so much so, that she was given a raise and a new job title.

The Journey Was Not Over But it turned out, her journey had not ended. The child care system had another trap for Brenda. She later learned that her new raise made her ineligible for subsidized child care under federal Block Grant funding. Her only course was to go searching through the child care maze for a third time to see if some kind of subsidy was available to fit her new income level. Although her income had risen, she still needed subsidized child care to make ends meet.

Most immediately, Brenda faced being without child care for her daughter and, thus, being forced to quit her job, reapply for welfare and start the journey once more.

The frustration and disappointment were almost as great for Johnston, who had seen too many parents like Brenda Williams struggling with child care and was not surprised when she returned for the third time. Although California's subsidized child care programs have received significant new state and federal funding in recent years, Byron believes the system has become so complicated and disconnected that many parents are unable to take full advantage of the newly-funded services.

The System Did Not Work Unfortunately, the system didn't work smoothly for Brenda—the seams in the system were her undoing. She found herself being shunted around among programs as her aid status changed. Instead of providing solid support as she moved closer to self-sufficiency, the system itself posed obstacles.

It's not the child care programs that are at fault. California has among the best in the nation. The problem lies with the system of child care and the way it is organized for delivery to those in need.

NEW PROGRAMS, NEW PROBLEMS

"The system," Byron said, "is designed to help families most in need (i.e. families with the lowest incomes). Unfortunately, it discriminates against families, such as Brenda's, who are the ones most likely to leave poverty."

Referral of welfare mothers like Brenda to appropriate child care programs used to work much better, even as recently as five years ago, Byron said. Most of the funding regulations for the different programs were more consistent in the income eligibility criteria they used. But now, additional state and federal funding has brought new subsidy programs and new criteria.

Even case workers like Byron concede they find it difficult to keep track of varying program requirements and eligibility standards to make sure that they match families with the right programs. And welfare mothers have an even harder time trying to figure out how to make sense of all this. At best, they must anticipate how changes in their income status will affect their eligibility for programs and be prepared to search out programs for which they qualify. All the while, they teeter between work and welfare.

The Brenda Williams case shows that the child care system in California needs reexamination to improve its record of delivery and to gain the most effective use of public funds spent on child care. This report is an initial step toward needed improvements in the system.

ORIGINS OF CHILD CARE IN CALIFORNIA

California was ranked "among the 10 best states" for its range of child care services by a recent panel of child care professionals, representing such groups as the Children's Defense Fund and the National Association for the Education of Young Children. This distinction grew out of the state's commitment to high staffing ratios, low group size, high standards of safety, depth and breadth of program content and the availability of services.

California spends more overall for direct services and voucher-certificate child care programs than any

other state and ranks sixth nationally in per-child expenditures, according to one study.

The system that has won such recognition did not come about in a quick fashion, even though child care as a major social and political issue is sometimes seen primarily as a product of the 1980s and 1990s. In fact, California's prominence in child care is largely attributable to the long history of programs that have evolved over the last 80 years.

CHILD CARE RESPONSIVE TO DEMAND

Since the early 1900s, child care policy in California was driven first by private efforts and later by state initiatives to serve families in a variety of personal and economic circumstances. The first child care was offered by charitable and religious day nurseries, which gave way in the 1930s and 1940s to governmental programs that today comprise an elaborate system totaling nearly $1 billion. Both private and public efforts were in direct response to urbanization, the demand for cheap labor and the growth in employment of women outside the home.

During World War II and shortly thereafter California realized it could not do without women in the labor force either to energize a war industry or to fuel a robust peacetime economy. Child care, as working women as well as industrialists argued, was the ticket to growth and prosperity through participation of women in the labor market. When the federal government ended wartime child care subsidies in 1946, California was the only state to replace most of the lost federal funding with state dollars to keep subsidized child care centers operating.

By the 1950s, child care had become a permanent fixture in the state budget, and its programs were expanding and growing in number with a new focus on providing services primarily to low income, working parents. State law was passed giving priority access to needy parents, thereby incorporating into policy the original intent of the private day nurseries.

LANDMARK CHANGES IN CHILD CARE

The 1960s brought several landmark changes in child care in California. The nature of services was transformed in state subsidized centers to child care and development, which added teaching and learning to the activities that children experienced in programs. In addition, child care became linked with welfare—a requisite for welfare mothers to participate in federal training and work programs.

The first substantial federal funding since the war also began flowing into California. But it did not go to the California Department of Education (CDE) through which state child care programs had long been funded. Instead, the federal funds were channeled through the California Department of Social Services (CDSS), which was responsible for administering welfare programs. The result was a bifurcation of the child care system under two agencies with two sets of programs, requirements, regulations and even program content.

As women continued to enter the work force in greater numbers and the demand for child care grew apace, state and federal programs in the 1970s and 1980s proliferated in response to the mounting need. Many families found two incomes a necessity to maintain a decent standard of living, which required child care for both parents to work. Programs were created to fill gaps in services, to address new circumstances that families faced and to enable welfare parents to meet new workforce requirements. Although efforts were made to consolidate services and streamline administration, they have been unsuccessful.

Through it all, California's child care system has grown more complex and confusing for parents to use and for agencies to administer, paving the way for a new initiative to reform the system.

THE NEED FOR CHILD CARE TODAY

The 1990s have seen the demand for child care continue to soar in California and elsewhere. Mothers of young children are going to work at an unprecedented rate. Single-parent households are on the rise. The population of children is growing. Child poverty rates are increasing.

Fifty-eight percent of California mothers with children under age six are currently employed, compared to 29 percent in 1970. In 1991, California's share of recipients of federal Aid to Families with Dependent Children (AFDC) reached 17 percent of the national total. Data from the 1990 census showed that nearly 10 percent of married couples with children under age five were living in poverty, but half of all single-mother households were below the poverty line.

Moreover, California's children are the most diverse group in the nation. California is the only state with no clear ethnic majority among children. And the demographic trend is toward even greater diversity in the future.

These data explain why the demand for child care continues to go up and suggest that it is likely to intensify through the rest of this decade.

THE RESPONSE TO THE NEED

In 1993, California spent $873 million in state and federal funds on child care to help families achieve economic self sufficiency and prepare low-income children for school. Child care programs in the state served approximately 200,000 children (250,000 including Head Start, a preschool program which is funded and administered directly by the federal government).

Just since the late 1980s, state and federal funding has increased significantly. The California Department of Education, for instance, was able to expand its child care programs by more than 40 percent between 1989 and 1993 to meet the rising demand tied to eligibility for welfare. In spite of the funding increases, the state is only able to serve an estimated 45 percent of the children eligible for low-income child care services.

Twenty-one child care programs are administered with state and federal funds by the CDE and the CDSS. CDE is responsible for ten child care and development programs that served about 136,000 children in 1993. CDSS administers eight voucher certificate and supplemental care programs, serving about 64,000 children.

Together, the two agencies' programs constitute a rich and varied mixture of services to meet the needs of families in a wide variety of situations and of children across a wide age span. Under CDE, approximately 85 percent of the children are enrolled in direct service programs at schools, child care centers and in homes. The other 15 percent are from families which receive voucher certificates to pay providers such as cooperatives, neighbors and relatives for the care of their children. Most CDE-operated programs provide learning-development activities for children under their care.

CHILD CARE'S ROLE IN WELFARE

CDSS' role in child care has expanded significantly since the GAIN program was enacted in 1985, providing opportunities for welfare recipients to undergo training and prepare for work to qualify for benefits. CDSS programs are designed to serve children from families that are current, likely or recent recipients of AFDC. Unlike most CDE child care services, CDSS programs do not emphasize learning-development activities.

Eligibility requirements of the different programs are determined primarily by levels of AFDC and family income, and as these levels change, eligibility among the programs also change. Programs also vary according to whether they require parents to pay fees and the fee schedules they use.

Most CDSS programs are administered by county welfare departments, which are responsible for determining eligibility, calculating reimbursements and issuing payments. Since family access to child care provided by these programs is through the counties, it is highly decentralized among locations and agencies.

Centralized waiting lists are not typically maintained by the CDSS or CDE agency groups or clusters of similar programs, requiring parents to sign up with each program that is geographically accessible and for which they are eligible, if spaces are not readily available.

POLICY CHOICES AMONG PROGRAMS

The child care system is faced with a difficult tradeoff in trying to achieve its twin goals. One goal is to provide access for as many children as possible with available funds. The other is to enhance program quality by focusing as much as possible on developmental growth in the care of children to prepare them for school. Custodial care programs best achieve the goal of access, while child care and development programs offer higher quality.

The key difference is cost, based on the salaries of providers. Child care providers with little or no training in child development earn much less than those with such preparation. Thus, access can be expanded by using more of the lower-paid, untrained providers— available funds would serve more children, but that would reduce the emphasis on development because fewer of the better trained providers would staff programs. Conversely, quality can be increased by using more trained providers, but the available funds would support fewer providers, and access would be diminished.

With California's fiscal condition unable to support unlimited public services of any kind, policymakers face a hard choice between the two approaches as they strive to meet the rising demand for child care.

INVESTING IN CHILD CARE

It seems clear that child care is worth the public investment, whether for the purpose of providing greater access or better preparation of children for school. The evidence indicates that affordable child care enables more parents to work, which increases work force productivity and diminishes the need for welfare. And exposure of preschool children to educational and social development activities has been shown to contribute to a more self-sufficient citizenry, thereby averting future costs for remediation and delinquency.

Because of its important role in preparing children for success in school, quality child care has been designated as one criterion for making improvements in the delivery system. But how is quality defined? Primarily, it is represented by program components such as staffing ratios and provider qualifications, which are spelled out in statutes and regulations. These standards differ among programs, which makes it difficult to assess overall quality in the system.

The extent and nature of child care also is only one of numerous factors that affect school success, and many of these influences—the home environment and personal attributes, for example—are beyond the control of child care programs. However, studies have identified a strong link between a provider's educational attainment and the child's preparedness for school. The Perry Preschool project found that the more training a preschool teacher has had in early childhood education, the more likely that the teacher's classroom will generate significant school readiness.

A Carnegie Foundation report in 1994 concluded that "the quality of young children's environment and social experience has a decisive, long-lasting impact on their well- being and ability to learn."

SEAMS IN CHILD CARE DELIVERY

As the scope of subsidized child care has evolved over the past half century in California, programs have been layered in varying shapes and sizes, requirements have multiplied, funding sources have increased and become intertwined, payment rates to providers have proliferated and eligibility rules have grown more complex. The result has been a crazy-quilt system—fragmented, uncoordinated and rife with seams among the contours of its programs. The seams constitute obstacles that prevent families from moving quickly and easily among the programs to obtain the services they need.

The AB 2184 Task Force developed a matrix of key program characteristics to gain a better perspective on the similarities and differences among the programs and to help identify the seams in the system. An analysis of the matrix showed that most programs are remarkably alike in their general characteristics, in spite of different names and funding sources. But some other programs stand alone in the type of children they serve, the kind of care they provide, the way in which services are rendered and their methods of operation.

The analysis identified four main sources of seams:

- Families must contact numerous programs to seek available child care spaces in the absence of centralized waiting lists.
- Eligibility criteria for enrolling in programs and retaining services vary widely across the system.
- Subsidized rates of pay to providers are calculated differently by region and program.
- Changes in family income and other circumstances frequently force families to leave programs and enroll in others to meet their child care needs.

The matrix proved to be a useful tool for better understanding the seams, and the analysis suggests ways to begin thinking about a seamless system, which will be the task of the second phase of this study.

SEAMS AND SEAMLESSNESS IN OTHER STATES

A number of child care systems in other states also were studied to find out what they had done to bring about more seamlessness in delivery of services. The states—Florida, Massachusetts, New York, Oregon and Texas—were selected because of the relative size of their child care systems, the diversity of the children being served and/or their innovative approaches toward continuity of care.

The analysis showed that they and California operate very similar programs, but California has more and are on a larger scale. It also became clear that they all share seams in their programs to varying degrees. And like California, they have been searching for ways to achieve greater consistency and coordina-

tion of delivery. The following are some examples of what was learned from the survey:

All the states have basically centralized systems with policies and programs established at the state level, except for New York which gives considerable discretion to county agencies over the number of programs that are operated and their components. Florida has consolidated most child care programs and funding into a single system with one set of regulations. Most of the states have created local coordinating bodies of various kinds, but Florida has organized a comprehensive network of councils that coordinate preschool programs, which could serve as a model for child care programs.

Florida and Texas provide extensive regional resource and referral services for parents and providers, which has assisted families in obtaining and maintaining care without the interruptions that often result from changes in eligibility. Florida, Texas and some New York area agencies maintain regional waiting lists for parents to enroll children in programs, and Texas has made the greatest use of computers in providing more coordinated R&R services.

These initiatives likely have helped to make the child care systems easier for administrative agencies to manage and for parents to use. But whether they have improved access is open to question. Long waiting lists are common to all of these states.

A CLOSER LOOK AT THREE STATES

Three states—Massachusetts, Texas and Oregon were visited to get a first-hand look at their efforts to achieve greater seamlessness.

Massachusetts, cited as one of the nation's ten best states in providing child care, prioritizes access to serve those considered most in need, which reflects its policy of making continuity of care the main goal of the system. Program administration is fragmented, however, and service delivery is not well coordinated. But Massachusetts has begun to take some steps toward reducing the seams in its programs. For example, a top-level Child Care Access Project has been created to start discussions on the barriers that families face in finding and keeping child care.

In contrast to Massachusetts, Texas traditionally has provided little funding for child care, most of it coming from cities and counties. But a large infusion of federal funds in the early 1990s led Texas to consolidate all services under one agency. Continuity of care and coordination of services were the guiding principles of the reorganization effort. With the use of its newly developed computer system, Texas since has achieved a high degree of seamlessness to help eligible families maintain access to services. But with space availability so limited (only 10% of those eligible can be served), families not already in the system have an extremely difficult time gaining first-time access.

Oregon has overcome two major obstacles found in most state child care systems by developing an efficient referral network with the use of computers and by achieving a high degree of continuity of care. The computerized resource and referral system enables families in need of child care to be directed to programs with available spaces in a timely fashion. The system also affords continuity of care by coordinating the use of available funds so that services are not disrupted just because families' eligibility for programs changes. However, its system is relatively new and Oregon is a comparatively small state, circumstances which raise questions about whether its successes could be readily replicated by other large states like California.

MINING THE LITERATURE ON CHILD CARE

Finally, the literature on child care and development was examined to see what could be learned from research on policies and program over the years and across the nation and around the world. The literature search was designed to focus on quality, funding and access, three key dimensions of this project.

One important finding that emerged from this vast body of research is that child care programs have shown positive benefits for children and families. Classroom practices have varied widely, but the studies have consistently shown long-term effects, such as the need for less remediation once children were in school, higher academic achievement rates, more interest in schooling and higher aspirations of mothers for their children.

On the issue of quality child care, the research has been focused on "process" measures, emphasizing the classroom curriculum and interactions between children and teachers/caregivers, and on "structural" determinants, i.e. adult/child ratios and group size as well as teacher/staff training and education. The literature is clear that all these elements of child care do make a major difference in determining the quality of services that children receive.

Funding also has played a significant role in making subsidized child care available to more families, especially federal support in recent years, which has both expanded and enriched the variety of services.

Moreover, research shows that the way that funds are spent is also important. For example, some evidence indicates that teacher turnover is largely a function of low wages and benefits, and high turnover is costly, driving up the expenses of child care programs and reducing program quality.

Access is measured by research in terms of demand and supply. The demand for child care has increased steadily as mounting numbers of women with young children continue to enter the labor force. In general, researchers believe the demand will grow well into the 21st century. Researchers are not as certain about quantifying supply. Some studies show an enormous amount of unmet need. One California survey, for example, estimated there were more than a quarter of a million children on waiting lists in 1991. But other studies stress the difficulties in determining supply, largely because so many caregivers are unlicensed and, therefore, hard to tally.

A good deal of the literature focuses on interactions among quality, funding and access, reflecting the tradeoffs that must be made in reaching policy decisions on providing subsidized child care. It finds that quality, funding and access are intertwined in often complex ways.

Researchers often independently study the interaction between teachers/staff and children, and the ratio of teacher/staff per child as important measures of quality. But most of the literature also agrees that having more adults per child will result in more interaction, and, therefore, a higher quality program. However, providing more adults per child costs more.

Access is also tied to funding and costs, particularly in providing additional resource and referral services, which researchers identify as a promising way to make care more accessible to eligible families. But improving R&R services costs more money. Voucher advocates believe that wider use of vouchers would afford greater access at lower costs. But some researchers believe that the tradeoff might be lower-quality care since parents often use vouchers to choose unlicensed providers.

INTRODUCTION

AS CHILD CARE GAINED MOMENTUM AS A SOCIAL, economic and welfare issue of rising importance, the Legislature in 1991 decided to examine whether California's child care system was meeting the growing demand for its services both effectively and efficiently.

Recognizing that the proliferation of statutes and funding arrangements over the years could be hindering the delivery of state-subsidized child care, the Legislature adopted Assembly Bill 2184. Among other things, the legislation called for an investigation into the feasibility of consolidating all such programs and services in order to streamline and eliminate overlapping and conflicting requirements.

The task was assigned to the State Superintendent of Public Instruction, the Secretary of Health and Welfare and the Secretary of the Office of Child Development and Education, who were asked to undertake a comprehensive review of child care services. The legislation also required consultation with representatives of child care and development programs, county welfare departments, legislative committees, the Department of Finance and the Legislative Analyst's Office in the course of their investigation.

CHILD CARE TASK FORCE FORMED

In 1992, a task force was formed by the California Department of Education, the Department of Social Services and the Governor's Office of Child Development and Education to carry out the legislative charge, and representatives from the three agencies and other child care associations began to meet regularly.

In its initial phase, the task force sought to envision the kind of system that would carry out its twin goals of assisting families in achieving economic self-sufficiency and preparing children for success in school. It searched for a framework encompassing the myriad federal, state and local requirements that would best serve the 250,000 children in child care programs throughout the state.

The task force came up with a new system it defined as "seamless," one that "promotes continuity of services between programs as families' income and employment status, aid status and other relevant characteristics change."

It formulated seven principles that define a seamless system which:

1 Treats those eligible for child care equitably by promoting access to programs among families and individuals in similar circumstances.

2 Supports a variety of programs that (a) reflect locally-determined needs and (b) offer a high degree of informed parental choice among available child care options.

3 Minimizes, to the extent possible, discontinuities between programs, with special emphasis on key components of service delivery, such as service availability, affordability, eligibility standards, parent fee schedules and quality of care.

4 Promotes a healthy, safe environment and developmentally-appropriate experiences consistent with service settings.

5 Uses a simple, efficient administrative system at all levels that seeks to minimize administrative costs.

6 Promotes the expansion of public/private partnerships in order to maximize resources for target populations.

7 Encourages access to appropriate training services and materials for service providers and interested parents which is consistent with service settings.

GAPS IN CHILD CARE DELIVERY IDENTIFIED

In the second phase, the task force identified what it saw as major gaps in the delivery of child care to eligible families and children. It did so primarily through the creation of a matrix of characteristics from 11 major programs, which helped locate specific impediments to a seamless system. Child care providers who met with the task force and others

who were surveyed also contributed to the identification of delivery gaps.

As a result of these discussions, the task force began to visualize very general ways in which the present system of child care services could be improved, and representatives of the three agencies and four child care associations agreed on a series of preliminary proposals for moving toward a seamless system. At this point, in late 1993, the task force decided that an independent party with the required expertise and capability should review the group's work to date, research and analyze the issue at hand and develop possible options available to the state for achieving a seamless child care system.

PACE SELECTED TO CONDUCT STUDY

Policy Analysis for California Education (PACE), a partnership between the Schools of Education at the University of California, Berkeley, and Stanford University, was selected to conduct the study under an interagency agreement with the California Department of Education, California Department of Social Services and the Governor's Office of Child Development and Education.

PACE's task is to analyze the issues and options for improving California's child care system—using the task force's definition of "seamlessness" as the goal and its seven principles as guideposts— with a particular focus on the relationship among access, quality and funding.

Phase I of the study includes:

- Analyses of issues surrounding child care.
- Descriptions of child care and development programs in California and comparisons of those programs in terms of access, quality and funding.
- A review of relevant literature on child care.
- Child care experiences of other selected large urban states similar to California.

Phase II will produce a final report that includes:

- Optional approaches for removing or reducing the barriers to the effective and efficient delivery of child care services to eligible families and their children.
- A series of alternatives for structuring California's system of child care and development programs that will achieve a greater degree of seamlessness in the delivery of those services.
- Results of focus group discussions and interviews with families about their experiences with child care and development programs in California and their opinions regarding alternative systems.
- Conceptual models for analyzing various policy alternatives in terms of access, quality and funding, which also incorporate data from the Phase I report and the experiences and opinions of families.
- An examination of more efficient financing of child care programs and services.

This report, therefore, summarizes the work that has been completed in Phase I. The report is assembled as a series of independent chapters that largely reflect particular areas of inquiry delineated in PACE's contract for this work. The historical background of child care and development programs in California is reviewed in Chapter 1. Chapter 2 examines the changing demographic conditions in the state and the related demand for various programs. In Chapter 3, current programs and services in California are described including the relevant state and federal policies with regard to child care and public assistance. Part of the discussion also includes tradeoffs inherent in the policies between cost, access and quality. Chapter 4 is a more detailed analysis of existing programs that relies on an existing document (a matrix of program attributes) provided by state agency staff. Part of the Phase I work included an assessment of practices from other states. These results are presented in Chapter 5. Chapter 6 presents a comprehensive review of the literature that focuses on the areas of access, cost and quality. Finally, Chapter 7 concludes with a description of the work to be completed in Phase II of this project.

CHAPTER 1

The Origins Of Child Care In California

THE STATE OF CALIFORNIA HAS A LONG AND PROUD history of child care and development services, which have evolved since the early 20th century into a wide-ranging system now recognized as one of the best in the nation.

Over the past 80 years, state child care policy has been driven by efforts to serve families and children in a variety of personal and economic circumstances shaped by the growing exigencies of modern life. And the system has responded exceedingly well to that unprecedented challenge.

But complexity often breeds complexity. The laws, funding sources and requirements, program rules and operational policies that have been adopted over the years to make child care responsive to the changing circumstances of families also have made it more difficult for the system to serve the children for which it was created.

A look at the way the state child care system has developed in California illustrates how this has happened as its dual functions and variety of programs unfolded over the years.

EARLIEST CHILD CARE VENTURES

With the spread of urban industrialization early in the century and the intensified demand for cheap labor, the large-scale employment of women outside the home began to emerge in California. Charitable and religious organizations soon recognized that many children were being left unsupervised while their mothers were on the job, and these groups moved to establish the first child care institutions, known as day nurseries (DeLapp, 1989, 2).

Not long after, the earliest state involvement in services for young children took place in 1913. Regulations were adopted requiring that all places where children were being cared for—including day nurseries—be licensed and inspected to protect the health and safety of youngsters. In 1920, the first standards for licensure were adopted by the state (On The Capitol Doorstep, 1994).

The nurseries were full-day and were designed primarily for poor women who needed to earn a living away from the home. They were operated as charities through "community chest" contributions, although their funding was often augmented by fees from parents and private donations.

A state report described the family circumstances of children in the nurseries then:

> "...the children come from homes where the father is dead or where the parents are divorced or separated; or from families where the father has deserted, or is ill or unemployed, or employed at such low wages as to make it necessary for the mother also to go to work" (DeLapp, 2).

Families today share some of these same problems.

The first two day nurseries were located in Sacramento and Oakland. In Los Angeles and Oakland, day nurseries soon were being operated in collaboration with the public schools. By 1920, the California Board of Charities and Corrections—a predecessor to the current state Department of Social Services—estimated there were 25 nurseries in the state and an additional 35 nurseries for seasonal workers in canneries during harvest seasons.

Private nursery schools for middle-class parents also became popular in the 1920s. They usually offered part-day programs that stressed educational content, charged tuition and required parent participation, all of which served to exclude most poor working parents. However, the schools established the precedents of providing educational content and encouraging, if not requiring, parent participation in child care settings, which remain basic components of child care and development services in California (DeLapp, 1989, 3).

GOVERNMENT CHILD CARE BEGINS

The state of California began to fund child care services in 1929 when the Parent Participation "Co-Op" Pre-School Program was established as part of public adult education programs for non-English speaking adults. Administered by the California Department of Education (CDE), each program was staffed by a director and at least one teacher. Parents provided most of the child supervision on a voluntary

basis and often worked part-time as well. Program content was focused on the social development of the children (CDE 1988).

The federal government entered the child care picture in 1933 when President Franklin Roosevelt authorized the creation of nursery schools as part of the Works Progress Administration (WPA) plan to help get unemployed teachers and others off relief rolls. The schools were for "children of needy, unemployed families or neglected or underprivileged homes where preschool children will benefit." The program incorporated education and parent-participation components and added nutritional and health services.

Administered through state departments of education, the program served 40,000 children nationally in 1937 before being disbanded in 1938 when unemployment began to drop.

WOMEN GO TO WAR

The need for child care exploded during World War II and from that time on became a permanent fixture as a public service supporting California families in the post-war era. With thousands of mothers going to work in the war industries, the demand for child care led to the passage of the Lanham Act by Congress in 1942, which funded a national child care program. It was prompted by the realization that women's labor was a necessary part of the war effort, and the lack of child care was preventing many mothers from contributing to the national cause.

The Lanham Act provided federal funds for full-day child care in centers operated by the states, and also funded private nursery schools, in-home caregivers and family providers. It was seen as a "public works program made necessary by the defense program" (DeLapp, 1989, 3-4).

Administration of the child care program originally was made the responsibility of the state Department of Welfare, which was the immediate predecessor of the California Department of Social Services (CDSS). Authority was transferred to the CDE, however, in 1943 since the centers had been set up in school districts. The shift enabled school boards and superintendents to deal with only one state agency for funding of pre-school through 12th grade (Hailey, 1987).

STATE'S CHILD CARE PLAN

Also in 1943, California passed its own "Lanham" act, which laid out the state's plan for administering the federal child care funds. Under the act, child care centers were intended to provide full-day supervision along with a developmental program of educational content. Supervision and care were offered for children from two years to 16 years of age, 12 hours a day, six days a week (On the Capitol Doorstep, 1994). The centers were expected to be staffed by teachers with credentials and bachelor's degrees in child development.

As part of this effort, California in 1942 adopted new state child care licensing requirements, which, in addition to adding health and hygiene regulations, established adult-child ratios of one to ten. The requirements also set standards for indoor and outdoor space for children in child care and called for child care directors to have professional training in a field related to the care of young children.

With its big wartime industry, California enrolled about 25,000 children in its child-care program, some 18% of the nation's total enrollment. At war's end, the federal government had spent over $50 million on child care in California, and the state $500,000 (DeLapp, 1989, 4).

POST-WAR CHILD CARE

In February, 1946, Congress terminated funding of child care, effectively ending government subsidy of the centers in all states but one. California was the only state to replace most of the lost federal funding with state dollars to keep the centers operating.

The state stepped in at the urging of a broad coalition of working women, child care advocates and industrialists. They saw that while the need for women's labor in a national emergency had ended, the need for women in California's post-war labor force—and the need for child care as a requisite for their participation—remained.

The percentage of working women in the state's population jumped from 14 percent before the war to 29 percent at its wartime peak, but it declined only to 23% in 1946. The contribution of women to the labor force and the availability of child care became critical factors in sustaining a healthy economy. California's burgeoning manufacturing and service industries were quick to recognize that they faced the crippling loss of good workers without the existence of affordable child care.

AN UNCERTAIN FUTURE

In 1946, the state took over child care funding to the tune of $3.5 million. Eligibility also was expanded to include agricultural workers and veterans needing child care to go to school under the G.I. bill. But the funding only covered one year to 1947, with no assurance that it would be extended much beyond that.

However, the coalition of child care supporters kept funding alive with annual appeals to the Legislature through the late 1940s and early 1950s. One year, the story goes, a group of parents from Los Angeles arrived in Sacramento to testify for child care funding and asked where they could register as "agitators" (Hailey, 1987). It was during this period that California's strong tradition of child care advocacy took root.

The need for women in the defense industry surfaced again in the early 1950s during the Korean War, which helped rekindle support for state funding of child care. In 1950, the rate of participation in the labor force by women had climbed back to the World War II peak of 29 percent.

It had become clear, however, that the demand for care and education of preschool children in post-war society had moved beyond the need for women to work in times of national emergencies. And so, by 1957, child care as a state-funded service had gained such prominence that it was made a permanent program in California.

SCOPE OF CHILD CARE BROADENS

At the same time, the face of child care was changing. In 1947, when state funding of child care was extended for another year, eligibility also was broadened to include school teachers, registered nurses and any needy parents. A means test and sliding fee scale also were instituted, requiring a nominal fee for poor families.

As eligibility for services expanded, the focus of state-subsidized child care also shifted dramatically to serve low-income, employed parents. The post-war baby boom was swelling the population of young children, and for many families and single parents, child care was fast becoming a condition of economic self-sufficiency. By 1951, 60 percent of the children in state centers were from single-parent, low-income families (DeLapp, 1989, 4-6).

That same year, the Geddes-Kraft Child Care Center Act was passed by the Legislature, which, among other things, gave priority access to needy parents. Fifty years later, the intent of the public child care program had come to mirror the original mission of the first privately-run day nurseries.

CHILD CARE TRANSFORMED

The changes brought forth by the 1960s also affected child care in fundamental ways. At least since the Lanham Act was passed, child care centers in California had been expected to promote "child development," a reference to educational content or intellectual growth that, however, was rarely spelled out in statute or regulations. In practice, the concept down through the 1950s represented a "more rhetorical than substantive" (Grubb and Lazerson, 1977, 15) notion of what should happen to children in child care situations.

Although the centers were operated by the CDE and staffed by public school teachers for the most part, activities in the centers were not based on the early childhood education practices we know today. Not until the 1960s did the centers' explicit goals change from "care and supervision to supervision and instruction" (Grubb and Lazerson, 1977, 15).

The decade that launched the Civil Rights Movement, the Good Society and the War on Poverty also yielded the belief that children from disadvantaged backgrounds need a "head start" to begin school on an equal footing with other children. In addition, new research on cognitive development of children brought ideas of "developmentally appropriate practices" into child care centers. These ideas held that children mature through different levels of intellectual abilities during their early years. As a result, in keeping with those ideas, unstructured play time in centers was replaced by activities carefully designed according to age.

Thus, the content of child care began to undergo a sea change transformation, at least in the organized activities offered in state-subsidized programs.

In 1965, the new thinking took form in the federal Head Start program for preschool children of low-income families, the State Preschool program, which was modeled on Head Start, and a new state-mandated developmental curriculum in the state child care programs, which were renamed Children's Centers.

CHILD CARE LINKED TO WELFARE

A second major change formally linked child care with welfare in government policy for the first time. This development came at a time that mothers began entering the labor force in record numbers. At the

same time, society's attitudes toward working mothers—especially mothers receiving welfare benefits—underwent a profound shift.

Before the 1960s, mothers received welfare benefits so they could take care of their children and not be forced to work. The idea was summed up by Alice Mertz, a training director for the Los Angeles County Bureau of Public Assistance, in 1952:

> The Social Security Act [of 1935] defines a dependent child as a 'needy child...who is living with' certain relatives 'in a place of residence maintained by one such relative as his or her own home.' The stress on the word 'home' indicates one of the chief goals that we seek in the administration of the ADC [Aid to Dependent Children] program, and any employment of the mother that would prevent the maintenance of a home would be against the intent of the Social Security Act (Public Welfare, Winter, 1993, 11).

California and national policy then changed course, and, instead, began encouraging mothers to get off welfare by participating in work and training programs—and offering child care as the means to do so. In 1962, new federal matching funds for child care were made available to welfare parents enrolled in such programs through Title IV-A of the Social Security Act. Its new role as part of a strategy to reduce welfare gave child care new importance.

Until the 1960s, child care services had been funded through the CDE. But the new Title IV-A program required federal child care funds to go to the single state agency responsible for AFDC. This entailed allocating the funds to the California Department of Social Welfare, the agency that administered AFDC programs through county welfare departments. Herein lies the origin of the division in present-day funding of child care services in California: originally, all state funding was through the CDE and all federal funding through the CDSS, the successor to the Department of Social Welfare.

THE UNFOLDING COMPLEXITY

By the end of the 1960s, the basic outlines of today's child care system in California were in place. In 1967, the state added the last part, requiring its Children's Centers to give priority admission to families eligible for AFDC services. This meant that both state-funded and federally-funded child care had become an essential element of welfare policy, designed to help low-income parents move off the welfare roles through work and training.

But as this system took shape, it became bifurcated in the following ways:

- State child care programs continued to be operated under state rules and regulations, but access was added through county welfare departments subject to federal welfare requirements.
- The Children's Centers offered programs with a developmental curriculum and social services, while care funded by county welfare departments with federal AFDC money tended to be custodial.
- The Children's Centers were funded by the state with its reporting and record-keeping requirements, and child care available for AFDC parents was subject to federal funding requirements.

From the outset, this mixture of rules, regulations, procedures and requirements proved cumbersome for the agencies responsible for administering the system as well as for the parents and children it was set up to serve, and a search for an easier way of running child care programs in California soon began.

SEARCH FOR A SOLUTION

In 1970, in order to gain maximum federal reimbursement of AFDC child care costs to the state, the state Department of Social Welfare was given funding authority for all child care programs. This consolidated funding in one agency, but administration of state programs was left with the CDE.

Then in 1972, the Child Development Act was passed by the Legislature, aimed at consolidating all child care and preschool services in one comprehensive system. The CDE was given back authority over all child care programs along with responsibility for all such services provided by county welfare departments with AFDC funds (On The Capitol Doorstep, 1994).

To make this plan work, however, it was necessary for the federal government to recognize the department as the single agency responsible for child care in order for the department to receive all federal funds for such programs. Toward this end, a waiver was sought from federal officials to permit the Title IV-A child care funds to be allocated this way.

However, the waiver was not granted, and the broad intent of the Act to consolidate child care services was never realized. As a result, Title IV-A funding of child care remained with the Department of Social Welfare; however, Title IV-A At-Risk funds are

administered by the CDE through Child Care Centers and Alternative Payment Programs.

FRAGMENTATION OF SERVICES GROWS

In the years that followed, expansion of eligibility for child care services and some changes in funding arrangements further served to fragment administration of the programs. Then in 1985, the Greater Avenues to Independence (GAIN) workfare program was established in California, which dispelled any remaining notions of single agency responsibility for child care.

The CDSS which was in charge of administering federal Title IV-A child care funding, was also given responsibility for state-funded GAIN child care services. Under the department's direction, county welfare departments with state dollars were required to subsidize child care for all parents with children six years of age or older who received AFDC and were in the GAIN program. Parents were permitted to use state funds to choose any child-care provider, licensed or license-exempt—not just state-funded Children's Centers (DeLapp, 1989, 7).

Later, in 1988, passage of the federal Family Support Act required the state to provide child care to all AFDC parents participating in approved education and training programs. For AFDC parents who obtained jobs, the Transitional Child Care program was established to provide up to 12 months of subsidized care after gaining employment. State participation in the federal JOBS program also enabled California to obtain Title IV-A matching funds for all GAIN child care services. Required GAIN participation was expanded to include AFDC parents with children ages three to six.

The intermingling of agencies and funding continued to grow in 1991 when the CDE—not the CDSS—was designated the lead agency to receive new federal Child Care and Development Block Grant funds. CDE was designated in order to provide matching state funds required to obtain the Block Grant money, which has been used to expand and improve CDE-run child care and development programs and to establish local child care planning councils. At the same time, the At-Risk Child Care program was established under CDSS for families at-risk of welfare dependency (On The Capitol Doorstep, 1994).

TAKEOFF IN DEMAND FOR CHILD CARE

While efforts to consolidate them were being made, the demand for child care services in California was rising sharply, leading to the creation of additional programs and functions.

The 1970s and 1980s saw an unprecedented peacetime movement of mothers into the labor force, surpassing the numbers of the 1960s. During those two decades, the percentage of working women with children under six years of age jumped from 29 percent to 54 percent (Hofferth and Phillips, 1991, 2-3).

Economic necessity was the key reason. The median family income in California has remained largely unchanged since the early 1970s, and many families have found they require two incomes to maintain a decent standard of living. At the same time, divorce rates and the number of single mothers also have increased.

With more women entering the labor market, child care—its availability and affordability—has become a social issue of pressing urgency. It has generated major new demands on the state and federal governments to help open up employment opportunities for families through subsidized child care.

The state and federal governments have responded with a steady rise in funding of programs for low-income families, welfare parents, families leaving welfare and at risk of going on welfare, migrant farm workers, campus centers for university and community college students, high school centers for teenage parents, family day care, latchkey children, special needs children, resource and referral services, tax credits and other special situations.

This wide array of programs has filled a variety of emerging needs in subsidized child care and significantly expanded coverage of families in many different circumstances.

THE LESSONS OF CHILD CARE

This historical review shows that:

- California's child care system has evolved into a model of public responsiveness to the need of families to better themselves and to provide preschool opportunities for their children. In the process, their communities have benefited by enabling parents to lead more productive lives.

- The need to work and provide quality care for young children has been met with greater funding as well as new and more diverse programs provided through government action and private support.
- Child care services have become an important component of other education, job training and welfare initiatives, subject to the requirements of those programs.
- As the system evolved, state and federal programs have been layered on top of one another in an effort to serve more parents and children in an increasingly diverse set of circumstances.
- In the process, the nearly $1 billion system has grown more complex, program requirements have multiplied, funding sources have increased and been allowed to cut across programs, costs and service rates have become more variable and eligibility rules have proliferated—each and all posing obstacles to the access of parents needing child care.
- This collective problem has been recognized by policymakers for nearly 25 years, but attempts to consolidate services into a more coherent system have been unsuccessful.

CHAPTER 2

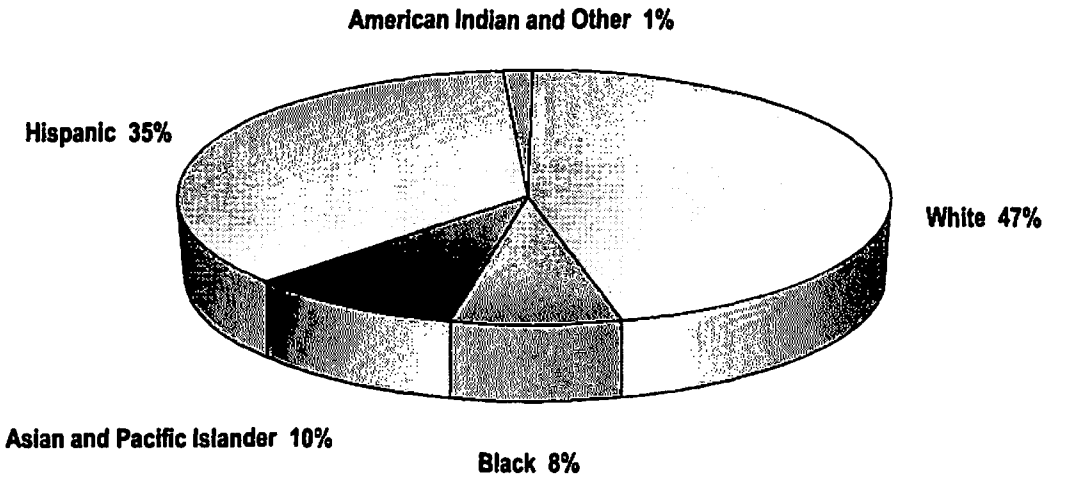
Filling the Need for Child Care

THE ESSENTIAL NEED FOR SUBSIDIZED CHILD CARE HAS continued to grow in the 1990s, and California shares with other states a number of factors that have shaped the mounting demand for the services. These include:

- A steady rise in the number of mothers employed outside the home.
- Changes in the makeup of families, resulting in an increase in single-parent households.
- A growth in the population of children.
- Soaring child-poverty rates.
- Greater ethnic and linguistic diversity.

Nowhere are these factors more dramatic than in the state of California. The shear size of the child population through age 13 is remarkable—more than six million, according to the 1990 census. Moreover, this group of children is the most diverse in the nation. Figure 1 displays the ethnic distribution of children in California age 14 and under, which shows that no group is in the majority. By contrast, the to-

Figure 1
Percent Distribution of Californians Aged 0 to 14 by Race and Hispanic Origin, 1990 Census

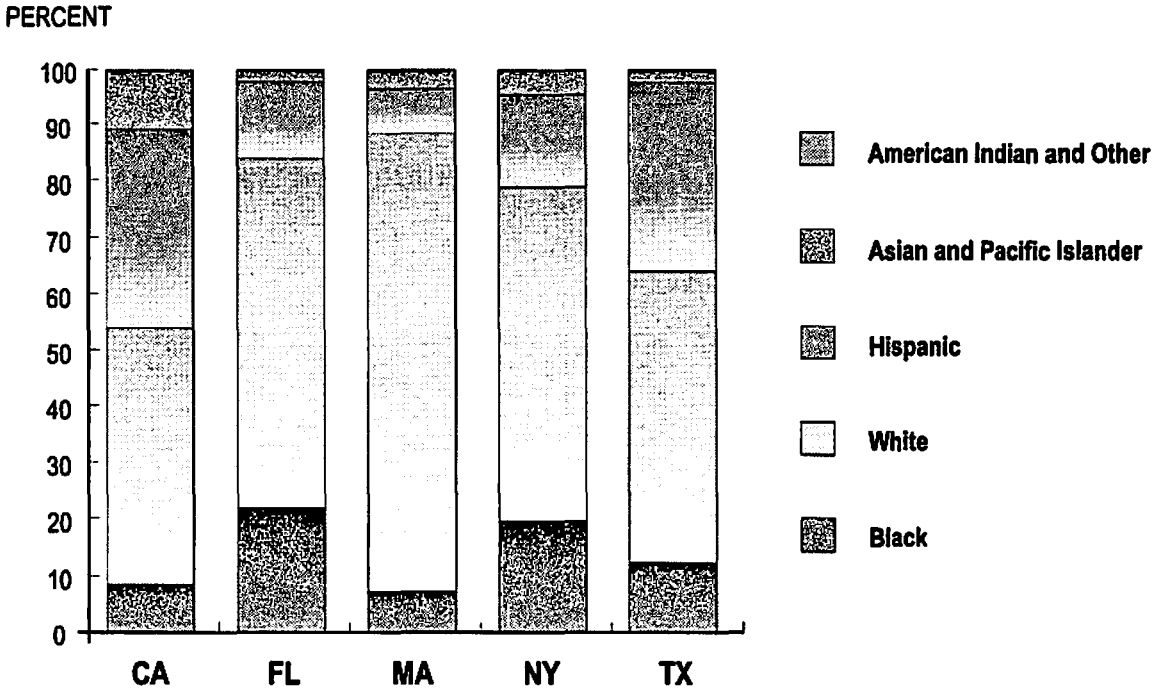


Source: California Statistical Abstract, 1993; California Department of Finance

tal population of the state is 57 percent white, illustrating the future demographic trend toward greater diversity in California.

Among the other most ethnically-diverse states in the country (Florida, Massachusetts, New York and Texas), California is the only one with no clear ethnic majority among children in this age group. Figure 2 compares the ethnic breakdown of this population in those states.

Figure 2
Percent Distribution of State Populations Aged 0 to 14 by Race and Hispanic Origin, 1990 Census



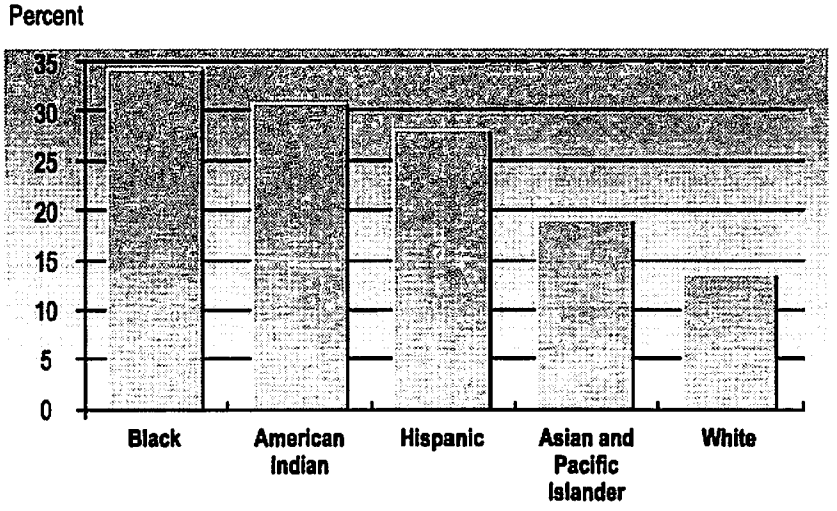
Source: U.S. Census, 1990

Not only are children in this age range growing in number and diversity, they—along with their parents—are becoming increasingly poor. From 1980 to 1991, the number of AFDC recipients in California jumped from 1,498,000 to 2,258,000, a 51 percent increase.

During the same period, the United States as a whole showed only a 22 percent increase. Indeed, by 1991, California's share of AFDC recipients had reached 17 percent of the national total, and the number of California recipients of AFDC in 1991 almost equaled the combined number of recipients in Florida (546,000), New York (1,108,000), and Texas (753,000).

The number of children living in poverty in California is significant. Overall, 19 percent of children under age six, and 17 percent of children ages six to 17 were living below the poverty level. As Figure 3 shows, there is a wide disparity in poverty among children under age six of different ethnic groups: 34 percent black, 31 percent Native American, 28 percent Hispanic, 19 percent Asian and Pacific Islander and 13 percent white.

Figure 3
Percent of Children Under Six in California in Families Below the Poverty Level by Race and Ethnicity, 1989



Source: U.S. Census, 1990

While poverty affects both two-parent and single-parent households in California, it is most common among single mothers living with children. According to 1990 census data, nearly 10 percent of married couples with children under age five were living in poverty, but half of all single-mother households were living below the poverty line. At the same time, mothers of young children are entering the work force at an unprecedented rate. Fifty eight percent of California mothers with young children under age six are employed.

These data show why the demand for child care has grown in recent years and suggest that it is likely to intensify in the future based on demographic factors—in addition to possible changes in work/welfare and other social policies that could ignite need further.

RESPONSE TO THE NEED

The problem that these data highlight is that in California and across the nation today, child care is a necessity for many low-income parents who want to support themselves. Indeed, the AB 2184 Task Force has defined the first goal of a seamless child care system as helping families achieve economic self-sufficiency. (See Appendix A.)

A recent study of mothers in Detroit, Michigan, for example, reported that one out of three mothers with preschool-age children cite inadequate or unaffordable child care as a primary barrier to employment (Mason, 1992, 523). This and other data provide evidence that child care availability plays a fundamental role in enabling low-income parents, especially mothers, to participate fully in the work force.

Responding to this need, California has infused additional state and federal funds into the child care system over the past six years. CDE, for example, substantially increased child care resources from 1989 to 1993. [1] In fact, California has surpassed all other states in spending overall on direct services and certificate programs (Adams and Sandfort, 1992, Attachment A) and ranks sixth in per-child expenditures.

Estimates of unmet need vary, but analysts generally agree that less than 50 percent of children eligible for subsidized care are receiving services. Limited funding for such a vital service is another compelling reason to design a child care system that serves the most clients with available quality resources.

[1] CDE spent $320 million on subsidized child care in 1988-89 (LAO, 1989b, 16) and approximately $500 million in 1992-93. The largest boosters for state child care programs in general have come from federal programs such as expansion of Head Start, the Family Support Act of 1988, the Child Care and Development Block Grant program of 1990, and the most recent reauthorization of the Elementary and Secondary Education Act. On the state level, new programs include Cal Learn, Supplemental Child Care, and the California Alternative Assistance Program.

CHAPTER 3

California's Child Care Programs

SINCE THE FIRST STATE CHILD CARE CENTERS WERE introduced in 1943, a total of 21 subsidized programs have been established over the years in California and now are administered by CDE and CDSS. The programs overall serve about 200,000 children, who receive services from both public and private contractors in a variety of settings.

CDE, the agency with the longest relationship to child care, administers 10 categories of programs that provide direct services in centers or voucher certificates which parents can use to "buy" other child care. Of the 697 contractors awarded state general funds and federal funds through CDE, approximately 338 are public agencies, such as school districts and county offices of education, and 259 are private agencies. They serve about 136,000 children.

CDE operates a broad mixture of state-funded programs, which share common administrative standards, and federally-funded programs, which have separate eligibility requirements. All the programs are designed essentially to serve children of low-income parents, but lack of coordination precludes the blend of services that would serve families with greater consistency and effectiveness. Staffing ratios, payment rates for providers and required fees paid by parents also vary among programs.

CDE SERVICES VARIED

CDE programs provide a wide array of services for children 13 and under, ranging from early childhood development activities to after-school sports, games and tutoring for older children. Services are delivered in two modes: directly from state-funded facilities and through vouchers issued to parents and government payments directly to private providers for care. About 85 percent of these children receive direct services at child care sites, such as schools, centers and homes. Most are located on public school grounds. Others are operated by public and private agencies, such as cities and community action organizations. Families in the APP receive voucher certificates to reimburse cooperatives, neighbors and relatives for their care of children (Currie, 4/15/94).

Eligibility for services is based on income, but the means test varies across programs, ranging from 60 percent to 84 percent below the state median for family income. Access to available spaces or funding also is prioritized according to other criteria, including the need for child-protective services, and families with the lowest incomes given consideration over families with higher incomes.

In addition, most programs require eligible parents to pay fees, based on a sliding scale tied to family income, if income exceeds 50 percent of the state median income. Fees are charged until income reaches 75 percent or 100 percent of the state median, at which point eligibility is terminated, depending on the particular program. Fees are not required from families with incomes below the 50 percent level.

CHILD CARE LINKED TO AFDC

The CDSS administers seven voucher certificate and supplemental child care programs in conjunction with AFDC, which served about 64,000 children in 1992-93.

These programs, which also serve children of a wide age span, provide child care for families receiving, relinquishing, at risk of needing or eligible for but not receiving AFDC. Some programs are intertwined with state programs, such as the Title IV A At-Risk program, which is funded by the federal government through CDSS but run by CDE. Unlike CDE programs, CDSS programs are operated by counties, which are responsible for determining family eligibility, calculating fees and issuing payments to providers under state and federal regulations.

Eligibility is based on family income and AFDC status, and family fees are only required for parents with children enrolled in the Transitional Child Care and At-Risk programs.

OTHER CHILD CARE PROGRAMS

Several other programs provide support or auxiliary child care services:

- The Resource and Referral program (R&R), under which CDE contracts with local agencies in the counties primarily to provide information and assistance to families seeking child care and may administer some voucher payments. The R&Rs usually are the first contact for families needing child care and serve as the main link between them and providers.

  These agencies inform families about their child care options and provide access to waiting lists for the various programs. Some also fulfill other responsibilities, such as assessing the need for child care in their areas, assisting in community child care planning and operating the Alternative Payment program.

- The State Preschool Incentive Grant (SPIG) program supports in-service training for State Preschool aides seeking to build careers as child care professionals. It coincides with efforts by Pacific Oaks College to create a comprehensive plan that would encourage more people to choose child care as a profession and also establish a coordinated system of child care training.

- TrustLine Registry, established by the state Legislature in 1991, is a system for conducting background checks on providers and in-home caregivers not required to hold state licenses. It contains criminal records and child abuse data.

  All those registered with TrustLine have submitted their fingerprints to the California Department of Justice. Clearance by the system means they have no disqualifying child abuse reports or disqualifying criminal convictions in California. Staff members in licensed child care facilities must undergo the same background checks.

  The Registry is administered by the California Child Care Resource and Referral Network under contract with CDE and is operated by R&Rs, which provide background checks for local child care agencies and providers throughout the state. TrustLine also can be contacted from time to time to make sure that providers or caregivers remain in good standing.

POLICY CHOICES AMONG PROGRAMS

Given California's budget problems and limited funding for child care, policymakers are forced to prioritize among the various programs, and their choice comes down to two fundamentally different goals. The Legislative Analyst's Office described the choice as follows:

> To accomplish the first goal (self-sufficiency) within a particular budget, the program should serve as many children of low-income families as possible in order to allow their parents to work. To achieve the second goal (developmental growth of the child) within the same budget, the program should serve fewer children in order to provide more staff resources and developmental materials and equipment to each child. (LAO, 1989b, 4)

There is a significant cost tradeoff between the goals of quality and access, which is due, at least partially, to differentials in provider salaries. Child care providers generally earn low salaries compared to other individuals who have received similar educational training, starting at as little as $5.00 an hour. But providers trained in early childhood education—the ones who can best prepare children for school (Barnett, et al., 1987, 42)—are more expensive to hire than untrained providers. A 20 percent wage differential between trained and untrained providers may exist, which can produce a nearly 15 percent difference in overall labor costs,[2] a significant expenditure for child care centers operating on tight budgets.

In California, providers are not always free to decide between these tradeoffs. Both Title 5 and Title 22 of the California Administrative Code set minimum standards for staff qualifications and in-service training. Changing these requirements, however, is one option for child care reform that would have an impact on both quality and access. Raising staff requirements would theoretically enhance school preparedness but would limit access, while lowering these requirements would free resources to hire more care-givers and serve more children, but would reduce the quality of care.

Another tradeoff is also a function of wages. Because of comparatively low wages in the child care field, the turnover rate among employees is generally higher. The advantage of lower wages is that more

[2] This calculation is based on the assumption that wages account for roughtly 70 percent of total child care costs (Culkin, et al., 1991, 73-75). The percentage increase therefore equals the wage differential multiplied by the percentage costs devoted to wages: % increase = (.20) x (.70) = .14

care-givers can be hired, but, at the same time, lower salaries create higher staff turnover, which can lead to more fragmented and less beneficial experiences for children (POCCC, 1994). Thus, access from low salaries is expanded at the expense of quality.

IS CHILD CARE WORTH THE INVESTMENT?

A different kind of tradeoff question is whether the costs of investing in child care are justified by the benefits to society. The evidence seems clear that the availability of affordable child care enables more parents to participate in the work force, which enhances work force productivity and serves to reduce welfare rolls. And more opportunities for subsidized child care would apparently work toward that end. Many California counties, for example, estimate that more AFDC parents would be willing to participate in the GAIN or other workfare programs than the number of subsidized child care spaces would allow.

Preparing children from low-income families for school also produces more self-sufficient citizens in our democracy, thereby reducing future costs for remediation, delinquency and dependency. A cost-benefit analysis of the Perry Preschool project, for example, has estimated a return of more than $7.00 for each $1.00 invested in intensive preschool care (Appendix C; CDE, 1988, 45; Bergeron, et al., 1993, 33). Preschool compensatory programs, including those in New York, Cincinnati, Philadelphia, New Haven, Rome (GA) and Hartford, also have produced social benefits, such as increased high school graduation rates and decreased grade retention and special education referral rates (Barnett, 1992).

The payoff to society seems clear, but whether additional governmental investments in subsidized child care and preschool initiatives are feasible is another matter.

FOCUS ON QUALITY CARE

As the AB 2184 Task Force emphasized, quality child care—that is, enhancing the educational and social development of the child—should be one criterion for designing a more seamlessness system. For the most part, child care quality is measured by inputs of staff ratios and qualifications and program components, which are defined in statutes and regulations. But the standards for staff and child development activities vary among child care providers.

Child care requirements differ according to the percentage of state-subsidized children being served. If a majority of enrolled parents receive government subsidies, for example, then the center must comply with more stringent standards under Title 5; otherwise, centers must meet Title 22 requirements (Title 5 and Title 22 are compared in Appendix B.)

Family care homes must comply with Title 22 requirements, and informal care providers, such as relatives and neighbors, caring for only one family besides their own, need not comply with either set of standards. However, neither family child care providers nor informal care providers must meet any training or experience requirements.

Although different providers are bound by different quality standards, no provider is discouraged from pursuing quality standards beyond minimal requirements set by the state. It is therefore impossible to generalize about quality among providers, although state and local governments certainly could play a much more active role in ensuring similar quality standards among providers.

PREPARING CHILDREN FOR SCHOOL

The Task Force stated that a seamless system should better help prepare children for success in school, but school success depends on myriad factors outside the reach of child care providers.

Improving the chances of school success through child care may be as difficult to control as that of helping children succeed once enrolled in school. School success depends on extraneous influences such as a child's home environment and personal attributes.

Nevertheless, recent child care studies have shown that a strong relationship exists between a provider's educational level and a child's preparedness for school (Barnett, et al., 1987). The more training a preschool teacher receives in early childhood education, the more likely his or her classroom will epitomize the "High Scope" classroom found in the original Perry Preschool project, a model which is still proven to generate significant gains in school readiness (Barnett, et al., 42-43). [3] In addition, the Carnegie Corporation released a report in April 1994

[3] "Teams with teachers who had master's degrees outperformed those with teachers who have bachelor's degrees. Teachers' education levels had a correlation of .71 ($p=.015$) with overall score on the PCI [Preschool Classroom Implementation Rating Instrument] and .90 ($p<.001$) with score on the classroom management subscale." In addition, "Regression and probit analyses on the full sample [N=2,024, statewide survey in South Carolina] indicated that children who had attended the preschool program were significantly ($p<.05$) more successful in

which confirms the significance of a child's environment in the first few years of life:

> It has long been known that the first few years of life are crucial for later development, and recent scientific findings provide a basis for these observations. We can now say, with greater confidence than before, that the quality of young children's environment and social experience has a decisive, long-lasting impact on their well-being and ability to learn. (1994, xiii)

The extent to which early childhood educators can provide a stimulating environment, especially for young children, can therefore affect the entire course of a child's physical and intellectual development.

two respects. The preschool group was more likely to score above the readiness cut-off on the Cognitive Skills Assessment Battery (roughly 75% v. 69%). Compensatory class placement was lower for the preschool group (roughly 23% v. 29%)."

CHAPTER 4

Locating Seams Through the Matrix Analysis

ONE OF THE TASKS OF PHASE I IS TO EXAMINE THE comprehensive matrix of key program characteristics prepared by the AB 2184 Task Force. The purpose of the matrix was to identify the similarities and differences among child care and development programs in California to improve our understanding of how the system functions.

PACE found the matrix to be an accurate summary of the programs. Although it leaves out some detail and omits several specialized CDE services, it is largely comprehensive and can serve as a useful tool for viewing the seams in the child care system. Our analysis of the matrix also suggests ways to begin thinking about a seamless system, which will be addressed in Phase II of the project.

The abundant descriptive information in the matrix has been reduced and organized around the key dimensions of access, quality, funding, and governance. Programs that overlap in important ways have been grouped together, and others that are substantially different have been separated out. This revised configuration is designed to bring more coherence to the complex array of programs for easier comparison of their characteristics.

CHART USED FOR COMPARISONS

The components of existing programs and the policies that support them, which illustrate the complexity of service delivery from the perspectives of clients, program administrators, and government officials, are shown in the Program Comparison Chart at the end of this chapter. The information on the chart allows us to point to certain program components or sequences of programs that are inconsistent with continuous care for children and families.

These inconsistencies contribute to seams in service that were discussed earlier in this report. The seams identified from our matrix analysis are: (1) multiple access points, sometimes with duplication, into the child care system, (2) varying entry and exit criteria for subsidized care based on an uncertain rationale, (3) varying reimbursement rates by the state to programs that offer similar services and (4) program structures that are inflexible to changes in family circumstances.

This analysis of the matrix, then, becomes one way of viewing the existing structure of child care policy. In some instances, program differences emerge that perhaps could be eliminated. In other instances, gaps in service appear that perhaps could be filled. In several cases, regulation and oversight might be simplified between program administration and providers. In this way, the matrix analysis becomes a technique for isolating problems within our current system. At the same time, it provides the basis for further investigation into more streamlined approaches to child care policy.

CHILD CARE PROGRAMS COMPARED

In the following two sections, the programs operated by the California Department of Education (CDE) and the California Department of Social Services (CDSS) are described. In the third section, the four seams mentioned above are described in greater detail within the context of the programs operated by the two state agencies. The last section contains the Program Comparison Chart.

Throughout this chapter, a fundamental distinction is made between programs operated by the CDE and the CDSS. The CDE operates two kinds of delivery services. One includes programs that offer direct services for children. The other provides vouchers to parents for access to care from providers. In contrast, the CDSS provides essentially one type of service— through vouchers—but it funds care under a number of programs. What differentiates the CDSS programs from each other is the level of social assistance that a family needs and receives at any given time. This contrast in the delivery of services by CDE and CDSS provides a starting point for analyzing how program offerings could be reorganized to increase the continuity of care.

CDE PROGRAMS

In addition to the programs it funds directly, such as child care centers, the CDE operates a voucher system for the reimbursement of care under the Alternative Payment program (AP). This program allows parents to select a provider of their choice with the agreement that the state will provide reimbursement for care. The CDE's dual method of funding represents one significant difference with the CDSS, which has essentially one way of funding.

A second notable difference between the two departments is that the CDE programs are not entitlement programs. This means that there are no statutes that guarantee individuals access to child care services. As a result, the programs have long waiting lists of clients who would like care but are not able to receive it, even though they meet the eligibility criteria of the CDE programs.

Third, there are differences in the target populations served by the CDE programs, special needs children (including infants, handicapped and limited English speaking) being one example of a target group. In addition, there is an important distinction to be made between those programs that provide the primary developmental activities for the child during the day versus those that provide some form of supplemental care in addition to what the public schools offer in their regular programs.

In the following categories as well as in the chart, programs have been grouped together because of their similar characteristics. For example, the daily interactions between the child and provider are the same for the sets of programs below. They have been combined to suggest alternative program structures that would reduce administrative barriers:

- The State Preschool program, General Child Care, Campus Child Care, School-Age Parenting and Infant Development (SAPID), some Federal Block Grant funds (FBG 25) and Migrant Child Care all share the same basic program requirements for the care of children. The requirements include an education component, parent/community involvement, parent education, health/social services, nutrition, staff development, a required program philosophy, goals and objectives statement, developmental profile and program evaluation. In addition, the stated purposes of the programs are similar. Yet, there also are significant differences in requirements that determine when children are allowed to enter the programs and when children are no longer eligible (entrance and exit requirements).
- The Latchkey program provides developmentally-appropriate care for school-aged children both before and after school as a supplement to the educational activities during the regular school day for children of school age.
- The Severely Handicapped and Exceptional Needs programs provide services to children with specialized care requirements, which are not available in other child care settings.
- The AP program, supported by and administered through the CDE, provides funding for individual spaces but does not offer child care directly. It is the major voucher distribution program in the state child care system and the only portion of CDE services that operates under a voucher plan. Major funding sources are the Federal Block Grant program (FBG75) and Title IV-A At Risk.

One program not included in these groups is Head Start, a child care program that is directly funded by the federal government and provides comprehensive health, education, nutrition, and social services to disadvantaged children and their families. Head Start's governance and comprehensive services along with its regulatory system and program mandates are different from those of the CDE and CDSS programs.

There are additional highly-specialized or support programs that do not appear to fit in the groups above. For example, the Child Protective Services Funds are administered by the CDE through the Alternative Payment Program to provide short-term crisis care for children. In this case, additional funding is available to place children in care during specific circumstances when protective services are required. Supplemental funding exists to meet additional costs incurred when children with special needs are placed in centers operated under the General Child Care program. Although as specialized programs they share this much in common, grouping them together is not justified on the same basis as the aforementioned CDE programs, which provide the same experiences to similarly situated children.

Grouping in this way undoubtedly blurs numerous important distinctions between the programs that CDE operates. However, the chart at the end of the chapter highlights the major differences and explains in more detail the reasons for the grouping.

CDSS PROGRAMS

The eight programs operated by the CDSS serve children whose parents are likely, current, or recent recipients of AFDC. As the aid status of a family changes so does their eligibility for particular sources of child care subsidy among CDSS programs. However, the programs provide largely the same types of services, and the same guidelines for staffing, adult/child ratios and staff qualifications exist across all CDSS programs. Most CDSS child care programs are entitlements, meaning that any family eligible for the program is actually entitled to receive services. Consequently, there are no waiting lists for these services. These services are provided through voucher certificates which allow families to choose the type of program and the provider.

To illustrate how CDSS programs differ based on family circumstances, At-Risk Child Care (ARCC) provides child care services for low-income families who are at risk of needing AFDC. In contrast, Greater Avenues for Independence (GAIN) and Non-GAIN Education and Training (NET) programs are for parents receiving AFDC who are involved in training or education programs. In the former case, families may need assistance. In the latter case, families are involved in efforts to reduce their need for assistance.

As they seek to serve families in different circumstances, the programs align themselves along a continuum based on service needs and progression toward self-sufficiency. The eight programs in the chart can be clustered into four groups along this continuum on the basis of eligibility criteria, which reflect similarities among clients:

- Transitional Child Care (TCC) and At-Risk Child Care (ARCC) provide care for working adults who are not eligible for AFDC, but who are either in transition from having received AFDC or are at risk of needing AFDC.
- AFDC Income Disregard and Supplemental Child Care (SCC) are designed to assist working adults who receive AFDC and the California Alternative Assistance Program (CAAP) is for parents who are eligible for AFDC but elect not to receive it.
- Greater Avenues for Independence (GAIN) and Non-GAIN Education and Training (NET) provide child care services when adult parents or guardians are enrolled in education and training programs.
- CAL Learn is a GAIN program specifically for teen parents working on their education.

Despite their similarities, there still are some differences among programs in these groups. First, the programs vary in the way they are funded or reimburse parents or providers for services. An overarching issue is that the cost of child care is divided between the county, state and federal government and the recipient based on the recipients ability to pay. For example, neither the GAIN nor the NET program requires a family fee. But TCC and ARCC do require a fee, presumably because families covered under these programs are working and are no longer eligible for AFDC.

Second, the maximum reimbursement rates of all the programs are set by formula but vary. The Regional Market Rate Survey provides for a detailed regional analysis of the costs of care. Reimbursement ceilings consistent with federal and state requirements are determined using this survey. The formulae may result in significant differences in reimbursements to the provider.

Third, access to programs is generally through county welfare departments, but this is not true for all programs. The At-Risk Child Care Program has a different governance administered by the CDE which allows for access through subsidized slots at centers, or through vouchers provided by APs. In addition, child care that is offered through GAIN is accessed through GAIN program administrators.

The question that emerges from this analysis is whether requirements can be redesigned along continuums, rather than as program compartments, to ease transitions between programs for families, children and providers. Currently, what differentiates programs are eligibility requirements that have mostly to do with changing economic and education circumstances of families. An alternative paradigm would have services of programs remaining constant as the circumstances of families change.

IDENTIFYING FOUR SEAMS

From this analysis, four major seams in the child care system can be identified. They are discussed below in greater detail to show the complexity of the current system from the perspective of the state, the providers and the families in need of child care.

1

Multiple Access Points For families needing subsidized child care, trying to enroll in programs that offer direct services and those funded through AP vouchers can be very confusing. Most of this comes from the fact that waiting lists are kept by providers as well as AP program offices.

For example, a parent who is not eligible for AFDC (and therefore not for CDSS programs) but is eligible for CDE assistance would first consult the local Resource and Referral center for information on care in the area. This parent would be instructed to go to a number of care centers and get on waiting lists, if space were not available, and to put his/her name on the AP waiting list. Three resolutions are possible. First, the parent's child may be enrolled in a center directly at the outset. Second, the parent may be granted a voucher through the AP program and take the voucher to any one of a number of providers of his/her choosing. Third, the parent may be granted a voucher and take it to one of the centers—possibly one of those where he/she had signed a waiting list. One centralized waiting list to accommodate these three options would greatly simplify access for clients.

Since there is a shortage of care compared to the demand, it would seem a relatively simple administrative task to match families in need with available spaces, but the system now actually encourages parents to search in multiple ways for limited services. Particularly given that programmatic differences are minimal, these multiple efforts appear to make the quest for child care a confusing, time-consuming and complicated process for families and providers.

2

Entrance and Exit Criteria Even among programs that seemingly target similar families with similar circumstances, the eligibility requirements based on income vary according to the regulations under which specific programs operate. This is true both for eligibility to enter the programs (entrance requirement) and for the income threshold at which families are no longer eligible (exit requirement). The differences in these requirements often lead to discontinuities in service and additional burdens on families.

For example, to be eligible for child care assistance, the General Child Care, AP and the Latchkey programs require families to have income at or below 84 percent of the state median income. In contrast, the FBG programs serve only those at or below 75 percent of the state median income. Families with incomes between these two percentage requirements are directly affected by the difference. When General Child Care, AP, and Latchkey spaces are unavailable, a family could not obtain an FBG space unless its income was lower to comply with FBG program requirements.

Similar income differentials determine when families must exit care. All state programs except those funded by the FBG allow care until income reaches 100 percent of the state median, adjusted for family size. The FBG program requires families to exit when their income reaches 75 percent of the state median income. Currently, families with children in FBG spaces must switch to other programs if their income rises above 75 percent in order to maintain care up to 100% of the state median. One policy question is what would it cost the state to increase eligibility for the FBG spaces from 75% to 100% of the state median? Making the income cutoff the same would allow families in FBG spaces to maintain care at levels consistent with other subsidy programs. Families with children in Head Start, incidentally, face a similar problem since its requirements are tied to the federal poverty level, rather than state median income criteria.

Reimbursement Rates Rates of reimbursement to providers are also different for different programs, as reflected in the Regional Market Rate Survey of California Child Care Providers, produced by the California Child Care Resource and Referral Network. The survey examines the cost of care in varying types of facilities by region. For CDE programs, reimbursement rates are either capped at 1.5 standard deviations above the regional market rate or some other cap. A policy question that arises is what the cost to the state would be should these caps be held constant across all programs. The specific reimbursement caps for a number of programs are listed below with a rough estimate of the reimbursement amounts per month. The counties are those where regional prices are calculated.

Program Name	Reimbursement Cap	Monthly Dollar Estimate	
Latchkey	$2100 Avg (from base year 85/86)	$202, part-time 5-day [1]	
General Child Care	Standard Rate of $21.1533 (Center Based Programs)	$423	
AP's	1.5 Std. Dev above regional market	Kern County: Oxnard/Ventura: San Francisco:	$255 [2] $294 $531
FBG 75	1.5 Std. Dev above regional market	Kern County: Oxnard/Ventura: San Francisco:	$255 [2] $294 $531
FBG25	Standard Rate of $21.1533 (Center Based Programs)	$423	
State Preschool	Capped at $13.50/day	$270, (half day - 5 days)	
Head Start	Individually negotiated with grantees	$375 - $583	
Title IV-A At-Risk (through AP)	75th percentile of regional market rate	Kern County: Oxnard/Ventura: San Francisco:	$200 [2] $225 $390
Title IV-A At-Risk	Standard Rate of $21.1533	$423	

Notes:

[1] Translated charges are based on part day attendance (less than 35 hours per week) in center based care with children attending child care twenty days out of the month. Except where noted, charges are based upon daily rates multiplied by twenty days.

[2] Charges are derived from the Regional Market Rate Survey (July 1994) from three indicative counties. Figures represent providers charge to families per month in center-based care. Note that this amount is significantly less than what would be charged if daily rates were multiplied by twenty days.

Differences in reimbursement rates exist for CDSS programs as well. In the Regional Market Rate Survey, it was calculated that the differences between a 75th percentile ceiling (used in many CDSS programs) and the 1.5 standard deviations of the market rate ceiling (used in many CDE programs) amount to over $500 per year per child for full-time preschool care. However, rate ceilings may differ from actual costs since providers sometimes charge the state less than ceilings permit. Additional information about the distribution of reimbursement rates under each of the formulae will be analyzed in Phase II of this study.

Differences in costs for which providers are reimbursed also arise from use of the Standard Reimbursement Rate, which is the contracted rate between the state and General Child Care providers and FBG25-supported programs. While it varies by region, the $21.1533 standard cap appears to save the state money in some counties but cost the state in others, compared to the market rates from the Regional Market Rate Survey. This is because of the wide variations in regional pricing in contrast to the state-wide standard reimbursement rate.

Program Inflexibility to Changing Family Circumstances
As family circumstances and income change, parents require stable and reliable child care services, but programs are not flexible enough to provide that needed continuity. For example, the GAIN and NET programs provide child care for families who are involved in some educational or job-training activities. But when parents leave GAIN or NET, they are required to switch to a different child care program under CDSS. While the parents' circumstances may have changed slightly, the child's circumstances and needs likely have remained the same.

Another example involves the State Preschool program, which is part day. For working parents, the part-day schedule causes enormous difficulties in two ways. First, the child needs to be picked up and moved mid-day, which causes an interruption in work schedules. Second, families need to arrange and pay for care for the remaining part of the day. What is needed are expanded services and alternatives to take up where the part-day program ends and allow the child to remain in continuous care. In this way, the child care system would respond to the increasing variety of child care services that working families require. Part-day, night-time, weekend and multilingual care centers all represent program flexibility that should be available.

Thus, these four areas—multiple access points, exit and entrance criteria, reimbursement rates and program flexibility—show up as seams in the CDE and CDSS programs. The chart that follows explores in greater detail the specific program components and provides a more thorough analysis of their similarities and differences in clusters. The chart also provides a closer look at the differences in the fundamental structure of each department's programs. Although the chart is not designed as a recommendation for a coordinated or consolidated system, the combinations of similar programs that seem to serve similar purposes may be one perspective on improving seamless care.

In total, the chart reveals a wide range of child care offerings through state and federal programs, and also highlights basic program missions, and opportunities for streamlining existing complexities within the system. For example, preschool development clearly emerges as critical components of all the CDE programs. Special provision is made in CDSS programs for adults involved in their own education and training. At the same time, services overlap across agencies, and this may pinpoint areas where efficiencies in program offerings can be realized. For example, CAL Learn and the School-Age Parenting and Infant Development programs, although operated by different agencies, share similar objectives and program components for teen parents and their children. Further, the chart points out the broad network of entry points and governance structures that make the system complex for clients in need of care.

Core Child Care and Development Services Provided by the California Department of Education: Comparison of General Child Care, FBG, State Preschool, Campus Child Care, School-Age Parenting and Infant Development (SAPID), Migrant Child Care, and Head Start

Key Variables	Program Description(s)	Comments
Program Purpose	All programs are designed to meet a variety of needs of children and their families. For SAPID, State pre-school, and Head Start, services are not tied to parents work or living status. Head Start is funded at the federal level and administered through a federally operated system of regional offices. These programs are considered here because of the similarity to other CDE programs in purpose and focus.	The programs are not entitlement programs. They are not connected to eligibility in any other program. Rather, lowest income children are given a high priority in all programs. Children in need of protective services are generally given the highest priority. The FBG programs allow for local planning councils to set priority guidelines. Purpose of program cell does not emphasize developmental priorities. But a number of program requirements exist related to developmental education. The following program components are listed as required for General Child Care, FBG, and State Preschool: education program; parent community involvement; parent education; health/social services; nutrition; staff development; philosophy; goals and objectives; developmental profile; and program evaluation. Head Start does not require this full list of components.
Governance	The CDE is the lead agency in all of these programs, except Head Start, with local administration through a variety of agencies including cities, county welfare departments, county superintendents, school-districts, private non-profits, etc. Head Start, which is administered by the federal government, is locally operated by grantees.	

Cost	The rate structure is set by different formulae, some which use market-based rate caps, and others which use contracted caps. Family fees for all programs are the same: no fee is required at or below 50% of state median income. Graduated fees are required until exit at 75% and 100% of median income, depending on the program. There are no family fees required for Head Start.	How do the rate structure differences really affect the enrollment of clients? Are they materially different? The difference in family fee contributions are directly related to issues of inconsistent exit criteria across programs. FBG programs do not provide subsidies for families above 75% of the state median income.

Core Child Care and Development Services Provided by the California Department of Education: Comparison of General Child Care, FBG, State Preschool, Campus Child Care, School-Age Parenting and Infant Development (SAPID), Migrant Child Care, and Head Start (continued).

Key Variables	Program Description(s)	Comments
Priority for Services	First priority goes to children in protective services. Income levels determine additional priority for placement. FBG programs rely on local planning councils for priority setting guidelines.	Although the priority requirements differ, how much do they differ in actual implementation?
Eligibility	Eligibility requirements are not similar for all programs: maximum income levels have been set at 84% of state median income for General Child Care. The maximum is 75% for FBG programs, and 60% for State Preschool. Head Start requires 90% of recipients to have income below the federal poverty line or receive public aid. The remaining 10% can have a handicapping condition. State Preschool and Head Start do not report any employment or training related criteria for parents. All other programs require parents to meet a broad set of "needs" that include parents who work or are in training, incapacitated, seeking employment, or homeless.	Differences in eligibility requirements appear to cause a "seam" or discontinuity between programs. Families eligible for certain programs may not be eligible for the FBG funds. Some differences exist in eligibility between state and federal programs, most notably funding for the homeless and incapacitated. FBG allows for children up to the age of 13 while General Child Care provides for children up to 14.
Point of Entry	Client needs to apply at the particular program/agency or site for each of these programs.	Information for these programs is disseminated through the R and R's, but application for services is site/program specific.

Quality Measures	General Child Care, state preschool, and FBG 25 have the same staff qualifications. Head Start has different requirements. The following program components are listed as required for General Child Care, FBG, and State Preschool: education program; parent community involvement; parent education; health/social services; nutrition; staff development; philosophy; goals and objectives; developmental profile; and program evaluation.	Head Start does not require this full list of components.

LATCHKEY Program Provided by CDE

Key Variables	Program Description(s)	Comments
Program Purpose	Provides general care before and after school and during vacations for children of school age K-9.	
Governance	Statewide program administration is through CDE; Local administration provided by CC Centers, FCCH, and APP's.	
Cost	Family fee is required for families between 50% and 100% of state median income.	
Priority for Services	Children in protective services are the highest priority. Beyond that, children K-3 and siblings under 13, and then grades 4-9 and siblings under 13.	Contractors are required to serve a predetermined percent of special needs students from surrounding school districts.
Eligibility	Parents must be at or below 84% of state median income at time of initial enrollment. Families remain eligible up to 100% of state median income. Program requires parents to meet a broad set of "needs" that include parents who work or are in training, incapacitated, seeking employment, or homeless.	
Point of Entry	Program headquarters, sites.	
Quality Measures	The following program components are listed as required: education program; parent community involvement; parent education; health/social services; nutrition; staff development; philosophy; goals and objectives; developmental profile; and program evaluation. Staffing requirements are: 1:28 for teacher/child and 1:14 for adult/child.	

Alternative Payment Programs (APP)

Key Variables	Program Description(s)	Comments
Program Purpose	AP's provide a voucher or direct vendor payment for child care services that are available to parents/guardians who are working, in training, incapacitated, seeking employment, or homeless.	These are largely supported by FBG 75 funds.
Governance	AP's are awarded on a contract basis to local agencies by the CDE. All counties have at least one AP, many have more.	
Cost	For the portion of AP's funded through the California general fund, the reimbursement rate is capped at 1.5 standard deviations above the regional market rate. Additional AP slots that are funded by Title IV-A At-Risk have a reimbursement ceiling of the 75th percentile of the regional market rate. Family fees are required between 50% and 100% of the state median income.	
Priority for Services	The highest priority is for children in need of protective services. Family priority is then set by income level.	
Eligibility	Families at or below 84% of the state median income are eligible for services. Exit criteria is at 100% of state median income.	
Point of Entry	Agency headquarters or site.	
Quality Measures	There are no regulated staffing requirements for the APP's as parents are allowed to choose exempt care. APP's do not regulate the care providers. APP's, as CDE contracted agencies, are required to have some program components: philosophy; goals and objectives; developmental profile; and program evaluation.	

Programs for Adults in Education and Training Programs: Comparison of GAIN and NET

Key Variables	Program Description(s)	Comments
Program Purpose	Provide child care services to AFDC recipients while adults are engaged in training and education programs. Includes current programs: GAIN; NET	Primary distinction is that NET provides services for AFDC recipients in self-initiated training and education programs (non-GAIN). NET program was added as a result of a law suit against the state by non-GAIN AFDC recipients. Program purpose are identical.
Governance	Both programs are led by CDSS with local administration by county welfare departments. Recipient eligibility and payment is determined at the local level. Reporting is to the federal government.	There are no differences in California's governance of these programs. Federal reporting guidelines vary for the two programs, seemingly because of federal revenue sources.
Cost	Rates are calculated based on different min/max formula. Significance of this difference is not known. Neither program requires family fee.	Difference in pricing formula needs to be understood to estimate cost differences between programs. Difference is likely to be negligible. All regulations for allowable absence are the same for both programs.
Priority for Services	GAIN participants follow a strict pattern of prioritization based on family structure and the length of participation in AFDC. NET is an entitlement program - there is no priority.	Priority for services in GAIN is driven by access to GAIN for adults.

Eligibility	Criteria for income, aid status, age, special needs, and parent employment are the same. The only difference is whether the parent is enrolled in GAIN versus a non-GAIN education and training program. GAIN provides care through the duration of adult's program; NET provides services for up to 24 months while parents are enrolled in training. Income thresholds are the same for both programs.	Eligibility differences are tied to the type of training program (GAIN vs. NET) in which parents are involved.
Point of Entry	Difference is noted in that GAIN recipients have Access through GAIN offices at the county level	Is there a physical difference in where information on access is actually received?
Quality Measures	Staffing ratios and staff qualifications are identical for both programs.	No apparent differences.

Key Variables	Program Description(s)	Comments
Program Purpose Governance	Programs are designed for families who are working, but are in a transitional economic status - just coming off of AFDC or at risk of needing AFDC These are both CDSS programs. The primary difference is in local administration: TCC is administered by the County Welfare Departments; ARCC by CDE through California Children's Centers and Alternative Payment Programs. Reporting requirements are largely the same. TCC requires quarterly reporting, ARCC requires annual reporting. For the ARCC programs, CDE centers file information through three stages to meet DSS reporting to the federal government.	These programs are notably different from the cluster above in that families are working and are required to pay some portion of child care costs.
Cost	Rates are calculated by the same formula except that excess costs are covered by the state in ARCC programs administered through California Children's Centers. Families contribute some amount for services.	These are the only programs that DSS operates that require an explicit family contribution for services. How does this differ quantitatively from the type of subsidy arranged by AFDC Income Disregard?
Priority for Services	TCC is an entitlement program; ARCC has a strict pattern of priorities, the highest priority is for former TCC clients.	jWhat is the nature of the transitional arrangement between these two programs? To what extent should these two programs be adjusted/coordinated for families with some ability to pay for services?
Eligibility	Both programs are for families with children under 13 needing child care in order to work and to remain off of AFDC; ARCC has a maximum income level. TCC is available for 12 months only, whereas ARCC is available for as long as family is eligible and there is a need.	How are these services coordinated for a

Point of Entry	TCC is through county welfare departments; ARCC is through Education administered Alternative Payment Programs and California Children's Centers	smooth transition? Notably, these are the only programs that maintain toll-free telephone number for information.
Quality Measures	Staffing ratios and staff qualifications are identical. Neither require TrustLine registry or health and safety certification. Both follow title 22 requirements for licensed care.	No apparent differences.

Programs for Working Adults Who Are Eligible for AFDC: Comparison of AFDC Income Disregard, SCC, and CAAP

Key Variables	Program Description(s)	Comments
Program Purpose	Provide child care to working AFDC recipients. SCC is the supplemental funding for AFDC Income Disregard clients above the maximum allowable costs. CAAP substitutes child care, Medi-Cal and food stamps in lieu of AFDC support.	CAAP is a new program and not widely used as it duplicates SCC. SCC, also, is fairly new. These programs do not require any family fee contribution. All of these programs are designed for families still AFDC eligible and needing full government subsidy.
Governance	All programs are supported by statewide program administration, with local administration through County Welfare Departments. Reporting requirements are the same for all programs through county welfare departments. Final reports are submitted to the federal government by the CA Department of Social Services.	No apparent differences in governance.
Cost	The AFDC Income Disregard program appears to have a ceiling of $200 monthly per child under 2 years, $175 for children 2 and over. SCC and CAAP are charged at a formula rate, the lower of actual or 75th% of the regional market rate.	The AFDC Income Disregard would appear to require some family contribution for services that cost more than the maximum rate. However, SCC provides the required additional supplement. Why has supplemental funding been separated administratively? What would the circumstances of a client be to recommend CAAP over the AFDC Income Disregard/SCC combination?
Priority for Services	All of these programs are entitlements	There appear to be no differences in the priority of services.

Eligibility	All programs require client to be working and in need of child care to maintain employment. For SCC, child care costs must exceed that which is allowable under the AFDC Income Disregard Program. Families are eligible under all three programs as long as income requirements are met. While AFDC Income Disregard serves children under 18, SCC and CAAP is limited to children under 13.	These programs apparently serve the same clients, except that SCC and CAAP are limited to families with children under age 13.
Point of Entry	All programs are accessed through county welfare departments.	
Quality Measures	Staffing ratios and staff qualifications are identical. Neither require TrustLine registry or health and safety certification. Both follow title 22 requirements for licensed care.	No apparent differences.

Program for Teen Parents Engaged in Education: CAL LEARN

Key Variables	Program Description(s)	Comments
Program Purpose	Provides child care to teen parents receiving AFDC and enrolled in school or GED	This program is unique and limited to teens.
Governance	Program administered through county welfare departments.	
Cost	Lower of actual or 1.5 std dev above reg. mkt rate.	This program is one with relatively more generous provisions.
Priority for Services	Entitlement	
Eligibility	Teen on AFDC, needing child care to participate in school program leading to HS diploma or equivalent.(note: mandatory for AFDC teens who do not have HS diploma or equivalent)	
Point of Entry	County welfare GAIN office	
Quality Measures	Same as all other DSS programs.	

CHAPTER 5

Child Care Systems In Other States

EXAMINING CHILD CARE SYSTEMS IN OTHER STATES provides a different perspective on child care delivery by looking at the seams that may exist in other systems and whether efforts elsewhere have been successful in eliminating them. PACE has studied five states within the framework of this project and found that much can be learned from analyzing their programs and the way they interrelate.

In the first section, four states—Florida, Massachusetts, New York and Texas—are described in relationship to California, based on the published literature about their child care systems and discussions with administrators from those states. These states were selected on the basis of the relative size of their systems, the diversity of the children served and their reputations for innovative child care policies. The section is divided among key features of the systems as they relate to seamlessness, access and quality.

In the second section, three states—Massachusetts, Oregon and Texas—which were visited by PACE teams are discussed in more depth. After reviewing data on Florida, Massachusetts, New York and Texas and meeting with and interviewing representatives from other states, PACE and the AB 2184 Task Force's principal agency representatives decided to send teams to these three states. Their child care systems were analyzed around the four dimensions—governance, funding, access and quality—that are the focus of the PACE study.

SECTION ONE

THE ROLE OF STATE-LEVEL COORDINATING COUNCILS

CA	FL	MA	NY	TX
Limited	—	Limited	Extensive	—

In 1990, Governor Mario Cuomo of New York launched an ambitious child care coordination effort on the state level. He established a state council "to improve the coordination of New York State's system of early childhood services" (NYSCCF, 1992a, 8). Similar to California's AB 2184 Task Force, the council was composed of state commissioners and state agency directors who administer child care and development programs. New York's council, however, encompasses many more government agencies than the AB 2184 Task Force, and it has been granted extensive authority to implement its proposals.

New York's child care council has established a number of subcommittees and work groups to direct the implementation of child care reform strategies and has become active in every facet of child care reform. It has sought to develop more consistent regulations across programs, collaboration among programs, financial and administrative support from the private sector, efficient data collection processes, career development plans for child care workers, health and nutrition standards and site-monitoring procedures.

Through the state council, New York has instituted a Head Start/State Collaboration Project with the United States Department of Health and Human Services to enhance the quality of Head Start programs in the state. Major goals include expanding half-day Head Start programs to increase opportunities for parental employment and linking Head Start parents to appropriate adult literacy programs (HS/NYSCP, 1993, 2).

New York, California Compared New York's state child care council differs from the AB 2184 Task force in three significant ways. First, in addition to New York's counterparts of the CDE, CDSS and Governor's office, myriad other governmental agencies act as council "principals," who are involved in the child care planning process and participate in decisions regarding child care reform. Second, the council has been granted a higher degree of autonomy from the Governor's office, the Chief State School Officer, and the Legislature than was the AB 2184 Task Force. The council also was given greater policy-making powers. This arrangement has somewhat insulated the council from direct political pressures and enabled it to focus more attention on the

day-to-day needs of children and families. Third, it has established a number of active subcommittees and work groups to review specific problems in child care service delivery from a more comprehensive interagency perspective. In some cases, the council has gone farther than the AB 2184 Task Force in implementing administrative changes and recommending legislative actions to streamline program requirements.

DECENTRALIZED ADMINISTRATION OF CHILD CARE

CA	FL	MA	NY	TX
—	—	Limited	X	—

Child care requirements not superseded by the federal government are established at the state level in California, Florida and Texas. In contrast, New York's child care system is highly decentralized. County welfare agencies are given discretion over the number of programs offered, standards for access and income eligibility requirements (Stoney, 1992, 5-8). Although every county administers federal entitlement programs such as JOBS and TCC, counties may chose to provide a number of optional programs. For example, counties may choose only to subsidize children with employed parents or to include parents who are receiving job training, seeking employment or incapacitated. Finally, counties may set income eligibility requirements for optional programs. Eligibility ceilings range from 138 to 275 percent of the poverty level.

Massachusetts has engaged in only limited efforts to coordinate child care and development services at the state level (Sheaffer, 5/13/94). The Secretary of Health and Human Services has established an advisory group for Early Care, but the group has not been active in setting state-wide policy. At least two state-level bodies, however, have been created to discuss the issue of child care access.

First, the Day Care Committee of the Office for Children Statewide Advisory Council has initiated the Child Care Access Project "to promote discussion between and among the various early childhood disciplines about the barriers families confront in obtaining and keeping child care" (Whitelaw, 1993, 2). In the first stage of the project, researchers compiled detailed information about each state child care and development program. The data are similar to those presented in the AB 2184 Task Force matrix. In addition, the Massachusetts Legislature recently created a state commission to study universal early childhood programs for three- and four-year-olds, which led to the creation of the Open Forum on Care in Early Education.

THE ROLE OF LOCAL COORDINATING BODIES

CA	FL	MA	NY	TX
Limited	Extensive for Preschools	Limited	Limited	—

Florida is the only one of these states which has developed a comprehensive local council infrastructure. California and New York have some child care councils that are active. In Florida, school districts are required to create local councils to become eligible for state compensatory preschool program funding. Although the state Commissioner of Education is required to monitor and study the effects of district programs, the councils are "charged with delivery of education, social, medical, child care and other services required" (FDE, 3). Councils are comprised of at least twelve members appointed by school boards and include parents with young children, program directors, school board members, providers, child advocates and elementary school representatives.

On the local level, planning councils are organized around funding streams (Sheaffer, 5/13/94). For example, the state Department of Education requires that each local educational agency create a council for its Community Partnerships for Children program, while state Department of Social Services requires coordination discussions among local service providers. Although there may be some overlap in membership among local councils, no formal structures exist at the local level to bring about comprehensive service delivery.

Lessons

Florida stresses attempts to use local councils to facilitate discussions among constituent groups about improving the quality of preschool programs. Council members are knowledgeable about local needs and are best able to serve those needs. Although they are responsible only for preschool programs, the councils' role could be expanded to coordinate state-funded child care and development programs locally. Cooperation among local providers and clients, for example, could better identify overlap and gaps in local services leading to improved coordination. Collaboration also could help determine whether local Head Start and State Preschool Programs are competing for the same children, leaving some preschool-aged children unserved.

Councils could promote seamlessness by assessing patterns of service delivery, creating a forum for child care providers to discuss program practices, promoting strategies to improve programs or by organizing a local child care super-structure to give child care constituencies a unified voice in local issues.

RESOURCE & REFERRAL AGENCIES AND REGIONAL CONTRACTORS

CA	FL	MA	NY	TX
Limited	Extensive	Limited	Variable	Extensive

All these states operate resource and referral (R&R) programs to help connect families with child care providers. R&Rs serve all families, regardless of income status, but usually provide additional services for low-income families and programs that serve those families. Some also are involved in child care administration to varying degrees.

New York's R&Rs are extremely diverse in their responsibilities. Every county in New York is required to provide R&R services for their residents, although some counties share R&R facilities. All R&Rs, which are non-profit agencies with state contracts, are responsible for community outreach, referring families to child care providers and training providers (Avery, 3/31/94). Only a small number of counties, though, utilize R&Rs as the "single points of entry for low-income families into the child care system" (Stoney, 1992, 11-12 & 65).

Better funded programs assume additional responsibilities, such as registering and monitoring providers and investigating parental complaints (Avery, 3/31/94). Some R&Rs even determine family eligibility and allocate child care subsidies, but no R&Rs in New York have assumed complete administrative control, as in Florida. The level of R&R activity in New York is highly dependent on the level of private support in the area. Counties with large corporate sponsors such as IBM and Xerox usually run more comprehensive R&R programs.

New York R&Rs are able to provide high-quality services to families and care-givers because of the abundance of outside support and assistance they receive. First, school districts schedule regular meetings between child care council members and R&R administrators to discuss community needs. Second, New York State's Child Care Coordinating Council provides technical assistance on request and makes numerous site visits to observe operations and recommend ways to enhance services. In addition, the state council conducts 13 training sessions each year for R&R administrators on different facets of child care delivery. Topics in 1994 included "Contending with Diversity" and "Providing Services for Disabled Children" (Avery, 3/31/94). Third, the state Department of Social Services' Bureau on Early Childhood Services monitors R&R contracts annually.

Massachusetts, like California, operates a state resource and referral network, consisting of 13 centers called Child Care Resource Agencies (CCRAs) (Sheaffer, 5/13/94). They also fund voucher certificate programs and are responsible for guiding exempt care providers through a self-certification process. CCRAs are monitored by the state Office for Children (OFC) and the state Department of Public Welfare (DPW), which jointly fund the agencies. Monitoring includes monthly meetings and annual site visits.

In contrast to New York, Massachusetts and California, R&Rs in Florida and Texas are almost completely responsible for every facet of child care coordination, including resource and referral services and community outreach. In Florida, regional contractors act as child care brokers, licensing agents and referral agents (Smith, 3/31/94). These central agencies are responsible for interviewing families to determine eligibility and for helping families avoid interruptions in care as changes in their income and eligibility occur—thus seeking seamlessness in services. Central agencies are responsible for licensing and entering into agreements with child care providers (Smith, 3/31/94).

In Texas, all administrative responsibilities for determining family eligibility, linking clients and providers and disbursing child care subsidies has been shifted to 27 regional CCM contractors since 1991. The CCMs, both private and public, are responsible for keeping track of requirements of funding for different programs and helping families maintain access to care if their eligibility status changes. They also are required to recruit child care providers and promote the quality of child care services in their areas (TDHS, 1993, 2-5). The state Department of Human Services monitors contractors. A regional computer system makes it possible for each CCM to administer its area responsibilities.

Comparisons

R&Rs in Florida, Texas and California perform similar functions: referring families to child care providers, informing parents about how to choose appropriate care, informing the community about laws regarding child care and pending legislation and providing or coordinating workshops and training op-

portunities for providers and potential providers. In addition, many R&Rs also administer voucher certificate programs.

Unlike those in Florida and Texas, however, California's R&Rs are not responsible for licensing, rating or monitoring child care facilities. They do not currently have the capacity to perform these functions. California R&Rs primarily help parents find child care, with large metropolitan R&Rs making as many as 12,000 to 15,000 referrals per year (Currie, 4/15/94). Licensing and monitoring responsibilities would require staff or training to perform site visits and follow detailed procedures to ensure a facility's compliance with state and federal regulations. In addition, some professionals believe that parents should be the ultimate judges of care, and although R&Rs should inform parents about how to assess quality, they should not be engaged in the business of evaluating individual providers.

CONSOLIDATING FUNDING AND PROGRAM REQUIREMENTS

CA	FL	MA	NY	TX
Goal	Achieved	—	Goal	—

Florida has consolidated its child care services, except for the compensatory preschool program, into a single state system. As state and federal funds are appropriated, the different funding requirements are integrated into the amalgamated state "Subsidized Child Care" program (Smith, 3/31/94), combining all funding streams into a single set of regulations (Smith, 2/18/94). Under this arrangement, regulatory decisions are made by the state social services agency and serve to guide regional contractors who actually administer the state program.

Both California and New York have made efforts to consolidate state and federal funding and program requirements to simplify administration of the programs and better serve families. Legislation establishing the AB 2184 Task Force represents California's current approach to addressing the issue. New York's state Child Care Coordinating Council has taken administrative and other steps to merge some of its largest programs. New York State has developed and has begun to implement a detailed seamless funding plan that outlives many regulatory, statutory, and administrative changes that will be necessary to ensure consistency in service delivery.

Texas has turned to the computer as a means of achieving program seamlessness. Instead of trying to consolidate funding and program requirements, the state has installed a computer network to enable regional brokers to become responsible for helping families continue services after changes in their income status. The computer system was installed in 1992 as part of a new state child care administration plan.

This automated computer system allows contractors to determine applicant eligibility, manage waiting lists, help parents choose among child care providers, bill the government agencies and clients, reimburse providers in a more timely fashion and collect data for reports (TDHS, 1993, 2-13). Through use of the system, families themselves can learn about their child care options, identify available providers and determine how they can shift programs to maintain access to child care as their status changes. For the Department of Human Services, the state agency responsible for child care programs, the computer system reduces administrative demands and costs and increases service continuity for families.

Lessons

Consolidation of programs would likely reduce administrative burdens for state, county and local agencies and increase the seamlessness of services for families. But such change can face major barriers.

Program administrators often are motivated by territorial interests in attempts to protect funding for programs that might be abandoned through consolidation. This seems to be less likely in California since there is no single Latchkey or Migrant child care coordinator whose job would be eliminated if programs were merged. Consolidation of state and federal programs within state agencies also might serve to make overall child care administration more manageable and effective.

A computer system like Texas' could be a practical alternative or addition to program consolidation to improve seamlessness. Computer programs could be created to track funding, make available information on regulations affecting providers and families and enable children to be switched automatically from one funding source to another and fees to be recalculated as families' eligibility changes. Administrative functions also could be simplified and reduced in cost.

In addition, a computer network would improve communications among state agencies, county welfare offices, R&Rs, providers and clients. It would enable the state to keep local contractors and providers abreast of changes in child care regulations; R&Rs could plot trends in unmet demand through centralized waiting lists, and providers could fill child care program vacancies more quickly.

Texas estimates the replacement cost of its computer hardware at $2.8 million and software at $450,000 (O'Hanlon, 4/7/94). To implement such a system, case workers also would need training. Because of its larger population, California would require more hardware than Texas for a system. But California should quickly recover the costs through savings in program administration.

CENTRALIZED REGIONAL WAITING LISTS

CA	FL	MA	NY	TX
—	X	—	Some	X

Texas, Florida and some parts of New York maintain regional waiting lists for subsidized child care. California does not. Centralized lists allow families to register only once, instead of asking them to sign up for every child care center and alternative payment program in the region. Families are not burdened with the task of signing up again every time new lists are created.

However, the centralized lists do not seem to help in improving access to child care. In Texas, for example, waiting on lists in rural and suburban areas can be two to three months long, and in cities such as Dallas and Houston, it can be four to five years long. But such lists do ease the administrative task of monitoring by individual centers. Staff time can be wasted in finding a vacancy on a list for a family, only to discover that the child has already been enrolled through another list.

In Massachusetts, three types of waiting lists are kept. First, like California, the state allows each contracted provider to maintain a separate waiting list (Fletcher, 5/16/94). In California, R&R programs maintain these lists regionally but not in Massachusetts (Sheaffer, 5/16/94). Therefore, families must contact a multitude of providers to get on lists in Massachusetts. Second, each R&R agency maintains a separate list for its alternative payment program and any income-eligible family may sign up, although the lowest-income families are served first. Third, the Massachusetts Department of Social Services maintains a state list for children eligible for protective services. There were about 1,000 children on the list while 4,300 children are being served in the program (Fletcher, 5/16/94).

Lessons

Centralized waiting lists could cut administrative costs and make it easier for families to gain access to child care. Families with the greatest need could be identified and served on a priority basis. A start could be made by helping R&Rs set up regional waiting lists. Creation of a state computerized child care system would greatly facilitate centralized waiting lists.

Centralized waiting lists also enable more accurate estimates of unmet demand to be compiled. Social service workers from Texas and Florida, for example, can cite the total number of families on waiting lists throughout their states almost immediately. It is extremely difficult to come up with such estimates in California where waiting lists are decentralized. By serving low-income families in a more efficient manner, centralized lists may make it possible to accommodate the neediest families first, resulting in greater equity.

PUBLIC/PRIVATE INITIATIVES

CA	FL	MA	NY	TX
X	—	—	X	—

New York and California are the only states that have made efforts to elicit support for child care from the private sector. The California Child Care Initiative was launched in 1985 to address the shortage of licensed quality child care in the state and has made available nearly 15,000 spaces for children. It receives a state match through CDE for private investment in recruiting and training family day care providers. Administered by the San Francisco Foundation, the Initiative has raised more than $6 million from 419 private and 44 public contributions since its inception.

Inspired by the California Initiative, New York formed a committee in 1992 to gain managerial expertise in child care funding and to invite the business community to invest in state child care efforts (NYSCCF, 1992b, 6-7). A $250,000 grant from the United Way launched the state child care investment fund (United Way, 1993).

Insurance Coverage of Programs

CA	FL	MA	NY	TX
—	—	—	—	X

Texas is the only one of the states that requires licensed centers and subsidized providers to carry minimum liability insurance, in the amount of $300,000 per occurrence. Although it is not required, New York and California claim that most of their centers carry insurance, and in California, li-

censed providers must inform families if they are not insured.

New York has been considering the possibility of establishing a state insurance fund for organizations involved in public services. The state would still not require liability insurance for child care centers, but it would provide easier access and more affordable coverage. The state fund was expected to be in place by 1995.

Lessons

Requiring liability insurance would protect child care providers and the state against potential law suits. California would not bear any direct costs because they would be assumed by child care providers, although the state might incur higher costs indirectly in the form of increased subsidies to cover additional fees resulting from the expense of provider coverage. In addition, the additional cost of insurance coverage could price existing child care providers out of the market, thereby decreasing the supply of child care and limiting access. California already administers a state insurance fund for which many child care providers would qualify, although the extent of their involvement in the fund is not known.

To assess the actual need for required coverage, the state could survey child care providers, both licensed and exempt, to find out how many already carry liability insurance, the cost to them and the incidence of claims. Then, studies could determine the fiscal feasibility of requiring insurance coverage and whether child care supply would be reduced if the requirement were instituted.

COLLABORATION WITH HEAD START PROGRAMS

CA	FL	MA	NY	TX
X	—	—	X	X

New York and Texas have started Head Start collaboration projects with the federal government. One complaint about the Head Start program—and California's state preschool program as well—is that its part-day schedule does not allow parents to engage in full-time employment. Extending the Head Start day is one strategy of collaboration efforts for helping families achieve economic self-sufficiency and enhancing seamlessness of programs.

In Texas, the collaboration strategy involves providing "wrap-around" services, in which additional care-givers take over from Head Start workers after their part-day programs finish. The project also funds training plans for local Head Start providers (O'Hanlon, 4/7/94).

In its collaboration project, New York has developed demonstration projects which extend the day and year of some Head Start programs. It has also initiated family-literacy demonstration programs that offer educational opportunities to parents while their children participate in Head Start. Because Head Start targets children from particularly low-income families, these parents are probably the ones most in need of additional education. The education they receive will better qualify them for skilled job positions and help them assist their children to learn.

Lessons

California also participates in the Head Start collaboration project and might consider expansion of the state preschool and Head Start programs to provide services for more than half day as well as provide literacy services for qualifying parents. Regular providers could furnish child care services to supplement the child development activities that specialists trained in early childhood education provide during half-day Head Start programs. This mixture would maintain the current emphasis on child development while extending the child care day for parents who desire work.

MONITORING PROGRAMS AND RATING PROVIDERS

	CA	FL	MA	NY	TX
Frequency of Program Monitoring	Centers: 1/yr Homes: 1 in 3 yrs Exempt: None	Centers: 2/yr Homes: n/a Exempt: None	Centers: 1/2 yr Homes: 1/3 yr Exempt: None	Centers: 1 Homes: n/a Exempt: None	Centers: 1+/yr Homes: 1+/yr Exempt: None
Rating System	—	X		—	X

Child care monitoring and program evaluation procedures vary according to funding and provider type. In general, child care centers tend to be evaluated more often than home care providers, and informal providers are exempt from either initial or regular site visits. "Quality" care provided by centers and home care providers will be considered first, followed by a discussion of informal or exempt providers.

Texas' facilities that meet "higher quality" criteria and Florida centers (called Designated Vendors) are monitored regularly and fairly frequently. Florida and Texas have implemented provider rating systems to provide families with more information about quality care. In Florida, centers are evaluated both during the initial licensing process and during each semi-annual visit. Centers are assessed on a scale of up to 100 points and must receive at least 75 points to retain their operating licenses. Evaluation categories include management and administration, parental involvement, physical environment, nutritional meals, health and safety standards, teacher/child interaction, napping (for infants through preschoolers) and age-appropriate activities (FDHRS, 1990, 4).

In Texas, child care centers and family home providers can apply to become "higher quality" providers (i.e., Designated Vendors). After completing a comprehensive evaluation process, providers receive a star certification rating similar to ratings used in restaurant and hotel guides (TDHS, 1994, 8). Ratings are updated on an annual basis. The evaluation process includes a self-assessment, an initial screening visit by state social services representatives, a formal assessment, an assessment review and a return visit. In addition to the categories used in Florida, Texas assesses on the basis of director qualifications, staff qualifications, licensing compliance and staff orientation and training.

The use of subsidized exempt providers such as relatives and neighbors has risen dramatically following enactment by Congress of the Family Support Act (1988) and Child Care and Development Block Grant (1990), which called for families to receive a maximum amount of choice in the provision of subsidized child care. A few years ago, for example, exempt care was not an option in either Florida or Texas. Now, exempt care use has increased to 13 percent and 7 percent, respectively, of available care, and both states report that these amounts are continuing to climb. In many New York counties, 50 percent to 90 percent of families receiving job-training or transitional child care subsidies use exempt care often because parents are working nights or weekends and have no other care available to them (Stoney, 1992, 76-78).

Exempt care is inherently less stable than child care centers or family care homes, which operate under formal arrangements, rental agreements and state-mandated responsibilities. Exempt care-takers are not subject to regular child care licensing requirements and tend to provide services for only a short period of time.

Nonetheless, in general states have developed minimal standards for exempt care. In most states, providers caring for fewer than 3 to 5 children from another family may qualify. While most states allow all relatives, friends and neighbors to serve as exempt providers, Texas only accepts grandparents, aunts, and uncles. In addition, most states require that exempt providers be at least 18 years old and be minimally certified (i.e. register with the state and pass a criminal investigation check). Some states require informal providers to pass tuberculosis tests, be certified in CPR and First Aid and attend minimal training courses.

No state requires the homes of grandparents, aunts or uncles to meet standards or be inspected, but many states require other relatives' homes to comply with the health and safety standards that licensed family care homes must meet. Some states require exempt homes to contain working smoke detectors and fire extinguishers, to keep poisons out of the reach of children, to post emergency telephone numbers and cover electrical outlets. Some states require providers to keep child immunization records on site, offer nutritious meals and age-appropriate activities for children.

In Massachusetts, exempt care is a longstanding tradition with approximately 13 percent or 2,100 of the 15,700 children in the Department of Public Welfare's JOBS and income-eligible child care programs served by exempt care providers (Southwick, 5/16/94). Massachusetts, however, is the only one of the states surveyed for this report that has seen a

decrease in exempt care in recent years (Southwick, 5/16/94).

To qualify as an exempt care provider in Massachusetts, an applicant must submit a self-certification form at an R&R center (Sheaffer, 4/16/94). The form contains a single-page check off list of questions about safety standards in the home, such as the presence of smoke detectors and First Aid kits, as well as questions about whether the applicant has a criminal background. However, there are no requirements for staff training or checking of child immunization records (Blank, 1994), and the information on the forms is not checked and the providers are not monitored.

Lessons

California has established some of the most stringent exempt care requirements of the states surveyed but has no incentives or penalties for increasing quality standards beyond state minimums. While program monitoring is important to help ensure minimal standards are met, a provider rating system could create incentives for quality improvements. Ratings can establish higher expectations for child care providers than increased regulations, analogous to a carrot instead of a stick. Employing regulations to enhance quality runs the risk of limiting supply. A provider, for example, who cannot meet new state requirements can choose either to operate illegally or stop providing services, but a provider receiving a lower rating may lose clients but can at least remain in business.

Adopting a rating system similar to the one used by Florida would not be difficult or expensive. It would only require the state to quantify individual components of its child care evaluation process. The state would need to disseminate this information to families in need of child care to make it work.

Whether a rating system will affect quality, however, is largely dependent on market conditions. In California, for example, with such considerable unmet demand, child care providers know that the market will likely support them regardless of a rating system, although at least some providers would likely respond to a poor rating with quality improvements.

Thus, California might benefit from use of an inexpensive rating system as part of its current child care monitoring program. A rating instrument could be tested to supplement regular evaluations. Costs for creating and testing an instrument along with training field staff should be relatively low.

In spite of its tough exempt care requirements, California could strengthen its regulations in the areas of poison control, keeping emergency telephone numbers and immunization records on file, covering electrical outlets, requiring CPR and First Aid training and mandating pre-service and in-service training courses. One could question the utility of extensive requirements for exempt care providers when no mechanism exists for enforcement. However, whether additional regulations should be enacted without followup monitoring and enforcement is open to question.

California could attempt to improve the quality of exempt care in two ways. First, it could make exempt providers part of the current monitoring system and conduct unannounced site visits in order to at least evaluate health, safety, and nutrition standards. Second, the state would adopt only those requirements that could be certified when providers initially register. CPR and First Aid qualifications, for example, could be documented during the registration process.

Prioritizing and Targeting Child Care

Priorities are generally consistent across states: children eligible for Protective Services care are usually served first, then families participating in approved job-training programs or those eligible for transitional care and then families with only "income eligibility" (i.e., families whose income is below the state mean income or some other standard, but not low enough to qualify for welfare services).

In most cases, children eligible for Protective Services programs are served almost immediately. Children whose parents participate in the job-training programs wait a relatively short time for child care subsidies. Families with income eligibility, however, have the most difficulty securing subsidized care.

California

How to prioritize child care services is an intensely-debated issue in California, particularly with respect to age and family income status. CDSS and the Governor's Office of Child Development and Education have proposed extending access for four-year-olds to the State Preschool program by limiting the number of three-year-olds currently eligible for these services. The program would provide one year of preschool education, similar to the practices of the other states covered in this report. The rationale offered by proponents stems from social science research which has found positive effects of preschool programs on future student achievement and some preliminary evidence that academic gains are greatest in the first year of services and substantially lower in

the second year. Based on these findings, CDSS and the Child Development office has proposed an emphasis on one year of services for four-year-old children.

It has been argued, however, that the social costs of restricting the State Preschool program to four-year-olds potentially exceed the short-term financial benefits (Currie, 3/14/94). The Carnegie Corporation's recently released report, "Starting Points: Meeting the Needs of Our Youngest Children," cites the importance of the first few years of life to a child's development:

> The risks are clearer than ever before: an adverse environment can compromise a young child's brain function and overall development, placing him or her at greater risk of developing a variety of cognitive, behavioral, and physical difficulties. In some cases these effects may be irreversible. (1994, xiii)

The point is that subsidized care opportunities for very young children in extreme poverty needs to be expanded, especially since child care and development services already are much more limited for toddlers than for preschoolers (Currie, 5/14/94).

An argument also has been made that the longer parents must wait to enroll their children in child care and development services, the more difficult it becomes for them to work toward full participation in the work force. Expenses of child bearing and rearing can easily force a young couple or single parent into poverty. During the earliest years of a first child's life, however, parents tend to be more motivated to work and provide for the child. The longer parents remain on welfare, however, the more likely they will become unmotivated to join the work force and disaffected from social institutions as they become more at risk of falling into long-term welfare dependency. By the time their children have reached age four, many families with the greatest need may have sunk so far into poverty that their interest in "early intervention programs" for their children has all but disappeared.

CDSS and the Governor's Office have also proposed requiring that the income of families must fall below 75 percent of the state median income to be eligible for subsidized child care in California. This strategy affords higher priority to the lowest-income families for services, but it may not serve to reduce welfare roles because families with the greatest need are not necessarily the ones who will seeking training and jobs (Currie, 3/14/94).

Section Two—State Visits

MASSACHUSETTS

Massachusetts has consistently been cited as one of the nation's ten best states in providing care for children and has generally exceeded other states in per-child expenditures for direct child care and services. While Massachusetts is justifiably proud of its long history of accomplishments in the field, some negative side effects also have resulted from the layers of legislation and programs that have been created over time, resulting in a system which is very stratified and difficult to streamline.

Governance

Subsidized child care is provided under three separate Secretariats: Health and Human Services (HHS), Education (SDE), and Public Health (PH). The majority of funds (approximately $150 million in FY'95) is distributed by HHS through the Department of Public Welfare (DPW) ($65 million) and the Department of Social Services (DSS) ($85 million). DPW provides funds to participants in MassJOBS (Massachusetts' Title IV-A Jobs program) in the form of vouchers. DSS provides funds for other income-eligible families in the form of subsidized care in centers under government contracts. Another HHS agency is the Office for Children (OFC), which has responsibility for licensing and monitoring of day-care providers. CCRAs provide resource and referral information to parents and training for caregivers.

SDE, which spends $13 million annually on child care, funds the state's Head Start and Preschool programs, including preschool for handicapped children. PH provides funding for children with potential learning disabilities as well as children from families in which a member has HIV or AIDS. In all, the state provides subsidized child care for over 30,000 children, which is approximately 13% of the child care available in the state.

Almost all child care funding was administered by DSS until the late 1980s when SDE began to take on a larger role in overseeing the relationship between providers of school-age care and public schools. In 1990, DPW moved to reclaim control over child care funds it had previously allowed DSS to administer, and the MassJOBS voucher program began to expand from additional federal funding. Two years ago, legislation was proposed to move all child care funding into the SDE (partly as an attempt to stop

the growth of vouchers) but the idea was defeated, in part because SDE was not deemed to have the experience or management capacities of the other agencies.

Funding

Despite Massachusetts' history of high spending on child care, the state's fiscal crisis of the early 1990s resulted in a dramatic drop in funding, which forced a cutback in some services. CCRAs lost all state funding for general Resource and Referral (i.e., "core services"), and OFC was also very hard hit. There is anecdotal evidence that some families were forced back on to welfare as a result of these cutbacks in child care. The state is slowly trying to restore the funding and is almost back to pre-crisis levels, but most of the new funding has come from federal dollars.

Vouchers vs. Contracts In Massachusetts, the main child care issue recently has been whether services should be provided through vouchers or centers funded by contracts with government agencies. Governor William Weld has strongly advocated a switch to a voucher-only funding system in order to provide parents with more choices. Most providers and child care advocates argue, however, that a voucher-only system would result in a drop in quality child care in inner-city and rural areas where relatively little choice in services would be available, forcing parents to choose care of a lower quality. In addition, some centers may need more stable funding provided by contracts in order to hire specially-skilled care-givers, such as bilingual aides.

In 1994, 62 percent of subsidized child care was provided through vouchers and 38 percent through centers with government contracts. Recent growth in child care services in the state has been through vouchers from increased federal funding to DPW. Funding of child care programs by voucher or contract varies. For example, teen program funding is divided almost equally, while protective services is all contracted.

Provider Payments Prompted by difficulties in maintaining adequate numbers of available voucher-accepting providers, the state is currently reexamining the distribution of funds to care-givers. One problem is that if a center has both contracts and voucher slots, it is reimbursed at the same rate for both, but voucher-only providers are reimbursed at a lower rate. Also, rates for voucher-only providers have not been increased for a long time.

Another issue is timeliness of payments. Contracted providers are paid in advance of the period in which services are provided, but voucher providers are reimbursed approximately 30 to 45 days after they have provided care. The state is trying to set up a computer system for more immediate payment of voucher providers.

Fee Structure Under Massachusetts policy, every family receiving subsidized child care is required to pay some fee, based on a single uniform sliding-fee scale. Fees are on a per-child basis, but families pay the full fee only for the child with the lowest cost of care, regardless of the criterion. Families then pay one half of that fee for the second child, and one-quarter for each additional child receiving care.

Access

Continuity of Care Massachusetts has established continuity of care as its top priority in providing access to families eligible for subsidized child care. Families are eligible if their income is 50% or below the state median and remain eligible until their income reaches 75% of the state median. Families in the following five categories are given top priority for child care: parents leaving MassJobs training, children losing eligibility for a program because of a change in age, children with a sibling in care, family preservation efforts, and families that are attempting to switch programs because of changes in eligibility status.

In practice, this means that families that have been enrolled in subsidized programs—most often through Title IV-A funding in transition off welfare—receive top priority for contract-funded spaces at centers. It also assures that families are not deprived of subsidized child care and forced back on welfare after transition funding ends. (However, families who have moved to a SDE program and then wish to re-enter an HHS system do not receive priority access.)

Providers are allowed to determine which priority category that families would qualify for to gain access. However, allowing the various providers to carry out this responsibility may produce inconsistencies in the determination, and there have been suggestions that the CCRAs should begin serving as a single point of entry into the system and determine priority eligibility. Parents are largely unaware of how priority access is decided, which serves to avoid controversy that might otherwise be present.

The major drawback of the prioritizing process, however, is that it severely limits the entrance of new families into the child care system. It is extremely difficult to obtain subsidized care in Massachusetts without first receiving welfare. And those in the system get preferential consideration to stay. This may create a system population of children becoming older on average—up to age 13—as priority funding extends their access. This could potentially reduce clients for the providers of infant care. Newcomers do enter the system, however, mainly through parents coming off MassJOBS training and the eligibility of younger siblings.

CCRAs The 13 regional CCRAs in the state maintain waiting lists for child care spaces available from voucher providers and funded by DPW. A DPW caseworker determines a parent's eligibility and refers the family to a CCRA for placement on a list. CCRAs maintain no waiting lists for contracted providers, who keep separate lists and are generally opposed to a centralized waiting list. CCRAs also provide no information about SDE programs. The general feeling is that the quality of referral services provided by the agencies varies greatly.

Quality

Massachusetts has very high quality standards, which require, for example, a one-to-three or two-to-seven ratio of care-giver to infants, the lowest of any state. These ratios contribute to higher costs, however, and suggestions have been made that money saved by increasing ratios could be spent on improved care-giver training. This idea has proven controversial, however, and no changes are anticipated in the near future.

The level of monitoring, which is conducted by OFC along with licensing, has been curtailed by budget cuts, but OFC now is attempting to visit centers once during each two-year licensing cycle, and the family care sites once every three years. OFC is asking centers to engage in self-monitoring and to monitor each other on a cooperative basis.

OFC also contracts with CCRAs and community colleges to train providers and to analyze training needs. In addition, OFC currently is seeking to educate parents on the importance of using licensed and trained caregivers. This is partly in response to the high number of parents who choose exempt care provided by care-givers who are not subject to state regulations. Title IV-A funding allows exempt care, which in Massachusetts must be provided by a grandparent, aunt or uncle, but provides payment of only $2.00 an hour. The legislature recently increased budgeted funds for exempt care to correspond more closely to expenditures. Lawmakers have been forced to supplement appropriations for exempt care because its costs have been exceeding funding.

One feature of the OFC licensing policy is that it has made exceptions for unconventional new programs. For example, waivers were granted to allow providers to set up child care centers in court facilities where parents may have to appear and temporary centers in businesses for children on school vacation.

Seamlessness In Massachusetts

The state has begun to consider steps that may lead toward a more seamless system. The Secretary of Health and Human Services has established an advisory group for Early Care, although it has not yet proposed policy changes. In addition, the Day Care Committee of OFC has initiated the Child Care Access Project to "promote discussion between and among various early childhood disciplines about the barriers families confront in obtaining and keeping child care." So far, researchers for the project have compiled information about each child care and development program in the state. HHS has also issued a Request for Information to help build coordination and seamlessness into a new federal block grant application. Finally, the Massachusetts Legislature has created a state-wide commission to study the question of universal early childhood care for three- and four-year-olds.

TEXAS

New federal funding brought significant change to child care services in Texas starting in 1990. Then as now, the state provides virtually no support for child care, and at the time, it was funded mostly by cities and counties with some federal money through Title XX of the Social Security Act. But with the passage of the federal Child Care and Development Block Grant and the At Risk program under Title IV-A of the Act, the state revamped the administration of child care services in order to accommodate the increased level of funding.

Texas was in a good position to implement these changes for two reasons. First, no longstanding state institutional structures existed because there was no state funding of child care programs. Second,

the Legislature had begun to focus on child care issues, which helped to open the way for change.

Governance

As a result, all child care programs (except child protective services programs and pre-K education) were consolidated in the state Department of Human Services (DHS), which is Texas' counterpart of California's Department of Social Services. This restructuring coincided with a substantial increase in children served—from 16,000 in 1989 to 60,000 in 1994 due primarily to an influx of federal dollars. Texas now serves approximately 10% or fewer of its eligible clients.

Several principles guided the consolidation. The first was that parents should only be required to go to one place to receive information on subsidized child care. Second, there should be continuity of child care services for eligible families despite changes in their eligibility for different programs. Third, providers should be freed from responsibility for administrative detail, such as compiling information reports and filling out forms, as much as possible and should concentrate on providing services. The restructuring effort also sought to distribute funds in an efficient and cost-effective manner. As a result, all funding was placed under one agency, DHS, and a computerized Management Information System (MIS) was installed to help manage the child care delivery system.

The consolidation generated a series of rapid transitions that produced the child care system which exists in Texas today. The streamlining of management also led to a downsizing of administration from 135 contractors and 250 providers under informal agreements to twenty-seven regional Child Care Management System (CCMS) units. These CCMS units, which serve some of the same functions as California's R&Rs, are paid contractors holding four-year, annually-renewable contracts with the DHS. Most CCMS units are non-profit organizations, and all are located within the service areas they cover.

Delivery of Services The primary purpose of CCMS is to manage rather than deliver child care services. The management functions of CCMS units include determination of eligibility, maintenance of enrollment records and waiting lists, payment of providers, some dissemination of child care information to parents and collection of statistical data monthly. The units also recruit providers (called "vendors") and provide quality improvement activities for the vendors.

The CCMS units, which allowed DHS to dispense with direct administration of contracts, utilizes the automated management information system developed by the agency to maintain subsidized waiting lists and determine eligibility for programs. Providers bill the CCMS to pay for child care services, and DHS reimburses the CCMS for child care payments. CCMS units are under strict regulation by DHS, with monitoring on a monthly basis, and CCMS staff are required to complete monthly data reports or face fiscal sanctions for non-compliance. Although no such sanctions have been imposed, monitoring exerts pressure upon CCMS staff to comply with DHS requirements. Moreover, an automatic system is being established which will trigger fiscal sanctions if data are not reported in a timely fashion.

Other aspects of CCMS operations also are closely regulated by the state. CCMS administrative overhead costs are predetermined, the salaries of workers are preset, and the number of employees a CCMS is allowed to hire is limited by state regulations. This raises the question of whether the CCMS is a private agency under contract to the DHS or simply an extended arm of the state.

DHS supervision of the twenty-seven CCMS units is also carried out through the agency's ten area offices, which house "contract managers" who monitor the CCMS contracts and data collection. The contract managers routinely monitor CCMS staff, provide training if needed and ensure completion of required reports.

Policymaking Child care policy in Texas is administered by a six-member DHS board appointed by the governor and the Child Care Advisory Committee, composed of twenty members and representing a broad array of child care interests. Members on the committee include parents, providers, advocates, child care professionals and public representatives.

The Pre-K program is administered by the Texas Education Agency and is state-funded. It serves districts that have identified fifteen or more pupils eligible for half-day preschool programs, free and reduced-price lunches eligibility and/or limited English speaking (LEP) services. Districts are encouraged to coordinate state programs with Head Start programs and place them on the same sites.

With little responsibility for child care, the Texas Education Agency is not included in policy discussions on the subject, which is why no interagency coordinating problem exists. However, the state is

seeking to use Title IV-A funds for At-Risk child care in connection with the Pre-K program, which may require more cooperation between the two agencies.

Funding

DHS allocates child care funds through the CCMS units based on assessment of need. The units receive a combination of funding for service delivery and predetermined administrative overhead cost. They pay providers on a monthly or bimonthly basis. For providers to receive funds, they must (1) be a licensed facility, (2) agree to take any child, irrespective of program and (3) carry $300,000 minimum liability insurance coverage. For parents who choose to arrange for child care outside of the contracted vendors, CCMS units provide vouchers directly to those families.

Access

Due to consolidated funding under one agency and the use of a computerized referral system, Texas has achieved a high degree of continuity in child care services to eligible families. Families can obtain uninterrupted access to child care as long as they are eligible for any one of the existing programs. Thus, services are not terminated because family circumstances change. However, this continuity of care for families receiving services comes at the expense of access for other families seeking to enter the system. As a result, fewer additional families are able to obtain child care over time.

This continuity was greatly facilitated by the computerized system that enables families seeking care to be matched with available spaces. The functions and information available on the automated system are standardized across the state, and each of the 27 CCMS units is able to input and access the information on clientele and funding within its region. CCMS staff maintain waiting lists by entering information into the system about families gathered through phone contacts and mailed-in forms. The information is then filtered through the various eligibility requirements and funding sources in search of a child care funding stream that fits family needs. The process vastly reduces the time and effort otherwise required of parents and CCMS staff to identify the most appropriate funding stream. For families enrolled in programs, the system can search for different programs and other funding eligibility when their circumstances change so that continuity in services can be retained.

Even though the computerized system has been successful in promoting continuity, it also has been criticized for its shortcomings, including computer breakdowns, difficulty in modifying the software and the continuing need for some paperwork to be done manually. DHS recognizes these problems and is seeking to work with the CCMS to make it more user-friendly.

Although the CCMS units carry out most of the functions of resource and referral agencies, they provide less direct service to families, such as child care information and counseling, than R&Rs in other states. Communication between parents and CCMS staff occurs largely though time-restricted phone calls (usually about fifteen minutes for each family) supplemented by mail correspondence.

However, other resource and referral agencies that provide services for families of employer-sponsored child care programs also disseminate child care information to the general public for a fee. These agencies may refer families who qualify for subsidized child care to centers that charge fees or to CCMS units.

Quality

All CCMS-contracted providers are required to meet state licensing requirements, but the standards for licensing in Texas are lower than California's. The required adult-child ratio for infants under one year of age is no more than one to ten, and for youngsters four and five years old, it is no more than one to thirteen. The state agency responsible for legal investigations, separate from DHS, is in charge of licensing child care providers, creating the potential for fragmented quality control.

Seamlessness In Texas

Texas has achieved a large measure of seamlessness in its child care system, and the computerized data system has succeeded in reducing regulations and funding source eligibility rules to a comprehensible level. The regulatory complexity that marks most state resource and referral services has been sharply reduced in Texas. It does a good job of keeping track of child care recipients, vendors, funding sources, provider licensing and so forth, but its biggest problem is that it lacks flexibility. However, access to subsidized child care is limited, in part, because families in the system are able to remain there. In addition, even when subsidized care is available, quality options are lim-

ited. The consolidation of contract vendors, creation of CCMS units and use of the computerized data system have streamlined administration by moving the management of child care programs to regional areas, although the programs still are heavily regulated.

OREGON

Oregon had the luxury of being able to reconstruct its entire child care system, which provided a rare opportunity to address the discontinuities that have become embedded in other states' systems over time. But its current system is relatively new, having developed just over the past seven years. As such, the system is still considered a work in progress, and it is too soon to know what aspects of it might be transferred to other states, such as California. Oregon is also a relatively small state with a population of only about three million. It has a remarkable history of effective government, but much of that may be due to its manageable size and the fact that government business can often be carried out on a face-to-face basis there.

Oregon's original child care system fell apart for lack of funding in the 1970's during near-depression economic conditions in the state. But as the state recovered, services for children and families became a priority again in the late 1980s, and the system has been rebuilt. Then in 1987, a legislative inquiry determined that the state was funding over 250 separate programs serving youth and families. Many of these programs represented overlapping efforts by the state Department of Education (SDE) and the state Department of Human Resources (SDHR). Realizing that services for families and children required better coordination and interagency cooperation, restructuring of child care services was undertaken.

Governance

Oregon's subsidized child care system is now organized under three primary state agencies: SDE, SDHR and the state Employment Department (SED). SDE continues to be responsible for funding of child care programs with education and development activities. SDHR-funded programs are aimed at supporting parents who are trying to become financially self-sufficient. In either case, programs are expected to focus on quality child care that is "developmentally appropriate" for children. Coordination of the entire child care system is the responsibility of the State Child Care Coordinator who heads the Child Care Division in SED.

SED was given this responsibility in order to bridge the educational goals of SDE and the economic goals of SDHR and promote consensus between the two agencies. Placement of the coordinator in SED also underscored the idea behind the system that child care is an investment to assist working parents, rather than just a "welfare hand-out." It might appear that Oregon has created a three-headed system, but the agencies' interdependence seems to generate healthy tension while fostering consensus in the delivery of child care.

System policy also is shaped by state "benchmarks," which consist of a series of five, ten and twenty-year goals designed to measure progress toward improving the quality of life in Oregon. Child care is only one of a number of services with benchmarks. Although not binding, the benchmarks have generated consensus on goals among state agencies, child care advocates and community members. Top state officials encourage all agencies to formulate budget requests in accordance with the benchmarks.

Crafted largely through the efforts of the State Commission for Child Care, a state-funded advocacy group, the child care benchmarks consist of four main goals:

- Ensure that safety regulations are enforced in state child care programs.
- Expand the supply of child care providers to reach a ratio of one space for every four children up to 13 years of age.
- Promote affordability of child care in the state so that no family spends more than 10 percent of its income on the service.
- Improve the quality of child care by increasing the number of accredited child care centers.

Local agencies also are encouraged to consider the benchmarks in making budget decisions, and although the child care benchmarks represent state goals, there are indications that local benchmarks may be developed. The emphasis on the benchmarks has created a need for detailed information about child care, which has prompted the state to start conducting comprehensive surveys of child care services.

The Role of Local Control In 1989, state legislation also was enacted to provide greater local control over state expenditures for youth services. Local Planning Councils were established in each of Oregon's 36 counties with responsibility for allocating most of the funds for youth programming in their areas. The Councils administer some child care funds from the

Title IV-A At Risk program, federal Block Grant program and the state General Fund.

Each Council is composed of about 25 members, with at least 51 percent required to be lay members of the community. Each has a two-person staff funded by the state. The State Commission on Children and Families, which is staffed by representatives from both the SDE and SDHR, acts as the coordinating agency for all 36 Councils.

The child care system also includes a Resource and Referral (R&R) Network which is administered by SDHR with a $2 million budget, $1.2 million of which is from the federal Block Grant program. The R&Rs are separate agencies that determine the eligibility of families for subsidized child care and help arrange for them to place their children with providers. In 1991, the state was divided into sixteen service areas with each having an R&R, but so far only 12 area R&Rs are operating. For each dollar the R&Rs receive from the state General Fund, they are required to raise one dollar in matching funds. The matching funds are collected from school districts, the United Way, local employers and some parent fees. R&R staff members report that fund raising consumes a significant amount of their time and effort. The R&Rs also compile quarterly statistical profiles for the state on the parents using their services.

Funding

All eligible parents are required to pay fees for child care in Oregon's subsidized system, a mechanism which generates more funds and, thus, makes more services available. Even the lowest-income families are obligated to pay something. Fees and eligibility requirements are adjusted so that there are sufficient state funds to meet the demand for care. The policy of charging fees has been in place for five years, during which time fees have been raised by the state only once.

Providers are paid directly by the state, and reimbursement rates are based on the 75th percentile of market rate fees, although the state currently is using a market rate survey conducted in 1991. As a result, the reimbursement rates are so low that parents are finding it increasingly difficult to locate providers willing to accept the state subsidized rates. More recent market rate surveys have been completed, but the Legislature has not adopted more up-to-date rates.

Access

One of the most remarkable facts about Oregon's child care system is that it serves all eligible parents who request assistance and does not maintain waiting lists. The combination of state and federal funds, matching funds and parental fees generate enough money to meet the demand for child care—as it is defined by eligibility criteria. The demand for child care in Oregon however is limited by other factors. Eligibility for subsidized care is largely restricted to parents who are working to become self-sufficient. Thus, most of the SDHR programs target working parents or parents receiving training and education. They are funded under ERDC, which, combined with the policy of providing health care to all low-income uninsured residents of Oregon, is specifically designed to reduce dependence on welfare. State officials report a slight reduction of its welfare load as a result of these efforts.

Parents do not need to be concerned about finding programs for which they are eligible. All parents applying for subsidized care complete one common eligibility form. Based on this information, R&R staff members using computers are able to determine the programs for which parents qualify. A computer program employed in this search identifies all federal sources before state funding is tapped.

The system does provide continuity of care. Once a child is placed in a program, that child will continue to receive care until the parent is no longer eligible for any type of assistance and funds follow the child. This is accomplished by using federal Block Grant dollars to fill in the eligibility gaps between programs when a parent's income or work status changes. Consequently, there are no seams requiring a child to be moved physically from one provider to another under different programs because the child is simply transferred by computer from one funding source to another. In addition, the state provides "wrap-around" care so that if a child is enrolled in a half-day program, such as Head Start or state pre-kindergarten, the parent can still obtain funding to cover the cost of care for the other half of the day under a different program. This blend of services is made possible by the combined funding of Employment Related Day Care.

Access is restricted by the limits that the state puts on outreach activities to let parents know they may qualify for child care assistance. To gain access to the system, a parent must be aware of the need to request assistance from either the Adult and Family Services Division of SDHR or from a R&R. However, once a parent contacts either of these offices, eligibility can be determined and requests for assistance can be made over the phone.

Quality

Efforts to improve the quality of care in Oregon have included development of the benchmark aimed at increasing accredited child care centers as well as state action to professionalize care providers. To encourage professionalization, the state has set aside about six percent of the state's federal Block Grant funds to support training opportunities for caregivers in the community colleges, which provide most child care training. The funds were used to establish a Career Development Coordinator in the state's Office of Community College Services to develop a career ladder. The ladder identifies standards for education and training of providers that correspond to compensation levels. The long-term goals are to enhance the status of the field through professional standards, encourage providers to obtain more education, reduce the turnover among caregivers through better compensation and increase the supply.

Seamlessness In Oregon

Oregon's relatively new child care system has achieved a high degree of seamlessness—at least for those in the system and those who learn of the availability of subsidized care. Demand is defined rather narrowly, however, by restricting it to parents who are working. Still, Oregon has hurdled two major obstacles in child care delivery by successfully matching families and funding streams with computers—eliminating the need for parents to go searching for spaces among programs on their own—and enabling parents to maintain access even though their circumstances and eligibility may change. Interagency cooperation also has contributed significantly to seamlessness

Seamlessness would be further enhanced under a proposal to the Vice President's Commission on Reinventing Government for waivers to allow the state to blend federal funding around work force development, family self-sufficiency and healthy children. The proposed six-year memorandum of agreement between the state and the federal government is called the Oregon Options. A waiver is being sought to address delays in providing child care assistance through the federal Transitional Child Care program, which requires parents to have been on welfare for at least three of the last six months before becoming eligible for subsidized care. This requirement has created barriers for welfare parents who secure jobs before six months passes, and Oregon is asking that it be allowed to waive the six-month provision. As evidence of the need, the state is pointing to the successes of its innovative approaches to child care in reducing dependence on welfare.

Conclusion

The visits to Massachusetts, Texas and Oregon illustrate the variety of mechanisms available for implementing child care policy. California can learn from these other states, but the context within which each state has developed policy is critical. As we have noted, governance structures, funding levels, the use of technology and the ideological purpose of the programs play a role in the structure of services as seen not only by policymakers, but also by parents.

These states have demonstrated a range of governance and management structures that include interagency advisory boards, coordinating councils, and compacts. County and regional mechanisms also provide a large role in these states. These arrangements are significant in developing California's policy, particularly because of the combined roles of CDSS and CDE in providing services in a state with geographically large urban and rural areas. Technology has been seen in Texas and Oregon to compensate for funding and program fragmentation. Moving forward, California will be able to learn from these states about the greater use of information systems and the relevant limitations. The states we visited have a number of mechanisms in place for setting standards and monitoring which contribute to somewhat greater uniformity across programs. While this is critical, we should be reminded that standards in California are higher than in most states in the country.

What we found in other states that is not in place in California is an explicit policy on the continuity of care. While it varied somewhat in each of the states we visited, the overarching policy provides stability for families who are eligible and organizes agencies to a common goal. This policy, in addition, makes an explicit choice about access in that children in the system preclude new children from entering when resources are limited. California, at this time, does not follow a continuity of care policy.

The visits to other states provided critical information about options in program and policy design. Without question, each of the states has wrestled with the difficult tradeoffs that we face in California. Further, each of the states continues to improve services and views California as a leader in providing high quality services for children. Finally, the visits pointed out that the exchange of ideas among states is critical, over the long term, to developing far reaching, comprehensive and efficient services for children and families.

CHAPTER 6

A Review Of The Literature On Child Care

THIS CHAPTER EXAMINES THE LITERATURE ON CHILD CARE and development to see what research can tell us about the policies and practices of care programs from both national and international perspectives. The body of research on child care is extensive, but for purposes of this report, the literature review will concentrate on quality, funding and access to reflect three key dimensions of the overall study. Under these three headings, we will look at how quality care is defined by researchers and practitioners, how child care is funded generally and how supply and demand affect access to provider services.

Normally, the literature on child care is not organized around the separate topics being used here; instead, research usually focuses on the interaction among them since child care policy issues are rarely decided in isolation and almost always involve significant tradeoffs in service quality, cost and access.

The chapter is divided into four sections. The first explores the way that quality child care is defined in research. The second discusses how child care is funded in the U.S. and elsewhere. The third section looks at access in terms of demand and supply, how families choose care and what factors affect selection among providers. The fourth covers the literature on interaction among the three dimensions and the policy tradeoffs that may result.

Sources for the literature review were obtained through computerized searches of the PSYCInfo and ERIC data bases, the Stanford University libraries, the data base and library of the Center for the Future of Children in Los Altos, California, and noted experts in the field.

QUALITY

The definition of quality in the field of child care has emerged from many years of research and an evolution of ideas about care practices (Bredekamp, 1991). Early research efforts focused on long-term gains attained through early childhood intervention programs (Consortium of Longitudinal Studies, 1978).

Subsequent studies concentrated on the philosophy of the classroom curriculum, and quality was viewed in terms of "process" determinants, i.e., didactic vs. child-centered approaches and their effects on children.

Today, researchers commonly view quality child care as being "developmentally appropriate," which generally refers to meeting the physical, intellectual, and emotional needs of individual and groups of children according to their developmental stages and ages.

Such qualities are difficult to measure, however, and it is common for researchers to evaluate quality according to more quantifiable "structural" factors such as adult/child ratios, group size and teacher training and education (Whitebook, Howes, & Phillips, 1989).

These categories of process and structural determinants of quality represent ways in which programs have been grouped by researchers for study. They do not necessarily signify discrete kinds of programs or philosophical schools of thought since in practice there is significant overlap and blending of indicators or elements of programs. Most recently, research efforts have combined structural indicators with process measures derived from teacher-child interaction (Phillips, Voran, Kisker, Howes, & Whitebook, 1994).

Despite the mounting body of research on child care, a consensus definition of quality has not emerged. Instead, the research on quality is fraught with confounding and contradictory results. The result has been that multiple standards exist for assessing quality.

Long-Term Effects of Child Care Although the literature is full of short-term studies on the outcomes of early childhood care, education and intervention programs, the long-term or longitudinal studies will be the focus here since they contain both short- and long-term data. These studies cover various types of programs and collectively they show positive benefits across a wide range of classroom practices.

Longitudinal studies of the early demonstration programs of the 1960s for disadvantaged children indicated long-term effects. Lasting effects were also found in follow-up studies of 3,000 low income children. Children who participated in these traditional preschool programs showed reduced numbers in special education, reduced retention rates, increased scores on fourth-grade mathematics and reading tests and higher scores on the Stanford-Binet test up to three years later. Their mothers also had higher aspirations for them (Consortium for Longitudinal Studies, 1979).

One such program was the Perry Preschool Project in Michigan. The evaluation of this program showed both short- and long-term positive results; however, the short term effects in the cognitive domain disappeared for some of the participants after the second grade. The long-term effects of the Perry Preschool Project were more impressive. Follow-up conducted during high school found children to have a greater commitment to overall schooling, higher achievement scores during elementary school and fewer years spent in special education classes. The developmentally- and cognitively-oriented curriculum in the Perry Preschools influenced increases in achievement scores. Children exhibited more positive school behavior and less incidence of delinquent behavior. Parents had greater aspirations and expectations of their children's schooling (Schweinhart & Weikart, 1983).

Head Start's longitudinal studies also showed long-term effects. Follow-up studies showed that Head Start participants had lower retention or placement in special education classes, had a lower incidence of teenage pregnancy and juvenile delinquency and were more likely to finish high school (USDE, 1993). These studies included:

- Early Training Project: 1962-1980 (Gray, Ramsey, & Klaus, 1983) found discernible effects on intelligence tests through the fourth year, fewer children participated in special education programs as compared to the control group and high school counselors rated females more favorably on measures of personal and social adjustment.
- Karnes Comparative Curriculum Study's (Karnes, Shwedel, & Williams, 1983) follow-up of low-income children showed positive gains on an IQ test up to third grade. The data suggest that children who participate in a high-quality preschool program will perform at a higher rate throughout schooling than those children who received no preschool experience. Karnes, et al. (1983) point out that increases in specific areas, such as verbal abilities on IQ measures, are more significant than increases in overall scores. Increased verbal skills can lead to the acquisition of more complex skills, such as the ability to solve social conflicts peacefully, rather than resorting to physical violence.
- The Louisville Experiment's (Miller & Bizzell, 1983, 1984) findings combined with the results of a study conducted by Begab, Haywood, and Garber (1981) concluded that "didactic" instruction emphasizing drill and practice is not the best for four-year-olds. In general, they found positive preschool effects on attitudes and motivation in school up to third grade. At follow-up in the tenth grade, effects were found for positive self-concept and maturity of moral judgment. Children were also found to be less impulsive.
- The Carolina Abecedarian Project (Campbell & Ramey, 1994) found positive effects of preschool treatment on intellectual development and academic achievement for children through age 12 years. This study classified children in four groups according to type of childhood intervention: 1) intervention from infancy through the third grade; 2) preschool treatment only (infancy through age 5); 3) intervention in primary grades only (5 to 8 years), and 4) no intervention. Most significant were the lasting effects of the preschool treatment alone.

The most effective early intervention practices identified by Ramey & Ramey (1992) are:

- Programs that begin at a younger age for children and last longer produce better benefits.
- More intensity in terms of hours per day, days per week and weeks per year produce more positive effects.
- More direct learning experiences for children produce more positive and lasting results.
- Comprehensive services and the use of broad-based approaches to enhance development produce stronger effects.
- Programs that provide flexibility to meet the individual, developmental needs of children reap greater benefits.

- Maintaining support for children in the various contexts they experience, i.e., family, school and community, during and after program participation produce more long-term effects (p. 133-135).

The longitudinal studies have been criticized in the literature for their failure to use rigorous design methodology (Demarest, Reisner, Anderson, Humphrey and Farquar, 1993; Mitchell, Weiss and Shultz, 1992). Moreover, these studies fail to tell us much about the details of day-to-day classroom life. We do know, for example, that the Perry Preschool Project used a developmental approach in its curriculum, that it had a 1:5 ratio of teachers to children, and that the teachers had special education training in addition to teaching credentials (Zigler & Muenchow, 1992). But these details do not tell us anything about the nature of interactions between teachers, children and parents.

Process Determinants of Quality Measuring quality in terms of "process" emphasizes interactions between the child and teacher or the adult caregiver. Process measures used by researchers place greater emphasis on the philosophical orientation of the classroom curriculum, and also are sometimes termed "developmentally appropriate." They divide process interactions between those considered "didactic" or "child-centered," two approaches which also often reflect differences in program content. A didactic or teacher-directed approach emphasizes a high level of teacher direction with limited choice opportunities for children. A child-centered approach implies child-initiated activities that require a low level of teacher participation.

Marcon (1992) found that "children in child-initiated programs demonstrated the greatest mastery of basic skills" because they were able to "initiate their own learning experiences" (p. 527). In contrast, the didactic approach is seen by many researchers in a negative light. Experts who adhere to the "constructivist" view of child development caution that didactic, i.e. academically-focused, preschool programs, could have harmful effects in the area of social-motivational development (Elkind, 1986). Stipek, Daniels, Galuzzo, & Milburn (1992) found that in the didactic classrooms they studied, instruction was associated with a negative social atmosphere.

Stipek (1993) found that children in preschool classrooms with an academic focus and more structure rated their own abilities as lower, needed more adult assistance, showed less evidence of pride in their accomplishments and reported that they worried more about school. A five year study conducted by Charlesworth, Hart, Burts, and DeWolf (1993) indicated that children in more child-centered programs experienced less stress than children in more didactic programs. Thus, they termed the child-centered programs more developmentally appropriate. The didactic programs also had a more negative impact on stress levels for low socioeconomic groups, for African-American children and for males.

CDE's 1988 Report of the School Readiness Task Force, *Here They Come: Ready or Not!* concurred with research findings (Bronson, 1991; Charlesworth, et al, 1993; Clarke-Stewart, 1992; & Stipek, 1993) that children benefit from these child-centered, developmentally appropriate practices in early care and education programs. The task force recommended that an appropriate, integrated, experiential educational program should be provided for children ages four through six.

An accreditation model developed by the National Association for the Education of Young Children interprets developmentally appropriate practices in a somewhat different way. It is built around the development of the "whole child," i.e. meeting the physical, social, emotional and cognitive needs of the individual child as well as the group through discovery, play, and other child-initiated activities under the supervision of well-trained teachers (Bredekamp, 1987). The main difference is that under the whole-child approach, the teacher has a greater role—more as a facilitator—compared to the child-centered approach, in which the teacher's role is minimal.

Research also supports the importance of this kind of developmentally appropriate practice as a way to promote quality early childhood experiences for children (Bredekamp, 1987; Schweinhart & Weikart, 1988). Love, et al. (1992) and Howes and Whitebook (1991) found support for its value in California's subsidized child development programs. In classrooms with these practices, "caregivers were more attentive and encouraging, less harsh and critical, and less detached in their interactions with children" (Love et al., 1991; p. 8). Children showed higher levels of stress and less involvement in activities when these practices were not evident. Levy, Schaefer, & Phelps (1986) found that socio-dramatic play was an effective and developmentally appropriate method for increasing language ability in normal preschool children.

In a study conducted by Vandell & Powers (1983), children who attended developmentally appropriate programs tended to have more positive in-

teractions with adults. A follow-up study was conducted by Vandell, Henderson, and Wilson (1988), four years later when these children were eight years old, which indicated that these children were seen as "more socially competent, cooperative and empathetic, and better able to negotiate conflict" (p. 1292).

Similar results were found by Bronson (1991) with a group of disadvantaged children and working class children. After participating in a high-quality developmentally appropriate child care program, the disadvantaged group of children showed increases in social and task skill mastery. Follow-up in the kindergarten year showed that the disadvantaged group continued to make progress, and in some cases, surpassed the working class control group who received no intervention (Bronson, 1991).

Disadvantaged children, however, were not the only ones who stood to benefit from such programs. Research with middle class preschoolers has shown positive results. In university-based programs, it was found that children's social development was enhanced, showing them to be more self-confident and assertive, more confident in new situations and more cognizant of social rules (Clarke-Stewart, 1992). Gullo and Burton (1992) also found that prior preschool experience makes a difference, indicating that preschool is effective for the general population and not just at-risk children.

Structural Determinants of Quality Research also shows that structural elements of child care, that is adult/child ratios and group size, and staff/teacher training and education, affect the quality of programs (Phillips, 1987; Phillips & Howes, 1987; Whitebook, et al., 1989). These elements also represent indicators that can be quantitatively regulated, which enables child care to be monitored for quality in more concrete terms. Without these indictors, measuring the quality of child care relies more on observation and is less certain.

Following is a review of studies on these two groups of determinants and how differences in ratios and group sizes and staff qualifications have an impact on quality:

Adult/Child Ratios and Group Size Numerous studies over the past decade have confirmed the importance of appropriate ratios and group size as determinants of high-quality care. NAEYC identified the following ratios and sizes (Bredekamp, 1991, p. 41) as appropriate:

- For children under twelve months, no more than three infants per adult and no more than six children per group.
- For 12- to 24-month-olds, one adult for four toddlers, and no more than twelve children per group.
- For two-year olds, a 1:6 ratio and groups of no more than 12 children.
- For 30- to 36-month-olds, 1:7 ratio with a maximum group size of 14.
- For ages 3 to 5, a 1:8 ratio and groups of no more than 16 are optimal.

In addition, Bredekamp (1989) stated that centers with large groups or high ratios found it nearly impossible to provide the quality of care recommended by NAEYC. For instance, centers with high ratios usually did not meet NAEYC standards related to the quality of interaction between teachers and children.

However, some recent research has questioned using adult/child ratio standards as effective quality measures without considering teacher qualifications as well. One such study was conducted by Howes and Whitebook (1991) using a nationally representative sample and a California sample of child care centers. In California, two standards exist to regulate adult/child ratios and teacher qualifications. Title 5 of the California Administrative Code contains standards that govern all state subsidized child care services, while Title 22 standards apply to all other licensed child care. Title 5 requires more adults in classrooms and higher teacher qualifications. The study compared programs in three groups: those under Title 5, those under Title 22 and those with no such standards. Teachers were most effective when classrooms met the Title 5 standards, which include higher teacher qualifications. Teachers were least effective in classrooms that failed to at least meet Title 22 ratio standards.

A 1992 study conducted by RMC Research Corporation found that increasing staff/child ratios from 1:8 to 1:10 in California's child care and development programs did not substantially affect program quality (Love, Ryer, & Faddis, 1992). Despite the increased ratios, average scores on quality measures generally indicated very acceptable levels of program quality in all areas of participating programs. As Title

5 programs, they require high teacher qualifications, which may explain why the ratio change had little impact on quality measures. However, 77 percent of the staff believed that increasing the staff/child ratio resulted in a decline in quality. They perceived less individual attention, difficulties in scheduling staff and increased stress for both staff and children. Classrooms participating in this study had slightly larger classes but lower ratios than the national average.

Using "on task" time as the key measure, a University of Delaware study found that although ratios do make a difference, there may be only marginal benefits from reducing staff/child ratios in small increments. The study's major assumption was that the higher the ratio, the longer the child must wait for assistance and the less opportunity there is for time being spent "on-task." Findings showed that when the staff/child ratio is 1:6, on-task time was over 96%; when 1:8, 92%; when 1:10, 86% and when increased to 1:15, on-task time decreased to 64%. Thus, increasing the staff/child ratio from 1:8 to 1:10 only decreases on task time about seven percent. In terms of number of children served, the RMC study concluded that this ratio increase would only allow about an eight percent increase in enrollment.

In contrast to NAEYC's accreditation standards for adult/child ratios and group size, quite different standards exist in other countries. In France, the teacher/child ratio is approximately 1:25. There are, however, other adults in the classroom with professional status and training equivalent to that of teacher aides in the U.S. (Richardson & Marx, 1989). French teachers have training and education equivalent to the master's degree in the United States. French authorities believe the high level of teacher training is sufficient to offset the higher teacher/child ratios.

Japan's preschool classrooms have about 30 children per teacher. The chief purpose of a preschool experience for Japanese children is to introduce them to group life. The teacher chooses group leaders from the class for delegating authority to monitor children's behavior. They view this delegation of authority to the children more as an educational learning tool and less as a vehicle to control the classroom (Peach, 1994). The design of materials used in the classroom promote cooperative play as well. As an example, the wooden blocks they use in the classroom are so large that one child cannot maneuver a single block alone. Japanese teachers further encourage cooperation and negotiation among the children by keeping a limited number of toys so that there are not enough to go around (Peach, 1994).

Staff/Teacher Training and Education Studies indicate that staff qualifications and experience make a great difference in the quality of care (Bredekamp, 1987; Phillips, Lande, & Goldberg, 1990; Galinsky, Howes, Kontos, & Shinn, 1994). In fact, research has found that the level of teachers' training in early childhood education is the most significant indicator of quality (Whitebook, Howes, & Phillips, 1990). Teacher training influences the quality of the interactions and the experiences children have in child care. Well-trained teachers do less lecturing or "talking at" children. Instead, teachers provide an environment that facilitates experiences which enhance the development of the whole child. As facilitators, teachers extend children's play and language experiences throughout the child's day. Trained teachers are accepting of children (i.e., their age, developmental level, culture, race, language, etc.), and quality programs provide environments that compliment the diversity of the children they serve (Kagan & Garcia, 1991, Phillips, Voran, Kisker, Howes, & Whitebook, 1994).

Less well-trained teachers have been found to resort to threats, use controlling behaviors with children, employ a more academically-oriented and teacher-directed curriculum and to demonstrate behaviors that are less respectful of children (Demarest, Reisner, Anderson, Humphrey, & Farquar, 1993; Howes, Phillips, & Whitebook, 1992; & Phillips, et al., 1994). Trained teachers "appear to increase children's verbal interactions, restrict children's activities less, punish less, provide safer environments, and generally deliver better care than those with less training" (Waite, Leibowitz, and Witsberger, 1988).

Howes, et al., (1992) found that what distinguishes developmentally appropriate practices from merely appropriate caregiving is teacher training. Teachers with higher levels of early childhood teacher training are more likely to engage in appropriate caregiving and provide developmentally appropriate activities. It would be more difficult for less well-trained teachers to provide developmentally appropriate activities, even though they were warm and nurturing to the children. Galinsky et al. (1994) found similar results with family day care providers. Providers with more formal training in child care and development "were rated as more sensitive and less detached and were observed as more responsive to children in their care" (p. 37).

A study by Snider and Fu (1990) examined teachers' knowledge of developmentally-appropriate practices as related to specific training in early childhood education. The results indicated that knowledge of these practices was dependent upon "academic training in child development/early childhood education (CD/ECE) and supervised practical experience as well as the number of content areas covered in CD/ECE courses." In a study involving teachers with a mean education level of only 2.5 years in CD/ECE, Kontos and Dunn (1993) found that even though their classrooms received ratings of demonstrating developmentally-appropriate practices, the distinctiveness and complexity of teachers' interactions with children were at a low level.

Bredekamp (1989) concluded in a study of over 800 centers that the greatest predictor of a center's ability to meet NAEYC quality standards for accreditation was whether the center had a director with a strong educational background in early childhood education or child development.

Combining Structural and Process Indicators of Quality Phillips, Voran, Kisker, Howes and Whitebook (1994) attempted to examine the quality of child care in centers on the basis of process and structural elements—as well as the quality of facilities, such as the physical surroundings and equipment. Using a nationally-representative sample, they looked at centers under varying auspices, i.e., nonprofit, subsidized, private for-profit, etc., and serving different socio-economic groups.

They found that in terms of structural elements, child care centers for upper-income and low-income children rated highest. Programs serving middle class families rated the lowest on both structural and process indices. Teacher training (i.e., teachers with at least a college degree) and staff-child interactions were rated more highly for the upper-income programs. Special training for staff had occurred in 72 percent of middle-income programs, 83 percent of low-income programs and 92 percent of upper-income programs. Despite these differences in training, the three groups' programs were largely indistinguishable on teacher/child interactions, although in some cases the low-income programs were rated the lowest.

Staff in low-income programs were rated as more harsh (i.e., "critical, threatens children, punitive," p. 479) in their interactions with children. The level of quality for low-income programs varied widely among those studied. However, programs serving middle-class families were rated the lowest on all indicators of quality, including annual staff turnover, which was 43 percent. This low rating is probably due to the inability of middle-class families to afford higher-quality care—their incomes are not high enough for better care and is not low enough to qualify for subsidies.

Katz (1994) suggests that there is no one method of assessment to get a "true" picture of overall program quality. She suggests that research and evaluation begin to integrate the following approaches for assessing program quality: top-down (i.e., evaluation from the administration and regulatory agencies); bottom-up (i.e., how the program meets the needs of the child); inside/outside (i.e., how the program meets the needs of the parents); inside (i.e., how the program meets the needs of the staff), and outside (i.e., how the community and society as a whole are served by the program).

Funding

The availability of child care in the United States is influenced primarily by funding levels and existing resources as well as the costs to government, parents and providers. Government support of child care programs has grown in recent years and if forecasts of increased demand prove accurate, it may rise further in the near future.

Most child care programs are funded by a combination of federal, state, local and outside sources, particularly in the form of subsidies. Costs are affected by numerous factors, including levels of fees paid by parents for services, government voucher payments, staff salaries and operating expenses, including insurance coverage and rental of facilities. Neugebauer (1994) believes the three primary factors that will affect the affordability of child care in the future are household incomes, public subsidies, and employer support.

Sources, Levels of Funding The federal government provides a wide range of child care support for families through tax credits, direct funding of programs and payments to parents and providers in the form of vouchers. The largest of these programs is the Child and Dependent Care tax credit, which is available to families filing federal tax returns and has remained at around $4 billion annually (Neugebauer, 1994) since peaking at $4.165 billion in fiscal year 1991 (1991 figures from Phillips & Hofferth, 1991). The maximum credit families may claim on their federal tax returns is $720 for one child or $1440 for two or more children.

Roughly half the states also provide relief through state income tax credits or deductions similar to federal tax law, Clifford and Russell (1989) found. California's state child care tax credit expired in 1992, and while legislation to reinstate it was introduced (On The Capitol Doorstep, 1993), it has not been enacted.

However, tax credits provide little help to most low-income families. Hofferth, Brayfield, Diech, and Holcomb (1991) found that low-income families have less access to tax write-offs and other government "working parent" benefits than middle- and upper-income parents. Phillips and Hofferth (1987) estimated that low-income families who do not receive subsidies are paying a large percentage of their income for child care and are burdened by child care expenses. Much of the literature provides evidence that poorer families must contribute a larger percentage of their income—as much as 20 percent to 50 percent—than wealthier families, who probably pay less than 10 percent for child care expenses (Holloway & Fuller, 1992).

The largest child care program is Head Start. Total expenditures for Head Start have jumped from $1.952 billion in fiscal year 1991 to $3.3 billion in 1994 (On The Capitol Doorstep, 1994). Head Start funding for California increased from $193 million in 1991-92 to $292 million in 1992-93 (On The Capitol Doorstep, 1993). At least 90 percent of Head Start children are from low-income families (Clifford & Russell, 1989).

In addition to numerous federal child care programs, a portion of the Social Services Block Grant provided $700 million (fiscal year 1991) to support child care for low-income families, and the Child Care Food Program also provided $1.045 billion for child care ($110.5 million to California in 1992-93). Gerry (1994) calculates that the federal government provides about 46 percent of all public child care funding, the other 54 percent coming from state and local sources. Overall, 76 percent of the funds for child care is provided by individuals and employers.

Child care funding through federal block grants represents a recent trend aimed at allowing greater parental choice over selection of services for their children (Mitchell, Cooperstein, & Larner, 1992). Three new sources of federal funds for child care are the Family Support Act, the Child Care and Development Block Grant and the Title IV-A At-Risk Child Care Program, which seek to encourage parents to select better quality care for their youngsters through individual choice.

Some states have appropriated funds to supplement federal child care subsidies for low-income families or to enlarge the Head Start program. For instance, California added $16 million in state funds to the $111 million in federal funds given to the Child Care Food Program. Clifford and Russell also point out that nearly half of the states have started spending money on early childhood education initiatives, some of which require matching funds.

Future Policy Options

At the federal level, policy options affecting the cost and financing of child care were studied by Hofferth & Wissoker (1992). The options include reducing price through vouchers or grants to parents or providers, improving quality through incentives or regulation and increasing family income through tax credits. Using data from the 1985 National Longitudinal Study of Youth, the authors reached the following conclusions:

- Policies that lead to increases in family income are likely to increase demand for child care.
- Price is a much stronger factor in child care choice than others.
- State investments that reduce child care costs to families through subsidies or tax credits are likely to create a higher demand for all forms of child care.

Child Care Funding Policy

Sharp distinctions have been noted between U.S. child care systems, which provide limited access based on qualifying characteristics of families or individuals, and the West European model, which calls for universal access based on financial contributions by families tied to ability to pay (Gerry, 1994; Olmstead, 1992). Gerry says limited access under the American system has serious repercussions for many who are severely in need of assistance. For example, most state systems operate under what he refers to as an "all or nothing" policy, which focuses access on certain groups based on income or other factors. This means a large portion of those below the poverty level, as well as a large number who are just above, often do not qualify for assistance. This policy also provides financial disincentives for families to improve their situations themselves, in many cases encouraging long-term dependency. And as has been discussed earlier, continuity of care is often disrupted by varying eligibility standards.

Business and Industry Support

Much of the literature also found that the business and industry sector was providing increased financing of programs for preschool children (Grubb, 1989; Clifford & Russell, 1989). These programs were aimed almost exclusively at child care services for employees' families. The U.S. Department of Labor Statistics indicates that as many as 25,000 business establishments offer on-site child care services to some employees (Clifford & Russell, 1989), and these numbers are expected to rise as the demand for child care steadily increases. Many employers also offer other types of child care support to families off-site, although they usually require some additional parental contribution. Business foundations, philanthropic centers and other government agencies also provide additional funding to some child care centers.

Costs

One of the most influential factors in determining child care costs is staffing ratios. Powell and Cosgrove (1992) found that a change in the ratio of staff to child, considered a primary determinant of quality, is quite costly. The researchers calculated that operating with one less child per staff member increases costs by almost five percent. However, increasing group size has a relatively insignificant influence on cost.

Because labor costs generally represent approximately 70 percent of the expense of care in centers, several studies have focused on the impact of teacher salaries on child care costs. They found strong evidence that teacher turnover can significantly increase cost for centers, and that lack of teacher experience results in higher operating costs (Powell & Cosgrove, 1992; Mukerjee & Witte, 1992). Using a sample of 205 care centers, Powell and Cosgrove determined that the departure of 10 percent of a center's staff increased costs by just under seven percent. The reason behind this effect is not known definitively, but Mukerjee, et al, suggest that the link between hiring inexperienced teachers and increased costs results from the higher productivity that more experienced teachers provide. These increased costs appear to easily exceed the added cost in salary from hiring more experienced teachers.

High turnover rates often result from low pay and benefits. Modigliani (1994) states that in almost all cases that were studied, child care workers, especially family child care providers, receive poor compensation. In 1990, the average annual income for a child care worker was $10,000, dropping to $7,000 when care for the worker's children was needed. In family child care homes, where providers work 55 to 65 hours a week and 50 to 52 weeks a year, this annual pay is far less than minimum wage (Kontos, 1992). In addition, workers generally have no medical or other fringe benefits. Few file tax returns because of their low incomes, and when they do, they often do not claim legitimate business expenses due to their lack of familiarity with complex tax returns. The low social status and cultural devaluation of child care workers also are seen as being detrimental to the system, associated with the devaluation of traditional women's work and of young children and their early development.

The National Child Care Staffing Study (Whitebook, 1989; Whitebook, Phillips, & Howes, 1993) describes the negative fiscal impact of high turnover rates on programs as well as detrimental effects on the children these programs serve. Modigliani (1994) indicates that high staff turnover (due to low compensation, no benefits, etc.) has been shown to have negative effects upon young children, who need continuity and stability in relationships early in their development. Howes and Hamilton (1992) found that young children use their child care teachers as emotional "anchors" in much the same way infants use their mothers (Ainsworth, Blehar, Waters, & Wall, 1978). When a teacher/staff person departs, children can exhibit withdrawn behavior until a secure attachment can be formed with a new person. Toddlers exhibit aggressive behavior when their teachers leave the program because they are less able to control their behavior. Howes and Hamilton (1992) suggest that teachers of toddlers may need special training to assist in the transition when new staff members are introduced to the classroom.

Based on these findings, incentives for teachers to remain in the field of child care and in their particular positions for longer periods of time would seem to be cost-effective in the long run. It also may be the best way to increase quality and be cost effective. Paying teachers higher salaries would contribute to a reduction in turnover rates, and while this would increase labor costs, they would be offset by increased productivity.

The cost of child care to families can, of course, influence, if not determine, their options for employment, careers and self-sufficiency. It also may influence a woman's decision concerning when to return to the labor force after giving birth. Leibowitz, Klerman, & Waite (1988) found that the potential wages of women and the costs of child care had a sig-

nificant effect on their possible return to the labor force within two years after giving birth. But these factors had little impact on the type of child care they chose. In short, financial variables appear to have a smaller impact on the type of child care chosen than on the decision to work.

Though previous studies of women's return to the labor force after childbirth have varied greatly in how they measure costs, most have found that as the costs of child care rise, women's likelihood to return to the labor force falls. Costly child care decreases the woman's net wage, making it more likely that the value of staying home with the child is greater than the value of working. Helburn and Morris (1989) found that a mother of three in Boulder, Colorado, would need to earn $16.00 per hour to support her family on a subsistence budget if she received no child care subsidies. If child care were fully subsidized, she would need to earn $11.00 per hour.

Scurria (1994) indicates that inconsistencies in child care regulation may very well have a negative impact on the cost of child care and the effective operation of child care programs. Child care differs from other enterprises, which can pass the cost of regulation along to consumers in the form of higher prices. Child care, however, is both a commodity and a service, and providers are caught between trying to provide a needed commodity while having to charge high enough prices to provide quality service. This raises the question, Scurria asserts, of whether employers of working parents should bear more of the financial burden of child care since it benefits businesses.

Summary of Finance Literature

Most of the literature agrees that higher wages for child care workers would eventually lead to higher quality and larger supply (Phillips, et al., 1994; Galinsky, et al., 1994). Moreover, the research suggests that consistency throughout the state in eligibility requirements, funding and standards will likely assist in creating a more effective child care system as well as assist research and evaluation on the effects of child care on California's children (Grubb, 1989a). To date, research results on child care have been difficult to generalize, due to variations in standards, regulations and teacher training. Most of the literature available agrees that streamlining the funding process would increase efficiency as well as efficacy (Child Care Action Campaign, 1992; Culkin, et al., 1991; Gerry, 1994).

Several papers suggest more opportunities and incentives for combining private investment and public support (Gerry, 1994; Child Care Action Campaign, 1992). Culkin, et al. (1991) point out that subsidies, while designed to assist low-income parents in finding better quality care, are unstable (i.e., differing eligibility criteria) and cannot be counted on to provide continuity. A more coherent system of subsidies that addresses questions of fairness and efficiency could provide incentives to promote business, municipal and philanthropic subsidies (Grubb, 1989; Clifford & Russell, 1989; Scurria, 1994).

Access

The 1990's have seen a tremendous increase in the number of working mothers with young children under the age of six years. The labor force participation rates for such mothers have been steadily increasing from 30 percent in 1970 and 48 percent in 1980 to 59 percent in 1990 (Neugebauer, 1994). According to the 1990 National Child Care Survey, 85 percent of mothers employed full-time and 50 percent of mothers employed part-time used a non-parental care arrangement for their child (Hofferth, Brayfield, Deich, & Holcomb, 1991).

Assessing Demand

Almost all of the literature shows that demand for child care has increased significantly, remains high and will likely grow (Blank, 1993; Cohen & Stevenson, 1992; Grubb, 1988; & Mitchell, Cooperstein, & Larner, 1992). Clifford and Russell (1989) report that recent estimates indicate that over half of all women with children under the age of 6 are in the work force, an increase of nearly 500 percent over the last forty years. They also cite a 1986 survey of 1,000 families in North Carolina that found 75 percent of the children were participating in some non-parental child care or early education arrangement in the year before they entered kindergarten. The number of preschool children under age six with mothers in the labor force has more than doubled since 1970 (when it was about six million) and was estimated to reach more than 14.5 million by 1995 (Children's Defense Fund, 1992).

An enormous amount of unmet need exists for subsidized child care nationwide, Helen Black (1993) concluded after examining the effects of the 1990 Child Care and Development Block Grant. Florida, for example, has 19,000 children on a waiting list for subsidized care. In California, a 1991

Waiting List Survey by the California Department of Education showed approximately 255,650 children on the waiting lists of agencies. This is nearly twice the 130,000 reported in the Child Development Triennial Report for 1985-86. The 1991 and 1985-86 reports both noted that even doubling the size of the present subsidized program would not serve all the children on the waiting lists for these services. To what extent the waiting lists accurately reflect need is uncertain because some families are unaware of services available to them or do not sign up for waiting lists, and some of the information on the waiting lists is outdated or duplicated.

Evening and weekend care is in high demand, especially for low-income parents, but little is available. Relatively little is known about the specifics of the need for such care. Care for infants and toddlers also is badly needed. One problem is cost, which is high because of the special ratios, i.e. 1:3 or 1:4, that are recommended for younger children. It is easier for child care centers to offset the cost of toddler care with lower costs for care of older children (personal communication, Bill Ewing, PUSD Child Development Programs, Pomona, CA, Nov., 1994). But the centers still find the care for toddlers very costly to their overall operation.

Determining Supply

Researchers agree that determining the current supply of child care in the U.S. with any degree of accuracy is difficult. Hofferth and Phillips (1987) note that the number of licensed child care centers more than doubled from 18,307 in 1976 to 39,929 in 1986. Yet little is known about the extent to which this growth satisfied demand. Almost all of the literature reports that center-based child care has been growing faster than any other form and will continue to grow (Mitchell, Cooperstein, & Larner, 1992; Neugebauer, 1994). This is the result of increased demand by working parents for child care as well as the desire of non-working parents to enhance the development of their children (Hofferth, 1992). Despite some estimates that child care demand would flatten out after soaring in the 1980s, all indications are it will continue to rise well into the 21st century (Neugebauer, 1994).

The lower cost and informal nature of family day care homes influences parents to believe that their services are more accessible than child care centers (Hofferth, et al., 1991). It is difficult to determine how many spaces are available in family day care homes because few are licensed. Hofferth and Phillips (1987) estimate that over 90 percent of family day care homes are unlicensed.

Parents report "quality" as the most important factor in selecting child care, which plays an important role in determining demand (Hofferth, et al., 1991). Maynard (1990) reports that 36 percent of parents choose their care based on quality, 23 percent on location, and 20 percent on cost. There is a strong feeling among parents that high-quality, affordable care is not generally available and that regulations, or more rigorous standards, should be implemented. This is evident from research that also shows that more low-income parents are unhappy with their options than are their wealthier counterparts (Sonnenstein & Wolf, 1991). Maynard (1990) writes that strong public support will be required to increase the supply of child care to meet current and projected demands.

The availability of federal funds for child care through the Child Care and Development Block Grant (1990) revealed that increased government funding can and does provide greater access to child care, and it helps to reduce long waiting lists and improve the quality of care provided (Blank, 1993). Quality is enhanced by improving and expanding child care licensing and monitoring efforts, increasing investment in improving the resource and referral agencies and streamlining delivery, such as consolidating forms or agencies through which child care funds can be channeled.

- *Supply in Rural Areas* Supplies of non-family care tend to be lowest in rural areas where families are large, divorce rates are low and the population isolated, spread out and less dense. In a random study of 100 counties in 36 states, Fuller and Liang (1993) found that the counties with the lowest supply of child care facilities were working class or rural counties. These counties often do not have the financial resources to support child care and, because of the generally large number of people in the home, may not want or need care outside the home. Even in states with large numbers of child care centers, poor and rural communities have sharply lower numbers than the urban communities (Valsamis & Fuller, 1993). Therefore, it is not clear whether there is a significant demand for child care in these areas.

- *Supply in Urban Areas* The greatest supply of care exists in and around urban areas with large populations of upper-income professional families. These families create a potentially intense

demand for high-quality child care, and private care providers that charge relatively high prices often locate in these neighborhoods (Fuller & Liang, 1993).

Fuller and Liang also found that counties with more high-paying technical and professional jobs had a greater supply of child care facilities. Moreover, counties with higher divorce rates consistently had a greater supply of child care facilities, even after controlling for county wealth, poverty and ethnic composition.

Leibowitz, Klerman, and Waite (1988) found a close relationship between the wages of parents and child care choice. College educated and higher-paid women, for example, were more likely to choose non-relative care. Hofferth and Wissoker (1992) reported that the higher the mother's wage level and the higher the income of the entire family, the more likely placement in child care centers would occur.

Poor urban families tend to have at least some access to child care through government subsidies, and government-subsidized centers tend to concentrate in urban areas. Urban counties with a large share of families below the poverty line receive high levels of subsidies, a benefit which neither working class or rural communities receive (Valsamis & Fuller, 1993). However, the large supply of care services in these urban counties still was not as great as the supply in areas with large numbers of upper-income parents (Fuller & Liang, 1993). Most studies suggest that the care provided for poor urban families is of low quality, has larger staff/child ratios and tends to be governed by more elaborate bureaucracies (Valsamis & Fuller, 1993).

- *Supply Abroad* Early childhood programs and services in other countries offer interesting contrasts with those in this country. In both the U.S. and elsewhere, however, child care policies are heavily influenced by government support, political ideology and cultural values that determine what constitutes quality child care.

  In France and French Belgium, approximately 95 percent of 3 1/2 and 4 1/2 year olds attend what they call the "ecole maternelle." France has a sliding scale which requires wealthier families to pay something toward their child care, while French Belgium provides free, government-sponsored early childhood programs. In both countries, no extended day care is provided within the regular program hours and must be taken care of by other family members or other providers. Belgian parents have sought to increase hours of care at the ecole maternelle while maintaining the same level of quality throughout the day (Olmstead, 1991).

  In Hong Kong, parents must provide the bulk of the financial support for their early childhood programs. While the government of Hong Kong has only a partial financial role, 90 percent to 95 percent of the 3- to 4-year-olds attend half-day programs. The other 5 percent to 10 percent attend full-day child care centers. Of the children attending half-day programs, only 35 percent of their mothers are in the work force.

  In the People's Republic of China, only 20 percent of eligible 3-to-6 year olds attend "kindergarten." The government does not sponsor any of the kindergarten programs. Rather, local communities support 75 percent, academic institutions support 20 percent and local boards of education the remaining five percent. Even most employed mothers with preschool-age children live in rural areas, very few kindergarten programs are available to them.

  Finland's national government and municipalities subsidize all of the child care centers and family day care homes. Parents pay according to a sliding fee scale. About 65 percent of the children enrolled in early childhood programs attend full-day programs and the remaining 35 percent attend part-day programs. However, Finland is experiencing a severe shortage of child care spaces. While attempting to expand the existing system, it is also trying to liberalize its parental leave policies so that more parents can care for their own children at home (Olmstead, 1991).

Trends in Choosing Child Care

With increases in parent choice under newer federally-funded child care programs, low-income families have shown an increasing preference for "exempt care," instead of center-based or family child care. Resource and referral agencies say families with larger numbers of children of preschool or school age are much more likely to choose exempt care by a sitter, relative or partner (Hofferth & Wissoker, 1992; Fuller & Liang, 1993). Low-income families are

more likely to have limited transportation available to them, making access to centers more difficult because of distance. These families often need care quickly when parents find a job, which discourages them from seeking access through waiting lists at centers. In addition, the jobs that low-income wage earners obtain often are entry level and may require evening and weekend work, and there is a tremendous shortage in most communities of evening and weekend child care, often termed "premium care" (personal communication, Community Connections, October, 1994; Crystal Stairs, November, 1994).

At the same time, demand and supplies have increased in areas containing affluent households with small families and single mothers active in the workforce, even if they are from low-income households. Supplies have not increased in counties with more traditional family structures, regardless of income levels.

Cultural and linguistic diversity may also be a key element influencing parental choice for child care services. Fuller, Eggers-Pierola, Holloway, Liang and Rambaud (1994) found Hispanic families preferred care provided by relatives or family day care to that of center-based care. Their findings indicate that the low level of Hispanic participation in more formal child care arrangements was due to a lack of Spanish-speaking providers, "lower levels of mother's formal education, higher incidence of teenage women giving birth and parental practices that emphasize socialization" (p. 17).

Need for Information R&Rs can play an important role in filling the information gap and making well-educated consumers a force in the marketplace for high quality child care, most researchers and child care practitioners believe. They see an expanded network of R&Rs as a key to improving access to quality child care since parents need information on child care in their communities. Generally, parents receive this information through word-of-mouth. About 66 percent find child care through friends, relatives or neighbors. Only after all informal sources have been exhausted do parents typically turn to formal information sources like the local neighborhood newspaper, "driving around," or an R&R agency, and only about 10 percent find child care this way (Mitchell, et al., 199, Hofferth, et al., 1991).

Some studies have found that parents do not choose child care solely on the basis of quality (Maynard, et al., 1990; Mitchell, et al., 1992). Often, parents, especially low-income parents who lack transportation or available funds, will choose care based on proximity, cost or because they prefer care by a relative. Many child care practitioners suspect the reason is that most parents lack expertise and information on how to judge high-quality care. The R&Rs do attempt to provide parents with information on how to choose a quality program.

Satisfaction with Child Care

Satisfaction with child care ranges from 80 percent to 90 percent in the overall population (Mason & Duberstein, 1992). However, Sonenstein and Wolf (1991) found in their sample that only 50 percent of low-income AFDC women were satisfied with their child care services. It is much more likely for low-income parents to report child care as an obstacle to employment (Mason & Kuhlthau, 1991). Mason and Duberstein (1992) conclude that inability to afford child care may reduce overall satisfaction with child care, impede women's employment and lower incomes.

Bradbard and Endsley (1986) found variations in satisfaction with child care among working parents. Diversity of socioeconomic groups, family structure, children's needs and temperament accounted for the wide range of individual differences, they found. Not only do differences exist among families but emerge as individual families' child care needs change over time. One-to-one care for a young infant may be a parent's first choice, but as that child grows, the parent's desire to have more educational experiences and socialization for the child, in a nursery school, for example, may change the type of care sought.

Interaction Between Quality, Funding, and Access

Thus far, the literature has been reviewed in terms of child care quality, funding and access, but policy decisions usually involve tradeoffs among these three areas. For example, high quality may cost more, and more resources can purchase better access. Increased funding can influence either or both aspects of child care. The literature is filled with claims and counterclaims about the interactions of these three dimensions.

Quality and Funding Research on child care demonstrates that quality can be viewed as a set of structural determinants, sometimes called "inputs," such as adult/child ratios, or as process elements, such as practices in the classroom that foster development of the whole child (Bredekamp, 1987). Structural fac-

tors are affected directly by funding but may benefit process. In short, they are intertwined.

The interaction between caregiver and children can be as important as the personnel ratios (Phillips, et al, 1994; Kontos & Dunn, 1993; Ainsworth, et al., 1978), and most of the literature agrees that the higher cost of having more adults per child will likely result in improved child development (process quality).

At the same time, adult/child ratios should be considered in tandem with group size. Although increased adult/child ratios improve child development, the effect is changed if the group size becomes too large (Bredekamp, 1987; Love, et al., 1992).

The literature also suggests that higher costs devoted to cutting down caregiver turnover results in better adult-child interaction and more developmentally appropriate activities. In addition, teacher turnover can even significantly increase costs for centers (Powell & Cosgrove, 1992; Mukerjee & Witte, 1992). Higher caregiver salaries reduce staff turnover, resulting in increased continuity of care and higher quality services. Incentives for providers to remain in the field would seem to be cost-effective and may be the best way to increase quality with cost in mind. Incentives would support the research that shows more experienced teachers, despite their higher salaries, generally reduce costs for child care centers.

The literature also supports the view that more expensive, intensive and sustained caregiver training improves staff/child interaction and increases the likelihood of developmentally appropriate practices (Howes, et al., 1992). Increased productivity from better trained staff members appears to more than offset the additional costs in salaries.

Furthermore, expensive didactic teaching programs using certified teachers, i.e., credentialed elementary school teachers, as opposed to those trained in child-centered practices, may not be cost-effective in their developmental impact upon children.

Governmental programs and policies can lead to better caregiver preparation and training through financial aid for their education, and government contracts for services can require higher caregiver qualifications. However, the literature is unclear and tends to be pessimistic about the probability that low-income parents will stimulate increased caregiver wages and training by using vouchers to select higher-quality care (Hofferth & Wissoker, 1992).

Access, Cost and Quality Access and ways to improve it is a common theme in the literature, which often focuses on an expanded role for R&R agencies. Funding of R&R agencies can be increased to provide more support for computerized waiting lists (Blank, 1993; CDE, 1991). Computerized lists could make it easier to reduce duplication and eliminate outdated information as well as assist families in finding care over a broad area. Such a system could also aid in providing better information on child care to consumers.

Voucher advocates believe that vouchers provide more flexible access at lower costs. The market will respond to consumer desires without the expense of administrators to oversee center contracts, they say. At the same time, many parents choose unlicensed, family-based care for their children (Hofferth, 1992). These lower-cost arrangements are designed to increase access, but the quality of this type of care is uncertain. These unlicensed providers are the most prevalent type in the field, but the literature provides the least data on these arrangements. Besides being lower cost and more informal, they are suspect in quality compared to centers. Exempt care does not require licensing to receive subsidized payment for services, although California requires these providers to enroll in the TrustLine Registry.

Some of the literature contends that there is a severe shortage of child care supply. The problem seems to stem from a lack of convenient care, (i.e. hours of the day, days of the week and location) that is affordable to most families in need. The fact that an overwhelming majority of parents report satisfaction with child care (Mason & Duberstein, 1992) suggests a market in equilibrium, rather than a market characterized by severe shortages. And yet, parents may be reluctant to admit that their children are not receiving what they consider satisfactory care. The National Child Care Staffing Study (Whitebook, et al., 1989) reported that about 75 percent of the parents it sampled were satisfied with their child care, but one out of four satisfied parents also said they would change their child care arrangement to center-based care if they could.

CHAPTER 7

Conclusion

PACE WAS INVITED BY THE THREE AGENCIES responsible for child care and development programs in California to develop additional information, to provide a broader perspective and to construct and analyze policy alternatives which will enhance California's publicly funded child care and child development activities. The long run objective is a seamless set of programs which facilitate the productive development of California's children and the economic self sufficiency of their parents. This objective translates practically to 1) identifying means for improving the coordination and governance of myriad state and federal programs, 2) exploring avenues for more efficient financing of such efforts, 3) developing mechanisms for improving the access of qualified clients to these programs, 4) constructing incentives for improving the quality of services provided to children and their families, and 5) analyzing the practical interactions and tradeoffs between various reform proposals.

Phase I of the project, undertaken between March and June of 1994, which is reported here, contributed to these five practical purposes by 1) recounting California's long history of child care, 2) examining the changing demographic conditions in the state and the related demand for various programs, 3) describing current programs and services in California, including the relevant state and federal policies regarding child care and public assistance, 4) analyzing a descriptive matrix of existing program offerings, 5) exploring promising practices in other states, and 6) reviewing a wide range of research studies related to child care and child development. Phase I in large part sets the stage for the work to be done in Phase II.

Phase II, now well underway, will result in 1) a set of carefully reasoned alternative policy arrangements, 2) systematically gathered reactions of clients and providers to the suggested new policies, and 3) an analysis of tradeoffs between various policy and practice alternatives. To that end a number of activities are currently in progress or have recently been completed, including: case studies by cross agency analytic teams of California county child care and development systems; focus groups and individual interviews with a wide array of clients and potential clients; meetings with major child care provider organizations; a number of commissioned papers and expert referrals; and seminars for agency staff. These activities will culminate in an invitational California Cares conference, which will take place in April, 1995 followed by the project's Final Report.

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APPENDIX A

Seamlessness[4]

Definition

A "seamless" child care and development system is one that promotes continuity of services between programs as families' income and employment status, aid status, and other relevant characteristics change. Such a system supports the dual goals of assisting families to achieve economic self-sufficiency and preparing their children for success in school.

Guiding Principles

1. Treat target populations equitably by promoting equal access to programs among families and individuals in similar circumstances.
2. Support a variety of programs that: (1) reflect locally-determined needs, and (2) offer a high degree of informed parental choice among available care options.
3. To the extent possible, minimize discontinuities between programs with special emphasis on key components of service delivery such as: service availability, affordability, eligibility standards, parent fee schedules, and quality of care, unless there are compelling reasons for differences.
4. Promote a healthy, safe environment and developmentally appropriate experiences consistent with service settings.
5. Use a simple, efficient administrative system at all levels that seeks to minimize administrative costs.
6. Promote the expansion of public/private partnerships in order to maximize resources for target populations.
7. Encourage access to appropriate training services and materials for service providers and interested parents which is consistent with service settings.

Criteria for Evaluating Child Care Recommendations

Seamlessness. Minimizing discontinuities arising from changes in age of child, family income and employment status, family size (number of children in care), and eligibility for other government programs (e.g., welfare).

Effectiveness. Impact on program effectiveness includes enhancing educational and social development of a child, helping families achieve self-sufficiency, avoiding future costs for participating children (e.g., welfare, crime, remedial education), and providing a healthy and safe environment for a child while in care.

Access. The number of children and families served.

User cost. Cost to program users (i.e., parents).

Equity. Targeting resources to those more in need (vertical equity), and equal treatment for those in similar circumstances (horizontal equity).

Efficiency. Accomplishing objectives in a cost-effective manner, including minimizing unnecessary administrative costs.

Choice. Maximizing parental choice among programs that reflect locally-determined needs.

Feasibility. Technical and political feasibility.

State cost. Cost to state taxpayers.

[4] Source: AB 2184 Task Force, *Draft Report to the Legislature Pursuant to Chapter 1205 Statutes of 1991*, 1993.

APPENDIX B

Comparisons of Title 5 and Title 22

Title 5	Title 22
Staff Ratios	
Toddlers 1-1/2 to 3 years old	Infants under age 2 years
Teacher/Child 1:16	Teacher/Child 1:4
Adult/Child 1:4	Adult/Child 1:4
Preschool Age	Children two years and older
Teacher/child 1:24	Teacher/Child 1:12
Adult/child 1:8	Adult/Child 2:15
School-age	School-age
Teacher/child 1:28	Teacher/child 1:14
Adult/Child 1:14	Adult/child 1:14
Staff Qualifications	
The Regular Children's Center Permit requires the completion of 24 semester units in early childhood education or child development. The permit is issued for 5-year periods. Renewal of the Regular Children's Center Instructional Permit by a person who does not hold a baccalaureate degree requires that the individual complete 15 semester units of course work during each 5-year renewal period until a baccalaureate degree is verified.	The education requirement for a teacher is equivalent to 12 semester units in early childhood education/child development and 6 months relevant experience. Entry level teachers must have 6 post-secondary units in child development. Two additional units per semester must be completed until 12 semester units in child development have been completed.
An entry level teacher must have at least 12 semester units to receive an Emergency Children's Center Permit, which can be renewed twice for 3-year renewal periods. The first reissuance requires the completion of 8 semester units and the section reissuance requires the completion of 10 additional semester units.	

Title 5	Title 22
Program Components	
Programs must provide the following quality components: Program Philosophy Goals and Objectives Developmental Profile on Each Child Educational Program that is Developmentally, Culturally, and Linguistically Appropriate for the Children Served Staff Development Parent Involvement and Education Health and Social Services Community Involvement Nutritional Meals Program Evaluation Meet Title 22 Licensing Requirements	A facility must have a plan of operation which includes, but is not limited to a statement of program purposes, program methods and goals, staffing plan, a plan for education of staff, and consultant and community resources to be utilized by the facility. The facility must also have a disaster and mass causality plan.

(Source: AB 2184 Task Force, 1993, 12-13)

APPENDIX C

Select Findings Of the Perry Preschool Study

Outcome	Treatment Group (N)	Control Group (N)	p[5]
Intelligence Test Scores			
At study entry	79.6 (58)	78.5 (65)	—
After 1 year	95.5 (58)	83.3 (65)	.001
Age 6	91.3 (56)	86.3 (64)	.024
Age 7	91.7 (58)	87.1 (61)	.040
Age 8	88.1 (55)	86.9 (62)	—
Age 9	87.7 (56)	86.8 (61)	—
Age 10	85.0 (57)	84.6 (57)	—
Age 14	81.0 (54)	80.7 (56)	—
Achievement Test Scores			
Age 7	97.1 (53)	84.4 (60)	.216
Age 8	142.6 (49)	126.5 (56)	.079
Age 9	172.8 (54)	145.5 (55)	.042
Age 10	225.5 (49)	199.3 (46)	.040
Age 14	122.2 (49)	94.5 (46)	.003
Age 19	24.6 (52)	21.8 (57)	.059
School Success (to age 19)			
Years spent in special education	16% (54)	28% (58)	.004
Classified mentally retarded	15% (54)	35% (58)	<.05
Graduated from high school	67% (58)	49% (63)	<.05
Received post-secondary education	38% (58)	21% (63)	<.05
Economic Success (at age 19)			
Employed	50% (58)	32% (63)	<.05
Median earnings (1988 $)	$3,860 (58)	$1,490 (63)	.061
Self-supporting	45% (58)	25% (62)	<.05

[5] "Statistical analyses for IQ test scores, and years in special education were based on analyses of covariance with gender, family background variables (including mother's employment), and initial IQ as covariates. Comparable probit analyses were performed for dichotomous variables. Differences in number of arrests and pregnancies per group were tested for significance by chi-square. The median test was applied to median earnings. A number of alternative models and statistical techniques (parametric and nonparametric) were used to analyze the data in order to examine the sensitivity to various assumptions. The results are reported in the appendices cited above and indicate that the findings are quite robust with respect to statistical approach."

Outcome	Treatment Group (*N*)	Control Group (*N*)	*p*
Receives welfare	18% (58)	32% (63)	<.05
Social Adjust. (to age 19)			
Arrested	31% (58)	51% (63)	.021
Average # of arrests	1.3 (58)	2.3 (63)	.001
Average # of teen pregnancies	.7 (25)	1.2 (24)	.076

(Source: W. Steve Barnett, 1992, 298)